



Americans for Financial Reform  
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## How Wall Street Speculation is Driving Up Gasoline Prices Today

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Political Economy Research Institute  
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### Report Release and Press Coverage

Tuesday, June 28 on a national press conference call with reporters and bloggers, Americans for Financial Reform released "[How Wall Street Speculation is Driving Up Gasoline Prices Today](#)" by Robert Pollin and James Heintz at the Political Economy Research Institute at the University of Massachusetts, Amherst.

#### Excerpt from the report:

"We estimate that, without the influence of large-scale speculative trading on oil in the commodities futures market, the average price of gasoline at the pump in May would have been \$3.13 rather than \$3.96. This means that the average U.S. consumer paid a 83-cent-per-gallon premium in May for their gasoline purchases due to the huge rise in the speculative futures market for oil. Considering the U.S. economy as a whole, this translates into a speculation premium of over \$1 billion for May alone. If the May price were to hold for a year, that would mean that the speculative premium would total \$12 billion. For the average U.S. auto owner, the speculative premium amounted to about \$41 in May. This means speculative premium for the average two-car family was about \$82 in May. That is, each such family spent \$82 more in May than necessary for gasoline, and most of this \$82 will have made its way into the pockets of large-scale speculators in the oil commodities futures market." [Click here for more to view the report.](#)

#### Excerpt from the remarks of Robert Pollin at the Political Economy Research Institute at the University of Massachusetts, Amherst:

"The speculative market has expanded dramatically in the last decade. At *the New York Mercantile Exchange* the level of the futures market trading is 400% greater than 2001 and 60% higher than only two years ago. Financial markets are using commodities as one of the investment vehicles just like a stock or bond. . . . You had a bubble in stocks in 2001 that crashed and speculative trading moved into mortgages and mortgage backed securities, we had a crash two years ago and now the new focus is commodities. The Dodd-Frank law explicitly empowers the Commodity Futures Trading Commission (CFTC) to control excessive speculation and in fact the exact words from the measure say the CFTC has the power to intervene, "diminish, eliminate, to prevent excessive speculation." So it's really up to the CFTC to act now and protect the interests for ordinary people and this economy"

#### Excerpt from the remarks of Nick Muhammad, a local organizer with MN Neighborhoods Organizing for Change:

"I am a single father of four and I am the oldest of five children. Gas is a very real issue for families. Everybody I know is having the car seemingly sitting at the dinner table. What I mean is that when we get to the gas pump we must make a decision, to buy that extra loaf of bread or make sure that I can get to work. I was under the impression that the happenings in the Middle East are the reasons that the gas prices are so high. And to find out that there may be Wall Street connections is very disheartening and disappointing. Anything that can happen to get a handle on this would be greatly appreciated; somebody has to step up to the plate."

#### Excerpt from the remarks of David Kane, associate for Latin America and Economics for the Maryknoll Office for Global Concerns:

"It is not only our gas prices, but the same dynamics ARE driving up our food prices. We work with poor and marginalized families in developing countries around the world. These families are the people most affected by commodity speculation because they spend a greater share of their income on food and energy. When we found that commodity speculation was a significant factor in why these prices were so high and volatile we started to organize and helped to form a massive,

diverse alliance. We had groups that always find themselves on opposite sides of pretty much every issue out there. We are working side-by-side to restore sanity to the commodity market. Every day the CFTC delays putting limits on speculation is another day of needless hunger and suffering.”

### Replay Instructions:

The call lasted 42 minutes and it was recorded so you can listen to it here:

605-477-2199 – Pass code: 133748#

Ignore the prompt about a reference number and simply hit # to listen to latest recording. Hit “1” to rewind 30 seconds, “2” to fast forward 30 seconds and “5” to pause/resume playback.

### Wall Street Premium Gas Price Actions & Report Releases

1. AR-Little Rock (Arkansas Community Organizations)
2. CA-San Francisco (CALPIRG)
3. FL-Orlando (Organize NOW)
4. FL-Boca Raton (Organize NOW)
5. IL-Chicago (Illinois PIRG)
6. MA-Boston (MASSPIRG)
7. NY-New York City (Maryknoll-US Catholic Mission Movement)
8. OR-Portland (OSPIRG)

## Press Coverage

### Speculation Behind High Gas Prices, Report Says

Ben Protess (NYT/Dealbook)  
June 28, 2011

*“Speculative commodities trading on Wall Street is significantly inflating prices at the gas pump, according to a [new report by researchers](#) at the [University of Massachusetts, Amherst](#).” [Click here for more.](#)*

### Paying Wall Street at the gas pump

David R. Baker (SF Chronicle)  
June 28 2011

*“Just how much do oil-market speculators add to the price of gasoline? About 83 cents, [according to a study](#) released today. Two researchers from the University of Massachusetts, Amherst looked at this spring’s spike in gasoline prices and tried to filter out the effects of speculative traders -- those who buy and sell oil futures strictly as an investment.” [Click here for more.](#)*

### Study finds financial speculation in oil led to higher gasoline prices

Dennis Sadowski (Catholic News Service)  
June 30, 2011

*“Excessive speculation in crude oil futures on the part of financial traders added 83 cents to the cost of a gallon of gasoline in May, two University of Massachusetts professors reported. ‘The problem is through the investment in commodity derivatives, (the speculators) are directly contributing to the increase in prices of gas and food around the world,’ explained David Kane, a staff member at the Maryknoll Office for Global Concerns in Washington, which is part of the Americans for Financial Reform coalition.” [Click here for more.](#)*

### Report: Oil Speculation Is Jacking Up Gas Prices Dramatically

CBS 2 (Chicago)  
June 28, 2011 11:35 AM

*“Some University of Massachusetts Amherst professors have authored a study for the Public Interest Research Group, which concludes that speculation in the oil futures market is having a big impact on prices at the pump. As WBBM Newsradio 780’s Mike Krauser reports, the report says a decade ago, speculators controlled less than 30 percent of the oil futures market.” [Click here for more.](#)*

### Drivers could have saved \$41 on gas - Wall Street speculation being blamed for prices

Shannon Halligan (22 News – Springfield, MA)  
June 29, 2011

"A new report out says gas prices could have been 83 cents lower last month. Gas prices topped off at \$3.96 in May and a report from the Americans for Financial Reform and MASSPIRG blames it on Wall Street speculation." [Click here for more.](#)

### **Speculation adds 83 cents a gallon to gas prices at the pump**

Peter Schorsch (St. Petersburg, FL blog)

June 28, 2011

"Today, two Florida community organizations, Organize Now and the Florida Institute for Reform and Empowerment, released a new report entitled "How Speculation is Affecting Gasoline Prices Today" authored by Robert Pollin and James Heintz at the University of Massachusetts, Amherst. They called on regulators to act now to stop excessive Wall Street speculation that is driving up prices and costing families money." [Click here for more.](#)

### **Report: Speculators Drive Up Prices At The Pump**

Aricka Flowers (Progress Illinois)

June 28, 2011

"As drivers prepare to hit the road this coming weekend for their Fourth of July trips and festivities, talk about gas prices is sure to come up. A [new report](#) (PDF) released by Illinois PIRG shows that drivers are actually spending close to one dollar more at the pump than they should due to "excessive Wall Street speculation." [Click here for more.](#)

### **From Your Gas Tank to World Hunger: The Dangers of Speculative Futures**

Elizabeth Palmberg (Sojourners blog)

June 28, 2011

"Wall Street may seem far away, but it's actually as near as your gas tank — and as widespread as global hunger. That's the message of activists holding vigil today in downtown Manhattan to mark the release of a study that shows [Wall Street speculation](#) is driving up the price of gas — to the tune of \$41 per U.S. car owner in the month of May alone. The [study](#), authored by two economics professors at the University of Massachusetts, Amherst, says that the average U.S. consumer paid a 83-cent-per-gallon premium in May for their gasoline purchases due to the huge rise in the speculative futures market for oil." [Click here for more.](#)

### **Faith and hunger groups hold vigil in front of NYMEX**

Dave Kane (StopGamblinonHunger.com)

June 27, 2011

"Taking advantage of the ironic juxtaposition of the Irish Hunger Memorial park in front of the New York Mercantile Exchange (NYMEX), a group of faith-based and hunger organizations held a vigil today to draw attention to the problem of excessive speculation in commodity markets." [Click here for more.](#)

### **Speculation Adds 83 Cents A Gallon to Gas Prices at the Pump**

Jonathan Fox (CALPIRG)

June 28, 2011

"CALPIRG, a statewide consumer advocacy organization I work for, just released a new report entitled '[How Speculation is Driving Up Gasoline Prices Today](#)'. The report was authored by Robert Pollin and James Heintz with University of Massachusetts, Amherst and Americans for Financial Reform (AFR), a coalition of more than 250 national and state organizations working together for strong financial reform." [Click here for more.](#)

### **Radio:**

KPFA – Berkley, CA (listener supported), [evening news](#) (6-7pm, 28 June 2011, Min 56)

KCBS – CBS, San Francisco, CA, Anna Duckworth, [here](#)

KGO – San Francisco, CA, Scott Lettieri, [here](#) (Min 40)

### **Foreign Language Press:**

[Consumer groups denounced the manipulation of oil prices on Wall Street](#)

Jocelyn Xie, Sing Tao Newspapers (Mandarin)

June 30, 2011