

## MARKET COMMENTARY

**Fig. 1: Food at home CPI, percent change from year ago**



Source: US Bureau of Labor Statistics, Mill Creek.

Earlier this month, we attended the GlobalAg Investing Conference held in New York City. The three-day annual event brings together thought leaders to discuss the most relevant topics across the agricultural industry. There was no shortage of issues to cover given the events of late. Below is a summary of our top takeaways:

### Global Agriculture Supply Chains

With global food prices up 28% in 2021, the Russia-Ukraine conflict adds pressure to an already weakened system. Both countries are important players in the global food market. They are top exporters of grain and fertilizer, both of which will almost certainly realize lower yields in 2022 due to the ongoing conflict. Port facility attacks and sanctions add another layer of uncertainty to export volumes from the region. The Middle East and North Africa, which rely heavily on wheat imports from Russia and Ukraine, will be impacted most directly but market experts predict global food prices will stay elevated for several years. There is now renewed focus on stepping back from the just-in-time supply chain model, building out local networks, and securing higher inventory stockpiles to better prepare for future disruptions.

### Agriculture Technology

Population growth and climate change have driven capital toward technologies aimed at improving crop quality and yield per unit of energy. The agtech sector raised \$10.5 billion of venture capital funding in 2021, a 41.6% annualized increase since 2010. Several innovations were presented at the conference with most focused on new plant breeding techniques, artificial intelligence, machine

learning, and robotics/smart field equipment. One particularly interesting presentation highlighted a tissue replication technology that increased a rubber tree's yield by 50% while reducing cultivation time by 1.5 years. It is thought that this same technique can be used on other plantation species, significantly improving yield-based water consumption. Technology will increasingly influence food production with ample opportunity for investors to profit over the coming decade.

## Sustainability

Sustainability was an overarching theme at the conference with presenters discussing the topic from many different angles. Because agriculture has such a large footprint - producing over \$3.4 trillion of food annually, using 70% of the world's fresh water for irrigation purposes, and occupying 50% of the world's habitable land - developing practices that support soil health while minimizing pollution and water use is key to maintaining the world's natural resources. Simple measures such as crop rotation and reduced tillage help this effort. Greater attention is now being placed on measuring and certifying sustainable farms, and we believe consumer demand will further accelerate this trend.

## QUICK LINKS

- [Steepen the Curve!](#)
- [Q2 2022 Outlook: Simplify, Simplify, Simplify!](#)
- [The worst \(bond\) bear market in 40 years](#)
- [The Fed Hiking Cycle Has Begun](#)

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