

# S&P Dow Jones Indices Consultation on the Introduction of an Adjustment Factor for Return Based Index Level Calculations in Commodity Indices – Results (Updated)

**NEW YORK, MAY 31, 2024:** As previously [announced](#), S&P DJI is introducing an Adjustment Factor which will allow for the proper calculation of indices when negative prices impact the calculation by directionally aligning the index level performance with the index’s constituent performance with respect to negative index levels.

This calculation enhancement will allow correct calculations for levered, inverse, long/short, unhedged, and hedged indices, and will correct current index levels for the calculation of unlevered long-only indices and intraday real-time indices in the event of negative index levels. The introduction of the Adjustment Factor does not impact the calculations under scenarios where index levels are positive.

*For additional policy information on Negative Futures Contract Prices and Index Levels, please refer to the [S&P Commodities Indices Policies & Practices Methodology](#).*

The following table shows the previous index level calculation formula as well as the updated formula which incorporates the Adjustment Factor.

Methodology	Calculation of Indices when Index Levels Become Zero or Negative
Previous	$\text{Index Level}_{t+1} = \text{Index Level}_t \times (1 + \text{Return}_{t+1})$
Updated	$\text{Index Level}_{t+1} = \text{Index Level}_t \times (1 + \text{Return}_{t+1} \times \text{Adjustment Factor})$ where Adjustment Factor = 1 when the beginning index constituent market value of the return calculation and the index level to which it is applied have the same sign. = -1 when the beginning index constituent market value of the return calculation and the index level to which it is applied have different signs.

## IMPACT

All commodity-based indices are impacted by this change.

## IMPLEMENTATION TIMING

Effective on **July 1, 2024**, all commodity-based indices with index level calculations will include this adjustment factor.

Please note that the applicable methodologies on S&P DJI’s website will be updated to reflect these changes.

For more information about S&P Dow Jones Indices, please visit [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

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