
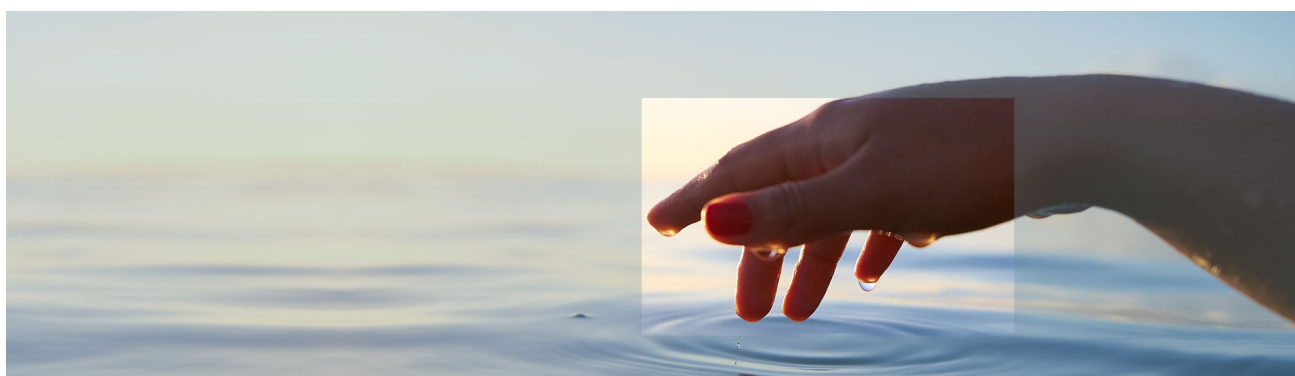


Active is: meeting the demand for clean water

Clean water - priceless and cheap at the same time

by Andreas Fruschki, CFA | 20/03/2019   



Summary

With rising population and changing lifestyles, drinking water supplies are under increasing pressure. More investment in an increasingly outdated water infrastructure is needed to make more efficient and effective use of this valuable resource.

Key takeaways

- The price of water does not fully reflect its importance
- Demand for water is still growing and supply bottlenecks can easily occur without sustained investment in efficient water supply and wastewater treatment
- In the developed world, a significant part of water infrastructure is nearing the end of its life cycle
- Investors may benefit from companies offering “smart water” solutions

One litre of tap water usually costs less than a cent in industrialised countries - that is very little for a vital and finite commodity with no possible substitute. Clean tap water is taken for granted by most people in the developed world. So it can be easy to forget how easily supply bottlenecks could occur without sustained high investment in an efficient water supply and wastewater treatment.

The hot, dry summer of 2018 led to an increased occurrence of pronounced periods of drought in temperate climate zones all around the world. As a result the focus was primarily on the long-term effects of climate change.

But the impact of both humans and the economy on water use and water pollution is much more direct. In many cases, outdated water pipes mean only part of the drinking water supply arrives where it is needed. Outdated irrigation systems and methods are responsible for further unnecessary waste of water. Meanwhile 40-50% of water consumption in industrialised countries is used for cooling water for power generation in coal-fired or nuclear power plants.

While a shift in energy generation means less water will be needed for that purpose in future, the growing world population – and specifically the growing middle class, and its impact on eating and consumption habits – is likely to put the remaining drinking water supplies under even more pressure.

This makes it all the more important to handle industrial and waste water carefully and treat it properly. Even very low concentrations of bacteria or pollutants in

water pose a considerable health risk for humans and animals. Water protection is of vital importance in all industrialised countries so it is only logical that it sits under state or public supervision – regardless of whether the actual water supply is in private or public hands.

The most effective method of water protection is, of course, not to allow pollutants to enter the water cycle in the first place. But even if this were possible to guarantee, it would still be necessary to treat waste water to turn it into tap water of drinkable quality. To achieve this, physical filters and chemical filtration processes are used in a multi-stage process which requires closed-pipe systems as well as highly developed filtering, diagnostic and monitoring technology.

In most developed countries, massive investment in water infrastructure coincided with rapid urbanisation at the beginning of the 20th century. More than 100 years later, this infrastructure has reached the end of its life cycle and needs to be replaced.

In the last 10 years, however, the scarcity of public funds, especially in the wake of the financial crisis, has led to a reluctance to invest in water infrastructure. Currently, the investment required to achieve the UN's sustainable development goal 6 (SDG 6) of clean water and sanitation worldwide by 2030 is estimated at approximately USD 1.7 trillion. This investment backlog is likely to begin to reduce now as ongoing debates about water quality and emerging supply bottlenecks drive the development of so-called "smart water" solutions. Some of the providers of these solutions and the technology powering them are listed on the stock exchange so that investors can also benefit from direct exposure.

Political and demographic changes are driving huge changes in water provision in both developed and emerging economies. While water remains cheap, it is priceless, so the need to respond to these changes will create opportunities in the infrastructure and technology behind its treatment and delivery.

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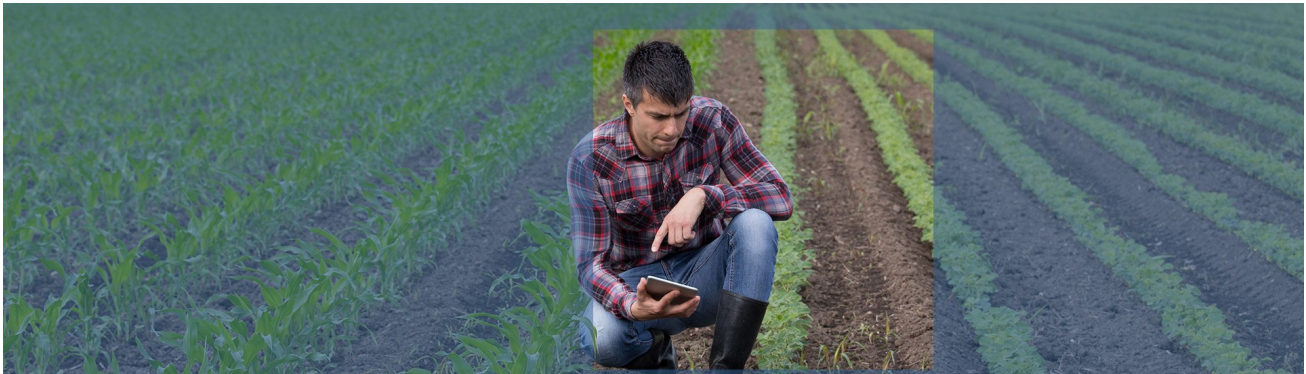
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05/03/2019



No big changes for corn and soybean planting in Brazil

28/03/2019   



Summary

Access to credit, currency depreciation and changes in the government generally have not had a significant impact on corn and soybean farming in Brazil. Going forward, at least half of sources in each instance expect spending on nitrogen, phosphate, potash and farm equipment to remain flat compared to last year.

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