



## **Commodities make comeback as best performing asset class YTD**

Commodities have performed strongly so far this year, returning 14.0%, outperforming Bonds at 6.6% and Equities at 0.5%.\*\*

Nitesh Shah, Director – Commodities Strategist, ETF Securities, identifies an improved outlook for global growth, and signs of a commodity supply deficit, as key stimulants of the comeback.

“Sustained central bank interest in keeping interest rates low in an effort to stimulate the economy is providing further support for commodities. And investor sentiment has come off near decade lows as investors realise that commodity oversupply is ending in many areas.”

“We expect commodity prices to continue to rise during 2016. We are only now starting to feel the result of capital expenditure cuts that took place over the last four years and expect their impact to reduce supply, which is likely to push prices higher.”

“In terms of individual commodities, we are seeing increased demand for industrial precious metals like silver, platinum and palladium as China’s industrial output growth steadies; gold sees continued interest as a safe-haven asset in an uncertain geopolitical environment; and we expect oil to be in supply deficit by Q3 2016, which implies that the recent oil rally with prices above \$50 per barrel is sustainable. And there have been strong price gains among major agricultural commodities including soybeans, sugar and coffee. Looking at the asset class as a whole, we believe we are at the beginning of a bull market for commodities.”

**-ENDS-**

## **Notes to Editors**

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\*\* Source: ETF Securities, Bloomberg. All returns are in USD. YTD returns are from 31 Dec 15 to 10 Jun 16.



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