

Jim Rogers Interview: COVID-19 and Commodities

Executive Summary

Macro

- Central banks around the globe are printing money like never before creating more debt. In particular, if interest rates rise this may have negative 'unexpected consequences'
- Money printing will be supportive for asset prices and are likely to push stock prices higher post COVID-19
- Expects the worst bear market in his lifetime as people lose confidence in their governments and there are multiple business bankruptcies.
- Doesn't expect major shifts in global production i.e. de-globalisation, due to cost advantages that remain intact for China and other low-cost producing emerging markets

Currencies

- Positive view on the US dollar as investors are looking for safe haven assets in times of financial market turmoil. Even though the US has the highest debt levels of any time in history, there is no alternative safe haven currency
- Expects the US dollar to remain strong and continue to go higher relative to other currencies that may eventually lead to a 'Dollar Bubble'

Indexes

- Positive view on RICI agriculture due to underlying fundamentals (The RICI Agriculture index is below its level of 1998). Even though agriculture has been a disaster for 20 years, he is bullish.
- Positive view on RICI Commodity and Energy as known oil reserves are in decline and the current price of oil is putting pressure on high-cost frackers. This is coupled with increased demand for energy as the global economy recovers from COVID-19. The fracking industry will shrink significantly
- Positive on RICI Metals: expects gold and silver prices to go higher in the long term. A strong dollar historically puts pressure on gold and silver prices. Price drops in gold and silver can be seen as an opportunity to buy more. More bullish on silver than gold (silver down 80% from all-time high, gold is near all-time high)
- On the RICI Index composition and construction. Does not see the need for any fundamental changes to the index composition or construction. The index weights are based on commodities usage
- Enhanced diversification of the RICI has led to the index outperforming its closest competitor by 3 fold over 18 years.

Other Topics

- Doesn't see a future for cryptocurrencies, as we know them today, in the global economy as governments will introduce their own digital currencies and could make cryptos illegal
- Will take longer than expected for Electric Vehicles and clean tech to catch on as a lot of it is too expensive and dependant on subsidies to be affordable