

# INSIGHTS

## For the Mainstream Investor

WEEK ENDING MARCH 29, 2018 EDITION 238



### BANKS AND GUNS

*Citi goes bank-wide*

Citigroup, which states that it is promoting 'a new era of sustainable client-led growth', has announced a new policy on US commercial firearms. What it is not is a policy to rid the world of firearms. However, the bank wishes 'to prevent firearms getting into the wrong hands'. So, new retail sector clients will be expected to adhere to firearms sales best practices which include the requirement of background checks; no sales to those aged under 21 years; and no bump stocks or high-capacity magazines.

This requirement is far-reaching and will be bank-wide including small business, commercial and institutional clients as well as credit card partners. Although consumers with Citi cards can use these at any merchants existing clients which manufacture arms will be subject to a due diligence process. The management team comment that for those clients choosing not to accept this firearms policy, 'We will respect their decision and work with them to transition their business away from Citi'.

### CLIMATE CHANGE

*Inevitable migration?*

A World Bank report – [Groundswell: Preparing for internal climate migration](#) – suggests that 143 million people could be forced to move by 2050 in three regions of the world. The World Bank's mission is 'to end extreme poverty and promote shared prosperity in a sustainable way' so the effect of climate change on countries is a very important area of analysis. The report examines Sub-Saharan Africa, South Asia and Latin America, which together represent 55% of the developing world's population. The migration is expected to be primarily within borders, although the report warns that 'internal climate migrants do not necessarily stop at borders'. As water scarcity and crop productivity worsens, in turn, this will challenge infrastructure, social support systems and employment opportunities.

### WORTH THINKING ABOUT

In 2004, routing maps discouraged UPS delivery vans from turning left in countries where driving is on the right. The company claims this has reduced CO2 emissions by 20,000 tonnes and lowered fuel consumption by 10 million gallons.

### THIS WEEK IN NUMBERS

28,947 users of an app called 'Pandemic' are helping researchers determine how pandemics spread in the UK

250 million international migrants exist today, up from 75 million in 1960

188.5 grams of CO2 emissions per mile are produced by electric vehicles in China, compared to 76g in the UK and 2.7 in France

84 % of crops grown for human consumption need bees or other insects for pollination, increasing their yield and quality

25 top US cities most vulnerable to coastal flooding is headed by New York. 22 of the list are located in Florida

16.4 times is the forward P/E ratio for the S&P500, down from 17.1 last week

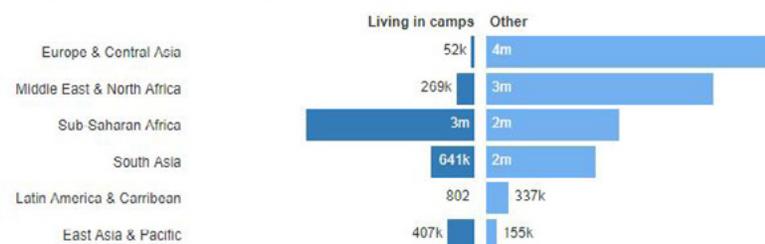
1.4 billion US\$ is to be invested by New York State in renewable energy projects, including 22 solar farms

1 billion shekels (US\$287 million) is to be invested by the Israeli Government to make health data available to researchers and private companies

### INFOGRAPHIC OF THE WEEK

#### Most Refugees Don't Live in Camps

Number of refugees by accommodation type and region (end of 2015)



Other includes individual accommodation, self-settled camp and undefined or unknown

Source: UNHCR Global Trends 2015

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### WATER

*An insatiable thirst for money*

‘Investing in water security will drive sustainable growth’ says an [OECD report](#) called ‘Water, growth and finance’. Water scarcity often tops the list. After all, with agriculture accounting for 70% of freshwater usage globally, the economic effects of droughts is most severe in agriculture-dependent economies.

However, the economic risks of flooding are also significant, particularly in the US, Europe and Asia. A [report](#) of the GWP/OECD titled ‘Securing water, sustaining growth’, four water security risks are identified. In addition to water scarcity and flooding, inadequate water supply & sanitation as well as ecosystem degradation & pollution are added to the list. [WHO](#) estimates that poor water supply and sanitation accounts for US\$260 billion annually of economic losses. Most would agree that drinking water is a basic human right. [WHO estimates](#) that 844 million people lack this.

### DID YOU KNOW?

Analysts following the S&P 500 are [most optimistic](#) about the prospects for IT, Health Care and energy companies and most negative on telecom services, utilities and real estate. The most highly rated companies by buy recommendations are Delta Air, United Heath Group and Amazon. Least liked, with the highest proportion of sell ratings are News Corp., Torchmark and Con. Edison.

### DID YOU SEE?

[Research](#) suggests that between 80,000 to 150,000 sq. km (31,000-58,000 sq. miles) of forests are lost every year because of human activity. About [50-90%](#) is probably illegal. So how can this be monitored? By using modified mobile phones, powered by solar, which are hidden in trees. They then record the sounds of the forest and upload them to servers, allowing suspicious activity – trucks and chainsaws – to be reported.

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### GLOBAL DEMOCRACY

*Declining global freedom*

[Freedom House](#), an independent watchdog that is dedicated to the expansion of freedom and democracy worldwide, [rates](#) 88 out of 195 polities as free in 2018. This represents 39% of the world’s population with about 2.9 billion people. The Partly Free comprises 58 countries, home to 1.8 billion or 24% of the world population. Not free are 49 countries, 25% of the world’s polities with nearly 2.7 billion people equivalent to 37% of the global population. Top of the list were the Scandinavian countries of Finland, Sweden and Norway, closely followed by the Netherlands and Canada. At the bottom of the list were Syria, Tibet, South Sudan, North Korea and Eritrea. The NGO has reported 11 years of [declining freedom](#) before leveling out, driven by populist and nationalist parties gaining ground. In 2018, there are [10 countries](#) to watch from Afghanistan and Angola through to the US and Uzbekistan.

### GOOD NEWS & BAD NEWS

The good news is that the [Arctic sea ice](#), a widely used barometer of global warming, did not record the least amount of sea ice cover last winter; that was set in 2016. The bad news is that 2017 was second lowest amount of Arctic ice cover since satellite monitoring began.

### CAN YOU BELIEVE IT?

Royal Dutch Shell, the oil major, has released its ‘[Sky](#)’ scenario which it calls ‘an ambitious scenario to hold the increase in the global average temperature to well below 2C’ and net-zero emissions by 2070. Inevitably this would mean selling less oil as society adopts a ‘step-change in the efficiency of energy’, carbon-pricing mechanisms, increased electrification, ‘renewables eclipsing fossils fuels by 2050’, large carbon capture and storage facilities and ‘net-zero deforestation’.

### WATCH LIST



- ▶ [Story on #MarchForOurLives on US Gun Control](#) [Financial Times](#)
- ▶ [How Americans love their guns – in graphics](#) [Financial Times](#)

### READING LIST

- [Insights from the Reporting Exchange: Corporate Governance and harmonization](#) [CDSB](#)
- [Extreme weather events in Europe](#) [European Academics Science Advisory Council](#)
- [Is carbon foot printing is the answer, then what is the question?](#) [Responsible Investor](#)
- [Plant-based profits: Investment risks and opportunities in sustainable food systems](#) [FAIRR](#)

### LISTENING LIST

-  [Farming’s Future: Food Factories](#) [Business Daily](#)

### QUOTE OF THE WEEK

“Internal climate migration is a development issue. Unless we act it will become the human face of climate change.”  
– Kristalina Georgieva,  
World Bank CEO in ‘Groundswell. Preparing for internal climate migration.’

### BELIEVE IT OR NOT

Orange is the new white. Last weekend, snow in eastern Europe turned orange. The explanation is that rain mixed with sand storms from the Sahara Desert, giving an orange hue. [READ MORE](#)