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BCOM Index Monthly Commodities Update
November 2019

Executive Summary
Commodities declined in November, with the Bloomberg Commodity Index Total Return down 2.56%. Nickel dropped 18.02% as inventories tracked by the London Metal Exchange (LME) were up by approximately 50% since nearing a one-year low in late October, indicating that the supply situation may be loosening. Supplies tracked by the Shanghai Futures Exchange also rose to near a six-month high in October. Natural Gas decreased 16.41% due to lower weather-related demand as temperatures in November as well as forecasts for early December was warmer than expected. In addition, US production continued to rise on the back of a recently completed pipeline in the Permian Basin in Texas. Lean Hogs fell 10.95% after the US Department of Agriculture (USDA) reported the largest weekly US pork production volume in its reporting history for the week ending November 16th. In addition, heightened skepticism of a partial US-China trade agreement, due to US Congress' passage of policies supporting Hong Kong's pro-democracy movement, decreased the odds for higher US pork exports to China in the coming future. Coffee increased 13.37% as dry weather conditions in Brazil's major coffee producing regions lowered output expectations. The International Coffee Organization also forecasted a supply/demand deficit for the 2019/2020 season after reporting large surpluses in the prior two seasons. Chicago Wheat and Kansas City Wheat gained 5.67% and 4.65%, respectively, on rising demand for US supplies after Australia, Canada, France and Russia faced production shortfalls induced by either too little or too much rainfall.

Monthly Commentary
The Bloomberg Commodity Index Total Return was lower for the month, with 11 out of 23 constituents posting losses. Industrial Metals declined 4.90%, led lower by Nickel. Zinc also fell after the International Lead and Zinc Study Group reported that the global zinc deficit eased in September while LME-tracked inventories rose in November. Precious Metals decreased 3.80% on improved risk appetite following positive US economic readings, reducing the probability of another US Federal Reserve interest rate cut in the coming months. The October ISM US Non-Manufacturing Index reading, whose sector components account for the majority of the US economy, came in above expectations. This reading may lend support to US growth prospects while also decreasing investor appetite for Gold and Silver as safe haven assets. Energy fell 2.57%, weighed down by Natural Gas. Crude Oil and petroleum products increased amid improving macroeconomic sentiment, which supported demand expectations. In addition, a leak from the Keystone pipeline halted the flow of crude oil from Canada to the US, helping to limit supplies at Cushing, Oklahoma. Livestock fell 2.08%, led lower by Lean Hogs. Meanwhile, Live Cattle rose after the USDA reported that stored frozen beef inventory at the end of October was approximately 10% lower than last year's figures. Agriculture eased 0.45%. While Coffee and Wheat gained, Soybeans and its byproducts decreased as a lower Brazilian Real relative to the US Dollar encouraged farmers to sell their inventories in order to generate more dollar-denominated profits, increasing supplies in circulation. Limited progress on trade discussions between the US and China also contributed to reduced demand estimates for US oilseeds. In addition, Argentinian producers sold off their grains and oilseed inventories ahead of an export tax increase brought on by the new president, further adding downward pressure on the sector.

Market Outlook
November brought on more cooperative statements from the US and China earlier in the period towards a partial trade deal which could include more US agricultural purchases. Financial risk appetite improved following some of the optimistic statements, although the actual execution of the agreement remains elusive thus far as progress towards one remains volatile. If a partial trade deal is finalized between the two parties, commodity prices may rise on improved demand and stronger global growth prospects. This may be particularly true for agricultural products, where supplies could still tighten in the face of increasing weather shocks, especially as the growing season in Latin America gets underway. Incentives remain to make notable progress soon, especially before December 15th, when the latest round of US tariffs on Chinese goods is set to go into effect.

Future developments within the Middle East will be a key driver of energy prices. With November ending, it seemed likely OPEC+ would announce their intention to extend their crude oil production cut agreement past the current March 2020 expiration date at their next meeting in early December. Given their track record thus far, member nations of the OPEC-led consortium may maintain compliance to the pact as a group in order to attempt to support higher crude oil prices. Meanwhile, civil unrest has been increasing in Iraq and Iran. So far, these events have not materially affected prices. If tensions were to escalate further within these oil-producing nations, leading to political instability and/or military conflict, prices for crude oil may rise sharply. There has also been unrest in Lebanon, which may not directly impact crude prices, but still has the potential to impact relations in the region and crude prices indirectly.

Despite the continuing US-China trade war, economic (con't)

readings for both countries showed slight improvements. US GDP growth for the third quarter was revised higher to 2.1% while US New Homes Sales and Durable Goods Orders readings for October came in better than expected. Meanwhile, various manufacturing PMI readings for China were all above 50 for October, indicating growth, a reversal of previous contractionary readings. It may be that accommodative policies of both central banks have allowed their economies to stabilize, at least temporarily. Both countries continue to show commitment to attempting to prevent headwinds from slowing down growth within their respective borders.

Bloomberg Commodity Index TR Performance through November 30, 2019

	Weight as of Month End	MTD Total Return	YTD Total Return
Energy	29.87%	-2.57%	4.57%
Agriculture	29.07%	-0.45%	-3.82%
Livestock	6.06%	-2.08%	-7.43%
Industrial Metals	17.28%	-4.90%	3.81%
Precious Metals	17.72%	-3.80%	12.65%
BCOM Index Total Return	**100.00%**	**-2.56%**	**2.52%**

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.**