

Market Outlook:

Food for thought

Scientific advances in genomics, hydroponics, and chemistry have yielded significant cost savings and production efficiencies in agricultural output versus the "old" methods of planting, watering, and harvesting. The world's biggest biotech scientists can now ward off crop diseases and boost yield, making food production and delivery more profitable.

Why, then, is a significant percentage of the globe's inhabitants going to bed hungry?

Population explosion, natural and man-made disasters, natural resource shortages, and political turbulence are making it seem as if we are reverting to an earlier time when bread basket migrations caused sociological, political, and economic shifts. People who are rioting in the streets, starving from drought, or dislocated because of political tyranny are not hungry for a piece of the profit...*they are hungry for their fair share of the food, water, and shelter.* Hunger permeates not just the impoverished regions of the globe, but the wealthiest, as well.

The dual issues of hunger and population displacement are frequently ignored or spoken about only in hushed tones. Indeed, it sometimes seems, as with many things, that they are not even relevant emergencies until they lay at your doorstep. Unfortunately, the tragedy is likely to widen without a hero stepping forward. In our modern world, a sophisticated economic and social infrastructure cannot rely solely upon luck, capricious weather patterns, or the happenstance of one's birthplace to support the needs of all its citizens. A reasonable goal should be not only to *produce* enough food to eradicate hunger, but to develop the political, corporate, and spiritual synergies to *distribute* those resources to those who need it most.

Climate, population, and agricultural shifts are to this millennium as industrial revolution was to the last century.

Experts agree that today's farming systems are not effective enough. With the earth's population set to tip 9 billion in the next half-century, farmland is disappearing at a rapid rate due to weather changes, population migration, and political discord. That means we have to cultivate more production out of less available space, and with less water with which to irrigate.

Stuck in the wrong lane

In a strange kind of way, our equity analysis and research observes that there is a sort of corporate hubris which posits that *"if it's not happening to me, then it's not happening at all"*. This hardly seems possible in a world where everything.....every image, every factoid, every opinion...is merely a mouse-click away. From a bottom-line perspective only, cyclical pricing pressure owing to population dislocation could become a secular (generational) crisis. Beyond the significance of these shifts upon financial markets, however, are political consequences being manifested in Europe, the Middle East, the United States, and elsewhere.

Purists in the protest movements have opined that they don't want corporate polluters or miscreants who head-up large multinationals to participate with them in their efforts to "solve" all the world's ills. But isn't the time right for all possible derivatives of solutions to step up with creative answers to issues like hunger and geopolitical disorder? The capital markets should mobilize immediately to address not only the profit motive for science and technology, but the moral payoff, as well. There is no question that states and municipalities, countries and corporations would welcome the influx of money into "green" industries and socially responsible projects....not to mention an explosion of job creation into energy, agriculture, biosciences, infrastructure, and technology.

History has shown us that it's easier to "look back" and say that a secular change has occurred than to forecast that it might. In this case, however, all the social and financial stochastic measurements are aligned at a starting point that creates more than just inference about the value of integrating solutions in food, energy, water development and replenishment, and farming into the tapestry of our conversation and policy-making. **I believe that the next great beneficiary of top-down macro trend analysis will be in agricultural foodstuffs including corn, coffee, wheat, soy, poultry, beef, grains, sugar, and dairy.**

Parenthetically, those who bemoan the demise of the real estate industry (and the glut of uninhabited private homes) might find a potential rebound in that sector not in cities or private developments but in arable farmland.

Too many are consumed by the daily upticks and machinations of the stock markets...a philosophy of the "big score"to the exclusion of methodology-based analysis which rightfully places the focus upon macro strategies for maximizing portfolio return and moral quality.

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