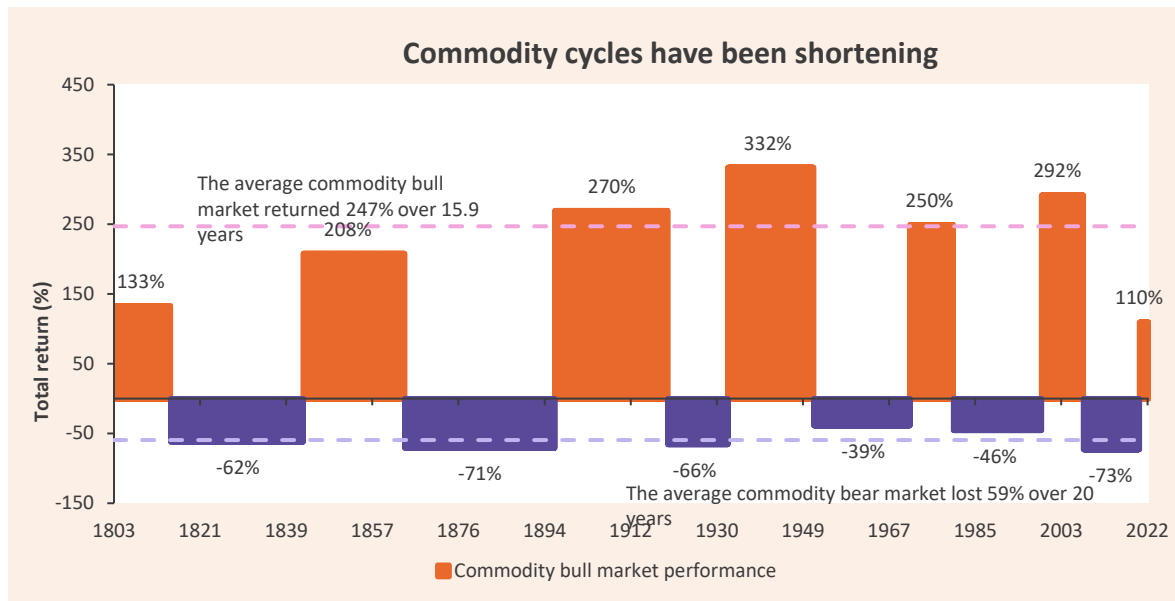


Commodity super cycles



Sources: Bloomberg, *Prices* by G.F. Warren and F.A. Pearson, Bureau of Labor Statistics, Bureau of Economic Research, and Wells Fargo Investment Institute. Monthly data from January 1, 1803 to March 31, 2022. Commodity return represented by a commodity composite that measures a basket of commodity prices as well as inflation. It blends the historical commodity index introduced by George F. Warren & Frank A. Pearson, former academics at Cornell, collected and published commodity price data in their book, *Prices*, and the producer price index for commodities (PPI-Commodities), and the National Bureau of Economic Research (NBER) Index of Wholesale Prices of 15 Commodities, the Reuters Continuous Commodity Index, and the Bloomberg Commodity Index. The Commodity Composite connects the aforementioned components at the following years: Warren and Pearson - *Prices*: 1803-1932, BLS PPI-Commodities: 1933-1946, NBER: 1946-1956, Reuters Continuous Commodity Index: 1956-1999, Bloomberg Commodity Index : 1999- current. The **Reuters Continuous Commodity Index** is an equal-weighted geometric average of commodity price levels relative to the base year average price. The **Bloomberg Commodity Index** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually, weighted two-thirds by trading volume and one-third by world production, and weight-caps are applied at the commodity, sector, and group level for diversification. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Investing in commodities is not suitable for all investors. The commodities markets are considered speculative, carry substantial risks, and have experienced periods of extreme volatility.

- Commodities have tended to move together in super cycles lasting a decade or more. These cycles have gradually shortened in length over time. The 2008 – 2020 bear super cycle is the shortest on record going back to 1800.
- We believe a new bull super cycle started in March 2020, marked by washed-out prices (crude oil prices turned negative).

Super cycle = If you look at commodity prices over the very long term (hundreds of years), it becomes evident that they tend to move in overall bull and bear cycles, some lasting decades. These are super cycles.