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Media Release

Commodities Increased on Optimistic Global Prospects

New York, December 12, 2016 **Commodities increased in November due to higher economic growth expectations and announced crude production cuts, according to Credit Suisse Asset Management.**

The Bloomberg Commodity Index Total Return performance was positive for the month, with 13 out of 22 Index constituents posting gains.

Credit Suisse Asset Management observed the following:

- Industrial Metals increased the most, up 10.33%, led by Copper. The prospects for increased infrastructure spending in China and the US supported base metals broadly.
- Energy gained 4.26%, as petroleum products gained following announced production cuts by OPEC that came in above market consensus. Natural Gas also rose, as forecasts for colder-than-normal weather in December increased US heating demand expectations.
- Precious Metals decreased the most, losing 7.99%, as data continued to indicate the US economy was doing well enough to tolerate some normalization of monetary policy, reducing the demand for safe haven assets.
- Livestock ended 4.27% higher, led by Live Cattle, after the USDA reported that placements in feedlots reached a record low in November, decreasing US beef supply expectations.
- Agriculture ended 2.85% lower, led down by Coffee, as forecasts for heavy rains in key coffee producing regions of Brazil led to improved growing conditions.

Nelson Louie, Global Head of Commodities for Credit Suisse Asset Management, said: “The spotlight was on energy markets leading up to the November 30th OPEC meeting. As part of the agreed upon deal, OPEC and non-OPEC members pledged to reduce global crude production by 1.8 million barrels per day effective January 1, 2017 for six months. Compliance with the cuts would likely bring global supply into deficit in the first half of 2017, sooner than previously expected. Adherence to the announced cuts will be instrumental for the medium-term outlook, and actual producer behavior will be vital, including the reaction of US crude producers, in terms of determining the efficacy of OPEC’s renewed attempt to manage markets. However, its recent actions have already re-affirmed its relevancy and have at least temporarily converted the global supply/demand balance from being a headwind to a tailwind.”

Christopher Burton, Senior Portfolio Manager for the Credit Suisse Total Commodity Return Strategy, added: “US inflation has increased from earlier this year, no longer running below the US central bank’s 2% target. Markets have priced in another interest rate hike in December. However, the Fed appears to have an appetite to let inflation overshoot its set target for some time. While it remains to be seen what agenda the new US administration will implement, early signals indicate job creation and economic growth. These policies, which may include tax cuts, an infrastructure spending bill and increased defense budgets, could be inflationary, absent a sharp change in monetary policy. Market participants appear to have begun to reprice inflation risks due to these events. As one of the most significant drivers of unexpected inflation risk, commodities as an asset class could be valuable in the upcoming investment cycle.”

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 November 30, 2016, the Team managed approximately USD 9.0 billion in assets globally.

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