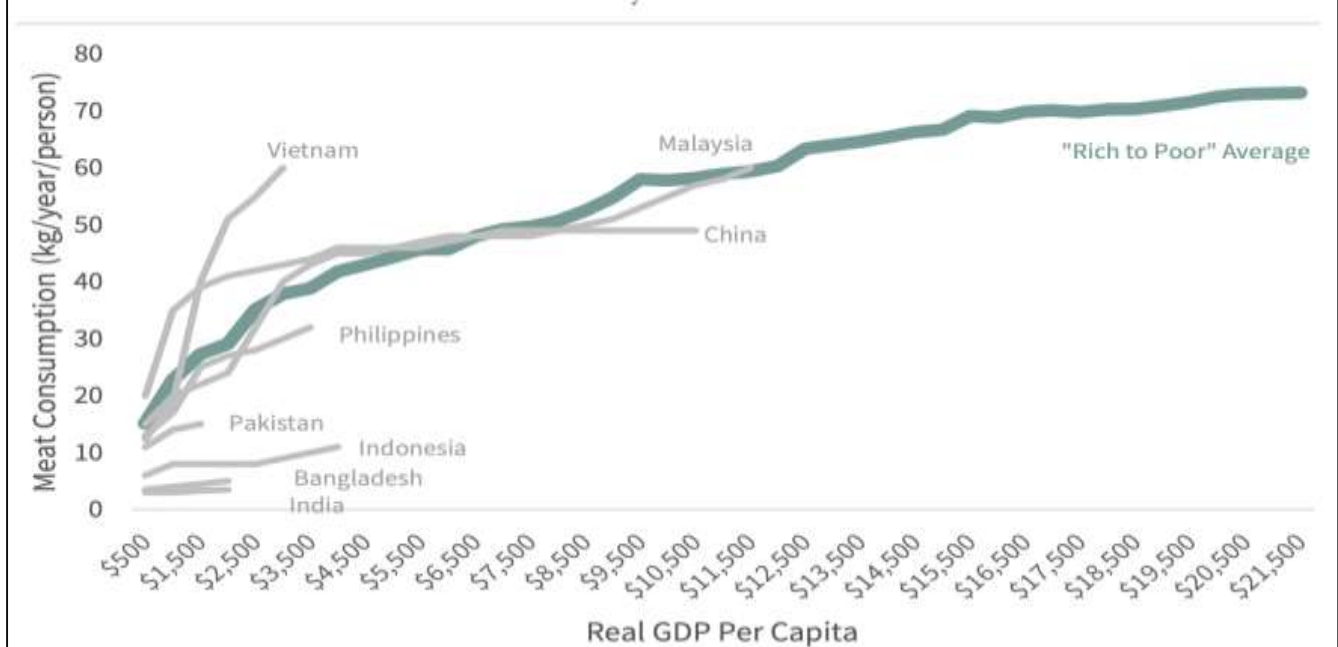




- Underlying fundamentals for global food crises have been put over last several years & all it required was a black swan event /change in supply chain for crisis to occur. From last 1970s till 2000, global grain demand grew very consistently by 1.3 - 1.5% per year in line with growth in per capital income & population.
- In 2000s there was an inflection point that changed demand for grain exponentially as China rise in world trade & its per capital GDP, led to rapidly increasing animal protein consumption. Animal protein is much more grain intensive than standard wheat /rice diet; thereby increasing grain demand to 2.5%.
- Emerging markets since WW2 have undergone shifts in dietary preferences as the per capital GDP rose. Basically, as economy moves from \$500 per capita GDP to say \$2000-\$5000, preference to consume animal protein takes over starch based diet like rice & bread.
- Rise in grain demand to 2.5% could be met; because, of favorable weather led by global warming, contrary to what is reported. Agriculture flourished in last 30 years as world got warmer which influences crop growing conditions increasing global growing season by 12 days on average vs back then.
- We are witnessing changing weather patterns to lower sunspot/cooling periods, which historically proved disruptive for agriculture. India, Indonesia, Bangladesh entering period of changing dietary preferences & with ~2bn population this could call for high grain demand in a period with challenging growing conditions.

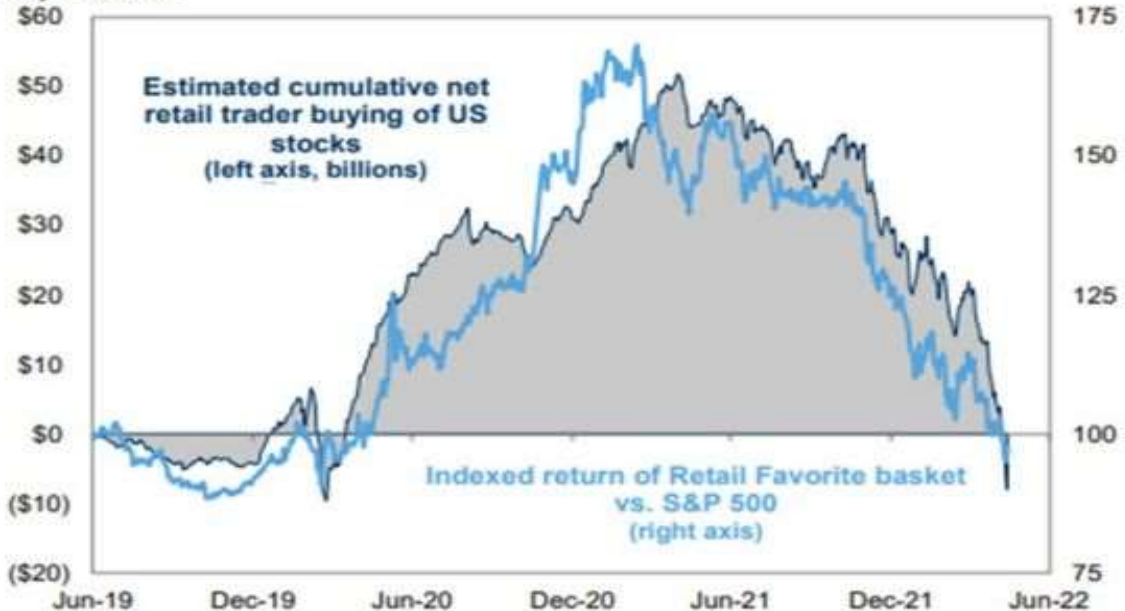
Source: Leigh Goehring

FIGURE 11 Poor to Rich -- A Study of Grain Demand



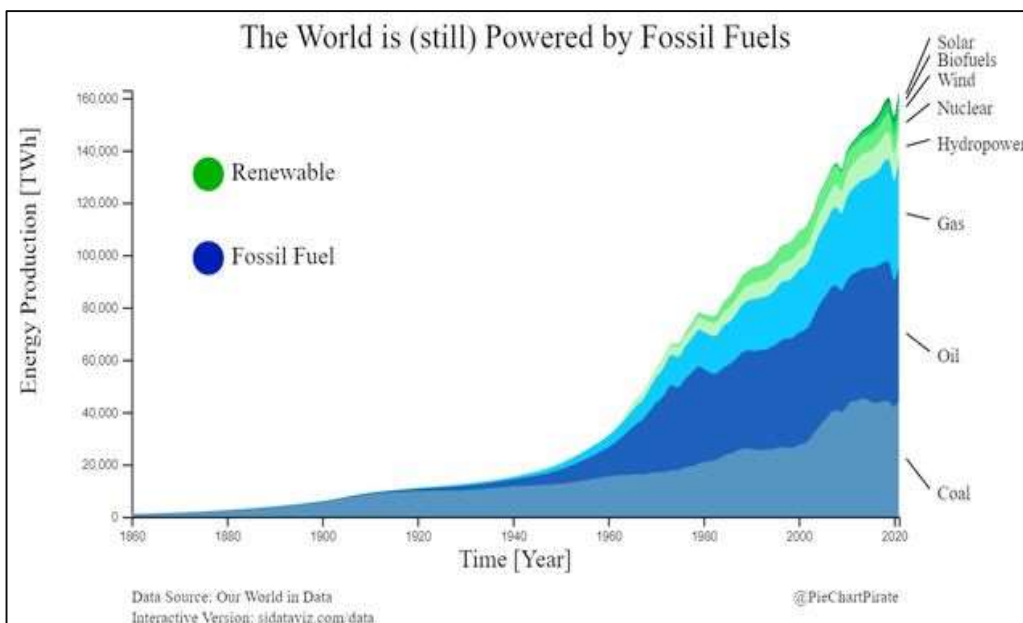
Will be see increasing episodes of food nationalism by countries to bring down domestic prices and increase domestic supply. Recent ones – Indonesia banning palm oil exports, India banning wheat exports etc.

Exhibit 1: Retail has sold their US equity purchases from the last two years as of May 13, 2022

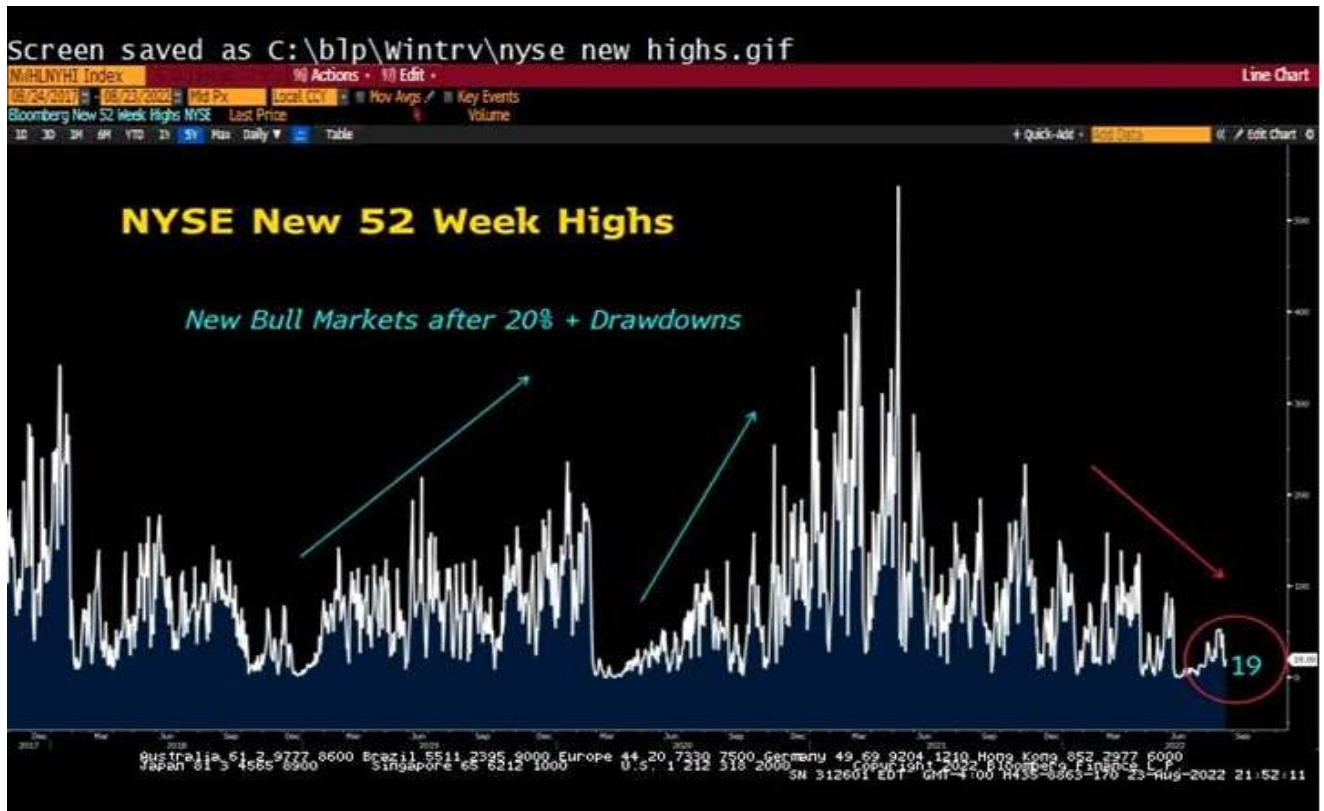


Source: Goldman Sachs Global Investment Research

Advisors are as negative as they have been at good lows over the last decade. Retail buyers have stepped away from cash equity purchases over the last year, and now they are net sellers. Insiders are now taking the other side of retail traders selling. This helped the Nasdaq 100 Index (NDX) bounce off its 200-week moving average.



In 2020, World required over 150 000 TWh of energy. Less than 10% came from renewables. The world relies on hydrocarbons, and that isn't set to change anytime soon. We believe that investors should have strategic allocation to fossil fuels



Bear markets end with a basing out of new 52 week lows - the birth of the new bull comes with a progressive rebuild - see upward arrows - of more NYSE stocks making new highs. We are not in new bull market as yet



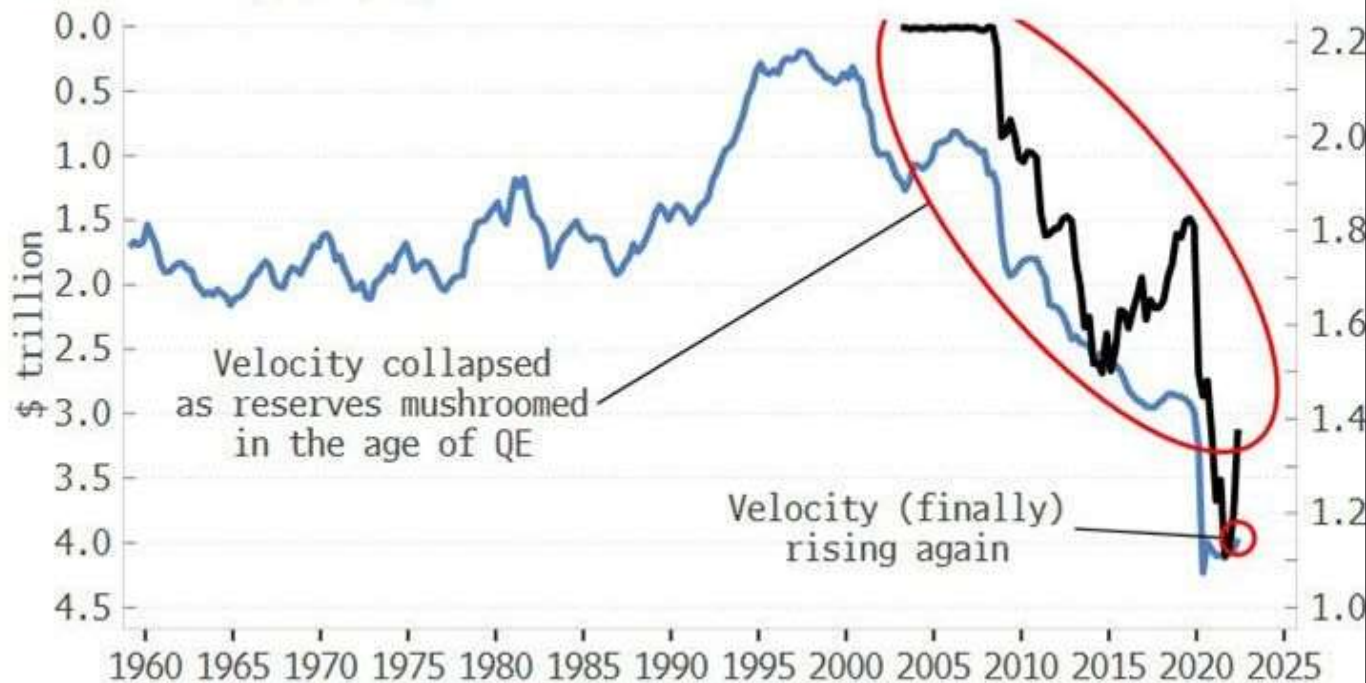
Once EUR/USD breaks below parity, historically it has taken lot of time for it to bounce back above 1.



Collapsing Velocity and Rise of the Reserves

— Reserve Balances With Federal Reserve Banks (Reversed), lhs

— US M2 Velocity (GDP/M2), rhs



Source: Bloomberg

Velocity's Back And It's Taking Inflation With It

Central bankers should be careful what they wish for. After years of trying to arrest the fall in the velocity of money, it is finally on the rise again. Rising money velocity is the necessary ingredient for structural and runaway inflation