



June 2013

S&P GSCI[®]

S&P Dow Jones Indices' Market Attributes series provides market commentary highlighting developments across various asset classes.

KEY HIGHLIGHTS

- The 24 commodities in the S&P GSCI crashed following the Fed's June 20th announcement that the U.S. central bank may pull back on its bond buying program.
- The S&P GSCI Energy took back its position as the best performing sector index YTD, gaining 2.4% this month and cutting its YTD loss in half to -2.4%.
- The S&P GSCI Cotton was up 9.9% in the first half of 2013, crowning it as the best performing single commodity index in the S&P GSCI during that time.
- The biggest loser in the S&P GSCI Energy was natural gas, as it lost 11.0% in June.
- The title for worst-performing sector for the month went to S&P GSCI Precious Metals due to its 12.2% loss in June.

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MARKET SNAPSHOT

On June 20th, all 24 commodities in the S&P GSCI crashed after the Fed declared that the U.S. central bank may slow its bond buying program. The reason for the crash is the impact the strengthened dollar has on other currencies—as the dollar strengthens, goods priced in dollars become more expensive for other currencies. On what is now coined “the longest day,” the S&P GSCI fell 3.1%, with gold, silver, coffee and nickel moving into bear markets for the year. While the “risk-off” environment dominated commodities on the longest day, the month of June was largely driven by fundamentals like weather, pipeline capacity and uncertainty about Chinese demand, which fueled enough of a comeback for the S&P GSCI to finish June with a gain of 23 bps.

SECTOR REVIEW

ENERGY

The S&P GSCI Energy regained its position as the best performing sector in 2013. The index gained 2.4% this month, cutting its YTD loss in half to -2.4%. All of the commodities in the S&P GSCI Petroleum gained except unleaded gasoline, which dropped 99 bps. The S&P GSCI Crude Oil (WTI) gained 4.8% in June, making it the best performing commodity in the energy sector and only one of three commodities in the S&P GSCI in the black for the year. The supporting factor for WTI has been the growing capacity to ship crude oil from the Cushing, Oklahoma delivery point in the U.S.

Natural gas lost 11.0% in June, making it the biggest loser in the S&P GSCI Energy during the month; the loss erased the single index's entire gain for the year. The cold weather that drove the S&P GSCI Natural Gas up 26.7% through April 19th disappeared, so inventories rose and have pressured prices in June with the temperature increases.

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AGRICULTURE

The warm weather also hurt the S&P GSCI Agriculture sector, which lost 4.8% for the month. This brought the YTD return down 9.0%, more than double the YTD loss from May. The S&P GSCI Grains dropped 6.5% from adequately moist soil and larger-than-expected crop yields. The S&P GSCI Wheat, Kansas Wheat, Corn and Soybeans also lost 7.9%, 8.7%, 6.7% and 4.0%, respectively.

Unlike the grains, the S&P GSCI Softs rose 1.3% MTD, though it is still down 8.3% YTD. The S&P GSCI Coffee lost 6.6% in June, but cotton in the index, which is double the weight of coffee, gained 7.8% MTD and supported the softs. Up 9.9%, the S&P GSCI Cotton had the best performance of all the single commodity indices in the S&P GSCI for the first half of 2013, driven by stockpiling from China and merchant concern over U.S. supply tightness.

LIVESTOCK

Livestock gained 3.1% in June for a YTD return of -5.2%. The S&P GSCI Lean Hogs, Feeder Cattle and Live Cattle were up 5.7%, 3.6% and 1.3%, respectively. Lean hogs gained on a concern over a pig virus that may further curb production while meat-packers cut slaughter rates to offset tighter-than-expected seasonal hog supplies, which reduced the flow of pork to end-users at a time when demand heats up for outdoor cookouts.

INDUSTRIAL METALS

All industrial metals in the S&P GSCI lost in June, driving the sector down 7.4% MTD and 16.3% YTD, with the S&P GSCI Copper, Aluminum, Lead, Nickel and Zinc down 7.7%, 7.8%, 7.4%, 7.7% and 4.4%, respectively MTD. The main culprits in causing the sector to drop in June were uncertainty about Chinese demand, which accounts for 40% of copper usage, as well as pressures from an effort to rein in growth by the Chinese central bank.

PRECIOUS METALS

The S&P GSCI Precious Metals was the worst performing sector this month. Continuing its downward trend, the index fell 12.2% MTD, which drove its YTD return to -28.4%. June was the worst month since September 2011 but the S&P GSCI Gold had its worst month since January 1981. The S&P GSCI Silver and Gold are both in bear markets for the year and were among the hardest hit commodities from the Fed's statements on quantitative easing, losing 8.3% and 6.4%, respectively, on June 20th.

PERFORMANCE RECAP

Exhibit 1: Index Performance Sorted by YTD						
	Total Return					
	1-Week (%)	MTD (%)	YTD (%)	12-Month (%)	3-Year (%)	5-Year (%)
S&P DFI	1.10	2.42	1.99	-4.70	-14.04	-19.00
S&P SGMI	1.70	-0.27	-1.75	-11.22	2.09	18.02
S&P GSCI Dynamic Roll Alpha Light Energy *ER	-0.17	-0.90	-2.62	-0.94	0.12	18.18
S&P GSCI 3 Month Forward	0.05	-0.46	-4.80	7.28	12.83	-47.15
S&P GSCI Multiple Contract	0.18	0.07	-5.20	7.78	11.83	-54.34
S&P GSCI Enhanced	0.23	0.09	-5.25	7.80	14.12	-46.38
S&P GSCI	0.21	0.23	-5.41	7.79	11.88	-56.41
S&P GSCI Dynamic Roll	0.04	-0.48	-6.53	5.57	10.64	-37.01
S&P WCI	0.50	0.17	-7.52	8.49	32.58	-42.39
S&P GSCI Light Energy	-1.24	-2.15	-8.68	-0.48	11.54	-45.60
S&P GSCI Covered Call Select	-2.30	-3.97	-9.32	-7.61	-2.13	-28.01
S&P GSCI Roll Weight Select	-1.41	-3.18	-11.19	-3.80	8.58	-40.41
S&P GSCI Risk Weight	-1.37	-2.75	-11.59	-5.84	8.32	-23.83

Source: S&P Dow Jones Indices. Data as of June 28, 2013. Charts and graphs are provided for illustrative purposes only. Indices are unmanaged statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities the index represents. Such costs would lower performance. It is not possible to invest directly in an index. Past performance is not an indication of future results. This table may reflect hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance. *S&P GSCI Dynamic Roll Alpha Light Energy is Excess Return since the market neutrality negates collateral return.

Exhibit 2: S&P GSCI Total Return Sector Indices Performance

Name	1-Week (%)	MTD (%)	YTD (%)	12-Month (%)	3-Year (%)	5-Year (%)
S&P GSCI Agriculture	-4.55	-4.81	-9.03	-6.81	35.69	-31.95
S&P GSCI Energy	1.48	2.39	-2.39	16.12	12.08	-64.31
S&P GSCI Industrial Metals	-0.89	-7.44	-16.27	-8.55	-14.10	-38.30
S&P GSCI Livestock	0.37	3.09	-5.20	-5.96	-4.54	-34.16
S&P GSCI Precious Metals	-4.97	-12.21	-28.42	-22.31	-3.02	23.24

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Exhibit 3: S&P GSCI Total Return Single-Commodity Indices Performance

Index Name	1-Week (%)	MTD (%)	YTD (%)	12-Month (%)	3-Year (%)	5-Year (%)
S&P GSCI Aluminum	-1.26	-7.78	-17.88	-10.02	-26.19	-58.79
S&P GSCI Brent Crude	1.17	1.86	-4.94	18.53	43.61	-46.46
S&P GSCI Cocoa	0.61	-1.47	-4.24	-4.22	-34.58	-39.85
S&P GSCI Coffee	0.92	-6.63	-20.59	-33.43	-42.31	-47.70
S&P GSCI Copper	-0.91	-7.68	-15.42	-9.52	-2.80	-23.66
S&P GSCI Corn	-7.56	-6.70	-9.30	-0.07	88.81	-37.08
S&P GSCI Cotton	-0.74	7.78	9.91	17.76	43.59	10.23
S&P GSCI (WTI) Crude Oil	3.06	4.75	2.75	18.25	-0.22	-71.50
S&P GSCI Feeder Cattle	1.72	3.55	-11.14	-15.12	-5.55	-13.49
S&P GSCI Gasoil	2.45	3.58	-4.82	9.97	32.13	-48.38
S&P GSCI Gold	-5.29	-12.15	-27.22	-21.63	-3.25	26.13
S&P GSCI Heating Oil	0.54	2.70	-7.28	10.44	22.10	-50.45
S&P GSCI Kansas Wheat	-6.11	-8.72	-19.48	-14.84	9.45	-54.85
S&P GSCI Lead	1.34	-7.36	-13.17	12.93	5.24	1.08
S&P GSCI Lean Hogs	0.00	5.66	-0.43	-3.41	-10.19	-43.35
S&P GSCI Live Cattle	0.35	1.31	-7.19	-6.01	-1.45	-31.51
S&P GSCI Natural Gas	-6.01	-11.00	0.00	3.34	-68.89	-95.88
S&P GSCI Nickel	-2.64	-7.68	-20.37	-16.79	-35.57	-41.88
S&P GSCI Silver	-2.65	-12.66	-35.99	-26.77	1.33	4.74
S&P GSCI Soybeans	-1.69	-3.95	5.71	6.37	64.86	12.36
S&P GSCI Sugar	-0.06	0.10	-15.08	-22.15	37.61	23.00
S&P GSCI Unleaded Gasoline	-1.13	-0.99	-7.20	26.35	71.07	-12.58
S&P GSCI Wheat	-6.70	-7.89	-17.90	-17.16	-7.71	-66.48
S&P GSCI Zinc	0.55	-4.39	-13.61	-2.73	-12.14	-24.55

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The inception date for the S&P GSCI 3-Month Forward Index was Jan. 3, 2008, at the market close. All information presented prior to the index inception date is back-tested.

The inception date for the S&P Dynamic Futures Index (DFI) was Feb. 19, 2010, at the market close. All information presented prior to the index inception date is back-tested.

The inception date for the S&P World Commodity Index (WCI) was June 5, 2010, at the market close. All information presented prior to the index inception date is back-tested.

The inception date of the S&P GSCI Dynamic Roll Index was Jan. 27, 2011, at the market close. All information presented prior to the index inception date is back-tested.

The inception date of the S&P GSCI Systematic Global Macro Index was Aug. 9, 2011, at the market close. All information presented prior to the index inception date is back-tested.

The inception date of the S&P GSCI Multiple Contract Index was Jan. 26, 2012, at the market close. All information presented prior to the index inception date is back-tested.

The inception date of the S&P GSCI Dynamic Roll Alpha Light Energy was Nov. 19, 2012, at the market close. All information presented prior to the index inception date is back-tested.

The inception date of the S&P GSCI Soybean Meal was April 5, 2012, at the market close. All information presented prior to the index inception date is back-tested.

Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. Complete index methodology details are available at www.spindices.com.

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