Frequently Asked Questions

The Dow Jones Commodity Index

1. **What is the Dow Jones Commodity Index (DJCI)?** The DJCI is designed to be a broad-market commodity index with diversification and liquidity as its intrinsic characteristics. Its construction is meant to be simple, facilitating its use as an equally weighted beta index and as a building block for modifications.

2. **Why was the index created?** The DJCI fills an important gap in the marketplace. In speaking with market participants, there is a clear need for a commodity index that includes highly liquid commodities, avoids large sector weights, is transparent in its methodology and is independently governed. The DJCI meets these needs with a simple methodology that is run by the world's largest provider of financial market indices.

3. **What is unique about this index?** This first generation index features a design that does not include world production in its weighting scheme. Other major benchmarks have de-emphasized the world production weight of commodities, but the DJCI uses equal weighting across the sectors and applies liquidity weights to the commodities inside the sectors. It also further emphasizes diversification by capping components.

4. **How many commodities are currently included in the DJCI?** The DJCI commodities are chosen annually and currently include 29 commodities. These are selected using similar rules used to choose the commodities of the S&P GSCI, with the main difference being that the DJCI has a minimum weight requirement for inclusion of 0.25%, while the S&P GSCI is 1.00%. To see detailed differences in the eligibility criteria between S&P GSCI and DJCI, please review their respective methodologies.[1]

5. **How often is the index rebalanced?** The DJCI is rebalanced monthly back to the equal weights of one-third each to energy, agriculture & livestock, and metals. At each monthly rebalance, we weight the individual commodities according to their annual total dollar value traded. After that, components are capped so that only one component can reach a maximum weight of 32%, and no remaining component's weight can exceed 17%.

[1] Please see the S&P DJI website for the DJCI Methodology and S&P GSCI Methodology.

6. **What is the roll and contract schedule for the DJCI?** The roll and contract schedule follow the same rules as the S&P GSCI, using the next nearby liquid contracts and rolling on the fifth through ninth business days of every month starting with the spot index, and sixth through tenth for the excess and total return versions.

7. **How many subindices are included in the DJCI?** The DJCI composite has three versions, including the spot return, excess return, and total return, so that the price return, roll yield, and collateral return can be measured. The series includes each of these three versions for every sector, subsector, component and single commodity for over 880 indices.

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