



Industrial Energy Consumers of America
The Voice of the Industrial Energy Consumers

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NEWS RELEASE

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Headline: “The Industrial Energy Industrial Consumers of America Applaud CFTC for Advancing Natural Gas Commodity Speculative Position Limits

(Washington D.C.) “On behalf of the Industrial Energy Consumers of America (IECA), we congratulate Chairman Gensler and the Commodity Futures Trading Commission for their leadership in advancing speculative position limits for energy commodities, including natural gas,” said Paul N. Cicio, president of the Industrial Energy Consumers of America. “Excessive speculation has resulted in higher and volatile natural gas prices that have impacted the competitiveness of the manufacturing sector.”

What happened in 2008 provides a good example of why we need position limits. From January to August of 2008, speculators drove up the price of natural gas that cost consumers over \$40.4 billion as compared to the previous year. During that same time period, the Energy Information Administration reported that domestic production increased by 8.6 percent; demand was essentially unchanged from the previous year and that national inventories were in the normal range for this time of the year. These facts prove that the price spike was not driven by supply versus demand fundamentals.

One important issue that the CFTC has not adequately addressed in their proposal is passive index funds. Index funds destroy price discovery of the commodity and reduce liquidity. Supply versus demand fundamentals of the commodity should determine its price and all players should be contributing to the price discovery.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$900 billion in annual sales and with more than 850,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies through research, advocacy, and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: plastics, cement, paper, food processing, brick, chemicals, fertilizer, insulation, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.

