



## Real assets and stagflation

### Commodities and infrastructure for stagflation portfolios

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#### Commodities and infrastructure for stagflation portfolios

The Fed's higher for longer stance suggests it is still worried about inflation, which increases the downside risk to growth. We've looked at real asset performance in 'stagflation-like' periods and find some support for commodities and infrastructure.

#### Higher yields have weighed on both infrastructure and REITs

Having come under pressure from rising yields both infrastructure and REITs currently look relatively oversold vs equities. We are concerned about further repercussions on CRE but see a buy opportunity in infrastructure.

#### We've seen increased volatility in commodities

We've seen a pick-up in previously subdued volatility in both oil and gold in recent weeks. Gold is currently caught between higher yields and being a safe-haven trade; oil between the risk to growth from higher yields and supply risk in the ME.

#### RELATED RESEARCH:

[Renewed risk to REITs from rising yields](#), 6<sup>th</sup> Oct'23

[Oil: after the rally](#), 21<sup>st</sup> Sep'23

[Asset Allocation Quarterly - Scaling back but staying defensive](#), 15<sup>th</sup> Sep'23

[Infrastructure scope for reversal](#), 11<sup>th</sup> Aug'23

[Real Asset Strategist: Too early to buy REITs](#), 20<sup>th</sup> Jul'23

[Agribusiness equities oversold vs commodities](#), 30<sup>th</sup> Jun'23

[El Niño risk to food prices](#), 30<sup>th</sup> May'23

[Risks remain for REITs despite sell-off](#), 4<sup>th</sup> May'23

[Real Asset Strategist: Funding crunch threat to CRE](#), 20<sup>th</sup> Apr'23

#### ASR Intra Real Asset Recommendation and Preferences\*

	Underweight	Neutral	Overweight
→ <b>Real Estate</b>			
Office RE			Industrial RE Residential RE
			→ <b>Infrastructure</b>
Energy Infra. Transport Infra.			Utilities
			← <b>Gold</b>
	<b>Commodities</b>		
			Agriculture Agribusiness Equities

\* This table shows our asset allocation recommendations WITHIN the real asset sleeve at a headline level (blue cells) as well as indicating some of our current preferences within asset classes. Arrows refer to the direction of any recent changes (even if assets still fall within the same overweight or underweight classification)

Source: ASR Ltd.