



Zanetti Monday Missive 2022.05.16 Commodity Performance

“In a time of turbulence and change, it is more true than ever that knowledge is power.”

~ John F. Kennedy

We had a down week in some of our commodities. With that, I had a few of you reaching out for perspective.

What do we mean when we say, “perspective”? We mean, let’s take a step back and look at the broader picture. I have found over the years that perspective can make all the difference.

So, yes, we had a down week this past week. And I surely don’t make light of that fact. Greg and I hate being down! But, let’s not mistake the short run for the long run.

The Fed recently raised rates. When they announced they would raise rates, pretty much all investments started to drop in price. Then they ACTUALLY raised rates, and prices fell even more.

So, as I watched some of our holdings fall this past week, I took a step back to see how the rest of the investing world is holding up. I dug in and, as the former “Senior Financial Analyst” for New Mexico’s oldest Credit Union, I totally “GEEKED OUT!” Forgive my *nerdiness* but sometimes I just can’t help it...

I took a look at several high-profile stocks that have had lots of people humbly bragging over the past year about how much money they were making on investments. Stocks like Netflix, Amazon and Apple. Then I looked at the major indexes: The Dow (DJIA), the S&P 500 (the 500 largest companies in the US), and the NASDAQ (the “Tech” stock portfolio).

I then created a table showing what the price of each asset was on the first trading day of 2022 and then noted the price at the end of trading time on Friday. You know what surprised me? **HOW WELL OUR INVESTMENTS ARE DOING!**

VOILÀ!

ZANETTI FINANCIAL LLC				
Holding	1/3/2022	5/13/2022	Change	Percentage
NETFLIX	597.37	187.64	(409.73)	-69%
FACEBOOK	338.54	198.62	(139.92)	-41%
BITCOIN	47,686.81	30,051.94	(17,634.87)	-37%
TESLA	1,199.78	769.59	(430.19)	-36%
AMAZON	3,408.09	2,261.10	(1,146.99)	-34%
NASDAQ	15,832.80	11,805.00	(4,027.80)	-25%
MICROSOFT	334.75	261.12	(73.63)	-22%
GOOGLE	2,901.49	2,330.31	(571.18)	-20%
20+ YR US TREASURY BOND	144.30	115.98	(28.32)	-20%
APPLE	182.01	147.11	(34.90)	-19%
S&P 500	4,796.56	4,023.89	(772.67)	-16%
DOW	36,585.06	32,196.66	(4,388.40)	-12%
CORP. BOND MARKET	84.18	75.94	(8.24)	-10%
SILVER	22.79	21.11	(1.68)	-7%
GOLD	1,799.40	1,812.30	12.90	1%
AGRICULTURE	19.67	22.18	2.51	13%
INDUSTRIAL COMMODITIES	17.18	24.17	6.99	41%

If you owned Netflix at the beginning of the year, you'd be down **-69%**! Facebook? Down **-41%**! How about the new "digital gold": Bitcoin? Down **-37%**!

What about the tried and true Dow Jones Industrial Average? Down **-10%**! What about the "Safe" investment that helps weather the ups and downs of the stock market? BONDS! Surely Bonds have held up safely! Not so fast, a rising interest rate environment is MURDER on bonds. The 20-Year US Treasury Bond rate has fallen **-20%**! And that's the "safest" asset you can hold!

And corporate bonds? The same principal applies. They're down **-10%**!

In commodities, what's the worst performing asset year-to-date? Silver. Yep, it's down **-7%**. Not good, but still, not bad compared to the traditional alternatives! And that price decline hasn't slowed

down JP Morgan Chase from continuing to accumulate their physical holdings – making them the largest owner of silver in the US!

What about gold? It's still up 1%. How about food commodities? Up 13%. And industrial commodities? Up 41%.

What if you had left your investments in cash? Well, if you had \$1,000 on January 3rd, it would buy about \$800-900 worth of goods today. That's a -10% to -20% drop!

WALL STREET JOURNAL

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LSDAQ 11364.24 ▼ 3.2% STOXX 600 427.59 ▲ 1.7% 10-YR. TREAS. ▲ 19/32, yield 2.918% OIL \$105.71 ▲ \$5.95 GOLD \$1,852.60 ▲ \$12.70 EURO \$1.0515 YEN 129.98



Inflation Pressure Continues, Despite Slight Slip

Drop to 8.3% is the first in 8 months; still, there's little evidence showing that prices are cooling

BY GWYNN GUILFORD

U.S. inflation edged down to an 8.3% annual rate in April but remained close to the fastest pace in four decades as the economy continued to face upward price pressures.

The Labor Department's consumer-price index reading last month marked the first drop for inflation in eight months, down from an 8.5% annual rate in March. The decline came primarily from a slight easing in April gasoline prices, which have since reached a new high. Broadly, the report offered little evidence that inflation was cooling.

Prices rose for groceries as well as dining out, airline travel and other services that consumers are turning to as they shift from spending heavily on goods from earlier in the pandemic. Airline fares surged 18.6% in April from a month earlier, the fastest rise

CPI for select metropolitan areas, change from a year earlier



Note: Data for Chicago, Los Angeles and New York are monthly. All other metropolitan areas are every other month. Source: U.S. Labor Department

Now make no mistake, these are tumultuous times! And Greg and I have no idea what will be up or down from one day to the next, but we do have a good feeling about what will be up and down 6-12 months from now, not to mention 2-3 years from now, given the trends and the current state of geo-politics.

Here's the thing, a year from now, the stock market will have fallen lower than it is today. But a year from now, commodities (as an entire portfolio) will most likely be higher than they are today. Why is that? Because there is still air to be let out of the stock market and Real Estate bubbles. And commodities are still underpriced relative to their own history as well as in comparison to other asset classes.

Furthermore, the supply chain issues and prior underinvestment that have made commodities rise so far this year haven't been "fixed". This is a systemic situation. The problems are still persistent which points to increased prices on commodities in the future.

Does that mean commodity prices will go straight up? No. Not at all! They'll go up and down (like this past week). The coming weeks ahead might be down or up, but the trend is pointing upward. Opposite of the stock market trend, which is pointing downward.

Your Superman-Must-Have-Hated-Bitcoin-Last-Night-Since-It-Was-Krypto-Night Financial Advisor,

Walt

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