PGIM

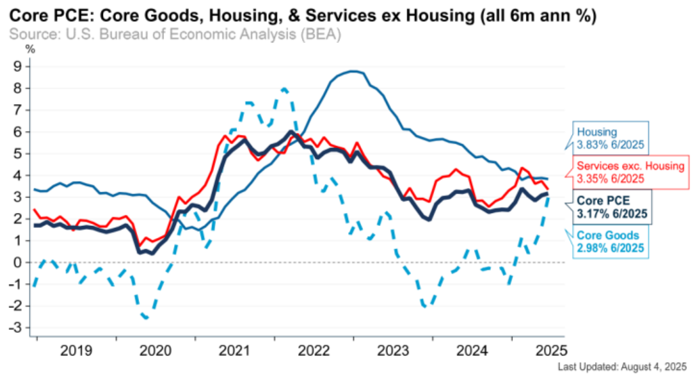
The Fed's Bind within a Predicament

WEEKLY VIEW FROM THE DESK | August 4, 2025

LINK TO WEEKLY RETURNS TABLE

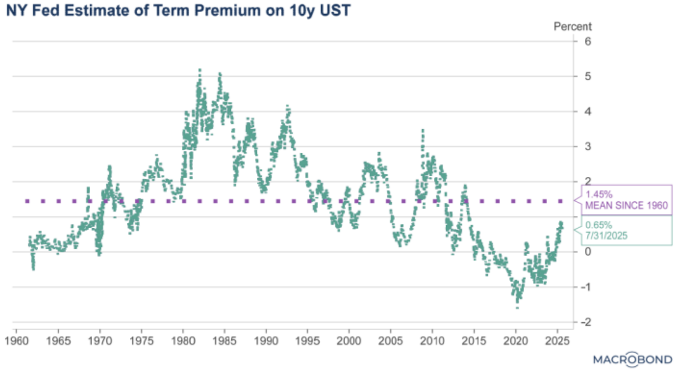
MACRO

- The markets received a fresh jolt last Friday as U.S. payroll revisions revealed a weaker labor market than previously indicated. Although labor supply data can be volatile, the top chart shows its precipitous decline—supporting a relatively stable unemployment rate—that is now outpacing labor demand to the downside. **The deterioration in labor supply also provides some context to the stickiness of wage growth in excess of 4%, above the Fed's estimated comfort zone of ~3.5%.**
- At a time when core goods prices in the U.S. appear to be rising rapidly, **stubbornly high wage growth will slow the disinflation process in services, further complicating the Fed's path towards its 2% inflation target** (see middle chart). Of course, the lift in core goods prices comes amid the global increase in U.S. tariffs. The trade-weighted tariff rate is now seven times higher than at the start of the year, marking the highest level since the 1930s. As a result, U.S. importers are paying nearly $30 billion in monthly tariff revenues to the U.S. Treasury. **However, the increase in U.S. tariffs—paid by U.S. entities—is largely disinflationary for the rest of the world.**
- Therefore, **the Fed is not only facing a bind considering the stubborn inflation picture in the context of a swiftly deteriorating labor market, but the situation also introduces a potential predicament where policy rate differentials between the U.S. and global central banks continue to widen**. At this point, we believe it makes sense for the Fed to accelerate its approach to neutral (estimated between 3.0-3.5%), but cutting rates below neutral and into accommodative territory introduces additional risks, particularly during a fiscal expansion.



DEVELOPED MARKET RATES

- One potential effect of the U.S. policy crosscurrents, including if the Fed were to cut below 3% while inflation remains stubbornly elevated, is **that the U.S. 10-year term premium could continue to climb higher.** The bottom chart shows that it bottomed at about -1.5% in 2020 and recently rose to 0.65%. The long-term mean is ~1.45%.
- In terms of monetary policy, **we're maintaining our view for four rate cuts over the next 18 months, which would bring the Fed funds rate to 3.5%.** However, given the disinflationary tariff effects for the rest of the world, global central banks will likely have room to ease policy further and faster.
- Moving out on the yield curve, if participants see the U.S. economy stagnating, **the bottom of what has been a relatively-wide range on the U.S. 10-year could drop from about 3.85% to 3.25%.** However, the past several years have been rife with economic head fakes, and a conclusively deteriorating economy isn't yet assured.
- **Mortgages** held up well during last Friday's rate rally, with the OAS series only widening by about a basis point in Treasury terms. Older vintage pools performed better than newer TBA bonds, especially as the rally persisted. Liquidity was strong, with active market making and convexity accounts adding duration as rates rallied. Overseas buyers continued to add exposure, focusing on production coupons.



IG CORPORATES

- In the U.S., IG outperformed high yield and EM last week. By sector, banks and financials widened by 3-5 bps. Utilities also widened similarly, except for Pacific Gas & Electric and Edison International, which tightened by 10-15 bps on speculation of the CA governor replenishing the wildfire fund. That stated, both are still 40 bps wider YTD. Telecoms were 3-5 bps wider on the week. Intel widened by 10-15 bps due to competition and questions about plans for its semiconductor fabrication plant.
- Last week's $15B in issuance was light. While deals were well-subscribed (3.7x with -0.8 bp concession, on average), there was some weakness following Friday's selloff. Elsewhere, M&A activity has been picking up. In industrials, railways rallied 2-5 bps after the Union

Pacific acquisition of Norfolk Southern was confirmed with less than $20B of new debt. In addition, Amphenol Corp, a provider of connector system, announced a $10B all-cash acquisition.

- **Tariffs Impact on Margins:** Companies are trying to pass on price increases, but demand elasticity is limiting revenue growth. Material hits to profit margin are not yet reflected in analyst expectations. In the short term, our outlook for IG corporates has turned cautious due to an expected supply increase, lower yields, M&A, and possibly lower liquidity. Our long-term carry outlook on the sector remains in place.
- Friday's weak U.S. non-farm payroll report sent **EUR IG spreads** 3 bps wider, in line with European equities dropping more than 2% on the day. Prior to the payroll report, it had been another resilient week in EUR IG credit with the OAS of the index trading at +79 (as of end-Thursday), a level not seen since 2018 when the yield on the Index was just under 1%. Meanwhile, 5-year and 10-year EUR swap spreads ended the week around their tightest levels on record, which leaves room for EUR OAS to compress.
- The euro primary market remains subdued with close to €6B of issuance last week. Nevertheless, we continued to see more reverse Yankee supply as issuers take advantage of EUR curves trading rich versus GBP and USD on a cross-currency basis. The EUR IG market continues to take tariff headlines in stride with little spread reaction to the EU-U.S. trade deal despite critiques from a handful of politicians.

LEVERAGED FINANCE

- **U.S. HY** bond spreads widened after Friday's soft labor report fueled concerns of a rapidly deteriorating economic backdrop. All credit tiers weakened, with BBs outperforming Bs, and CCCs lagging the most. Among sectors, containers, capital goods, and electric utilities outperformed on positive performance, while paper, consumer products, and cable underperformed on negative returns.
- The U.S. primary market remained active as $8B across eight deals priced with most proceeds supporting refinancing. July has seen the heaviest monthly issuance since September 2021. Fund flows abated, with a total of $167M flowing out from mutual funds and HY ETFs.
- **U.S. bank loans** eased under the weight of heavy primary volume, but found some support from robust CLO issuance, steady inflows, and solid earnings. Loans were also pressured by a SOFR repricing following Friday's labor report, driving the share of the market trading at or above par down to around 38%. For the week, $66.7B across 56 deals priced, bringing July's total to $202.4B, a monthly record.
- **European HY** bonds edged wider, outperforming the U.S. market last week. While cyclicals, such as chemicals and automotive, saw the most relative weakness, all others held-up. The primary market's summer lull has commenced: only one deal priced with nothing in the pipeline through August. **European bank loans** outperformed, edging tighter for the week. With a sparse primary pipeline and CLOs still printing, technicals in the European loan market are expected to remain strong over the near term.

EMERGING MARKETS

- **EM hard currency** spreads widened from cycle tights last week. In deal news, $12B of Mex PCap notes priced at +170 bps for an average maturity of less than four years. This brought the Pemex/Mex spread in ~70 bps to about +220-250 bps as Pemex outperformed most issuers on the week and Fitch upgraded Pemex's credit rating to BB, citing stronger government support. Meanwhile, Argentina underperformed as FX moves led to concerns about reserve levels.
- **EMFX** declined last week, but ended the week better bid after the U.S. payrolls report. The top performers were EGP and TRY—two high carry currencies with low sensitivity to USD beta. BRL was another outperformer after the U.S. announced that many of its goods would be exempt from the 50% tariff rate. The Colombian peso was an outperformer after its central bank surprised by not cutting rates. Laggards included PLN, HUF, and CZK.
- In **EM local rates**, the index yield declined last week. Colombia was the largest underperformer while South Africa outperformed as the central bank cut rates by 25 bps and signaled a reduction in the effective inflation target to 3%. In our view, Friday's U.S. nonfarm payroll report bodes well for EM local rates given the context in our Macro section.
- **EM corporate** spreads were wider last week. The Braskem complex bounced 3-4 points on reports that banks were considering an alternate plan that preserves their equity value. Digicel priced a $2B new issue at 8.625% and successfully refinanced its liabilities. Meanwhile, Q2 earnings continued with BBVA Mexico, Telefonica Chile, and CSN all coming in-line with expectations. We maintain overweights in India credits and don't expect any significant fundamental impact from the higher-than-expected tariffs, but are closely monitoring the situation.

SECURITIZED PRODUCTS

- **CMBS** conduit AAA spreads were flat, while subordinate tranches edged tighter. SASB AAA floating rates and subordinate tranches tightened, as did CRE CLO AAAs. Ten transactions priced—eight SASBs, one CRE CLO, and one agency. The SASB and CRE CLO pipelines remain active and continue to build as spreads retrace from April's widening.
- In **RMBS**, non-QM and second-lien spreads were range-bound last week while CRTs widened in Friday's selloff. We expect CRTs to outperform other risk assets on strong fundamentals. Ten deals totaling $2.5B priced, three of which were non-QM totaling $1.4B.
- U.S. **CLO** primary and secondary markets remained active, as dealers cleared near-term pipelines and secondary sellers sought to capitalize on recent market strength—$16B across 31 deals, including nine new issues, 15 resets, and nine refinancings priced. Europe's primary and secondary markets were also active: €3.6 billion priced across nine deals, including four new issues, four resets, and one repricing, while secondary activity focused on lower mezzanine tranches.
- **ABS** spreads edged tighter while the ABS premium over U.S. corporates was unchanged at 40 bps. The primary market was light heading into month-end. We remain cautious on the U.S. consumer—non-prime defaults continue upwards as seen via seasoned ABS trusts and above-trend consumption for given levels of income persists.

MUNICIPALS

- Munis performed well over most of last week, but with Friday's rally in Treasuries, Munis ended up underperforming on the week. M/T yield ratios on the 5-year, 10-year and 30-year ended the week at 65%, 77%, and 95% (respectively). Although July ended with a negative total return, Friday's move brought the IG muni index close to flat on the year.
- Inflows last week totaled $937M. YTD, this brings gross issuance to ~$15B, with ~$12B from ETF and ~$3B from mutual funds. HY munis saw flows return to the retail space. In addition, we have seen a healthy amount of crossover buying—particularly in permanent school funds (PSFs), which tightened despite the elevated supply.
- July's issuance hit $60B, an all-time high. This week's calendar is ~$18B, the 4th largest calendar on record. While supply is expected to remain elevated through August, we anticipate healthy demand. Specifically, reinvestment cash is expected to total ~$50B, with $30B coming in the first half of the month.

THE RETURNS TABLE As of August 1, 2025

				Yield/ OAS Change (BPS)				Total Return (%)			
Sovereign Rates	**Duration**	**YTM**	**OAS**	**WTD**	**QTD**	**YTD**	**Prior Year**	**WTD**	**QTD**	**YTD**	**Prior Year**
U.S. 2-Year	1.90	3.68	---	-24	-4	-56	-47	0.49	0.37	3.06	4.39
U.S. 5-Year	4.50	3.76	---	-20	-4	-63	-8	0.93	0.47	5.13	4.19
U.S. 10-Year	7.87	4.22	---	-17	-1	-35	24	1.43	0.49	5.55	2.27
U.S. 10-Year Breakeven	--	2.33	---	-9	5	-1	15	---	---	---	---
U.S. 10-Year TIPS	4.51	1.89	---	-9	-5	-35	9	0.82	0.89	6.74	4.20
U.S. 20-Year	12.46	4.79	---	-13	2	-7	44	1.76	0.44	3.21	-2.04
U.S. 30-Year	15.64	4.82	---	-11	5	4	55	1.84	0.01	2.16	-4.54
U.S. SOFR	---	---	---	-2	-11	-15	-101	0.08	0.39	2.59	4.74
UK 10-Year	7.56	4.53	---	-11	4	-4	64	0.90	0.09	2.61	2.61
Germany 10-Year	8.71	2.68	---	-4	7	31	44	0.40	0.07	0.07	0.07
Switzerland 10-Year	9.74	0.33	---	-8	-8	6	-8	0.76	0.78	0.12	1.23
Japan 10-Year	8.57	1.55	---	-5	13	47	52	0.43	-0.95	-0.95	-0.95
Australia 10-Year	8.40	4.32	---	-3	15	-5	23	0.33	-0.91	3.28	2.64
Canada 10-Year	8.29	3.38	---	-14	11	16	27	1.26	-0.61	3.17	3.17
MAJOR FI MS INDICES											
Global Aggregate Unhedged	6.53	3.49	31	1	-1	-4	-8	-0.01	-0.77	6.44	4.87
Global Aggregate Hedged	6.53	3.49	31	1	-1	-4	-8	0.62	0.29	3.11	4.09
U.S. Aggregate	6.14	4.48	32	2	0	-2	-7	0.95	0.55	4.59	3.79
Euro-Aggregate (Unhedged)	6.40	2.82	49	0	-3	-13	-19	0.29	0.02	0.86	2.38
Japanese Aggregate	8.45	1.49	0	0	0	0	0	0.28	-1.05	-3.60	-3.68
MAJOR FI CREDIT INDICES											
Mortgage-Backed (Agency)	5.90	4.92	39	3	2	-3	-4	0.97	0.49	4.74	3.71
Global IG Corporate Bonds	6.00	4.39	83	3	-5	-5	-21	0.18	0.06	7.46	6.85
U.S. IG Corporate Bonds	6.96	4.94	80	5	-3	1	-17	0.84	0.73	4.93	4.90
European IG Corporate	4.54	3.03	82	1	-9	-19	-29	0.16	0.47	2.28	4.48
U.S. High Yield Bonds	3.26	7.11	301	27	11	14	-25	-0.16	0.32	4.90	8.53
European High Yield Bonds	2.95	5.37	301	6	-20	-16	-70	0.28	0.96	3.28	7.70
U.S. Leveraged Loans	0.3	7.99	454	8	-5	-21	-40	-0.08	0.73	3.71	7.51
European Leveraged Loans	0.3	7.02	456	2	-7	-16	-13	0.05	0.49	2.88	6.16
EM Hard Currency Sovs.	6.53	7.44	315	13	-8	-11	-91	0.52	1.33	6.98	9.12
EM Corporates	4.36	6.60	259	8	-7	18	-23	0.43	1.09	5.17	7.07
EM Currencies	---	6.18	---	0	1	-2	-1	-1.10	-1.19	9.12	8.34
EM Local Rates	5.34	5.95	6	0	0	0	0	0.23	0.73	5.17	6.53
CMBS	3.90	4.62	80	0	-4	0	-18	0.83	0.67	5.19	5.88
ABS	2.72	4.30	51	-1	-6	7	-9	0.59	0.66	3.61	5.32
CLOs	3.87	4.80	135	0	-1	-5	-12	0.10	0.48	3.20	5.95
Municipal Bonds	6.82	3.93	---	-9	-2	19	40	0.85	0.19	-0.16	0.06

		Total Return (%)			
Equity/Volatility	Level	WTD	QTD	YTD	Prior Yr
S&P 500 Index	6,238	-2.3	0.6	6.9	16.1
DAX	23,426	-3.3	-2.0	17.7	29.5
Stoxx 600	536	-2.6	-0.9	8.4	8.3
Nikkei 225	40,800	-1.6	0.8	3.4	9.1
Shanghai Composite	3,560	-0.9	4.1	8.4	24.7
MSCI ACWI Index	917	-2.5	0.1	10.4	16.4
FTSE 100	9,069	-0.5	3.6	13.4	13.4
MOVE Index	84	2.1	-7.1	-15.2	-17.7
VIX Index	20	36.5	21.8	17.5	9.6

		% Change			
FX/Commodities	Spot	WTD	QTD	YTD	Prior Year
EUR/USD	1.2	-1.3	-1.7	11.9	7.4
USD/JPY	147.4	-0.2	2.3	-6.2	-1.3
GBP/USD	1.3	-1.2	-3.3	6.1	4.2
EUR/CHF	0.9	-0.2	-0.3	-0.9	-1.1
USD/CHF	0.8	1.1	1.4	-11.4	-7.9
USD (DXY)	99.1	1.5	2.3	-8.6	-5.1
Oil	67.3	1.8	3.4	-6.1	-11.8
Gold	3363.5	0.8	1.8	28.2	37.5

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Sources: Bloomberg except EMD (J.P. Morgan), HY (ICE BofAML), Bank Loans (S&P), and CLOs (Palmer Square). European returns are unhedged in euros unless otherwise indicated. An investment cannot be made directly in an index

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Source(s) of data (unless otherwise noted): PGIM as of June 2025.

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European Investment Grade Corporate Bonds: Bloomberg Barclays European Corporate Bond Index (unhedged): The Bloomberg Barclays Euro-Aggregate: Corporates bond Index is a rules-based benchmark measuring investment grade, EUR denominated, fixed rate, and corporate only. Only bonds with a maturity of 1 year and above are eligible.

U.S. High Yield Bonds: ICE BofAML U.S. High Yield Index: The ICE BofAML U.S. High Yield Index covers US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, and at least one year remaining term to final maturity as of the rebalancing date.

European High Yield Bonds: ICE BofAML European Currency High Yield Index: This data represents the ICE BofAML Euro High Yield Index value, which tracks the performance of Euro denominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P, and Fitch). Qualifying securities must have at least one year remaining term to maturity, a fixed coupon schedule, and a minimum amount outstanding of €100 M. ICE Data Indices, LLC, used with permission. ICE DATA INDICES, LLC IS LICENSING THE ICE DATA INDICES AND RELATED DATA "AS IS," MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE ICE DATA INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THEIR USE, AND DOES NOT SPONSOR, ENDORSE, OR RECOMMEND PGIM FIXED INCOME OR ANY OF ITS PRODUCTS OR SERVICES.

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European Senior Secured Loans: The index universe of the S&P UBS Western European Leveraged Loan Index is meant to represent assets or activity in Western Europe, and includes loans denominated in EUR, GBP, or USD.

Emerging Markets U.S.D Sovereign Debt: JP Morgan Emerging Markets Bond Index Global Diversified: The Emerging Markets Bond Index Global Diversified (EMBI Global) tracks total returns for U.S.D-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, and Eurobonds. It limits the weights of those index countries with larger debt stocks by only including specified portions of these countries' eligible current face amounts of debt outstanding. To be deemed an emerging market by the EMBI Global Diversified Index, a country must be rated Baa1/BBB+ or below by Moody's/S&P rating agencies. Information has been obtained from sources believed to be reliable, but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval.

Emerging Markets Local Debt (unhedged): JPMorgan Government Bond Index-Emerging Markets Global Diversified Index: The Government Bond Index-Emerging Markets Global Diversified Index (GBI-EM Global) tracks total returns for local currency bonds issued by emerging market governments.

Emerging Markets Corporate Bonds: JP Morgan Corporate Emerging Markets Bond Index Broad Diversified: The CEMBI tracks total returns of U.S. dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries.

Emerging Markets Currencies: JP Morgan Emerging Local Markets Index Plus: The JP Morgan Emerging Local Markets Index Plus (JPM ELMI+) tracks total returns for local currency–denominated money market instruments.

Municipal Bonds: Bloomberg Barclays Municipal Bond Indices: The index covers the U.S.D-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The bonds must be fixed-rate or step ups, have a dated date after Dec. 13, 1990, and must be at least 1 year from their maturity date. Non-credit enhanced bonds (municipal debt without a guarantee) must be rated investment grade (Baa3/BBB-/BBB- or better) by the middle rating of Moody's, S&P, and Fitch.

U.S. Treasury Bonds: Bloomberg Barclays U.S. Treasury Bond Index: The Bloomberg Barclays U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Mortgage Backed Securities: Bloomberg Barclays U.S. MBS - Agency Fixed Rate Index: The Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

Commercial Mortgage-Backed Securities: Bloomberg Barclays CMBS: ERISA Eligible Index: The index measures the performance of investment-grade commercial mortgage-backed securities, which are classes of securities that represent interests in pools of commercial mortgages. The index includes only CMBS that are Employee Retirement Income Security Act of 1974, which will deem ERISA eligible the certificates with the first priority of principal repayment, as long as certain conditions are met, including the requirement that the certificates be rated in one of the three highest rating categories by Fitch, Inc., Moody's Investors Services or Standard & Poor's.

Palmer Square AAA CLO DM Index represents the discount margin of CLO AAA rated tranches in the Palmer Square CLO Senior Index, which is designed to reflect the investable universe of U.S CLO senior original rated AAA and AA debt issued after Jan 1, 2011.

Global Aggregate Bond Index is a measure of global investment grade debt from twenty four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

U.S. Aggregate Bond Index: Bloomberg Barclays U.S. Aggregate Bond Index: The Bloomberg Barclays U.S. Aggregate Index covers the U.S.D-denominated, investment-grade, fixed-rate or step up, taxable bond market of SEC-registered securities and includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors. Securities included in the index must have at least 1 year until final maturity and be rated investment-grade (Baa3/ BBB-/BBB-) or better using the middle rating of Moody's, S&P, and Fitch.

Euro Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, euro-denominated, fixed rate bond market, including treasuries, government-related, corporate and securitized issues. Inclusion is based on currency denomination of a bond and not country of risk of the issuer.

Japanese Aggregate Bond Index The Japanese Aggregate Index contains fixed-rate investment-grade securities denominated in Japanese yen and registered as domestic bonds. The index is composed primarily of local currency sovereign debt but also includes government-related, corporate, and securitized bonds.

The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over U.S.D 9.9 trillion indexed or benchmarked to the index, with indexed assets comprising approximately U.S.D 3.4 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

The DAX Index is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange. The equities use free float shares in the index calculation. The DAX has a base value of 1,000 as of December 31, 1987. As of June 18, 1999 only XETRA equity prices are used to calculate all DAX indices.

The STOXX 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region.

The Nikkei 225 Index is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949.

Shanghai Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange. The index was developed on December 19, 1990.

MSCI ACWI is a free-float weighted equity index. It was developed with a base value of 100 as of December 31 1987. MXWD includes both emerging and developed world markets.

FTSE 100 is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investibility weighting in the index calculation. The index was developed with a base level of 1000 as of December 30, 1983.

MOVE Index is a yield curve weighted index of the normalized implied volatility on 1-month Treasury options. It is the weighted average of volatilities on the CT2, CT5, CT10, and CT30. (weighted average of 1m2y, 1m5y, 1m10y and 1m30y Treasury implied vols with weights 0.2/0.2/0.4/0.2, respectively).

VIX Index is a financial benchmark designed to be an up-to-the-minute market estimate of the expected volatility of the S&P 500® Index, and is calculated by using the midpoint of real-time S&P 500 Index (SPX) option bid/ask quotes.

Bloomberg Commodity Index Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The U.S. Dollar Index indicates the general international value of the USD. The USDX does this by averaging the exchange rates between the USD and major world currencies. The ICE US computes this by using the rates supplied by some 500 banks.

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