August 2021 Edition
Bloomberg Commodity Index (BCOM)

Bloomberg Commodity Outlook

The Rally May be Cured

- The Commodity Bounce May Be Cured and It's Favoring Gold
- Commodity Lessons - Higher Prices the Cure, Bond Yields Guide
- $35 WTI Crude Oil, $1.60 Natural Gas and Free-Market Capitalism
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Data and outlook as of July 30, 2021

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BI COMD (the commodity dashboard)

Note - Click on graphics to get to the Bloomberg terminal

The Commodity Bounce May Be Cured and It's Favoring Gold

Performance: July +1.8%, 2021 +23.4%, Spot +22.8%
(Returns are total return (TR) unless noted)

(Bloomberg Intelligence) -- Gold is poised to take the 2H medal since broad commodities may stabilize if the stock market keeps rising and bond yields stop declining, as we see it. This is the dilemma that tilts price and deflation risks toward pre-pandemic conditions, with plenty of supply incentive amid higher prices. The lowest U.S. shale cost of production for crude oil and natural gas and highest OPEC spare capacity in our databases emphasize the supply-elasticity overhang on energy prices. In agriculture, lumber, coffee, corn and soybean recoveries have likely been cured. Copper and industrial metals face a cap from China, and the cut in its reserve-requirement ratio isn't good for commodity prices.
Rather than taking an unfavorable risk/reward view on the stock market via commodities, we think it may be better to wait for some mean reversion.

Gold May Take the Medal

Commodity Lessons - Higher Prices the Cure, Bond Yields Guide. The best of the commodity rally is likely over, if the history of supply elasticity and rising prices is a guide. Sharp reversion risks are elevated following an unprecedented uninterrupted bounce since the 2020 swoon and as evidenced by the cut in China's reserve-requirement ratio and the U.S. Treasury long-bond's sustaining below the 2% threshold.

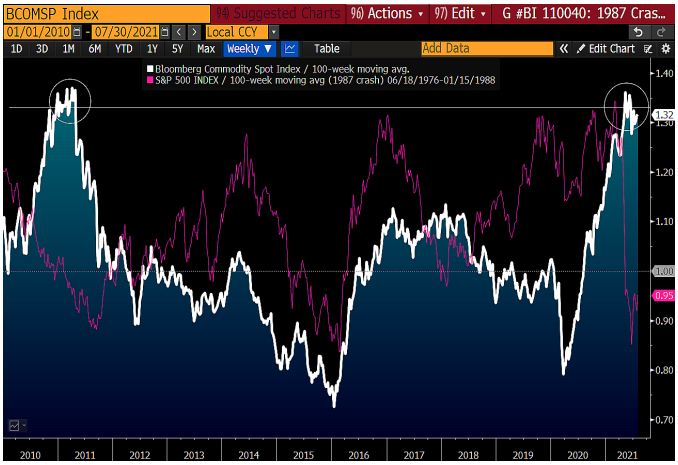
Elevator-Down Risks Elevated in Commodities

Elevator-Down Risks Elevated in Commodities. Enduring lessons in commodities -- higher prices are the cure and bond yields are precedent -- tilt unfavorably for the broad market at the start of August. Our graphic depicts the Bloomberg Commodity Spot Index (BCOM) near the all-time high from 2011 juxtaposed with the declining U.S. Treasury long-bond yield and China's RRR. Some reversion in commodity prices should be expected from such extended levels, but the repercussions could be similar to the 1987 stock market crash, as we see it. Most don't remember that year as up 2% in the S&P 500.

Our graphic depicts one of the most extreme uninterrupted rallies in the history of the BCOM since 1960. The recovery from the 2008 low saw three corrections greater than 10%. About 5% has been the max drawdown since the 2020 trough.

A Bit of Reversion Can Feel Like a Crash. There are levels to buy, sell or hold, and commodity indicators are tilted unfavorably for buyers at the start of August. A big difference from commodities vs. equities is production costs and supply-demand elasticity. Most are unfavorable just over halfway through 2021, with crude-oil and natural-gas prices more than 2x the cost of U.S. shale. Our graphic depicts the Bloomberg Commodity Spot Index over 30% above its 100-week moving average -- the most extended since the peak in 2011. Overlaid is the same measure of the S&P 500, which reached a similar threshold just prior to the 1987 crash.

Commodities Now vs. Stock Market in 1987



About a 30% decline in crude oil and copper from July 30 prices would simply represent a return to five-year averages. Some wobble in the stock market is a prime candidate for commodity reversion.

Copper and Crude Risk Reversion vs. Gold. The reversion potential for crude oil and copper atop our 2021 performance scorecard vs. gold and U.S. Treasury bonds on the bottom is elevated into year-end, in our view. Crude has had a good run, but is bumping up into good resistance around $75 a barrel in West Texas Intermediate within a more enduring downward trajectory since the 2008 peak. Conditions are similar for copper, corn, soybeans, coffee, lumber and most commodities, which face greater supply elasticity, on the back of rapidly advancing technology.

Commodity Buoyancy Dependent on Rising Equities

Security	%YTD	Chg July	1Yr % Chg	2Yr % Chg
Generic 1st 'CL' Future	+52.3%	+.6%	+85.2%	27.3%
Generic 1st 'HG' Future	+27.4%	+4.5%	+53.9%	67.4%
Bloomberg Commodity Spot Index	+24.4%	+2.8%	+51.2%	45.3%
Bloomberg Commodity Index Tota	+23.3%	+1.8%	+41.1%	23.1%
S&P 500 Total Return Index	+18.1%	+2.4%	+37.6%	51.2%
S&P 500 INDEX	+17.1%	+2.4%	+35.5%	46.0%
Russell 2000 Index	+12.8%	-3.6%	+49.0%	40.5%
MSCI World ex USA Net Total Re	+11.6%	+1.5%	+30.4%	29.7%
Broad Dollar Index	+1.9%	+.8%	-3.9%	-1.4%
Bloomberg Dollar Spot	+1.8%	-.1%	-2.9%	-5.2%
MSCI Emerging Markets Net Tota	+1.6%	-5.5%	+21.9%	29.5%
Generic 1st 'GC' Future	-4.1%	+2.6%	-7.6%	26.1%
Bloomberg Barclays U.S. Treasu	-5.1%	+3.3%	-11.7%	17.1%

If the S&P 500 can add to its about 20% total return to July 30 in 2021, then there is potential for copper and crude to remain top performers, but risks of just a bit of reversion in equities should have a multiplier effect in commodities, as we see it.

Commodities Subject to Multiplier Effect vs. Equities. A phenomenon where a given change in a particular market causes a larger one in another is how we view most commodities relative to the stock market at the start of August. The bullish fuel required to sustain the Bloomberg Energy Subindex atop our 2021 performance scorecard vs. precious metals at the bottom may be just too excessive. A rising stock market, a halt to bond yields falling, energy demand returning to pre-pandemic levels and slack supply elasticity are an unlikely combination into the end of 2021.

Crude Oil, Copper Bulls May Need Too Much Fuel

Security	%YTD	Chg July	1Yr % Chg	2Yr % Chg
Bloomberg Energy Subindex Tota	+49.9%	+3.7%	+56.4%	-11.9%
BBG Softs TR	+24.2%	+6.2%	+43.5%	41.0%
Bloomberg Industrial Metals Su	+22.2%	+4.0%	+44.5%	43.1%
Bloomberg Agriculture Subindex	+19.2%	-1.0%	+59.5%	45.0%
Bloomberg Grains Subindex Tota	+16.0%	-3.7%	+60.7%	38.9%
Bloomberg Livestock Subindex T	+8.5%	-.3%	+21.8%	-20.4%
Bloomberg All Metals Total Ret	+8.3%	+3.3%	+16.8%	35.5%
Bloomberg Precious Metals Subi	-4.5%	+1.2%	-5.0%	27.4%

Juxtaposed is the potential for just a bit of reversion toward more enduring downward trajectories in most commodities, notably energy, vs. upward trends in precious metals amid favorable macroeconomic conditions. The bottom line? The stock market has to go up or commodities are set to decline.

Index Performance *(as of July 30)*

Name	1 Mth % Change	3 Mth % Change	YTD % Change	1 Yr % Change	2 Yr % Change
Commodities					
BCOM Index TR	1.9	13.3	21.1	45.6	20.3
Energy Index	11.4	23.2	44.6	54.2	-16.3
All Metals Index	-5.1	6.6	4.9	23.7	34.0
Industrial Metals Index	-3.2	9.4	17.6	49.4	39.8
Precious Metals Index	-6.9	3.9	-5.7	4.1	29.3
Ags & Livestock Index	-0.6	10.2	18.7	57.9	30.6
Livestock Index	-2.8	-1.5	8.8	26.9	-15.9
Agriculture Index	-0.2	12.8	20.4	63.6	41.0
Grains Index	-0.1	11.3	20.5	65.3	39.2
Softs Index	0.2	18.7	16.9	43.8	25.3
BCOM EX Indices TR					
BCOM Index Roll Select TR	2.0	13.9	21.5	44.7	25.9
BCOM Index Forwards TR					
BCOM Index ER	1.8	13.3	21.1	45.5	18.7
BCOM Index Spot	0.7	12.5	21.0	55.2	40.1
Stocks					
S&P 500 Index TR	2.3	8.5	15.3	40.8	51.4
Bonds					
Barclays U.S. Aggregate	0.6	1.7	-1.7	-0.4	8.3
Currencies					
Bloomberg U.S. Dollar Spot Index	2.3	-0.9	1.9	-6.4	-3.8
US Dollar Index	2.6	-0.9	2.7	-5.2	-3.9
US Trade Weighted Broad Dollar	1.0	-1.8	0.6	-6.9	-2.1

Energy

(Index weight: 19% of BCOM)
Performance: July +3.8%, 2021 +50.1% , Spot +51.2%

Free Markets Feed the Bears

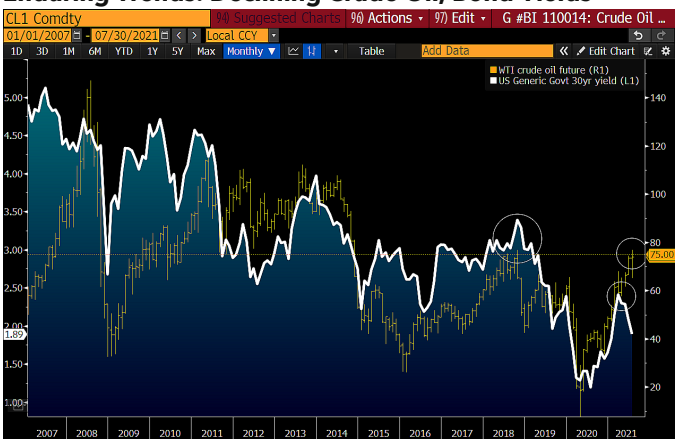
$35 WTI Crude Oil, $1.60 Natural Gas and Free-Market Capitalism. Prices for natural gas and West Texas Intermediate (WTI) crude oil at more than double the U.S. cost of production in July emphasize the temporary nature of 2021's bounces, if the rules of supply and demand economics apply. A surge in energy prices following the 2020 swoon makes sense, but we don't believe a new bull market does. Crude and natural gas have reached the upper end of enduring downward trajectories, with headwinds that may be greater than before the pandemic. Then there's the issue of tight correlations to the most elevated stock market in history by most measures, which keeps our energy bias tilted toward the greater risks of some normalization and deflation.

Crude Oil Ebbing Tide Risks

The Commodity Deflation Leader, Crude Oil Risks More of the Same. Some unlikely combination of a lack of free-market capitalism and demand vs. supply economics, a rising stock market and reversal in declining bond yields is necessary for crude oil to advance in 2H, in our view. Reversion risks lean toward the five-year mean closer to $50, particularly if equities wobble.

Crude Oil Appears Capped Around $75. Trajectories in oil prices and U.S. Treasury bond yields have been downward for over a decade and we believe they may be headed for more of the same. Technically and fundamentally, WTI at around $72 a barrel at the end of July is vulnerable to simply revert toward the average since 2014 of closer to $51. Our graphic depicts the recent disparity of strength in WTI vs. declining yields, with the latter serving as precedent. In 2020, just before the global risk-off plunge, the U.S. long-bond yield dropped below 2%. It was about 1.9% on July 28.

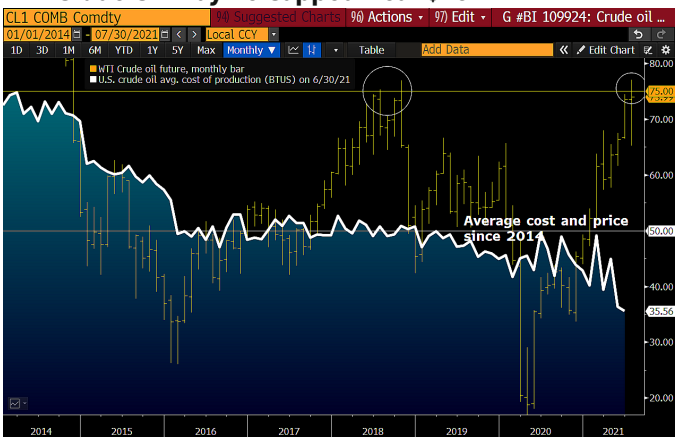
Enduring Trends: Declining Crude Oil, Bond Yields



The lowest U.S. cost of production and highest OPEC spare capacity in our databases emphasize the supply-elasticity overhang on oil prices. A bounce from the 2020 nosedive makes sense, but a new bull market doesn't, in our view. Crude relies on rising equities.

Free Markets, Supply-Demand and $35 Crude. Unless free-market capitalism and supply-demand economics no longer apply, we see crude prices more likely to decline in 2H. The U.S. reversal from being the world's largest importer to a net exporter in 2019 was the paradigm shift in global energy that's gaining endurance. The graphic depicts a primary reason why: Rapidly advancing technology is a negative for crude prices on both sides of the demand vs. supply equation. The average cost of U.S. shale near $35 a barrel has dropped to the lowest in our database since 2014.

WTI Crude Oil May Be Capped Near $75

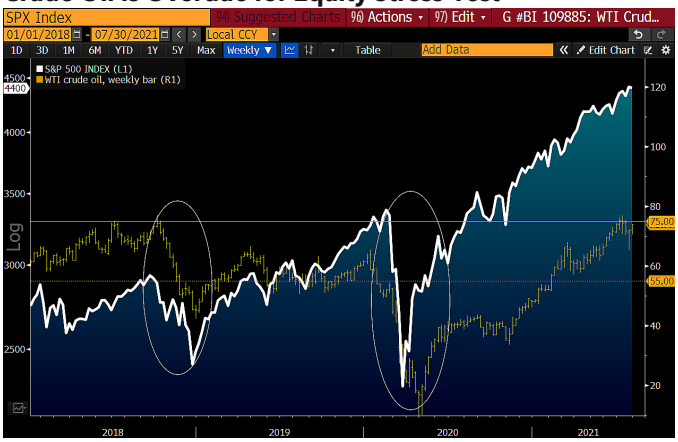


U.S. liquid-fuel consumption, estimated by the Department of Energy to reach about 20 million barrels a day by the end of 2021, is about the same level as 20 years ago. The rest of the world is following as trends in electrification and decarbonization appear in the early days.

Stock Market Is Commodities' Biggest Risk. Crude oil has little chance of advancing unless the stock market keeps marching upward, if previous patterns repeat. The absence of a 10%-plus correction in the S&P 500 since the 2020 swoon elevates crude risks to an equity-reversion stress-test. Our graphic depicts what appears to be a prerequisite for stable crude prices: The stock market needs to keep going up. The last two significant corrections in the price of WTI moved almost tick-for-tick with equities. Upside potential is limited for a market subject to rising supply elasticity and demand destruction when prices rise.

The average crude price since the start of 2018 is about $55. With crude's risk-adjusted 260-day volatility about double that of the S&P 500, a 10% correction would equate to about 20% in WTI, or around $60, from the 2021 peak.

Crude Oil Is Overdue for Equity Stress-Test



Elevated Energy a Risk to Commodity Performance. The energy sector's 2021 gains toward the end of July appear transitory to us. About $75 a barrel WTI and natural gas at $4 per million BTUs (MMBtu) are thresholds that have held resistance for more than five years. Proof of sustainable strength above these levels is necessary for any sign of reflation from commodities. A notable risk vs. the pre-financial crisis world is elevated correlations to equities. Despite the record setting S&P 500, crude oil is showing signs of a potential peak and divergent weakness.

If the Stock Market Rises, Crude May Stabilize

File Analytics Edit Format Formulas

Security	%YTD	Chg July	1Yr % Chg	2Yr % Chg
Bloomberg Unleaded Gasoline Su	+55.5%	+5.0%	+97.1%	16.2%
Bloomberg WTI Crude Oil Subind	+55.0%	+1.7%	+80.7%	-18.8%
BBG Energy Spot	+52.3%	+4.1%	+84.9%	40.1%
Bloomberg Brent Crude Subindex	+52.1%	+2.2%	+72.4%	12.8%
Bloomberg Petroleum Subindex T	+52.0%	+2.4%	+75.8%	-2.8%
Bloomberg Energy Subindex Tota	+50.0%	+3.7%	+56.7%	-11.8%
Bloomberg Heating Oil Subindex	+48.3%	+3.2%	+69.1%	-3.5%
Bloomberg Natural Gas Subindex	+44.1%	+7.3%	+34.4%	-25.9%

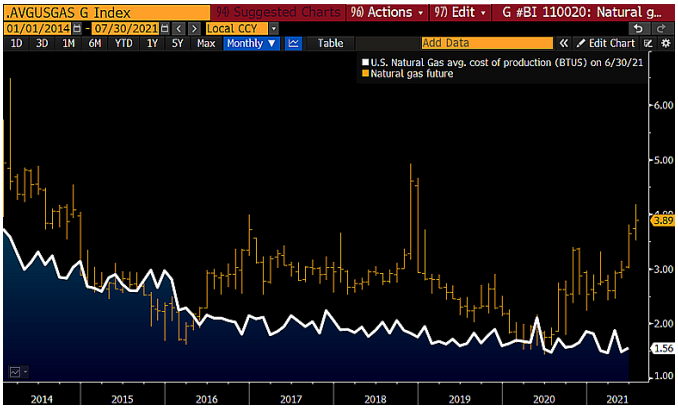
Energy commodities are showing an unfavorable risk vs. reward exposure to the stock market near the start of August. It appears that crude has reached the inflection point that rising equities are necessary for stable oil prices.

$4 May Be Enduring Natural Gas Cap

Natural Gas Above $4 Is a Prerequisite for Commodity Inflation. A top commodity deflation indicator is the inability of the U.S. natural gas future to sustain above $4 MMBtu since 2014, and if the benchmark for global heat and electricity production can buck the trend, inflation forces will gain some legitimacy. Our bias is for more of the same: capped gas. (07/29/21)

Natural Gas Gravity Pull Is Toward $1.60. The U.S. was focused on LNG imports at the start of the millennium, but overwhelming domestic supply shifted the bias to exports and the related price headwinds have endured. Our graphic depicts the average cost of U.S. natural gas hovering around $1.60 per MMBtu, near the lowest in our database since 2014. In 2018, the last time the front future breached the end-of-July price of around $4, the cost was closer to $2. Rapidly advancing technology has been the bane of commodity bulls for over a decade, and our graphic depicts the greater likelihood of more of the same for natural gas.

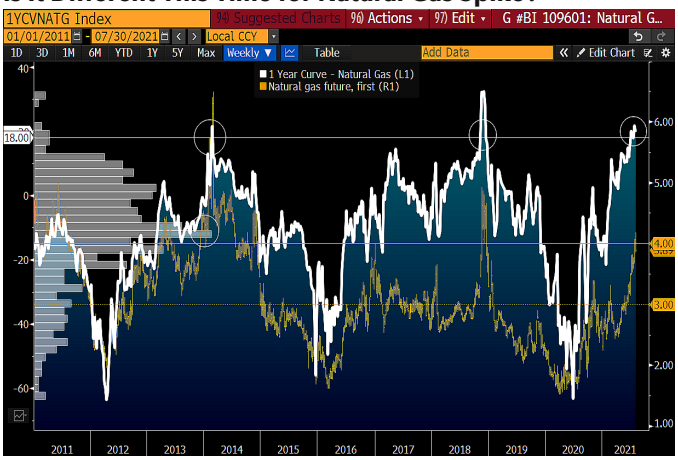
Over Double Production Cost Is Gas Headwind



There's more incentive to increase supply than the past spikes to $4. Hot-weather electricity demand should prove temporary and related price buoyancy is increasing the profit incentive to produce.

Deflationary Leader Natural Gas Meets Resistance. One of the key questions to ask with natural gas at about $4 per MMBtu is whether things will be different this time, and our outlook leans toward more of the same: reversion lower. Extreme backwardation has been a reliable indicator of lower prices in the past. At about a 20% discount, the spread of the one-year-out future vs. the front has been matched only twice in the past decade. In 2014, prices peaked just above $6 per MMBtu, and in 2018 the surge topped out around $5. Nearing the most traded price since 2011 -- around $4 -- we see reversion lower from good resistance. As of July 28, the September 2022 future is closer to $3 vs. about $4 for September 2021 delivery.

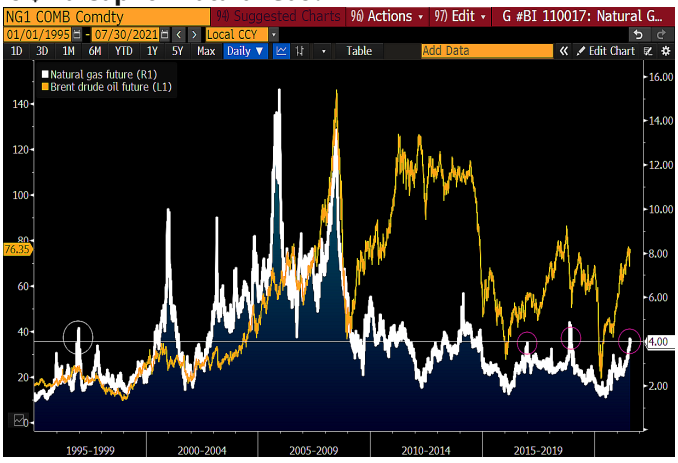
Is It Different This Time for Natural Gas Spike?



What's different this time is the price surge is occurring on the back of electricity demand during North America's heat wave.

OPEC Is Big Divide Between Natural Gas and Crude. If natural gas can sustain above $4 MMBtu, Brent crude may approach $80 a barrel, but we think the more likely scenario is more of the same inability to breach resistance, notably since 2014. Absent a cartel like OPEC to restrict supply, the bane of natural gas bulls since the peak in 2008 -- rapidly increasing U.S. production -- is set to prevail. Our graphic depicts gas prices failing to pierce $4 for about seven years, and the primary reason is the elasticity of U.S. supply. If OPEC breaks up and natural gas is a guide, Brent would sink toward $40 a barrel.

Is $4 a Cap for Natural Gas?



The $4 gas threshold is more significant because it's about the average price in the first full year the Federal funds rate target went to zero in 2009. With rates back at zero, gas needs to sustain above $4 to show minimal signs of inflation.

Front Energy Futures

Ticker	Last	%YTD	%MTD	Chg QTD %	1 Yr Ago	2 Yrs Ago	%1YR	Change 2 Year Percent
Generic 1st 'XB' Future	s224.4	+59.4%	+4.9%	+14.9%	120.0	194.3	+87.0%	15.5%
Generic 1st 'CL' Future	73.6	+51.6%	+10.9%	+24.3%	39.3	58.5	+87.3%	25.8%
Generic 1st 'NG' Future	3.7	+47.3%	+25.3%	+43.4%	1.8	2.3	+113.6	62.0%
Generic 1st 'CO' Future	s75.1c	+45.0%	+8.4%	+18.2%	41.2	66.6	+82.6%	12.9%
Generic 1st 'HO' Future	s212.9	+44.2%	+4.1%	+20.2%	117.8	194.5	+80.7%	9.5%

Curve Analysis - Contango (-) | Backwardation (+)

Name	Current Position	1 Yr Ago	1 Yr Change	YTD Change
1 Year Spread % of First Contract				
BCOM	4.1	-8.1	12.2	2.8
Sector				
Energy	10.8	-13.6	24.4	11.4
Agriculture	4.4	-4.8	9.2	-0.5
Livestock	2.7	-23.6	26.4	4.1
Industrial Metals	0.6	-1.7	2.3	1.5
Precious Metals	-0.7	-3.3	2.6	0.4
Single Commodities				
Thermal Coal	20.9	-20.6	41.5	11.5
Natural Gas	19.8	-37.6	57.4	35.6
Lean Hogs	14.8	-40.4	55.1	13.1
Soybean Oil	10.7	-3.1	13.8	-0.3
Crude Oil	10.2	-5.5	15.8	7.8
Sugar	9.5	-1.7	11.2	1.6
Unleaded Gas	9.4	-5.6	15.0	5.4
Brent Crude	8.9	-7.3	16.2	6.2
Cotton	8.8	-2.9	11.8	5.2
Corn	7.4	-12.4	19.8	-1.6
Soybean	6.2	-1.0	7.2	-9.4
Heating Oil	3.3	-10.1	13.5	6.6
Gas Oil	3.2	-8.7	11.8	6.7
Aluminum	2.1	-4.9	7.0	3.7
Copper (CME)	1.2	-1.2	2.3	1.2
Wheat	0.4	-3.6	4.0	0.7
Palladium	0.3	0.4	-0.2	-0.2
Nickel	0.1	-1.5	1.6	1.4
Zinc	0.0	-1.3	1.3	1.7
Copper (LME)	-0.2	0.2	-0.4	-0.4
Gold	-0.6	-2.8	2.2	0.4
Platinum	-0.8	-1.9	1.1	0.2
Soybean Meal	-0.8	-4.7	3.9	-17.3
Silver	-0.8	-3.8	3.0	0.4
HRW Wheat	-0.9	-9.6	8.7	2.1
Coffee	-3.1	-6.6	3.5	3.1
Live Cattle	-9.3	-6.9	-2.4	-5.0

Measured via the one-year futures spread as a percent of the first contract price. Negative means the one-year out future is higher (contango). Positive means the one-year out future is lower (backwardation).

Metals

All *(Index weight: 40% of BCOM)*
Performance: July +2.6%, 2021 +7.6%

Industrial *(Index weight: 19.0% of BCOM.*
Performance: July +4.0%, 2021 +22.2%, Spot +23.4%

Precious *(Index weight: 16.1% of BCOM.*
Performance: July +1.2%, 2021 -4.6%, Spot -3.9%

A Gold Medal vs. Copper

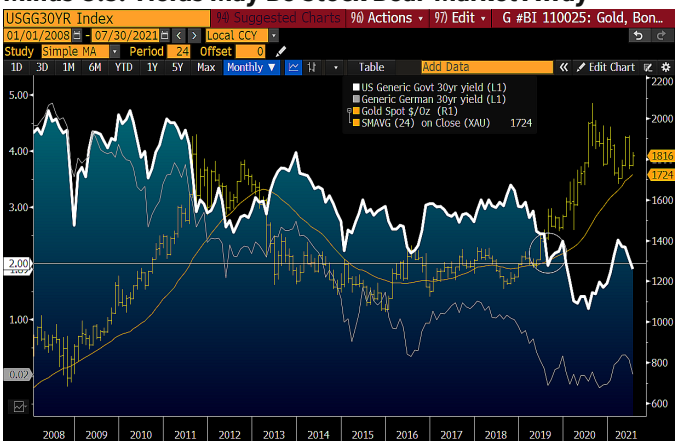
Gold Looks Set to Take Top Prize vs. Copper Into 2021 Year-End. Underpinnings favor gold vs. copper in 2H, in our view. The benchmark precious metal has the relative-value advantage of a substantial correction within an enduring bull market and support from declining U.S. Treasury bond yields. Base metals appear as extended as the stock market, and thus highly subject to some reversion, which would translate toward more-enduring deflationary trends and support the price of gold. Bottom line: The stock market has to go up or copper and industrial metals will continue reverting toward lower means.

Precious Metal - A Gold Launchpad?

The Well-Rested Gold Bull May Be Hunkering for a $2,000 Handle. Gold appears as a powder keg awaiting a spark, in our view. Catalysts are numerous, but a top potential candidate is some wobble in what has been an unstoppable stock market rally. Declining U.S. bond yields vs. rising debt-to-GDP and quantitative easing levels appear as enduring gold underpinnings.

Gold Underpinnings and Declining Bond Yields. The increasing probability that U.S. Treasury bond yields are a stock bear-market away from following Japan and Europe into negative territory is a primary bullish factor for gold, in our view. The metal was one of the worst-performing major assets in 1H, but is poised to resume its enduring bull market in 2H. Underpinnings for gold will gain strength, particularly if bond yields have peaked. Our graphic depicts the yield on the U.S. Treasury long bond on track to catch up to the German 30-year. It's a question of what forces -- all have mostly low probabilities -- might reverse the downward migration.

Minus U.S. Yields May Be Stock Bear-Market Away



It was when the long bond breached 2% support in 2020 that solidified the gold breakaway above $1,400 an ounce. At about 1.9% on July 29, trends appear favorable for the metal.

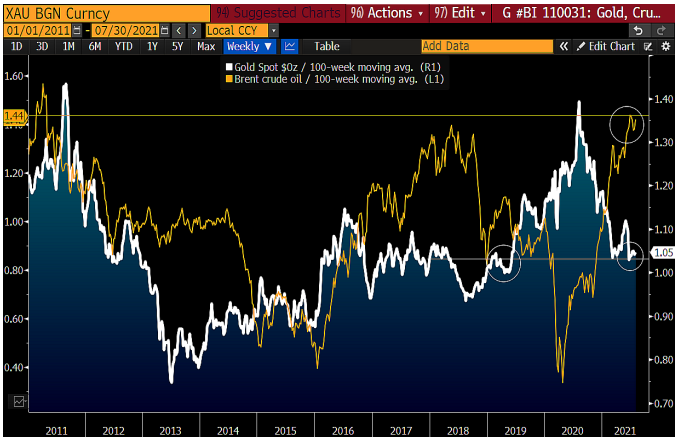
Trends Favor Gold, Not Crude Oil. The world changed in 2008, and the potential for more in 2021 tilts our bias toward a resumption in the trend of gold outperforming crude oil. Gold has a firm foundation from its limited supply and store-of-value, diversifier status in the race to debase among fiat currencies from countries with rising debt-to-GDP and quantitative-easing levels. Against that backdrop is the world's most significant commodity -- oil -- facing declining incremental demand and rising supply as technology advances, pressuring inflation. Our graphic depicts the price ratio of gold to Brent crude returning to the support level from just before the 2020 liftoff.

Crude-Oil Sellers, Gold Buyers Get Upper Hand?

The current ratio was reached during the financial crisis and appears ripe to resume its upward trajectory. A retreat in crude's bounce may spark a resumption of the gold bull.

Gold Appears Too Cold, Crude Oil Too Hot. Gold near the lowest vs. its 100-week mean in about two years at the end of July, vs. the greatest stretch for crude oil above its similar measure in a decade, is a tinder box awaiting a spark for reversion, in our view. Such conditions could be sustainable if fundamental conditions justified, but risks may be leaning the other way. Our graphic depicts Brent crude the most stretched -- about 40% -- above its 100-week moving average since 2011. It's the opposite for gold. Not since the bottoming process around $1,200 an ounce in 2018 has the metal traded much more than 5% below its 100-week mean.

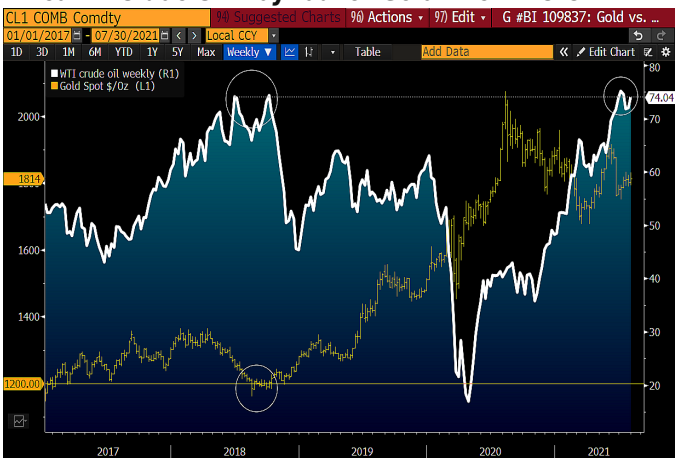
Elevated Mean-Reversion Risks Favor Gold



We see a bull market in gold that has backed up to good support on shorter-term issues, but with enduring, longer-term underpinnings. Crude's recovery from the extreme 2020 flush risks being within a longer-lasting bear market.

Elevated Rhyme Risks - Peak Crude, Gold Bottom. Gold is a rested and discounted bull market, as we see it, which may find a primary catalyst from a resumption of the enduring crude-oil bear market. When West Texas Intermediate peaked in 2018 at about current levels, it marked the gold bottom near $1,200 an ounce and a rally to the all-time high in 2020 of around $2,075. Our chart shows the potential for parallels. WTI may be rolling over from similar levels as it did three years ago. Juxtaposed is gold at about the same level as a year ago and an almost 12% discount from the peak.

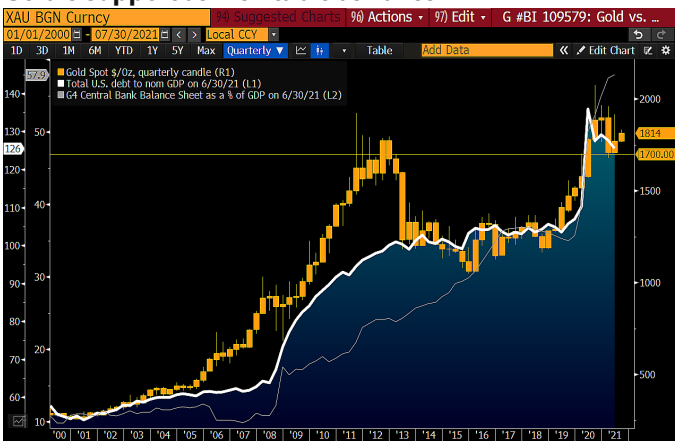
A Peak in Crude Oil May Launch Gold Like in 2018



A consolidating gold bull is more likely to break out higher and follow rising bond prices if crude oil has peaked, in our view.

Ballooning Debt, Quantitative Easing Apt to Lift Gold. It's the near-certainty of rising U.S. debt-to-GDP and increasing dependence on quantitative easing that keeps our gold-price bias bullish, notably on the back of a good discount from the 2020 peak. Down about 4% in 2021 to July 15, and having retraced almost 20% from record highs, the metal appears ripe to resume its rally. Our graphic depicts the relative discount of gold to U.S. debt-to-nominal GDP and G4 central-bank balance sheets as a percentage of GDP. A potential catalyst for gold to breach $2,000-an-ounce resistance is a bit of reversion in the stock market and extended decline in U.S. Treasury bond yields from the March peak.

Gold's Support as Inevitable as Taxes



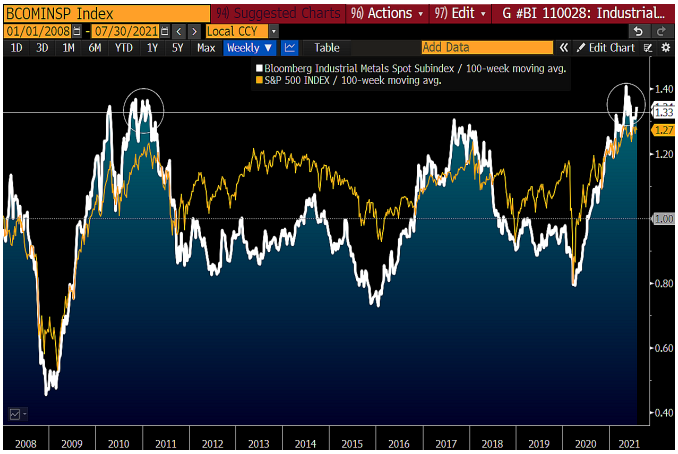
We see gold more likely to approach $2,000 resistance than sustain below $1,700 support in 2H. Like bonds, the metal may provide a hedge vs. a rise in stock-market volatility.

Base Metals - Elevated Lower Tide Risks

Copper Should Be Fine as Long as Stock Market, Bond Yields Rise. Industrial metals may stabilize in 2H if the stock market keeps going up and bond yields stop declining, as we see it. This is the dilemma that tilts price risks toward more mean reversion from the all-time copper future high of $10,453 a ton in May. BI's macro-regression model suggests copper's fair value is $8,850 a ton.

Base Metal Technicals Need Fundamental Support. When markets get extremely stretched above longer-term means, solid fundamentals typically need to justify additional price advances, which is the unfavorable condition we see for copper and industrial metals in 2H. As the sugar high from unprecedented global fiscal and monetary stimulus fades, risks are tilted toward reversion lower, notably in copper. Our graphic depicts the Bloomberg Industrial Metals Spot Subindex the most extended above its 100-week moving average since the 2011 peak, along with the same measure of the S&P 500 at its highest since 1999.

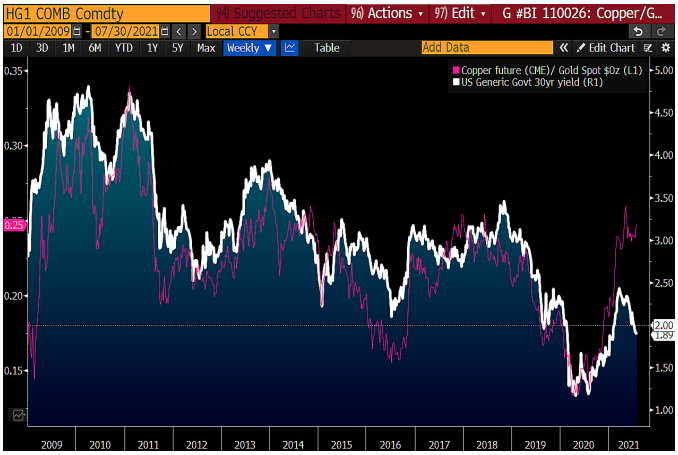
Mean-Reversion Risks Elevated for Base Metals



BI's macro-regression model suggests copper's fair value is $8,850 a ton, below the key threshold of $9,000. The industrial metals-to-S&P 500 100-week correlation is about 0.60, compared with closer to 0.10 in 2008.

Copper Appears Too Hot, Gold Too Cold. The copper-to-gold ratio is ending July at a rare disparity vs. declining U.S. Treasury bond yields, which we expect will be resolved by more of the same: the precious metal outperforming the industrial. Our graphic depicts the price of copper vs. gold highly subject to simply follow the enduring downtrend in long-bond yields, which have breached key 2% support at the end of July. The key question is whether the relationship has changed, which we view as a low probability.

Elevated Mean-Reversion Risks Favor Gold



A more likely scenario, as we see it, is that the superior production and constrained fundamentals of the precious metal and store-of-value prevail over the greater supply elasticity of copper in a world of unprecedented monetary and fiscal stimulus.

Gold vs. Copper a Top Macroeconomic Indicator. The reversion potential for copper atop our 2021 performance vs. gold on the bottom is elevated into year-end, in our view. The base metal has had a good run but faces a wall of resistance above $10,000 a ton, and China may have put a kibosh on further upside when it cut its reserve rate in July (copper has a greater tendency to decline with the RRR).

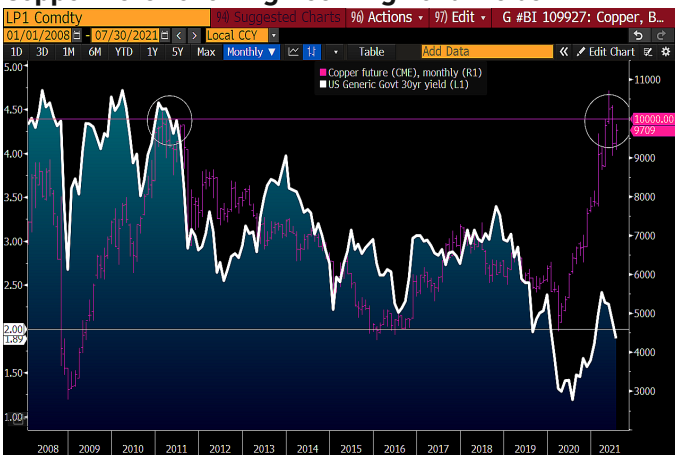
Hot Copper, Cold Gold Subject to Stock Market

Security	%YTD	Chg July	1Yr % Chg	2Yr % Chg
Bloomberg Aluminum Subindex To	+29.1%	+2.8%	+48.9%	36.1%
Bloomberg Copper Subindex Tota	+27.0%	+4.5%	+53.1%	64.9%
Bloomberg Industrial Metals Su	+22.2%	+4.0%	+45.9%	44.4%
Bloomberg Nickel Subindex Tota	+17.2%	+7.3%	+43.3%	36.6%
Bloomberg Zinc Subindex Total	+9.0%	+2.0%	+29.7%	22.0%
Bloomberg All Metals Total Ret	+8.3%	+3.3%	+16.8%	35.5%
Broad Dollar Index	+1.9%	+.8%	-3.9%	-1.4%
Bloomberg Silver Subindex Tota	-3.6%	-2.5%	+7.6%	47.3%
Bloomberg Precious Metals Subi	-4.5%	+1.3%	-4.5%	28.1%
Bloomberg Gold Subindex Total	-4.7%	+2.5%	-7.9%	22.9%

Juxtaposed is gold, which is about the same price on July 29 as a year ago and has substantially corrected within an enduring bull market that appears as entrenched as the downward trajectory in U.S. Treasury bond yields. The long-bond sustaining below 2% at the end of July indicates the gold price is ripe to end its extended period of dormancy around $1,800 an ounce and take the bull-market baton from copper toward new highs.

$10,000 Copper and the Higher-Price Cure. China putting the kibosh on advancing copper prices via releasing some reserves may be more profound and enduring than consensus suggests. Our graphic illustrates the overlay of an elongated downtrend in U.S. Treasury 30-year yields vs. copper's recent price recovery. A copper price at about the same on July 21 as 11 years ago shows a predominant deflationary bias. A bounce to the upper end of an established moribund market describes copper's risk/reward, we believe.

Copper Risks Following Declining Bond Yields



The deflationary signals from copper are emphasized when comparing the price to U.S. money supply and China GDP growth. Since 2010, the last two are up closer to 130%, yet the metal's price is unchanged. Elevated correlations indicate that absent a rising U.S. stock market, mean-reversion risks tilt downward for copper.

Agriculture

(Index weight: 35% of BCOM)
Performance: July -1.0%, 2021 +19.3, Spot +13.9%

Grains *(Index Weight: 24% of BCOM)*
Performance: July -3.7%, 2021 +16.0%, Spot +8.7%

Softs *(Weight: 6% of BCOM)*
Performance: July +6.2%, 2021 +24.2%, Spot +25.3%

Ebbing Tide Risks

Shades of the 2012 Peak Are Seeping Into Agriculture Prices. The history lesson on selling rallies in agriculture commodities has elevated potential to dominate in 2H. Supply elasticity, the bane of ag bulls for a decade, is set to prevail, in our view. Absent unfavorable Corn Belt weather in August, reversion toward a longer-term mean of about $4 a bushel in corn is the more likely trajectory.

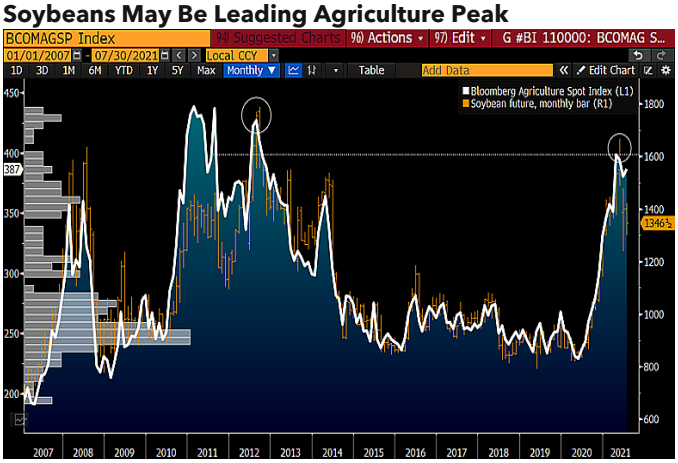
Can Corn Sustain a $5 Handle in August? Not since just before the all-time high close of $8.39 a bushel in August 2012 has the price of corn been above $5 at the end of July, and we see similar downside risks. Moisture has been ample in the Corn Belt. Unless growing conditions deteriorate rapidly, supply, demand and technicals show elevated risks of reversion toward the more enduring mean around $4. Our graphic depicts a key macro difference from 2012, when crude oil was averaging about $100 a barrel vs. closer to $70 today. The peak of the U.S corn crop used for ethanol production was around 42% in 2012. It's now closer to 34%.

Reversion Toward $4 May Be Greater Corn Risk

August is all about supply, and U.S. corn stocks-to-use recently dropped to about 7%. The foundation for the 2012 peak began with stockpiles closer to 5% in 2011. Just below $4 is the corn-price mean and mode since 2000.

Higher Price Cure Set to Prevail in Agriculture. Some unlikely combination of a Corn Belt drought, weaker dollar and higher crude oil and stock-market prices should be necessary to sustain elevated end-of-July agriculture prices into year-end, as we see it. Risks are tilted toward reversion lower. Our graphic depicts the Bloomberg Agriculture Spot Index potentially peaking at the highest level since 2012 and soybeans playing reversion leader. Rapidly increasing global production and diversification should continue to offset demand. The U.S. portion of global soybean supply in 2021 is estimated by the USDA around the same 30% as nine years ago, but Brazil is nearing 40% vs. closer to 30% in 2012.

Soybeans May Be Leading Agriculture Peak



The soybean complex, including oil and meal, is the largest weight in the sector at about 40%. Prices risk dropping toward the mode since 2007 around $10 a bushel.

Ebbing-Tide Risks Elevated in August. August is the month in agriculture when all that matters is Corn Belt moisture. We see more of the same from July, elevating the risk of further price declines. Macroeconomic factors may also play a role, as evidenced by our 2021 scorecard, showing crude oil near the top. Increasingly linked via biofuel, the fact that we view crude oil as too hot above $70 a barrel increases mean-reversion potential, notably for corn, soybeans and sugar. A prime force that could pressure crude is a correction in the stock market, which emphasizes the broad deflationary implications of what used to be considered normal -- a correction in equities.

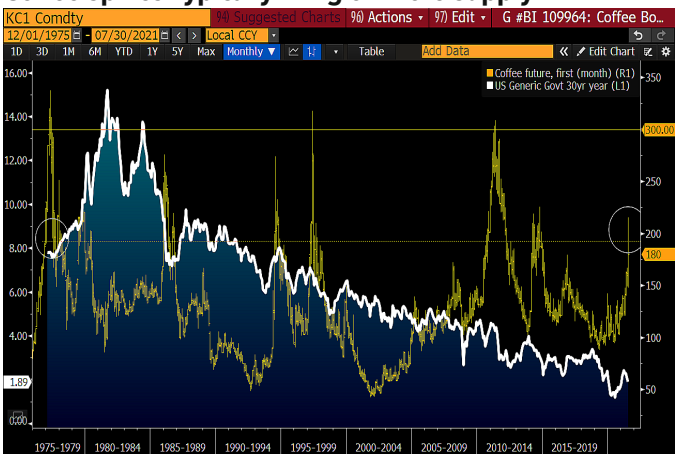
Grain Bulls May Face More Than Rain in August

Security	%YTD	Chg July	Chg QTD Pct	1Yr % Chg	2Yr % Chg
Bloomberg Soybean Oil Subindex	+66.8%	-.12	+1.5%	+139.4%	135.1%
Generic 1st 'CL' Future	+52.5%	+.71	+.3%	+84.6%	27.0%
Bloomberg Coffee Subindex Tota	+33.9%	+12.40	+17.9%	+49.4%	56.4%
Bloomberg Lean Hogs Subindex T	+29.1%	+1.00	+2.3%	+88.6%	-27.5%
Bloomberg Corn Subindex Total	+27.4%	-8.30	-7.8%	+85.0%	31.4%
BBG Softs TR	+24.2%	+6.21	+9.0%	+47.2%	44.6%
Bloomberg Sugar Subindex Total	+20.5%	+.12	+1.3%	+47.8%	37.1%
Bloomberg Agriculture Subindex	+19.2%	-1.03	+.2%	+61.5%	46.9%
Bloomberg Grains Subindex Tota	+16.0%	-3.74	-3.2%	+61.5%	39.7%
Bloomberg Soybeans Subindex To	+10.5%	-3.73	-2.6%	+64.2%	53.7%
Bloomberg Grains Spot Subindex	+10.4%	-2.29	-2.3%	+57.9%	44.9%
Bloomberg Cotton Subindex Tota	+9.8%	+5.29	+5.0%	+31.9%	28.6%
Bloomberg Livestock Subindex T	+8.6%	-.23	+.6%	+22.8%	-19.7%
Bloomberg Kansas Wheat Subinde	+8.1%	+2.36	+2.4%	+42.2%	31.4%
Bloomberg Wheat Subindex Total	+7.3%	+3.24	+2.8%	+25.4%	31.4%
BRAZIL REAL	+.6%	-3.87	-2.7%	+1.0%	-25.7%
Bloomberg Live Cattle Subindex	-1.6%	-1.04	-.5%	-.4%	-14.8%
BBG Soybean Meal TR	-18.8%	-5.84	-5.8%	+18.3%	3.8%

Absent a 10%-plus decline in the S&P 500 since the 2020 swoon, we view all commodities at elevated risk to some ebbing of the tide.

Java Highs Typically Don't Last Long. The recent spike in coffee prices won't last long, based on our analysis of past performance. Our graphic depicts the bounce to the highest price in about 7 years, and levels last seen 45 years ago. Reflecting arabica coffee, which is primarily grown in Brazil and Colombia, the ICE future has an elongated history of lacking sustainable appreciation. Our graphic depicts the benchmark coffee future at about the same price as in 1976. The U.S. Treasury 30-year was yielding about 8% at that point vs. less than 2% now.

Coffee Spikes Typically Bring on More Supply



Coffee is a prime example of the lack of enduring inflationary forces from commodities. Rapidly advancing technology is creating more supply than demand, notably at a much greater velocity than population growth. We expect these deflationary forces are accelerating, as evidenced by Bitcoin replacing gold.

Too Hot Corn, Soybeans, Lumber? Potential 2021 enduring peaks in corn, soybeans and lumber may be due to a primary factor -- supply elasticity -- which we believe is more relevant than ever. The fact that the world's most significant food grain in terms of dollar value of production is the same price in mid-July as 13 years ago despite the U.S.-China trade accord and a substantial portion of the crop used for ethanol production, indicates the extent of deflationary forces emanating from commodities. Our graphic depicts the greater potential of corn putting in an enduring peak in 2021, like lumber, as we see it, and reverting toward its long-term mean and median price around $4 a bushel vs. about $5.40 on July 13.

Higher Prices Curing Corn, Lumber Rallies?

Ample Corn Belt rain has pressured prices, which we expect are dependent on a drought for buoyancy.

High-Price Cure Set to Prevail for Lumber. About 25 years of timber and consumer price history show lumber futures at elevated risk of further reversion lower. Our graphic shows the close connection between the price of raw and processed wood until 2020. Lumber is the outlier vs. timber and the consumer price index. The pandemic is more likely to mark an aberration amid longer-term relationships, which we believe should normalize. Indicating the deflationary forces predominant from commodities, the almost 25-year change in timber prices is closer to 20% vs. around 75% for the CPI.

Lumber Prices May Revert Toward Timber

In March 2020, lumber futures were hovering at par with timber. The pandemic boost is unlikely to be sustained if timber prices and history are guides.

Individual Commodities Open Interest

Name	Current	MTD % Change	3 Mth % Change	YTD % Change	1 Yr % Change
Open Interest (Aggregate - 1,000s)					
Single Commodities					
Cotton	248	15.4	11.7	8.8	42.5
Zinc	177	-2.2	-2.2	6.6	35.1
Lean Hogs	275	2.2	-4.2	44.7	20.1
Gas Oil	1,026	-4.4	5.7	10.9	17.1
Crude Oil	2,318	-2.2	-2.0	8.1	16.3
Natural Gas	1,437	3.9	23.5	24.1	11.3
Heating Oil	397	-5.9	1.5	11.5	10.0
Coffee	295	8.1	4.6	14.3	8.9
Nickel	150	3.5	1.4	-5.7	8.7
Platinum	59	1.7	-9.2	-1.7	7.3
Live Cattle	300	0.7	-7.4	3.5	6.4
Soybean Oil	441	-9.6	-8.9	-5.8	2.1
Unlead Gas	342	-10.7	-7.8	-17.4	0.9
Sugar	966	8.3	-4.4	-8.9	0.3
Palladium	10	11.1	-16.7	11.1	0.0
Wheat	349	1.5	-18.1	-13.2	-6.2
Brent Crude	2,354	-2.2	-5.1	-3.3	-7.5
Corn	1,471	-0.9	-11.9	-15.3	-8.0
Copper (LME)	176	-8.8	-14.2	-10.7	-9.7
Copper (CME)	210	6.1	-17.3	-15.3	-10.6
Aluminum	507	-4.0	-3.6	-12.4	-17.0
Soybean Meal	355	-7.6	-11.0	-14.5	-17.4
Gold	492	8.6	5.8	-12.3	-17.9
Silver	149	-5.1	-11.3	-13.4	-19.0
HRW Wheat	213	16.4	-2.7	-1.4	-20.5
Soybean	662	-2.1	-19.4	-25.7	-20.6

Individual Commodities Front Future Change

Name		MTD % Change	3 Mth % Change	YTD % Change	1 Yr % Change
BCOM Single Commodity Price					
Natural Gas	--	6.7	32.9	53.4	113.0
Soybean Oil	--	-0.1	0.4	47.8	107.8
Gasoline	03	5.2	14.1	67.7	93.5
WTI Crude	02	0.6	16.3	52.3	85.2
Heating Oil	02	3.2	14.3	48.8	81.2
Lean Hogs	--	-15.2	-20.2	24.5	81.1
Brent Crude	03	1.6	13.5	47.3	77.7
Gas Oil	02	3.0	15.2	46.1	70.6
Corn	-0	-7.0	-18.7	13.1	67.6
Coffee	-0	12.4	26.9	40.0	55.7
Copper (CME)	-1	4.6	0.4	27.5	53.9
Aluminum	-0	3.3	8.9	31.5	53.8
HRW Wheat	-3	1.8	-4.6	11.2	52.5
Soybeans	--	-3.7	-12.2	2.7	51.6
Copper (LME)	-0	3.7	-1.3	25.1	50.8
Sugar	-0	0.1	5.5	15.6	47.9
Nickel	-0	7.4	10.8	18.0	42.8
Cotton	--	5.3	1.5	14.4	41.5
Zinc	10	2.1	3.9	10.9	32.8
Wheat	-2	3.2	-4.6	9.5	32.4
Palladium	0-	-4.3	-9.9	8.4	24.6
Live Cattle	-0	3.8	9.2	10.7	19.3
Soybean Meal	--	-7.1	-16.8	-17.4	19.0
Platinum	--	-2.3	-13.1	-2.9	14.8
Silver	-1	-2.6	-1.4	-3.4	9.2
Gold	-0	2.6	2.8	-4.1	-7.6

PERFORMANCE: Bloomberg Commodity Indices

Composite Indices

* Click hyperlinks to open in Bloomberg

Index Name	Ticker	2021 Jul	2021 YTD	1-Year	3-Year	5-Year	10-Year	20-Year	30-Year	40-Year	50-Year
Bloomberg Commodity ER	BCOM	1.83%	23.34%	40.19%	12.74%	14.23%	-40.87%	-6.14%	1.06%	-9.93%	401.20%
Bloomberg Commodity TR	BCOMTR	1.84%	23.37%	40.28%	16.73%	20.84%	-37.19%	21.15%	108.59%	319.60%	4890.60%
Bloomberg Commodity Spot	BCOMSP	1.50%	22.84%	48.32%	37.66%	58.37%	2.30%	307.69%	430.57%	357.82%	2262.92%
Bloomberg Roll Select	BCOMRST	2.00%	23.90%	39.57%	20.00%	27.56%	-27.84%	171.60%	451.46%		
1 Month Forward	BCOMF1T	1.95%	25.95%	43.44%	24.56%	31.01%	-26.92%	112.75%	339.07%		
2 Month Forward	BCOMF2T	2.05%	24.93%	42.45%	28.49%	37.12%	-25.44%	164.15%	426.64%		
3 Month Forward	BCOMF3T	2.07%	24.76%	42.12%	27.85%	37.44%	-22.77%	188.40%	447.50%		
4 Month Forward	BCOMF4T	2.06%	24.83%	43.16%	29.84%	42.43%	-17.05%	241.40%			
5 Month Forward	BCOMF5T	2.16%	25.11%	42.87%	32.16%	45.93%	-14.73%	254.43%			
6 Month Forward	BCOMF6T	2.21%	24.12%	39.97%	30.73%	44.55%	-14.88%	263.31%			
Energy	BCOMENTR	3.84%	50.13%	56.89%	-22.13%	-4.22%	-71.54%	-77.84%	-33.32%		
Petroleum	BCOMPETR	2.36%	51.92%	75.80%	-13.25%	32.42%	-54.77%	-1.27%	148.43%		
Agriculture	BCOMAGTR	-0.98%	19.27%	57.97%	30.30%	8.98%	-29.87%	20.70%	17.98%	55.90%	1574.15%
Grains	BCOMGRTR	-3.74%	15.97%	60.16%	25.66%	11.62%	-30.01%	-0.22%	-17.78%	-8.45%	460.72%
Industrial Metals	BCOMINTR	3.96%	22.25%	45.18%	35.74%	69.69%	-15.52%	234.91%	287.35%		
Precious Metals	BCOMPRTR	1.22%	-4.55%	-6.52%	44.76%	22.71%	-12.21%	470.22%	400.63%	269.41%	
All Metals	BCOMAMT	2.58%	7.57%	15.20%	39.44%	45.53%	-12.39%	365.91%			
Softs	BCOMSOTR	6.21%	24.17%	39.52%	24.53%	-15.64%	-54.53%	-17.59%	-12.73%	44.43%	3306.01%
Livestock	BCOMLITR	-0.27%	8.54%	19.97%	-15.38%	-14.42%	-35.86%	-65.10%	-55.69%		
Ex-Energy	BCOMXETR	0.74%	12.74%	31.93%	31.03%	24.54%	-20.70%	106.67%	132.15%		
Ex-Petroleum	BCOMXPET	1.65%	16.19%	31.72%	21.47%	11.26%	-37.56%				
Ex-Natural Gas	BCOMXNGT	1.21%	21.33%	41.74%	23.82%	33.26%	-24.17%				
Ex-Agriculture	BCOMXAGT	2.98%	24.94%	32.68%	10.37%	24.66%	-41.78%				
Ex-Grains	BCOMXGRT	2.82%	24.53%	36.06%	14.31%	22.08%	-39.98%				
Ex-Industrial Metals	BCOMXIMT	1.47%	23.57%	39.14%	12.67%	11.55%	-41.67%				
Ex-Precious Metals	BCOMXPMT	1.95%	30.08%	54.12%	10.70%	18.79%	-42.67%				
Ex-Softs	BCOMXSOT	1.49%	23.29%	40.32%	16.06%	23.80%	-36.14%				
Ex-Livestock	BCOMXLIT	1.96%	24.27%	41.51%	18.83%	23.13%	-37.49%				
Ex-Agriculture & Livestock	BCOMXALT	3.26%	26.43%	33.85%	12.75%	28.47%	-42.65%				
Bloomberg Dollar Spot	BBDXY	-0.13%	1.81%	-3.26%	-2.90%	-3.41%	24.58%				
Bloomberg US Large Cap TR	B500T	2.41%	17.71%	37.56%	69.32%	128.84%	327.23%				
US Aggregate	LBUSTRUU	1.12%	-0.50%	-0.70%	18.18%	16.64%	38.97%	141.40%	419.18%	1816.54%	
US Treasury	LUATTRUU	1.36%	-1.25%	-3.01%	16.68%	12.31%	31.72%	122.32%	375.47%	1508.61%	
US Corporate	LUACTRUU	1.37%	0.08%	1.42%	25.92%	26.93%	63.65%	201.89%	580.09%	2650.81%	
US High Yield	LF98TRUU	0.38%	4.01%	10.62%	23.17%	40.20%	89.08%	345.94%	913.26%		

Single Commodity Indices

Index Name	Ticker	2021 Jul	2021 YTD	1-Year	3-Year	5-Year	10-Year	20-Year	30-Year	40-Year	50-Year
Natural Gas	BCOMNGTR	8.01%	44.99%	34.55%	-43.45%	-63.34%	-93.17%	-99.70%	-99.51%		
Low Sulfer Gas Oil	BCOMGOT	2.42%	42.50%	55.33%	-19.17%	38.16%	-52.71%	83.32%	219.14%		
WTI Crude	BCOMCLTR	1.63%	54.83%	80.22%	-30.33%	2.97%	-71.44%	-47.78%	48.41%		
Brent Crude	BCOMCOT	2.10%	51.98%	72.16%	3.45%	66.99%	-46.77%	131.83%	648.05%		
ULS Diesel	BCOMHOTR	3.05%	48.13%	69.23%	-9.74%	37.23%	-49.19%	38.17%	128.71%		
Unleaded Gasoline	BCOMRBTR	5.01%	55.56%	101.53%	4.91%	53.08%	-27.20%	123.47%	479.27%		
Corn	BCOMCNTR	-8.72%	26.80%	82.95%	29.05%	13.48%	-43.73%	-58.90%	-78.70%	-76.15%	-17.82%
Soybeans	BCOMSYTR	-3.55%	10.69%	61.77%	38.79%	16.13%	30.98%	352.52%	429.07%	441.45%	3757.28%
Wheat	BCOMWHTR	3.57%	7.68%	25.93%	12.40%	7.58%	-55.42%	-74.78%	-84.17%	-83.19%	-23.17%
Soybean Oil	BCOMBOTR	0.45%	67.79%	132.17%	120.20%	94.25%	-11.57%	90.93%	50.69%	103.94%	2035.92%
Soybean Meal	BCOMSMT	-7.28%	-20.02%	15.91%	-10.58%	-19.29%	48.96%	669.10%	1216.85%		
HRW Wheat	BCOMKWT	2.17%	7.86%	41.16%	-9.63%	-15.14%	-69.30%	-60.63%	-46.11%		
Copper	BCOMHGTR	4.52%	26.99%	54.35%	55.44%	91.19%	-10.23%	592.12%	831.17%		
Alumnium	BCOMALTR	2.80%	29.11%	47.67%	14.92%	43.88%	-33.73%	1.11%	-2.31%		
Zinc	BCOMZSTR	1.95%	8.96%	27.68%	24.81%	48.32%	12.64%	150.17%	123.81%		
Nickel	BCOMNITR	7.35%	17.19%	40.55%	37.93%	78.14%	-29.82%	341.48%	293.38%		
Gold	BCOMGCTR	2.35%	-4.78%	-9.42%	41.83%	26.28%	2.07%	478.16%	354.98%	308.24%	
Silver	BCOMSITR	-2.47%	-3.63%	3.73%	55.30%	15.50%	-44.57%	382.59%	409.28%	112.01%	
Sugar	BCOMSBTR	0.12%	20.52%	39.87%	46.25%	-25.41%	-65.38%	-11.12%	64.65%	-61.35%	101.28%
Coffee	BCOMKCTR	12.40%	33.94%	38.12%	19.76%	-24.82%	-70.84%	-66.05%	-72.89%	-48.54%	
Cotton	BCOMCTTR	5.29%	9.78%	33.36%	-10.10%	11.63%	-8.91%	-35.60%	-50.72%	117.71%	1315.44%
Live Cattle	BCOMLCTR	-1.20%	-1.75%	-2.20%	-12.73%	-6.84%	-17.68%	-23.67%	13.33%	555.93%	2126.36%
Lean Hogs	BCOMLHTR	1.20%	29.32%	81.70%	-19.89%	-29.19%	-60.00%	-90.50%	-92.46%		

PERFORMANCE: Bloomberg Commodity Roll Select Indices

Composite Roll Select Indices

* Click hyperlinks to open in Bloomberg

Index Name	Ticker	2021									
		Jul	YTD	1-Year	3-Year	5-Year	10-Year	20-Year	30-Year	40-Year	50-Year
BCOM Roll Select	BCOMRST	2.00%	23.90%	39.57%	20.00%	27.56%	-27.84%	171.60%	451.46%		
Roll Select Agriculture	BCOMRAGT	-0.76%	22.83%	58.98%	29.60%	14.00%	-25.58%	113.27%	142.40%		
Roll Select Ex-Ags & Livestock	BBURXALT	3.44%	25.32%	32.24%	17.27%	37.57%	-30.63%	200.41%			
Roll Select Grains	BCOMRGRT	-3.74%	18.07%	59.25%	23.80%	15.91%	-28.10%	85.09%	66.80%		
Roll Select Softs	BCOMRSOT	6.43%	27.46%	40.72%	19.50%	-17.81%	-51.95%	36.35%	71.64%		
Roll Select Livestock	BCOMRLIT	-0.38%	11.96%	24.51%	-7.85%	-18.02%	-35.29%	12.60%	96.86%		
Roll Select Energy	BCOMRENT	4.30%	48.13%	53.55%	-8.76%	18.17%	-54.54%	11.26%	389.92%		
Roll Select Ex-Energy	BCOMRXET	0.77%	14.19%	32.14%	30.79%	26.03%	-18.36%	238.69%	336.73%		
Roll Select Petroleum	BCOMRPET	2.40%	49.46%	68.39%	2.22%	57.88%	-33.64%	272.21%	1072.98%		
Roll Select Industrial Metals	BCOMRINT	3.75%	21.71%	44.16%	31.77%	66.34%	-15.02%	368.70%	513.43%		
Roll Select Precious Metals	BCOMRPRT	1.20%	-4.71%	-7.09%	45.90%	23.68%	-10.82%	490.00%	418.93%		

Single Commodity Roll Select Indices

Index Name	Ticker	2021									
		Jul	YTD	1-Year	3-Year	5-Year	10-Year	20-Year	30-Year	40-Year	50-Year
Natural Gas RS	BCOMRNGT	9.75%	44.66%	31.12%	-36.20%	-50.15%	-85.59%	-95.82%	-75.51%		
Low Sulfer Gas Oil RS	BCOMRGOT	2.26%	43.93%	52.72%	-17.14%	34.16%	-49.87%	118.88%	343.01%		
WTI Crude RS	BCOMRCLT	2.18%	52.28%	72.94%	13.94%	68.21%	-32.80%	302.88%	1497.57%		
Brent Crude RS	BCOMRCOT	2.11%	46.92%	61.20%	-0.37%	64.46%	-38.79%	292.55%	1335.72%		
ULS Diesel RS	BCOMRHOT	2.62%	45.89%	65.15%	-17.37%	18.46%	-54.12%	129.10%	442.53%		
Unleaded Gasoline RS	BCOMRRBT	4.03%	57.70%	98.33%	25.93%	101.20%	9.91%	450.67%	1048.06%		
Corn RS	BCOMRCNT	-8.72%	24.49%	72.02%	21.64%	11.64%	-47.76%	-29.77%	-56.91%		
Soybeans RS	BCOMRSYT	-3.55%	17.47%	70.32%	49.53%	42.34%	63.53%	629.27%	661.93%		
Wheat RS	BCOMRWHT	3.40%	10.85%	26.40%	4.89%	-4.37%	-60.04%	-26.45%	-24.84%		
Soybean Oil RS	BCOMRBOT	0.45%	74.19%	137.31%	122.78%	97.40%	-4.73%	173.23%	175.47%		
Soybean Meal RS	BCOMRSMT	-5.80%	-12.23%	21.89%	-1.21%	0.02%	90.65%	1106.42%	1827.31%		
HRW Wheat RS	BCOMRKWT	2.17%	10.38%	43.30%	-12.10%	-16.04%	-68.00%	-17.24%	26.29%		
Copper RS	BCOMRHGT	4.02%	26.18%	52.59%	51.85%	89.94%	-11.05%	828.33%	1353.71%		
Alumnium RS	BCOMRALT	2.79%	28.41%	45.74%	9.56%	35.81%	-32.91%	39.27%	52.81%		
Zinc RS	BCOMRZST	1.85%	8.92%	28.46%	19.52%	45.52%	12.39%	264.35%	253.30%		
Nickel RS	BCOMRNIT	7.26%	16.92%	40.26%	36.90%	77.78%	-27.88%	597.12%	614.81%		
Gold RS	BCOMRGCT	2.33%	-4.83%	-9.83%	43.64%	27.85%	3.96%	490.26%	362.78%		
Silver RS	BCOMRSIT	-2.47%	-4.17%	2.59%	54.02%	14.68%	-44.06%	419.13%	459.60%		
Sugar RS	BCOMRSBT	0.70%	26.07%	40.62%	31.47%	-32.58%	-63.23%	60.94%	234.18%		
Coffee RS	BCOMRKCT	12.45%	33.62%	37.82%	18.83%	-25.18%	-69.69%	-49.76%	-46.12%		
Cotton RS	BCOMRCTT	5.37%	15.54%	40.94%	-5.05%	21.68%	1.40%	3.32%	-12.21%		
Live Cattle RS	BCOMRLCT	-1.04%	6.11%	9.72%	-9.58%	-4.84%	-20.16%	40.18%	134.99%		
Lean Hogs RS	BCOMRLHT	0.86%	23.90%	66.69%	2.04%	-34.43%	-54.61%	-32.07%	7.60%		

BCOM Constituent Weights

BCOM Index MEMB <GO> * Click hyperlinks to open in Bloomberg

Group	Commodity	Ticker	Jul 2021 Contrib to Return %	Jul 30 2021 Weight %	Jun 30 2021 Weight %	Jul 2021 Weight% Change	2021 Target Weight
Energy	Natural Gas	NG	0.77	9.83	9.24	0.59	8.07%
	Low Sulfer Gas Oil	QS	0.07	3.07	3.04	0.03	2.64%
	WTI Crude	CL	0.15	9.92	9.91	0.01	8.14%
	Brent Crude	CO	0.16	7.88	8.00	(0.12)	6.86%
	ULS Diesel	HO	0.07	2.49	2.45	0.04	2.08%
	Gasoline	XB	0.14	2.87	2.77	0.10	2.18%
	Subtotal		**1.36**	**36.06**	**35.41**	**0.64**	**29.97%**
Grains	Corn	C	(0.51)	5.18	5.76	(0.58)	5.59%
	Soybeans	S	(0.18)	4.85	5.11	(0.25)	5.82%
	Wheat	W	0.09	2.65	2.60	0.05	2.89%
	Soybean Oil	BO	0.02	3.85	3.89	(0.04)	3.20%
	Soybean Meal	SM	(0.20)	2.47	2.70	(0.23)	3.60%
	HRW Wheat	KW	0.03	1.48	1.47	0.01	1.57%
	Subtotal		**(0.74)**	**20.48**	**21.53**	**(1.05)**	**22.65%**
Industrial Metals	Copper	HG	0.24	5.48	5.32	0.16	5.39%
	Aluminum	LA	0.12	4.50	4.44	0.06	4.21%
	Zinc	LX	0.05	2.86	2.85	0.01	3.25%
	Nickel	LN	0.17	2.46	2.32	0.13	2.71%
	Subtotal		**0.59**	**15.30**	**14.94**	**0.36**	**15.56%**
Precious Metals	Gold	GC	0.27	11.65	11.53	0.12	14.65%
	Silver	SI	(0.09)	3.42	3.56	(0.14)	4.35%
	Subtotal		**0.18**	**15.07**	**15.09**	**(0.02)**	**19.00%**
Softs	Sugar	SB	0.00	2.87	2.91	(0.04)	2.99%
	Coffee	KC	0.40	3.40	3.07	0.33	2.74%
	Cotton	CT	0.07	1.42	1.37	0.05	1.51%
	Subtotal		**0.47**	**7.69**	**7.35**	**0.34**	**7.23%**
Livestock	Live Cattle	LC	(0.04)	3.56	3.49	0.07	3.85%
	Lean Hogs	LH	0.03	1.84	2.19	(0.35)	1.73%
	Subtotal		**(0.02)**	**5.41**	**5.68**	**(0.28)**	**5.57%**
Total			**1.84**	**100.00**	**100.00**		**100.00%**