# Louis-Vincent Gave: As Inlfationista As They Come

**February 18th, 2021**

***Erik:***

Joining me now is GavekalCapital co-founder Louie Vincent Gave. Louis, great to have you back on the show. I want to start with the big one. We've had so many of our top macro experts turned into secular inflationist recently. We're really hoping you're a holdout on the deflation camp.

***Louis-Vincent Gave:***

Yeah, sorry, Erik. No, I'm as big as an inflationista as you're going to have on this show, I'm afraid.

***Erik:***

Tell us more. Why is that how you see it? We've heard quite a few different takes on this.

***Louis-Vincent Gave:***

First of all, thanks a bunch for having me. Happy Shrove Tuesday. And, you know, it's great to be on the show. If I'm not mistaken. Last time you and I spoke was the day that energy prices were negative 40. As we speak today, it seems like you and I are destined to talk when there's massive dislocations in energy. Because as we speak today, obviously, you have four and a half million people in Texas that are cut off the grid. Reflecting perhaps under-investments or mal-investments in the energy space. So maybe I'll start off with that. I mean, you know, when you look at inflation, there's many paths you can go down.

But, you know, historically, it's hard to have inflation, without rising energy prices, right? Energy at the end of the day, so much of economic activity, so much of what we do just transformed energy one way or the other. And, you know, when you look at the energy balance today. What strikes me is we obviously have energy prices that are moving higher, and doing so in spite of the fact that most of the world economy is still on lockdown.

So the first questions I'd have is, you know, today, we have factories going idle for lack of semiconductors. We have houses four and a half million households being cut off power grids in Texas for lack of investments in power grid. And I think fundamentally, this reflects, it's the other side of the coin, of years I would say, of optimization of everything we've done. You know, we've lived in a world where you could measure everything. And with the ability to measure everything comes a temptation to optimize everything.

And you know, the past years have been years of just-in-time inventory and just-in-time production. I wrote a book about this back in 2005, called "Our Brave New World". And now I think we're seeing the consequences of this optimization in everything. Last year, we saw the consequence of optimizing our hospital capacity. So countries that had centralized healthcare systems, like France, and like Britain found that their hospitals were very quickly overwhelmed by a shot out of the blue. Countries like the US that were more decentralized actually tended to cope a little better.

And last year, we, you know, got to rule the consequences of years of, in essence, optimization of our healthcare systems. And this year, it seems we're living with the consequences of the optimization of our electricity grid system. All of a sudden, there's, you know, a freak storm and arctic blast, although these do not frequently happen, they do happen every 10 years or so. And lo and behold, lots of people are cut off electricity, and the price of electricity absolutely shoots up.

And that goes back again to the book I wrote, I don't want to like blog, my book overtly, but to the book I wrote in 2005, highlighting that, you know, in a world of perfect information. What you have is you have prices that structurally go down, and people don't make investments. And then all of a sudden, because of the lack of investments, prices don't go up 1%, 2%, they double, they triple, they quadruple. This is what we're seeing with electricity now. And again, you know, when you consider that so much of economic activity is transformed energy. You know, I think, yeah, we've set ourselves up now for some shortages and some very key inputs, semiconductors I already mentioned, energy is another one. And, yeah, this sets us up for higher prices going forward.

***Erik:***

Let's talk about the stock market in the context of this inflation. You know, here we are, the pandemic is not over yet. Yet, we do have the stock market at all time highs. Is it the shift to inflation that's driving that? Is it entirely about the Fed? I mean, what's the reason for the stock market being where it is considering what's going on in the world?

***Louis-Vincent Gave:***

Well, I would say, you know, the first possibility is, you know, it's TINA, what Margaret Thatcher called TINA right. There is no alternative. In a world in which the central banks are openly telling you look, I am looking to debase the currency, I will keep real interest rates negative for a very long time. At a time when you know, you look at OECD government bonds and already negative, you know, real rates are already at minus one and a half, minus 2%. Depending on where you pick it. You know, cash is not an option. It's being destroyed over time. Bonds are no longer an option.

So yeah, I think there is the element of there is no alternative. I guess the other alternative, of course, is commodities and commodities are by and large, they are moving higher. And that to me is another very important element in the investment environment is you pick any commodity today, and they're basically up double digit from where they were a year ago. And we're not having the Big Base Effect kick in yet. Because you know, the world really fell apart in March and April and May of last year.

So commodities are already up year-on-year, you know, again, double digits. Come April, May June, there'll be up just monster amounts year-on-year. So, you know, against this environment, do you want to own bonds? I don't think so. Do you want to own cash? I don't think so. So yeah, that that leaves you with equities.

***Erik:***

Let's talk about bond yields. Just a few years ago, if I had told you, US 10-Year 1.3%, most people would have laughed me out of the room saying that's a crazy low number, it could never go that low. Now everybody's panicking that 1.3% is a high number on the 10-Year Treasury. Where can it go from here? How much room do we have for the backup and yields to continue?

***Louis-Vincent Gave:***

Well, I think a lot of that will depend on Central Bank policy. Central Banks, at some point, you know, as bond yields inch higher, we'll have to make a choice of either, you know, fully embracing yield curve control, and in essence, crushing our currencies in the process, option one or letting the bond yields go back to more natural levels. But in so doing, you know, really putting pressure on the government to put things in context, you know, a 50 basis point increase in the cost of funding for the US government is equal to the cost, the annual cost of the US Navy. 30 basis point increase is equivalent to the cost of the US Marine Corps.

So, you know, just going from 50 basis points to 230, that 80 basis points is equal to the Marine Corps plus the Navy together, the annual budget. So, I wish I had the answer, of course, and I'm not trying to duck away. But the simple reality is, it will depend what Central Banks decide, do they do yield curve control and crush their currencies or not. I believe, but you know, I could be wrong. I believe they will do yield curve control, and I believe they will crush their currency.

I've been a US dollar bear, as you know, if you remember the event you hosted in Vancouver, where I believe Juliet and I were the only two US dollar bear on your panel. I basically been a US dollar bear, partly because at that time, I thought there's no way the Fed can hike again. And even though the market was anticipating, I think another two or three hikes. Yeah, I think it's, that's pretty much done. But staying on the bones, I want to make another point, if I may, at the risk of being long winded.

You know, the way I look at assets, is that I think there's a lifecycle for assets, which can be short, it can be long. But in essence, you know, I've seen this in my career, you know, with Asia. I've seen this in my career with tech, I've seen this in my career with energy. And I think we're about to start a new cycle with bonds, where, in essence, you know, an asset starts being contrarian.

Let's say, you know, Asia in the early 90s, then, you know, some investors start to see, well, actually, this asset is delivering pretty good income. So it moves from being a contrarian asset to an income producing asset. And then as it continues delivering income regularly, people start to say. Well, this is actually pretty defensive, this is good. And then after that, it can perhaps evolve and becoming a growth asset. And here you have two kinds of growth assets. Growth assets that are sensitive to changes in prices, and i.e. inflation and growth assets that are sensitive to changes in growth, i.e. they're volume plays. And then if you're very lucky, you get re-rated from a growth asset to I would say, the Nirvana of the asset world, which is you're perceived as being anti-fragile. And when you're perceived as being anti-fragile, as basically being the thing you can add in your portfolio that will do well when everything does badly.

When you're perceived as anti-fragile. This is as good as it gets. Then everybody wants to own you. And of course, this is you know, US Treasuries are today the ultimate anti-fragile asset. They're the asset that everybody owns in case there's trouble. They weren't always! In the 1960s and 1970s. US Treasuries were not perceived as being anti-fragile. And the big challenge, of course, when you're looking at this lifecycle of assets, is if an asset that used to be perceived as anti-fragile is no longer perceived as anti-fragile.

That's a fall from heaven down to hell. And I'm sure you're familiar with Arthur Miller's quotes in the crucible of before Lucifer fell, God thought him beautiful in heaven. He was the most beautiful of angels until he fell. And so today I think the big danger is on bonds. They are perceived by the wide majority of investors as being an anti-fragile asset when the entire macro setup is set against them. And if ever, the market wakes up to the fact that these assets are not anti-fragile. Then it'll be just like Lucifer falling from heaven.

***Erik:***

But Louis we've already seen some examples recently of both stocks and bonds moving down in price at the same time, which of course undermines the whole theory of the 60/40 portfolio where the bonds are supposed to hedge volatility of the stock market. With that in mind, how should we be thinking about portfolio construction? Because it seems like 60/40 is kind of not working anymore.

***Louis-Vincent Gave:***

I think that's right. I think, you know, if you look at, you know, basically when the world shut down for COVID, in the second half of March last year, equities obviously tanked, which makes sense. But bonds also tanked. And that was new.

That was the first time in my career that I saw equity fall 20% and Bonds actually increased the volatility of your portfolio rather than reduce it. And again, in September, October of last year, you had equities, you know, they went down a little bit, they went down 5%-6%. And bonds over the same period went down 1% or 2%. So yeah, no, I do believe that bonds are no longer there. And part of the reasons bond can no longer do their job is frankly speaking, you know, when you have a bond that yields one and a half percent real, and a bond that yields minus one and a half percent real, it's it's not the same thing.

And I think you and I have discussed this before, but I own a professional rugby team in France, called "Biarritz Olympique". And, you know, around this time of year, you put your team together. Now in a rugby team, everybody's got a specific job, right? You need people of different shapes and sizes. So your props are, you know, short and stout. And they always ready for a fight. Your second rows are tall and lanky, your wingers are short and fast and so on. Well, for me, the bonds are like the props, you know, they were basically the bedrock on which you build your portfolio, just like a prop is the bedrock on which you build your Scrum. Now you expect your prop to weigh somewhere between 120 and 135 kilos.

The bond for me is the prop. They used to weigh 120 kilos, went on holiday, and came back for the start of the season, weighing 75 kilos with a flat stomach or to put it in American terms, tt's the offensive lineman who used to weigh 300 pounds and comes back weighing 180 pounds.

Now the reality is, who needs 180 pound offensive lineman or a 75 kilos prop. That's what bonds are today when the yield is minus one and a half percent. So yeah, what can you do about the fact that you now have. you don't have 120 kilo props anymore. Well, I would say that the first reality of this is, if you no longer have an anti-fragile assets to reduce the volatility of your portfolio, you probably need to diversify more than you did in the past. And to avoid concentration. That's the first point.

The second point, I would say, is to deploy capital in the places where the currencies are not being debased. And you and I have also talked about this over the years, you know, if anything, you know, the COVID crisis was an acceleration of trends that were already going on, right. The tensions between China and the US being one of them, the debasement of Western currencies being another. And the third being the internationalization of the Renminbi, and the attempt of Asia to in essence, de-dollarize their trade. Now, one of the very interesting development of COVID for me is that while we've seen unprecedented expansionary fiscal and monetary policies in the Western world.

In Asia, we really haven't seen this. And as a result, you are seeing very, you know, solid strength in a lot of Asian currencies. So clearly, this is now where you want to own your bonds. The new anti-fragile asset is no longer the US Treasury, it may very well be the Chinese government bond or the Korean government bond, or the Singaporean government bond and so forth. So today, you have to in essence, you know, with the central bank actively debasing the US dollar, the Euro, etc. You have no choice but to deploy capital to places where the currencies are not being debased. This is where you'll find your anti-fragile assets.

And I would say the third point, is, you know, going back to this idea of the rugby team, when you look at the portfolio, when you build your rugby team, everybody has a specific job, just like a football team. You know, you don't expect your quarterback in your football team to do a lot of tackles. You don't expect your running back to do a lot of blocks and so forth. Everybody's got their jobs.

Well, the same is true in a portfolio. When you build your portfolio, you should have different pockets, you should have a contrarian pocket, an income producing pocket, a defensive pocket, a growth pocket and an anti-fragile pocket. And you should be very cognizant of the assets that you put in there. You know, what job do you expect them to do and you judge them on that job. So if we're in a roaring bull market, then you accept the fact that your defensive pocket isn't going to do that great, and so on and so forth.

Today, what's pretty obvious to me when you look at that growth pocket, which is of course the exciting pocket is that the growth pocket is starting to shift from growth from volume i.e. technology, healthcare and so forth towards growth from prices, i.e. energy, material, industrials. And that's a shift that makes sense to me, given the global economic rebounds and the rising threats of inflation.

***Erik:***

Louis, with the inflation outlook that we've discussed, a lot of people would say, hey, the favorite inflation hedge is gold, but Gold's been really pretty darn weak lately. Is that because real rates are rising with the backup and Treasury yields? And is that likely to continue and provide more headwinds for gold?

***Louis-Vincent Gave:***

Oh, look, I think it goes back to the idea of knowing what everything you have in your portfolio and what you have them for. If you have gold, why do you have it? You know, getting back to this idea that, you know, assets can be contrarian, income, defensive growth, or anti-fragile. Now, arguably Gold, you could say is an anti-fragile asset. It does well in times of complete dislocations.

Having said that, Gold is also for me, it's a bit of a Mercurial player. If you're, you know, putting your team together. Gold, to me is the superstar, who you never know who's gonna show up. Sometimes, it has a great game, sometimes it has a horrible game. And, you know, sometimes it saves your bacon when things are terrible. And other times, it just doesn't do anything for you.

You know that talking in rugby terms for your listeners who know rugby, France used to have a fly half called Frédéric Michalak. He was a genius player, but he could be capable of being the worst or the best. Scotland today, as a player a bit like that with Finn Russell. You never quite know what's going to happen. And so what we would do with Michalak is usually they'd keep him on the bench until a game was lost. And then you'd put him on and say, well maybe he can work his magic.

And for me that's what Gold is. You have it in your portfolio because every now and then, and it's very hard to know, when. It's just gonna shine, no pun intended. It's just gonna, just absolutely do terrific. And you just don't know when. But you do know, however, that it always does badly. When either real rates are going up, or the US dollar is going up. Now, I take your point that yields have been coming back, but I don't think real rates are going up. Because nominal rates are going up, not as fast as inflation is going to come up. So I still think real rates are actually going to go down.

So to me Gold, having some gold makes sense. And you know that when it pops, it's just gonna, who knows when it does, but it's just, you know, it's going to be pretty quick. And over two or three months, it's going to rally like crazy. And then it's going to consolidate, which is what it always does. So it's a Mercurial player that you have in your portfolio. And going back to this idea, you have to know what you have everything for.

Today, you know, for the past months, you know, November, December, January, February have been pretty good for global equity markets. It's been an environment of, you know, this isn't the kind of environment where gold thrives. You know, why have Gold when everything's ripping higher? I'm better off owning copper or energy. But if something goes bad, that's when you want to own Gold.

***Erik:***

Let's come back to copper and energy. Why don't we start with energy, as you said, we were speaking on the day that it was minus $40 a barrel for WTI crude oil. Now we're back to the point at over $60. Where we're back above the level before the pandemic hit. Now, since that's happened already, while the pandemic is not over yet, does that mean when the pandemic really truly is over, that we're going north of 100? Or is it just mean that the market has already priced in the recovery and that we've pretty much seen most of the rally?

***Louis-Vincent Gave:***

Look, I'm a bull on energy. I think it's basically the one sector in our system that has been deprived of capital for the past five years or so. For two reasons. One of them is ESG and the fact that, you know, we are trying to transition our economies away from carbon. And the other is that energy was a horrible steward of capital for a period of about a decade. You know, the US shale oil miracle was a miracle that was first and foremost, fueled by capital destruction. You know, more than $300 billion was lost in the US, increasing its oil production by about 5 million barrels per day. And this is now over. The ability of the US to basically transform capital into energy is now gone.

You know, US oil production is down more than 2 million barrels from its high. And I don't see that turning around, frankly, anytime soon. Given the amounts that are being invested. You look at you know, the big us oil companies, Chevron, Exxon. Their capital spending budgets are today half of what they were in 2014. So no, I think we you know, the big question going back to your first point is we now have a world where all prices are going up. So that's the first variable. Does that mean that production is going to turn around from its recent fall? And well, it probably takes 6 to 12 months to get production to turn around. Right? It's not like you just turn on the tap and on it comes back.

So production doesn't come back that quickly. The big question is, which comes back first? production or demand through reopening. Now I tend to be, I'm an ever optimist. I look at, you know, the collapse in hospitalizations in most western countries. I look at you know, the fact that winter is soon going to be over. I look at the fact that deaths and cases seem to be rolling over everywhere. And if by the summer we're reopened, which I believe is, you know, it's at least a 50/50 shot, that by this summer were reopened. What I know is by the summer, we won't have increased oil production. So if this summer were reopened, then what seems likely to me is at that point, then all prices will have moved higher.

***Erik:***

Let's talk about copper because on one hand, ya boy, I think this is one of the biggest copper rallies in recorded history feels like. You know, it's gone up so far, so fast, surely it must be over, it must be time for it to go down. But then I think about boy, look at the political changes, look at the focus on the environment and electric vehicles and the need to build out the electric distribution grid to support those vehicles. It all spells more copper demand. So, could this be just the beginning of a major, major move up and copper?

***Louis-Vincent Gave:***

Very potentially, in Energy arguably, you could say, well, you know, if we throw money at it, if the price gets high enough, we have lots of supply coming in. In Copper, the equations tougher. It's, you know, where does all the supply come from? You know, there's been tons of money being spent on exploration for copper over the past 15 years. And it's not like we've had massive fines. It's not like we've had the equivalent of the US shale oil miracle, or the Petrobras offshore finds in copper, right? The supply just isn't there.

Now, you could say there could easily be of course, some substitution, you know, if copper prices get high enough. You know, we start substituting it for various polymers or, or whatever else. But yes, to your point, you know, for the whole debate on Oh we need to electrify our cars and you know, I think your average electric car has three times more copper than your petrol car, your combustion engine car. There isn't enough copper to move to a world where all the cars are electric. Not unless we change the way we do the electric cars.

So yeah, there's a bottleneck there that will have to be resolved by either changing the way we produce electric cars, or resolved by big new copper finds. But we're struggling to find the copper. So yeah, you add it all up. It's like, okay, well, at the very least you don't want to be short. That's for sure.

***Erik:***

Louis. Let's talk about Hong Kong. And recently I interviewed Kyle Bass on the program. He told us he thinks that Singapore is the heir apparent in the sense that Hong Kong is unfortunately it seems losing its independence to China. He thinks as a result, where Hong Kong has historically been the gateway city between Asia and Western finance. Kyle thinks that Singapore is the heir apparent that's going to take that title. Do you agree or disagree? And why?

***Louis-Vincent Gave:***

Well, the first point I'd make is 60% of the world population lives in Asia. And it's the fastest obviously growing part. Can Asia have two financial centers? You know, yes, is the obvious answer. I don't see why we have to have an either or proposition here. What's been very obvious is yes, China has taken over Hong Kong to make Hong Kong, the financial hub that China needs to basically internationalize the Renminbi, to become the global power that it wants to be. That, you know, you and I have discussed many times over the years. And that's already, you know, a very big ask for Hong Kong, a very big task ahead with lots of potential growth from Hong Kong.

Now, Hong Kong obviously has been in a political crisis for the past couple years. But this political crisis has absolutely not affected Hong Kong's role as a financial center, you know, to Kyle's point, you know, what is the biggest market cap in Singapore today? You know, what is the biggest company listed on the Singapore Stock Exchange? It's DBS bank, right? DBS bank doesn't even qualify in the top 50 companies in the world by market cap. If you look at today, Singapore, and you're a big, big capital allocator. You know what other companies... Let me ask you a question. Name me, you know, five major companies listed in Singapore, you'll probably struggle. Where are Alibaba? Hong Kong. Where's Tencent? Hong Kong. Where's NetEase? Hong Kong? Where's JD.com? Hong Kong. You know, it's, I'm not saying that there's no role for Singapore. But come on, let's look at reality in the face here.

To say that Singapore is going to capture the Chinese business is ludicrous. It's not even close to reality, all the big Chinese listings are happening in one place and one place only today. And that's Hong Kong. If you look at the number of IPOs, the number of debt issues, the number of everything. And this isn't to say bad things about Singapore, but Singapore is nowhere near what Hong Kong is doing in terms of the size of the business. At least in terms of the size of the China business. And this for a very simple reason. You know, let me ask you another question. What's the flight time from Singapore to Beijing?

***Erik:***

Longer than from Hong Kong.

***Louis-Vincent Gave:***

Yeah, no, it's almost seven hours. So you know, Singapore to Beijing to put things in perspective, is basically the same thing as being from New York to Paris, in terms of timelines. So it's, you know, the old joke is that, you know, the best place to live in India is Singapore.

The role of Singapore historically, has been to serve as the capital market for India and the capital market for Southeast Asia. And of which there's, you know, there's tons of business there as well. But to think that Singapore is going to become the capital markets for China. I think that's delusional.

***Erik:***

Let's talk a little more about where you see Hong Kong headed. Last we spoke, you still had a fair amount of optimism that maybe a lot of people thought worse than it really was. And maybe Hong Kong's independence wasn't really under quite as much threat, as some people were saying. Feels to me like things are pretty clearly going in a direction where Hong Kong is in fact losing its independence. Do you see it differently? Or how should we think about this?

***Louis-Vincent Gave:***

Well, I'm not sure I said that, actually, to be honest, Eric. I think when we had these discussions, my point was always that look, China is Xi Jinping is an Imperialist President whose aim is to really raise China's global footprint, and that he was taking over Hong Kong, I think I was always pretty clear about that for Hong Kong to become the financial, the Chinese financial center. That he needs to, you know, for China to become the empire that he imagines it to be. And so the point I think I made on talks with you in the past is that Xi Jinping cannot afford for Hong Kong to be a failure.

And, this on any front. Whether it be a political failure, whether it be an economic failure, whether it be a market failure. Basically, Xi Jinping has now made the Hong Kong problem his and anything bad that happens in Hong Kong is now a direct reflection on him. And I think I've made that point, you know, we've made that point together in the past in discussions. And this was, you know, one of the reasons why, you know, I firmly believe that, rather than being bearish Hong Kong, the takeover of Hong Kong by China was, at least in the short term, you know, going to guarantee that nothing bad would happen in the Hong Kong markets. Because, you know, it would be too much of a loss of face for Xi Jinping, if that was to occur.

And frankly, I think this is exactly what's unfolding. China has taken over Hong Kong, and they're making sure by, you know, pushing all the Chinese IPOs. They're pushing all the Chinese debt issues there, that the Hong Kong Capital Markets are thriving. Now, over the very long-term. Yes, that does make for very different Hong Kong, and one that we can regret and bemoan, etc. But, you know, if we're talking about, you know, financial implications here. I think

I tend to believe I was always fairly clear that, you know, Hong Kong was being taken over by China and that meant that China would now be the guarantor of Hong Kong's financial stability.

***Erik:***

Let's move to Europe next. Another place where you have a lot of ties. Feels to me, like, you know, so many people are just focused on the Fed, and Janet Yellen taking over the Treasury and oh, my gosh, look at how much money they're going to print in the United States. And surely it has to mean dollar down relative to other currencies.

And I kind of feel like, Hey, wait a minute. Let's give Christine Lagarde credit where it's due. It's not like Janet and Jerome have a monopoly on money printing. So what do you think comes next from the ECB in terms of their policy, and what do you see next in terms of Europe in terms of both monetary and market outlook?

***Louis-Vincent Gave:***

I'm not going to give Christine Lagarde any credit. Printing money when you're a central banker is really not that hard nor complicated. Nor does it take much courage as Ben Bernanke wrote in his book. In fact, it's sort of the default position nowadays. So I don't see why we should give Christine Lagarde any credit for that.

Look, I think in Europe, what we now have is a fairly clear situation where you have which, you know, the US is getting into as well where we have increasing amounts of debt, funded by money printing and this debt, in essence, funding transfer payments that are completely unproductive. So you know, this basically system can hum along, as long as one of two things don't happen. The first, of course, is that you don't have a currency collapse. Now, how do you know when you have a currency collapse? Well, it'll most likely be a collapse against commodity prices.

So if all of a sudden, you know, what could bring an end to all this is that commodity prices rise meaningfully and especially energy and food because, you know, if copper goes up a lot. How much copper do you and I consume every day, right? Not a whole lot. But we consume a lot of energy and a lot of food every day. Food, especially me, I do consume a lot of food. So that's the first challenge. And that brings me to the second thing that could unravel everything.

And I think the part that perhaps people are underestimating today is the level of anger that is underlying in Europe today. A level of anger that, you know, you saw in the US explode last year, both through the Black Lives Matter and through the Trump movement, and the Capitol and everything else. You saw that level of anger explode in the US, you haven't seen it explode in Europe.

Now, you know, in Europe rioting tends to be fairly seasonal. It happens either in the spring or in the fall. In the summer we are on holiday and in the winter it's too cold outside and miserable to go out and riot. I think this spring is a very dangerous spring for Europe. In that, you know, people are sick and tired of being confined. The confinements in Europe have been way more onerous and pervasive than they have been in the United States. And so I think there's a level of anger or resentment in the general population. Now, if you throw on top of that, rising food prices and rising energy prices, which we may very well have, by this spring and this summer. You know, this potentially, is a problem that money printing won't fix. In fact, it's a problem that money printing may exacerbate rather than fix.

***Erik:***

Louis, I can't thank you enough for a terrific interview. But before I let you go, tell us a little bit more about what you guys do at Gavekal and how people can find out more about what you offer.

***Louis-Vincent Gave:***

Sure, well, you know, thanks. Thanks for the plug. You know, Gavekal is a small financial company. We're owned just by the people who work in the firm. The firm does really three main things. We started off as a research firm. So we publish research for large institutional investors. Here, we have different research products. We have a global research macro product, we have a China macro product. We have a Chinese Technology Research product, we have a Chinese corporate due diligence business. So that's our research arm.

We have a money management arm, where we manage money for both institutions and private clients under different names. So institutions, it's under the Gavekal Capital name and for private clients, it's under the Evergreen Gavekal name. And then we have a third business where we basically publish financial software and portfolio construction tools under the name of Gavekal intelligence software, and publish actually, we've started publishing a newsletter on portfolio construction aimed more at sort of more retail client base. So if you're interested in that, you can go to the Gavekal intelligence software website. And yeah, so those are basically the three activities that we have.

***Erik:***

Louis, it's always great to talk to you. I look forward to having you back in a few months for another update. Patrick's Ceresna and I will be back as MacroVoices continues right after this message from our sponsor.