



July 2013

DOW JONES UBS COMMODITY INDEX

KEY HIGHLIGHTS

S&P Dow Jones Indices' Market Attributes series provides market commentary highlighting developments across various asset classes.

- 14 of the 22 commodities in the DJ-UBS Commodity Index posted gains for the month, driving the index up 1.4% MTD.
- DJ-UBS Energy is up 4.2% MTD, with fundamentals driving up oil and unleaded gasoline. DJ-UBS Petroleum was up 8.1 for the index.
- DJ-UBS Gold was up 7.1% in July—supported by bank buying of the metal—rebounding after its worst month in June since 1981.
- The biggest losing sector in the index for the month was DJ-UBS Agriculture, losing 3%. Corn lost 8.8% MTD, pushing the YTD return down to -17.3%.

MARKET SNAPSHOT

Commodity prices in July were driven by fundamental demand and supply factors enhanced by seasonal summer activities. The DJ-UBS CI gained 1.4% for the month, but the YTD return remains at -9.3% YTD. DJ-UBS Energy, which makes up about 38% of the index, was up 4.2%, bolstered by the hot summer weather. DJ-UBS Agriculture finished last, down 3% thanks to weather conditions and uncertain demand.

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SECTOR REVIEW

ENERGY

DJ-UBS Energy gained 4.2% this month, bringing its YTD return up to 2.2%. DJ-UBS Petroleum was up 8.1% MTD, with its components DJ-UBS Brent, DJ-UBS WTI Crude Oil, DJ-UBS Heating Oil and DJ-UBS Unleaded Gasoline up 5.7%, 8.9%, 6.7% and 11%, respectively.

In July, petroleum prices had the highest monthly increases since August of last year. The price hikes were partly due to the political tension in Egypt that controls the Suez Canal (an artificial sea-level waterway in Egypt, connecting the Mediterranean Sea and the Red Sea), as well as a number of important pipelines in the area. Four million barrels of oil go through the Suez Canal on a daily basis. The only alternative is circling around the horn of Africa, which would significantly increase the cost.

U.S. Government reports showed that oil inventories at the Cushing transshipment point are at their lowest levels since April 2012, while oil refineries are processing the most crude oil since 2005.

DJ-UBS Natural Gas, the largest commodity in the index, fell 3.2% MTD. Milder summertime temperatures cause prices to fall on the expectation that demand for natural gas from thermal power plants will wane as demand for air-conditioning lessens.

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AGRICULTURE

Seasonal weather patterns hurt the sector. DJ-UBS Agriculture slipped 3% for the month and 10%YTD. DJ-UBS Grains declined 4.2% MTD and 11.3% YTD. DJ-UBS Softs was flat for the month at 0.1% and down 11.3% YTD.

For grains, DJ-UBS Corn declined 8.8%, driving returns to their lowest levels since June 2012. Corn prices have declined due to drops in U.S. corn exports in response to price hikes brought on by the 2012 drought conditions.

DJ-UBS Kansas Wheat is up 2.3% MTD. A report from the Department of Agriculture shows that U.S. exports of wheat from June, 1, 2013, through July, 25, 2013, totaled 4.81 million tons, which is a 25% increase from the same period a year ago.

Softs are mixed in July: DJ-UBS Coffee slipped 1.5%, DJ-UBS Cotton rose 1.4% and DJ-UBS Sugar was flat at 0.3%. Cotton's gains appear to be slowing down amid concerns that demand from China is softening as textile mills struggle with narrowing margins.

Soybeans remained negative for the month. DJ-UBS Soybean Meal, DJ-UBS Soybean Oil and DJ-UBS Soybeans are down 2.35%, 5.36% and 3.65%, respectively. The price declines in soybeans and corn have resulted in inexpensive feed prices.

LIVESTOCK

DJ-UBS Livestock dropped 1.6% for the month and 6% for the year. DJ-UBS Lean Hogs is down 3.1% MTD and 3.5% YTD. DJ-UBS Live Cattle is down 0.6% MTD and 7.8% YTD. Live cattle typically enters a seasonal uptrend this time of year, but affordable grains—which lead to favorable homesteading conditions—weighed down on the prices. Affordable feed prices are also pushing down on lean hogs, as lower feed costs mean more breeding.

INDUSTRIAL METALS

DJ-UBS Industrial Metals is flat at 0.9% for the month and down 17% for the year. DJ-UBS Aluminum, DJ-UBS Copper and DJ-UBS Nickel were up 0.7%, 2% and 1% MTD, respectively.

Industrial metals, sensitive to economic factors, climbed slightly as the dollar declined in response to a statement made by the Federal Reserve Chairman that the U.S. needs stimulative monetary policy. However, the gains are mixed, as expectations on economic recovery remain uncertain. According to a Reuters poll, the number of jobs outside the U.S. farming sector increased by 162,000 last month, below the median forecast of 184,000 new jobs. However, the unemployment rate fell to 7.4%—its lowest in more than four years.

PRECIOUS METALS

DJ-UBS Precious Metals gained 5.6% in July, remaining negative for the year at -25.62%. DJ-UBS Gold was up 7% and DJ-UBS Silver rose 0.8% MTD. Both remain in negative territory for the year at -22% and -35.5%, respectively. July was an improvement from June, which saw dire levels in gold and silver. Gold's gains in July were driven by fundamental factors of expanding reserves from the banks—the Fed, ECB and Bank of Japan—driving demand while the ETF selloff seems to have eased. The YTD returns remain cautiously negative in response to the Fed's announcement in June of slowing down quantitative easing, possibly reducing the demand for gold as a safe haven.

PERFORMANCE RECAP

Exhibit 1: Index Performance Sorted by YTD						
	Total Return					
	1-Week (%)	MTD (%)	YTD (%)	12-Month (%)	3-Year (%)	5-Year (%)
Dow Jones-UBS Commodity 3 Month Forward	-1.36	1.59	-8.86	-10.82	-0.13	-29.45
Dow Jones-UBS Commodity Pound Sterling	-0.55	1.41	-2.70	-9.49	-2.69	-18.93
Dow Jones-UBS Commodity 2-4-6 Forward Blend	-1.36	1.37	-9.64	-10.92	0.70	-28.40
Dow Jones-UBS Commodity	-1.82	1.36	-9.25	-12.42	-5.80	-37.96
Dow Jones-UBS Roll Select Commodity	-1.43	1.19	-9.46	-10.57	0.90	-27.86
Dow Jones-UBS Commodity Yen	-3.59	0.36	3.23	10.29	6.92	-43.54
Dow Jones-UBS Commodity Euro	-2.13	-0.77	-9.90	-18.78	-7.57	-27.10

Source: S&P Dow Jones Indices. Data as of July 31, 2013. Charts and graphs are provided for illustrative purposes only. Indices are unmanaged statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities the index represents. Such costs would lower performance. It is not possible to invest directly in an index. Past performance is not an indication of future results. This table may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance. *DJ-UBS Dynamic Roll Alpha Light Energy is Excess Return since the market neutrality negates collateral return.

Exhibit 2: DJ-UBS Total Return Group Subindices Performance						
Name	1-Week (%)	MTD (%)	YTD (%)	12-Month (%)	3-Year (%)	5-Year (%)
Dow Jones-UBS Petroleum Subindex	-0.15	8.11	5.72	12.45	22.75	-51.28
Dow Jones-UBS Precious Metals Subindex	-0.86	5.61	-25.62	-22.22	9.85	31.74
Dow Jones-UBS Energy Subindex	-2.43	4.22	2.15	0.35	-22.37	-72.12
Dow Jones-UBS Industrial Metals Subindex	-2.49	0.92	-16.66	-10.59	-22.26	-36.32
Dow Jones-UBS Softs Subindex	1.58	0.12	-11.26	-23.53	-4.96	-1.84
Dow Jones-UBS Livestock Subindex	-1.55	-1.62	-5.92	-5.28	-9.18	-36.50
Dow Jones-UBS Agriculture Subindex	-1.09	-2.97	-10.24	-22.60	12.60	-14.66
Dow Jones-UBS Grains Subindex	-1.60	-4.22	-11.30	-24.18	20.14	-22.00

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Exhibit 3: DJ-UBS Total Return Single-Commodity Subindices Performance						
Index Name	1-Week (%)	MTD (%)	YTD (%)	12-Month (%)	3-Year (%)	5-Year (%)
Dow Jones-UBS Unleaded Gasoline	-0.85	11.03	3.96	19.28	77.09	-1.95
Dow Jones-UBS WTI Crude Oil	-0.34	8.91	11.61	13.63	6.23	-63.56
Dow Jones-UBS Gold	-0.54	7.12	-22.04	-19.15	8.76	37.60
Dow Jones-UBS Heating Oil	0.14	6.70	0.44	7.35	35.47	-40.58
Dow Jones-UBS Brent Crude	0.51	5.71	0.58	8.98	49.04	-35.25
Dow Jones-UBS Gas Oil	-0.33	4.44	-0.59	4.19	43.99	-40.06
Dow Jones-UBS Kansas Wheat	1.36	2.28	-17.64	-26.61	-18.73	-46.50
Dow Jones-UBS Copper	-1.90	2.00	-15.83	-10.59	-10.99	-23.12
Dow Jones-UBS Cotton	-0.65	1.40	11.45	16.33	45.00	21.92
Dow Jones-UBS Nickel	-3.51	1.01	-19.56	-13.99	-36.55	-30.10
Dow Jones-UBS Wheat	1.68	0.99	-17.08	-29.74	-34.49	-60.67
Dow Jones-UBS Silver	-1.96	0.82	-35.47	-30.47	6.20	4.95
Dow Jones-UBS Aluminum	-2.84	0.70	-17.23	-11.37	-30.49	-56.37
Dow Jones-UBS Sugar	5.14	0.30	-14.82	-29.20	11.56	12.64
Dow Jones-UBS Live Cattle	-0.16	-0.60	-7.77	-7.01	-5.91	-28.04
Dow Jones-UBS Coffee	-2.19	-1.49	-21.77	-38.70	-45.82	-43.69
Dow Jones-UBS Zinc	-2.61	-1.53	-14.74	-6.00	-20.07	-25.00
Dow Jones-UBS Soybean Meal	-4.02	-2.35	1.73	-11.98	58.62	84.47
Dow Jones-UBS Lean Hogs	-3.81	-3.10	-3.49	-2.73	-15.44	-48.65
Dow Jones-UBS Natural Gas	-6.94	-3.17	-4.17	-18.34	-74.49	-94.61
Dow Jones-UBS Soybeans	-4.02	-3.65	1.85	-12.35	45.15	20.05
Dow Jones-UBS Soybean Oil	-3.20	-5.36	-13.89	-21.18	-6.61	-44.41
Dow Jones-UBS Corn	-1.82	-8.81	-17.29	-29.25	50.01	-25.14

Source: S&P Dow Jones Indices. Data as of July 31, 2013. Charts and graphs are provided for illustrative purposes only. Indices are unmanaged statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities the index represents. Such costs would lower performance. It is not possible to invest directly in an index. Past performance is not an indication of future results. This table may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

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The DJ-UBS 3-Month Forward Index was launched on Jan. 3, 2008. All information presented prior to the Launch Date is back-tested.

The S&P Dynamic Futures Index (DFI) was launched on Feb. 19, 2010. All information presented prior to the Launch Date is back-tested.

The S&P World Commodity Index (WCI) was launched on June 5, 2010. All information presented prior to the Launch Date is back-tested.

The DJ-UBS Dynamic Roll Index was launched on Jan. 27, 2011. All information presented prior to the Launch Date is back-tested.

The DJ-UBS Systematic Global Macro Index was launched on Aug. 9, 2011. All information presented prior to the Launch Date is back-tested.

The DJ-UBS Multiple Contract Index was launched on Jan. 26, 2012. All information presented prior to the Launch Date is back-tested.

The DJ-UBS Dynamic Roll Alpha Light Energy was launched Nov. 19, 2012. All information presented prior to the Launch Date is back-tested.

The DJ-UBS Soybean Meal was launched on April 5, 2012. All information presented prior to the Launch Date is back-tested.

Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect on the Launch Date. Complete index methodology details are available at www.spdji.com.

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