

## Twitter Thread by Otavio (Tavi) Costa



**Otavio (Tavi) Costa**

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**A classic early sign of a commodity cycle.**

**Mining industry nonfarm payrolls near historical lows.**

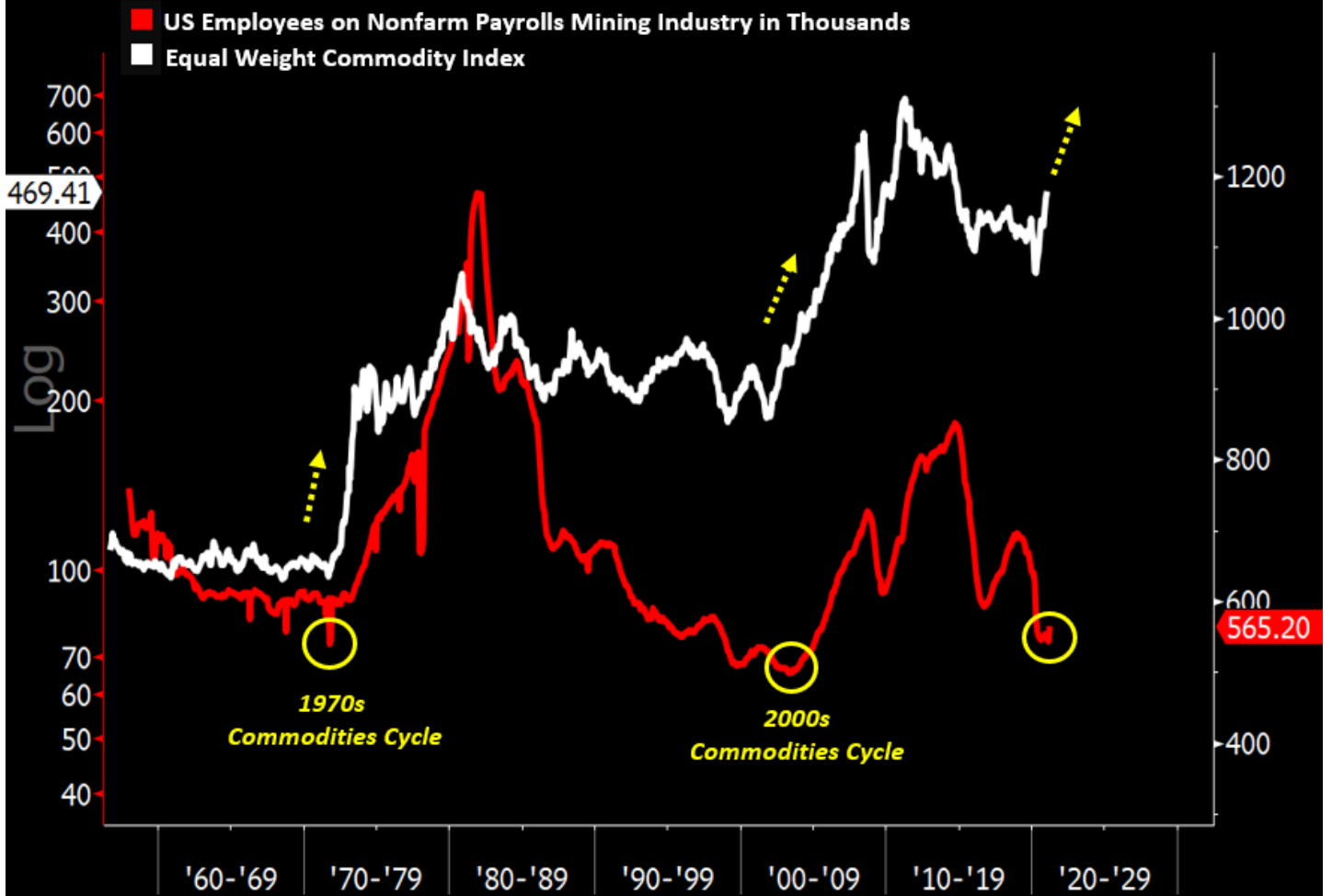
**This happened in early 1970s & 2000s.**

**Both marked the onset of a commodities bull market.**

**Labor & capital constraints are the amplifiers of bull market in resource stocks.**



# Commodities vs. Mining Labor Market



Source: Bloomberg

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Energy & soft commodities are obviously not mining related.

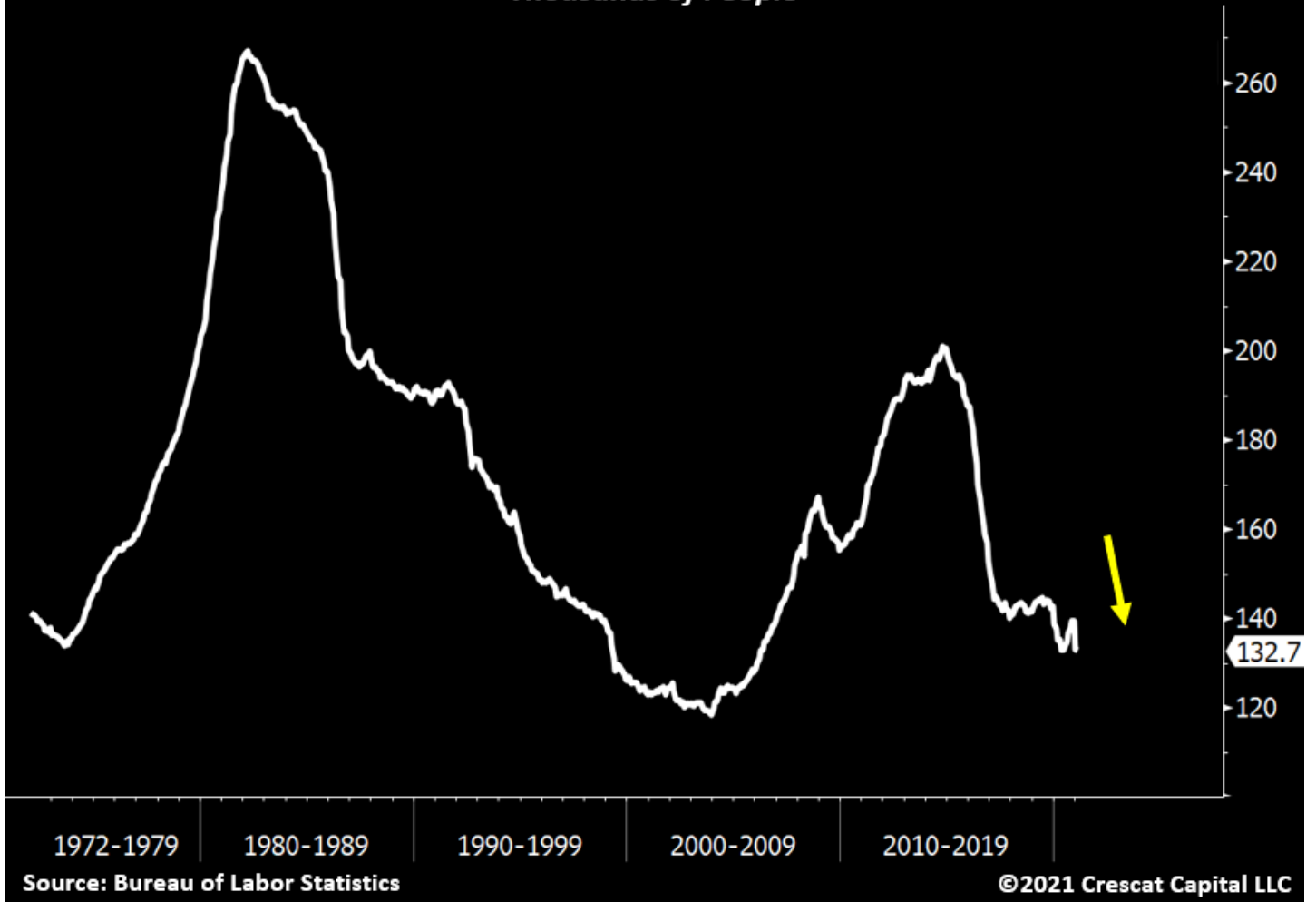
See below the nonfarm payrolls for oil & gas extraction which is also at historical lows.

To recall:

The green agenda hasn't even started.

# Nonfarm Payrolls For Oil & Gas Extraction

*Thousands of People*



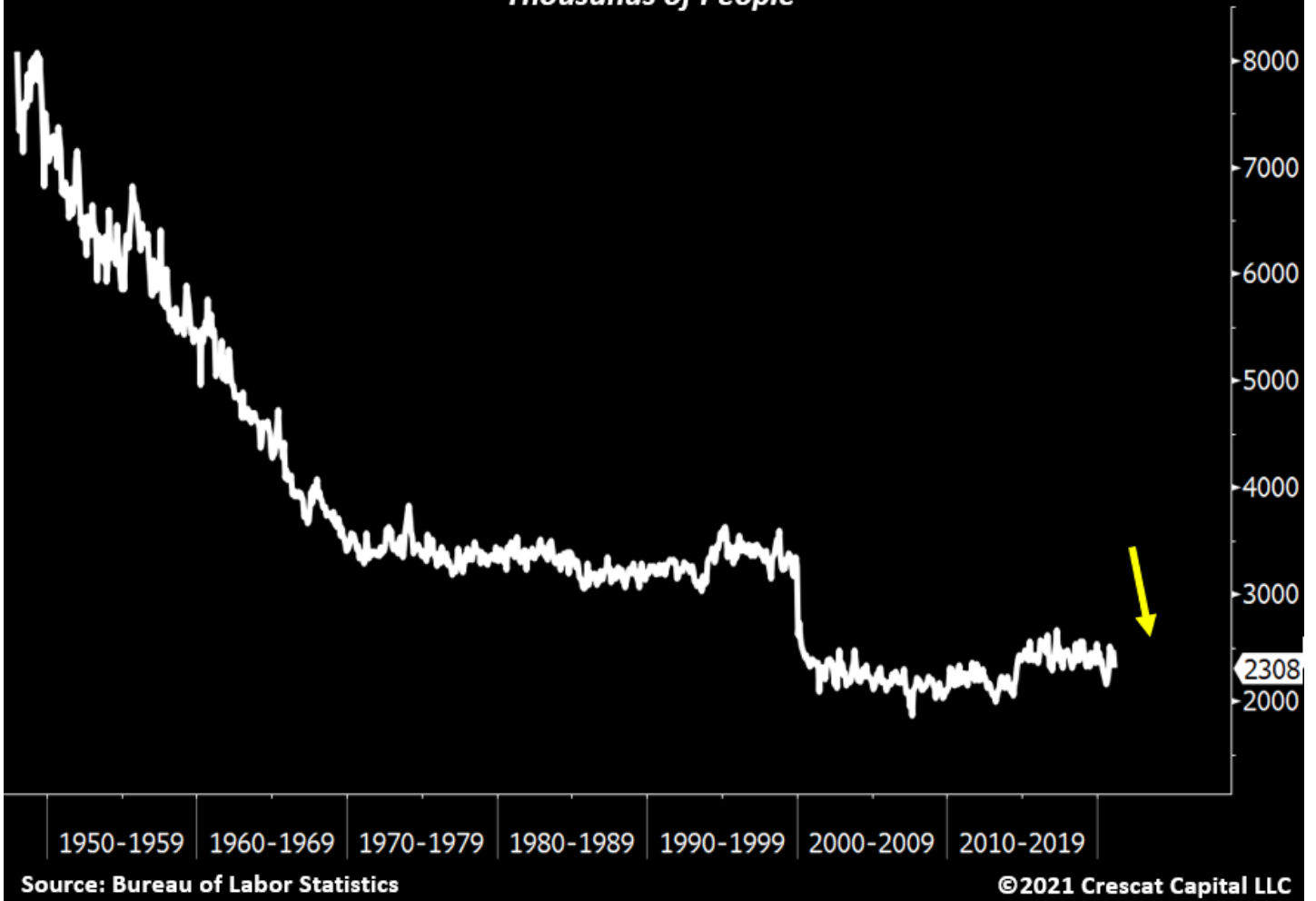
The decline in agricultural workers look even more severe.

To be fair, this is not a domestic problem.

We're are experiencing similar issues worldwide.

# US Agricultural Workers

*Thousands of People*



This pandemic has truly magnified a long-term trend of labor reduction and under investments in the commodities space.

Resource companies have been facing a deep recession for some time now with not enough workers willing to enter this industry.

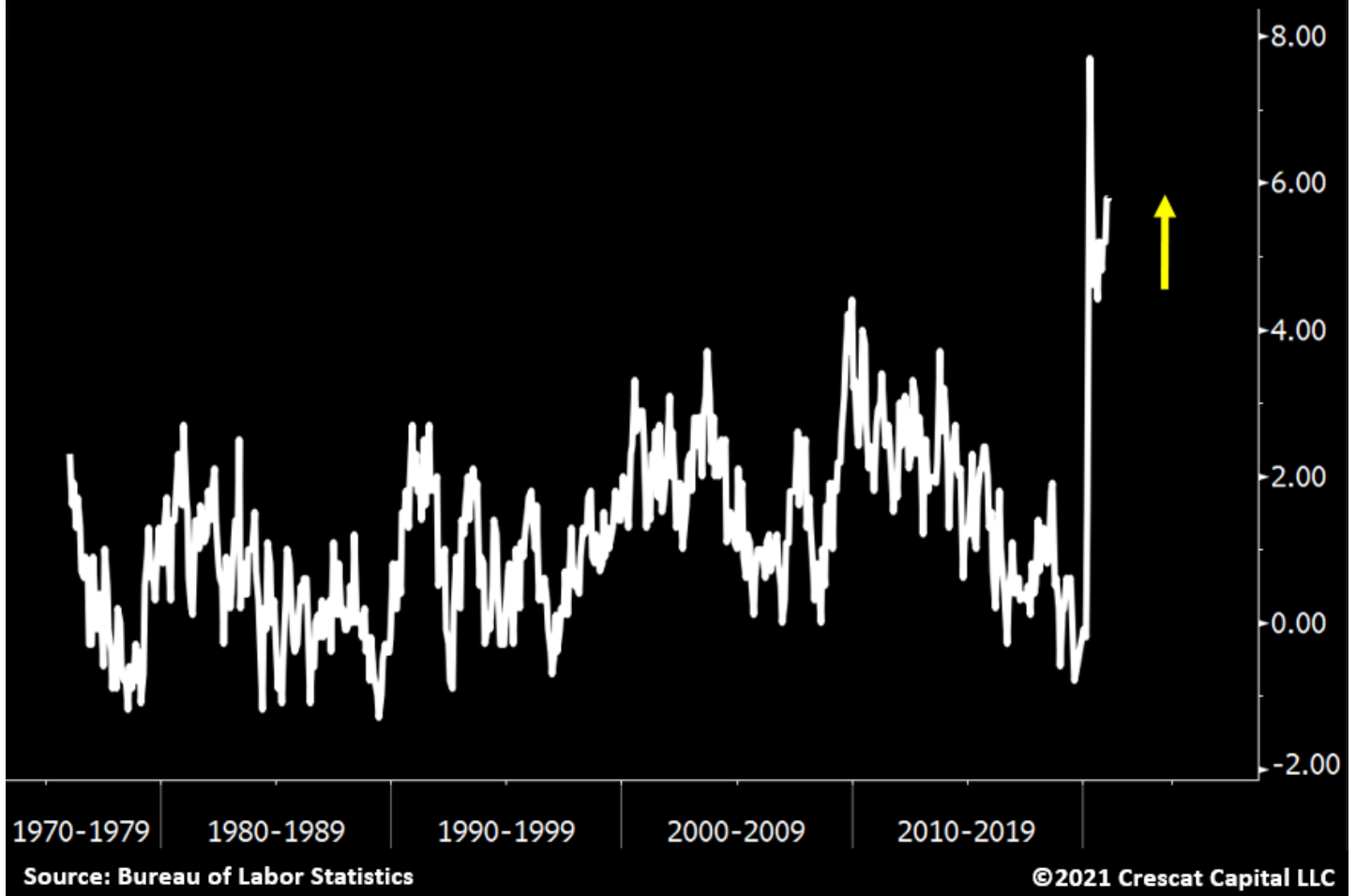
On top of it:

Government policies seem to be discouraging folks from return to the labor market.

People continue to leave the labor force like never before.

# US Total Population Out of The Labor Force

*YoY Change (%)*



The supply shortage problem is much more permanent than most realize.

This upward pressure in consumer prices is probably just getting started.

See a few examples:

“Coke Cola will raise prices to offset higher commodity costs”

<https://t.co/ke4CgsPm70>

“Higher commodity costs lead to price hikes from Kimberly-Clark and other consumer giants”

<https://t.co/434i1TTtTx>

More broadly:

“Finance chiefs look to price increases to offset higher commodities costs”

<https://t.co/5Eo7vgDHlb>