

“Water, Water, Everywhere And Nary A Drop To Drink”

By Tommy Williams, CFP®

If the countries were musical instruments, last week sounded like a fifth grade garage band. World markets were impacted by a clamor of good, bad, and unexpected news last week. Events that captured media and investor attention included:



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- **Taxing America’s allies.** Early in the week, investors weren’t the only ones riled by the administration’s announcement it would impose hefty trade tariffs on American allies. “Brussels’ top trade official vowed to respond to Donald Trump’s new tariffs on imports of steel and

aluminum from the EU, Canada, and Mexico with measures of its own, and warned that the EU has “closed the door” on trade talks with the U.S.”

- **Breaking protocol.** A strong unemployment report helped settle volatility stirred up by tariff talk. However, a preemptive Presidential tweet introduced controversy. “*While not breaking the 8:30 a.m. EDT embargo on the actual numbers, Trump’s tweet appeared to violate a 1985 federal rule barring members of the executive branch from commenting on the employment report until one hour after the release of the report in order to avoid affecting financial and commodity markets,*” reported *Barron’s*.

- **Counting chickens.** Although the summit with North Korea is on the calendar again, the commemorative Korea Peace Talks Coin is selling at a 20 percent discount in the White House gift shop.

- **Puzzling choices.** Giuseppe Conte is Italy’s new Prime Minister. He has a tough job ahead. Despite electing “...*western Europe’s first anti-establishment government bent on overhauling European Union rules on budgets and immigration,*” Italians aren’t keen on leaving the euro behind. Last week, “...*opinion polls...showed between 60 and 72 percent of Italians did not want to abandon the euro,*” reported *Reuters*.

Despite the noise, the Standard & Poor’s 500 Index and NASDAQ forged ahead last week. That may have something to do with valuations. *Barron’s* wrote, “...*the S&P 500...now trades at 16.5 times 12-month earnings estimates, down from 18.2 at the beginning of the year...*”

All that market stuff is important. However it is not nearly as important as water! Water is so common we tend to take it for granted. We drink it, cook with it, wash

with it, swim in it, and rarely give it much thought. We should, though, because fresh water is more rare than many people realize. According to *National Geographic*, “Over 68 percent of the fresh water on Earth is found in icecaps and glaciers, and just over 30 percent is found in ground water. Only about 0.3 percent of our fresh water is found in the surface water of lakes, rivers, and swamps.” Here are some other notable facts about water:

1. Our planet is mostly H₂O. However, more than 96 percent of the water on Earth is salt water.
2. The atoms in the water you drink today were around when dinosaurs roamed the Earth.
3. Water is the only compound on earth that can be found naturally in three forms – solid, liquid, and gas.
4. The average person in the United States uses 80 to 100 gallons of water each day, according to the U.S. Department of Interior’s estimates.

5. Thermal power plants generate the majority of the world’s electricity – more than 81 percent – and cannot run without water.

6. ‘Day Zero’ is the day Cape Town, South Africa will become the first major metropolis to run out of water. When it arrives, residents will receive rations of seven gallons a day.

Fresh water may soon be top of mind for everyone because it is rapidly becoming a scarce resource. *McKinsey & Company* estimates suggest current water supplies will meet just 60 percent of global demand by 2030. The fraction may be lower in countries like China, India, and South Africa where water supplies are already under stress. If successful investing is truly a function of the economic principal of supply and demand, we might should be paying attention here!

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