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Media Release

Commodities Increased Slightly due to a Tightening of Supplies

New York, September 13, 2017 **Commodities increased slightly in August due to a tightening of base metal supplies, according to Credit Suisse Asset Management.**

The Bloomberg Commodity Index Total Return performance was positive for the month, with 11 out of 22 Index constituents posting gains.

Credit Suisse Asset Management observed the following:

- Industrial Metals gained 9.64% after reports of lower production levels for Nickel and Zinc out of the Philippines and China, respectively.
- Precious Metals rose 4.01% due to increased safe haven demand following missile tests by North Korea.
- Energy increased 1.43%, led higher by Natural Gas, after warmer-than-average temperatures across the majority of the US increased cooling demand.
- Livestock dropped 6.18%. Lean Hogs decreased after the US Department of Agriculture (USDA) reported that retail outlets' pork advertisements declined over 25% by mid-August from the year prior.
- Agriculture decreased 6.86%. The USDA's August World Agriculture Supply and Demand Estimate report revealed increased output forecasts for Wheat, Corn and Soybeans.

Nelson Louie, Global Head of Commodities for Credit Suisse Asset Management, said: "Hurricane Harvey halted production operations of several major oil refineries located in the US Gulf Coast Region, effectively decreasing the demand for raw crude oil. As a result, expectations for tighter fuel supplies may help to support prices for petroleum products, although lower economic activity during and after the hurricane may decrease demand. The effects from Harvey, Hurricane Irma and other storms may also impact agriculture commodities within the US. In particular, while Harvey's heavy rains damaged some of the US cotton crop out of Texas, the top producing state in the US, its impact to global supplies were minimal. However, the trajectory of future weather formations affecting major areas may further tighten crop balances."

Christopher Burton, Senior Portfolio Manager for the Credit Suisse Total Commodity Return Strategy, added: "At the annual Economic Policy Symposium, US Fed Chair Yellen maintained a dovish tone, which led to a drop in the US Dollar as market participants anticipated decreasing odds for a December rate hike. Meanwhile, Mario Draghi, President of the European Central Bank (ECB), did not give any indication as to when the ECB will begin the process of tapering its accommodative quantitative easing policies. Markets will now turn their attention to the September Fed and ECB policy meetings for further clues on monetary policy normalization. As the majority of central banks in the developed world remain committed to loose monetary policy, the process of normalization may coincide with periods of higher-than-expected inflation if global growth surprises to the upside. In this market environment, commodities would likely serve as a key portfolio diversifier as a hedge against unexpected inflation."

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 August 31, 2017, the Team managed approximately USD 8.6 billion in assets globally.

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