

**Erik:** Joining me now is [Goehring and Rozenchwajg](#), co-founder Adam Rozenchwajg, . Adam, great to get you back on. Needless to say we live in interesting times. And for our listeners, Adam and I recorded this interview on Tuesday afternoon about five hours before President Trump's 8:00 PM deadline. So needless to say there will be some news flow that has occurred after this interview was recorded before this, goes to air.

Adam, we don't know what will happen in the next few days, but why don't we start with the situation at hand. Almost every physical market expert that I've spoken to agrees that this is the biggest physical market logistics dislocation in the history of the modern oil market, but it's definitely not the biggest price dislocation.

Why is that?

**Adam:** so first of all, wonderful to speak with you again. It's nice to be back and lots to talk about. As you very well mentioned, it's entirely likely that by tomorrow all the facts will be completely different and, , this might have a short shelf life. But what I'm gonna try to do is talk about some of the fundamentals in the details that we see in the oil market today and the commodity markets in general that are a little bit longer term in nature that are a little bit, stickier. And obviously we might have to adjust everyone's sentiment or everyone's outlook depending on what happens in the next 24 hours or 72 or who knows how long. But I think a lot of what I'm gonna say will be true today. It'll be true tomorrow. It'll be true months from now. So first of all, you're absolutely right that.

From a physical dislocation perspective, what we're seeing right now, is pretty clearly the largest disruption in the global energy markets that we've ever seen. But we're not necessarily feeling or experiencing all of that dislocation just yet. So what is it that we're experiencing today?

What are we seeing in real time and why maybe have we not felt some of the larger impacts of that as everyone. Now knows about 20% of the world's crude market passes through the strait of Hormuz and about 20% of the LNG trade as well. I think some people are beginning to learn that quite a bit of aluminum passes through that Very sensitive choke point, quite a bit of fertilizer as well. So it's not just limited to oil and gas, but certainly oil and gas are incredibly impacted. And since the offensive from the United States and Israel five weeks ago now the Iranians and the IRGC have taken effective control of the, strait of Hormuz and they've been certainly impacting.

Vessel's ability to transit. Some vessels are getting through many are not. And some oil is getting through on what they're calling these bypass pipelines, let's say the East west pipeline in Saudi Arabia being the most notable, which was built over the last, 15 or 20 years or so. Basically for exactly just this contingency to provide another form of res for Saudi crude.

And basically what that does is it trends, cuts across Saudi Arabia on an East west basis, as the name would imply and allows for Port loadings in the Red Sea. Now that port is not immune from attacks either, and it's also not able to handle enough oil to totally offset what the Saudis relied on the Strait of Hormuz.

four. So it's a partial offset but certainly not certainly not a total fix. By most estimates you're talking about somewhere between at the absolute low end, 10 million at the absolute high end, 15, split the difference, call it 12 million barrels a day of impacted oil. That's essentially not making it to market, which is huge.

We haven't really seen anything quite like that before. Now. One thing that I'd like to point out and particularly for those that have followed us, we really like to focus on long-term supply and demand fundamentals. We like to focus on depletion and geology. We like to focus on capital cycles, and if you read our stuff, we don't too often talk about.

What I would call these logistical issues or these kind of headline grabbing events. Sometimes you get them. For instance, back in 2019 when the Houthis bombed the Abqaiq and Khurais oil processing facilities in Saudi Arabia there was a little bit of a panic there. It didn't last very long.

Only a few days before people realized that the impacts wouldn't. Could be repaired in a matter of a week or two. Similarly, in 2022 when Russia invaded Ukraine, it really dislocated energy markets and you got a spike there and it came off again. We're not the type of analyst firm that focuses too much on those near term dislocations.

It's not that they're not important, but they don't last. They're resolved. In this case, I think it's a little bit different though, and I think it's different. For two reasons. First of all, it's different because the magnitude of this dislocation is just much bigger than anything we've seen before.

So you'll have, I think in the near term, call it weeks, and potentially in the medium term, call it months. I do think you'll see some fairly pronounced

disruptions to the global supply chain for energy. I think you're starting to see them already in places like Asia that were more dependent. On Middle Eastern imports, you're starting to see it now in parts of Europe as well.

You're not seeing it so much in North America, mostly because we've been able to produce a lot through the shales over the last 20 years, we've been able to reduce our reliance on, middle Eastern imports. You all remember when the US went to war in Iraq and after 9/11 there was a huge amount of consternation over how reliant we were on Middle Eastern oil.

That's just not the case anymore because entirely of the shales, which have grown, to 13 million barrels of crude and even more when you include the NGLs. We're not seeing the physical crunch here, but that doesn't mean we're not gonna see the economic impact because as we all know, oil is largely a global commodity and prices, arbitrage fairly quickly.

So we are seeing prices move here. We're not seeing, let's say the gas shortages or the gas lines in this country that we saw. Let's say back in the 1970s with the dual oil crisis in 73, 74, and again in 79. That's not to say that might not happen doubt in the future, but this is a really big volume of oil that's being disrupted.

So that in and of itself makes it a bit of a unique event as far as dislocations go. But the second thing that I think is gonna be really much more. Lasting and apparent is the fact that everyone has gotten the oil market wrong. We went into 2026 with oil being, I don't think this is an exaggeration, the most hated asset class in the whole world.

The weighting in the S&P of oil stocks was pushing back down to the COVID lows is a little bit above that, but not by much. And following investors. Positioning was extremely bearish and pessimistic. And in fact, even with. All of that US Naval asset sailing East towards Iran and the Gulf.

People went into the Friday before the attacks were launched with near record. Gross short positions on the speculative contracts at the nymex and on a net long basis. 'cause there's some logs there too. A net long basis. Basically the lowest net length we've seen in almost decades. So people were super, super bearish.

Prices started this year at 50 bucks, and that's too low. The oil market doesn't work at 50. And why was that? The reason everyone was so pessimistic on the oil markets right up until this conflict started was that. People like the IEA and others but most notably the International Energy Agency or the IEA were

saying that the global crude market was in the biggest surplus in oil market history.

It had never been in a bigger surplus. And in fact, they were saying that supply was running about two and a half to 3 million barrels ahead of demand. Now, if that were the case that would be really bearish. Situation Indeed. And that would justify a \$50 price or maybe even a bit lower than that.

There's only one problem. We weren't seeing any evidence of that surplus. Notably, if in fact supply was running so much ahead of demand, inventories around the world should be surging, right? They think that last year, call it 2 million barrels, conservatively in surplus 365 days In the year that should be about 720, 720 million barrels of accumulated oil that was produced but not needed over the year.

That should have wound up in storage tanks around the world, and instead we saw storage barely budge. Now, I wanna put that into perspective because here we are today on April 7th, I'm six weeks into this conflict. With the Strait of Horror, moving somewhere between 10 and 15 million barrels a day being impacted and lost.

And if in fact we had built inventories 700 odd million barrels more than they were a year prior in 2025, we should be absorbing this fairly easily. We should only be taken down. That excess inventory that we built last year by some, I don't know what, 30 or 40% of that, we should still be in a better position, a looser position, a better supplied position today, right?

Than we were in even April or May of last year, if you believe those numbers. And yet we're finding out that the whole transmission system of the global energy market, is massively desperately searching for crude oil. I am gonna tell you, and this is what our research has said, and we've been saying this long before the situation in Iran.

That the market was not in the big surplus. Everyone thought it was. The market was balanced. That's why inventories didn't grow, and it was balanced. Despite the fact that OPEC surged production by 2 million barrels last year. They brought everything they had back online and they did it, I think in a gesture to help Trump keep the oil price low.

When he announced his tariffs the day that Trump announced the tariffs last April was the day that OPEC said, we're just gonna flood the world with oil. They did. They brought everything they had to bear. They brought two, two and

a half million barrels a day online. And it was absorbed. It was absorbed by really strong demand.

And so today we find ourselves now in a situation where. We should have been able to absorb this. In theory, we don't seem able to, and I think what it, the longer lasting effects of this conflict is that it's gonna cause everybody to take a very close look at the oil market. And in many cases, that's for the first time in a decade there, there's many investment firms in the world that have just written off and gas for 10 years.

And I don't think That that cuts it anymore. I think you need to have a more nuanced view, and as people begin to come back to the sector, they're gonna say, oh my God, we haven't invested in any of this stuff in over a decade. And we're starting to see how fragile the supply chain really is.

**Erik:** Adam, I agree with you that what's going to happen next is everybody is gonna take a closer look at energy.

Something I've been thinking about though is probably, depending on each investor's own political orientation, some of them are gonna look at this as you were just diluting and say, boy, time to reinvest an oil and gas. Others are gonna say, we gotta do something about the oil and gas problem. We gotta invest more heavily in renewables, while others, myself included, will say no.

We gotta invest more heavily in building out the nuclear renaissance. Do you think that those other themes are going to be big and how do you think the market decides which ones get the most money and what happens next?

**Adam:** Eric, that's a really interesting question. Obviously, we've spoken quite a bit in the past on our view of renewables and whether we think that renewables are a particularly suitable form of energy.

And to save your listeners going back, the answer is no, we don't. They're not a very efficient form of energy conversion. You take energy from sunlight and you can create energy from electricity from it however. It requires an unbelievable amount of material, of raw material in the form of steel cement polysilicon in the case of in the case of solar, obviously huge amounts of steel and copper and in, in the case of windmills.

And then the fact that the sun doesn't shine at the middle of the night and the wind doesn't blow all the time, and so you need battery backups to do all that. All of these things consume energy and so what you're left with is a really poor

converter. Of energy with renewables. And that's why, quite frankly, countries like Germany and England and, all the all the countries that have really decided to push hard for renewables are feeling this energy crisis the most acutely, right?

Whereas the countries that have doubled down on their oil and gas infrastructure, like particularly the United States helped along by the shales, they're riding out the storm in a much better position. So will people argue that? The takeaway from the Iran conflict is to double down on renewable energy.

I have absolutely no doubt that they will, do people in their hearts really think that's the solution. I think the cat's a little bit out of the bag there, and I think people are now beginning to realize some of the challenges, could nuclear help. Absolutely. And I think that will help push along the adoption of small modular reactors, but realistically, that's not gonna be here before the early 2030s.

And even then, it's gonna take quite a bit of time to roll out and scale. So I can only hope that the big takeaway from all this is a big push into nuclear, not just for our portfolio, but more importantly for the energy abundance of the whole world. But that's gonna take some time. I think in the near term though the one thing that.

Maybe people don't have on their radar is. Potentially a return to coal and particularly in what they're now calling the global south or the global third world, or developing markets or what have you, countries India being one of them, let's say that had made real commitments to pursuing LNG imports and have now had to face both.

Russia, Ukraine, and now Iran disrupting natural gas flows over the last 10 years. So if you wanna talk about something that's really sensitive to disruption, I would say that's gas. International gas, and perhaps we'll see this as a catalyst to say, maybe we shouldn't retire all those coal fired power plants.

Maybe we should double down on some of them.

**Erik:** Adam, let's talk more about what happens next. In oil and gas were, let's assume that one way or another, this war. Eventually ends for better or for worse, and we have to go to the recovery. So now we're dealing with a great big backlog, a logistics nightmare, probably.

What happens next in terms of the market? Do oil prices come right back down or do we see oil prices continue to increase? Is the the recovery from this

situation maybe drags on? And where are the investments? What would you be actually moving on next as an asset manager?

**Adam:** I think the best investments right now remain in the oil equities, believe it or not, because many of them have moved, but they've moved like 30 or 40%.

They haven't had the kind of two to three x move that the spot price of oil has had from 50 up to 120, or I guess dated Brent today, hit 148 or something like that. The stocks are up 30 to 50. Percent. So what gives and why haven't they moved more and why might they move in the future?

The reason they haven't moved more is because outside of the spot price, the price for oil delivery imminently the forward curve hasn't moved all that much at all. It's moved from about 50 bucks to 70 bucks. And so the stocks have moved up in, in concert with that. So it's up, it's up this year.

Doesn't think that I. It doesn't think that things have gotten looser. Certainly, but nowhere near what you've seen in the spot price action. And the reason for that, I think, is that oil traders right now acknowledge that it's awfully difficult and getting a lot harder. Mind you to find physical barrels today.

But that, as you put it a second ago, this will resolve itself for better or for worse in a relatively timely fashion. And from then on, the market will get back to where it was before. Maybe a little bit scarier of a world because of the geopolitical risk, but by and large, back to where it was before that 50 to 70 dollar range.

And I think that's what is going to, people are gonna wake up to because that's not going to happen. And the reason I say that. Imagine, we're losing, call it 10 million barrels a day on the most conservative estimates. So that's 70 million barrels a week, and 70 million barrels a week times 6, 7, 8 weeks.

Pick your length you're going to take the global inventory level down dramatically by somewhere between three to 400 million barrels now. Global OECD countries have announced that they're intending to release 400 million barrels from their strategic petroleum reserves, but that will take their strategic petroleum reserves down to quite low levels.

Because remember, in the US we've already had ours. And so now that would take it down by another. Material percent to what I would call dangerously low strategic levels. And I suspect most countries around the world, certainly China

and I think certainly the United States, if there's a lesson to be learned here, it's that you better, have a good strategic petroleum reserve in place.

So I don't think any country is going to Bach at trying to rebuild those. And so the total global inventory situation is going to be a lot lower than it was in January. And once the dust begins to settle literally and proverbially, I think analysts are going to stop saying, how much is being impacted in the strait today?

How dislocated can this market get? And they're going to start to say. Let's work on rebuilding these inventories, and that's when people will begin to realize the market's quite tight. Because again, remember if you took everyone at headline value and you think we're two to 3 million barrels a day in surplus, which I don't think we are, you could rebuild that inventory in a hundred days.

And so it's no wonder ISI guess, that people in the forward curve are saying, yeah, by the third and fourth quarter, everything will be just like it was in January. I think what will change people's attitude is once the proximal crisis is over, people will begin to realize that inventories just aren't rebuilding the way they thought they were.

And that's when people will say, wait a second, this is a tight market and it's gonna be. Awfully difficult to make things feel comfortable again, that's when the longer end of the curve begins to rise, and that's when the stocks, I think, will begin to respond. Because what they like to do, obviously is they like to price in the cash flows.

And what cash flows do you use? You're pricing it off of the forward curve, which tells you, yeah, there might be a good bumper quarter here, but that within three, six months you're basically back to where you were in January. I don't think that's the case and that's the next shoe to drop from an investing standpoint.

**Erik:** The inflection point right now on the WTI forward curve is right around the December 26 contract. And it's amazing to me as we're speaking, it's upwards of \$114 to buy the front month, WTI future, but you can buy the December contract for 75 bucks. It seems to me like I wouldn't even describe that as a long dated future.

That's a medium dated future. What about just buying December 26? Futures for 75 bucks on the logic that, yeah, everybody's gonna need to re replenish

their SPR and they're going to, it's gonna take months to work through this surplus. It seems to me like that's a pretty good bit. What do you think?

**Adam:** Listen, I'm not a futures trader and so I won't offer any recommendations on how to put out a futures strategy. In principle. I don't disagree with you. However, I think you can make it even easier on yourself. I think you can buy oil stocks and you can get that same exposure, essentially the same, type of exposure as trying to play for a move higher in the \$75 december dated, contract. If December contract goes from 75 up to a hundred, a basket of oil stocks, certainly offshore drilling stocks will do very well. And I suspect, depending, obviously there's an element of leverage in the futures contract, but I think you could earn just as good a return in the equities, if not better than you could just trying to play that move in the future.

**Erik:** Adam, I wanna move on to the knock on effects of this that we've talked to some previous guests about, because I know at Goehring and Rozenewajg, you guys focus a lot, not just in the context of this crisis, but bigger picture on food. Let's talk about what's happening, not just to oil through the strait of Hormuz, but also fertilizer, which has a much longer lag effect.

It's, the crop cycle where it's, if there's not enough fertilizer, it's going to be next year's crop that ends up not being as big as this year's crop. What is this gonna mean for food prices and how does that affect inflation more generally as we look out for the next few years?

**Adam:** I think that everything that's been happening in the last six weeks can have an impact on inflation.

And if you want to talk about things that are not priced, I think that's exactly one of them. If you look at the fed futures, if you look at inflation tips and things like that, I think again, these are woefully behind and investors should begin. Thinking now about protecting if not a base case, at least protecting the tail risk, that you're gonna have some pretty nasty and difficult inflationary prints.

Ironically, the only. Area of the market and it's a commodity that, that is signaling that maybe things are not gonna follow the playbook that we thought they would six or eight weeks ago is gold. And people have said, why isn't gold doing better through this crisis? And I think one of the reasons is that some gold investors are now beginning.

To price in what could happen if you actually get a rate hike this year, which was unheard of in January and February. The only thing was how do dovish will the new Fed chairman be? I think now there's, at least on the margin, some people saying, look, maybe there is some big disruptions. Another big area like you just said is going to be in agriculture, and that is because a lot of fertilizer does pass through the strait of Hormuz.

It's very clear now that's being disrupted. I don't have the number off the top of my head in terms of how much of the world's fertilizer production passes through, but it's fairly dramatic. And what's, I think really important when you talk about the grain market is let's take a step back.

So for the last 10 years or so, maybe even 15. We've had this very unique, interesting dynamic in global agricultural markets. Demand has been off the charts and the reason it's been off the charts has been rising incomes in developing markets. People like to talk about energy demand. Certainly we spend a lot of time talking about energy demand and in emerging markets, but the first thing you do when you have a couple bucks in your pocket is eat protein and.

If you think about eating protein, and you think about it from an energetic perspective or from an energy systems perspective, what you're doing, what you're doing is you're taking the sun's energy, you're growing grain, you're feeding the grain to an animal, which is then growing the animal, and then you're eating.

Animal. And so you're eating a lot of energy, caloric energy that's come through the sun, into the agriculture, into the animal, and then into you. That's obviously a lot less efficient than you just eating the grain yourself because it's not a perfect, the animal's not a perfect converter of caloric energy from the plant into its own into its own meat, right?

So if you were to subsist on just a grain-based diet, and then you move to just a meat-based diet. Just to survive, you would require seven times as much grain as if you just ate the grains in the first place, right? So I'm not a vegetarian, I'm not a vegan. But when people do talk about the environmental impacts of eating meat, one of the things, a lot of attention's focused on bovine flatulence and things like that.

But really what it is it's just a much bigger energy system, right? Because you now need to convert from gr from sunlight to grain to animal to food. And grain demand because of rising incomes in the third world. And because of increased protein consumption, grain demand has just gone off the charts.

Off the charts. And anybody looking at that would've said in the last 15 years, this is a huge bull market for AG. But it hasn't been. And the reason it hasn't been is that our yields have gone off the charts. We've had some of the. Best record yields year after year for the last 15 years. Part of that is better fertilizer.

Part of that is better seeds and better GMOs and things like that. And part of it, which no one wants to talk about is that for the time being rising temperatures across the. The globe have resulted in a longer growing season and better yields. I'm not saying that one day we're not gonna have crop failures.

That's a discussion for another day, for today and for the last decade. The growing season has gotten longer and there has been more ability to get higher yields out of those plants because of that. And so our yields have just been off the charts, and so we approach every year, every growing season, almost like we're going down this razor's edge.

On the one hand, demand is off the charts. On the other hand, yields are off the charts. And we said to ourselves every year, if anything happens to disrupt that growing season, if anything happens to impact the yields, this market will be very tight in a hurry. And I think that this fertilizer issue could be that, right?

You've needed perfection in your crop, year in and year out to meet demand. And I'm worried that finally with this, I. Impact on fertilizer supply we're not going to be able to get another record yield. And if you don't do that, the market tightens way faster. So when you think about it from an investment perspective, it's a classic asymmetry, right?

It's not a normal distribution here. If something happens, the market tightens really quickly and you have this asymmetric move. And I think that's what a lot of people that convexity, that asymmetry is what a lot of investors look for. And I think Grain could potentially give it to you this year.

**Erik:** Adam, I definitely want to come back to gold later in this interview, but let's start with another metal you and I are both fond of, which is uranium, and even before that, why don't we talk about where nuclear energy is headed?

Seems to me like the outcome of this crisis is gonna be a lot more attention on energy security generally. We already have a formative nuclear renaissance globally. Seems to me like this has to be super bullish for nuclear energy generally. Unless we were to get one of two escalations that I'm crossing my fingers are off the table.

But if we actually saw a nuclear weapon used in this conflict, I think that would probably resensitize people to, nuclear is bad and they. The public can't seem to sort out the difference between nuclear weapons and nuclear energy. So I'm afraid that the use of a nuclear weapon would resensitize the public to fear nuclear energy.

And I'm also concerned about the possibility of military strikes on an operating reactor, which is a violation of international law. But so are several other things that are being discussed in this conflict if that were to happen and you had a worse than Chernobyl radiological disaster because somebody.

Hit an operating nuclear power reactor with a missile that could derail everything. I don't know how to think about those risks. Do you worry about that stuff? And how do you see the outlook for nuclear energy and then of course for uranium,

**Adam:** Back in 2022 the uranium bull market had started already and we had big sizable positions. And Lee and I discussed just that what happens if something happened to one of the Ukrainian nuclear reactors, which so far has remained intact and or what happened if a tactical nuke was released. And I think. That would not be good certainly for humanity, and I don't think that would be good if I'm being really callous pragmatic.

I don't think that would probably be great for a uranium portfolio. But taking sort of the biggest black swan events off the table I, I think that the future for nuclear energy remains. Very bright. I think we're starting to see some very real advancements in permitting in the United States, notably towards small modular reactors.

And we've argued for some time now that the biggest hurdle to the SMR adoption will be the Nuclear Regulatory Commission. And I remember sitting with someone who was very senior at, in Washington. And we talked a little bit about, what the US could do to really improve its energy security long term.

And I said quite clearly, gut the NRC and put in place people that are actually willing to regulate the nuclear industry and not people who are just hell bent on closing down every nuclear reactor in the country. Which is really what the NRC became following Fukushima, I think after Fukushima.

The regulatory agency was desperate to make sure nobody could argue that they were in bed with the industry that they were regulating, right? I think that was their number one concern. And so they became incredibly hostile towards

nuclear energy to the point of making it almost impossible to build a new third generation reactor in the us And certainly the idea of.

A small modular reactor passing permitting, and it's a two-phase permitting process, seemed almost impossible. That has largely been changed. The Trump administration. Has really changed a lot of of things in the NRC and they've moved some of the responsibility to the Army Corps of Engineers. And they've really tasked the NRC with making timely decisions.

It doesn't have to be approvals, but timely decisions on new reactor design. So we've seen, for instance, Terra power get major permit and I think that's wonderful. Team at Terra Power over the years. And I think that their technology probably the best in the industry. And so I do think that we're gonna see a big improvement in nuclear reactor design in the next five or six years.

I don't think you need any of that incidentally, to invest in uranium today because the story between now and 2030 is really a story of not producing enough out of minds to meet the current reactor fleet. And. This is where I think a lot of investors get it wrong. People ask me all the time, when does this really become a problem?

How many years out until you really hit a severe deficit in the world's uranium market? And I tell people it's here already. It has been largely obfuscated by these massive Japanese stockpiles that were accumulated post Fukushima. Those are now gone. Those are all into the market, and so the market is trading pretty much heads up, supply and demand.

That's why prices just keep creeping higher and higher. This is like a really simple, boring story, wrapped in a huge amount of emotion and a huge amount of speculative energy where the hedge funds come in and play it massively on the long side and drive the price up and then become super short and they get it on the short side and drive the price back down.

The longer term true. Signal here, the true trend is very easy to understand, is that we're not producing enough from today's mine supply to meet today's reactor demand, and we don't have much in the way of new mines coming online for the next three, four years. So I think between now and 2030, it's a really boring story and a bullish one.

After that, it's gonna be a question of. How many new mines come on versus how many SMRs come on, do we get the nuclear renaissance that we hope we

do? It's all very exciting and full of promise, but between now and 2030, it's just a simple story of supply and demand.

**Erik:** Do you have a price target for Uranium in 2030?

**Adam:** That's what's so interesting is that if you look at the total cost of fuel in a nuclear reactor. It's minuscule. Everything is all about the initial CapEx build. So once you have built, for instance, an operating nuclear power plant, what would a fuel buyer at an operating nuclear power plant pay? When would they stop buying uranium?

When would they say, you know what, we're gonna step outta this market and not buy, or just shut the plant down. It's almost never could you get \$500 and make your budgets work. Absolutely. It made even more interesting by the fact that most of them are regulated and would just pass that on. To the consumer, and nuclear power is still quite cheap compared to other forms of power.

So even at \$500 uranium, you're not gonna squeeze out demand. So I think for the next five years, again, until we inflect and it becomes a story of new mine supply relative to SMR demand, which is a 2030 story. But for now, what's super interesting about the uranium market is that it's. Difficult to find that price that squeezes out the next unit of demand.

So what is a good long-term price? I think 150 bucks is a good long-term price. I'm talking per pound U 3 0 8 because that's really the price that you would need to make. Several good. Uranium deposits begin to make sense. The best ones in the world are Next Gen and Denison. Those need about a hundred bucks, and then there's not much till you get to about 150.

And so I think to truly balance the market, you probably need 150. Could you spike it up and above that? Absolutely, because again, there's no demand destruction.

**Erik:** Let's move on to gold, which you mentioned earlier, as you said, the fear here, and it's fascinating when you really think through the macro dynamics.

The reason there's a bearish case for gold is because as yields move higher. Gold competes with treasuries, and if gold's not producing any return, and treasuries are producing a return, the competitor's producing a greater return. Wait a minute, Adam. What that means is if people were completely abandoning US treasuries because of some geopolitical loss of faith in the

United States and the treasury market was outright crashing, crashing treasury market means much higher yields.

So that means you don't buy gold in that circumstance. At what point does this argument break down?

**Adam:** Oh, I think you're exactly right. Listen, I think that there's a very big difference between a real rate hike cycle, which historically has not been good for gold and actually was not good for gold in 2022, either despite the fact that inflation inflation was high money was abundant.

We had just printed all these stimulus checks during COVID You had a big market dislocation, you would think that gold did really well. But it wasn't until 23 and 24 that it started to do well. And the reason was that in 22 you had a rate height cycle that was beginning.

I think you need to make a little bit of a of a delineation between. A Fed chairman that surprises everyone with raising rates a couple times, which is more what I'm saying could happen versus a collapse of the treasury markets in which yields go up. This, the net result could be the same, yields rise, but very different beneath the surface of the water.

So I think one is a loss of confidence in the United States, which would probably be quite good for gold. And one is just a more typical rate hike cycle to try to get inflation under control, which historically might. Cause gold to sell off, particularly at the levels that we're at today. So one of the things that concerns me a little bit about gold today is that.

This was not true the last time we spoke. Not so much in the stocks, but in the actual holdings of the GLD for instance. There's quite a bit of speculative money that's come into that that has also chased a bunch of central bank buying of gold. Of the two, I find that the central bank buying of gold is going to be.

Quote unquote, better buying of gold. Not that their timing is better. Obviously, their timing in the nineties was terrible and they sold all their gold. However, their price agnostic. All they know is they will move a certain amount of their treasury holdings into gold. So that's always nice. And second of all, they're not really like hot money.

They're not gonna change on a dime their policies, whereas the speculative money that goes into the GLD that's a bit more trend following. And in fact, as a really good example of that, when did that. Volumes start to accumulate in the

GLD. When did Western speculators start to buy gold? It wasn't at the beginning of 25.

It wasn't in 24. They didn't catch the bottom. They put really the majority of their investment into gold in the fourth quarter of 25, in the first quarter of 26. So they were a momentum buyer and now there's a lot of gold that's being held by them. So if that reverses and they start to come out, I think that gold could sell off a little bit.

I think ultimately gold goes higher this cycle. I don't think it's done at 5,000. But I think it's entirely possible in the midst of a commodity bull market, which I think we're in now for precious metals to seed leadership to other areas, notably energy in the middle part of the cycle. We saw that in the seventies.

We saw it frankly from 29 to 40, and we saw it in the early two thousands, and that would not be atypical. And nor do I think that means it's the end of the run for gold this cycle. I think gold could probably double from here, but I think from January of this year. And obviously, here we are in April oil's doubled since then, so it's, but go back and we were saying this in January this year, from January of this year, oil will be the better performer for a couple years I think.

That's for sure. Does gold go down? I think it could. I think you could also just trade sideways and be less good than other areas of the commodity market. But gold is gonna have another run here at some point. It's not done just yet. And what's going to cause that next run? I think it's exactly what you said.

It's a bit of a crisis of confidence in. Whether it's the United States in particular or Western economies in general remains to be seen, right? But we've had so far what has been called the Debasement trade. I think the next shoe to drop, which to be clear, I don't think is gonna happen for a year or two or three will be the insolvency trade.

The fact that a lot of these governments are in really tough shape. That hasn't happened yet. We've had a debasement trade. I think the next step is the insolvency trade, and that'll be good for gold.

**Erik:** Adam, I can't thank you enough, as always for a terrific interview. Before I let you go, let's talk a little bit about what you do at Goehring and Rozencwajg.

A lot of people perceive you guys to be a commodity research firm because you publish some of the best work in the industry, but that's actually not your real day job. What's the story there?

**Adam:** Thank you for saying that, Eric. That's very kind of you. We're very proud of our research, but our research underpins an investment process.

We're money managers and we have a fund in the US as well as a fund internationally. And I should point out that this is what we've always done. My partner, Elise, started managing this strategy back in 1991 and the research and the letters is really just, I think a way to show people and our partners and clients what it is that's driving our investment decision. So we spend maybe a little bit more time polishing it than some other buy-side folks might. But we are investment people first and foremost. And it makes me think a couple years ago somebody asked me how I enjoyed making the transition from newsletter writer to portfolio manager.

And I said no, I think you have that backwards. We made the transition from, portfolio managers to being on podcasts and stuff like that, but we're money managers first and foremost.

**Erik:** Patrick Ceresna and I will be back as Macro Voices continues right here at [macrovoices.com](http://macrovoices.com).