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BCOM Index Monthly Commodities Update
April 2019

Executive Summary
Commodities declined in April, with the Bloomberg Commodity Index Total Return down 0.42%. Kansas City Wheat and Chicago Wheat decreased 9.66% and 6.88%, respectively, after strong crop yield prospects in Russia, the European Union, and the United States increased global supply expectations. Aluminum fell 6.57% after two large producers released sluggish demand growth forecasts for 2019, with the pace of predicted growth coming in at its lowest in nearly ten years, due to global economic growth concerns. Gasoline increased 11.08% as supplies continued to shrink. The US Department of Energy (DOE) reported draws for most of the month in its Weekly Petroleum Status Reports. Days of Supply, the measurement used to track inventory levels, finished the month at its lowest point for this time of year since 2011, as of the latest available DOE data. Brent Crude Oil and WTI Crude Oil rose 7.44% and 6.59%, respectively, due to OPEC and its allies largely adhering to the their crude oil production cut agreement, while Iranian crude exports continued to decline. In addition, the US Department of State announced that it would not extend waivers to importers of Iranian crude. This may potentially further reduce Iran's crude exports in an already tighter global crude market.

Monthly Commentary
The Bloomberg Commodity Index Total Return was lower for the month, with 18 out of 23 constituents posting losses. Industrial Metals decreased 3.42%, with all sector constituents ending the month in negative territory. Aluminum led the sector lower, and Nickel closely followed as an increase in stainless steel inventories in China lowered demand expectations for nickel, which is a major input for stainless steel production. In addition, trade negotiations between the US and China continued without a clear trade deal in sight. This development, paired with a reduced global growth outlook by the International Monetary Fund, lowered base metals demand expectations broadly. Agriculture declined 3.34%, led lower by Wheat. Soybeans also eased as beneficial weather in South America and continued low demand for US soybeans, as a result of the prolonged US-China trade dispute, left supplies in surplus. Livestock fell 2.33%, led down by Live Cattle, after the US Department of Agriculture's April Cattle on Feed report revealed higher-than-expected feedlot placements during March, increasing supply expectations. Precious Metals decreased 0.88% amid positive US economic data, including stronger-than-expected new home sales and a smaller US trade deficit. This weakened the attractiveness of both Gold and Silver as alternative stores of wealth. Energy gained 4.29%, led higher by Crude Oil and petroleum products, as supplies continued to tighten amid ongoing US sanctions on Iran and drastically reduced production by Venezuela. In addition, geopolitical issues in Libya remained tense and put crude oil production at risk.

Market Outlook
A final trade agreement to end the approximate year-long dispute between the US and China failed to materialize in April. However, progress appeared to have been made as additional meetings between their delegations were announced near month end. Any near-term deal would be advantageous to various industries dependent on international market demand and may reverse sentiment regarding the state of the global economy, which had previously weakened. An improved global growth outlook may encourage more demand for most commodities. In the meantime, the African swine fever outbreak in Asia has already forced China to purchase more US pork products over the past few months, despite its current levies against such goods, to meet domestic demand. If the disease continues to worsen and Chinese producers are forced to reduce their pig populations even further, China may have to quickly ramp up US pork imports further along with commodities used as feedstock such as Soybean Meal.

The US administration appeared to have surprised some when it announced it would not extend Iranian crude oil import waivers on April 22nd. These waivers are set to expire at the beginning of May and may lead to further tightening of global crude oil supplies. How Saudi Arabia and its allies react will be key in terms of how prices respond in the near term. The next OPEC meeting is scheduled for June 25th. After having increased production too quickly at the end of 2018, when sanctions were re-imposed on Iran, key parties will likely want to be more patient. However, they will also be under pressure to increase production should prices rise sharply.

While first quarter GDP readings for the US, European Union, and China surprised to the upside, other economic indicators remained mixed. The US witnessed a fall in consumer sentiment in April month-over-month, though it remains near its highest levels since before the global financial crisis of 2008. Inflation rose modestly in February and March, as measured by the Personal Consumption Expenditures Price Index. Markets are pricing in a benign inflation environment, running near 2% for the foreseeable future. The Fed has signaled it will maintain its patient stance before taking meaningful action, with markets pricing in that interest rates will not rise any further for the rest of the year and may be cut by year end. The Fed is under significant pressure to keep monetary policy accommodative, though higher-than-expected inflation could force the Fed to change policy plans. China's Caixin Manufacturing PMI fell to 50.1 in April, just barely remaining in growth territory, while its Industrial Production Index reading for March significantly (con't)

beat analysts' estimates, which has largely been attributed to looser credit standards and other stimulus measures enacted by the Chinese government earlier in the year. In the Eurozone, Germany faced a slowdown in its manufacturing sector while France's stimulus measures may have helped the pace of new business investments. Comments from European Central Bank President Mario Draghi indicated the potential for further weakness in the Eurozone's economy, though he highlighted the availability of other tools to attempt to support growth. Central banks appear to remain at the ready to enact more accommodative and nonconventional policies, with the belief they are supporting their economies.

Bloomberg Commodity Index TR Performance through April 30, 2019

	Weight as of Month End	MTD Total Return	YTD Total Return
Energy	34.23%	4.29%	20.91%
Agriculture	26.52%	-3.34%	-6.41%
Livestock	6.13%	-2.33%	2.25%
Industrial Metals	17.97%	-3.42%	8.99%
Precious Metals	15.15%	-0.88%	-0.86%
BCOM Index Total Return	**100.00%**	**-0.42%**	**5.88%**

Sources: Credit Suisse Asset Management, LLC, Bloomberg

Performance Notes:
The Bloomberg Commodity Index Total Return is a composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. The returns are calculated on a fully-collateralized basis with full reinvestment. Excess return reflects relative performance versus the benchmark (+/-).
Indices are not subject to management fees and are not available for direct investment. **Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results.**