



PINETREE MACRO

Brave New World

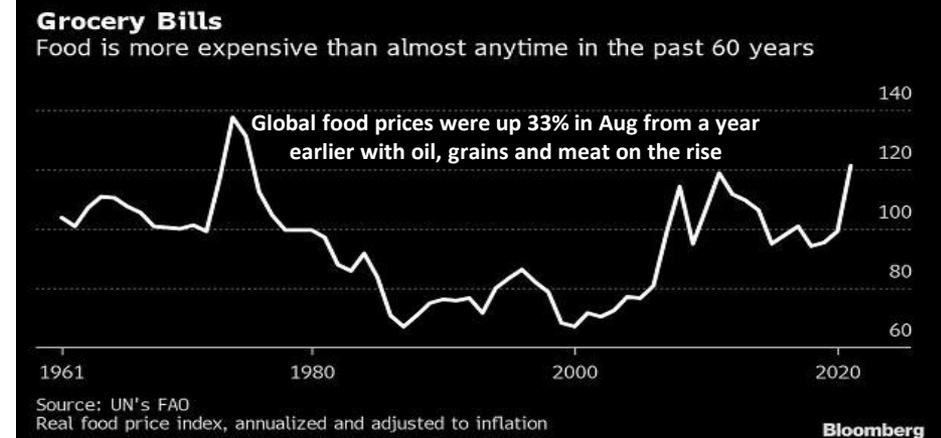
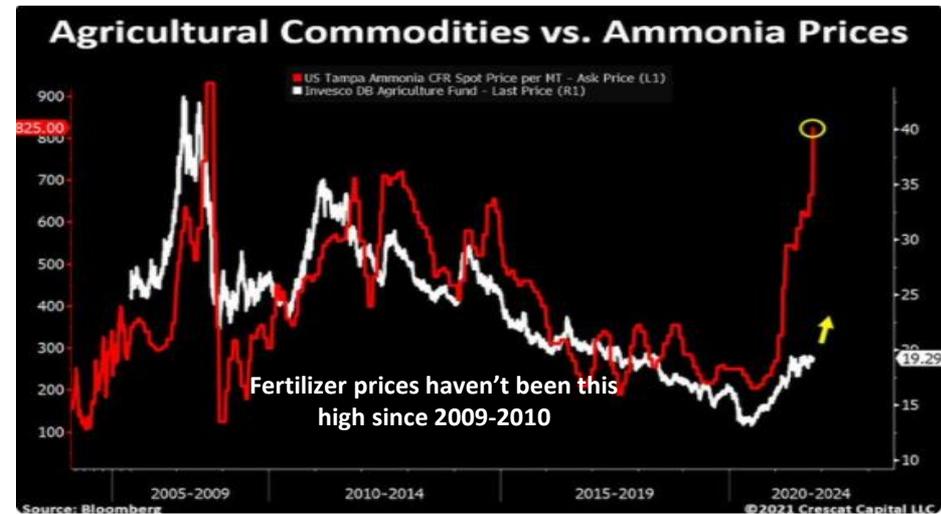
Edition 7

Rising Fertilizer Prices – Perfect Storm of Events!!

- Extreme weather, plant shutdowns, new government sanctions has hit the chemical fertilizer market, slamming farmers already crumpled under the strain of rising production costs.
- Prices for major fertilizer products have increased over 50% in the last year. High prices lead to projections of record-high production costs in 2022 (*though still short of all-time high levels set in 2008*).
- Sky-rocketing prices of fertilizers are complicating planting decisions for US farmers for upcoming 2022-23 season with some mulling shifting to other crops.
- Food inflation spurred more than 2 dozen riots across Asia, Middle East & Africa, contributing to Arab Spring uprisings 10 years ago.
- Pockets of discontentment are growing again. Unrest in South Africa triggered by arrest of former President Jacob Zuma in July turned to food as people looted grocery stores and restaurants

With prices for fertilizers at their highest levels since the financial crises, it could mean weaker harvests and bigger grocery bills next year, just as the world's supply chains start to recover from the pandemic.

Mosaic Company - Largest producer company in US of phosphate & potash nutrients is available for investment by Indian Resident investors under LRS.



Food Prices Poised to Surge With Fertilizer at Highest in Years | Fertilizer prices soaring as natural-gas rally adds to 'perfect storm'

By Elizabeth Felm + Follow
Last Updated: Oct. 9, 2021 at 2:18 p.m. ET (Source : MarketWatch)
First Published: Oct. 8, 2021 at 9:32 a.m. ET

Wholesale Fertilizer Prices Expected to Continue Rising on Lower Production, Higher International Demand
(Source : dtnpf)
10/11/2021 | 1:32 PM CDT



COP26 – What are the ‘Real’ costs of transition to Net Zero

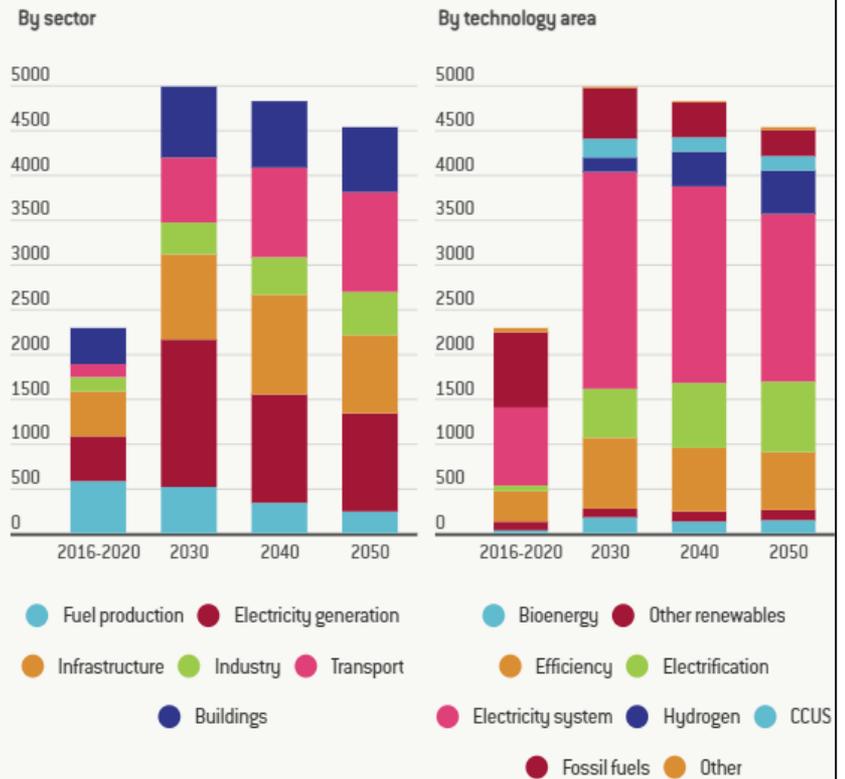
- World leaders gathered at the 2021 United Nations Climate change conference (COP26) to make proclamations and largely non binding commitments to reduce hydrocarbon reliance.
- Reaching net zero will require \$5 trn to be invested every year for 30 years, according to BofA. The total number \$150 trn is 3x the total US Covid-19 stimulus bill for this decade, 2x the total global GDP & yearly investment of \$5trn is higher than total US tax intake.
- What would \$5trn be spent on - replacement of carbon-emitting technologies
- It isn't who attended and what they said, but who DIDN'T attend. Xi, Putin, Erdogan and Bolsonaro – skipped the summit. Do we see any alliances forming?
- We believe that this trillion of dollars of new “green energy” debt will be inflated away with Central Banks support. Greenflation is baked into our future.

What is it going to take to achieve ‘Net Zero’?

Our two cents on this, it is going to take a deep seated global financial crisis/financial repression that will be stagflationary with energy, food & resources reaching skyrocketing levels & living standards dipping nosediving levels.

There are ETFs listed in US market on clean energy (ICLN), Solar (TAN), Electric vehicle (DRIV) that can be subscribed by resident Indian investors.

Figure 1: Annual average capital investments worldwide to reach net zero CO2 emissions by 2050 (USD billion, 2019 prices)



Source: International Energy Agency (2021), Net Zero by 2050, IEA, Paris

November 3, 2021
10:37 PM IST
Last Updated 8 days ago

COP26

COP26 coalition worth \$130 trillion vows to put climate at heart of finance

Politics

G-20 Told to Think in Trillions When It Comes to Climate Aid

By [Danius Sheehast](#) + Follow
29 October 2021, 04:17 GMT+11

Source : Reuters)



Has the Process of money moving to Real Economy already started?

- Fiscal Stimulus finds its way into real assets; while, monetary stimulus typically funnels its way into financial assets like stocks, bonds and real estate.
- Do we already see signs of the liquidity created by a Monetary stimulus started to move to Real economy with heightened fiscal spending?
- In the U.S., business spending on equipment, structures & software has averaged 13.4% p.a through the 2nd quarter - strongest pace since 1984. Spending on equipment alone was ~14.4% over the past year, more than 2x the average of 2009-2019 expansion.
- The investment trend is driven by factors such as supply chain diversification due to deglobalization, Net Zero policy, accelerated automation in the services sector as workforces age, pent up consumer spending, rebounding commodity prices etc.
- Real interest rates will remain negative for the next couple of years and this builds an investment case for assets protecting real purchasing power. Interest rate-sensitive sectors, such as capex and housing could see continued upside in the quarters to come.

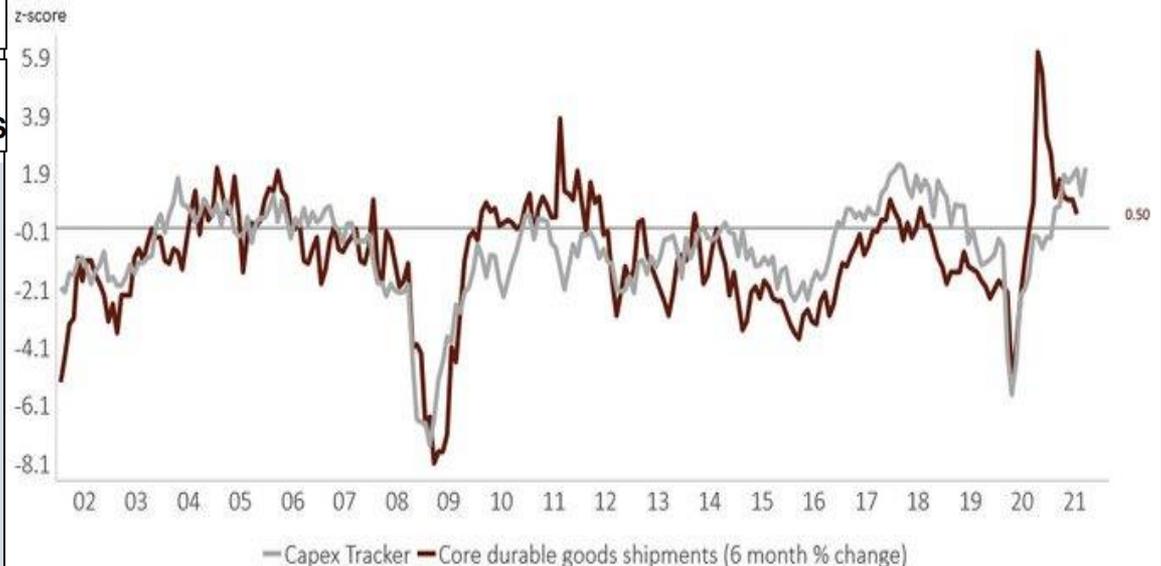
Capex Booms as Companies Prepare for a Post-Pandemic World

By [Enda Curran](#) +Follow
12 September 2021, 02:30 GMT+5:30 Updated on 13 September 2021, 05:49 GMT+5:30

Global corporate capex poised for biggest surge since 2007, S&P forecasts

The upcoming infrastructure plan has focus on areas like transportation, manufacturing, housing and water infrastructure. There is a US listed ETF – PAVE available for investment by resident Indians, which focuses on companies with investment into sectors mentioned above.

Capex intentions: Strong



Source: Renaissance Macro Research, Macrobond



Farmland moving out of Cultivation

A program that pays farmers not to farm isn't saving the planet

A decades-old program that pays farmers to leave land fallow is being heralded by the Biden administration as a climate solution, but environmentalists don't see it that way.

(Source : Politico.com)

Netherlands proposes radical plans to cut livestock numbers by almost a third

Dutch farmers could be forced to sell land and reduce the amount of animals they keep to help lower ammonia pollution

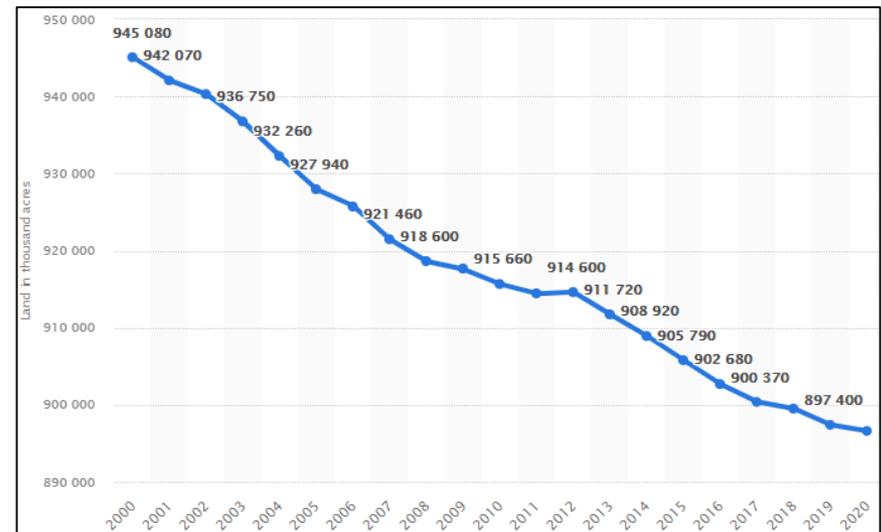
(Source : guardian.com)

- President Joe Biden wants to combat climate change by paying more farmers not to farm. The goal is to add 4 million acres of farmland to the existing 21 million land to the Conservation Reserve Program, which takes land out of production to blunt agriculture's environmental impact.
- Even though the USDA this summer more than doubled key incentive payments for the program that encourages farmers and ranchers to leave land idle, high commodity prices are keeping it more worthwhile for growers to raise crops.
- To date, the administration has focused on voluntary, incentives-based programs to address climate change and the environment in the farming sector. But, will low number of farmers opting for these programs will these be made mandatory?

- Dutch politicians are considering plans to force hundreds of farmers to sell up and cut livestock numbers, to reduce damaging ammonia pollution.
- In the Netherlands, there is already a contraction of 3% a year in the agricultural sector, as many farmers face legacy issues, and it is predicted that in 10 - 15 years, 40% - 50% of cultivation will have stopped anyway. In such scenario, plans for forced expropriation may be disastrous.

Supply side issues, deglobalization, rising fertilizer prices is expected to push food prices higher. In such a scenario, pulling land out of cultivation adds to the perfect storm.

Total area of land in US farms: 2000 - 2020 (in 1,000 acres)



Team



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He has held many senior leadership roles including CIO – BNP Paribas Mutual Fund, where he was responsible for managing US\$1.2 billion of AUM and also has served as the CIO of Tata Mutual Fund, where he was responsible for managing AUM of 6 billion.

In 2019, LinkedIn rated him among the top three influencers in the world of Economy and Finance. He is also a recipient of numerous national and international awards in the field of fixed income and equity investments.



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She brings with her about 12 years of Industry experience spanning across verticals like Family Office Investment Advisory, Equity management, Investment banking, etc.

In 2020, AIWMI recognized her amongst the 'Top 100 women in Finance'. She has featured in the Audio talk series 'Show me the Money' by Meghna Pant (available on Audible Suno). Her article reflecting on 'What stops women from investing' was published in The Hindu Newspaper.



Thank You

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