Call for Papers

NBER Meeting on “Economics of Commodity Markets”

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In response to the rapidly changing landscape of commodity markets, the National Bureau of Economic Research will hold two workshops to discuss emerging issues in commodity markets and their implications for finance, monetary economics, and macroeconomics. The first workshop is scheduled for October 27, 2012 at Stanford University. The second workshop will be in the spring or summer of 2013.

For the first workshop we hope to bring together economists from a variety of subfields who share interests in the role of commodities in global economic activity. Researchers from development economics, financial economics, international trade, industrial organization, and macroeconomics, as well as other fields, could hopefully contribute to and benefit from the discussion of current research. The program will be structured to promote discussion and debate on the strengths and limitations of the extant literatures and, more prospectively, on the pressing issues for future research. The second workshop will be organized more as a traditional conference that will hopefully build upon the discussions of the first.

Possible themes for discussion at the First Workshop on October 27, 2012

The boom and bust cycle of commodity prices in 2006-2008 and the subsequent, persistent commodity price volatility have stimulated both interests and concerns among academics, policy makers, and financial market participants. The first workshop will focus on a number of issues, including:

- The “financialization” of commodity futures markets. The increasing recognition of commodities as an investment asset class has attracted hundreds of billions of dollars of investments to this asset class, and resulted in commodity futures markets becoming more integrated with other financial markets and with each other. Have these commodity-investment flows affected commodity prices? If so, through which economic channels? Have the investment flows affected the sharing of commodity price risk among commercial hedgers, index investors, hedge funds, and other market participants?

- The informational role of commodity prices. Commodity futures markets aggregate the information and beliefs of producers, consumers, and investors regarding the supply and demand of different commodities. As a consequence, the futures prices of crude oil
and key industrial metals such as copper are widely used as indicators of the economic strength of the world economy. Has the informational role of commodity futures prices changed in the recent years? If so, through this informational role, did trading in commodity futures markets affect firm investment, the supply and demand of commodities, or the hedging practices of commercial entities?

- The global impact of commodity prices on inflation and economic growth. The rise in commodity prices in the recent years has been a source of inflationary pressure, especially in economies with high food and energy shares in the consumption basket or with less firmly anchored inflation expectations. What are the consequences of various potential monetary policy responses to the inflationary pressure induced by rising commodity prices? The commodity price booms also imply significant challenges for macroeconomic policies, especially in commodity-producing nations, as commodity price fluctuations are often associated with macroeconomic volatility. What policy instruments are available to governments facing commodity price booms and busts, and what are the consequences of their use?

- Emerging economies and commodities. With the rapid growth in many emerging economies, there has been rapid growth in demand for commodities. Concurrently, natural resource-rich countries have experienced large increases in exports of commodities. Have these developments led to an increased sensitivity of commodity markets to economic fluctuations and policy changes in emerging economies? As commodity futures markets are commonly used as an indirect yet liquid channel to invest in emerging economies, did speculation about the growth of emerging economies impact trading and pricing in commodity markets?

Selection Process

Researchers are invited to submit proposals to present research at any stage of completion, and volunteers are welcome to indicate that they would be prepared to participate on panels that will critically address the current state of our understanding of the issues outlined above. Submissions from researchers early in their careers, and from researchers who are not NBER affiliates, are encouraged.

The deadline for submissions is September 9, 2012. We will notify only those who are chosen as presenters or panelists. The NBER will cover the domestic travel and hotel expenses for one author per paper as well as for discussants and panelists at the conference, subject to NBER travel regulations.
Please email any paper or proposal that you would like to be considered for the conference by September 9, 2012 to kenneths@stanford.edu and wxiong@princeton.edu under the title “submission to NBER Commodity Workshop”. 