

Hello Everyone,

“One cannot think well, love well, sleep well if one has not dined well.” Virginia Woolf, A Room of One’s Own

It’s a lovely quote. Unfortunately, thinking well, loving well, and sleeping well are all about to get more difficult.

But before diving into today's topic...

I apologize for the lack of a missive last week. On Thursday night I caught a bug (not Covid) and spent most of the weekend in bed. By Monday I was fine. But I couldn’t catch up from missing most of Friday (plus the stuff that piles up over the weekend) to write anything of value.

So, let’s try to make up for it this week. And let’s start with a story.

Two weeks ago, I had a very interesting lunch with two men in the transportation industry. Because of their positions, they have a bird’s eye view of what is moving across America----and is what is not.

Anyway, about halfway, through the meal, one of the men leaned in and, in almost a whisper, said, *“Buy food. There are going to be shortages.”*

That stopped the conversation.

Long term readers know we have long predicted the current inflation situation. Somehow, however, I assumed we would still be able to buy whatever we wanted...just at higher prices.

As the conversation moved on, the impression I got was the shortages were not going to be transitory. He didn’t imply a

catastrophic famine. He wasn't alarmist. What was clear, however, was there are structural problems in the food chains that are going to take some time to sort out.

To support what the above, here are some excerpts from an email I recently read from Michel Snyder's blog.:

"I'm self-employed for 25 years, now, independent IGA affiliated grocery store in coastal Maine.

Supply issues are real! My supplier has limited us on orders for about a month now (limited the physical number of cases we can order)

Their issue is/was mainly the help crisis in their warehouse ... order pickers and truck drivers. Same story everywhere, I know.

Many of the items your reader commented about in this article are the same here ... very limited Gatorade, and gallon water is sketchy at best. Sometimes we get it, sometimes we don't. I've not seen many supply issues in produce, rather poor-quality issues there. Much more than normal. Deli / bakery ... yes, lots of out of stocks and "long term unavailable" as my supplier likes to word it on the invoice.

In the center store – dry grocery ... like others are saying, tons of out of stocks.

Meat supply is "fair", but pricing is extremely high. Shockingly high to me. The middle class is slowly being destroyed with these price hikes ... death by 1000 cuts of sorts, I guess.

My Frito Lay delivery person tells me that he is getting 55-60% of what he's ordering. My last Nabisco order had 30% out of stocks. Over the years, we always get 99-100% of what was ordered. Pepperidge Farm Cookies ... he tells me some weeks he's only

getting HALF of what he orders. These folks all work on commission if they don't (or can't) sell it to me ... they don't get paid. Or get paid less.

When we place our liquor order (twice a week) out of stocks there are running 30% most orders. This commodity was ALWAYS 99.5 to 100% fill rate over the years always.

It's frustrating. "

I believe most of us could rattle off some of the reasons why this is occurring.

- Not only is the western US experiencing drought, so are many other parts of the globe.
- Volatile weather has also disrupted supply.
- Labor shortages, persisting from COVID, have contributed.
- Government policies have encouraged people not to work.
- Supply chain disruptions are not sorting out quickly.
- Rising transportation costs.

Of course, shortages typically mean prices of what is available rise. According to Mac Slavo over at DC Clothesline:

"In May 2021, food prices were a whopping 39.7 percent higher than they were in May 2020, according to the Food and Agriculture Organization (FAO). Shortages are also on the rise and are expected to worsen throughout the rest of 2021. Did anyone get a 39.7% raise this year?"

I know this isn't the cheeriest topic, but most of you are seeing this with your own eyes. So, I am not telling you anything new. You might, however, want to share with others what my transportation friend was kind enough to share with me, "*Buy food. There are going to be shortages.*"

Signed, Your I-Was-Surprised-About-The-Liquor-Shortages-Even-In-The-Depression-There-Was-Booze Financial Advisor,

Greg

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