

## Media Release

### Commodities Were Slightly Lower in October

New York, November 9, 2016 **Commodities declined slightly in October as a result of shifting fundamental factors, according to Credit Suisse Asset Management.**

The Bloomberg Commodity Index Total Return performance was slightly negative for the month, with 10 out of 22 Index constituents posting losses.

Credit Suisse Asset Management observed the following:

- Precious Metals declined the most, down 4.51%, led lower by Silver, as the likelihood that the US Federal Reserve would raise rates in December increased following positive economic data early in the month.
- Energy ended the month 2.73% lower, led by Brent Crude Oil, as a lack of an official OPEC agreement to cut production and signs of increased US production removed some premium built into the market following the initial Algiers announcement.
- Industrial Metals increased 1.31%, led by Aluminum, due to sharply higher coal costs in China which elevated production costs directly and indirectly.
- Agriculture ended the month 3.11% higher, led by Coffee, as it finished the 2015/2016 crop year in a supply deficit for the second year in a row, as reported by the International Coffee Organization.
- Livestock was the best performing sector, up 5.35%, as Lean Hogs gained following the latest report from the US Department of Agriculture (USDA) which showed a lower amount of frozen pork in storage than the same period last year.

Nelson Louie, Global Head of Commodities for Credit Suisse Asset Management, said: "Views regarding various commodities shifted throughout October. Crude oil and petroleum products started the month strong after OPEC's tentative agreement, but lost steam after new headlines highlighting obstacles to a production cut deal. The main challenge seems to be Saudi and Iraqi disagreement over an acceptable cap to Iraqi production. Libya, Nigeria, and Iran would be exempt from any production quotas. Russia expressed support for a deal, but has not offered any concessions as of yet. Despite the bearish headlines, the fact that OPEC members were having this level of dialogue was constructive and the potential for an agreement remains. OPEC continues to be highly motivated to increase prices and Saudi Arabia is particularly motivated to maintain credibility."

Christopher Burton, Senior Portfolio Manager for the Credit Suisse Total Commodity Return Strategy, added: "Regarding the macroeconomic environment, consensus for 2017/2018 headline US inflation remains above the US Federal Reserve's 2% target, while global inflation expectations remain weak. The Fed has signaled that it is comfortable allowing inflation to overshoot expectations to support improvements in employment, and is expected to raise rates in December. Despite uncertainty surrounding the upcoming US election, the market is currently uncertain if there will be more than one interest rate increase from December 2016 through December 2017. In the current market environment, commodities are expected to be a valuable diversification tool as the asset class has historically delivered a high correlation to unexpected inflation."

## About the Credit Suisse Total Commodity Return Strategy

Credit Suisse's Total Commodity Return Strategy is managed by a team with over 29 years of experience, and seeks to outperform the return of a commodities index, such as the Bloomberg Commodity Index Total Return or the S&P GSCI Total Return Index, using both a quantitative and qualitative commodity research process. Commodity index total returns are achieved through:

- Spot Return: price return on specified commodity futures contracts;
- Roll Yield: impact due to migration of futures positions from near to far contracts; and
- Collateral Yield: return earned on collateral for the futures.

As of October 31, 2016, the Team managed approximately USD 8.9 billion in assets globally.

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