

## Don't let supply chain issues spoil your Merry Christmas

By **TIMOTHY A. PHILLIPS**  
Financial  
Advisor, RJFS



**C**hristmas is only weeks away. How is your shopping for gifts going?

If your answer is, “It’s a little early for that; I wait until Black Friday,” you may be in for a surprise if you wait that long this year.

As I’m sure you know, products on the shelves have been scarce since the COVID-19 pandemic began and, unfortunately, it appears it will get worse before it gets better.

It is becoming very clear the lockdowns came with a price tag. Locking down the economy threw complicated supply chains into chaos, and getting them going again is not like flipping a switch.

When Chief Economist Brian Wesbury of First Trust Portfolios explains supply chain woes, he references an economic essay called “I, Pencil” by Leonard E. Read, which states: “Not a single person on the face of this earth knows how to make me.”



Wesbury says, “Think about it. We all know the simple components of a pencil (wood, graphite, paint... etc.), but it’s a complex chain of people and events that put it together. Loggers need equipment, food, and clothing. So do all the other suppliers. Each part of the process depends on those before, and if just one part is thrown out of whack, making a pencil gets harder.”

In our last newsletter we discussed the recipe for inflation is too many dollars chasing too few goods. The domino effect of this is when demand is high and supply is short, prices go up.

Look at the chart listing year-to-date returns for a few commodity prices.

**CONTINUED ON BACK PAGE**

## Average Price of Commodities

From Jan. 1 to Oct. 15, 2021

NATURAL GAS

Up 70%



COTTON

Up 50%



COPPER

Up 53%



LIVE HOGS

Up 17%



LIVE CATTLE

Up 20%



CORN

Up 28%



WEST TEXAS  
INTERMEDIATE  
CRUDE

Up 90%



Source: Thomson One

## Supply chain

FROM FRONT PAGE

As you can imagine, those returns translate into higher gas, heating, food, and clothing costs to us, the consumer. According to many professionals, this supply chain bottleneck could continue for some time before we have a return to normalcy. We at Jade agree.

Follow with me the steps of getting products into the country to being stocked on the shelves:

- We see the ports on the coasts with ships waiting weeks to be unloaded. Normally, a ship would have a scheduled time with the port, and be unloaded with nearly no wait time.

- There have been numerous reports of a shortage of long haul truck drivers who bring those shipments to hubs from the ports.

- Then there is the shortage of staff at the distribution hubs. For example, in September FedEx reported it is having to re-route more than 600,000 business packages a day because it does not have enough staff to process them.

- This is then followed by companies' distribution centers sending products to retail stores. And the same story holds true: Lack of employees to process goods. They nearly all are hiring due to employee shortages.

You can see how broken the system is now, and it is going to take some time to restore these crucial points in the supply delivery system.

For these reasons we at Jade still like exposure to commodities as a piece of an overall investment strategy. We also think you better get started on that Christmas gift list if your hope is to have presents under the tree on Christmas morning.

Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein. Prior to making an investment decision, please consult with your financial advisor about your individual situation. Investing involves risk and investors may incur a profit or a loss. Past performance is not a guarantee of future results. Opinions expressed in this newsletter are those of the author and are not necessarily those of Raymond James. All opinions are as of this date and are subject to change without notice. Raymond James does not offer tax advice or services. You should discuss any tax matter with the appropriate professional. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investors' results will vary. Past performance does not guarantee future results. Inclusion of these indexes is for illustrative purposes only. Investing in commodities is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

## What is TOD?

Life is full of uncertainties. What happens to your assets after you pass away shouldn't be one of them.

At Raymond James Financial Services, we offer a Transfer on Death agreement that allows your estate to be held in a brokerage account so it avoids the probate process and goes directly to your heirs. There are no fees associated with our TOD Agreements.

To find out how to help make things easier for your loved ones, give us a call.

*Raymond James  
Financial Services Inc.,  
member FINRA/SIPC.  
Life well planned.*

## Jade Investments & Retirement Solutions

*Home of the  
JADESPEED  
Process*

Timothy A.  
Phillips  
Financial Advisor,  
RJFS

130 E 10th St  
Mt Carmel, IL 62863  
Ph: 618-263-4400  
F: 618-262-7444

2425 Highway 41 N  
Ste 200  
Evansville, IN 47711  
Ph: 812-480-4955

Email:  
tim.phillips  
@raymondjames.com

Visit us online at  
jaderetirement.com