

Monday mornings are well-known for making headlines, and today is no exception. As the article in the National Post [here](#) announces, **water** (the most ubiquitous commodity on Earth) has joined gold and oil for the first time as a traded commodity on the Futures Markets. This news is (pun intended) of tsunamic importance and marks a milestone in the financialization of the global economy. As a quick recap, *Futures are financial contracts that obligate the parties involved to transact an asset at a predetermined future date and price -regardless of the current market price.* Perhaps you remember a knock at your door and a sales rep from some company was offering to sell you electricity at a set price. The pitch was that this would save you money because you wouldn't be exposed to rising electricity costs -if they went up sometime down the road. Well, that's the Futures Markets and they can be used to detail the quantity of any underlying asset, to hedge or speculate on price moments.



*Tell me more about these
abandonment issues.*

The listing of water contracts reflects the concern that climate change, droughts, population growth and pollution are combining to make water scarcity and issue. The pricing of water on Futures Markets is a way of gauging what consumers think is happening in terms of water management. Like so many trends, water contracts originated in California, following its eight year drought. This led to crop and pasture losses and other water emergencies and was the incentive to commoditize water. Incredibly, despite being an epically vast desert (the Mojave covers 59% of the Golden State), California supplies over a third of the countries vegetables and two-thirds of fruits and nuts. Speaking of nuts (as in crazy) Alfalfa is grown there, and used largely as feed for meat and dairy cows -themselves a major source of Earth-warming methane. Alfalfa has been described as the Kardashian of crops, consuming almost 3 *trillion* gallons of water a year. For a Most-Wanted list of water-hogging foods click [here](#). It may change what and how often you include any of these in your diet.

In the final analysis, water contracts will shape agri-business and dictate what types of crops are grown and where. If the price is exorbitantly high, farmers will re-locate where they grow staples including potatoes, onion and strawberries. Why? Because consumers will balk at the cost and re-direct their grocery shopping choices elsewhere. That's Capitalism in action, yet at the same time one can't help taking an extra gulp of coffee this morning. Firsts for anything have a way of changing one's perspective (let's hope).

One last comment that Can **air** be far behind one wonders? The implications of that are staggering, especially for low-income "consumers" who can't pay. That's a sobering thought that has a way of letting the air out of the room. Stay tuned.

Be safe, be well!

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