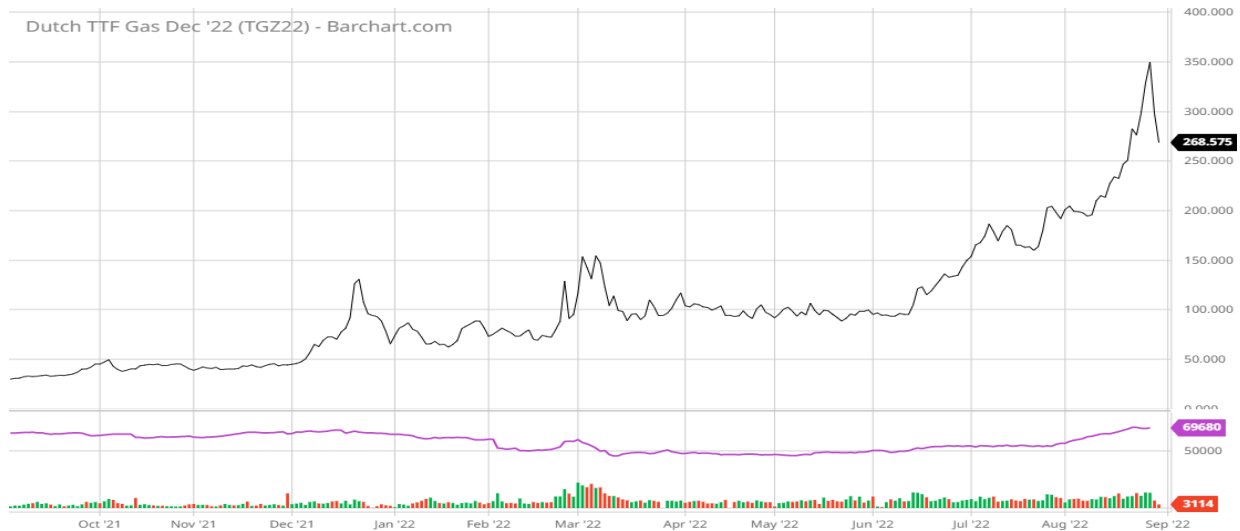




PORTFOLIO MONTHLY REPORT – August 2022

Situation



Last year end of August price 29. This year end of August price 269

This is what a catastrophic energy policy looks like. The chart is the Dec 22 futures price for gas quoted on the Dutch TTF exchange. A bench mark for European gas prices, Germany buys gas from the Dutch and the whole of Europe, including the UK, is being impacted by these huge price rises.

Reuters 2 Aug : Rheinenergie said it was raising natural gas prices to 18.30 euro cents per kilowatt hour (Kwh) from 7.87 cents currently on 1 October. "In a Cologne apartment with 10,000 Kwh of annual consumption, the annual cost increases to around 2,002 euros (\$2,057) (previously: around 960 euros)," Rheinenergie said in a statement.

An increase in prices of 100% and this is going to happen all over Germany. Furthermore business are going to see even bigger price rises leading to job losses and higher inflation as restaurants, bars, shops, businesses try to pass on the additional cost to customers.

This failed energy policy is going to result in a European wide recession ie. no growth and the ECB will be unable to do anything about it such as lowering interest rates. They are already at zero and they meet on 8 Sept with pressure building on them to raise rates to fight inflation currently at around 8%. That is bound to be higher in the coming months due to this energy price inflation.

Last week also saw a new development in the USA where the central bank chairman stated that they "must keep at it until the job is done" referring to raising rates to fight inflation. The statement completely changed the prospects for a "Powell pivot" referring to the hope future rate rises might be halted. The NASDAQ dropped 4% on the day following these comments.

Best wishes

Tim

30 August 2022