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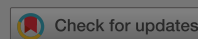
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# Including commodity futures in asset allocation in China

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## Acknowledgement

We thank an anonymous reviewer for valuable comments.

## Notes

- <sup>1</sup> Erb and Harvey ([2006](#)) note that commodity returns significantly come from the term structure of futures prices, but investors do not know what the term structure will look like in the future.
- <sup>2</sup> A news report by the Financial Times ([2016](#)) states that retail traders in China are increasingly dominant in commodity trading and ‘Chinese retail investors throw global commodities into a tailspin.’ Based on data from the Dalian Commodity Exchange, retail investors hold more than 60% of futures products in China (South China Morning Post [2016](#)). Bloomberg News ([2016](#)) also points out that ‘billions of yuan have poured in from herd-like Chinese retail investors, pushing commodity prices higher. China’s retail trading is mainly linked to China’s stock market, which has been driving stock prices higher since 2015.’ Chen et al. (2016) also points out that the driving force behind the recent rise in commodity prices is the driving force behind the recent rise in stock prices.
- <sup>3</sup> We also report the posterior covariances of the parameters.
- <sup>4</sup> According to the report, the order of 164 individuals in the list was in prices. In June 2015, the trading fell sharply. The doubts about the market were also about the market.


- <sup>5</sup> More specifically, with fully collateralized and Omega

ratios using any of the seven strategies. In contrast, if we use leverage, the portfolio performance of soymeal is improved for only three of the strategies.

## Additional information

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