

**Market Outlook:**

**Let them eat cake**

Recent political pronouncements and policy initiatives, combined with grim winter weather have put significant pressure upon raw materials prices. The market's fear is that burdensome cyclical pricing pressure might become systemic trends that would accelerate inflation in everyday products, including energy and food, thus undermining wage gains, consumer spending patterns, and global trade. There is no question, however, that the pricing curve is shifting upwards.

The political and economic consequences of these changing tides are leading to the creation of global "ideological" movements that reflect population displacements and financial disequilibrium. Examples of "jingoism", "protectionism" and fear-mongering litter the election landscape throughout Europe, and are dangerously migrating into the 2018 plebiscite here in the US.

These threats and false promises are more than just rhetoric. They extract a human toll felt by our socio-economic dynamic that forcefully will govern stock and financial analysis for the next decade and beyond.

These changes can be evidenced in the raw data as well as in the stories we tell around the kitchen table. They represent generational shifts that might elongate the timeline of how we analyze, extract, and interpret our financial condition.

We know, for example, that interest rates *will* rise. While it is impossible to forecast the target date for each increase, one must accept that rising rates are a by-product of coincidental expansion in other areas of the economy. The trajectory of bond yields will accelerate, making fixed income the alternative investment to stocks it historically always had been.

Price pressure in agricultural commodities is also expanding at a faster rate than at any time in the past 5 years. Industrial and population evolution requires sophistication in farming techniques to keep pace with the demand for food and potable water. If one subscribes to the notion that *emerging markets are the next great places to invest*, then a corollary to that thesis might be the expansion of agricultural technology to feed those growing population centers. We believe that the next capital gains beneficiaries of top-down macro global trends are the agricultural foodstuffs, including corn, coffee, wheat, soy, poultry, beef, grains, sugar, and dairy, amongst others.

**A sophisticated population ecosystem cannot rely solely upon the capriciousness of weather patterns but must, instead, develop well thought-out structures for managing food processing and delivery to support its population's needs.**

Those who seek to find capital gains from real estate investment in ETF's and private placement offerings might also look as an alternative at public/private partnerships that are developing arable farmland across the globe.

I proudly note that my proprietary research analytics, ArlingtonEconometrics, has allowed me to construct portfolio solutions for clients that reflect these, and other, specific investment silos. While I generally adhere to a broadly diversified portfolio strategy to mitigate risk, I also believe that customization of portfolio solutions can localize performance in areas that we and our clients believe hold opportunity for the very long-term, such as our previous efforts in Health and Life Sciences, Alternative Energy, Water, Global Agriculture, and a host of other socially responsible topics.

Population explosion and dislocation, natural and man-made disasters, and natural resource shortages are making our planet seem as if we are reverting back in time, when bread basket migrations caused sociological, political, and economic revolutions. Those indigent souls that you see on television rioting in the streets because of drought, political oppression, or natural disaster are not hungry for a piece of the *profit*...they are literally starving for their fair share of the food, water, and opportunity that many simply take for granted.

Arlington Econometrics is a quantitative market tool. Utilizing proprietary algorithmic equations, AE offers solutions for market-timing, asset allocation, and macro economic analysis. Using historical time-series measurements, Arlington Econometrics optimizes the analytical process and forecasting coefficients to make economic forecasting more objective.

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