



July 2013

S&P GSCI<sup>®</sup>

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

## KEY HIGHLIGHTS

- The 24 S&P GSCI commodities were generally positive in July, with 15 commodities posting gains, driving the index up 4.9% MTD.
- The [S&P GSCI Energy](#) gained significantly, up 7.1% MTD, due to fundamentals driving up oil and unleaded gasoline. Gas had its fourth greatest July gain ever.
- The [S&P GSCI Gold](#) was up 7.1% in July, rebounding after its worst month in June since 1981. Fundamental support from bank buying bolstered the metal.
- The worst-performing sector in the index was S&P GSCI Agriculture, losing 2.8%. Corn, the worst performing commodity in July, lost 8.8% mainly due to weather.

## MARKET SNAPSHOT

In July, commodities were driven largely by individual supply and demand fundamentals that were enhanced by seasonal summer activities. The S&P GSCI gained 4.9% in July, bringing the YTD performance just shy of positive territory at -77 basis points. The S&P GSCI Energy, the heaviest sector and best performer in July, gained 7.1%. The industrial metals recovered somewhat in July, gaining 1.1% MTD, and the precious metals gained 6.3%. While the summer heat was a big driver, the economic data that influences construction and the strength of the dollar greatly influence performance among the metals.

## SECTOR REVIEW

### ENERGY

The S&P GSCI Energy recovered its loss for 2013, and is now up 4.6% YTD. The index gained 7.1% in July, with all of the S&P GSCI Petroleum commodities rising due to higher seasonal demand coupled with supportive fundamentals in WTI crude oil. The S&P GSCI Crude Oil (WTI), the biggest commodity in the S&P GSCI with a weighting of 28%, gained 9.2% in July, the most it has gained in 11 months. The growing pipeline capacity to ship crude oil from the Cushing, Oklahoma delivery point in the U.S continues to support WTI, as do lower inventories and increasing expenses in exploring and producing the oil.

Since WTI crude oil is a main input into unleaded gasoline and the price increase in S&P GSCI Crude Oil (WTI) has been significant, the price spike in the S&P GSCI Unleaded Gasoline was the fourth-highest July monthly jump on record, rising 12.0% MTD. There is usually a summertime spike as a result of seasonal activities like traveling, but the underlying fundamentals may elevate gas prices from the increased costs of oil production. [Click here](#) for more information about the fundamentals and price.

### AGRICULTURE

The seasonal pattern that supported energy hurt the S&P GSCI Agriculture sector, which lost 2.8% for the month and brought the YTD return down 11.6%. The S&P GSCI Grains dropped 3.9%, mainly driven by the loss of 8.8% in the S&P GSCI Corn, which hit its lowest levels since Oct 2010. Earlier in the month, the drought reduced feed consumption by livestock, causing the price to drop. This was followed by moderate weather in the second half of the month, which was good for pollination, but sent prices down further on

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adequate supply.

In the S&P GSCI Softs, which rose 0.8% MTD, cocoa, cotton and sugar all contributed to the gain in July. The S&P GSCI Cocoa gained 6.2% this month, bring its YTD performance into positive territory, up 1.7%. News that the Ivory Coast suppliers sold a large portion of its crop ahead of schedule has caused fears about tightening supplies. Also driven by fundamentals is the continued rise of the S&P GSCI Cotton, the second-best performer this year, up 11.5% YTD after gaining another 1.4% in July. However, the gain seems to be slowing with Chinese demand as uncertain views regarding the cotton-buying program next year grow as textile mills struggle with narrowing margins. Lastly, the S&P GSCI Sugar gained a modest 30 bps thanks to slower production and stronger growth in world consumption.

### LIVESTOCK

Despite a shortage of beef, as discussed in [Where's the Beef?](#), the S&P GSCI Livestock lost 1.1% in July, yielding a YTD return of -6.2%. Although lean hogs and live cattle in the index lost 3.1% and 0.6%, respectively, the S&P GSCI Feeder Cattle gained 3.3% due to hot weather that reduced supply. This summer has brought relatively strong drought conditions that caused cattle to eat and grow less, driving prices up. Also, Japan lowered its age requirement on beef imports from under 30 months to less than 20 months, driving U.S. exports up 74%.

### INDUSTRIAL METALS

The economically sensitive industrial metals in the S&P GSCI recovered somewhat in July, gaining 1.1% MTD but still off 15.3% YTD. The S&P GSCI Copper, Nickel, Aluminum and Lead slightly gained 2.0%, 1.0%, 0.7% and 1.6%, respectively MTD. The U.S. dollar fell after somewhat stronger-than-expected Chinese factory activity, but the gains were limited by mixed U.S. economic data. 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

The S&P GSCI Precious Metals gained 6.3% in July, mainly due to a [rise in gold](#). After gold in the index had its worst month in June since January 1981, gold had its greatest one-day gain ever on July 22, up 3.6%, on weaker-than-expected data from the Fed that supported the price. The S&P GSCI Gold rose 7.1% in July on the fundamental story of expanding reserves from the banks (the Fed, ECB and Bank of Japan), driving demand while the ETF selloff seems to have eased. However, the S&P GSCI Gold is still down 22.0% in 2013 since the U.S. Fed announced in June that it would slow its quantitative easing, possibly reducing the demand for gold as a safe haven.

## PERFORMANCE RECAP

Exhibit 1: Index Performance Sorted by MTD

	Total Return					
	1-Week (%)	MTD (%)	YTD (%)	12-Month (%)	3-Year (%)	5-Year (%)
S&P GSCI Enhanced	-0.39	4.97	-0.54	1.25	17.01	-35.80
S&P GSCI Multiple Contract	-0.42	4.95	-0.51	0.83	14.19	-45.21
S&P GSCI	-0.54	4.91	-0.77	0.64	14.08	-47.65
S&P GSCI 3 Month Forward	-0.17	4.56	-0.46	0.69	15.33	-37.18
S&P WCI	-0.07	4.30	-3.55	1.45	35.94	-32.27
S&P GSCI Dynamic Roll	-0.18	4.11	-2.68	-0.34	12.65	-27.10
S&P GSCI Light Energy	-0.80	2.34	-6.54	-8.48	7.39	-37.36
S&P SGMI	-0.50	1.68	-0.10	-6.29	7.58	25.81
S&P GSCI Risk Weight	-1.09	1.39	-10.36	-10.01	5.37	-18.02
S&P GSCI Roll Weight Select	-0.97	0.91	-10.38	-11.69	2.71	-32.98
S&P GSCI Covered Call Select	-1.10	0.37	-8.99	-14.21	-6.10	-21.51
S&P GSCI Dynamic Roll Alpha Light Energy *ER	0.11	-0.29	-2.90	-0.78	0.40	14.70
S&P DFI	-0.41	-0.79	1.19	-4.47	-10.19	-15.67

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. \*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 Energy	-0.32	7.11	4.56	9.64	20.14	-55.70
S&P GSCI Precious Metals	-0.70	6.34	-23.88	-20.67	8.12	33.06
S&P GSCI Industrial Metals	-2.52	1.13	-15.32	-9.41	-18.36	-34.72
S&P GSCI Livestock	-1.29	-1.06	-6.20	-5.20	-8.49	-34.15
S&P GSCI Agriculture	-0.47	-2.77	-11.55	-23.76	10.41	-23.09

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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 Unleaded Gasoline	-0.85	12.01	<b>3.95</b>	20.53	91.86	12.66
S&P GSCI Crude Oil	-0.34	9.23	<b>12.23</b>	14.45	8.71	-64.72
S&P GSCI Gold	-0.54	7.12	<b>-22.04</b>	-19.15	8.76	37.60
S&P GSCI Heating Oil	0.14	6.72	<b>-1.06</b>	5.34	33.64	-39.42
S&P GSCI Cocoa	-2.63	6.20	<b>1.69</b>	-4.54	-29.47	-29.09
S&P GSCI Brent Crude	0.50	5.75	<b>0.52</b>	9.84	51.71	-35.96
S&P GSCI Gasoil	-0.33	4.09	<b>-0.92</b>	2.72	42.18	-39.29
S&P GSCI Feeder Cattle	0.38	3.30	<b>-8.21</b>	-3.98	-2.34	-12.07
S&P GSCI Kansas Wheat	1.36	2.28	<b>-17.64</b>	-26.61	-18.73	-46.53
S&P GSCI Copper	-2.51	1.95	<b>-13.76</b>	-9.79	-6.67	-18.46
S&P GSCI Cotton	-0.65	1.40	<b>11.45</b>	16.33	45.00	21.92
S&P GSCI Nickel	-3.51	1.01	<b>-19.56</b>	-13.93	-36.39	-29.81
S&P GSCI Wheat	1.68	0.99	<b>-17.08</b>	-29.74	-34.49	-60.67
S&P GSCI Silver	-1.96	0.82	<b>-35.47</b>	-30.48	6.19	4.95
S&P GSCI Aluminum	-2.84	0.73	<b>-17.28</b>	-11.06	-30.51	-56.26
S&P GSCI Lead	0.05	0.56	<b>-12.69</b>	5.01	-4.97	-18.21
S&P GSCI Sugar	5.14	0.30	<b>-14.82</b>	-29.20	11.56	12.64
S&P GSCI Live Cattle	-0.16	-0.60	<b>-7.75</b>	-7.00	-5.90	-28.05
S&P GSCI Coffee	-2.18	-1.49	<b>-21.77</b>	-38.70	-45.82	-43.69
S&P GSCI Zinc	-2.61	-1.55	<b>-14.95</b>	-6.41	-19.46	-24.83
S&P GSCI Lean Hogs	-3.81	-3.10	<b>-3.51</b>	-2.75	-15.46	-48.63
S&P GSCI Natural Gas	-6.94	-3.35	<b>-3.35</b>	-15.54	-71.00	-94.20
S&P GSCI Soybeans	-4.02	-3.65	<b>1.85</b>	-12.35	45.15	20.05
S&P GSCI Corn	-1.82	-8.81	<b>-17.29</b>	-29.25	50.01	-25.14

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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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