



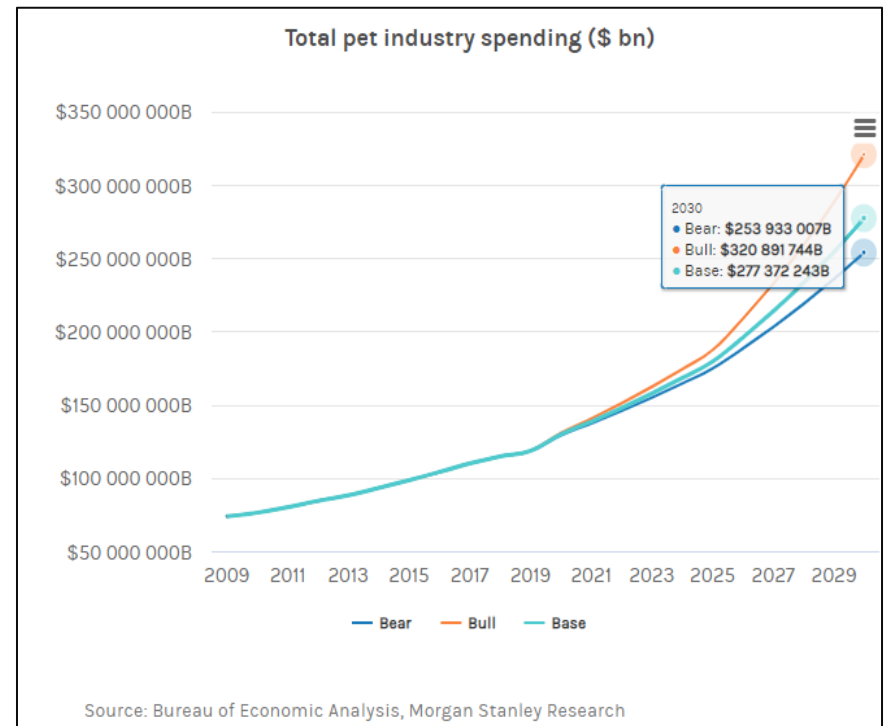
PINETREE MACRO

Brave New World

Edition 9

Petcare Industry: A Long –Tail Trend

- ~67% of US households have at least 1 pet, marking the highest level of pet ownership on record. In fact, pets have become staple in many U.S. households to the point that 1 in 10 pet owners are actually delaying having children to focus on their pets. (Source: *ArmStrongEconomics.com*)
- The average owner spends \$1,380 annually per dog and \$908 per cat. That amount could quickly spike if a pet falls ill or has special needs. Grooming, training, premium foods, advanced healthcare, insurance policies and boarding costs would also push this number higher for middle and upper-income owners. (Source: *ArmStrongEconomics.com*)
- According to Euromonitor International, pet-care market has grown by over 66% in the last decade, while the global economy has expanded by just 43%.



- Internet searches related to pet adoption for both cats and dogs increased by 250% over the first year of the pandemic.
- Factors like stay at home, higher disposable income & nuclear families are driving adoption of pets & thereby the Petcare market.



There are ETFs listed in US focused on Pet care – PAWZ available for investment by Indian resident investors



After Energy its Water now threatening Supply chain disruption

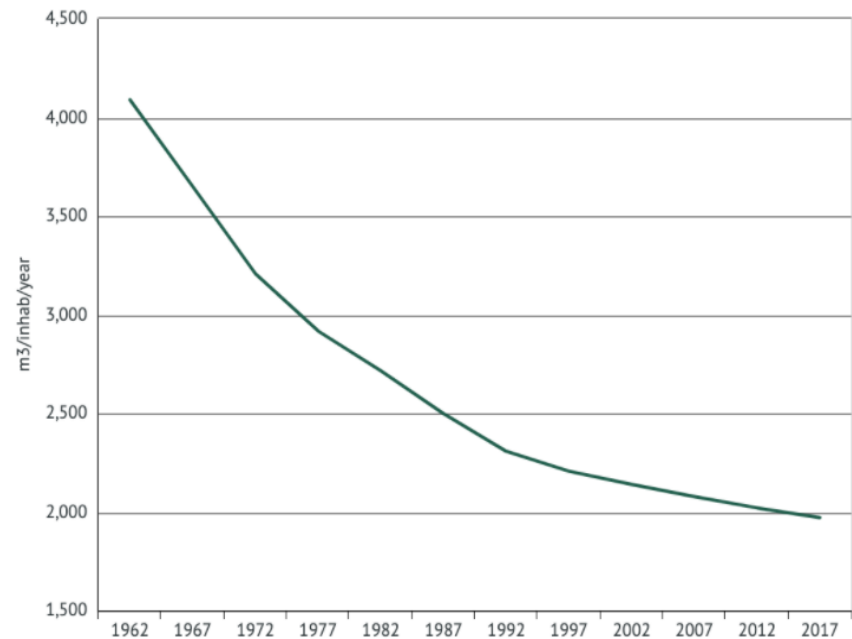
- After COVID-19 disruptions, congested ports, etc.; rising Water scarcity in China can be the next one that pushes U.S. supply chains over the edge.
- With nearly 20% of global population, China has about 7% of world's freshwater. According to a 2017 analysis in Global Risk Insights, nearly half of China's GDP is generated "in regions that have a similar water resource per capita as the Middle East."
- Groundwater depletion has been so significant in the areas around Beijing that parts of the city are falling into the earth by more than 14 centimeters a year.
- These water shortages are showing up in power generation, leaving hydroelectric & coal power producers struggling. Authorities have responded by restricting industrial energy consumption, resulting in major disruptions to China's manufacturers.

- This in turn disrupts U.S. supply chains as it imports 40% of domestic clothing sales (~70% of Walmart's store merchandise), key industrial products like steel, aluminum, polysilicon used in solar panels etc. from China; leading to rising product prices.

Shortages emerging from either supply chain issues or energy shortage or water shortage are Inflationary.

There are ETFs listed in US focused on Inflation – INFL available for investment by Indian resident investors

What is China renewable water resources per capita?



A graph illustrating that renewable water resources in China have been steadily declining since the 1960s (Source: Knoema).



Second Order effects of ESG

Global food prices are now the highest they've been in a decade.

Issues leading to rising agricultural prices -

- Countries like U.S. & Netherlands focusing on taking farmland out of cultivation to reduce agriculture's environmental impact.
- 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.

Top Fertilizer Producer Mosaic Sees Massive Price Surge Continuing

By Jen Skerritt and Elizabeth Elkin

2 November 2021, 02:13 GMT+5:30

Updated on 2 November 2021, 03:09 GMT+5:30

Soaring fertilizer prices add to inflationary pressures and food security concerns

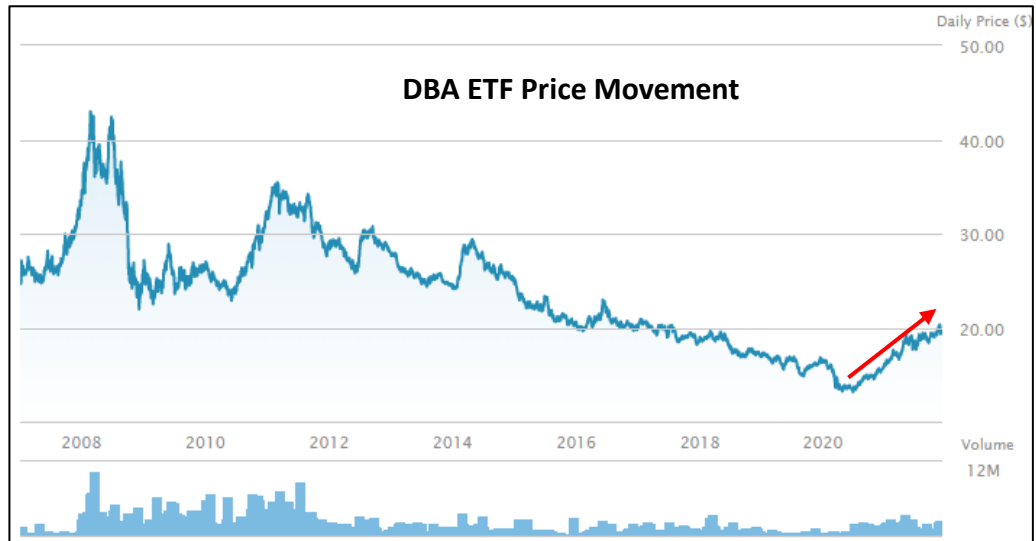
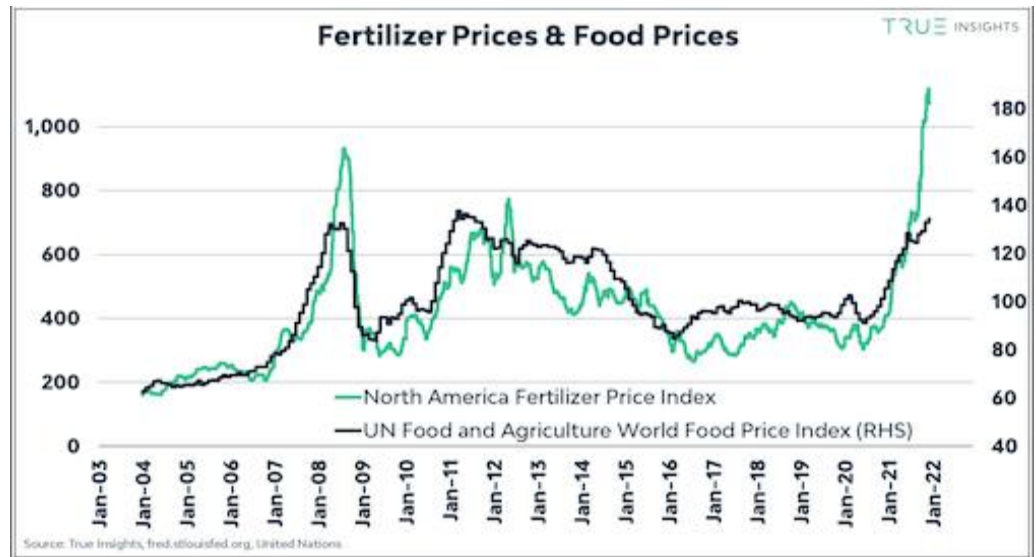
JOHN BAFFES & WEE CHIAN KOH | NOVEMBER 15, 2021

(Source : Worldbank.org)

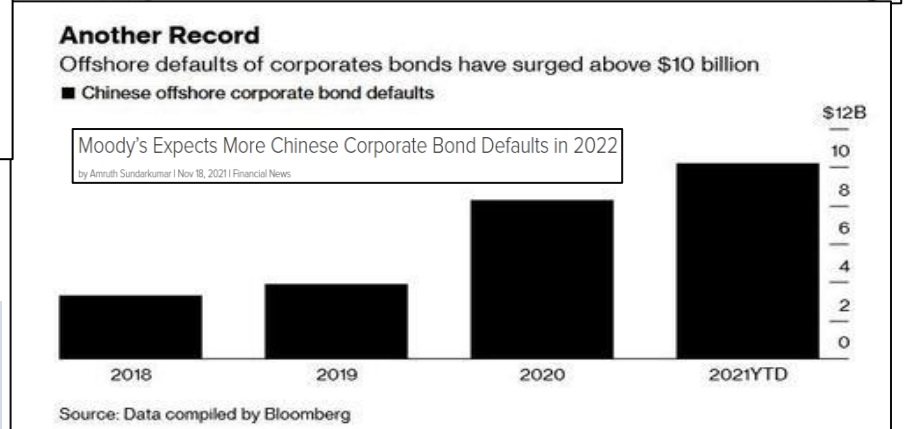
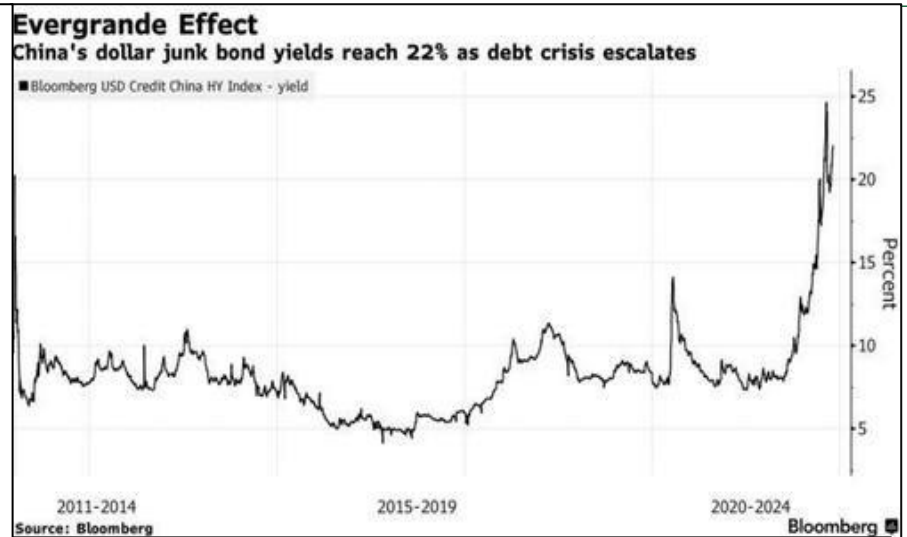
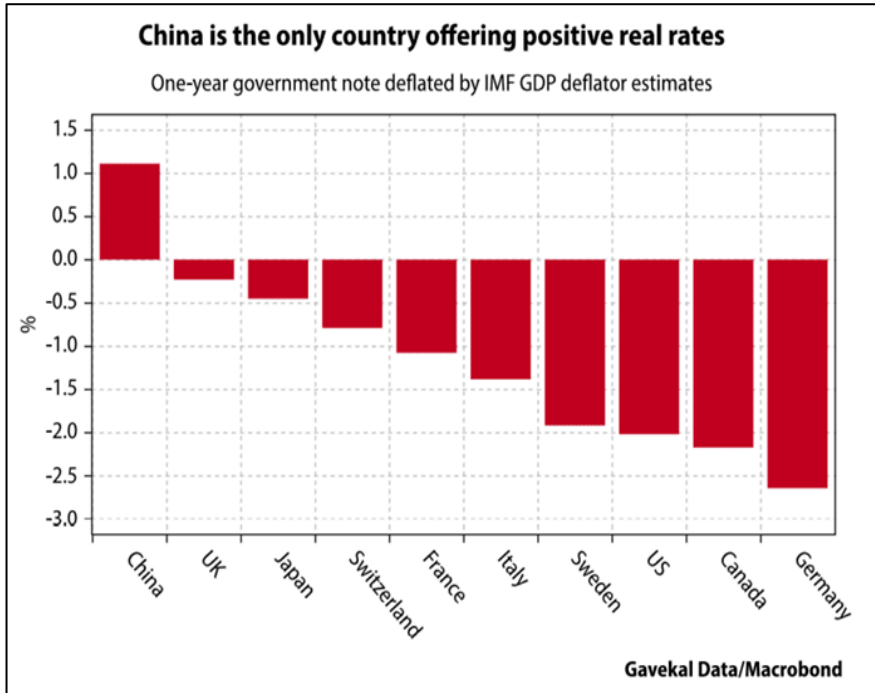
There are ETFs listed in US focused on Agriculture – DBA available for investment by Indian resident investors

Basket of Agricultural ETF are also available for investment on -

<https://www.stockal.com/stacks/stackdetail?name=E FAGRI>



China: With positive real rates Debt servicing gets challenging



China is the only major country with positive real interest rate attracting savers since past 2 years. But, this is turning to be a nightmare for borrowers/corporates/developers with interest outgo more than the inflation in a looming Debt scenario, leading to defaults. *'Positive Real rates leads to defaults'*

Positive Real Interest Rate –
It is the rate of interest an investor receives after allowing for inflation. It can be described more formally as;
Real interest rate = Nominal interest rate (-) Inflation



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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Head - Products

Chartered Accountant
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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.



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