

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, JUNE 27, 2024: As previously [announced](#), S&P Dow Jones Indices (“S&P DJI”) is introducing an Adjustment Factor to 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.

S&P DJI is updating the [results](#) announcement published on May 31, 2024 with an updated effective date. The target date for the implementation is now August 5, 2024.

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 **August 5, 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.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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