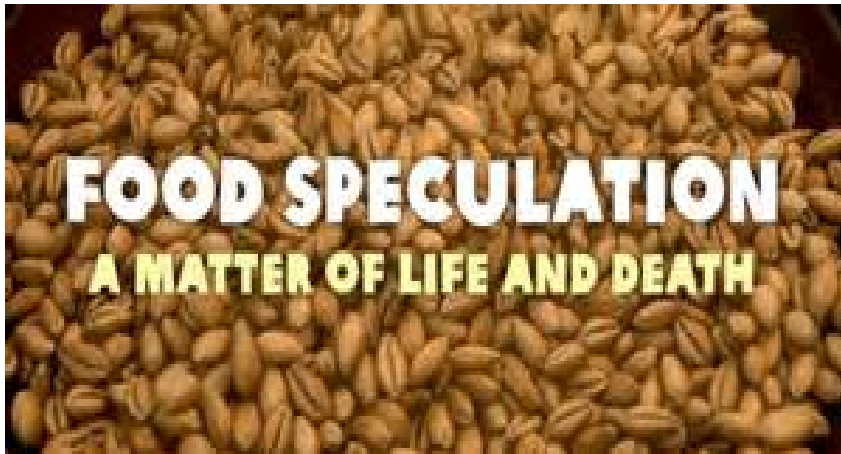


OPEN RESEARCH GROUP

FOOD SPECULATION



BREXIT...?

- Do you know someone who purchased foreign currency just before the Brexit vote and made a handsome profit ?
- Some people invested in currency markets, others in commodities
- Purely just make a profit



INVESTMENTS, SAVINGS & SPECULATION



Security, Risk, Reward & Profit

WHAT IS FOOD SPECULATION?

- They gamble on the fluctuation of the price of all agricultural goods.
- They do not trade physical goods.
- They are neither the producers or the buyers.
- They make a profit from buying and selling 'contracts' for agricultural goods.
- They speculate the profit from price changes in agricultural goods
- They do not reinvest the money they make in agriculture or in any related industry
- They are only in the business of profit

WHY SHOULD WE CARE

- Financial speculation is pushing up food prices and causing hunger and poverty around the world, whilst banks and investors are profiting through use of future contracts.

What are future contracts?

- A 'future contract' gives the bearer the right to buy or sell a certain amount of a good for a fixed price at a specific point in the future; for example, the right to sell one tonne of wheat for €250 in three months time.

HOW DOES IT WORK?

Banks, hedge funds and pension funds are betting on food prices in financial markets, causing drastic price swings in staple foods:-

- 1.Wheat**
- 2. Maize**
- 3.Soy**



THE IMPACT OF FOOD SPECULATION IS:-



Worldwide...!

UN STATISTICS

- Global refugees - 60m
- 50% are children under the age of 12 years
- Globally 161 million under-five year olds were estimated to be growth & mentally stunted
- 68 million were 'wasted' Every second pregnant woman in the developing world and 40% of preschool children are anaemic



Reclaim the UN
from corporate
capture

FOOD SPECULATION

Why....?

The UNHCR states *“there is enough food for all people of the world”*

The principal problem is that many people in the world still do not have sufficient income to purchase food, or even enough food.



IMPACT OF FOOD SPECULATION...

FOOD POVERTY

- **The World Food Summit set a target to halve the number of undernourished people by 2015 from their number in 1990-92.**
- **However, in 25 years, although the actual number of hungry people in developing regions fell by over 200 million, from 991 million to 795 million**
- **But the goal was 495 million**
- **This number is now on the rise again**

FOOD POVERTY

- **Hunger take its largest toll in Southern Asia (India, Pakistan and Bangladesh.)**
- **The 276 million chronically undernourished people in 2014/16 is only marginally lower than 25 years previously.**
- **Eastern Asia (China, Indonesia, Philippines, Mynamar, Vietnam and others) have reduced undernutrition substantially.**
- **Food speculation continues to drive global hunger and with the global movement of refugees now at its highest since the second world war ... hunger is on the increase.**

FOOD SPECULATION versus FOOD SECURITY

WINNERS

1. Large banks and funds cash in on a new 'asset class' .
Banks and hedge funds profit from passive speculation²¹ without having to share in risk. This represents easy pickings for commodities traders employed by the banks to make their living off the „dumb money“ – the passive investors.
2. Global commodity traders go financial Four multinationals dominate global trade in agricultural commodities: the US-based Archer Daniels Midland (ADM), Bunge and Cargill, and the French Louis Dreyfus.

LOSERS

1. Food price spikes hit the poorest hardest
Poor people can spend up to 75 per cent of their income on food and often depend on food assistance.
2. Food producers in developing countries cannot afford to hedge their risk

Food prices are a matter of life and death to many in the developing world. Financial markets that should be helping food growers and processors to manage their risk and set prices have become a potential threat to global food security. Deregulated and secretive agricultural commodity derivatives markets have attracted huge sums of speculative money, and there is growing evidence that they deliver distorted and unpredictable food prices. Financial speculation can play an important role to help food producers and end users manage risks, but in light of the harm that excessive speculation may cause to millions, action is required now to address the problem

Deregulation

Markets were originally developed for the benefit of those involved in the production of food, yet over the last 10 years they have changed almost beyond recognition.



THE HUNGER GAMES



ASHBURN HOLDER

Q & A....???