



**August 2013**

**S&P GSCI®**

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

## KEY HIGHLIGHTS

- All five sectors of the S&P GSCI had positive returns in August, driving the index up 3.4% MTD—now in positive territory for the year, up 2.6%.
- S&P GSCI Precious Metals was the best performing sector, up 7.9% MTD, due to political tensions in Syria. During the month, silver was the best performing commodity in the index, up 19.5%, recording the best August in its history.
- S&P GSCI Energy also benefited from the oil supply concerns from Syria, driving the sector index up 4.0% for the month.
- Hot and dry weather in the U.S. Midwest was another major fundamental driving commodities in August, which pushed S&P GSCI Soybeans up 12.5%—its third best August since 1970.
- Sugar and coffee, down 3.7% and 4.0%, respectively, were the worst performers of the month thanks to pressure from record harvests.

### Contributors:

**Jodie Gunzberg, CFA**  
Vice President, Commodities  
[jodie.gunzberg@spdj.com](mailto:jodie.gunzberg@spdj.com)

**Marya Alsati-Morad**  
Associate Director, Commodities  
[marya.alsati-morad@spdj.com](mailto:marya.alsati-morad@spdj.com)

## MARKET SNAPSHOT

The S&P GSCI had strong performance again in August, returning 3.4%, driving the YTD performance into positive territory, up 2.6%. Fundamentals like weather continue to drive commodities, but the macro themes are strong, including Chinese demand and quantitative easing. Many will be watching the U.S. Fed on September 18 for discussions on its bond-buying program. Commodities priced in U.S. dollars could receive a positive boost if yields remain low and stall the dollar's rise.

## SECTOR REVIEW

### ENERGY

S&P GSCI Energy continued to increase its returns in August by 4.0% and is now up 8.7% YTD. All of commodities in this subindex rose from concerns about the security of oil supplies across the Middle East, which pumps a third of the world's oil. Gas oil was the best performing commodity in the sector, up 6.0% MTD, but the S&P GSCI Brent Crude also had a notable gain in August, up 5.8%—more than WTI's gain of 3.1% MTD in the index. Regional oil fundamentals continue to drive the difference between U.S. oil and overseas prices.

### AGRICULTURE

While the war potential supported energy and precious metals, S&P GSCI Agriculture barely ended up, gaining 36 bps for the month. The hot and dry weather across the U.S. Midwest helped soybeans, which returned 12.5%—its best August performance since the 15.8% return in 2003. The only other bigger August monthly gain was 26.6% in August 1983.

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Sugar and coffee were the biggest losers in August, down 3.7 and 4.0%, respectively, and coffee is the worst performing commodity YTD, down 24.9%. An outbreak of a leaf-rust fungus in Central America is causing crop damage; however, some areas in Brazil, Colombia and Vietnam are having record harvests. After having a record year through August 16, the S&P GSCI Cotton lost 9.9% through the end of the month for a MTD return of -2.0%, but still holding onto a 9.2% gain for the year.

### LIVESTOCK

The drought coupled with the summer grilling season continues to drive the shortage of meat, as discussed in [“Where’s the Beef?”](#), causing the S&P GSCI Livestock to gain 2.2% in August (still with a negative return of -4.1% YTD). The S&P GSCI Lean Hogs, leading the sector, and the S&P GSCI Live Cattle increased 5.2% and 1.1%, respectively. Oftentimes livestock and precious metals are turned to as safe havens during times of war due to the relative stability of demand.

### INDUSTRIAL METALS

Energy and industrial metals tend to move in sync since they are the most economically sensitive sectors. The political tensions in Syria drove up energy prices due to fears of a possible oil supply crisis. Despite downward pressure from the risk-off environment, strong Chinese factory activity in August helped drive the 1.8% gain of the S&P GSCI Industrial Metals, as well as the 3.0% rise in the copper index. China is the heaviest user of copper, accounting for about 40% of global demand.

### PRECIOUS METALS

Historically war time has supported commodities since raw materials are consumed at a high rate to fight wars. The current risk on – risk off environment—as a result of the quantitative easing and the potential of war—has helped precious metals. Precious metals and currencies tend to exhibit negative correlations and hence precious metals are viewed as safe havens during currency fluctuations and uncertainty. The S&P GSCI Precious Metals was the winning sector in August, up 7.9%. Gold, the main commodity in the sector, gained 6.3% in August and is now up 13.9% from the end of June, after it fell into a bear market, down 23.4%. However, silver in the index gained 19.5%, recording its best August since the index started in 1973. This was also its best month since April 2011, cutting its YTD loss to 22.9% from 35.5%.

## PERFORMANCE RECAP

Exhibit 1: Index Performance Sorted by MTD						
	Total Return					
	1-Week (%)	MTD (%)	YTD (%)	12-Month (%)	3-Year (%)	5-Year (%)
S&P GSCI Multiple Contract	1.15	3.46	2.92	-0.73	21.97	-38.99
S&P GSCI Enhanced	1.13	3.43	2.87	-0.57	23.45	-28.67
S&P GSCI 3 Month Forward	0.88	3.24	2.77	-0.93	21.53	-30.29
S&P GSCI	1.18	3.38	2.58	-1.01	22.13	-41.75
S&P WCI	1.61	4.99	1.27	0.27	44.22	-22.61
S&P DFI	-0.22	-0.05	1.14	-3.22	-9.95	-13.00
S&P GSCI Dynamic Roll	1.02	3.44	0.67	-1.64	17.37	-20.08
S&P SGMI	-1.42	-0.38	-0.48	-3.37	5.16	30.61
S&P GSCI Dynamic Roll Alpha Light Energy	0.01	0.33	-2.59	-1.19	-0.08	14.34
S&P GSCI Light Energy	2.30	3.45	-3.32	-7.72	11.95	-30.92
S&P GSCI Covered Call Select	0.47	1.94	-7.22	-13.09	-5.16	-14.59
S&P GSCI Roll Weight Select	-0.16	3.00	-7.70	-10.63	7.60	-26.50
S&P GSCI Risk Weight	0.22	2.94	-7.73	-8.48	7.26	-10.39

Source: S&P Dow Jones Indices. Data as of August 30, 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. \*S&P GSCI Dynamic Roll Alpha Light Energy is Excess Return since the market neutrality negates collateral return

**Exhibit 2: S&P GSCI Total Return Sector Indices Performance**

Name	1-Week (%)	MTD (%)	YTD (%)	12-Month (%)	3-Year (%)	5-Year (%)
S&P GSCI Precious Metals	-0.13	7.87	-17.89	-17.27	11.30	61.52
S&P GSCI Energy	1.67	3.96	8.70	5.98	32.76	-50.06
S&P GSCI Livestock	1.00	2.20	-4.14	-1.60	-6.78	-29.98
S&P GSCI Industrial Metals	-3.94	1.75	-13.84	-7.50	-16.44	-28.94
S&P GSCI Agriculture	1.28	0.36	-11.23	-23.46	6.92	-20.21

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**Exhibit 3: S&P GSCI Total Return Single-Commodity Indices Performance**

Index Name	1-Week (%)	MTD (%)	YTD (%)	12-Month (%)	3-Year (%)	5-Year (%)
S&P GSCI Crude Oil	1.16	3.05	15.66	10.08	19.07	-60.96
S&P GSCI Soybeans	2.22	12.54	14.63	-8.22	60.54	43.07
S&P GSCI Cotton	-0.70	-1.98	9.24	5.72	29.50	27.41
S&P GSCI Cocoa	-1.18	5.14	6.91	-7.98	-14.79	-25.77
S&P GSCI Brent Crude	2.28	5.78	6.33	6.74	64.83	-25.97
S&P GSCI Gasoil	2.78	6.03	5.05	0.34	53.29	-29.36
S&P GSCI Unleaded Gasoline	0.68	0.67	4.65	8.22	108.65	17.93
S&P GSCI Lean Hogs	2.97	5.16	1.47	10.74	-6.18	-41.38
S&P GSCI Heating Oil	1.21	2.44	1.36	-1.63	42.41	-32.18
S&P GSCI Natural Gas	1.70	3.11	-0.34	2.76	-61.24	-93.08
S&P GSCI Live Cattle	0.08	1.06	-6.77	-6.84	-8.26	-25.82
S&P GSCI Feeder Cattle	0.06	-0.36	-8.53	-6.63	-3.47	-9.61
S&P GSCI Lead	-2.74	3.71	-9.46	7.78	-1.56	-4.78
S&P GSCI Copper	-3.55	3.02	-11.16	-7.14	-5.93	-9.87
S&P GSCI Zinc	-4.27	2.78	-12.59	-2.80	-19.58	-18.68
S&P GSCI Gold	0.02	6.33	-17.10	-16.25	10.47	61.41
S&P GSCI Aluminum	-4.47	-0.32	-17.55	-10.13	-26.61	-51.88
S&P GSCI Sugar	-0.79	-3.71	-17.98	-21.86	6.11	18.24
S&P GSCI Corn	2.55	-1.20	-18.28	-29.67	36.86	-23.01
S&P GSCI Kansas Wheat	0.90	-1.35	-18.75	-27.56	-23.74	-47.51
S&P GSCI Wheat	1.24	-3.55	-20.03	-32.19	-38.06	-61.81
S&P GSCI Nickel	-5.06	-0.74	-20.16	-15.08	-36.54	-36.91
S&P GSCI Silver	-1.13	19.49	-22.89	-23.61	20.12	63.97
S&P GSCI Coffee	-0.64	-4.02	-24.92	-36.12	-48.98	-46.94

Source: S&P Dow Jones Indices. Data as of August 30, 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 S&P Dynamic Futures Index (DFI) was launched on Feb. 19, 2010, at the market close. All information presented prior to the Launch Date is back-tested.

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

The S&P GSCI Dynamic Roll Index was launched on Jan. 27, 2011, at the market close. All information presented prior to the Launch Date is back-tested.

The S&P GSCI Systematic Global Macro Index was launched on Aug. 9, 2011, at the market close. All information presented prior to the Launch Date is back-tested.

The S&P GSCI Multiple Contract Index was launched on Jan. 26, 2012, at the market close. All information presented prior to the Launch Date is back-tested.

The S&P GSCI Dynamic Roll Alpha Light Energy was launched on Nov. 19, 2012, at the market close. All information presented prior to the Launch Date is back-tested.

The S&P GSCI Soybean Meal was launched on April 5, 2012, at the market close. 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](http://www.spdji.com).

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