High Food Prices & Negative Interest Good for You

How to preserve food; how to start a fire; and how to identify the effects of cold temperatures & light frosts on different crops are basic skills that you must know to survive the effect of the Grand Solar Minimum.

Being informed is also a necessity. *DTN*, for instance has the full Farm Service Agency (FSA) Acreage report that allows us to see the least number of acres planted in the United States since 1938.

Brush up on how exactly cold temperatures -- from a light frost to a killing freeze -- affect immature corn and soybeans in the field. (DTN photo by Scott Kemper)

USDA's Farm Service Agency on Monday released its crop acreage numbers, which differ from the World Agricultural Supply and Demand Estimates. Farmers reported 19.3 million unplanted acres to FSA. (DTN graphic)

OMAHA (DTN) -- Farmers were unable to plant just under 19.3 million acres in crops this year, dominated by 11.2 million prevented planting acres for corn and 4.35 million acres for soybeans, according to a USDA Farm Service Agency acreage report released Monday.

The FSA report added further confusion to numbers released by the monthly World Agricultural Supply and Demand (WASDE) acreage estimates.

Running down the numbers on prevented planting, the 19.3 million acres is the most unplanted since USDA began reporting those figures in 2007. Last year, FSA reported just 1.8 million prevented planting acres. The top six states for prevented planting acres, all topping 1 million unplanted acres, accounted for 10.74 million unplanted acres, or about 56% of the total.

Those included:

Their recent market stabilizing report revealed that those who are claiming insurance on the books tallied up to this point is at 19.3 million acres. This is the most unplanted acreage that has ever been recorded, but they only started accounting in 2007. They do, however, have quite good records going back to 1938, and this bring us to the cusp of the lowest planting ever, since 1938.

So, you have to wonder, how do increasing food prices and decreasing crop yields put Hawaii in an extremely vulnerable position? That state imports 99% of everything they use every day, and oil prices are not the only thing going up, food prices are also increasing.

On top of that, the tourism sector is at a standstill, and as cited in this article, foreign visitors are facing an increase in the price of Hawaii vacation because of stronger dollar, so they are choosing to go elsewhere. The global economy is likewise showing signs of a market slowdown and as reiterated in the second paragraph, jobs in the accommodation & food service sector have been flat for the past two years, while jobs in the trade sector have fallen sharply.

This is an overall look at the tourism sector, and it can be observed that there has been a sharp pullback in international markets. 2017 and 2018 were positive, but when we swing over to 2019, it is negative.

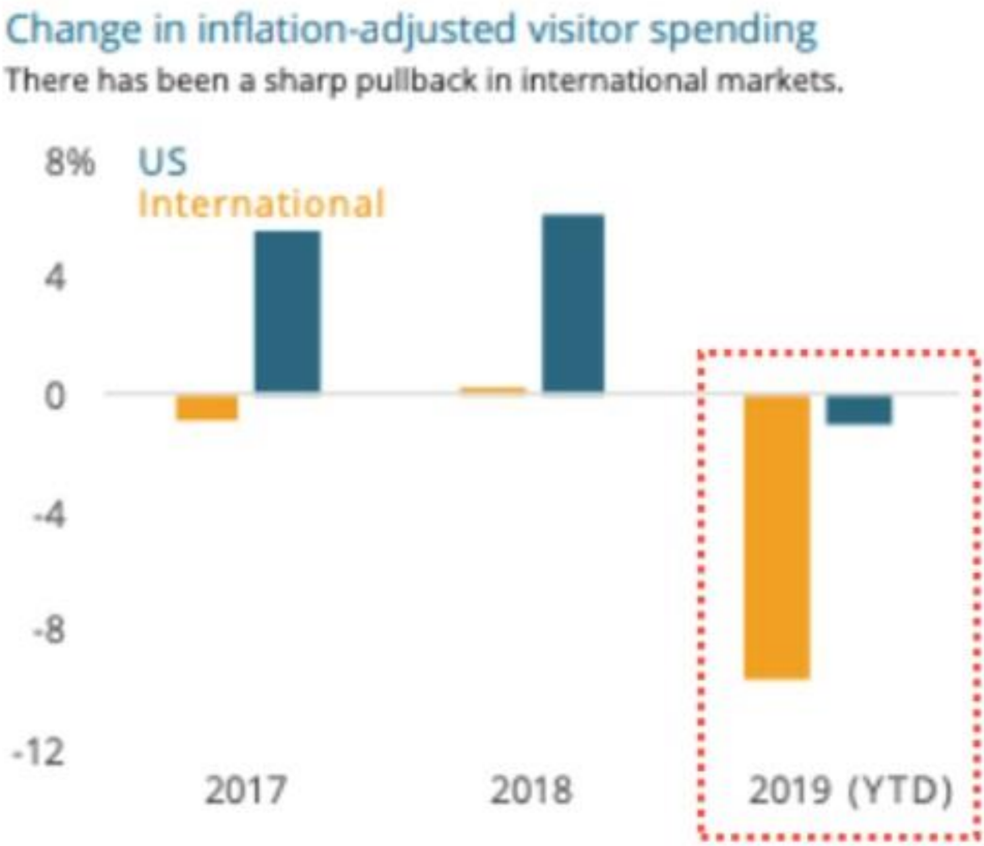
As we move to 2020 to 2021, this is where the contraction is really going to occur, your food prices are going to spike. This is not a good inverse relationship.

ZeroHedge 09/23/2019

Disaster Ahead? Hawaii's Economy Will Slow To "Near Standstill"

Most worrisome has been a sharp pullback in international markets, where the number of visitor days has declined across all major market segments. Because of a stronger dollar, foreign visitors are facing an increase in the price of Hawaii vacations, and the global economy has also slowed markedly.

Trump's rhetoric adds insult to injury. Those visitors who do come tend to spend fewer dollars. Inflation-adjusted international visitor spending is down more than 9% this year; only spending by US visitors remains on par with the same period in 2018. Not surprising, then, that jobs in the accommodation and food service sector have been flat for the past two years. Jobs in the trade sector have fallen sharply.



Most importantly, how is a higher oil price going to mix into everything? South Korean exports had already collapsed by 21%. Do you remember the last time it dropped like this back in 2009? This time, however, there is going to be no quantitative easing and bank bailouts. There would be no cavalry running in with helicopters carrying money to drop and save the economy. Markets have been filled with umpteen trillions of dollars since 2009 but look at where we are now, back to the same starting point again with all that money evaporated.

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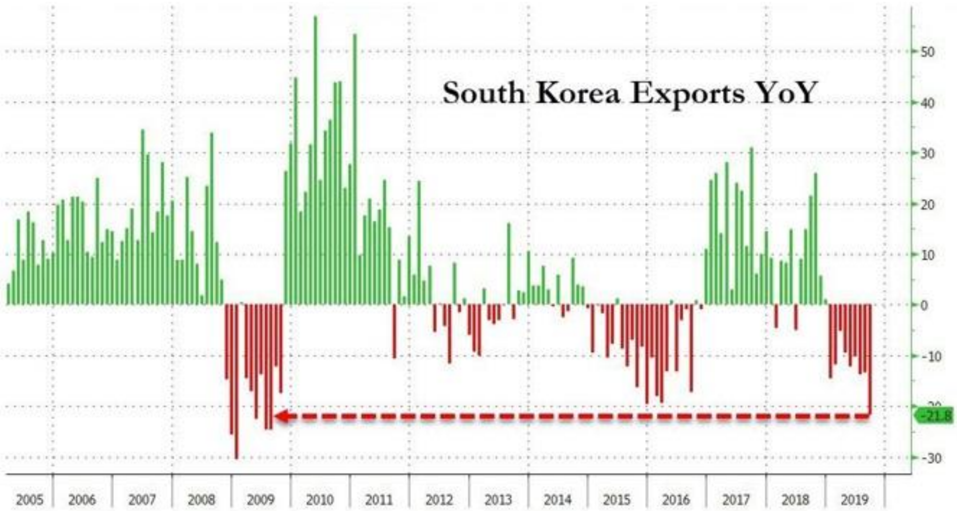
South Korean Exports Collapse 21% – Biggest Drop In A Decade



Now, how do South Korean exports collapsing 21% affect us? Japan is one of their biggest inbound and outbound markets, but looking at exports to Japan, it is at down 13%, imports from Japan are down 16%. If you look at other markets that are huge for South Korea, China sits at -30%, the US is also at -20%, and the E.U is down almost 13%.

ZeroHedge

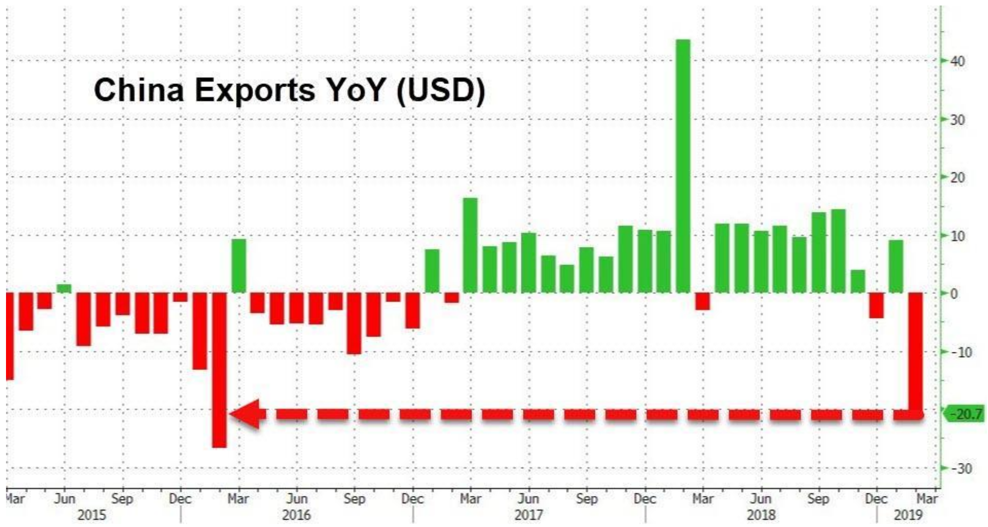
South Korean Exports Collapse 21% – Biggest Drop In A Decade

Exports (for the first 20 days of September):

- Exports to Japan -13.5%
- Imports from Japan -16.6%

- to China -29.8%;
- to U.S. -20.7%;
- to EU -12.9%;

China, as of this moment, is contracting. Particularly year on year exports are the lowest in several years; and they are trending toward 2009 era lows as well.



An article on *The Daily Independent* suggests we should love negative interest because it is there to help us. The article says that problems arise when rates have been cut to zero and the economy still isn't performing as expected. This is going to be the future, because global markets are already not performing as expected.

This is the theory about negative interest rates. “If banks cannot be bribed into putting that money out in the markets, maybe they can be coerced through penalty payments on reserves”, such as leaving your money in the bank, and in case it will actually cost you money to leave your money there.

THE DAILY Independent Sep 18, 2019

Should we love or hate 'negative' interest rates?

The problem arises when rates have been cut to zero and the economy still isn't performing as desired. The Fed funds rate can't be cut further to prod lenders to lend. Negative interest rates are one possible response. The Fed or other central banks would charge interest on the reserves that commercial banks leave at their central banks. For example: Denmark's central bank charges 0.65% on designated reserves.

The theory is simple. If banks can't be bribed to lend (through lower interest rates), maybe they can be coerced to lend through penalty payments on reserves. To escape the penalty fee, banks would lend out their reserves. This, it's argued, would affect other interest rates and stimulate the economy.

Central banks are forcing the local banks to push money out by negative interest. So where is the problem? I thought the economy was rosy, and we had the most bountiful yields ever? It seems that both of those things are untrue.

On *Zero Hedge,* negative interest rates are the price we pay for these de-civilizations, they are asking Under what scenario would anyone lend $1,000 and would be happy to receive $900 back? Would you want to do that?

ZeroHedge 09/23/2019

Negative Interest Rates Are The Price We Pay For De-Civilization

Under what scenario would anyone lend $1,000 to receive $900 in return at some point in the future? Only when the alternative is to receive $800 back instead, due to the predicted interventions of central banks and governments. Only then would locking in a set rate of capital loss make sense. By "capital loss" I mean just that; when there is no positive interest paid, the principal itself must be consumed. There is no "market" for negative rates. The future is uncertain, and there is always counterparty risk. The borrower might abscond, or default, or declare bankruptcy. Market conditions might change during the course of the loan, driving interest rates higher to the lender's detriment. Inflation could rise higher and faster than the agreed-upon nominal interest rate. The lender might even die prior to repayment.

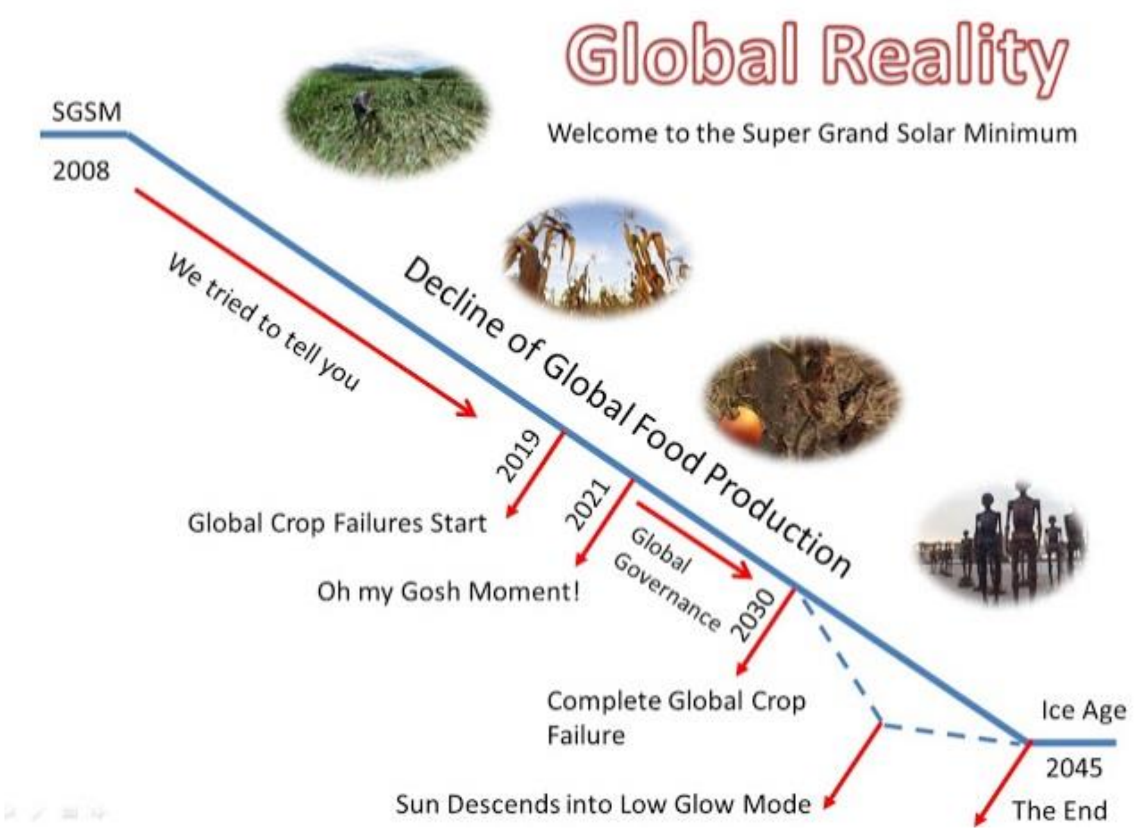
There is yet another point to note here. “Nobody would want to sell their capital by giving the buyer interest payments as well”. So, what is going to happen? There is going to be a constriction because in order to avoid the risk of lending, they are simply going to hold the assets, which means economic contraction.

ZeroHedge 09/23/2019

Negative Interest Rates Are The Price We Pay For De-Civilization

If in fact negative interest rates can occur naturally, without central bank or state interventions, then economics textbooks need to be revised on the quick. Every theory of interest contemplates positive interest paid on borrowed capital. Classical economists and their "Real" theory say interest represents a "return" on capital, not a penalty. Capital available for lending, like any other good, is subject to real forces of supply and demand. **But nobody would "sell" their capital by giving the buyer interest payments as well, they would simply hold onto it and avoid the risk of lending.**

As you know, the just-in-time food delivery system relies on credit and movement of money. If they are going to consider negative interests, there is going to be less money, which means less movement in the economy, which means higher prices. So, wherever you look, it is going to be higher prices and unavailability for your food in the very near future, plan wisely.



Myself and my co-author, Bill Porter talk about these types of scenarios in our book Climate Revolution where we revisit the last five Grand Solar Minima with discussions on how the economy contracted and where the opportunities were. Bring that to the modern age, we are at the biggest opportunities in human history, if you only know where to look.
[ADAPT 2030 Climate Revolution Book]

Thanks for reading, I hope you got something out of the article. If you like more content like this, I produce the tri-weekly Mini Ice Age Conversations podcast, 30 minutes of in-depth analysis on the GSM you can take on the go through out your day.

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