FINANCIAL TIMES
WEDNESDAY, 22 JULY 2026
FT.COM

Letter

Letter: Recent supply-chain shocks will reverberate for decades

From Tyler Rosenlicht, Portfolio Manager, Global Infrastructure, and Head of Natural Resource Equities, Cohen & Steers

Gillian Tett is right to highlight the emerging "era of scarcity" (Opinion May 22), but I would argue the shift she describes is far more structural and long-lived than a passing geopolitical reflex.

For four decades, the world shifted towards a hyperglobalised, "just-in-time" supply chain. As the piece notes, governments are now "quietly stockpiling key items" in response to rising fragility.

However, the memories of four supply-chain shocks in five years — the Covid-19 pandemic, Russia's full-scale invasion of Ukraine, the "liberation day" tariffs and now the Iran war — will endure. This is a reversal in global economic structures that may last decades.

The second point is that the usual market mechanism for commodity cycles — the notion that "the cure for high prices is high prices" — has not functioned as expected. Prices for virtually all materials and commodities have risen meaningfully in recent years, yet investment in energy, mining, water and agriculture remains deeply insufficient. We are still in the early innings of a long capital-formation cycle.

The convergence of these two dynamics — the growing imperative for domestic supplies but a lack of a private market reaction function — has driven governments around the world to intervene. As access to materials such as copper, crude oil, rare earths and water becomes a national priority, leaving it solely to private markets risks persistent vulnerabilities and a market response that comes too late.

For investors, this backdrop should mean structurally higher commodity prices, higher baseload inventories and sustained demand growth.

This is not a momentary "new fashion for hoarding and huddling", as the author describes. Rather, it represents the early phase of a multi-decade revaluation of hard assets and the physical world that underpins the digital one.