

Market Outlook:

Sticker shock

Global dependence upon low-priced fossil fuels has become something akin to an economic "given", one, unfortunately, that doesn't draw enough attention from market watchers and professional analysts.

The world's appetite for fuel at some point is going to exceed our ability to produce it. Major discoveries in alternative sources are a long way from being implemented. These facts make the world less stable and susceptible to political deal making for expediency sake. While the globe's consumption of fuel is revving at an extremely unsustainable rate, renewable industries' motors are stuck in the slow lane. In fact, the energy infrastructure isn't sufficiently mature enough to keep up with our appetite for product or to transition smoothly to alternatives.

Curiously, globalization and commercial trade in the last 50 years has, for the most part, alleviated some of the stresses placed on the fuel industries, despite risky political outcomes, by turning nation-states into indispensable partners. Today, however, the drumbeat influences of nationalism and isolationism are changing our balances of trade and hastening a decline in cooperation and research and development when it is needed the most. As in prior economic cycles, the allure of alternative sources....and putting them online expeditiously....is being quelled by cheaper fossil fuels at present.

While there has been meaningful conversation about migrating toward alternative technologies, the switch is in the distant future. Finding and implementing these alternative sources will only ramp up demand for energy consumption when we really need to apply the brakes to runaway wasteful usage.

Over the next generation populous nations, such as China and India, will exponentially suck up increasing amounts of global energy product. That demand will surge even more thereafter. Together with similar trends across all the globe's emerging populations and you are now talking about a compounding of a problem that only peripherally has a solution today. Such amplification of demand forebodes higher prices for energy in the immediate future.

Adding to the uncertainty in this discussion is a greater instability in political speech and inflammatory rhetoric between nations. We are witnessing an increasingly harsh retreat from decades-long cooperation and "globalism" which is creating a hoarding of territorial resources and shortages in regions that are not natural producers. Radical governments are exerting greater/tighter controls over their supply chains and bringing fewer resources to the marketplace. Time, and arrogance, are the enemy of less expensive fuel. One can only imagine the extreme situation...a major supply disruption occurring out of spite.

Losing "energy"

The reason that all this matters, whether the topic is energy or technology, healthcare, food, water, etc, is because financial markets currently have become too territorial, too proprietary, in a world that, like it or not, has become more interconnected, more dependent upon the cooperation of science, government, and the general public. At the end of the day, there is no *S&P market*, no *Dow Jones market*, nor a *DAX market* or a *CAC market*.

Instead, there is a single globe, spinning around on its axis, with limited resources to go around for everybody....rich or poor.

The art of investing is to seek out circumstance for an *investment market* that crosses all borders, all political convention, all time zones, all nations, and directs those resources towards, yes, making money.... while still solving the important issues of our time and beyond. Sometimes, being able to see the forest for the trees removes the distortions that can occur when we intensify raw emotion and minutiae that cloud our longer term perspective. Having a framework from which to parse the finer points from the big picture is much more effective than spinning one's wheels constantly....and accomplishing nothing.

Hunger doesn't stop at 4pm, Eastern. Poverty doesn't discontinue at 4pm, Eastern. Bridge and road infrastructure doesn't improve at 4pm. Cancer and other severe illnesses don't recede at 4pm.

Investing....really investing for the welfare of our future....also isn't an activity that should cease merely at the stroke of the 4pm closing bell.

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