

# Andalucia

*Cairo 28/6/2012,*

Dear Valued Investor,

Contrary to common belief that the primary threat to the world economy today is inflation, the matter of fact is that the real long term threat is deflation caused by deleveraging after decades of cheap debt accumulation.

Instinctively, one would think that decreasing prices is healthy whereas it actually is detrimental for business and the economy. Imagine if you saw home prices decrease month after month, you would feel very reluctant investing in real estate until you felt that the market was stabilizing and hopefully even mildly increasing in value.

The past year or so has seen the strongest wave of commodity price deflation since 2008. Although we expect the long term trend to pursue (over the decade), we expect central banks' reaction to induce an imminent rally in commodity prices in the short to medium term and we are positioning ourselves to benefit from it. Please be on the lookout for new positions in the second half of 2012.

Finally, I will be personally available to answer any questions/comments starting Monday July 2<sup>nd</sup> either by email or phone. Your contributions are more than welcome.

Thank you and best regards,  
**Mohamed Hawary**



**Managing Director**  
**Andalucia Financial Consultancy and Investment**