



# COMMODITIES

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## Dr Doom Marc Faber on why commodity prices will rise, oil to hit \$70 soon



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Leslie Shaffer | @LeslieShaffer1  
Monday, 24 Oct 2016 | 1:13 AM ET



**Commodity prices will strengthen: Marc Faber**  
<http://video.cnbc.com/gallery/?video=3000561784>  
Sunday, 23 Oct 2016 | 11:09 PM ET | 01:55

Long-depressed commodity prices are set to finally head higher for two key reasons, **Marc Faber**, the publisher of the Gloom, Boom & Doom report, told CNBC.

It all boiled down to the need for infrastructure, said Faber, who is also known as Dr. Doom for his usually pessimistic views.

"The need for infrastructure in Asia is huge. They have to build roads. You go to Jakarta, Manila, the infrastructure is a catastrophe," he told CNBC's "**Street Signs**," adding that to accommodate tourists, Asian countries needed to build airports and railways. "You cannot ship that many people by airplanes. There's no space."

The second reason commodity prices were set to rise was because developed markets were also set to boost their spending, he said.

"In the western world, they believe — I'm not saying it's the right belief — but the belief among economists and the neo-Keynesian and the interventionists is that monetary policy alone cannot lift the global economy out of its slow growth mode," he said. "So they have to go and build infrastructure and boost governments' fiscal deficits."

That was also set to send commodity prices higher, he said.

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"This combination of infrastructure in emerging economies and infrastructure spending in the developed economies of the U.S. and Europe, in my opinion, will mean that inflation will actually surprise on the upside," he said.

When it comes to one particular commodity – crude oil - Faber also pointed to economic growth in emerging Asia as boosting prices, adding that oil could easily test \$70 a barrel in the not too distant future.

**U.S. oil futures** were down 0.55 percent at \$50.57 a barrel, while **Brent futures** were off 0.41 percent at \$51.58 at 11:42 a.m. HK/SIN.



Adam Jeffery | CNBC

Marc Faber

—By *CNBC.Com's Leslie Shaffer*; Follow her on [Twitter @LeslieShaffer1](#)

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Senior Writer

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Symbol	Price	Change	%Change
<b>BRENT</b>	51.48 ▲	0.02	0.04%

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**ike\_spurlock** • 3 hours ago

CNBC should lose this guy's cell phone number.

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**Crashprice** • 9 hours ago

Does Mr. Faber really mean it; or is he crying wolf.

I have listened to the pundits on CNBC. They are always clamoring about "expect a recovery soon". The next day the price of oil falls even further. It is like simultaneously digging a hole deeper while trying to climb out of it.

My case in point is to ask you to stop "crying wolf" and spraying a water hose on us and telling us it is raining.

The price of oil depends on the laws of supply and demand. When the supply outweighs the demand, the price is going to fall. Didn't we learn anything from the last oil glut?. The only way for the price to rise is to turn the valve completely off, shut down drilling and consume what supplies that we have.

^ | v • Reply • Share ›



**CAT\_KIKI** • 19 hours ago

Recession is still not enough for people ... to save such indebted US empire , Americans need to swallow HYPERINFLATION so your country can keep on living , with debt level doubled in the last 8 years , probably doubles again in the next 15 years .

a.k.a : you need a massive DEVALUATION of USD. So your 20-trillion debts will look like today's ONE trillion after 10 years. .

And the one who caused your 2008 crisis - Greenspan - says ...we shall go back to gold standard .

The country/life live with borrowed money is PATHETIC. You sacrifice your next few generations' life for your own happiness.

^ | v • Reply • Share ›



**Ashraf Wadiwala** • 20 hours ago

When the inflation will surprise to the upside in developed countries? They are waiting for that. They don't want to spend resources to build infrastructure in Asian countries.

Those highly developed countries have "problems" of excess capacity. They have a lot of resources and lack of demand. They call the world a village but not agree to use their resources for building the vast parts of under developed world. They can build roads, bridges, railways, houses, hospitals, schools, drinking water supply projects, mechanized agricultural projects.

International Monetary Fund well know as IMF did a lot in the developed world after the WW II but did not do a good work for Asian, African and Latin American under developed countries.

^ | v • Reply • Share ›



**FreeMarketMan** • a day ago

Yes - the world needs infrastructure - too bad the money to pay for it does not exist. If governments print the money to pay for it - will have Zimbabwe on a global scale.

1 ^ | v • Reply • Share ›

**bklisz#flb** → FreeMarketMan • 21 hours ago



[FreeMarketMan](#) • 21 hours ago

I'm always reminded by friends of mine who live in countries other than ours  
"Never bet against the US"  
History bears out that this statement is worthy of serious consideration.

1 ^ | v • Reply • Share ›



[FreeMarketMan](#) → [bklisz#flp](#) • 21 hours ago

Do you really believe we can spend money we don't have indefinitely - just because we are the US. LMAO. History is littered with countries who were viewed this way (the last one being "Great" Britain - now just known as the UK) - just before they crashed and burned. All you have to do look at what is going on at the city and state level in this country - canaries in the coal mine.

^ | v • Reply • Share ›



[EGO](#) • a day ago

One of these decades this guy will be right.

1 ^ | v • Reply • Share ›



[Am Patriot](#) • a day ago

Right as always.

1 ^ | v • Reply • Share ›



[Hai Leo](#) • a day ago

He is doom him self.

1 ^ | v • Reply • Share ›



[shandy1](#) • a day ago

I have never known Dr. Doom to be right. Pile into DWTI. Oil is heading down!

1 ^ | v • Reply • Share ›



[Pacemaker4](#) → [shandy1](#) • a day ago

but you probably werent born in 1987..let alone playing the market.

1 ^ | v • Reply • Share ›



[Payback is a...](#) • a day ago

"When it comes to one particular commodity – crude oil - Faber also pointed to economic growth in emerging Asia as boosting prices, adding that oil could easily test \$70 a barrel in the not too distant future."

How does this matter, with the Philippine government declaring a separation from the U.S.? Asia is emerging on the side of the radical Islamic religions. Western tourism will disappear in the next year. They won't need infrastructure, the stated purpose for building out in the Faber quote.

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[Pacemaker4](#) → [Payback is a...](#) • a day ago

work the SCO into your thesis...starts to make a bit of sense. Trade always has an advantage being closer. Australia's policy is who ever controls the trade lanes...is their friend. Thats the aim of TPP to try and stop china....yet even the usa is 30 billion a month in trade. So when they try to tell philipines something about the SCS and china... they understandably must be asking for a better

and China... they understandably must be asking for a better price. heck name a country in SE asia that doesnt do 15% trade with china...enough to cause big enough issues. See Ukraine energy ...still begging russia cause its closer and cheap.

^ | v · Reply · Share ›



**TACOHEAD** · a day ago

Time to sell. The perma-bears are capitulating.

1 ^ | v · Reply · Share ›



**intentionalfoul** · a day ago

So Asia is growing and needs to build infrastructure and the West is full of Keynesian economists. Ok. But how is that any different than last month, or last year, or the year before that or...?

2 ^ | v · Reply · Share ›



**Weapons Grade Cranium** · a day ago

Guess he finally got tired of being wrong.

^ | v · Reply · Share ›



**The Real Stig** → Weapons Grade Cranium · a day ago

So he decided to be wrong again. 11 new oil rigs in the US and oil is going to hit \$70?

hahahahaha!

2 ^ | v · Reply · Share ›



**bklsz#flp** → The Real Stig · a day ago

Equating US rig count to global oil price movements is "el bazzarro"

^ | v · Reply · Share ›



**shandy1** → bklsz#flp · a day ago

Do you think rig counts affect WTI or are there other factors to watch?

^ | v · Reply · Share ›



**bklsz#flp** → shandy1 · a day ago

Supply/demand metrics ...geopolitical aspects. One must view pricing based on the global picture which I don't pretend to understand fully. I can assure you present day planning of production to address future demands is an every day task of hundreds of thousands of minds a hell of a lot smarter than mine.

^ | v · Reply · Share ›



**The Real Stig** → bklsz#flp · a day ago

No it isn't, because it directly relates to the activity of frackers. Fracking has changed the game. Whenever the oil price rises, frackers respond by increasing supply. It is a new mechanism that, barring a significant increase in demand, will henceforth limit future oil price rises.

^ | v · Reply · Share ›



**bklsz#flp** → The Real Stig · a day ago

Let me begin by suggesting that the tone and

content of your response suggests you know precious little about the industry.

The global production today is about 96 million/day out of which the US shale oil (your "fracker" term is senseless babble) represents about 3 million of the total US production of 8.5mm/day

3 million is roughly 3% of global production.

Secondly, shale oil wells have a declination rate of up to 60% per annum therefore just to sustain current production replacement wells have to be drilled on an constant basis.

To allege that 10 rigs here or 10 rigs there move the needle in the global picture is childish,..... but carry on fool.

"fraccing comes from the term hydraulic fracturing which is a completion process as is cementing and perforating. These completion processes are performed by the likes of Halliburton and others who are know as "oil well service" companies

^ | v • Reply • Share ›



**The Real Stig** → bklsz#flp • 21 hours ago

3% of global production is very significant in the context of current oil price movements. When OPEC recently announced a 700K bpd cut (0.8% of world daily production), the oil price rallied by 6%.

Keep up with the ad hominems and insults, perhaps they will serve you well in place of logical argument.

^ | v • Reply • Share ›



**bklsz#flp** → The Real Stig • 21 hours ago

The global depletion on an annual basis is about 6% which translates to 5.75 million a day. Our total domestic production is 8.5 million. There's roughly 550 rigs operating in the US. If you believe a 10 rig variance in either direction will influence global oil supply or price , be my guest.

^ | v • Reply • Share ›



**The Real Stig** → bklsz#flp • 20 hours ago

If you think the current increase in rigs will stop at 11, be my guest. Were the oil price to get anywhere near \$70, 10 rigs might be the weekly rate of increase.

^ | v • Reply • Share ›



**shandy1** → bklsz#flp • a day ago

Two questions?

1. Can't wells just be re-fracked after 4 or 5 years?
2. Wouldn't rig counts have some impact on

sentiment?

Think you need another cup of coffee so you quit being so abusive to others.

^ | v • Reply • Share ›



**waqas** • a day ago

Now i am sure oil prices will fall eventually after Faber's remarks.

2 ^ | v • Reply • Share ›



**Captain767** • a day ago

Ohhh Boy here comes CNBC with the Faber who looks more like Bunson Honeydew every day.

He must pay CNBC a ton of money to get on their shows. He is truly a laughable narcissistic dolt who CNBC panders too,

3 ^ | v • Reply • Share ›



**Michael Zhang** • a day ago

Maybe this time market will really hit ceiling and starts going down because last most bearish gentleman changed his mind.

I think I shall short US Russ 2000.

2 ^ | v • Reply • Share ›



**GNOMEOFZURICH** • a day ago

Hey thanks for the insight that the nations that comprise the developing world need to build out their infrastructure further. CNBC should be embarrassed to still be giving this one-trick nag a platform for his brand maintenance. Move on, please.

3 ^ | v • Reply • Share ›



**InfotainmentSystem** → GNOMEOFZURICH • a day ago

Well if Marc "contra-indicator" Faber says higher it might actually be time to man the life rafts and call abandon ship.

In that sense it is a data point.

4 ^ | v • Reply • Share ›

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