MANWARD *letter*

Volume 6, January 2022

ANNUAL PREDICTION ISSUE

The Facts Are Clear... A Recession Is Near

All You Need to Know and Prepare for, Plus a Recession-Proof Play That's Set to Soar 1,400% or More

Dear Reader,

Here we are... our annual "big prediction" issue.

It's when I get to scratch my head, put all the clues together and see if I can't muster up more accuracy than that groundhog that'll get yanked out of his hole next month.

Predictions are easy to make. Anybody can do it. Getting them right, on the other hand, takes quite a bit of skill.

In the economic world, we have an advantage. Just like the weatherman, we money-minded folks can use what happened over there recently to predict what will happen around here today.

Last year, for example, my big prediction called for increased inflation and pressure for the Federal Reserve to raise rates... and I even threw in some prognostications about crypto.

By all accounts, I nailed it.

Getting It Right

Inflation is now the highest it's been in 40 years. The Federal Reserve is quickly changing course and looking to raise rates and quell its easing far sooner than it had first promised. And crypto? Well... it's had a record-breaking year.

But I do admit my predictions feel sort of obvious these days. Just about everybody is talking about inflation, interest rates and digital money. But they weren't a year ago.

Back then, you may recall, Biden wasn't in office. Trump was waving at protestors marching toward Capitol Hill. And Congress was fighting over a third stimulus package. The nation was in the midst of a nasty COVID winter. But, alas, the winds blew fierce over there... so they will soon blow fierce over here.

Economic logic told us that raging pent-up demand combined with nearly $5 trillion in freshly printed money would lead to "too much money chasing too few goods," the textbook definition of inflation. It wasn't a tough prediction to make. But still, it's critical that I made it.

That's why I'm nervously excited about this year's big prediction.

Andy Snyder is the founder of Manward Press, the nation's premier source of unfiltered, unorthodox views on money. An American author, investor and serial entrepreneur, Andy cut his teeth at an esteemed financial firm with nearly $100 billion in assets under management.

Known for his outspoken market commentary, Andy's been a keynote speaker and panelist at events all over the world, from four-star ballrooms to Senate hearing rooms.

Today, Andy's dissident thoughts on wealth and investing can be found exclusively in *Manward Financial Digest* as well as in the pages of *Manward Letter*. He also helms the award-winning investment advisory services *Alpha Money Flow* and *Venture Fortunes*.

Inside...

Putting the various clues together – a chart here, a data point there, a historical reference to give it all some context – it's quite obvious what will come in 2022.

The news, I'm afraid, isn't good. But there is hope. Lots of it.

A Beautiful Port in the Storm

Nobody faults the weatherman for predicting a Category 5 hurricane. No. They thank him for getting the call right. They heed his warning, board up their possessions and get out of town.

Well, dear reader, get out your hammer and nails. It'll soon be time to climb to higher ground.

All the details, including what we must do next, are laid out in this month's very special issue. It even includes, as usual, some world-class pondering from Joel Salatin. His pragmatic take on things could save us all. But before we get there, it's important we take stock of what we have.

If 2022 looks anything like 2021, we're in for a treat. After all, with the right strategy and logic behind us, we can sail right around any storm... no matter how severe.

Last year treated us nicely. We had several plays that doubled in value and many more that far exceeded the market's return, handing us strong double-digit gains. Better yet, we dipped our toes into the booming world of crypto and took advantage of some of the market's best opportunities thanks to the unique strategy behind our Modern Asset Portfolio.

Across Manward's various research services, we had tremendous gains with many opportunities to double or triple your money... plus a whole lot more. In fact, as we closed out the year, *Venture Fortunes* subscribers had a shot at option gains of more than 600%... in less than a month.

I predict even more market-beating gains in 2022. Volatility has treated us well.

Let's Do It Again

Better yet, my team and I are preparing for even more growth within Manward. In 2021, we successfully courted Alpesh Patel, one of the most celebrated minds in the global financial world. Proving why we worked so hard to land him, Alpesh finished the year by accepting the distinct honor of becoming an Officer of the Order of the British Empire – one of Britain's highest civilian awards.

The Crown gave him the award in recognition of his great economic work across the globe. Here at home, he launched his hit *GVI Investor* in November. Subscribers have loved his unique commentary and monthly videos. Our team looks forward to working even closer with Alpesh in the year ahead.

And if the year goes the way I predict... we'll be adding more superstar thinkers like Alpesh to our roster.

We have big plans.

Finally, this one is not a prediction. It's a fact. This is the first time I've publicly announced it, but Manward will host a one-of-a-kind event at Joel Salatin's famed Polyface Farms later this year. We'll gather as many folks as can fit and will celebrate, ponder and prepare for whatever lies ahead.

It's going to be a magical event... in a magical year.

If you're interested in attending, just shoot us an email at mailbag@manwardpress.com and we'll send you more details as we pull them together.

I have no doubt the next 12 months will be some of the most interesting in modern history. We'll see joy and we'll see pain. And as you'll read in the words that follow, the year won't finish the way it starts. Far from it.

Let's celebrate what we have... and do all that we can to keep it. Remember the past. Prepare for the future. And always love today.

Be well,

Andy

Big Prediction for 2022

A Recession Is Unavoidable

This is the sort of prediction I wish I didn't have to make. It's big. It's scary. And it will affect the lives of millions of Americans.

But here's the toughest part of it all.

It's no prediction. It's not as though I'm rubbing my temples or peering into some mystical crystal ball. This isn't a premonition or a feeling.

What's about to happen is foreshadowed by cold hard facts. It's going to hurt. And it's going to come in the second half of 2022.

The recession that's ahead won't be the result of a black swan event or some unforeseen bubble exploding.

That's what has me convinced this is less prediction and more certainty. The events that will lead up to this trouble have already happened. The mistakes have been made.

And the outcome is unavoidable.

All that's left for us is to do the math and look at the tally. And, again, that tally tells us there will be a tough economic recession in America during the second half of 2022.

Here's how I came to that conclusion...

The Hangover

The hard truth is that we were heading toward a "natural" recession even before the pandemic hit.

The annualized growth of real GDP (subtracting the role of inflation from the number) was 3.2% in the second quarter of 2019. It dipped to 2.8% in the third quarter. And it fell further to just 1.9% in the year's final three months.

The downturn was obvious. You'll recall that, in the months leading up to the pandemic, the Treasury market sent a strong warning signal. The yield curve was inverted. Short-term debt offered a stronger yield than long-term debt.

It was a surefire sign of troubling expectations trickling through the market. But even the most efficient and forward-looking market could not have predicted what was to come.

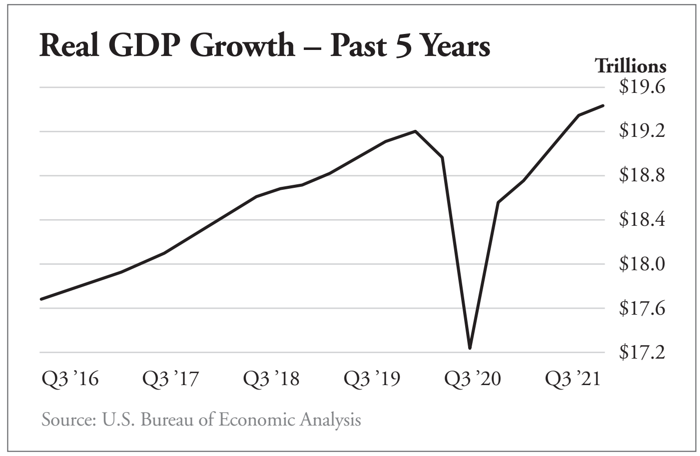
The COVID-19 crisis shut down America's largest cities. Millions of folks were unemployed, and millions more weren't allowed to go about their daily routines.

GDP fell by 5.1% in the first three months of 2020... and *plummeted another 31%* during the second quarter.

The folks predicting a recession were spot-on. But their reasoning was nowhere close to accurate. And here's the thing. All the forces that were dragging us down in 2019 are still in place. Worse, they've been magnified.

Papered Over

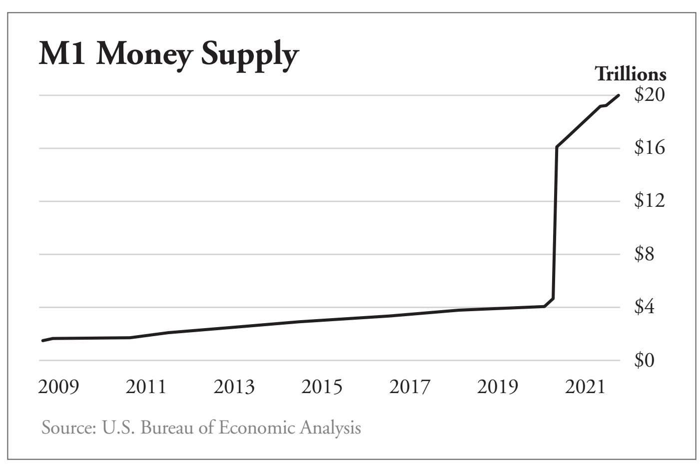
You know what happened during 2020's economic crash. Washington printed piles of money. It pushed so much money into the economy that GDP had no option but to rise. This chart tells the story...



It shows that the nation's GDP made up for everything it had lost by the second quarter of 2021 – within a year of the crisis starting. But had it?

Remember, the Federal Reserve has printed some $5 trillion in brand-new money. There was so much free money sloshing around that it would have been nearly impossible for the economy not to grow. But is it fair to draw a chart like this when so much of the money was handed out for free... and not earned by doing any real economic good?

Is it fair to say an economy with an M1 money supply – the measure of all the most liquid cash reserves – of $19 trillion (Q2 2021) is as healthy as one with just $4 trillion (Q3 2019)?



Common sense would tell us that it's highly unfair. It's like saying two cups are equal because they're both half full... even though one is nearly five times larger.

And look at those numbers again. Our M1 went from $4 trillion to $19 trillion in less than a year. In the same period, the Fed printed "just" $5 trillion. Where did the rest of the money come from?

This answer is pivotal.

False Start

It's important to understand that the M1 figure accounts for cash, checking accounts and other highly liquid deposits. So the fact that M1 soared last year is the result of not just several rounds of stimulus checks funded by the Fed's printers but also folks not spending their money.

It's kind of odd that the economy grew so much when nobody was spending, right?

For months, folks avoided restaurants, movie theaters, car lots, you name it. As they did, their savings accounts (and therefore M1) swelled. The same was true for corporate coffers. But there, the scale was magnified many times over. Companies didn't sit on thousands of dollars... they sat on billions.

And now, as the supply crunch that erupted this fall shows, everyone is spending that cash. And they're doing it in a hurry.

The personal savings rate ended 2019 at 7.3%... soared all the way to 33% in April 2020... and has since plunged all the way back to 7.3%. It means that critical M1 figure has likely reached its peak and will begin to fall.

Personal Savings Rate Comes Back Down to Earth

Source: U.S. Bureau of Economic Analysis

If you've studied economic icons like Milton Friedman, you know they believe that money supply is directly correlated with GDP and other key metrics.

But that relationship hasn't held true for the last few decades as heavy-handed government has papered over the market's free will.

But several signs tell us that the correlations are likely to come roaring back.

If inflation forces the Fed to finally tighten the supply of money – something that hasn't happened in earnest in nearly 15 years – then simple math tells us GDP has no choice but to follow.

It puts Fed Chair Jay Powell in a tough spot. But it's looking more and more likely that he won't have to lift a finger.

The consumer is doing the job for him. With the personal savings rate falling back to 2019 levels, money supply will take a turn for the worse.

After months of pent-up binge spending... the hangover is coming. All those suppliers who are rushing to keep up will soon enough wonder where everybody went.

The Empire Falls

But that's only one part of the story. There's more... much more.

There's a reason economic wonks fear inflation so much. Once it starts, it tends to become a self-fulfilling idea... one that can't be stopped until there's no more room to fall.

It's the kind of thing that ends empires. It happens when consumers change their spending habits due to expectations of rising prices. In other words, they buy today what they expect will be more expensive tomorrow.

I ran into this recently while working on a restoration project. A contractor was talking about rising prices and product shortages. It turns out most manufacturers announced that another round of significant price hikes would take place in early January.

The news sent builders and homeowners scrambling to buy.

They can save thousands of dollars by merely moving their purchases ahead a few weeks. It creates a slew of problems.

First, it tightens the supply bottleneck even further. Now even more products are trying to flow through the same tight spots. It makes demand exceed supply even more. That tends to raise prices even more.

It's what can lead to inflationary spirals. But even if we get lucky and prices don't spin higher and higher... the news is still not good.

It ties back to the spending hangover I just mentioned. If everybody is spending now to get in ahead of price hikes... who will spend tomorrow?

Combined with the shrinking supply of money, a waning savings rate and a nasty spending hangover, it's a recipe for trouble.

But wait... there's more.

Worker Woes

This is perhaps the most damning indicator.

Just as an inverted yield curve has accurately predicted nearly every modern recession (the curve, by the way, is flattening significantly as I write), this indicator also has a stellar track record.

Lots of folks have spent the past year celebrating the rapid rebound in the jobs market. The unemployment rate went from an incredible 15% at its 2020 worst to just 4.2% as I write.

The current rate is lower than the long-term average and, importantly, is at or below what many consider to be the "full" employment rate.

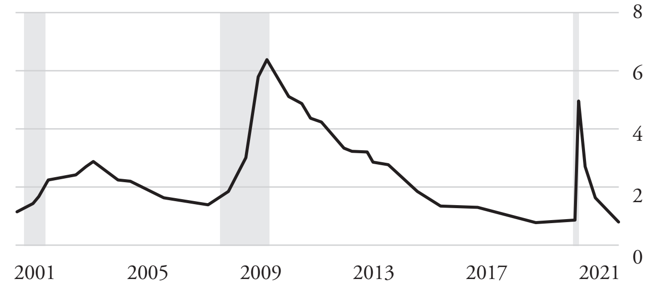
That's trouble.

You see, it's impossible to get to zero unemployment. There's always some "friction" in the market as folks move from one job to the next.

In fact, economists tend to get worried anytime we get below the full level of employment (as we are now). When the rate dips below its natural rate, it means workers are scarce and the economy is not running at its full potential.

This brings us to a rather complex idea known as the production possibility frontier. While the math is complex, the result is not. If a company – or, in this case, a country – is not able to utilize its resources adequately, it creates what we call a "recessionary gap."

Unemployed Workers per Job Opening
Gray bars indicate recessions



Source: Center on Budget and Policy Priorities

It leads to falling prices and a quickly dipping GDP.

Down We Go

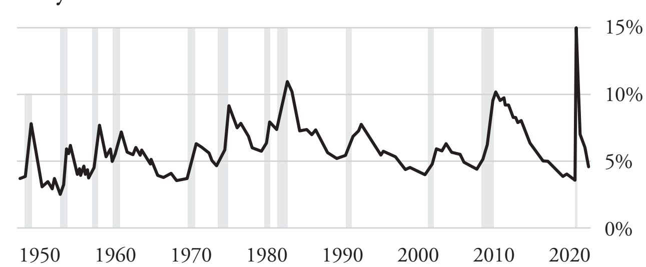
I'm afraid this gap is growing right now – especially as claims for unemployment benefits recently slipped to a 50-year low. But, at least for now, it's being papered over by the inflationary effects of the Fed's massive money printing.

Once the veil of that monetary easing is lifted, the gap will be revealed and trouble will brew.

There are just two things that can lift that veil – rising interest rates or fewer asset purchases by the Fed. Both, of course, are on the docket for 2022. This idea of full employment leading to a recession has great historical merit.

Since 1969, an unemployment rate trough has preceded every recession by an average of nine months. With job figures reaching well below historical averages in recent weeks, that puts us perfectly on track for a big slump in the second half of 2022.

A Low Unemployment Rate Is the Canary in the Coal Mine
Gray bars indicate recessions



Source: U.S. Bureau of Economic Analysis

When we add it all together, you see why I'm concerned.

The evidence is strong.

The American consumer has spent what he's saved. Credit card applications are now back to worrisome pre-pandemic highs. He's bought what he was going to buy. Even Apple is complaining that its phone sales are sliding.

And one of the most accurate recession indicators is flashing red... very red.

All it will take to get things started is a rise in interest rates and a bit of penny-pinching from the Fed. One of those things is already in the works.

A recession in late 2022 is coming. It's not a prediction. This road can lead in only one direction.

This is why we rely so heavily on our Modern Asset Portfolio theory. It will protect us.

Under it, we base our moves on what interest rates are doing.

Once they rise above our threshold, we know it's time to act and move our money accordingly.

We know it's coming. We've got time to prepare.

Our strategy will keep us going strong.

Read on for an ideal recession-era play to start the year.

Other Recession Indicators Flashing Red Right Now

- CEOs and insiders **sold more than $69 billion** worth of their shares in 2021 – a record high.
- The Mortgage Bankers Association predicts home prices will **fall by 2.5% in 2022**.
- Real bond **yields reached new lows** in November, a move that historically comes 12 months before a slowdown.
- Corporate profit margins **reached a 70-year high** and are likely to shrink.
- Retail sales per capita are **declining**.

The Only Recession-Proof Stock in the World With the Potential to Soar 1,400% or More

Here's how I recently described this month's stock recommendation to our team...

It's the *perfect* play for *right now*.

It's a power player in the crypto world. It doesn't lose if interest rates go down. And it even makes money when rates go up.

The bottom line is that if, as I mentioned early in these pages, inflation is what takes an empire down... this is what takes that empire's place. It's a fascinating business.

You'll recall a bit of a conundrum in the conclusion from this year's "big prediction."

I'm predicting a swift slowdown in the nation's economy during the second half of 2022. As the effects of monetary tightening, a slowdown in spending and the historically troubling effects of an employment peak show us their combined strength, trouble will ensue. But until we get there... it's more of the same. So things will be bullish until, surprise, things turn south in a hurry.

Again, it's a conundrum. But it doesn't have to be... not if we own shares of **Silvergate Capital** (SI). The 33-year-old bank just became a leader in the next HUGE chapter of financial and monetary history...

Nailed It!

Silvergate got its start as a traditional bank. It focused on industrial loans. Even today, it holds to many of those roots and conservative business ideas. But in 2013, its leadership saw an opportunity. It saw a huge, unbanked sector of the economy and moved toward it.

The company knew that if it could be a first mover, it could corner a huge section of the market.

Jumping into the crypto space a decade ago was a risky move... especially for a conservative company that had been profitable for more than 10 years straight. But the move paid off.

Silvergate now proudly boasts 20 straight years of profitability.

As a $5 billion bank, Silvergate still has many of its traditional lines. It offers loans for commercial and investment real estate, business checking accounts, and money transfer services – just about any sort of banking a company could need.

But it has recently cornered another part of the market... a part that is turning out to be extremely lucrative and *the perfect way* to make money in an economic environment like this one.

You see, Silvergate realized that much of the crypto space was off-limits to the nation's traditional banks. The big names of the industry wouldn't touch anybody dealing with crypto. They are infamous for suddenly shutting down the accounts of any commercial clients dealing in the stuff.

But the folks behind this bank believe innovation is the key to success. They created something entirely new... a bank for the crypto industry.

Free Money... All Day Long

It's really quite simple. It created a bank for crypto exchanges and other companies that hold large amounts of other people's digital assets. Through the Silvergate Exchange Network, clients (including Coinbase, Crypto.com, Kraken, Gemini and just about every other big-name exchange) can transfer and clear funds 24 hours a day, seven days a week.

It's the first bank in the world to do this.

Even if these crypto firms were allowed to work with the big-name banks, they'd never be able to clear a transaction at, say, midnight on a Saturday. They'd be stuck using the outdated and sluggish Fedwire system that traditional banks continue to torture themselves with.

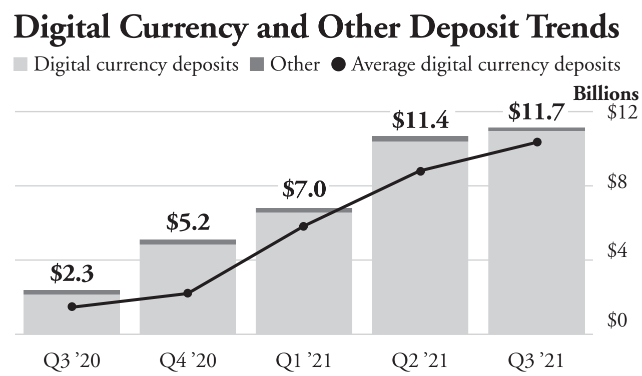
But here's where things get exciting... and lucrative.

Silvergate acts as a custodian.

In other words, it only provides the oak tree for these companies to bury their cash under. And because all of these deposits in various fiat and cryptocurrencies are in trading accounts, Silvergate doesn't pay interest on the deposits.

But that doesn't mean it can't earn interest on the money sitting in its accounts. In fact, it lends this money out much as a traditional bank does.

So you can see the opportunity here. As the crypto industry continues to expand, the bank's coffers will swell even further. And as rates rise, its net interest margin (essentially its profit margin) will rise in kind.



Source: Silvergate company reports

And here's the key piece of this puzzle. Silvergate customers can transfer their holdings only to other customers of the bank. This means that even when money is moving from one crypto exchange to another, it stays buried under Silvergate's oak tree.

Big Numbers

To be clear, this is the growth story of growth stories.

During 2021's third quarter (the last time numbers were reported), Silvergate's digital currency customer list grew to more than 1,300 names – up 35% from the total at the end of 2020. Better yet, it has another 200 or more firms in its pipeline, currently going through its onboarding process.

Revenue growth is equally impressive. The latest figures were up 125% year over year. Expenses, though, are starting to flatline – they climbed just 58% during the same period and, likely the start of a trend, moved a tiny 4% from the second to third quarter of 2021. It's proof that Silvergate's growth is beginning to snowball, where each unit of growth comes with a much smaller unit of cost.

That's critical. Study the history of such things and you'll see that's quite a catalyst for creating immense shareholder wealth. But here's where things get really interesting.

I haven't even mentioned the company's most potent growth catalyst yet.

It's Facebook and its recently announced crypto, Diem. Silvergate will be the exclusive issuer of the new stablecoin backed by a basket of currencies – the U.S. dollar, euro, yen, pound and Singapore dollar. The crypto bank will manage the entire Diem reserve.

If you're not familiar with it, Diem is run by an association of more than two dozen major companies, including Uber, Spotify, Shopify, Coinbase and, of course, Facebook.

In other words, if the project takes off, much of the money flowing through their networks will soon be flowing through Silvergate.

The potential is huge.

The Best Kind of Risk

There are risks. A new competitor could erupt onto the scene, forcing Silvergate to change its business model. The larger the bank gets and the more customers it locks in, the less likely this is. But if it is forced to pay interest on the money in its accounts, margins will shrink.

It won't happen anytime soon and will simply lower margins (not destroy them). But it's a risk. To me, the bigger risk is Silvergate getting bought out before it reaches its full potential.

Look at some companies with similar innovative business models. **Square** (SQ) now has a market value of $87 billion. **Coinbase** (COIN) is worth $75 billion. And **PayPal** (PYPL) is valued at $220 billion.

Again, Silvergate is a mere baby, worth just $5 billion today. A big-name bank could swoop in and pay double that (a huge and highly unusual premium to today's price) and still steal the company for just $10 billion.

It'd be highway robbery compared with the wealth Silvergate shareholders could be sitting on just a few years from now.

If this company merely gets to the size of Coinbase – just one of its quickly growing customers – **we could be sitting on a 1,400% gain**.

An early acquisition is a big and real risk... but it's the best kind of risk. We win either way.

With that in mind, I'll leave you with some bullish words from a fellow value investor turned crypto enthusiast, Bill Miller (who I once had a chance to work with).

"One of the things that's interesting about Bitcoin is that it gets less risky the higher it goes," he said. "That's the opposite of what happens with most stocks."

This one, of course, isn't most stocks. The higher crypto goes... the higher it will go.

This will be a fun one.

Action to Take: Buy shares of **Silvergate Capital** (NYSE: SI) at the market's price. We will use a 25% trailing stop on the play. This one fits nicely into both the Cryptocurrencies and Tech Disrupters portions of our Modern Asset Portfolio.

Manward contributor Joel Salatin calls himself a Christian libertarian environmentalist capitalist lunatic farmer. Others call him the most famous farmer in the world, the high priest of the pasture and the most eclectic thinker from Virginia since Thomas Jefferson. He's been featured in radio, TV and print – everything from Food, Inc. *and* The Omnivore's Dilemma *to* National Geographic *and* The Washington Post.

These Trends Will Define 2022

Here's How You Can Take Advantage of Them

Joel Salatin

The one thing I don't do is make prophecies.

However, I'm a big believer in the Chinese maxim "If we keep going the way we're going, we're going to end up where we're headed."

Trends can always be interrupted by black swan events, but trends are the best crystal ball we have.

As I look at trend lines for 2022, the one that seems the most obvious is inflation.

That the mainstream media claims most economists were blindsided by rising prices in late 2021 shows either profound ignorance or purposeful deception.

Anyone with a lick of sense understands that if I suddenly increase the supply of something without parallel demand, the value of that oversupplied good or service declines.

For some reason, though, many people thought that dumping dollars – trillions of them – into the system would not make them drop in value.

Folks, it doesn't work that way.

Those boatloads of dollars, without any increase in goods or services to require them, simply made them worth less. That's inflation.

All prices going up simultaneously is not a result of increased purchases. It's a response to dollars being worth less.

Inflation makes people spend rather than save. That may sound like music to retailers, but it's not a stable way to run an economy.

Savings allow people to invest and to enjoy long-term security in life. Worry and fear replace peace of mind when people don't trust the staying power of money's value. Furthermore, people begin looking for alternative means of commerce.

Just look at cryptocurrency. I don't own any and am a total novice about how it functions. Right now probably the biggest impediment for its more widespread use is the difficulty of getting in. I can't call Amazon and buy cryptocurrency.

But as crypto continues to permeate the economy, it will be less enigmatic, more ubiquitous and more transaction-friendly.

The amount of innovation in this space is truly remarkable and a trend that will continue.

Something for Something

Some of us are old enough to remember the inflationary days of the 1970s, when interest jumped to nearly 20% and farmers lost their businesses by the thousands.

Because our family, even then, was completely unorthodox, we got involved with barter fairs. They sprang up everywhere.

Just like pop-up farmers markets today, these fairs encouraged cashless commerce.

The whole trick was finding something you valued and matching it with something you were willing to exchange.

Finding a person willing to trade you their used car for a freezer full of beef is not that easy, but getting enough people together makes it possible.

With just about everyone online today, virtual barter fairs could broaden the reach substantially.

We need to be looking for the doctor who will trade medical services for half a beef and a Thanksgiving turkey, for example.

That's hard if you have to meet in the same room on the same day and shake hands... but if you can comb the universe for a willing partner, you just might find one.

So far, this idea has been developed using regular money, but it certainly wouldn't have to be.

With the level of cleverness in online trading platforms, surely multiple trades could be created.

Historically, any time money became untrustworthy, people responded with alternative means of commerce until stability could be reestablished.

The trend line of a debased currency points toward a revival of these innovative cash alternatives.

Sophisticated IOUs could certainly be a part of this.

Currently, community-supported agriculture – in which people invest in a share of a farm's output – creates a clunky IOU on the farmer to deliver the goods.

The holy grail in marketing right now is anything with a subscription, which is simply a long-term IOU.

A patron parts with money today for ongoing product or services into the future.

Right now our farm pays a web guru in cash. I think we'll look for one who likes good food.

Most Valuable

This brings me to another trend: food jitters.

On our farm, we've raised pastured turkeys for 30 years, but we've never seen anything like Thanksgiving 2021. Every artisanal producer ran out of turkeys well in advance of Thanksgiving.

With daily news articles predicting a turkey shortage and supermarkets covering up empty shelves with apology messages, folks flocked (pardon the pun) to local turkey producers like us.

We could have sold an additional thousand.

When you combine the barter trend with supply chain issues, you get one of the most secure bargaining items we have: food.

If you have food, you can get services. **Few items have as much intrinsic value as food.**

Cultural jitters always send people fleeing to resilience over efficiency. Recently, for the first time, I heard a customer use the term "food insurance."

Insure Some Peace of Mind

Normally insurance is used to protect you from the unexpected with your car, home, health and life.

To hear the term insurance applied to food is truly remarkable. But that's where things are going. It's not because we're running out of food. It's because the efficiencies of centralized and industrialized systems are breaking down in the face of COVID-19 regulations.

Business has been on a massive consolidation trajectory for some time. We'll continue to see more market opportunity for smaller outfits.

In November, I was shocked to learn that our farm's grass-finished sirloin steak was $9 a pound while at Costco regular industrial sirloin was $14 a pound.

That represents an inversion. Perhaps in the current climate, speedboats that can navigate the rocks in shallow water are far more efficient at delivering goods and services than aircraft carriers.

Contactless retail is reshaping commerce. Numerous farm-to-doorstep platforms enable small farmers to access the broad market. This chips away at supermarkets as well as farmers markets.

I can imagine creative farms offering a food insurance policy whereby customers prepay premiums to receive guaranteed food.

The trend to increase transparency in supply chains is real. Scarcity and supply jitters breed a need to find security.

Personal relationships, partial ownership, guaranteed service – all of these move forward in the face of supply fears.

Location, Location, Location

Another big trend I see is localization. For the past couple of decades, globalism reigned supreme. But now localism, regionalism and relationship offer a competitive advantage.

"America First" was not just a clever slogan. It spoke to the fragility that necessarily follows dependency.

Instead, what if we lived in a more regionally self-reliant way?

What if our food came from sources that didn't use chemicals? What if our clothing came from natural fibers spun and sewn in our own bioregions? What if we at least used much less energy?

Instead of air conditioning, we could build pergolas with grapevines and climbing vegetables to cool our houses. Solariums on the south side could grow winter vegetables, especially cold-hardy leafy greens, and provide passive solar heat in the winter.

Every trend that we've previously seen during crisis times will accelerate as we move toward economic, social and regulatory dysfunction.

People always respond to crisis with can-do innovation. Eventually frustration and anger give way to optimism as we create new pathways out of our malaise.

I'm not optimistic about the direction of our nation's culture, but I'm extremely optimistic about what individuals can do to shore up their own ship of state.

With solid friendships, local skills to draw on, direct food conduits and a dash of enthusiasm, we can face 2022 head-on. ■

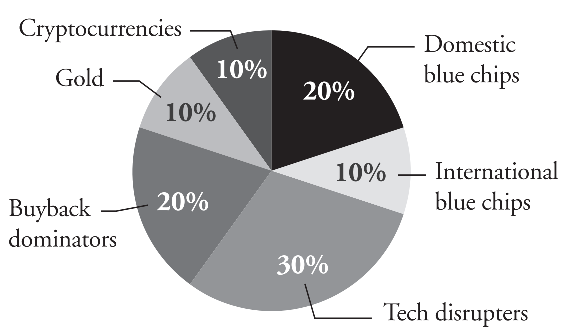
Modern Asset Portfolio

Negative Real Interest Rates

Company/Symbol	Rec. Date	Rec. Price	Curr. Price	Rating	Trailing Stop	Total Gains	Category
ABB (NYSE: ABB)	May-21	$32.42	$36.18	Buy	$28.49	11.60%	Buyback Dominators
CME Group (Nasdaq: CME)	Jun-20	$178.90	$227.55	Buy	$173.30	32.03%	Domestic Blue Chips
CSX Corp. (Nasdaq: CSX)	Mar-21	$30.60	$35.92	Buy	$27.82	18.30%	Buyback Dominators and Domestic Blue Chips
EastGroup Properties (NYSE: EGP)	Nov-21	$198.92	$215.74	Buy	$163.31	8.46%	Tech Disrupters
Fiserv (Nasdaq: FISV)	Sep-20	$99.85	$104.23	Buy	$94.91	4.39%	Tech Disrupters
Gartner (NYSE: IT)	Jun-21	$233.70	$313.99	Buy	$254.77	34.36%	Buyback Dominators and Domestic Blue Chips
Hercules Capital (NYSE: HTGC)	Sep-21	$16.61	$16.32	Buy	$13.25	0.66%	Domestic Blue Chips
KBR (NYSE: KBR)	Apr-20	$21.45	$45.00	Buy	$35.39	113.24%	Domestic Blue Chips
Kearny Financial (Nasdaq: KRNY)	Aug-21	$12.06	$12.65	Buy	$10.27	6.63%	Buyback Dominators
Liquidity Services (Nasdaq: LQDT)	Dec-21	$21.91	$20.83	Buy	$16.65	-4.93%	Tech Disrupters
Monero (XMR)	Oct-20	$95.52	$184.23	Buy	None	92.87%	Cryptos
Qiagen (NYSE: QGEN)	Apr-21	$49.78	$54.15	Buy	$42.62	8.78%	International Blue Chips
Sandstorm Gold (NYSE: SAND)	Oct-21	$5.47	$5.48	Buy	$5.27	0.18%	Gold
Silvergate Capital (NYSE: SI)	**Jan-22**	**New**	**New**	**Buy**	**25% TS**	**New**	**Cryptos and Tech Disrupters**
Physical Gold							Gold

MAP Allocation

Negative Real Interest Rates



Interest Rate Monitor

This Month	Last Month
-0.93%	**-1.10%**

10-Year Real Interest Rate

Last Update: 12/14/21. Gains include dividends.

Further Reading

"Not-So-Great Expectations for the Year Ahead?" Bloomberg: https://www.bloomberg.com/opinion/articles/2021-12-08/inflation-not-omicron-is-clouding-year-end-market-predictions-for-2022

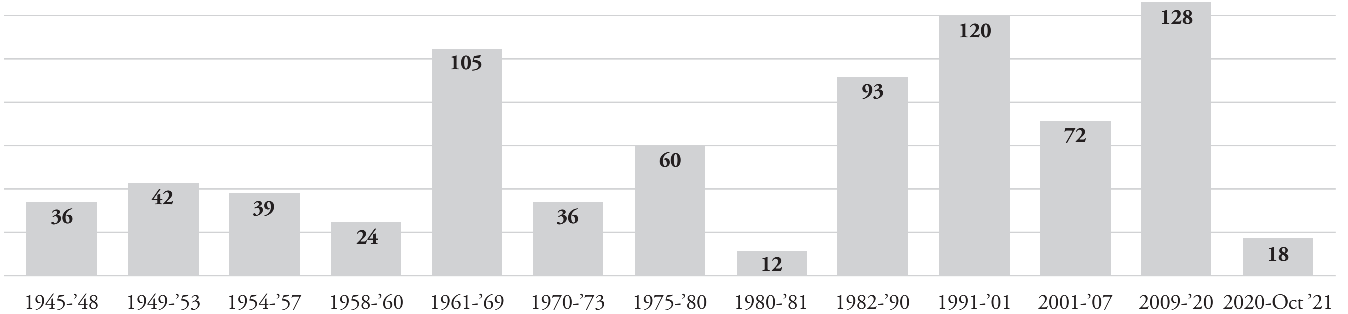
"Countdown to Recession: What an Inverted Yield Curve Means," Reuters: https://www.reuters.com/article/us-usa-economy-yieldcurve-explainer/countdown-to-recession-what-an-inverted-yield-curve-means-idUSKBN1ZR2EX

"Diem Partners With Silvergate Bank to Launch Stablecoin in the U.S.," Cointelegraph: https://cointelegraph.com/news/diem-parters-with-silvergate-bank-to-launch-stablecoin-in-the-us

Appendix

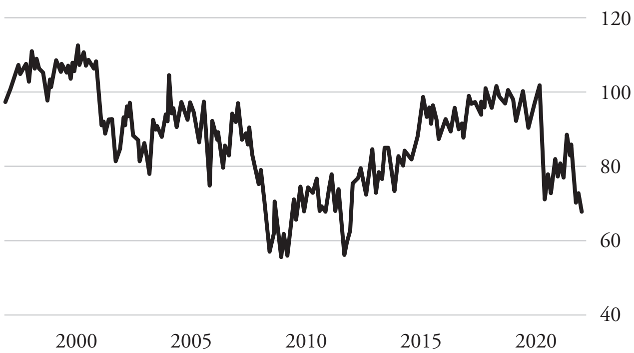
Longest Economic Expansion on Record Ended by COVID-19

Length of expansions in months



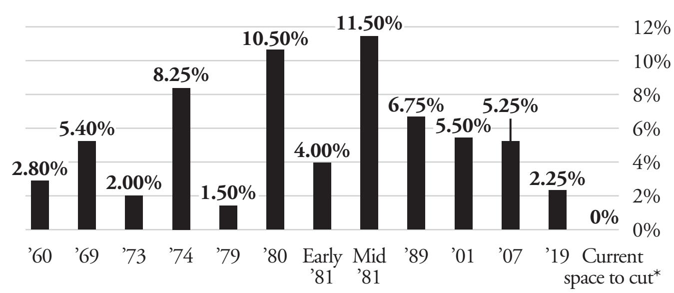
Source: National Bureau of Economic Research

Consumer Confidence Index



Source: University of Michigan

Federal Reserve Interest Rate Cuts in Prior Downturns



*Assumes minimum target range for the federal funds rate of 0% to 0.25%. Years denote start of easing cycles.

Source: Bloomberg Economics