



How To Play The Next Great Global Crisis

Description

We live in an age of plenty. We may worry about terror, poverty, inequality, house prices and jobs, but few in the West seriously worry that we are about to run out of food.

Walk into any supermarket and you are faced with a vast array of fresh and preserved food that you can buy relatively cheaply and consume at will. This is almost unique in human history. We are so lucky we don't even know it.

Most Westerners are concerned about consuming too much, rather than eating too little.

Will it always be like this? I hope so.

Feed the world

However, we should never take food for granted. Here are some headlines I have spotted in recent weeks.

Mediterranean drought sends olive oil prices soaring.

China races to avert food crisis.

The world faces a water shortage crisis.

I'm not saying we face worldwide famine. The great famines of recent years, Somalia (2010-12), Sudan (2008), North Korea (1995-1999) and Ethiopia (1983-85) were mostly aggravated by war or political mismanagement.

However, climate also played a part, primarily drought, and if the planet is warming then we can expect more of that.

Human ingenuity, properly applied, can prevent a global food crisis. But it will take a lot of hard work, and investment, and this could be fertile ground for your portfolio.

Now could be a good time to invest in food, glorious food!

Sowing seeds

The UN predicts the current world population of 7.3 billion will hit 8.5 billion by 2030, 9.7 billion in 2050 and 11.2 billion in 2100. That is a lot of extra mouths to feed.

The growing emerging middle-class will want to replicate Western consumption patterns, for better or worse, which means more meat and dairy. The answer lies in better technology, seeds, water systems, and careful use of fertiliser and pesticides.

While it would be lovely if we could all eat locally sourced organic whole foods from the local artisan collective or urban farm, it isn't going to happen... Big business will also have to play a role, and you can invest in it.

Fertile ground

The obvious place to start your research is the big US companies, such as fertiliser giants **Mosaic Company** and the **Potash Corporation of Saskatchewan**, farm equipment firm **Deere & Co**, crop and seeds specialists **Monsanto**, **DuPont** and **Syngenta**, water company **Xylem**, or Canadian Agricultural firm **Agrium**, all which are listed on the New York Stock Exchange.

In Australia, cattle farmers the **Australian Agricultural Company**, almond grower **Select Harvests** and **Clean Seas Tuna Limited** may also be worth a look. In Singapore, **Wilmar International Limited** and **Golden Agri-Resources Ltd** are options.

Food for thought

These won't all have performed well lately. Agriculture is a notoriously cyclical business. A good harvest and prices slump, a bad one and they soar. However, the trend is steadily upwards, with prices rising by an average 2.6% a year for the past two decades.

Investors can help feed the world and nourish their portfolio at the same time.

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