

Green Money[®]

INVESTMENT+SUSTAINABILITY NEWS

Issue No. 8 – April 29th, 2022

HIGHLIGHTS IN THIS ISSUE

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- EARNINGS SPECIAL: **NTR, PFE, AMD, GOLD, SQ, SHOP and more**
- REVIEW & PREVIEW: **Earnings, TWTR, Volatility**
- NEWS RADAR: **Selected news on ESG and financial topics**
- OPINION: **“Silicon Value”**
- COMMODITIES: **Shipping – Analysis of a sector, probably underestimated right now**

REVIEW

Last Week on the Markets

We started the week with a very volatile monday. The Dow went from negative 400 to positive 200 points. Also after hours, the Acquisition of TWTR from Elon Musk is complete. The week continued to be volatile on both sides with unexpected and expected earnings from big tech. During wednesday and thursday the market turned positive but the tension is still there due to gas export stop from russia to poland & bulgaria and the FED next week.

TWEET OF THE WEEK



Elon Musk  @elonmusk · 6h



I hope that even my worst critics remain on Twitter, because that is what free speech means



113K



281K



1,7M



***Our opinion:** You can either love or hate Elon Musk but it is without question that he is one of the smartest and most polarizing people this century has seen.*

QUOTE OF THE WEEK

«The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails.»

William Arthur Ward

EARNINGS SPECIAL ↗

The next week is filled with exciting Q1 earnings

02.05.2022	03.05.2022	04.05.2022	05.05.2022	06.05.2022
				

THE WEEK AHEAD

The upcoming week is again full with market-relevant events:

Montag:	<ul style="list-style-type: none"> • US ISM manufacturing PMI • GER final manufacturing PMI
Dienstag:	<ul style="list-style-type: none"> • US JOLTS job • GER unemployment change
Mittwoch:	<ul style="list-style-type: none"> • GER trade balance • US FOMC statement • US Federal Funds Rate • US FOMC press conference
Donnerstag:	<ul style="list-style-type: none"> • OPEC JMMC meetings • GBP official bank rate • USD natural gas storage
Freitag:	<ul style="list-style-type: none"> • CAD unemployment + employment rate • CHF foreign currency reserves

NEWS RADAR

Selected reports from international business journals

ESG & Climate Topics

Nuclear power could help Europe to cut Russia ties

<https://www.nytimes.com/2022/04/26/business/russia-nuclear-power-europe.html>

Russia's War Is Turbocharging the World's Addiction to Coal

<https://www.bloomberg.com/news/articles/2022-04-25/coal-prices-soar-as-russia-war-energy-crisis-risk-global-climate-goals?srnd=premium>

Financial Markets

Elon Musk takes twitter private for \$44 billion

<https://www.bloomberg.com/news/articles/2022-04-25/elon-musk-clinches-deal-to-take-twitter-private-for-44-billion?srnd=premium-europe>

Real Yields Wade Toward Positive Territory, Denting Stocks

<https://www.bloomberg.com/news/articles/2022-04-25/elon-musk-clinches-deal-to-take-twitter-private-for-44-billion?srnd=premium-europe>

Oil Falls Below \$100 as China's Lockdowns Imperil Demand Outlook

<https://www.bloomberg.com/news/articles/2022-04-24/oil-extends-losses-as-china-s-outbreak-imperils-demand-outlook>

With inflation, gold notes and cards find their way into America's wallet

<https://www.reuters.com/business/with-inflation-gold-notes-cards-find-their-way-into-americas-wallet-2022-04-27/>

The Fed's racing to raise rates, but how high remains an open bid

<https://www.reuters.com/business/finance/feds-racing-raise-rates-how-high-remains-an-open-bid-2022-04-28/>

Yen Hits New 20-Year Low After Bank of Japan Reinforces Low-Rate Policy

<https://www.wsj.com/articles/bank-of-japan-says-it-will-keep-lid-on-rates-prompting-yen-to-fall-further-1165119631>

«Silicon Value» Awaits Investors

The downbeat of most tech stocks got a bit out of control. Shortsellers increased the meltdown in recent days. Now, investors can find highly interesting value stocks – at least if they stick to companies with robust cash flows and sustainable business models.

by **Martin Raab**

In the midst of dark shadows from the East of the investment world, a rainbow for bargain hunters is currently emerging in the West. Of all things, where until a few months ago price-book ratios and P/E ratios were hovering at lofty heights, soothing rain has created real opportunities for value investors. The "hot air" around groundbreaking technology and digitalized world premieres has escaped—less than 12 months ago, various investment banks and brokers were listing hotly valued tech companies on the stock market every week and annoying investors with overturning growth forecasts. But once again, things turned out differently! The price-breaking storm was violent, the 1-year performances went down rapidly: Roku -78.8%, Zoom -75%, Netflix -69.3%, Facebook aka Meta -51%, Dropbox -30.3%. Amazon and Microsoft were still more or less mildly affected with -20% each and Alphabet/Google -17.4%. For professional investors, this meltdown has a recognizable pattern: tech stocks with substance are treated more respectfully by the market than the whole armada of foamy-eyed companies with a high nerd factor. The economic moat must be intact or at least recognizable, otherwise: Hands off these stocks. Currently, the interest rate environment in the US dollar is also changing significantly and very dynamically, which is already starting to have a full impact on company valuations. The investment climate in tech has reached very sunny levels in large parts. Repositioning and re-buying have become highly interesting in the Tech Titans and also in the Semiconductors sector. With significant potential for takeovers and long minis, Netflix (M&A slides already arrived), for example, seems an exciting pick. For those not yet familiar with memory card king Western Digital, please Google it. Interesting stock with a lot of potential. Effectively, many of the well-known publicly traded brands have become "Silicon Value". MAAN (Microsoft, Amazon, Alphabet, Netflix) instead of FANG. However, whether the rainbow over Twitter will evolve from a current atmospheric-optical phenomenon to something solid with future viability remains to be seen. The going-private number is shocking and will presumably not be a radial color gradient of digital opinion exchange. By the way: Twitter shareholders could also unabashedly demand USD 70 for their shares - that would then be "Silicon Value" in their sense.↗

COMMODITIES

Shipping – Analysis of an Sector, probably underestimated right now

If we look at investable commodity equities, most people think about oil, gas or metals. A sector, which is also worth a look right now is the shipping business. Why? And why right now?



Source: Bloomberg

In case you didn't know: the Baltic Dry Index (BDI) displays a benchmark for the price of moving major raw materials by sea by taking in account more than 20 routes. This index is often viewed as an economic activity indicator because changes in the index reflect supply and demand for important materials used in manufacturing and are hence essential for the economic performance as most of it is based on raw materials supply. As we recognize the increase in this Index this year even before the war started, I think it supports the thesis that commodities have not peaked yet. The general scarcity of supply combined with the war circumstances, lockdowns in China and inflation are pushing shipping rates to sky-high levels. We can see it in this index that rates are rising and we can also see it in shipping equities. Especially in Europe it becomes interesting. Why Europe? We should take a glance at the latest news from last week.

Ukraine: EU agrees fifth package of restrictive measures against Russia

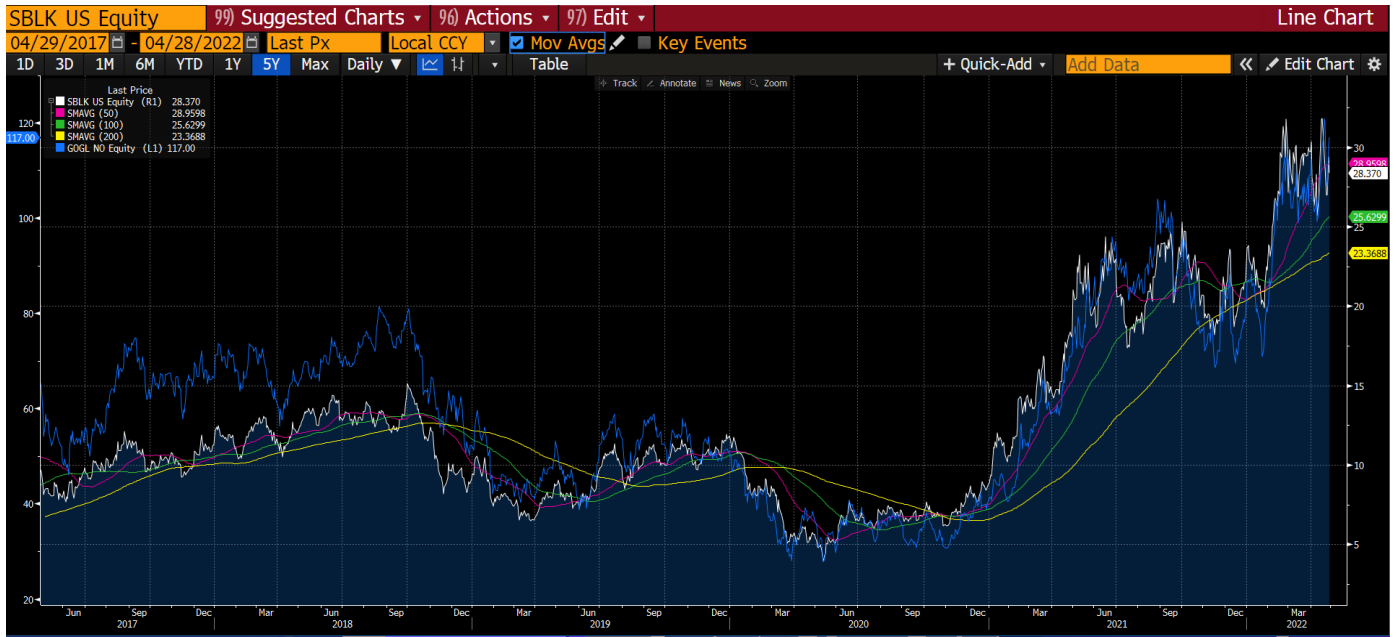
Today's package contains the following six elements:

1) **Coal ban**

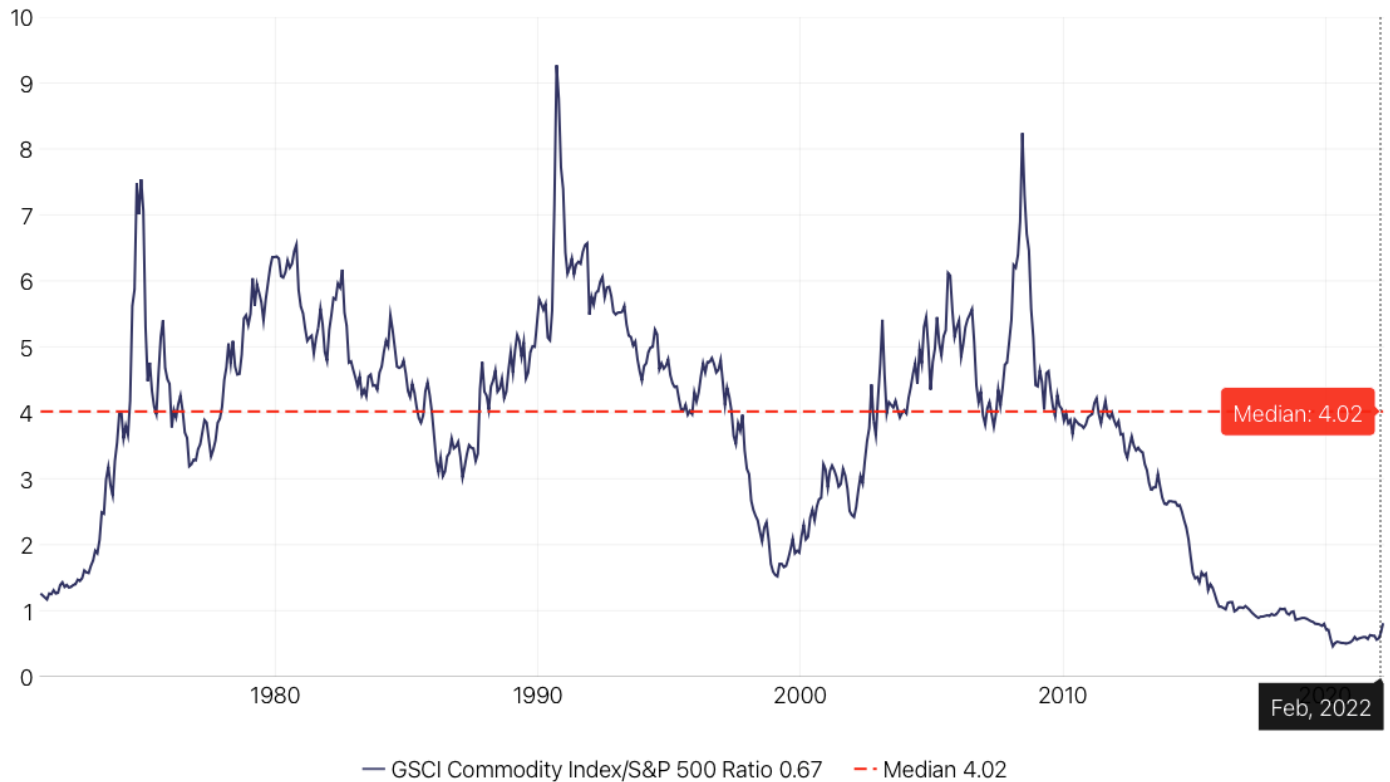
- An import ban on all forms of Russian coal. This affects one fourth of all Russian coal exports, amounting to around €8 billion loss of revenue per year for Russia.

Source: European Commission

There is a significant ripple effect from sanctioning coal imports on the European shipping market. The last existing contracts expire in August this year. That basically means that Europe has to replace the coal AND, therefore the trade routes and distances the ships have to drive. However, thermal coal is required, and Europe has to find an alternative, which makes it even more interesting for shipping businesses as the coal does not come here by plane or train. Take the voyage time into consideration and the price increase they will cause on dry bulk ships, especially the Capesize ships (average weight: 150.000 DWT). We already have a scarce supply, which will make the shipping rates explode. Keep a look at the Baltic Dry Index to see it for yourself. The time to get (or stay) bullish on shipping could not be better. Besides the high arbitrage level in that sector, I will name some Equities that you can take into consideration. At first I would like to mention **Golden Ocean Group Ltd.** again because they are still trading on a P/E around 5 and are mainly operating in the Capesize-market. With an ROE around 32% and an estimated FCF of 500 M. this year (last year -233.5) I think they will add some value to a diversified stock portfolio on the commodity side. Additionally I would like to shortly mention **Stark Bulk Carriers Corp** as they also trade on a cheap P/E of 4.21 and have an impressive FCF of 646 M. with even better predictions. Also the growth in Revenue and EBIT are just logical due to the already mentioned reasons. Still, they are undervalued, considering the supply disaster around the world and the dependence on the existing dry bulk shipping companies. Also, their ROE of around 40% is worth mentioning. So maybe you take a rational look at shipping companies and their perspective, considering the political and economic activities right now.



Source: Bloomberg



Additionally, I want you to have a look at this graph. In comparison to the S&P 500, which should represent the stock market very well, commodities are still very cheap. I know this might sound strange but just look at the data and all the other facts of supply issues and the need of energy.

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IMPORTANT NOTICES