CREDIT SUISSE

CREDIT SUISSE ASSET MANAGEMENT, LLC
1 Madison Avenue Telephone +1 212-325-2000
New York, NY 10010 Fax +1 212-325-7924

Media Release

Commodities Increased on Strong Demand

New York, August 14, 2017 **Commodities increased in July due to strong petroleum product demand and improved growth prospects from China, according to Credit Suisse Asset Management.**

The Bloomberg Commodity Index Total Return performance was positive for the month, with 15 out of 22 Index constituents posting gains.

Credit Suisse Asset Management observed the following:

- Energy increased 4.56% with crude oil and petroleum products rising on strong demand and some signs of US producers reducing capital expenditures.
- Industrial Metals rose 4.12% after key economic indicators in China, including second quarter GDP growth and industrial output, came in above expectations.
- Precious Metals gained 1.75% as the US Dollar weakened following reduced expectations regarding the pace of monetary policy tightening.
- Agriculture slightly increased 0.85%, led higher by Coffee and Sugar as the Brazilian Real strengthened versus the US Dollar.
- Livestock declined 4.85%. Lean Hogs decreased after the USDA reported June inventories hit an all-time record high since the 1960s.

Nelson Louie, Global Head of Commodities for Credit Suisse Asset Management, said: "The expectations for OPEC's success to bring down global inventories with output cuts diminished as compliance among participating nations began to slip and as other countries continued to grow production. However, US producer cuts to capital expenditures along with stronger-than-expected demand for petroleum products outweighed negative sentiment towards OPEC. In Agriculture, markets continue to watch weather conditions as August is a key production stage for soybeans. Unexpected weather shocks may damage the US crop and lead to a lackluster production year. Base metals demand continued to be linked to China's economy and its interest of implementing stricter environmental standards, which has recently led to a ban on various copper scrap metal imports beginning at the end of 2018. This may cause China to import more refined copper."

Christopher Burton, Senior Portfolio Manager for the Credit Suisse Total Commodity Return Strategy, added: "Economic growth continued to improve within key developed and emerging market nations. Japanese manufacturers' confidence rose while China's second quarter GDP came in stronger-than-expected. The Eurozone's June Purchasing Managers Index reading remained in expansionary territory. Lastly, US labor markets improved as demonstrated by a positive June jobs report and growing participation in the workforce. June manufacturing data also came in higher versus May's data. These metrics have encouraged the Fed to again signal a possible reduction in their balance sheet in September, though they remained focused on lower-than-desired inflation readings. The European Central Bank is showing signs of potentially becoming less accommodative if growth indicators continue to improve. Overall, major central banks continue to remain accommodative but are also mulling over when a potential tightening can take place. The timing and speed of such tightening may lead to periods of higher-than-

unexpected inflation. This may be supportive for investments in commodities as a strategic diversifier in a well-diversified portfolio."

About the Credit Suisse Total Commodity Return Strategy

Credit Suisse's Total Commodity Return Strategy is managed by a team with over 30 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 July 31, 2017, the Team managed approximately USD 8.6 billion in assets globally.

Press Contact

Candice Sun, Corporate Communications, +1 (212) 325-8226, candice.sun@credit-suisse.com

Credit Suisse AG

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