

SPDR Spotlight

# Smelting Success in Metals and Mining Markets (XME)

## The Lead

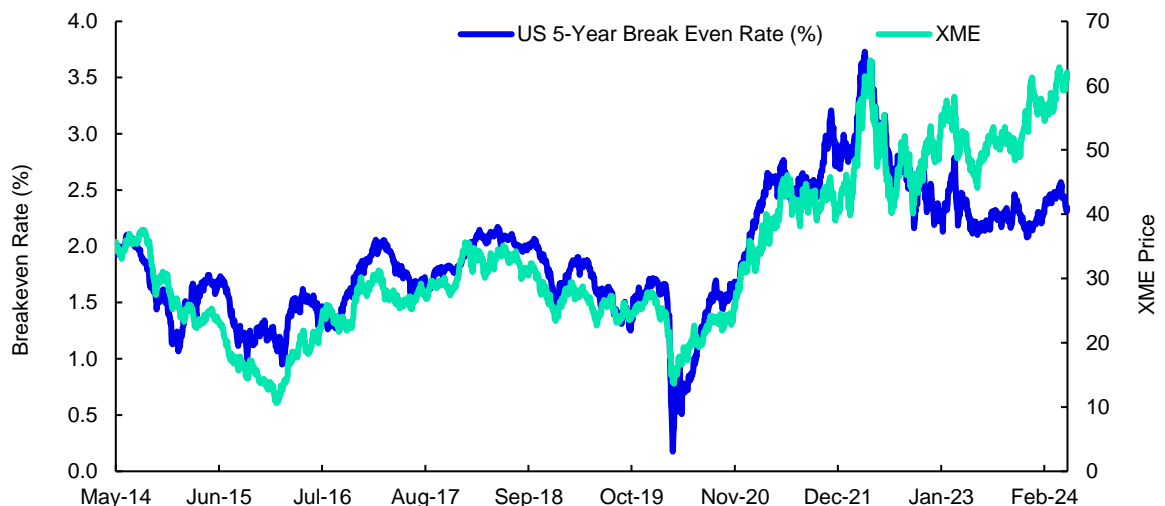
- Momentum is building within the industrial and precious metals markets, driven by President Biden’s push for higher tariffs on Chinese steel and aluminum,<sup>1</sup> copper prices soaring by 16% this year, and gold hitting new all-time highs<sup>2</sup>
- Metals prices are rising right as inflation remains stubborn, illustrated by March core CPI inflation exceeding expectations at 3.5% YoY, boosting the returns of the inflation-sensitive metals and mining industry, as the industry has had high correlation to inflation trends (83%) over the past 10 years (see chart below)
- Metals and mining companies fundamentals are also receiving a boost from this inflationary environment, as earnings sentiment has improved for the industry with the latest sales and earnings results beating expectations by 2.3% and 9.0%, respectively<sup>3</sup>

## The Takeaway

Metals and mining firms are witnessing a rise in prices and earnings sentiment, right as inflation remains stubborn as well. And these rising prices and supportive fundamentals for inflation sensitive metals and mining firms are occurring alongside a low relative price-to-book valuation to the S&P 500,<sup>5</sup> creating a cyclical value opportunity underpinned by supportive macro trends. Amid this backdrop, the [SPDR Metals and Mining ETF \(XME\)](#), with its modified equal-weighted exposure, may help investors harness momentum in metals markets and any continued stubbornness in inflation.

## Chart of the Week

*Correlation between Metals and Mining Performance and the US 5-Year Breakeven Rate*



Source: Bloomberg, as of 5/8/2024. Past performance is not a reliable indicator of future performance.

## Standard Performance

Ticker	Name	YTD (%)	Annualized				Inception Date	Gross Expense Ratio	
			1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)			Since Inception (%)
XME (NAV)	SPDR® S&P® Metals & Mining ETF	0.92	14.52	16.14	16.88	5.40	3.26	6/19/2006	0.35
XME (MKT)	SPDR® S&P® Metals & Mining ETF	0.94	14.52	16.09	16.88	5.39	3.25		

Source: ssga.com as of 03/31/2024. **Performance returns for periods of less than one year are not annualized. Past performance is not a reliable indicator of future performance. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. For SPDR ETFs, visit ssga.com for most recent month-end performance.** The market price used to calculate the Market Value return is the midpoint between the highest bid and the lowest offer on the exchange on which the shares of the Fund are listed for trading, as of the time that the Fund's NAV is calculated. If you trade your shares at another time, your return may differ. The gross expense ratio is the fund's total annual operating expenses ratio. It is gross of any fee waivers or expense reimbursements. It can be found in the fund's most recent prospectus.

## Footnotes

- 1 - Josh Wingrove, Joe Deaux and Justin Sink, "Us Steel 'Guaranteed' to Stay US-Owned, Biden Tells Steelworkers," Bloomberg, April 17, 2024
- 2 - Bloomberg Finance, L.P. as of 5/8/2024
- 3 - Bloomberg Finance, L.P. as of 5/8/2024
- 4 - Bloomberg Finance, L.P. as of 5/8/2024
- 5 - Bloomberg Finance, L.P. as of 5/8/2024

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State Street Global Advisors,  
One Iron Street, Boston, MA  
02210-1641

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