
The Commodity Supercycle

The case for higher commodity returns

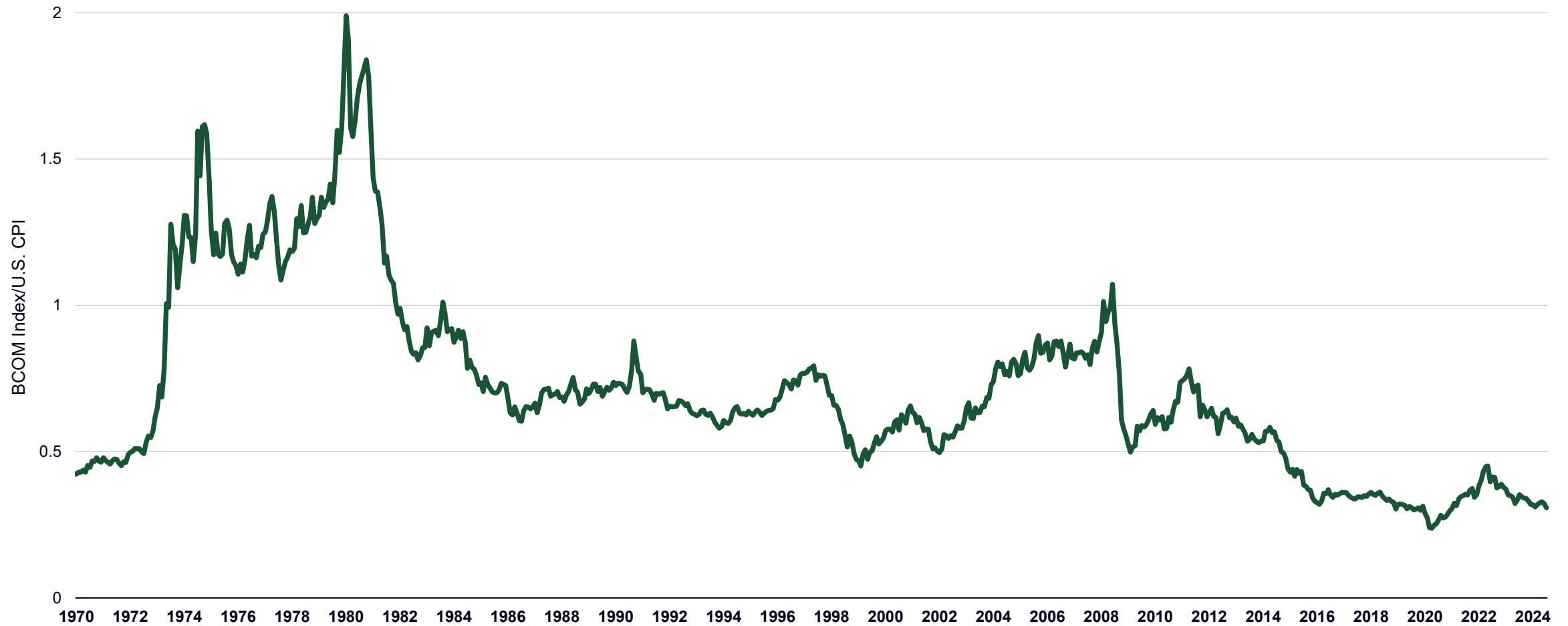
August 2024

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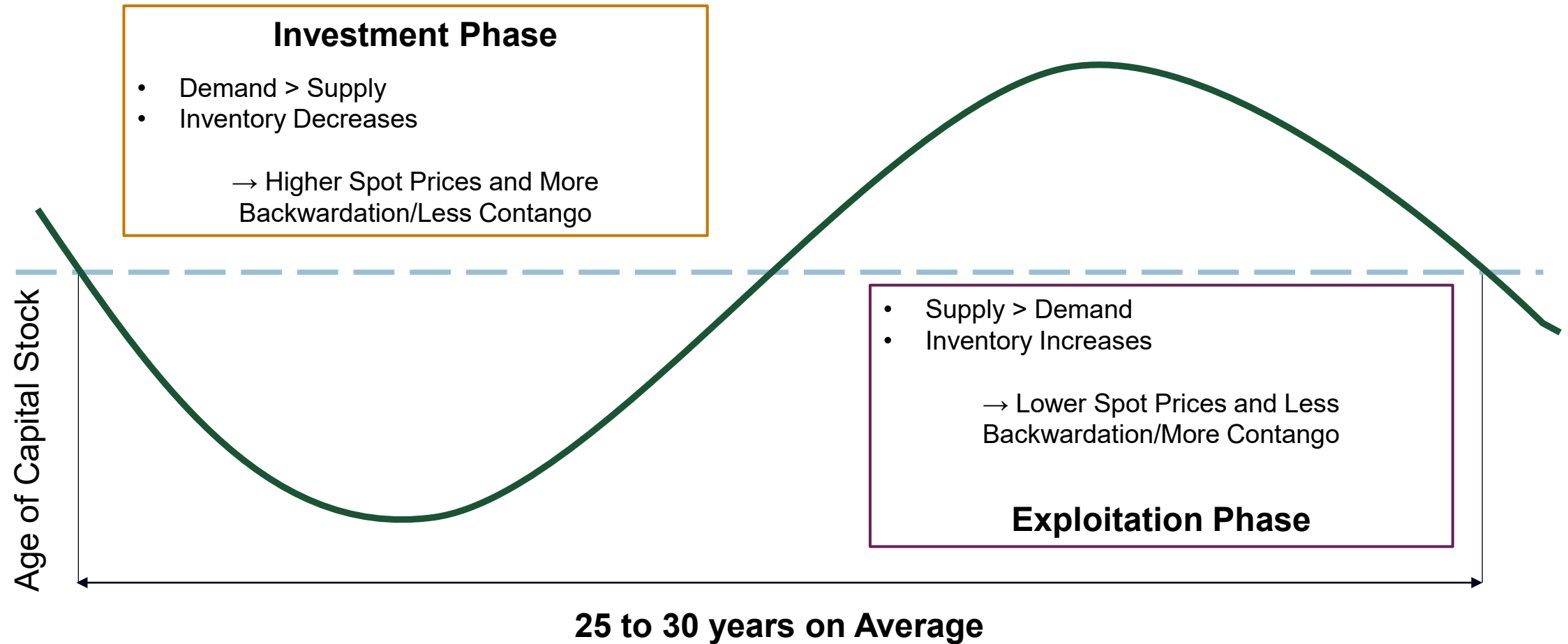
I Inflation Adjusted Bloomberg Commodity Index



CPI = Consumer Price Index

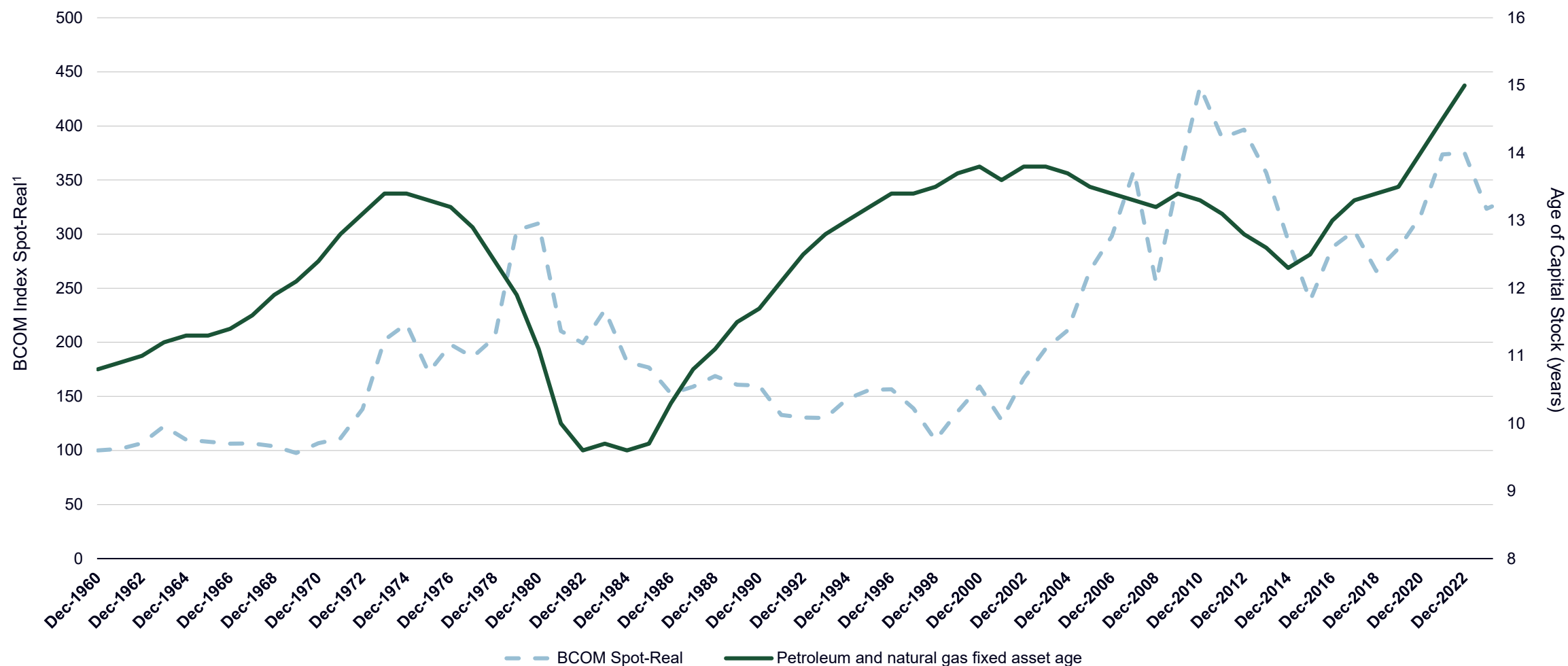
Source: Bloomberg Finance L.P., as of Jul 31, 2024.

Commodity Cycle: Onset of Another Investment Phase



For illustrative purposes only.

I We Believe we are Entering an Investment Phase

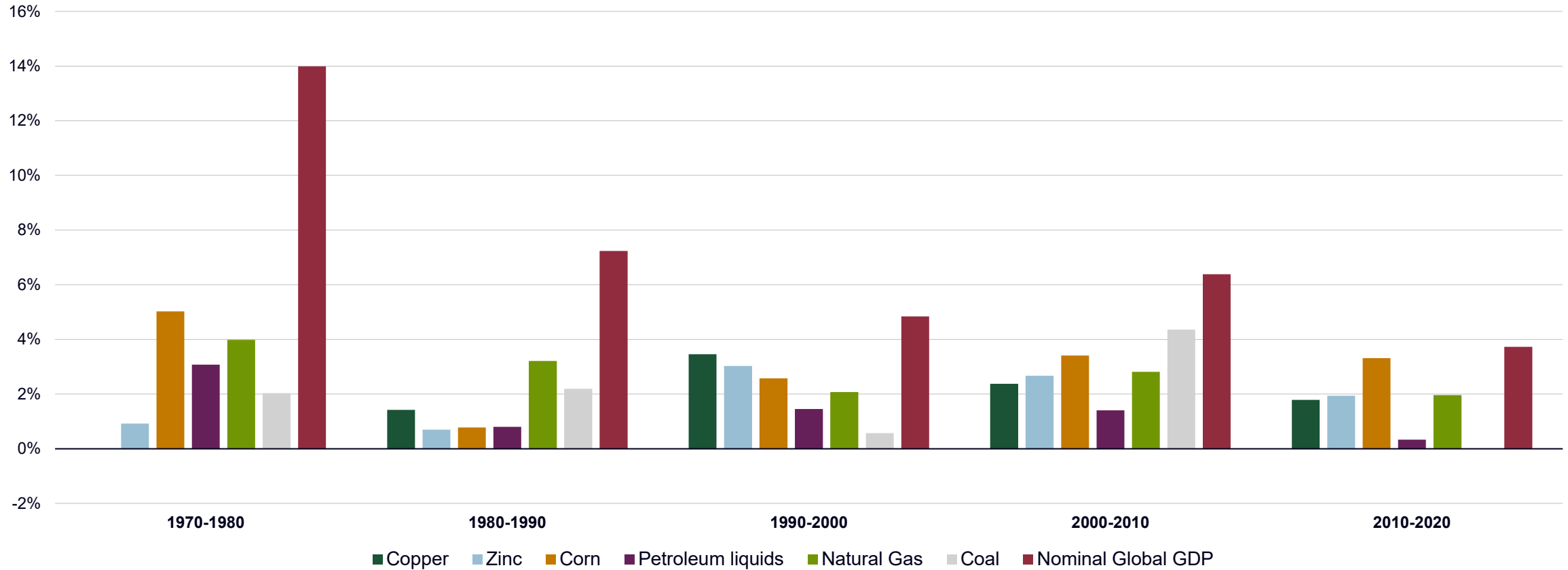


¹Indexed to 100 December 30, 1960. BCOM = Bloomberg Commodity Index

Source: TDAM Estimates, Bloomberg Finance L.P., Bureau of Economic Analysis. As of Mar 29, 2024.

Commodities an Ingredient for GDP

CAGR per Decade

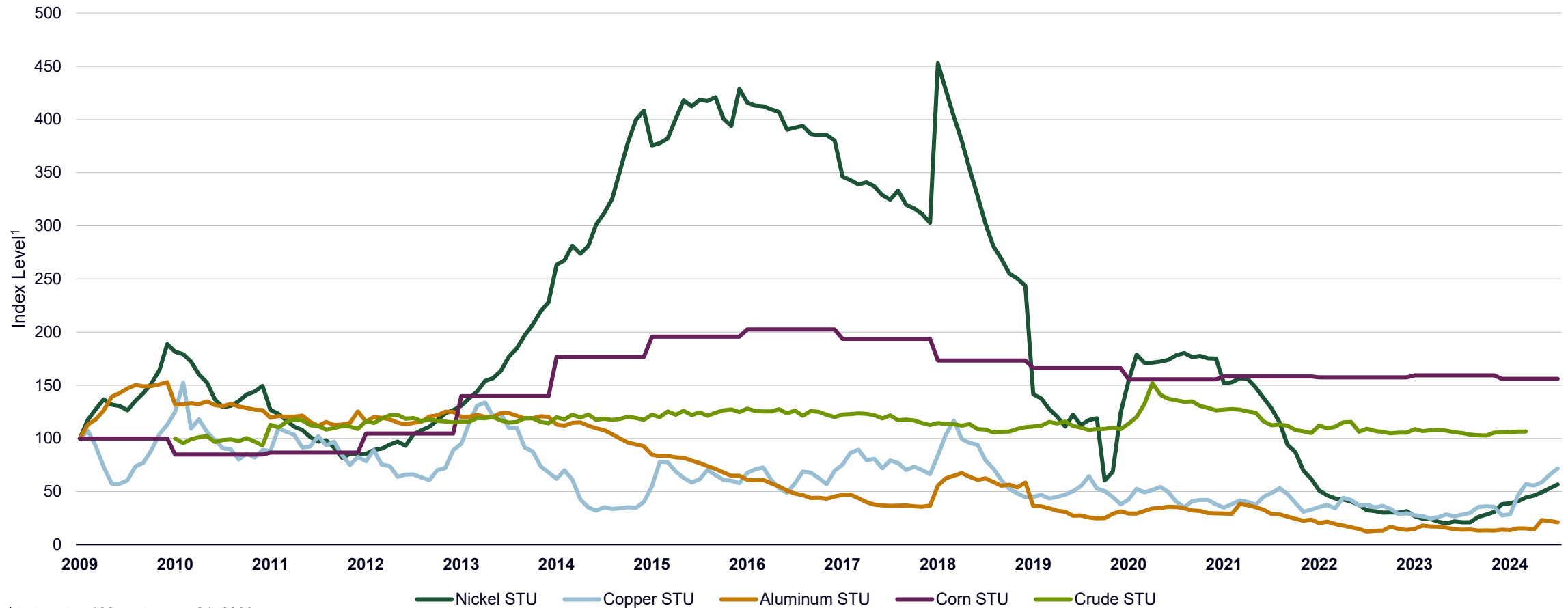


For illustrative purposes only. CAGR = Compound annual growth rate, GDP = Gross Domestic Product
Source: BP Statistical Review of World Energy 2021., U.S. Department of Agriculture, Bloomberg Finance L.P. As of December 31, 2023.

Inventory Balances Tight...

...and even more so if adjusted for demand

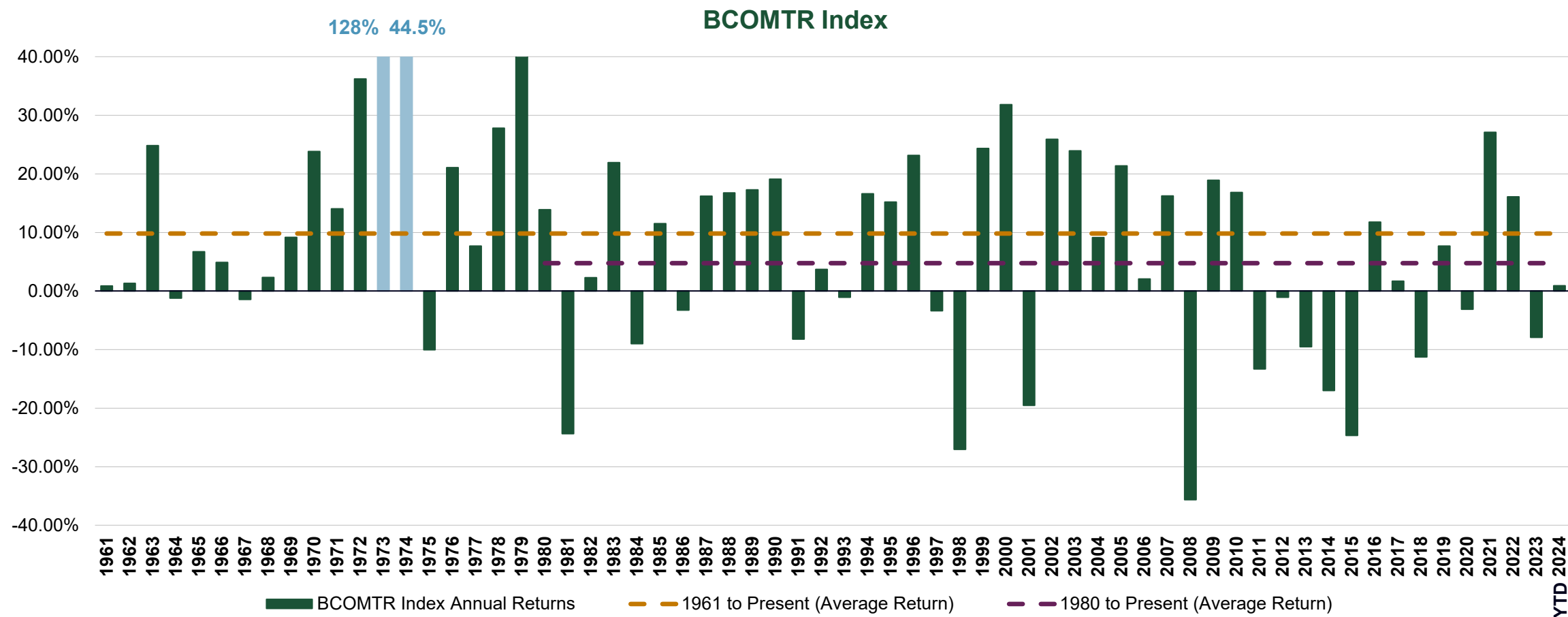
Stock to Use (STU)



¹ Indexed to 100 on January 31, 2009
Source: Bloomberg Finance L.P. As of Jul 31, 2024.



Commodity Total Returns Tend to Outperform Through the Investment Cycle

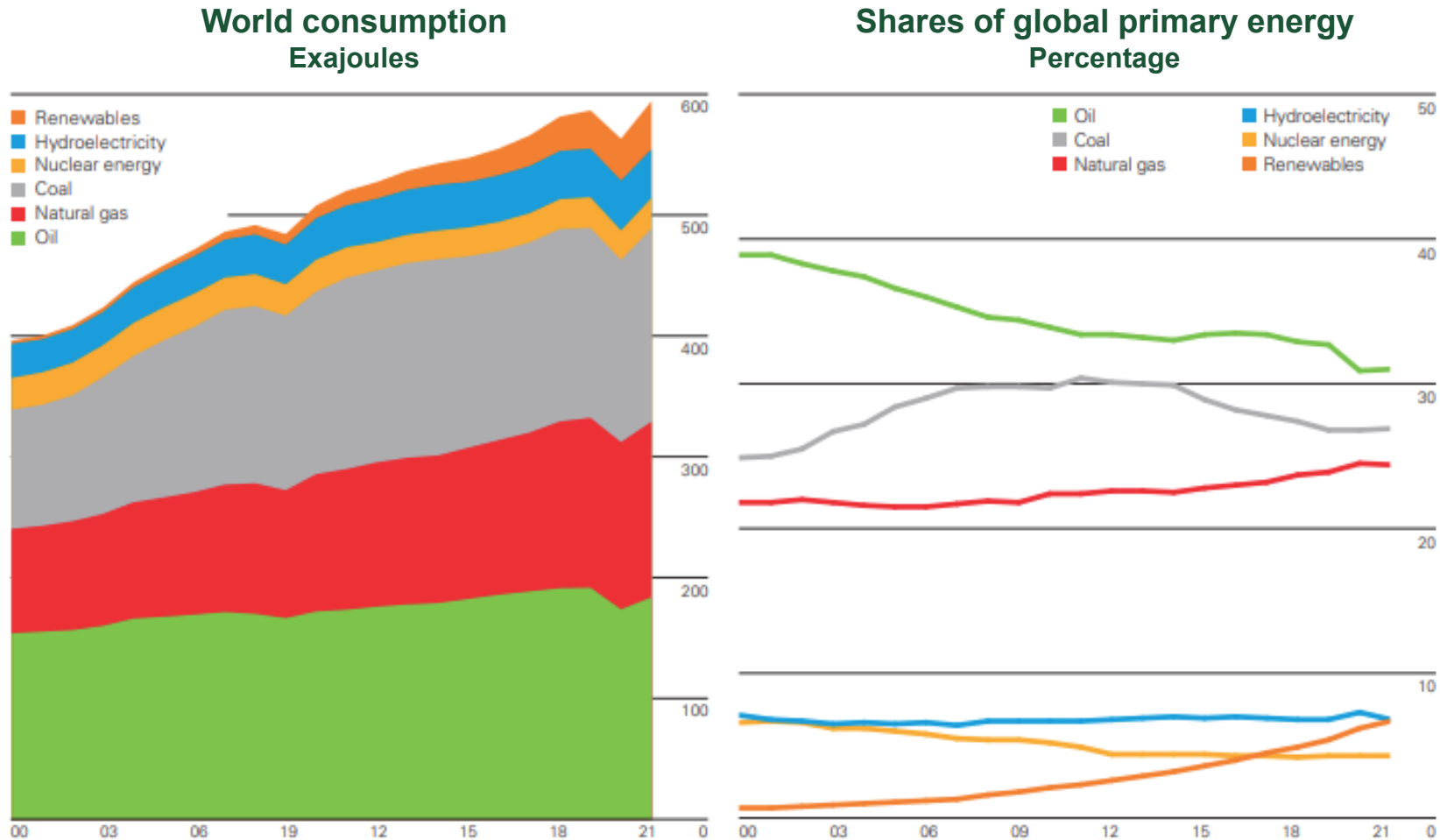


Note: Blue bars are years that the annual total return surpasses 40%

Source: Bloomberg Finance L.P., as of Jul 31, 2024.

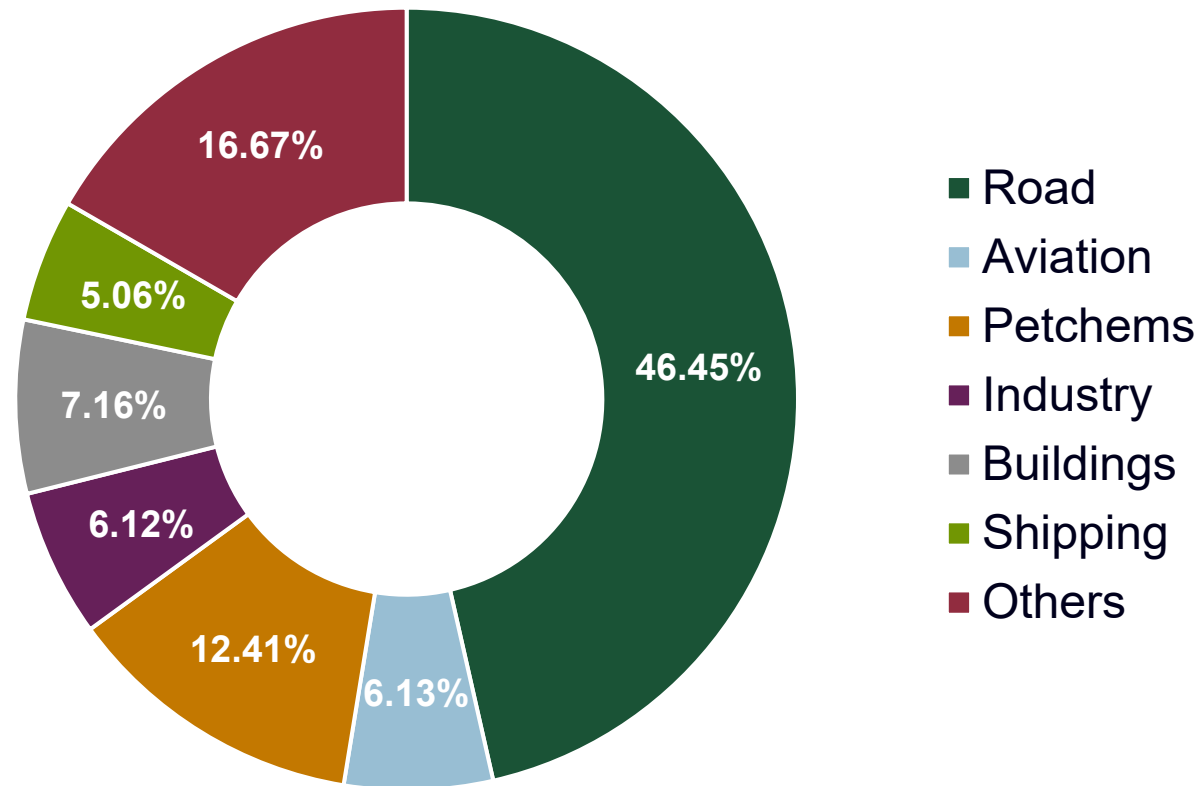
Oil Demand Has Not Peaked

Despite gains in renewable, we still consume a LOT of oil, coal and gas



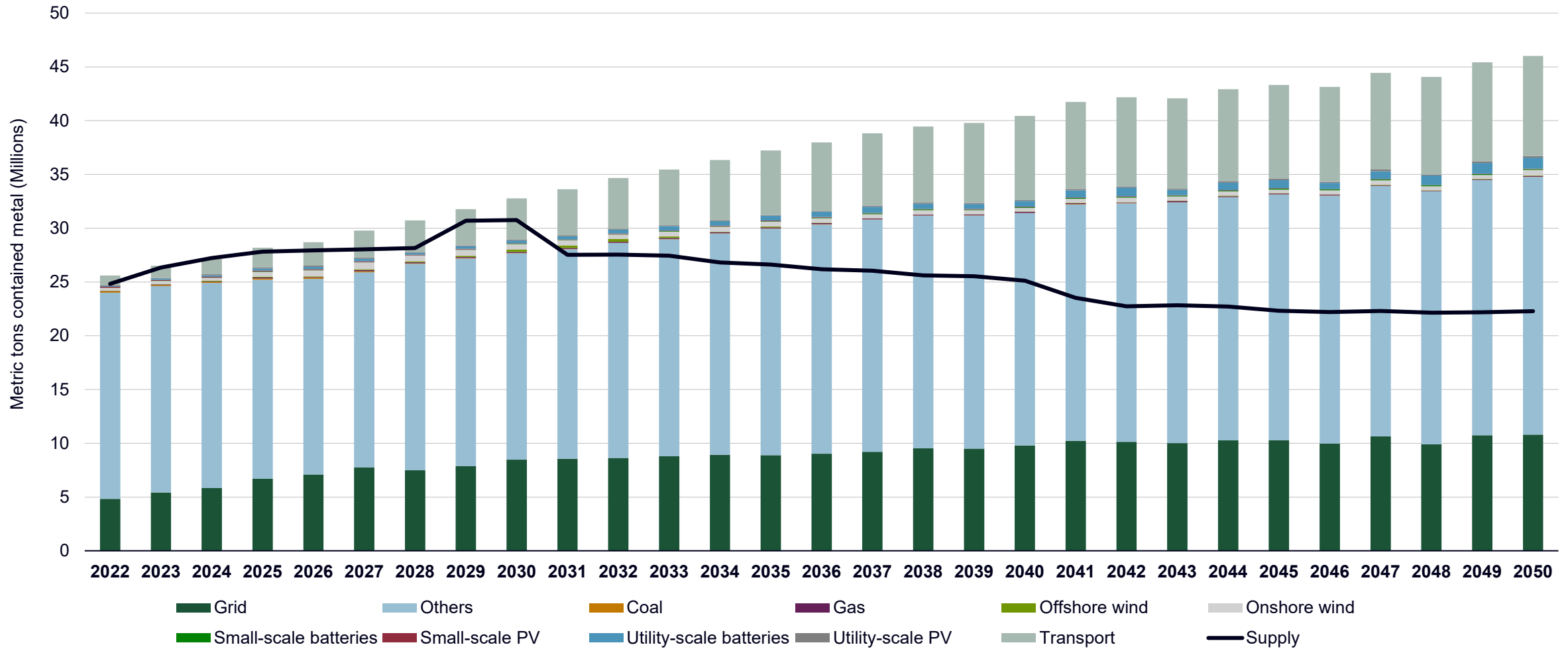
Source: BP Statistical Review of World Energy 2022.

Global Oil Demand by Sector



Source: Energy Aspects. Estimates as of Apr 14, 2022.

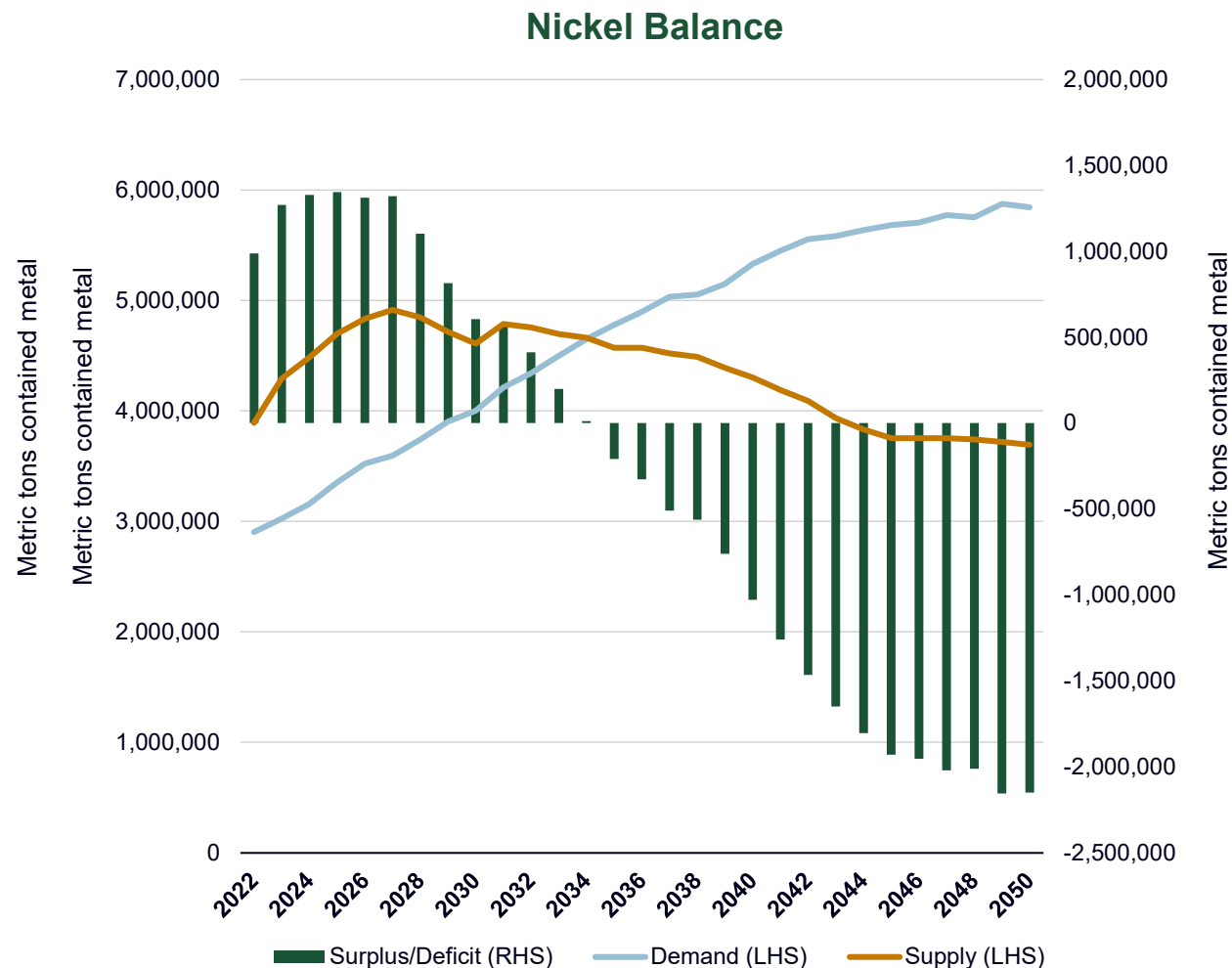
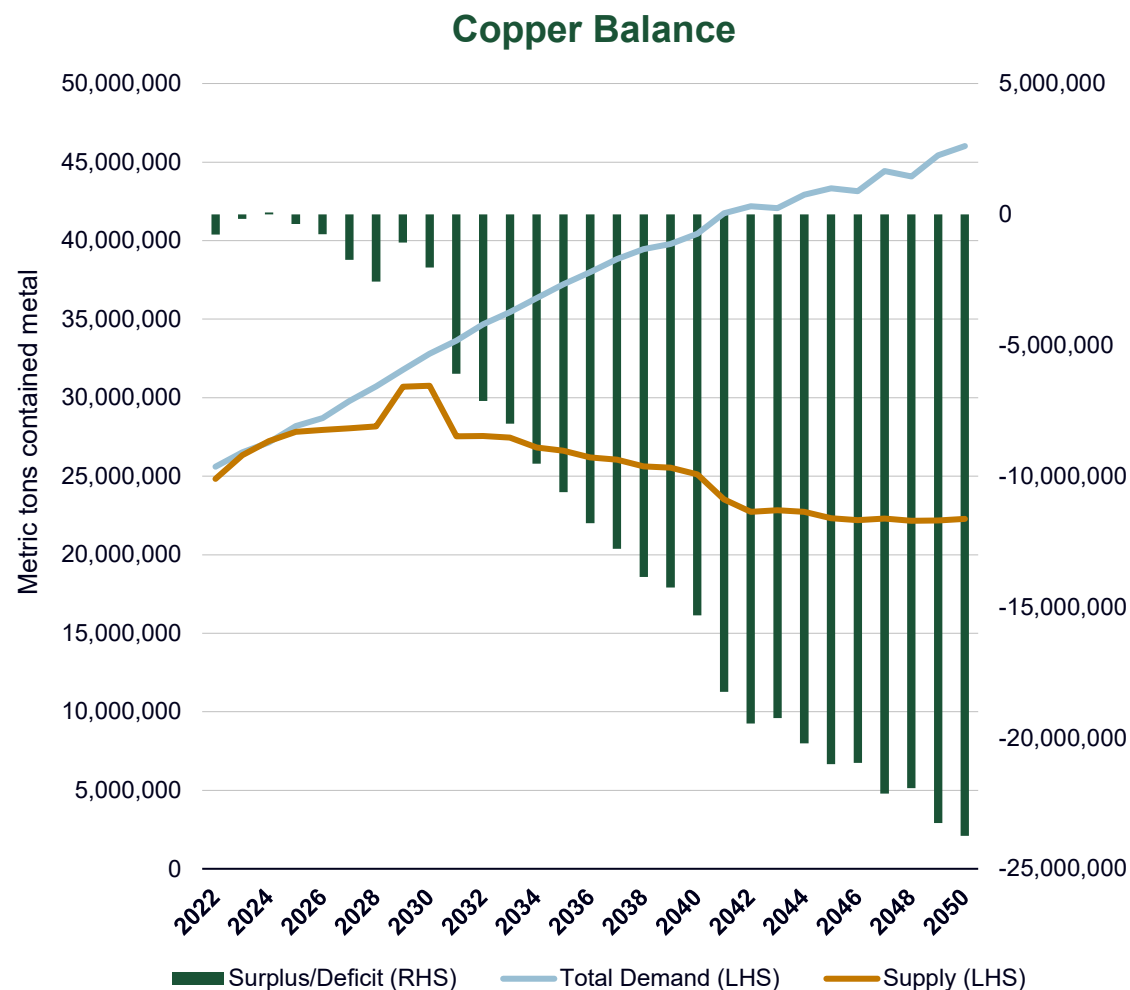
Copper Necessary for Energy Transition and ChatGPT



Source: Bloomberg Finance L.P. as of Jul 31, 2024.

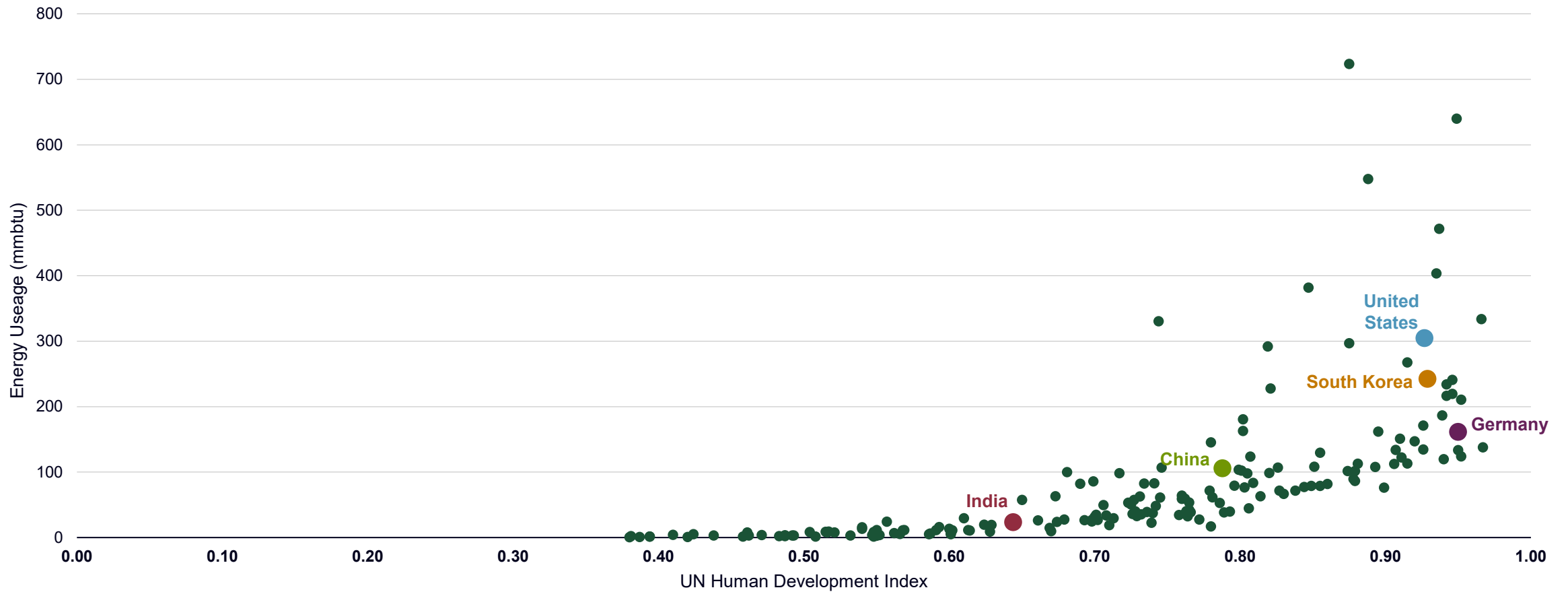


Projected Deficits on the Horizon



Source: Bloomberg Finance L.P., analyst estimates. As of Dec 31, 2023.

I Human Development Index vs Energy Consumption



Source: United Nations Development Programme, as of Dec 31, 2023.

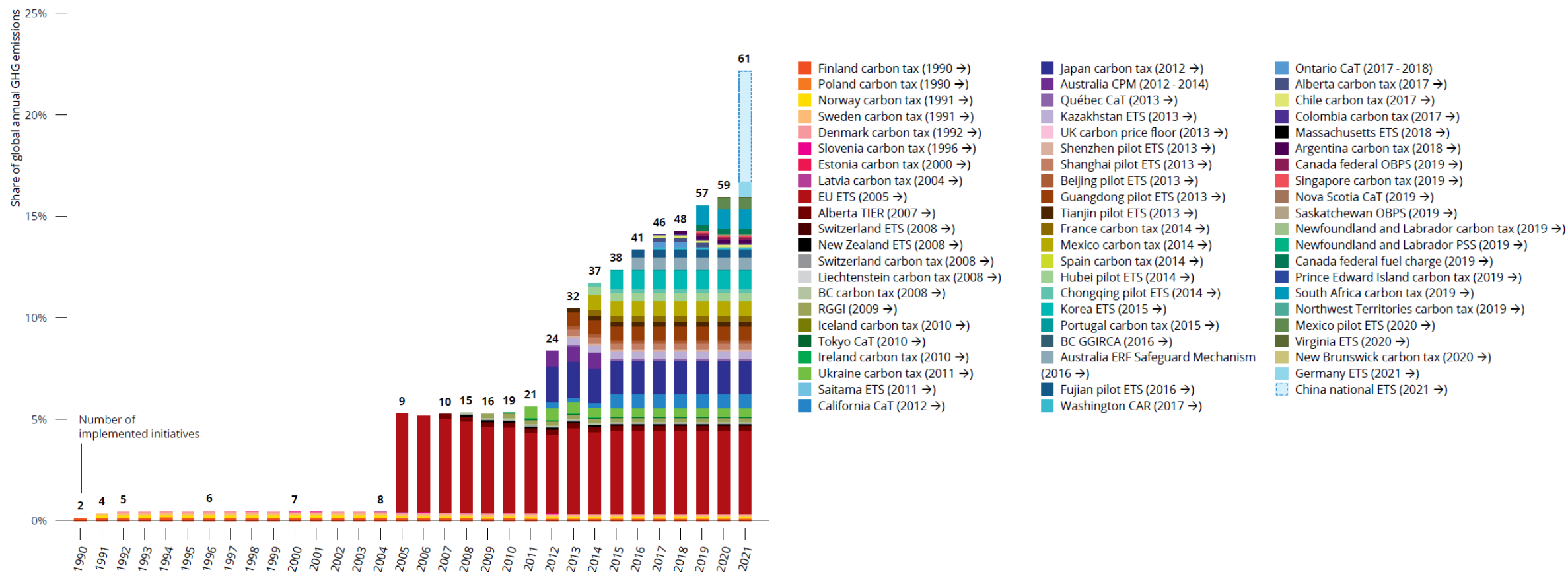
Thank You!

Questions?



Carbon Cost No Longer an Externality

Share of global emissions covered by carbon pricing initiatives (ETS and carbon tax)



Note: ETS = Emissions Trading System. Uses current and scheduled carbon initiatives

Source: World Bank. "State and Trends of Carbon Pricing 2020" (May), World Bank, Washington, DC. Doi: 10.1596/978-1-4648-1586-7. License: Creative Commons Attribution CC BY 3.0 IGO

I Disclosures



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