

MARKET STOCKS YOU SHOULD OWN WITCH™

www.marketwitch.biz

January 1, 2011

Volume 16 • Number 1

Market Witch is a compendium of theory, context, and information about the equities markets and the factors which affect them. Market Witch offers the broadest and most comprehensive perspective of any financial monthly you can buy. We focus upon what occurs in our culture, and others, that affects the equities markets, how we profit from it, and how you can, too.

Market Witch is available via the internet for \$19.95 per month or \$129 annually.

Visit <http://www.marketwitch.biz> or contact editor@marketwitch.biz

WELCOME TO THE TWENTYTEENS! A Preview of 2011 & A Preview of the New Decade

24% this year: A 2011 Set-it-n-Forget-it Portfolio

MW's STRONG BUY LISTS

In 2010, the US culture war got hot.

In 2011 US public outrage confronts both Government and the Fed. Developing Regions come of age. The Old World's EU comes apart. Various wars loom. In the new decade, top nations change rank status & position.

A PREVIEW OF 2011

The central issue of our time for Americans is that our country has become the most polarized nation on earth.

The US is so politically and socially polarized that the country is effectively paralyzed, and thus is prevented from making any real economic progress. And can make no forward movement that would get its citizens out of their continuing slide into Third World status.

This circumstance won't last much longer.

Two separate American cultures live in one geographic location. Only one will survive. Which one does determines what the US becomes. The stakes: Rebirth, or Continuing Deterioration.

The US cannot get involved in a war (which traditionally and historically would take us out of our current economic circumstances the way WWII took the US out of the Depression Dec 7 1941) because 50% of Americans (including the White House, which can't even address Iran, much less address Pakistan Afghanistan Venezuela or North Korea) would oppose it.

50% Americans want repeal of new health care legislation *but are unwilling to rein in private insurers*. And 50% wants Obamacare legislation to remain intact *even though much of the add-on pork in the bill is morally appalling*. Even though the Obamacare bill is appalling and has unconstitutional aspects, health insurance companies are ripping off Americans to an astonishing degree. Republicans tacitly support these companies. Tea Partiers do not.

The US cannot create a new industrial/manufacturing base because 50% of America would scream and carry on about global warming and carbon emissions.

The US actually should have troops in Pakistan, but can't leave Afghanistan because if we do, 50% of the country will say our leaders are sissies and wimps even though the *real reason* we should be in Afghanistan is that the these furthest reaches of Asia are the wealthiest in untapped mineral resources of anywhere on the planet, (also Islamic) and if we leave, Afghanistan will be taken over by the Chinese, whose mining engineers are already gleefully mapping things out while we concern ourselves with teaching Afghanis about "democracy" (which in our own case is currently a dismal failure) and telling Afghanis they cant grow opium poppies, which is how they have supported themselves for tens of thousands of years.

What's going on inside the US is a clash of domestic values and beliefs almost identical to the circumstances that split the population and led to the first US Civil War. And more importantly, a set of circumstances between the American People and the US federal government almost identical to that between the 13 colonies and King George III.

What has happened in the US is this: America became, since 1970, From one, many (diversity) rather than *e pluribus unum*, from many, one (unity of purpose and values, focused unified nationalism, the very definition of a nation) and it simply destroyed the United States. Socially, and economically, *and also as a world power*.

2008 marked the founding of the Tea Party movement.

Here's the best explanation of it we've ever seen.

<http://www.youtube.com/user/MrTugwit#p/a/u/0/TTA4FdzzATg>

In terms of these parallel time lines, in the history of our country, the original Boston Tea party occurred in December of 1773... corresponding to late 2008.

Here's what happened in 1773, which began as a quiet year in Colonial America, though resentment already had been building over taxation, occupation by troops, and other British Crown outrages and this exploded into action in December 1773 into 1774: <http://timelines.com/1773>

And so we are rapidly approaching completion of a cycle that matches up exactly with 1775 and on into 1776 as we now move into 2012.

The difference: in the 1770s, our oppressor was across the Atlantic. In the TwentyTeens, our oppressor is in our own Washington DC.

Each side, 50% of Americans vs 50% of Americans, believes the other is destroying the country. The Democratic/Progressive left says this is a fight to the death (see the Ted Danson interview in the January 2011 *Esquire*) and the Mainstream Grassroots America Tea Party Movement has carry permits and is buying guns and bullets.

Go to *any* gun store and hang out for 2 hours. You can see what's about to happen. Only one side can win. That victory determines what the US becomes this new decade.

Our federal government- and its huge bureaucracies agencies and programs- is on one side of this 50% dichotomy.

And the American people who believe in small government with fiscal responsibility, a strong dollar,, freedom and personal responsibility and "one nation under God" are on the other side of it.

The only possible immediate outcome of this is domestic war, one that began in 2010.

Here's a list of key events that happened in our country's founding colonial days in 1775: <http://timelines.com/1775>

The principal events from that year are:

-Patrick Henry's speech

-Paul Revere's ride just before the battles of Lexington green and Concord

-The battle of Lexington Green, known as "the shot heard round the world" and which marked the start of the American Revolutionary War

-Following Lexington and Concord, the Siege of Boston, which was an occupation of a key American city by troops who did not represent the people

-The second Continental Congress, which resulted in the creation of the Continental Army and the

placing of George Washington as the head of it

Draw from this what you will. But that is very specifically the parallel.

As you can see, 1775's "Give me liberty or give me death" has given way to 2011's "Don't touch my junk"... but Americans' outrage over governmental tyrannies both small and large has re-emerged over a 236 year span as this long rise-and-fall cycle nears its completion and in the USA's case probably begins again.

Americans' rights do not come from government, are not offered from on high. Our government's power instead comes *from* the American people *to* the American government.

The White House has backed down on tax cuts, unemployment insurance payroll taxes and capital gains. And now says the continued lower taxes will create 'millions of jobs.' That remains to be seen.

But this does free up the Tea Party movement (and the Republicans, who are equally as culpable for the Pork Barrel economics, the Government by Lobbyists, Health Care Insurance Companies, and Big Oil) and now are forced to come along with the Tea Party, or die) to address a lower corporate tax rate, to stop Bernanke, the Fed, and the White House as well, from further destroying the US dollar, and to address the huge problem of public-sector unions that make it impossible to shrink government.

Public sector unions in local governments are a microcosm of US problems at the state and federal level. We can tax Americans into a revolution or we can choose to dismantle these problems, shrink govt, cut costs, control spending. It is probably too late however to avoid *some form* or revolution in the US, and that's what 2011 and 2012 will be all about for America.

The Obama health care bill boondoggle (The US could use some form of nationalized health care & social safety net for American citizens who are responsible, work, and pay taxes, but (A) we can no longer afford this because we dismantled and gave away our means of creating wealth and (B) the health care package that has been passed ain't it) is small potatoes compared to the federal deficit and the govt and the Fed's willful destruction of the nation's money through the creation of huge additional public debt.

A current deficit repair plan being negotiated in congress now calls for about \$4 trillion to be slashed from the federal budget during the TwentyTeens...about $\frac{3}{4}$ of it through spending cuts and the other $\frac{1}{4}$ from higher taxes.

But federal deficits over this same period are estimated to be \$10 trillion and will require the federal govt to borrow (or create, with faux Fed money) 33 cents of every dollar it intends to spend.

The 50% of the American people (40%++ of Americans already identify with the Tea Party movement and vote its beliefs) who believe in fiscal and social responsibility will not allow this to happen. And that a second American revolution is under way.

We are defined not only by what we create, but also by what we refuse to allow to be destroyed.

A preview of 2012:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. That whenever any form of government becomes destructive to these ends, *it is the right of the people to alter or to abolish it.*

In the US, 2011 will be mild compared to 2012.

NAVIGATING THE TWENTYTEENS

In Europe, a polarization similar to the one occurring in the US is underway, and it is happening between countries which are industrious and responsible (esp France Holland and Germany) and the 'have not' countries (esp Ireland and Greece but also of course Spain & Portugal) with huge fiscal debt and huge public welfare social programs they cannot afford. In the USA this polarization is heading for a showdown. In the EU, the "nation" that was established in the 1980s not by the people but by social planners, is in the early stages of flying apart.

During this new decade, countries all over the world will be changing status stature and social and economic position and power like a game of musical chairs.

The top ten largest economies in 2010 in terms of total GDP measured at purchasing power parity (PPP) are the USA, China, Japan, India, Germany, Russia, the United Kingdom (UK), France, Brazil and Italy. PPP is a method of measuring the relative purchasing power of different countries' currencies over the same types of goods and services, thus allowing a more accurate comparison of living standards;

Six out of the ten biggest economies in 2010 are advanced countries. With GDP measured at PPP terms accounting for 20.2% of the world total, the USA is the world's largest economy in 2010;

In 2010, China ranks as the second largest economy in the world, with GDP making up 13.3% of the world total in PPP terms. Other emerging economies in the top ten biggest economies in 2010 are India, Russia and Brazil. Emerging countries have fared better than advanced economies overall during the global economic recession;

By 2020, there will be major shifts in the world economic order in which emerging economies will become more important. China will overtake the USA to become the largest world economy in 2017 and there will be more emerging economies in the top ten economies by 2020 and beyond;

The rise in importance of emerging economies will have implications for global consumption, investment and the environment. Large consumer markets in emerging economies will present enormous opportunities for businesses. However, income per capita will remain higher in the advanced world.

The Top 10 largest economies by GDP in PPP terms, in 2010 and in 2020 in US\$ millions

Ranking	2010		2020	
	Country	GDP (I\$ million)	Country	GDP (I\$ million)
1.	USA	14,802,081	China	28,124,970
2.	China	9,711,244	USA	22,644,910
3.	Japan	4,267,492	India	10,225,943
4.	India	3,912,991	Japan	6,196,979
5.	Germany	2,861,117	Russia	4,326,987
6.	Russia	2,211,755	Germany	3,981,033
7.	United Kingdom	2,183,277	Brazil	3,868,813
8.	France	2,154,399	United Kingdom	3,360,442
9.	Brazil	2,138,888	France	3,214,921
10.	Italy	1,767,120	Mexico	2,838,722

Source: EuroMonitor International from IMF, International Financial Statistics and World Economic Outlook/UN/national statistics

Advanced economies are slowing down

Since the 1990s, advanced economies have experienced much slower growth compared to the developing world due to the rapid rise of emerging economies including China and India. The declining trend of advanced economies has been accelerated by the global financial crisis in 2008-2009:

The USA is the world's largest economy. However, its share in world GDP in PPP terms has declined from 23.7% in 2000 to 20.2% in 2010 due to faster growth of emerging economies as well as the severe impact of the financial crisis in 2008-2009. Real GDP contracted by 2.4% in the USA in 2009. The economy has recovered since early 2010 owing to stimulus measures;

Japan's economy recovered slightly in the mid-2000s after a prolonged period of stagnation due to inefficient investments and the burst of asset price bubbles. The country has been hit hard by the global economic downturn since 2008 as a result of its overdependence on trade and prolonged deflation. Population ageing has also accelerated Japan's economic slowdown. In 2009, annual real GDP shrank by 5.2%;

In 2010, the European Union (EU) economies account for 20.6% of world GDP measured at PPP terms, down from 25.1% in 2000. Population ageing and rising unemployment have contributed to their slowdown;

The IMF forecasts that annual real GDP growth of advanced economies will reach 2.3% in 2010 and 2.4% in 2011 after a contraction of 3.2% in 2009. This is much slower than the 8.7% expected in emerging Asian economies for both 2010 and 2011, which are driving the global economic recovery. Many advanced economies will also face the challenge of reducing public debts and government budget deficits, which will weigh on economic growth potential into the medium term.

Emerging economies are catching up with the advanced world. By 2020, there will be changes in the global balance of economic power:

China's share in world total GDP in PPP terms has increased from 7.1% in 2000 to 13.3% at the end of 2010. By 2020, it will reach 20.7%. China will overtake the USA to become the world's largest economy as early as 2017;

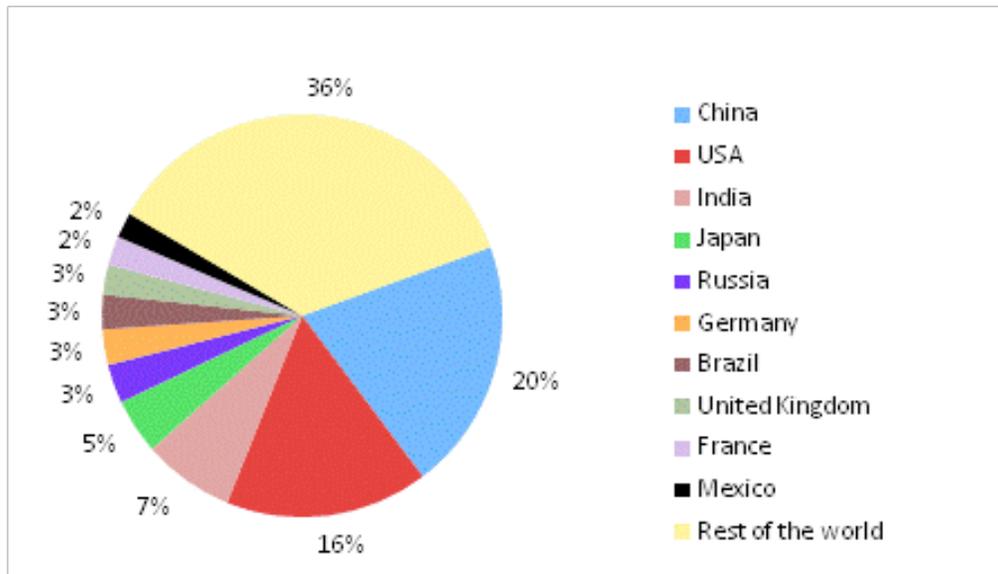
India is the fourth largest economy at the end of 2010. By 2012, India will have overtaken Japan to become the world's third largest economy, with GDP accounting for 5.8% of the world total in PPP terms. In the long term, India could grow even faster than China due to its younger and faster growing population;

By 2020, Russia will rank higher than Germany in the top ten economies in terms of GDP measured at PPP terms and become the fifth largest economy. Brazil, on the other hand, will have overtaken both the UK and France to become the seventh largest economy in 2020. Being amongst the world's major exporters of energy and natural resources, Russian and Brazilian growth potential is promising although Russia's lack of economic diversification may cause problems in the longer term;

By 2020, Mexico will have overtaken Italy to become the world's 10th largest economy by GDP measured at PPP terms. A growing population and proximity to the USA aid the country's economic development;

With five emerging countries in the list of top ten largest economies, global power will become more balanced by 2020.

Top 10 largest economies as a percentage of the world total GDP in PPP terms: 2020



Source: EuroMonitor from data provided by the IMF

Implications of economic shift toward emerging economies:

With huge populations and rising household incomes, consumer goods and service markets in emerging economies will provide enormous opportunities for big multinational businesses. In 2010, the total population of BRIC countries stood at 2,856 million people, compared to 737 million people in the G7

Opportunities in emerging consumer markets will increasingly include luxury goods as more people will be able afford them and as New Middle Class continue to form and expand. In China, the number of households with an annual disposable income above US\$10,000 (in nominal terms) will almost quadruple from 57.1 million in 2010 to 222 million households by 2020

Younger consumers will become more important. Despite population ageing in several emerging countries including China, the population in emerging markets is generally younger than in advanced economies. Iran's median age is 26, for example. In 2010, the share of population aged less than 25 years old to total population is 39.9% in BRIC countries, compared to 27.6% in the EU. Young consumers represent potential in making large purchases such as cars, houses and household appliances. In absolute terms (total population) China and India will have the largest populations aged 65+ in the world in 2020;

Foreign investment capital will continue to flow into emerging countries. Yet foreign investors may still face heavy regulations and in many cases corruption. Brazil, for example, ranked 129th out of 183 countries in the World Bank's 2010 Ease of Doing Business report due to cumbersome business

procedures. It is the carrot and the stick, however: streamline ease of doing business in Brazil, get an 80,000 Bovespa etc.

Emerging countries will also become more important foreign investors, and will enjoy enormously increased influence in the global economy. Since the early 2000s, China and India have both become major foreign investors in Africa, along with Holland, the UK, etc. By accelerating “south-south” investments (investments to other emerging markets), emerging markets are also raising their stakes in terms of their potential likelihood (got capital? Choose me! Choose me! Invest it here!) in Research and Development and potential exploitation

The rise in economic importance of emerging countries will lead to a rise in their global political influence. Money talks. China, for example, has since 2010 become the third largest shareholder in the World Bank

The rapid growth of emerging countries, however, may accelerate global warming. China, India and Russia are among the world's biggest polluters. In 2009, Russia's carbon emissions per US\$1.0 of output stood at 1,383 grams, compared to 151 grams in France (France is the world's 5th largest economy)

Since early 2010, the risk of overheating economies with concurrent paper money inflation has been rising in emerging economies as a result of strong capital inflows and rising property prices. This may lead not only to paper money inflationary pressures but also raise the risk of the formation of asset price bubbles in real estate farmland etc

The rapid growth of emerging economies may also lead to rising social unrest due to the unequal distribution of wealth.

Prospects

Many emerging economies will resume a high rate of growth as we end 2010 and the world moves into the early TwentyTeens, the Global Economic Boomtimes, and the era of the Commodities Supercycle. China, for example, will experience an average annual real GDP growth rate of 9.5% during 2010-2020

Compared to 2010, global economic power will become more balanced between developed and developing economies by 2020 with China, USA and India the three largest economies in the world in PPP terms. Euromonitor International forecasts China's GDP to be I\$28,125 billion in PPP terms in 2020, accounting for 20.7% of the global total

On a per capita basis, however, advanced economies' GDPs and spending power will continue to rank above ‘emerging’ economies. In 2020, annual disposable income per capita is forecast at US\$5,807 in BRIC countries, still far below the US\$31,050 in the Eurozone in US\$ terms

Apart from boosting per capita income, the challenge for emerging countries is to achieve a foothold

on a Middle Class living standard comparable to that in advanced/developed countries, as well as increasing consumer demand and spending in order to balance global consumption. In doing so, these countries will have to stabilize their politics, initiate some form of democracy (as opposed to warlords/police states) and establish 'social security' that is not a check in the mail but freedom from the knock at the door in the middle of the night

Our thanks to EuroMonitor market research, London

COMPASS POINTS

This is a much more confrontational year, both inside the USA and inside the EU, than was 2010. 2011 may get ugly in the US even though we may see a considerably-higher Dow, likely above 13,000. 10% US unemployment will remain, and the USA's Third World Status of 95% poor 5% rich will continue.

In 2011, one half of this very polarized American society will begin to confront the federal government much as the 13-colony residents began to push back against the British crown in 1775.

An MW stock portfolio to start the year off right and navigate it successfully:

-Gold. Roger Altman, former US Deputy Treasury Secretary, writing in *Foreign Affairs* quarterly, says that a realistic-case scenario right now is that by 2020 the US federal debt could equal 90% of the GDP. A worst-case scenario is that the federal debt could *equal* the US GDP by late 2015. That means all cash beyond your immediate-needs checking acct money should be in GLD, GDX, or in gold coins or bars. Pundits, political columnists, and economic 'experts' are saying that gold has peaked and that buying gold mining shares gold ETF shares or even physical gold is a suckers' game. *Don't believe it.* Gold will approach and touch \$1700 this year and the gap between gold's Fair Value and its Current Price, in relation to the USD, will nearly close.

-Transocean Ltd. (Swiss) (RIG) the best oil drilling service co. EPS \$ 7.71, P/E 9.2

-CPFL Energia SA (CPL) Brazil's electric co. P/E 12.7 EPS \$5.84 div yield 7.6%

-VALE (VALE) Brazil's strongest nickel and iron ore co also owns USA's Bunge and has moved heavily into Agribiz. Now moving into copper

-Rio Tinto (RIO) (UK) broadest range of mined minerals of the Big Six mining companies is moving heavily into Africa, just bought Riverdale mining, a UK company with operations mostly in Africa, for 3.4bil, assuring coking coal supplies far into the future. EPS \$4.62, FWD P/E 8

-Nvidia (NVDA) graphics PCUs, heading into 3D, FWD P/E 20, near-zero debt, \$2bil in cash, buyout candidate

-Apple (AAPL) wait for a 2:1 split in the 320 350 range, then buy shares a few months later @ 140 150. If the stock doesn't split 2:1 don't buy it

-Google (GOOG) Now a conglom. Software, infotech, advertising, energy, telecom, operating systems, knowledge libraries. Budding retailer. Unwittingly political. Committed to freedoms. Hated by the China govt. Doesn't really 'get' the entire concept of 'shareholders' & shareholder value. We don't own shares because there is no dividend, even tho the EPS is huge. But the shares, which have never so far split, are Fair Valued @ around \$800 as of Jan 1st and we can't argue

-Siemens (SI) Global conglom, everything from railroad systems to windfarms to health care hardware to in 2011, its own banks. Germany's strongest company in the EU's strongest country. Future-oriented, superbly managed FWD P/E 13, dividend \$2.72 The EU can come apart. Germany will not.

-Arch Coal (ACI) USA, coal mines. P/E 47, FWD P/E 12. Buyout candidate.

-Wal-Mart (WMT) Global retailing. Probably America's largest employer. New footfold in Africa means WMT is looking ahead 25-50 years.

-BlackRock Russia iShares MSCI Russia ETF (ERUS)

-Mesabe Trust (MSB) USA, iron ore. Dividend \$3.64 yield 7.3%

-AON Corp (AON) World's largest insurance broker. Does not insure, only serves as a broker. No underwriting risk. Makes its money on its float. Offices all over the world. 65% of earnings come from outside the US. As inflation continues, the basic value of the stuff that must be insured rises. Insurance rates go up. Ins co's raise rates. AON bankrolls/underwrites all this, and gets a piece. EPS nearly doubled last year. Based in Chicago.

-First Solar (FSLR) FWD P/E 14.8, Profit Margin 25%, QRG YOY 65.9%, 86mil shares out, near zero debt.

We are continually interested in small investors, because we once were. There was a time when we were small investors. We still believe in American small investors. And in founding family fortunes in this manner. And we continue to encourage smallcap Americans (*most of whom were terrified and sold out at the bottom of the market crash in late 08 into the collapse of the USA economy despite our reassurances and locked in losses*) to get back into this lucrative 21st Century Global Economy during the TwentyTeens.

Some comments about scale:

If you have 10k to invest, pick six of these stocks (one of the six must be gold) and put equal amounts into each.

If you have 100k to invest, put equal amounts into each one.

If you have 250k to invest, put ½ into this 2011 MW portfolio, and put ½ into five of the Big Six Mining Co's: VALE RIO AAUK FCX & BHP) and between 250k & 500k, the same plus Caterpillar and MSB

In general, beyond 500k, you should read MW thoroughly and put additional money into Market Witch Best Buy stocks, and plus also query us even though we don't have time to answer, we'll try) and ask your broker to subscribe.

Between 1mil and 5mil, in general you should be investing in exactly what we are investing in plus a lot of gold and platinum ETFs and miners, and copper mining.

Your money above the 5mil mark (all below that should be in High Net Asset Value global equities including gold ETFs) but under the 10mil mark should be spread into art nouveau jewelry, original arts n crafts furniture, diamonds, paintings famous photographs and & sculpture, storable vintage cars and motorcycles, farmland, farm ETFs, 18th century musical instruments, objets, office buildings outside the US and rental property in Paris Amsterdam Rio de Janeiro and Berlin, etc... but you probably already know that.

Above & beyond that, you don't need Market Witch except for amusement. Unless you inherited the money, in which case you possibly do.

Subscriptions to MW are [\\$129](#) annually which readers tell us is one of the world's great Big-Picture financial analysis bargains.

TRADITIONAL INVESTMENT SKILLS

What our stock listing categories mean:

- 1) MARKET WITCH BEST BUY. Best of all our categories. Usually profound growth plus dividends plus an assured future. A good example: VALE or SID or CPL
- 2) STRONG BUY. In general: buy, wait six months, hopefully make 20-30% profit, or buy for the long-term. Good examples: IBM AAPL & NVDA
- 3) STRONG LONG-TERM BUY. Buy, hold 18-24 months, hopefully make 40%. Or more. Good examples: GGB, MT NVDA
- 4) UNDERVALUED. This stock is selling for far less than the shares are actually worth in terms of the Enterprise Value of the company. This sometimes doesn't pan out, in that some stocks may remain undervalued, for any of several different reasons. More often: buy and hopefully make 10-20% in six

months. Three examples: GLW AAUK NVDA

5) BUYOUT CANDIDATE. We think another company will buy this one, the announcement of which will, when the news mainstreams and is made public, cause the shares to immediately appreciate 15-20%. Examples: LVS, ADBE, NVDA (potential) Bunge (Recent)

6) SPECULATIVE STRONG BUY. You could lose ALL your money. Every single dime. Or half of it, if you chicken out and sell toward the bottom of a curve. But you might make also 5X 10X or more and we don't know how long it will take. Do not expect quick money but expect that you *might* make 5X 10X or more. Or not. This is not something you do with the rent money. We usually do not even *list* a stock in MW pages as a speculative strong buy unless we already own shares ourselves and think the odds are good that the company will pan out well. Two examples are CYCC and Petro Matad.

Some notes on Fair Value and Floor Support:

When we talk about Fair Value –usually in relation to commodities but also in relation to indices, specific stocks, or currencies- we are talking about *how much of something- copper, coal, diesel fuel etc- there is available right now this instant*, and also taking into account *how much there may be in six months to a year to two to three years based not only on demand but on many other factors as well*.

For example the Fair Value of wheat is based on current supplier crops (primarily US Canada & Russia) plus weather conditions population growth genomics and genetic engineering R& D developments, the volume of seed available, whether available crop acreage is increasing or declining, whether new potential suppliers (Brazil? Mongolia? Mexico? India? China? are starting to grow wheat and add to the available global supply, etc.

The Fair Value of Aluminum (currently around \$2.64) is based on *how much is available right this instant= the monthly supply being provided by all current working mines,, plus new mining discoveries that add to available reserves, plus new alloys that increase need an demand, plus wars that may increase demand, plus new technologies (wind farms) and existing technologies that may change needs some (autos and trucks, mining equipment, aircraft & military const) plus population increases, plus other technologies (containers, shipbuilding, engine blocks, locomotives etc) that may enlarge the need for aluminum*.

We try to keep track of Fair Values for about six years fwd.

When we talk about Floor Support- usually in relation to equities indices- we are talking about *the Market Cap value of the component companies in any given index, into the future six months 1yr 2years ahead, based on the potential current Market Cap value of the component companies plus product demand, the impact of national politics, new technologies, wars and potential wars, stuff like volcanoes, national elections (like the upcoming 2011 one in Argentina) crashes or revolutions in current govts (like the one that may happen in the US)impact of banking IMF& FED policies, and more. For example, if there is a war starting over N and S Korea, the US will be on one side (welcome*

to 1953) and China will be on the other (see USA film Clark Gable Susan Hayward Soldier of Fortune)= we would want **none** of our money in the Shanghai Index...

This second one is actually harder to call. No one exactly knows what the impact of Leakapedia and other essentially cyber terrorist ploys will be on international relations. No one exactly knows what will happen to the LSE the DAX et al if the EU breaks up. But we try to lead on this by two years and PS we think yes the EU will come apart.

If WE are making money, you are.

THE MARKET WITCH CLASSIFIEDS

MW readers often ask us to invest their money for them. This is not what we do. We have neither the licenses nor the credentials nor the staff.

Our job: we explore the world to find the very best stocks available, and then *we* invest in them, and we invite MW readers at the same time to *come along and make money as we do*

The very best money managers we know:

-In Southern California: Judy Davis. Newport Beach, California. Smart tough sure-footed decision-maker. Many years in the California financial community. Former business partner of Merle Haggard. Owned a whole stack of Southern California Wendy's franchises and managed them herself including the most successful Wendy's of all time at Magic Mountain, before becoming a broker. Brings spreadsheet skills and pragmatism to equities. A California-horse-y Grizzly Mom. Fifteen years as an equities professional. Absolutely ice-cold & rational in a crisis, and fiercely protective of her clients. LPL Financial affiliate. 949.292.9922

-In metro NY: Kate Roohe. Vice President, Gilford Securities. Lived in, worked in, traveled back and forth to & from, the European financial capitols (London Frankfurt Paris Amsterdam) for years. Vast high-end experience trading the Forex markets. Left the Forex business when the newly-established EU consolidated European national currencies to the Euro. Manages money for individuals and small companies. Both brilliant and intuitive, but also has the coolest head in the room in a crisis. Ground-zero metro-zone survivor of 9/11. Absolutely unflappable. Here's what to do next. Terrific track record. 866.451.4453

-In metro NY: Otis Bradley. ICM Capital Markets Ltd. 7th Ave, NYC. Superb market theorist & futurist. Knows more about American stocks esp American tech stocks than just about anyone we know. Family has lived on far Long Island for what? 300 years? Very strong sense of what-will-happen-next in America. At Market Witch we call him The Professor. 646.833.4914

-In Florida: John Ashby, Sr VP, Fintegra Financial, Boca Raton. American info-technology-co and cutting-edge smallcap specialist with a superb track record. Decades of experience. The person *we* go

to to find out about cutting edge smallcap, cutting edge biotech. 561.981.6909

-In Euro Cyberspace: Neil Batho. Canadian. From Vancouver. Young and brilliant. Former world-class ski champion. Expert in managing contemporary Forex accounts. Moves once a year or so, last year lived in Zurich. We have no idea where he is now but we talk to him almost every day.

<http://traderreview.net/>

-In Futures & Cash Flow: Ernest and Sean Mishne. Father & son team of Old-School specialists expert in covered puts and calls & in investing very specifically for maximized but safe client cash flow. Affiliates of Oppenheimer. Decades of experience. <http://fa.opco.com/mishne>

-In the Midwest: Doug Alex & Jim at Professional Investment Management. Doug knows what will happen six to ten months before it ever does. Alex had on his desk the first iBook we had ever seen, and he said: this is the future. That was in 1995. Jim specializes in gold, investment for dividends, and tax-free things. The three of them manage many many small- company profit-sharing plans.

614.777.2100

-If you are *seriously rich*... ie not just a normal millionaire (see book *The Millionaire Next Door*) available via Amazon but *seriously rich*:

In the Bay Area (SF): Hans Olsen at JP Morgan Private Client Services _

<http://www.linkedin.com/pub/dir/Hans/Olsen>

In Metro NY: Michael Cembalest, Chief Investment officer, JP Morgan, & head of JPM Private Client Services

We do not know all that many people who are *seriously rich* but a number of them, especially those who are self-made seriously rich, subscribe to MW. We are especially interested in those MW readers who have 10k-30k or 100K to invest, because there was a time when that's who *we* were.

So what we are telling you is: if you are a MW reader and you have between \$10K and \$5mil invested or to invest, you should have the \$\$ in the equities markets. And we are the best guide to the equities markets that there ever was.

Beyond that upper limit of 5mil, you need to be not only in equities, but also in real estate, antiques, 200 year-old European stringed musical instruments, serious paintings, storable vintage cars, art nouveau jewelry, etc, and that is beyond the scope of the MW pages, even tho we r pretty good at it and even though we address it some in these pages.

No one has paid us to do this. None of these pros have solicited our endorsement. We don't take advertising money. We have accounts with some of these experts and we'd have accounts with all of them if we had any more cash.

Remember that a key component of success lies in who you choose to surround yourself with.

ENERGY & FOOD

In a decision that is probably the first of its kind re: genetically engineered crops, a US federal judge has ordered 256 acres of Monsanto sugar beets pulled from the ground.

A District Court Judge in San Francisco granted a request from a group of environmental advocates for a preliminary injunction barring the continued growing of gen-modified Monsanto beets in Arizona and Oregon. The plants were to be used to produce genetically altered seeds for the 2012 sugar beet crop.



(A sugar beet looks like this. It is not only a food, it is a potential 21st century bio-energy crop. An even stronger one would be a genetically-modified sugar cane that could grow thrive spread and reproduce in cold or temperate climates as well as in the tropics. Two or three companies we follow could structure such a thing and so far have not.

The USA plaintiffs, led by the Center for Food Safety in Washington, D.C., a leftist lobbyist group, successfully proved that "there is a significant risk that the plantings pursuant to permits will cause environmental harm" by contaminating or cross-pollinating other crops, White said.

The legal complaint accused the principal defendant, U.S. Agriculture Secretary Thomas J. Vilsack, of issuing permits that allowed Monsanto to plant its gen-mod sugar beets without conducting a legally required environmental review (that is a part of the problem that the 125-million strong Tea Party crowd seeks to address and dismantle)

"Genetically engineered crops inevitably contaminate organic and conventional crops," says plaintiff attorney Paul Achitoff. "It's impossible to make sure that the seed does not escape."

Vilsack is currently consulting his lawyers at the Department of Justice about a possible appeal. The judge's decision, he said, creates uncertainty for farmers, who want to plant sugar beet seeds that are genetically modified to be resistant to Round-Up, a popular herbicide.

"We need a much better system that does not create a circumstance where a single judge essentially gets to decide whether someone can farm and not farm," Vilsack said.

The Department of Agriculture currently is considering new regulations that would allow farmers to continue using genetically engineered sugar beets under certain environmental restrictions.

For its part, Monsanto Co., which owns the intellectual rights to the technology used to produce Round-Up Ready sugar beets, said it would appeal White's ruling.

"The issues that will be appealed are important to all U.S. farmers who choose to plant biotech crops," says Monsanto's general counsel.

Round-Up Ready sugar beets have been planted on more than 1 million acres in 10 U.S. states and two Canadian provinces, accounting for 95% of the 2010 crop, Monsanto said.

This is a difficult situation and one that will increasingly confront not just the US but countries everywhere as the 21st century unwinds into its middle years and the human population of the planet reaches and then surpasses 7 billion.

Monsanto is wrong. This business model- one that gen-mods crops and seeds to be growth-successful only in relation to one insecticide product, Roundup™ which Monsanto sells, is morally bankrupt. The practice of selling seeds that are, upon harvest of the crop, sterile, so that the ag community cannot harvest its own seeds and must re-supply from Monsanto or a similar company, is inherently evil. Monsanto needs to change its focus utterly if it is to become a useful and successful 21st century company.

The environmental groups are wrong. Most of the (neurotic) lobbyist opposition to genetically-modified food crops has to do not with issues like Roundup™ but with a poorly-educated population's paranoia that something terrible will happen to you if you eat bread made from genetically-modified wheat. This view of the world is not much different from Islam's practice of stoning women to death for infidelity.

The government is wrong. Issues like this one are ultimately none of the govts business, and it is not the responsibility of our govt to be the advocate voice for environmentalists, who represent only one tiny elitist faction (less than 1%) of our population. The Center for Food Safety, a crackpot advocacy group, is simply another lobbyist clique. And lobbyists already have far too much power in the legislative branch of US govt. That's another thing the Tea Party crown plans to dismantle and make illegal.

And yet: the task at hand for companies like Monsanto is to use their scitentists' expertise in genetic engineering to create a profit by addressing the larger public good, to create food crops that can more successfully meet the foodstuffs needs of a huge and still-growing 21st century population. Monsanto needs to step up to the plate and do the job it has the technology to do, rather than simply trying to sell more gallons of Roundup™ a product probably destructive to the global water table and to humans as well and that will end up being outlawed throughout the global agribiz community in just a few years.

The 20th century is over. And all three- Monsanto, the govt, and the environmentalists- need to recognize this.

COMMODITIES

-Gold: Fair Value in relation to US dollar \$1706 currently \$1387. Gold remonetized globally in 2007. \$1387 gold in US dollars is a graphic economic indictment of Bernanke, the Fed, and the Obama regime.

Notes: Our comments from Nov & Dec:

In Germany, you can buy gold via an ATM vending machine, right out on the street corner, by the gram. The price changes/updates every eight seconds. This is an end run around banks coin dealers Kitco etc and also around govts like the USA's, which seek to block citizens' ownership of gold. In two years this phenomenon will be global.

These are called Gold To Go™ machines and there's one now in Boca Raton. Gold to Go™ is a unit of the German company Ex Oriente Lux, and the first Gold To Go was installed in the emirates Palace Hotel in Abu Dhabi in May 2010. The vending machines are now in Spain and Italy too. Thomas Geissler, CEO of Ex Oriente Lux, says they'll place hundreds more this year. *The one in Abu Dhabi is so popular it has to be restocked every 48 hours.* The machines sell grams bars and coins. A company in Viet Nam installed its own brand of the machines last month, in an Asian country that is poor but which has traditionally valued gold

-Global Gramweight Gold: \$49.53/gram

-Gold Maple Leaf: \$1462

-Krugerrand: \$1464

-Gold Eagle: \$1462

-1 oz gold bar: \$1410

-Platinum: Fair Value \$2116, currently \$1703

To play rising platinum: ETFS Platinum Trust (ETF) (PPLT). To play falling platinum: SPLA, PTD

-Platinum bar 1 oz: \$1776 how appropriate

-Platinum Maple Leaf 1 oz: \$1916

-Platinum Eagle 1 oz: \$1916

Notes: platinum has monetized within the Global Outlaw Economy but not yet has in the global mainstream economy

-Silver: Fair Value \$26.16 currently \$29.31. *May be starting to monetize. But silver is also a component of solar panels.* The current gold/silver price ratio is approx 49:1 Historically, over thousands of years, this ratio has stayed between 12:1 & 15:1...to play rising silver: SLV, SIL

-Silver Eagle 1 oz: \$ 30.02

-Silver Maple 1 oz: \$30.03

-Silver bar 100 oz: \$2590

-Copper: Fair Value \$5.02 currently \$4.16

Notes: \$4-5 copper is a fact of the new TwentyTeens decade. BHP reports it will ramp up copper production by 65% over next 9 years. Rio Tinto will open a huge new copper mine in Michigan's UP next year. Copper consumption has grown at an average annual rate of 4% every single year for one hundred and twelve years. We believe copper prices will be above \$5 throughout most of the TwentyTeens

Copper iron ore platinum & gold are now the Big Four metals. Two are industrial and two are money. Copper may become both. VALE, the world's largest iron ore supplier, has entered the global copper mining market

-Aluminum: Fair Value \$2.58, currently \$1.04 watch for new aluminum alloys that challenge carbon-fiber as structural manufacturing units esp for 21st century autos

-Nickel: Fair Value \$23.01, currently \$11.28, nickel will be in much higher demand for steel alloys. To play rising nickel: VALE, MTL RTP and JJM, but the pure play is JJN

-Iron Ore: Spot iron prices as well as futures will soon be listed on public market indices, prob some time in 2011. And probably molybdenum as well, an alloy factor, like nickel, in steel alloys. Demand for iron ore, nickel, aluminum/bauxite and copper *will at least double* over the next fifteen years

-Zinc: Fair Value \$1.36, currently \$1.04. In theory, zinc can be used as an energy source

-Palladium: Fair Value \$686 currently \$740 To play rising palladium: North American Palladium (PAL) and ETFs Palladium Trust (PALL) and ETFS Physical Palladium Shares E (PPLT)

-Palladium Maple 1oz \$762

-Palladium bar 1oz \$740

-Steel: rising iron ore prices (7.5%+ in 2010, AT LEAST 8% IN 2011) will mean steel price increases

of 10-15% by late 2011.

We have repeatedly characterized the TwentyTeens as The Decade of Steel. It has not happened yet, but it will, as the economic momentum of Brazil China Indonesia Australia Germany France Mexico Russia & Canada start to pull more strongly. When this reaches the US, and it will, watch for a 15K Dow.

Flatrolled coldrolled steel will be the first to start coming back as the 2008 Global DebtPaper Crash gives way to the TwentyTeens. As the Global Infrastructure Build out begins to become a huge force, construction steel (I-beams, rod etc) will be in enormous demand.

NUE is a BUYOUT CANDIDATE. AKS is a BUYOUT CANDIDATE. STLD is a BUYOUT CANDIDATE. MT is UNDERVALUED. Last to come back are the structural/construction steel cos that make Ibeams rebar highway pavement/concrete rods and the 1000s of other finished steel products. GGB is a STRONG BUY. CMC is a BUYOUT CANDIDATE

-Lithium: there is not yet a broad public commodities index listing for this metal which is the crucial component of lithium-ion batteries. But there will be. China is hunting lithium. China probably has it & so does Mongolia. To play rising lithium prices: Chile's SQM, and Global X Lithium ETF (LIT)

-Lumber: forget an increase in US demand for lumber (MAS PCL LPX etc) in the US housing sector (MHO PHM NVR etc) any time soon. The home construction industry will be in the dumps for years. Lowes (LOW) and Home Depot (HD) are profiting from the home improvement industry as Americans stay home and feather existing nests. Most big industrial and commercial contractors (Bechtel, Setterlin, etc) are privately-held

-Corn: Fair Value 7.03, currently 5.99

Notes: China is increasing its net corn imports.

To play corn: Teucrium Corn Fund ETV (CORN) Vermont-based, IPO'd in June

-Wheat: Fair Value 8.03 currently 7.67 To play rising wheat: GRU

-Rice: Fair Value 15.20 currently 14.02

-Soybeans: Fair Value 16.30 currently 13.16

-Sugar: Fair Value 29.86, currently 32.50

-Cocoa: Fair Value 2.940, currently 2.951

Notes: Chocolate has become a new and global commodity and may one day have its own listing.

Researchers have made a near-complete map of the DNA of the cacao tree, the tree that produces the beans that create chocolate. Practical results: more robust, drought-resistant, and higher-yield cacao trees. The EU's high court says there's no such thing as "pure chocolate"- a product made from 100% cocoa butter-now there will be a name and definition fight

-Coffee: Fair Value 2.16 currently 2.25 demand for coffee hasn't been stronger in decades

-Cotton: Fair Value 1.28 Currently 1.54 cotton has become a global luxury fiber. To profit on cotton: iPath DowJones-AIG Cotton Total Return Sub-Index ETN (BAL) which is up 39% this year

Notes: To play a broad farm-commodities futures rises:

-Elements Rogers International Commodity Agriculture ETN (RJA). This ETN replicates net of expenses the Rogers Intl Commodity index and is a basket of 20 agricultural commodity futures contracts

The key Barclays iPath Commodity ETNs:

-iPath®Dow Jones-AIG Sugar Total Return Sub-IndexSM ETN (NYSE Arca: SGG)

-iPath®Dow Jones-AIG Softs Total Return Sub-IndexSM ETN (NYSE Arca: JJS)

-iPath®Dow Jones-AIG Cotton Total Return Sub-IndexSM ETN (NYSE Arca: BAL)

-iPath®Dow Jones-AIG Coffee Total Return Sub-IndexSM ETN (NYSE Arca: JO)

-iPath®Dow Jones-AIG Cocoa Total Return Sub-IndexSM ETN (NYSE Arca: NIB)

Weather-troubled countries (Russia & China, SE Asia Pakistan etc) with poor 2010 grain harvests mean higher 2011 global prices for wheat corn and rice as well as sugar

-Uranium: Fair Value \$61.00, currently \$61.75 fully valued, *but may reach \$73 in March*

-Oil: Fair Value \$66.10, currently \$8.17 The global economy is heating up especially in so-called 'developing markets' and as this happens demand for oil is hot as well. We expected oil to go to 108-110 and stay there even though new oil finds abound. What happened to "peak oil"? *To play upward-oil: DIG, DBO, DXO, PBR. To short oil: DDG, DTO*

-Natural gas: Fair Value 5.03 currently 4.06 *natural gas is, in the long term of 3-5 years undervalued...but there is a great deal of gas available and more on the way*

-Ethanol: (US) (E-85) Where you can find E-85, it's about \$2.40/gal wholesale, and a 10% additive @ most pumps. Ethanol has been a political football for years in the US. In the 2011 racing season,

NASCAR will begin using ethanol as its fuel

-Gasoline: Fair Value \$1.51 currently \$2.81 wholesale and \$3.09 national average @ the pump

-Diesel: Fair Value \$1.93, currently \$3.27 USA retail. Diesel is world's most widely used transport fuel. China has raised both diesel and gasoline prices as of last week

-Euro: Fair Value \$1.40 currently \$1.31. The ECB has kept its interest rate @ 1%. We think the EU will begin to come apart in 2011 and that may mean the end of the Euro, and the strong European currencies –Swiss Franc, the former German Mark and French Franc- may prevail

-British Pound: Fair Value \$1.20, lower currently \$1.55, lower. UK prime rate is 0.5%

-Swiss Franc: Fair Value \$1.08 currently \$1.03, now above parity w the dollar, may become more valuable than the Euro

-Brazilian Real: Fair Value \$0.76, currently \$0.59 Brazil's real is one of the world's top-performing paper currencies but the co may be headed toward inflation To play the Real: Brazil currency ETF BZF

-US Dollar: Fair Value 0.47, currently 0.77.10

Notes: Obama's backing down on taxes strengthens the USD. Look for the US Fed to become a historical footnote within three years. And for the Bernanke to have been its last Chairman.

To play the US dollar upward, play the bond market: ProShares Ultra 20+Year Treasury ETF (UTF)

To short the US dollar: ProShares UltraShort USD (UUP) See also (TLT)

-Canadian Dollar: Fair Value \$1.02, currently \$0.98, has parity with the uSD. Canadian Central Bank doubled overnight lending rate to 0.5% last year. Canada's economy has a steaming 6% GDP growth rate with growing employment and low public debt. Canada, the world's 2nd largest country in sq miles, has a population the same size as the city of Cairo

-Yen: Fair Value 72.90/\$1, currently 0.012 (83.04)

-Australian Dollar: Fair Value \$1.01, currently \$0.99 Aussie prime rate is 4.25, Australian dollar has reached parity with the USD

-Indian Rupee: Fair Value \$0.0201 currently \$0.0233 China and India are in new strategic economic negotiations

-Ruble: Fair Value 0.0717 currently 0.0322

Notes: Russia has the mineral & metals resources base to become the Next Brazil and the land to supply the entire planet with grains. The fulcrum/tipping point the Russian people themselves. Do they want it? Do they see themselves as successful?

-Yuan: Fair Value 0.1319 currently 0.1506 China's exports rose 47.8% YOY. China has a trade surplus of \$2.5 trillion, now owns vast tracts and aspects of the United States, is becoming the USA's broker banker and landlord. But its manipulated currency is a cartoon, and becoming a global economic issue

-Mexican Peso: Fair Value \$0.1011, currently \$0.0802 (12.46) Mexico's Central Bank rate is 5.25%. Mexico's economy is thriving

-South African Rand: Fair Value 0.1533, currently 0.1408 (7.10)

-Eggs: Fair Value retail \$0.72, currently \$1.49 higher inexpensive protein is at a premium

-Harley Davidsons: (HOG) Fair Value retail composite \$8100, lower, currently \$8115, lower. Used Harleys remain a factor in the global economy. Used Harleys change hands quickly when they're for sale. New ones are hard to sell in the US, but easy to sell in India (where Harley is building a plant) and in Brazil. The phenomenon of "trikes" (Harley and others build them) are impacting-and increasing- motorcycle sales

-iPhone: After a 2-yr run w no competitors the iPhone then lost its status as a global commodity, *and then got it back*. There *is* no serious global competition for the iPhone. The partnership between Apple and Verizon (VZ) has put the iPhone over the top in the US. Globally-available Outlaw Economy Software Jailbreak" (go to Google, log in 'jailbreak' to download it) enables any purchaser in any country to 'gut' the official service-provider constructs and then run the iPhone w any service provider of choice via 'Jailbreak' software. Jailbreak software now is available for Google's Android™ operating system too, and also for the Sony Playstation™

-iPad 3G: retail \$599, 16GB w WiFi, Fair Value \$410 Outlaw Economy \$300

-Marlboro cigarettes: Fair Value \$1.26 currently \$5.61 tobacco is becoming part of the Outlaw Economy as it becomes illegal in the US to smoke

-Camel traditional classic unfiltered cigarettes: Fair Value \$1.42 currently \$5.89

Notes: After 40 years of continuous decline 1965-2005 the smoking rate in the US stabilized in 2005. One in five American adults (20.6%) smokes. Humans have been smoking tobacco, opium, marijuana, hashish etc for at least fifty thousand years. The FDA, established in 1930, is eighty years old.

-Drugs: Pot is the largest cash crop in at least three US states, especially in Kentucky and other Appalachian states, in the Old South's cotton & tobacco lands, and in California. This is an \$8bil cash

crop in the US and it is untaxed.

For many thousands of years, what the USA govt calls 'drugs' (coca, opium, marijuana hashish etc) have been basic commodities along with salt, spices, precious metals & stones, olive oil, porcelains, exotic woods, dried fish, cloth, wines, grains, dried fruit, etc.

-Art Antiques and Artifacts: Prices for exotic cars & vintage cars have peaked, and many that should have sold recently- vintage Jags MGs Bentleys Aston Martins- that had been expected to command top dollar- did not sell

What *is* back: film cameras. 35mm Rollei's, Nikon F's, Leica's and Zeiss Ikons. Prices have peaked. Quality Oriental carpets are about to become more expensive.

-Diamonds: long-term, there is no harder asset than diamonds, except for gold & platinum. But valuation remains unsteady, so when in doubt, go for gold. Much of the diamond supply coming onto the global market is from Outlaw States. Both raw unmounted and cut unmounted stones are now in the process of long-term monetization for the 21st century. Diamonds will have a strong price runup in 2011 and an even stronger one in 2012.

To profit from diamonds @ almost no risk: RTP, AAUK. Largest US diamond retailer is CostCo (COST) but other strong plays are TIF and HWD

-Real Estate: American single-family homes are a commodity. Fiduciary experts say US singlefam homes are still overvalued by 10%. There is no improvement in the homebuilding industry. Foreclosures continue.

Also a commodity: malls office buildings and apartment buildings. Many malls are empty & for sale, and many apartment buildings and office buildings are, like singlefams, in foreclosure as owners got in over their heads in debt. US apartment buildings are currently the real bargain.

To short US real estate: SRS. To buy stock in malls: GRT CBL GGP SPG BX

To make money on US real estate without actually buying property: iShares Dow Jones Real Estate ETF (IYR) an ETF of the Dow Jones Real Estate Index, now gathering momentum and UNDERVALUED

-Shanghai Composite (China) Floor Support 3450, higher, currently 2853, higher

-CSI 300 (China) Floor Support 2919, flat, currently 3178, higher

-Hang Seng (Hong Kong) Floor Support 22,900, lower, currently 22,519, lower

-Nikkei 225 (Japan) Floor Support 10,013, currently 10,216 higher

- TSEC (Taiwan 50) (Taiwan) Floor Support 5816, flat, currently 5969 considerably higher
 - CAC 40 (France) Floor Support 4506 currently 3867 considerably higher France's economy is 2nd strongest in Europe
 - DAX (Germany) Floor Support 7900, higher, currently 6983 considerably higher, Germany's economy is strongest in Europe
 - Euronext 100: Floor Support 701, flat, currently 699 flat
 - FTSE: Floor Support 6616, flat, currently 5872 considerably higher
 - S&P/TSX 60 (SPTSX60) (Canada) the index of the 60 largest public companies in Canada includes 73% of Canada's market capitalization, Floor Support 890, flat, currently 754 higher
 - ASX 200 (Australia) Floor Support 4831, higher, currently 4737, higher
 - Bovespa: Floor Support 77,010, lower,, currently 67,981, flat
 - Bolsa: Floor Support 37,820, flat, currently 37997 much higher Mexico's GDP will grow 4.1% in 2010
 - Nasdaq: Floor Support 2515, currently 2643 Nasdaq prob will continue to be an index laggard this year
 - Dow: Floor Support 12,016 lower, currently 11,491 higher
 - S&P 500 Floor Support 1310 higher, currently 1244 higher
- To play the S&P upward: SSO
- MSCI World Index (MXWO): Floor Support 1470, higher, currently 1262, higher, a global index of 1500 stocks in 23 countries, our favorite index
 - MSCI Emerging Markets Index (MXEF): Floor Support 1310, lower, currently 1116, flat
 - S&P Asia 50 (SAXCME) Floor Support 3414, lower, currently 3427, higher
 - Dow Jones Africa Titans 50 (DJAFK) Floor Support 820, higher, currently 801, higher
 - NYSE Composite: Floor Support 7970, higher, currently 7835 higher, there is an increasing disconnect between the American people and the rising American stock indices

-CRB Commodities Index (Reuters CCI) Floor Support 440, higher, currently 321, higher

-VIX (VXX) the USA's 'fear' index: Floor Support 20, lower currently 38.32 lower

-iShares Barclay 20+Yr Treasury Bond ETF (TLT) a second 'fear' index, and a marker for the strength of the US dollar. Floor Support 100, lower currently 93.24 lower

Notes: It's a bumpy ride for the indices even tho the long trend is up. Blame Bernanke, blame North Korea, blame the Chinese & their currency, blame the Irish, blame the angst following the Brazil election and the Aussie election. And the upcoming Argentina one.

Notes: It looks as though there will be a supply crunch for many key commodities in 2011: rare earths, industrial metals, grains, precious metals, coffee, etc. In 2012, there will be a supply crunch for steel (and nickel and molybdenum, components of steel alloys) and steel will become a *lot* more expensive as demand for Global Infrastructure Buildout components begins to speed up

STOCKS WE CURRENTLY OWN

Here's exactly what WE are currently hold, or would buy if we had additional cash, because we are almost always 100% invested, if you include our positions in gold.

Our own current holdings, in descending order of current value, are:

-Companhia Siderurgicas SA (SID) Brazil steel & conglom, recent 2:1 split, one of Brazil's ten strongest companies

-Vale (VALE) Big Six Global Mining & also Agribiz (owns Bunge)

-Mesabe Trust (MSB) iron ore, USA

-Rio Tinto (RIO) Big Six Global Mining

-BHP Billiton (BHP) Big Six Global Mining

-SPDR gold shares (GLD) gold ETF

-Anglo American (AAUK) Big Six Global Mining

-Gerdau Steel (GGB) Global Steel, GGB bought back GNA and now owns Chaparral steel, USA's largest maker of I-beams, plus almost all the steel mills in Mexico *this stock is undervalued by a factor of three to four x < 12-24 months*

- Frontline (FRO) global shipping
- Market Vectors Gold Miners ETF (GDX)
- Ship Finance LTD (SFL) global shipping
- Buenaventura (BVN) (Peru) mining: gold silver and other metals
- Market Vectors Steel ETF (SLX)
- iShares MSCI Brazil ETF (EWZ)
- Freeport McMoran Copper & Gold (FCX) mining: copper gold silver moly cobalt
- CPFL Energia (CPL) the key Brazil electric company
- Petrobras (PBR) (Brazil) oil
- GoldCorp (GG) (Canada) gold mining
- Mechel (MTL) (Russia/USA) steel iron ore coal
- Greif (GEF) global packaging
- ING Group NV (ING) banking & Ins, Holland
- Arcelor-Mittal (MT) global steel
- Terra Nitrogen (TNA) USA, fertilizers, purchased by CF Industries (CF)
- Market Vectors Africa Index ETF (AFK) ETF of the Africa 50)
- Grupo Mexico (GMBXF) ultimately the parentco of Southern Copper, owns 84% of SCCO shares
- Southern Copper (SCCO) this was out largest holding from 2005 thru July 2010, lets see how the Mexican share control pans out
- Nvidia (NVDA) graphics PCUs, new products, BUYOUT CANDIDATE
- Adobe (ADBE) legendary photo & business software BUYOUT CANDIDATE
- Impala Platinum (IMPUY.PK) mining

- Praxair (PX) industrial gases, BUYOUT CANDIDATE
- Tootsie Roll (TR) BUYOUT CANDIDATE
- Barrick Gold (ABX) global gold mining BUYOUT CANDIDATE
- Syngenta (SYG) agribiz genetics & seeds BUYOUT CANDIDATE
- iShares Silver (SLV) silver ETF
- Tiffany's (TIF)
- Research in Motion (RIMM)
- Annaly Capital Management (NLY) USA REIT
- SPDR Metals and Mining ETF (XME)
- Alcoa (AA)
- Cyclacel (CYCC) speculative biotech, experimental oral cancer drugs
- Banco Bradesco (BBD) Brazil's best consumer bank
- Dryships (DRYS) global shipping
- Philip Morris International (PM) tobacco
- Altria (MO), tobacco & consumer products
- Sociedad Quimica y Minera de Chile (SQM) Peru, fertilizers ag chems & lithium
- Petro Matad (LSE: MATD) (USA: PRTDF) smallcap UK oil co, speculative, has mineral rights to an area in Mongolia the size of New Hampshire in partnership w the govt, this may be the next PBR *it also may fail or be ripped off by the Chinese*
- Market Vectors Indonesia ETF (IDX)
- Banco Santander (STD) Spain, major opps in Latin America, high div
- Vodafone (VOD) mobile telecom, global
- Oclaro (OCLR) optical networking hardware: laser pumps etc

WE WOULD BE BUYERS RIGHT NOW OF:

- Additional shares of all Big Six global mining co's VALE AAUK RIO BHP Xstrata (LSE: XTA) & FCX
- Usinas Siderurgicas de Minas Gerais (SAO:USIM5)(USNZY)
- Market Vectors Gold Miners ETF (GDX)
- Gold ETF GLD
- Global X Lithium ETF (LIT)
- MolyCorp (MCP) rare earths
- Wal-Mart (WMT)
- First Liberty Power (FLPC) rare earths SPECULATIVE
- Rare Element Resources (REE) rare earths small cap, SPECULATIVE
- Market Vectors Rare Earth Strategic Metals ETF (REMX)
- Grupo Mexico (GMBXF) Mexico mining & conglom (parentco of SCCO) SPECULATIVE
- Corning (GLW)
- Caterpillar (CAT)
- BASF (Germany)
- Siemens (Germany)
- iPath Dow Jones/UBS Grains Sub Index ETN (JJG) speculative, a play on rising wheat corn and soybean prices
- Elements MLCF Grain Index ETN (GRU) speculative, a play on rising ag commodities prices for corn wheat soybeans and soy meal
- Powershares DBA Agriculture Fund (DBA) ETF of ag commodities futures, speculative
- iShares Silver Trust ETF (SLV) ETF of silver

- Freeport McMoran Copper & Gold (FCX) (gold & copper)
- Companhia de Minas Buenaventura (BVN) (gold)
- platinum ETF PPLT
- global, Brazilian and US farm property ETFs when we can find them
- global business/office building real estate ETFs when we can find them
- Any major international beer brewer.
- any MW stock we list as STRONG BUY, MARKET WITCH BEST BUY, or STRONG LONG TERM BUY
- SID
- GGB
- SQM
- IBM
- MCD
- Steel ETF SLX
- Brazil ETF EWZ
- Africa ETF AFK
- Mexico ETF EWW
- Brookfield Asset Management (BAM)
- Mesabi Trust (MSB)
- Nvidia (NVDA)
- Oclaro (OCLR) SPECULATIVE
- Juniper Networks (JNPR) BUYOUT CANDIDATE

-JDS Uniphase (JDSU) BUYOUT CANDIDATE

-Praxair (PX)

As you can see from this long list, we think the TwentyTeens offers investors a remarkably expansive and lucrative means of increasing net worth

THE MARKET WITCH STRONG BUY LISTS

These are the stocks we currently pay attention to, in our own categories, and what we think about them. There is no such thing as a 'sector' there are only individual companies with specific characteristics, both statistical and cultural. Look for the STRONG BUY, STRONG LONG-TERM BUY, A MARKET WITCH BEST BUY, BUYOUT CANDIDATE, OR UNDERVALUED signs on stocks we think are investments that will gain value

FOOD BANK NATION Companies that Service American Poverty

-eBay (EBAY) Poor America's income source, Rich America's convenience store. Tiny eBay 'kitchen-table' companies move America's Stuff around. World's largest car dealership and a major US real estate agent. Owns Paypal, & and at least 25% of Craigslist. Many Americans buy nearly basic consumer goods except food on eBay. Q profits up 11%, FWD P/E 14. BUYOUT CANDIDATE

-Wal-Mart (WMT) (Wal-Marts & Sam's Clubs) Invented "Big Box" stores. World's largest retailer. Won the game, now no longer considered wretched & low-rent in the US. 345 Wal-Marts in Brazil, 28 in Argentina, 202 in China, etc. Wal-Mart's Online market share is second only to Amazon. America's # 1 most valuable retail brand name. America's largest retailer of organic foods. World's largest buyer of cotton. Enormous contributor to America's food banks. Becoming an environmentalist force. Now a factor in telecom, WMT has its own wireless carrier brand, which offers a Nokia smartphone that runs on a Wal-mart T-Mobile USA network, offering unlimited calls texting email etc. for \$45/mo w no contract. Recent WMT purchase of South Africa's MassMart stores for \$2.32bil gives Wal-Mart a pied-a-terre in Africa. *Revenue of \$419billion annually, earnings of \$100billion plus. FWD P/E 12.* STRONG BUY

-Costco (COST) membership bigbox warehouse retailing, 560 stores in US Canada Japan UK Taiwan Korea Australia & Mex. QEG YOY 25% FWD P/E 15, 3 Q profits up 46%

-McDonald's (MCD) America's staple food since the 1970s when both parents needed jobs to support an American life that once could be managed on one salary. Q profits up on strong domestic & overseas sales. *There is an MCD in the Louvre.* Want to invest in China? Buy MCD. Annual div of \$2.44 is up 11%, STRONG BUY

-Flowers Foods (FLO) Deep-South packaged-food brands including DanDee® Holsum® and BlueBird® *this regional business is thriving, dividend yield 3.2%*

-Campbell's Soup (CPB) founded 1869. Americana canned soups which were the USA's first Fast Food and which seem to us expensive and high-sodium, plus V8 Swanson Pepperidge Farms Prego etc etc brands sold in 120 countries

-Kellogg (K) Keebler™ products, corn flakes etc, plus legendary all-American poverty/trash food Pop-Tarts™ dividend \$1.62

-Del Monte Foods (DLM) Contadina® 9Lives® Milk-Bone® Kibbles & Bits® dozens of other US Brand Names, sales of Del Monte's pet food brands have doubled in 4 years. *Looks like Del Monte will be sold into private equity, to a consortium of KKR, Vestar Capital Partners and Centerview Partners for \$4bil, deal will close in March*

-ConAgra (CAG) Classic American Kitchen trademark foods including Eggbeaters® Healthy Choice® LaChoy® Swiss Miss® etc sales in North America Europe & Asia

-Reynolds American (RAI) tobacco: Camel® Kool® Winston® Pall Mall® Natural® American Spirit® plus roll yr own tobacco and snuffs. *Five of America's top ten tobacco brands are Reynolds Tobacco products. div yield 7.6%, STRONG LONG-TERM BUY*

-Philip Morris Intl (PM) global international-brand tobacco, Camel™ Camel Orbs™ etc etc, div yield 5.1% STRONG LONG-TERM BUY

-Altria (MO) Cigarettes, including Marlboro, global. Profit Margin 21%. Annual revenue \$16.71bil, \$3.6bil in cash

Plus American classic brand-name products plus also owns 28.6% of SAB Miller. Bought US Tobacco (UST)(founded 1822) ("smokeless" tobacco etc etc) for approx \$10 billion. Dividend \$1.52 yield 6.2% STRONG LONG-TERM BUY

-Visa Inc (V) Visa could be competing for/taking over ALL Paypal business by buying eBay & Paypal (many small business owners hate Paypal but have no option) and in doing so scooping up all the small business credit AND ALSO picking up ALL the mini-business loans in emerging countries

-Mastercard Inc (MA) USA Mastercard users are lower down the economic ladder than Visa holders. Both of these companies are in trouble, extending credit to a now non-existent Middle Class in a Newly-Third World country. But MasterCard is selling debit cards in Asia-Pacific, Middle East, and Africa, and making a fortune. Let's watch this

-Cash America (CSH) USA's largest pawn shop chain, 2853 stores in 36 states; also check-cashing and

cash advance services. History Channel program “Pawn Stars” made pawn shops chic

-EZ Corp (EZPW) 416 EZPawn® and EZMONEY® locations: pawn shops & check cashing

-Darden Restaurants Inc (DRI) 1773 Olive Garden® Red Lobster® Longhorn® Bahama Breeze® Capital Grill® etc. Blue-collar Luxury. Good food, huge portions, casual. EPS \$2.91 div 2.3%

-Dollar General (DG) Recent IPO. Highly-leveraged. EPS \$1.30. QEG YOY 50.4% 8877 stores in 35 states. Still services the Real Poor. UNDERVALUED

-Family Dollar (FDO) the most low-rent of all American retail chain stores. 6300 stores in 44 US states. Eps \$2.62 Tiny profit margin but excellent black numbers & good management. The poor buy groceries here. Opening some 600 new DG stores over the next 12 months. Near-zero debt. FWD P/E 13.5 STRONG LONG-TERM BUY

-Dollar Tree (DLTR) Retail products under \$1.00 at 3806 locations in 48 states. 1st Q sales rose by 14.2%. 90mil shares outstanding. \$4bil market cap. Near-zero debt. Superbly managed. Caters to the genteel well-tailored bargain shopper Soccer Mom, not the raggedy homeless. Stores are clean & smell good. QEG YOY 36.7% STRONG BUY

-Big Lots (BIG) 1000s of bargain & closeout items. Opened 45 new stores in 09. 14 consecutive quarters of record earnings as the company expanded its customer base which used to be the wretched homeless and is now the formerly middle-class newly poor. In doing this, Big Lots lost the loyalty of the Real Poor. This has damaged the co’s earnings. Lowered guidance into 2011, *but low debt, EPS \$2.71, FWD P/E 9*. UNDERVALUED

-99Cents Only Stores (NDN) regional price-point & closeout consumer goods, 271 stores 200 in Calif. \$1bil Market Cap FWD P/E 17.42, \$0.55 EPS, 68.88mil shares out UNDERVALUED

-Autozone (AZO), car parts & accessories, 4229 car parts stores in US and Puerto Rico, 188 in Mexico. EPS \$13.92 shares @ 210 are UNDERVALUED

-LKQ (LKQX) USA’s top recycled auto parts seller

-AutoNation (AN) financing repair sales parts service, Q profits up 60%, the Bill & Melinda Gate Foundation owns 10.7 mil shares of this stock

-Advance Auto Parts (AAP) Roanoke Virginia, windshield wiper blades brake pads et al. \$4bil market cap, QEG YOY 10.4% EPS \$2.73 94.6 million shares out. Low debt, well managed

-Corrections Corp of America (CXW) privately managed prisons. Has outperformed S&P midcaps by 40% for five straight years. UNDERVALUED

-Geo Group (GEO) privately-managed prisons but global, just bought rival Cornell for \$374 mil, UNDERVALUED

-DeVry (DV) a degree from Devry means a real job in the real world with a real paycheck while other 23-year olds with a B.A. are living in their parents' basements. EPS \$3.87, FWD P/E 7.4 Market Cap \$2.72bil #46 of Fortune Magazine's 2010 list of 100 Fastest Growing Companies UNDERVALUED

-World Wrestling Entertainment Inc (WWE) live and televised WrestleMania events are America's medieval passion play. Actor Mickey Rourke put wrestling back into fashion, div of \$1.44 is an 8% yield

-Hormel (HRL) inventors & purveyors of Spam®. There are Spam® cookbooks. \$0.76 dividend, \$5bil Market Cap FWD P/E 14.5, *uninterrupted dividend every Q since 1928*

-Public Storage (PSA) self-storage REIT, where America puts its belongings after a divorce or foreclosure

-Kroger (KR) America's neighborhood supermarket. 2500 Kroger stores 750 convenience stores 650 superstore/fuel centers that sell lobster cheerios lawn furniture tires house-brand health & beauty products and flu shots. 61 million Americans have a Kroger card. 2Q profits up 6% YOY

-FirstGroup (FGP: LSE) (England) global public transportation in UK Australia Europe & North America, including ownership of the USA's Greyhound Bus System. SUPERBLY MANAGED, and a STRONG BUY... but you must buy LSE shares. Div yield 4.78%

Notes: One in seven American families is now what the govt statisticians politely term 'food insecure.' That means one in seven American families is struggling to get enough to eat.

The 13 most 'food-insecure' states:

Arkansas

Texas (a surprise; 8.8 million Texas households are going hungry)

Mississippi

Georgia (which is supposed to be part of the New South)

Oklahoma

Tennessee

Alabama

Missouri

Maine

North Carolina (home of the New South's Tech Triangle)

Ohio (manufacturing's rust belt lives)

New Mexico

Arizona

HAUTE STUFF

Euro-Flash, Asian Terminal-Hipness, Japanese Cool, South American Decadence, American Hedonics

-Tiffany & Co (TIF) branded luxuries in the Trademark Tiffany Blue Box. One of America's fifteen strongest brand names. 206 luxury retail stores worldwide, UNDERVALUED

-Bulgari (BULG:MI) World's 3rd largest jewelry maker behind Tiffany and Richemont (CFR:VX) (Richemont is parentco of Cartier)

-PPR (PP: PA) French multinational holding co: luxury retail shops & brands, pan-Europe. A constituent of the CAC 40 index

-Harry Winston Diamond Corp (HWD) (Canada) retail Harry Winston™ Jewelers, diamonds & jewelry, diamond supplier to TIF, stores. HWD co-owns one of the world's best diamond mines, in partnership with Rio Tinto (RTP) (RTP also supplies some of WMT's diamonds and *all* of WMT's jewelry gold) UNDERVALUED up to \$19

-African Minerals Ltd (LSE:AMI) UK, based on island of Guernsey 2.13.6 mil shares outstanding, diamonds but also titanium vanadium & iron, most ops in Sierra Leone, shares are up 396% YOY(UK's Blackrock owns 7.8% of the shares) (USA shares AMLZF:PK) up 163% SPECULATIVE STRONG BUY, we favor the LSE shares

-Petra Diamonds Ltd (LSE: PDL) owns controlling interest in South Africa's Cullinan mines. STRONG LONG-TERM BUY

-Gem Diamonds Ltd (LSE: GEMD) 138.27 mil shares out -African Diamonds (AFD:LSE)

-Claymore/Robb Report Global Luxury ETF (ROB) a basket of the best luxury goods stocks, Coach Daimler Porsche Swatch, etc YTD RETURN 47.73%

-Panera (PNRA) 1500 franchised upscale bakery/restaurant/cafes in US & Canada, 100 more opening during 2010. \$2.4bil Market Cap *zero debt*. PNRA has outperformed every other major US restaurant stock for ten consecutive years. #99 of Fortune Mag's 2010 list of 100 Fastest-Growing Companies STRONG LONG-TERM BUY

-Eastman Kodak (EK) The age of digital photography overwhelmed 'real' photography with film. By 08 you could only have camera film processed in a few places and it was tough if not impossible to get. Now film photography has become an elite hobby & pastime, and an enormous status symbol. Get out that Nikon F and that Leica and bask in admiration. Now Eastman Kodak cant even begin to make enough film. Also a communications conglom. P/E of 4.55. SPECULATIVE STRONG BUY

-Compagnie Financiere Richemont (CFR:VTX)

(CFRHF:PK) Cartier, Piaget, Baume & Mercier Dunhill and other brand name luxury products

-Estee Lauder (EL) legendary branded cosmetics beauty & health care products, founded 1946, \$10bil Market Cap, \$800mil in cash, Quarterly Earnings Growth YOY 175%,

-Societe Fonciere Lyonnaise SA (PA:FLY) REIT, commercial real estate, France, including some of the most elite shopping district properties in Paris, South of France, and other French regions and cities. Share price gain YOY 46% STRONG LONG-TERM BUY

-Chubb (CB) insurance provider in the extremely profitable niche market of insuring fine art, jewelry, and other luxuries, like yachts. RPS \$6.18, P/E 8.4, 1st Q profits up 36% UNDERVALUED

-Brookfield Properties Corp (BPO) REIT of buildings, buying things now that will be worth much more later. Expanding into Australia via purchases. STRONG LONG TERM BUY

-AON Corp (AON) Chicago. World's largest insurance broker. Has no underwriting risk at all, is strictly a broker. Offices all over the world. Services the new Global Middle Class that is replacing the former middle class in the US as the buyers of goods and services. 65% of AON's sales come from outside the US. FWD P/E 13, 271mil shares out, QEG YOY 20%, EPS \$2.38. A neat inflation play. STRONG BUY from \$40 shares are worth \$74

-Brookfield Asset Management (BAM) Real Estate REIT but global, property power and infrastructure investments including subsidiary Brookfield Incorporacoes SA (SAO:BISA3) which buys office buildings and property in Brazil. UNDERVALUED

-Swatch Group Ltd (VTX:UHR, SWGAF AG) luxury personal products, major brand watches including Omega™, the world's official James Bond watch. Annual profits above \$1 billion for the first time in 09, are even stronger now

-Burberry (LSE:BRBY) (USA:BBRYF) The Legendary UK plaid. One aspect of the Original Preppy Clothing in the USA. In England, the Queen wears Burberry, and so do Prince Charles Prince Wm. And so did Diana. BUYOUT CANDIDATE

-CBRL Group (CBRL) Cracker Barrel® upscale 'country store' restaurants on the Interstate, supplemental-profit product line. Great French onion soup. 591 restaurants in 41 states

-Victoria's Secret (Limited Brands) (LTD) Victoria's Secret™ & also Henri Bendel™ etc. Erotic mistresswear & hottiewear, upscale luggage, femme fashion, sportswear, bathroom products. Fell from America's 16th Most Valuable Brand to 22nd *but is going global*. Every time a Victoria's Secret catalog is published it goes to 400 million addresses. Opening a 16,500 sq ft downtown London location. UNDERVALUED

- Polo Ralph Lauren Group (RL) upscale clothes and lifestyle products. RL himself we find smarmy, but the co is not: Market Cap 7bil, EPS 4.73. P/E 15, a billion dollars in the bank, QEG YOY 156.4%
- Allergan (AGN) Rx Botox™ and Rx Latisse™ for long eyelashes...market for Botox is expanding globally. In the US, Botox has been approved by FDA as a treatment for migraine headaches
- Royal Caribbean (RCL) luxury cruise ships. World's largest cruise ship *Oasis of the Seas*. Sister ship, *Allure of the Seas*, will launch November 2010. Market Cap \$2.63 bil, Enterprise Value \$9.18bil
UNDERVALUED
- Carnival (CCL) luxury cruise ships, P/E 9.57 div \$1.60 yield 6.3% UNDERVALUED
- Rick's Cabaret Int'l (RICK) (RIK:DE XETRA) 21 US strip club/nightclubs, two industry trade publications, 25 'sex industry' websites. 70,000++ customers a month, #87 on recent Forbes 200 Best Small Companies list
- Marriott International (MAR) 3000 company-owned or franchised hotels/motels in 65 countries. Two new hotels in Russia. Undervalued. (see also *Intercontinental Hotels (IHG &) Choice Hotels (CHH)*)
- Starwood (HOT) upscale hotels & resorts worldwide, UNDERVALUED
- Hyatt Hotels (H) (recent IPO) *413 properties worldwide, we're watching...*
- Krispy Kreme (KKD) to-die-for regional American-Southern doughnuts are prized worldwide, but the company is not. Brand name is 6-8X more valuable than co's Market Cap. KKD is an REIT because the co owns the property under most of its retail stores
- Green Mountain Coffee Roasters (GMCR) market cap \$2.5bil, Q earnings growth YOY 123.4%, #2 OF THE 2010 FORTUNE 100 FASTEST GROWING COMPANIES FWD P/E 37
- Olin Corp (OLN) parentco of Winchester® and Browning® sporting and military firearms and Winchester® and other brand-name ammunitions. 4.4% dividend. Strong sales to police depts. & military as well as private sector. #40 of Fortune's 2010 List of 100 Fastest-Growing Companies
- International Speedway Corp (ISCA) NASCAR is a multi-billion dollar industry and a world of diamonds minks & cowboy hats. 100 million Americans watch NASCAR's 'stock car races' on TV
- Christian Dior (DIOR.PA) high-fashion clothing & accessories
- Hermes (PA: RMS) luxury goodies, Paris. 300 stores in Europe Asia Japan Pacific & Americas. Share price up 25% YOY, sales up 8.5%%, STRONG LONG-TERM BUY

- Natura Cosmeticos (SAO: NATU) Brazil-based cosmetics sunscreens health & beauty etc, 2008 IPO, sales throughout South America Central America and Mexico, *shares up 62.2 % in 2009*
- Gucci Group (GUCC.PK) global luxury personal products, DIVIDEND of \$1.87 is a 21.6% YIELD
- Bulgari (BULG.MI) (jewelry) shares are up 33.6% in 2009
- Industria de Deseno Textil SA (called “Inditex”) (ITX.MCE) parentco of Zara® stores, shares are up 48% YOY, current profit margin 11.5%, P/E is 21 and should be 15, growth rate is very strong, STRONG LONG-TERM BUY
- Piaggio (PIAGF: PK)(PIIF:FRA) (PIA: MIL)Vespa® motorscooters, cult objects since Gregory Peck and Audrey Hepburn rode one in “Roman Holiday” 1954, are prized worldwide. “Correct” Milan shares up 51% in 09, USA shares up 71.5% in 09
- Deckers Outdoor (DECK) star-quality Alley-Oop© style Uggs® sheepskin boots favored by upscale women worldwide. # 35 of Fortune’s 09 100 Fastest-Growing Global Companies. Shares were up 91% in 2009 QEG YOY 211.4%, \$334 mil in the bank, only 38.67 mil shares outstanding, Profit Margin 14.77%. Debt: zero. Shares are UNDERVALUED
- Coach (COH) luxury leather goods & accessories, thriving business in Japan Macao & China, shares were up 118% in 2009
- Brown Forman (BF-A, BF-B) founded 1870, 35 brands of wines and spirits sold in 135 countries, including an annual 10 million *cases* of Jack Daniels, founding family owns 70% of the stock
- Constellation Brands (STZ) upscale brand-name beers and wines: Pacifico Corona Simi Clos du Bois etc, shares up 39% in 09, market cap \$4.74bil, Enterprise Value \$8bil UNDERVALUED
- Whole Foods Market (WFMI) elite status groceries. 284 stores, USA UK & Canada. \$8bil annual sales. Owns Wild Oats Natural Foods. A better co is Trader Joe’s™ but it’s privately-held. Only 4% of WFMI shoppers are overweight, which means that US obesity is class-related & wealth-related. QEG YOY 91%
- Hanson Natural (HANS) is to soft drinks what WFMI is to supermarkets
- Abercrombie & Fitch (ANF) is to teen clothing what Victoria’s Secret is to women’s clothing. See film *Cruel Intentions*
- Diageo (DEO) world’s largest supplier of alcoholic beverages (Johnny Walker® Smirnoff® Guinness® etc etc) shares were up 21% in 09 dividend is \$2.89, STRONG LONG-TERM BUY
- L’Oreal (OR.P) (LRLCY:PK) France-based global hair/ body/cosmetics products, market cap

\$39.7bil 599mil shares out, EPS EU3.04 div EU1.44, American shares were up 37% in 2009

-Anheuser-Busch InBev SA (BUD) Brussels-based, global upscale brewer. Nearly 300 brands, sales in 130 countries in Asia Pac, Americas, Europe, #387 of Fortune 500 and gaining, STRONG LONG-TERM BUY

-Ambev (ABV) (Companhia de Bebidas Das Americas)(Brazil) this giant co-managed Latin American brewery also sells many other beverages. Founded 1888, one of our all fav stocks. Distribution alliances in Canada. EPS \$5.04, 616 mil shares outstanding, Q earnings growth YOY 34.1%, STRONG LONG-TERM BUY

-Heineken NV (LSE: OLNE)(HINKF: USA ADR) legendary Dutch masterbrewer has bought Femsa for 3.8bil Euros giving Heineken its own foothold in South America UNDERVALUED

-SAB Miller Plc (LSE:SAB)(USA:SBMRY) Pilsner Urquell, Grolsch, Peroni, Miller brands, etc etc, has just bought world's 2nd largest brewer by volume. Has bought Argentina's Cerveseria Argentina SA Isenbeck, (Isenbeck & Warsteiner beers etc) to enter that country's market (dominated by Budweiser) with a flourish. This stock is up 292% YOY, is still UNDERVALUED

-LVMH Moet Hennessy Louis Vuitton (MC:PA)(LVMHF.PK) luxury goods: champagne brandy fashion accessories luggage etc. shares were up 78% in 09. New 'vintage' luggage- real suitcases, made of brown harness leather – are back in fashion. These guys make them. STRONG LONG-TERM BUY

-Luxottica (LUX:MIL) (LUX) Italian sunglasses giant owns ALL major global brands (Ray-Ban etc etc) and ALL major licensures for luxury-shades brandnames (Versace, Burberry et al) plus owns Lenscrafters®, 5300+ stores plus franchises, strong presence in China, shares up 47% in 09 STRONG LONG-TERM BUY

-British American Tobacco (BTI: LSE) (BATS.L) global tobacco, brands sold in 180+ major markets, shares up 22% on the year, dividend \$1.84

-Church & Dwight (CHD) Trojan® and other brand name condoms. 66% market share in USA. FWD P/E 15, shares are flat on the yr but up 92.5% over 5yrs

-Fortune Brands (FO) global upscale home& consumer products (Moen® faucets, Jim Beam® bourbon, Master® locks Titleist® golf balls etc

-Berkshire Hathaway (BRK-A, BRK-B) Dairy Queen™ AIG, Geico™, NetJets, 4% of Goldman Sachs, 10% of China's BYD (batteries & electric cars) 3% of Harley Davidson, recent Re insurance purchase. Owns Burlington Northern RR. Co is too secretive of its stats & numbers

-Nike (NKE) high-status shoes. The stock is nearly fully-valued but the company has \$4.7billion in

cash, near-zero debt, \$19.4bil in annual global revenue, and just took the NFL shoe and uniform franchise away from Reebok

-Adidas LSE:0H3L)(USA:ADDYY) German high-status sports shoes equipment & clothing (Reebok etc) shares up 31% YOY

-MGM Mirage (MGM) Las Vegas: high crime rate, house odds against you, anything available for a price. 'Pawn Star' TV has put Las Vegas on the map as an 'art' mecca. The co's Market Cap is far lower than Enterprise Value, but the co's Red Ink is grim

-Wynn Resorts (WYNN) Gaming and entertainment, Las Vegas and Macao. Macao has played out so well that Wynn may move its HQ offices to Macao. Owns the Ferrari dealership in Vegas

-Las Vegas Sands (LVS) Market Cap is far lower than Enterprise Value plus LVS owns the Venetian Hotels. The Vegas one opened in 1999. The Venetian Macau has 3,000 suites & a million SQ FT of retail space, 870 gaming tables, 2400 slots. *One of the top ten fastest-growing large cap stocks in the world.* UNDERVALUED. BUYOUT CANDIDATE.

Notes: Harrah's, now private, had planned an IPO but has canceled

See also Caesar' Entertainment IPO (Caesar's Palace)

-PSA Peugeot Citroen SA (UG:EPA) (PEUGY:PK) (France) France's legendary car co will launch an electric mini-car in Europe in October based on Mitsubishi's MiEV electric introduced in Japan in 09. These French and Japanese carmakers, are building a joint-venture plant in Russia that will produce SUVs and cars starting in 2011. Mitsubishi (8058:TYO) (MBC:LSE)(MSBHF:PK)) also builds Peugeot's 4007 and Citroen's C-Crosser 4x4s in Japan for sale in Japanese & Asian markets

-Renault (LSE:OHB6) USA: RNSDF)(Euronext: RNO) enormously successful maker of cars for the European Everyman has a profit margin too low for us, but will almost double its car sales in Brazil this year. Shares are UNDERVALUED

-Fiat (F:MIL)(FIAT:PAR) (FIATYADR USA) (Italy) Parentco of Ferrari, Maserati, Alfa Romeo, Chrysler & Jeep, plus Fiat, a backbone basic vehicle in Europe. Fiat is re-entering the US market after an absence of 30 yrs. CEO Sergio Marchionne is pushing natural gas as a low-pollution auto fuel. Chrysler will field a Fiat electric car- an electric-motor version of Europe's small Fiat 500- in the USA this month.

Marchionne has proposed a joint venture with Chrysler LLC to build Alfa Romeo and Jeep brand vehicles at Turin's Mirafiori auto plant

-Porsche LSE: 0JHU) (USA: POAHF) (Frankfurt: PAH3) auto superstar since early 1950s. 28,000 race track victories. Now owned by VW. VW's game is volume so expect new Porsche models in a

broader range

-Volkswagen (LSE:VWV)(USA:VW) 48 production plants in 13 Euro nations plus six Americas countries, sales in 150 countries. Owns legendary Bentley, high-end Audi, and Porsche. Owns 20% stake in Japan's Suzuki. Strongest selling car in Europe and China, blazing sales in Brazil. Building a \$500 mil engine plant in Mexico, the co's 2nd one there. VW's Golf TDI 4-door, a 2-liter diesel and the latest of the Euro 'clean diesels' to reach the US, may currently be the world's best urban car. A black one w black leather interior and six-speed automatic is \$23k. This \$50bil Market Cap co has \$30bil in cash & QEG YOY 342%, UNDERVALUED

-Daimler (LSE: DCX) (US: DAI) world's largest maker of trucks and other heavy-duty vehicles has a 23% market share of the global luxury-car market, a niche Mercedes has dominated for 55 years. Sales are up 13% YOY. Built an engine plant in China to service Asian Mercedes market. DCX owns a stake in electric carmaker Tesla, giving Mercedes access to Tesla's R&D eliminating ten years of R&D for a Mercedes electric car. Abu Dhabi's state investment corp owns 9.1% of Daimler shares

-Tesla (TSLA) electric cars, market cap of about \$1.6bil. TSLA is the first new American carmaker IPO since Ford, in 1956... Tesla is red-ink, has only one model, its \$109k roadster sports car, and has never had a profitable Q. Co will market an elegant 4-door electric sedan, the Model S, in 2012. To make money on Tesla, buy shares in Daimler

-BMW (Bayerische Motoren Werke) (BMW.F) Preppie Eurocars. BMW also owns and manufactures Rolls Royce® autos (how Bentley & Rolls got split up is a story unto itself) Husqvarna® (motorcycles off-roaders snowblowers etc) and BMW® motorcycles, plus the British Mini-Cooper. Expect a BMW electric car. Rolls Royce plans an electric RR as well

Auto Industry Notes: Electric cars are upon us! The all-electric Nissan Leaf™ is available in selected US markets and in limited numbers. Nissan will give first priority to potential buyers who had signed up in the reservation process at the Nissan website. Not a hybrid, the Leaf burns no gasoline at all. Range is 100 miles depending on weather, driving habits etc. Charging takes 8-20 hrs. Price \$33,720, after tax credit \$26,220

The long-anticipated Chevrolet Volt™ is available in seven US launch markets in California Michigan Texas Metro DC NY New Jersey and Connecticut.

GM's Volt™ is the *Motor Trend* Car of the Year for 2011.

Price is \$41,000, after tax credit \$33,500. The Volt is a gas/electric but gasoline doesn't actually power the car at all. A Volt will go 40 miles on its batteries. After that a small gasoline engine powers a generator that then sends electricity to the car's electric motor. So the Volt can be driven long distances without having to charge its batteries if you're willing to put gasoline in it. Reports are that the Leaf is zippy and fun and feels spacious, and that the Volt feels like a family car updated for the 21st century.

Notes: How much longer will American travelers put up with TSA intrusions as opposed to profiling? If we think it is unreasonable to impose pat-downs and full-body scans on children, elderly women and other travelers who present no threat whatsoever to any public safety issues, then we must conclude that the Transportation Security Administration, and through it the federal government, is violating the Fourth Amendment. A day of reckoning is coming.

ENERGY AND FOOD

Renewable energy and water quality have both made headlines in 2010 and each will get a boost from a fed loan program launched by a federal agricultural loan program launched in late September.

This one, initiated by the US Dept of Agriculture, provides farmers and farm-related business operators access to credit (editor's note: *which they cant get from banks because the govt funded banks are holding this \$\$ rather than loaning it, which the govt should require on condition that they got the money at all*) for efforts/projects to help prevent erosion and for land conservation.

These federal loans can be for as much as \$300k, and give farmers who want to initiate land conservation measures a chance to so do by helping with their upfront costs.

In return, these producers of the world's food will help reduce soil erosion in the US, which is still the world's breadbasket although Canada and Brazil are right behind us. And also improve groundwater quality and promote sustainable and organic agricultural techniques.

Nota Bene to our readers: we are actively looking for major agricultural property ETFs to invest in for the long term ie this decade. The only one we know about so far, and which we've talked about earlier this year, is a Brit co and you need \$250k to buy in. We are especially looking for ETFs that are buying ag property in South America and Central America and secondarily in the US Canada and Africa. If you see something that we don't see, please email us about it.

WIND, SOLAR & OIL-ALTERNATIVE, PLUS OIL COAL & GAS

Coal advocates, global warming advocates, global warming foes, ethanol advocates, nuclear energy advocates, wind energy advocates, & solar energy aficionados each bring a special-interest agenda to the energy marketplace.

The concept of Peak Oil (ie that we are on the downside curve of all available petroleum reserves) may be true but may not be. For all our species competence we have no idea how our planet works. Other theories put forth by geophysicists suggest that petroleum lubricates tectonic plates, and makes the earth function like a big squishy rubber ball, remove the oil at yr peril.

But by the time we have a real petroleum shortage- if in fact we ever do- oil-from-algae and ethanol-

from-sugarcane and from biowaste will likely more than compensate. The USA's Puerto Rico has begun a test project oil-to algae plant to cut the island's dependence on imported oil. A local company will be farming and harvesting eight types of algae on more than 2000 water-acres of an abandoned shrimp farm on Puerto Rico's north coast. Puerto Rico depends on oil-fired power plants for 70% of its electricity

Currently, the world's appetite for ethanol is expanding faster than the supply of crops necessary to produce ethanol.

Oil-from-algae production is estimated to be *a thousand times* more cost-efficient than ethanol from corn. Biotech will have to give us new and more efficient microbes for biofuel-from-cellulosic waste to succeed.

Ethanol from corn, and ethanol in general, is a discredited and failed industry in the Northern Hemisphere... but Brazil has opened its first electric power plant fueled by sugar-cane based ethanol... and is selling its cane ethanol as a transportation fuel to hungry world markets outside the US, which has been prevented from importing sugar cane ethanol by US Big Oil lobbyist pressure.

But the big alt-fuel push- backed by Big Oil money- is now on to create synthetic microbes for oil-from algae.

Who is pouring \$\$\$ into this? Big Oil. BP and XOM are THE two largest investors in Alternative.

Big Oil remains at Center Stage. There is a lot of available oil even tho shrinking US demand slack is being taken up by China Indonesia India etc, making gas a \$3++ global commodity. Big Oil also is investing in alternative fuels. We will see fillerups, just like now, at gas stations, run by Exxon & others, selling biofuels.

Solar is beginning to acquire legitimacy In the US. But solar is still not yet cost-competitive with wind coal or oil unless it is subsidized by the govt with your tax dollars (to create "jobs").

This next decade solar will find a home in the Middle East if a World War doesn't destroy the area

Windfarm power has moved MUCH faster, and has gained global economic traction. The TWENTYTEENS are a decade that will put windpower on its feet and will become a huge factor in energy creation, especially in the US as our country begins to build a 21st century electric grid. This is becoming a goldrush industry in the US, and one that may put General Electric (GE) back on top. The US federal govt is currently taking bids from wind power developers to place an offshore wind farm off the Maryland coast, in a 277 sq mile area some ten miles offshore from Ocean City. It would become the USA's largest wind project so far.

Denmark's Vestas Wind Systems (VWDDRY.PK)(WSS.CO)(MLVES.PA) pioneered this new industry... but General Electric (GE) has entered the wind turbine biz in a big way and is becoming a

force.

In China, one new wind turbine is being completed and turned on *every hour*. Estimates are that by 2020 China will be generating 239 gigawatts of wind-powered electricity. That's 13 times more power than is generated by China's huge Three Gorges Hydroelectric Dam.

The US is not as far along, but progress is underway toward a big windfarm buildout in the US this decade. And chances are that much of the power in the new 21st century electric grid, also now underway, will be generated by wind.

Big Oil (Shell, and BP) are investing in wind and so are some of the nation's major bankrollers (Goldman Sachs, Blackstone and JPM). Wind turbine farms will gradually take over grid electricity generation over the next three to four decades.

Two million wind turbines operating worldwide would provide ALL of humanity's electricity needs. And as these machines become more efficient and possibly larger, that critical-mass number of units may shrink, although this technology is being rapidly defined and probably for a century.

Hard practical engineering, based on steel, alloys, aluminum, and 100 years of engineering, mechanics, and aircraft technologies, strongly favors global-wide wind-turbine farms as the new century's dominant basic energy source. Vestas Wind Systems operates internationally- Europe, the US, Canada, Australia, NZ, the Pacific, and parts of Asia- through 14 wholly-owned subsidiaries.

THE TOP WIND ENERGY CO'S

The wind energy industry grew 28% in 2009 and will grow even more strongly this year.

-Vestas Wind Systems (Denmark) (WWS.CO) (VWSA.F)

(VWSYF.PK) STRONG LONG-TERM BUY, shares up 358% over 5 yrs

-Siemens (Germany) (SIE:LSE) (SI) wind energy machinery & systems but also one of Euro's largest manufacturing congloms. Just given green light to build a wind farm off Cape Cod, Mass, the first in US waters, wind turbines over a 25 sq mile area about 5 miles off the mainland. Cape Wind will generate enough electricity to meet 75% of the demand for Cape Cod, Martha's Vinyard and Nantucket. STRONG BUY

-General Electric (GE) has become a serious windfarm industry/wind generator system provider and the United States now has the world's largest onshore wind energy system. GE is a management nightmare plus we do not like the CEO. The CEO is an idiot but the co now has too much 21st century momentum has too much momentum to be stopped by exec suite failure. GE remains the #8 most profitable company on earth, up from 12th a yr earlier, and wind turbine generators may put GE in fat black numbers for years to come.

A BIG SURPRISE FOR US: GE SHARES ARE A STRONG BUY... GE HAS NOT HAD STRONG BUY STATUS WITH US FOR 12 YEARS

-American Superconductor (AMSC) megawatt-scale wind turbine designs, engineered electrical control systems, power cable systems, voltage stabilization surge protectors etc. P/E 93 FWD P/E 22

-Mitsubishi Electric (Japan) (6503:TYO)(MEL:LSE) (MIELY.PK manufacturing conglom

-Quanta Services (PWR) systems repair maintenance && service including wind systems and solar systems, based in Houston

-Gamesa (Spain) (0H4N.L)(GCTAY:PK)(GAM:MC)

-Broadwind Energy (BWEN) windfarm products/systems

-PowerShares Global Wind Energy (PWND) ETF tracks the Nasdaq OMX Global Wind Energy Index

-First Trust Global Wind Energy ETF (FAN) tracks the ISE Global Wind Energy Index

OTHER WIND POWER CO'S TO WATCH

-Clipper Windpower PLC (CWP:LSE)

-Windflow Technology Ltd (WFLWY:PK) (WTL:NZEE)

-Xinjiang Goldwind Science & Technology Co (002202:SHE)

-REpower Systems (RPW)

-Nordex AG (NDX1:ETR)

-Pacific Gas & Electric: California's #1 energy supplier is investing fast and heavily into windpower. PGE is privately-held, but its PCG-A Preferred Stock pays 6% div

In 1959 40% of the US economy relied on electricity. Now it's 66%+.

But 60%+ of the USA's electricity is still produced from coal & 20% from uranium/nuclear. Coal is dramatically out of fashion in Washington.

Notes: First US offshore windfarm has been OKed, off Cape Cod. Offshore Great Lakes windfarm projects are in planning stages in Chicago (Evanston)(Lake Michigan) and Cleveland (Lake Erie) each would be about six miles offshore.

Cleveland's will be operational by 2012 and by 2020 will generate 1000 megawatts. GE will build it

THE BEST COAL COMPANIES

-Puda Coal (PUDA) Shanxi province, China. FWD P/E 6.4, QEG YOY 400.5% UNDERVALUED

-Patriot Coal (PCX)

-James River Coal (JRCC)

-Consol Energy (CNX)

-Arch Coal (ACI) steam and metallurgical coal from surface and underground mines to power plants, steel mills, and industrial facilities in the United States. ACI operates 19 active mines, and owns or controls approximately 3.9 billion tons of estimated proven and probable recoverable reserves, primarily through long-term leases. Including approximately 100,100 acres of coal land in West Virginia; 107,800 acres of coal land in Wyoming; 98,900 acres of coal land in Illinois; 72,100 acres of coal land in Utah; 46,200 acres of coal land in Kentucky; 21,800 acres of coal land in New Mexico; and 18,500 acres of coal land in Colorado. The US is not moving into the 21st century era of clean energy as quickly as many other countries are and ACI is a bet that the USA remains a 19th century country. SPECULATIVE STRONG BUY

-Peabody Energy (BTU)

-Massey Energy (MEE)

-Cameco (CCJ) this premiere uranium company now owns Fording Canadian Coal, UNDERVALUED

-Market Vectors Coal (KOL) an ETF of the 39 top coal co's

-Alpha Natural Resources (ANR) steel coking and electricity-generator coal

- Cloud Peak Energy (CLD) This recent-IPO spinoff from Rio Tinto of its American coal holdings) is the third largest coal producer in the USA

THE BEST NATURAL GAS COMPANIES

New & advanced drilling methods have increased the supply of available natural gas by almost 60%. This means that many new electric plants built will be powered by gas, which is clean, cheap and works. This is an interim fix. Long-term, 21ST century electricity will be produced by solar panels and coatings and wind farms but in the interim of the next twenty years there is a lot of \$\$ to be made in natural gas and also in coal

-Chicago Bridge & Iron (CBI), which can build gas transfer & storage facilities

-Fluor (FLR) USA oil gas & mining engineering co is

#80 of Fortune Magazine's 100 Fastest-Growing companies for 2010

-Delta Petroleum (DPTR) Denver-based \$509mil Market Cap exploration development production and sale of oil & gas primarily in American West and Gulf of Mex...Enterprise Value is approx \$1bil

-Blue Dolphin Energy Co (BDCO) exploration & production plus gas pipelines inland from Galveston offshore, plus intra-state pipelines, a penny stock

-Southwest Energy (SWM)

-National Fuel Gas (NFG)

-Chesapeake Energy (CHK) natural gas exploration & development esp shale gas. Watch for CHK to simply get bought by XOM

-PetroHawk (HK)

-Nicor (GAS) 45mil shares out, div \$1.86 yield 4.5% QEG/ YOY 946.2%

-Exxon Mobil (XOM) STRONG BUY

-Canadian Natural Resources (CNQ)

-Helmerich & Payne (HP)

Atwood Oceanics (ATW)

-Arena Resources (ARD) oil & natural gas exploration dev & production, US properties. In Fortune's 2009 100 Fastest-Growing Companies list

-Noble (NE) contract drilling services oil & gas

-Transocean (RIG) offshore gas n oil contract drilling worldwide UNDERVALUED

-Nabors Industries (NBR)

-EnCana (ECA)

-Suncor (SU)

-GeoResources (GEOI) oil & natural gas USA tiny-cap, \$170 million market cap.

-Clean Energy Fuels Corp (CLNE) natural gas fueling stations for alt-energy vehicles, US Southwest, T Boone Pickens' pet company

THE BEST OIL CO'S

-British Petroleum (BP) petroleum as a commodity is not going away, and offshore drilling isn't either. BP also is buying into 'green' energy production

Petro Matad (LSE:MATD) (USA: PRDTF) a UK-based small-cap exploration & production co. with huge mineral wealth land grants from the Mongolian govt and reportedly new finds in Mongolia as well.. These guys have a contractual petroleum rights deal with the Mongolian govt for an area the size of Ireland. Mongolia reportedly owns 70% of the company and gets 1/3 of the profit, and so this may be a startup version of Petrobras. Rio Tinto reportedly owns 20% of all Petro Matad stock.

Here's what the situation looks like in Mongolia:

<http://www.scotforth.com/index.php?page=mongolia>

The LSE shares are up 588% YOY. SPECULATIVE STRONG BUY

-Apache Corp (APA) Texas based, oil & gas, global opps, EPS \$6.45 P/E 14.7 FWD P/E 8

-Canadian Natural Resources (CNQ) exploration development production of land-based oil & natural gas, 2:1 stock split June 2010. This is an oil-sands co. We watch but we wouldn't buy

-Occidental Petroleum (OXY) based in Los Angeles, EPS 4.43 QEG YOY 189.1% FWD P/E 10.7 pays a poor dividend but is UNDERVALUED

-Royal Dutch Shell (RDS-B)(LSE: RDS) recent development partnership with Libya. Shell has paid \$4.7 for East Resources, this is a major shale oil & gas play inside the USA, UNDERVALUED

-Valero Energy (VLO) Largest USA oil refiner, 1st Q net income \$309 mil, up from \$261 mil YOY, # 33 of Fortune 500

-Conoco-Phillips (COP) active in shale deposit mining (we remain skeptical of oil shale) but owns 20% of Russia's Lukoil, UNDERVALUED

-Exxon Mobil (XOM) America's premiere oil co, P/E 12.3 Q profits more than doubled QEG YOY 38.5%, FWD P/E 8.5, *annual revenues of three hundred billion dollars a year, almost no debt, and \$14bil in cash* STRONG BUY

-Chevron (CVBX) 158bil Market Cap FWD P/E 8, div \$2.88 yield 3.8% QEG YOY 210% STRONG BUY

-Petroleo Brasileiro (Petrobras) (PBR) state-owned publicly-held Petrobras shares in Exxon's Brazil-coast finds and developments but has much much more on its own, UNDERVALUED

(See also Diamond Offshore Drilling (DO)whose largest customer is PBR

-Petrofac (PFC:LSE) based on UK's Isle of Jersey: engineering const @ management of Deep Water an Deep Underground drilling gear

-Atwood Oceanics (ATW) offshore drilling rigs

-Cameron International (CAM) oil & gas production services

-TransOcean (RIG) Swiss-based Deep Water drilling services worldwide STRONG BUY

-ENSCO (ESV) UK-based, offshore drilling services worldwide. Profit Margin 37%, near-zero debt, 141 mil shares out, FWD P/E 12, UNDERVALUED

Seacor Holdings (CKH) Ft Lauderdale based, oil & gas offshore production adjunct services. A fleet of workboats and helicopters tends rig platforms in Gulf of Mexico, off west coast Africa, offshore Brazil, South China Sea and others. 5000++ employees. QEG YOY 470.5%, P/E 9.26, \$2bil Market Cap, leveraged, STRONG BUY from \$100 to around \$165

-Noble Corp (NE) (Switzerland) (long ago Texas-based) Contract drilling services global oil & gas. 63 mobile offshore drilling units plus labor for contract drilling. Clients: US Mid East India Mexico North Sea Brazil West Africa Market Cap 10bil FWD P/E 7.36 profit margin 45% QRG YOY 10.6% small debt 259mil shares out

see also:

-ProShares Ultra Oil & Gas)(leveraged) (DIG) YTD return 20.59%

-PowerShares DB MultiSector Commodity (DBO) broad-based petroleum, UNDERVALUED

Notes: We expect oil to rise to around \$108, and to *stay there*, in 2011, as global demand increases

THE BEST SOLAR AND PHOTOVOLTAIC CO'S

By the end of 2010, renewable energy sources will provide 15% of ALL electricity generated in the US. Solar is not yet cost-effective and coal continues to trump solar.

-Applied Materials (AMAT) world's biggest supplier of semiconductors and other components for solar panels and flat-screen displays...heading big-time into China, as are many other US tech companies. By the end of this year, 2/3 of ALL solar panels will be produced in China, another failed US oppty

-GT Solar International (SOLR) (USA) QEG YOY 353% STRONG BUY

-Jinko Solar Holding (JKS) (China) FWD P/E 6, QEG YOY 14989%, STRONG BUY

-SolarFun Power Holdings (SOLF) (China)

-China Sunergy (CSUN) (China) FWD P/E 6, QEG YOY 693%

-J.A.Solar (JASO) (China) small-cap, photovoltaic cells

-Sunpower (SPWRA) (USA) solar electric power products, US, Asia and Germany, will build the USA's largest solar photovoltaic power plant just east of Sarasota Florida, marketing newer stronger and more cost efficient solar cell products

-MEMC Electronic Materials (WFR) (USA) silicon wafer producer for the semiconductor industry provides foundation products for photovoltaic

-Trina Solar (TSL) (China) solar modules for power generation,P/E 10.45 EPS \$2.26, QRG YOY 155%

-ReneSola (SOL) (China) solar photovoltaic wafers

-Sunways (SWW.DE)(SWYAF.PK) (Germany) high performance solar cells, solar modules, solar inverters, and photovoltaic products

-Suntech Power Holdings (STP) (China) photovoltaic cells

-First Solar (FSLR) solar electric power modules. This single-stock 'strongest play' in solar has a 29% profit margin, 35.8% QRG YOY, owes \$164mil on a company w an \$12bil Market Cap, debt of \$140mil, \$2.88bil in annual revenue and may be the gateway to cost-effective solar power. Profit margin of 27.5% and only 8.5mil shares outstanding. #7 of Fortune Magazine's 2010 list of 100 Fastest-Growing Companies. BUYOUT CANDIDATE and STRONG BUY

-Trina Solar (TSL) (China) photovoltaic modules, one of China's strongest companies, #69 of Fortune Magazine's list of 100 Fastest Growing Co's

-LDK Solar (LDK) (China) raised guidance in the middle of the 08 mess, UNDERVALUED

-Kenmos Technology (8107.TWO) (Taiwan) photovoltaic cells

-Hemlock Semiconductor (Michigan) world's largest producer of polycrystalline silicon for photovoltaic, subsidiary of Dow-Corning, jointly owned by Dow

Chemical (DOW) and Corning (GLW)

-Energy Conversion Devices Inc (ENER)(USA) photovoltaic cells, cell systems, and coatings, energy generation and storage products, Michigan-based

-EnerSys (ENS) (USA) lithium-ion battery systems for electric car apps, UNDERVALUED

-Canadian Solar (CSIQ) Ontario-based, solar electric module products, residential commercial industrial, Q Revenue Growth YOY 180.5%

-Vishay Intertechnology (VSH) (USA) broadbase electronics products co services photovoltaic/solar industry

-Claymore/MAC Global Solar Energy ETF (TAN) models the MAC Global Solar Energy Index co's

-Market Vectors Solar ETF (KWT) models the Ardour Solar Energy Index co's STRONG LONG-TERM BUY

-FPL Group (FPL) most people know this as Florida Light and Power. But FPL's NextEra energy subsidiary is THE largest provider solar-based (wind-based, too) electricity in North America. EPS \$4.74 div \$1.89 FWD P/E 11.4, Market Cap \$22bil Enterprise Value \$39bil, STRONG LONG-TERM BUY

-Gamesa Corporacion Tecnologica (Spain) (GCTAF.PK) (GMA.MCE) builds all three: wind, solar, and photovoltaic

-ABB Ltd (ABB)(Switzerland), electrical power automation technologies, global, Market Cap \$47.78 bil, \$8bil in cash, low debt

Notes: We are not thrilled by any solar right now w the exception of FSLR JKS SOLR and KWT. There seems to be a disturbance in the Force right now and heading into 2011. We don't like what's going on w N and S Korea, its possible the EU may come apart, and the USA is in a Revolutionary war the grows increasingly hot

THE BEST ETHANOL COMPANIES

-Waste Management (WM) water management now buying into cellulosic waste-to-ethanol UNDERVALUED

-see also Montreal-based Enerkem, waste-to-ethanol plants, \$50mil grant from US dept of energy, 25 yr contract w Canadian city of Edmonton, etc *still privately held, likely an IPO from Blackstone*

-Archer Daniels Midland (ADM) US crop processing conglomerate, *buying up sugar mills in Brazil undervalued*

-Cosan Industria e Comercio (CZC)(CZLT1.SA)(Brazil) world's largest sugar cane processor, increasing profitability as global sugar prices skyrocket

-Dupont (DD) farm & industrial chems, corn ethanol production

-The Andersons (ANDE) upscale US family-products retailer dabbles in corn ethanol production

-Pacific Ethanol (PEIX) smallcap producer based in Calif

-Bunge (BG) corn ethanol production, purchased Corn Products International (CPO) for \$4.4 billion, broad products base, PURCHASED BY BRAZIL'S VALE. VALE is a Market Witch BEST BUY

-Methanex (MEOH) (TSE: MX) World's largest methanol producer. Based in Vancouver. Diverse production sites, global sales. Methanol is starting to gain footing as a transportation fuel. Market Cap \$2.81bil, paying a 2% dividend, QRG YOY 52%

-Pacific Ethanol (PEIX) ethanol production in the US, SPECULATIVE STRONG BUY

Notes: China has surpassed all other countries in the number of annual bioethanol production patents awarded. The US should be the leader in this field, and is not. According to US think tank Chemical Abstracts, China has emerged as the global leader in the commercialization of bioethanol research. The US remains utterly dependent on- and willing to pay for- oil.

URANIUM CO'S

-NRG Energy (NRG) builds operates traditional and services nuclear powerplants in the US, projects underway in Germany Australia and Brazil.

-FirstEnergy (FE) nuclear powerplants, US. P/E 10, EPS \$3.86, div \$2.20 yield 5.6%, market cap \$12bil Enterprise Value \$26bil

-Uranium Participation Corp (U.TO) Canadian ETF that does the same thing with uranium that GLD an IAU do with gold

-Cameco (CCJ) the Rolls Royce of uranium stocks produces 16% of world's supply, will double production by 2018

-BHP Billiton (BHP) Big Six Global Miner sells silver coal iron ore uranium etc

WATERWORLD SHIPPING & SHIPBUILDING

-Frontline (FRO) (Bermuda) Global transoceanic shipping. 83 tankers 41 drybulk cargo, 30 SuezMax crude tankers etc. also commercial ship purchase sales & leasing. A MARKET WITCH BEST BUY

-Ship Finance Ltd (SFL) (Bermuda) Global oceanic shipping, conservatively managed. Tankers bulk cargo/iron ore carriers chem tankers & container vessels plus offshore maritime petrobiz ships and equipment for drilling rigs and service. A MARKET WITCH BEST BUY

-Seaboard (SEB) the USA's single most diversified agribiz co ships its own products plus containerized cargo shipping to 25 countries in the North South & Central America & the Caribbean. EPS is \$112.66, the co should pay a huge dividend and doesn't. Shares were undervalued at 1500, now are expensive

-AP Moeller Maersk A/S (MAERSK B: CPH) (MAERSK B:CPH)(LSE:0JGD) (USA AMKAF:PK) (Denmark) global shipping, oil drilling & production, & shipbuilding, plus 20% ownership of Denmark's Danske Bank. Operates THE fastest biggest and most advanced cargo ships on the planet. These are machines too big to get thru the Panama Canal but Pole-ready as Arctic Circle sealanes open. Operations in 130 countries. We like the Copenhagen shares (up 74.3% YOY) or LSE shares best but the USA shares are up 23% YOY as well STRONG BUY

-Nordic American Tanker Ships (NAT) (Bermuda) Oil biz. Well-managed. 15 double hull SuezMax tankers. UNDERVALUED

-Paragon Shipping (PRGN)(Greece) fleet of 7 Panamax drybulk freighters and two huge Supramax drybulk and more, \$242mil smallcap, profit margin 43% QEG YOY 27.6%, UNDERVALUED

-Star Bulk Carriers (SBLK) (Greece) \$170mil small cap 12 vessels: ore and drybulk. Dividend 7.2% UNDERVALUED

-Kirby (KEX) just about all aspects of the maritime oil transportation biz. They repair diesel engines, they have 863 tanker barges 213 towboats. EPS 2.36 P/E 15.2 profit margin 11.64% well managed, should pay a div.

-DHT Maritime (DHT)(Channel Islands) predominantly petroleum transport, three huge carriers 2 SuezMax, four AfroMax, market cap \$199 mil Enterprise Value \$434mil, leveraged, profit margin 17%, new CEO

- Paragon (PRGN) (Greece) drybulk cargo shipping, 12 ships inc two huge ones, profit margin 43%, Market Cap \$242mil, Enterprise Value \$441mil, leveraged
- Danaos (DAC) (Greece) 41 containerships plus vessels for charter to liner co's. Market Cap \$250mil Enterprise Value \$2.79 billion, profit margin 24%, annual revenue \$313mil, highly leveraged,
- Overseas Shipholding (OSG) NYC-based, fleet of 106 vessels, tankers & bulk shipping, primarily petroleum, EPS \$2.61 div \$1.75 yield 3.90% Market Cap \$1.17bil Enterprise Value \$2.51bil, UNDERVALUED
- Navios Maritime (NMM) (Greece) drybulk plus tankers, 10 Panamax ships 1 Capesize 1 Ultra HandiMax, profit margin 37%, P/E 13 FWD P/E 12 div \$1.64 yield 9.4%
- Seaspan (SSW) (Marshall Islands) (fleet based in Hong Kong) drybulk cargo ships, Asia-Pacific service, fleet of 35 container ships, taking delivery on thirty more over next three years, FWD P/E 5.19
- Diana Shipping (DSX) (Greece) drybulk cargo shipping: coal ore grain and bulk containers, global, 13 Panamax 6 Capesize ships, #24 in Fortune's global 100 fastest-growing co's. P/E 9.5 FWD P/E 9.6, profit margin 50.76%
- Dryships Inc (DRYS) (Greece) global drybulk commodities/cargo shipping, 41 drybulk ships, 7 capesize, 27 Panamax 2 Supramax, 3 under construction, Market Cap \$1.51bil Enterprise Value \$3.5bil FWD P/E 5.22 going into the drilling rig biz, maybe with an IPO, may also get bought
- Excel Maritime Carriers (EXM) (New York) drybulk oceanic shipping, 47 vessels, Market Cap \$482mil, Enterprise Value \$1.64bil, major holders are Blackrock & Bank of NY, UNDERVALUED
- General Maritime (GMR) Market Cap \$432mil, Enterprise Value \$1.5 bil, 55mil shares out, UNDERVALUED
- Cosco Holdings (HKG:1919)(CICOY) (Shanghai 601919) China's biggest oceanic shipping co
- Claymore/Delta Global Shipping (SEA) (ETF) P/E 10.42 YTD return 27.58% STRONG BUY

WHO BUILDS SHIPS?

Korea is the world's #1 shipbuilder. China is now 2nd, Japan 3rd. China, with its 10% growth rate, has overtaken Japan

-Hyundai Heavy Industries (Korea)(KSC:A009540) (USA: HYHZF) world's largest shipbuilder. Korea shares up 27% YOY, USA shares cost a fortune but are a LONG-TERM STRONG BUY

-COSCO Corp (CSCMY) (Singapore) drybulk shipping, shipbuilding, ship repair, marine engineering, STRONG LONG-TERM BUY

-Samsung Heavy Industry (Korea) (KSC:010140 (USA: SMSHF) Korea shares up 16% YOY, little data available for USA shares

-CSSC (China State Shipbuilding Corp) (Jiangnan Heavy Industries LTD) (SHH: 600150)

-Guangzhou Shipyards Intl (SHH: 600685)

-Mitsubishi Heavy Industries (Japan) (TYO:7011) (USA: MHVYF) Japan's largest, \$21.7bil annual sales TYO shares up 23% YOY, USA shares are up 37% YOY and are a STRONG LONG TERM BUY

-Mitsui Engineering & Shipbuilding ((Japan) (TYO:7003) (USA:MIESF) Japan shares are up 42% YOY, USA shares are up 28% YOY and are a STRONG LONG-TERM BUY

THE BEST WATER COs

-PowerShares Water Resources (PHO) A global fresh-water ETF. The Twenty-Teens will be all about iron ore, steel, aluminum, and other tangibles that provide materiel for the Global Infrastructure Buildout and the Euro and American Infrastructure Rebuilds. But during the TwentyTeens, water will cease to remain 'free' and will become more expensive. *During the TwentyTwenties, water will become as valuable as oil. During the TwentyThirties we may see wars fought over water.* YTD return 18% STRONG LONG-TERM BUY

-PICO Holdings (PICO) water resources, water storage, USA Southwest & also Europe, water-related real estate, geothermal, etc, leases ag and grazing properties, 22.6mil shares out, low debt well managed SPECULATIVE LONG-TERM STRONG BUY

-Middlesex Water co (MSEX) utility & wastewater systems, NJ, Delaware & PA. Profit margin 12%, \$255mil Market Cap, QEG YOU 55%, div yield 4.5%, view this as a substitute for buying bonds, plus the CEO is named Dennis Doll

-Lindsay Corp (LNN) builds, markets & services agricultural irrigation systems, one of Fortune Mag's 100 fastest-growing global companies, STRONG LONG-TERM BUY

-Exxon Mobil (XOM) making the largest investments in water of any co on the planet STRONG BUY

-Veolia Environnement SA (VE) (France) world's largest water services stock: desalinization systems, environmental services, global customer base, plus highway, rail & maritime passenger services in 25 countries STRONG LONG-TERM BUY

-Siemens (SI) Germany's engineering conglom, desalinization technologies & other water service systems, STRONG LONG-TERM BUY

-GE (GE) desalination technologies, GE needs new CEO

-Energy Recovery Inc (ERII) smallcap USA desalination etc co UNDERVALUED

Additionally, we are starting to watch these water companies: WTR SSWC AWK CWCO CCALF MSEX SBS ELP IAMPY STWG.

WATER AND THE 21st CENTURY

Brazil has 14.9% of the world's total available fresh water

Russia 8.1%

Canada 6%

USA 5.6% (much of it is in Alaska & the Great Lakes)

Indonesia 5.1%

China 5.1%

Colombia 3.9%

Peru 3.5%

India 3.5%

The Dem Republic of Congo 2.3%

Additional countries with huge fresh water reserves include Norway Iceland Bolivia Gabon New Zealand Papua New Guinea and Nicaragua plus a huge aquifer under the Sahara. Water is still unreasonably cheap. As fresh water becomes a scarcity, and far more expensive, these ten countries have an enormous economic advantage over other countries because they have 'free' water that they don't have to buy, or manufacture from salt water, or go to war for. This current decade is the era of iron ore and steel: increasingly scarce increasingly expensive. The 2020s will see water becoming like gold.

Nicaragua, currently the poorest country in Central America, has Lake Nicaragua, and will become the future water source for Central America.

Latin America reportedly has 6% of the world's population and 28% of the world's renewable fresh water supply.

1/3 of the world's population lives in areas that have only 8% of the world's water. That means that as the future unfolds, 1/3 of the world's population will have to pay for water, or will become wastelands, or will die, or there will be 'water migrations' and possibly 'water wars.'

Invest in these 'water' countries. And in High Net Asset Value companies that have holdings in these "water-wealthy" countries.

Notes: To study shipping, watch the Baltic Dry Shipping Index (BDI) shipping rates and also the Baltic Panamex Index (BPI) and the SupraMax Index (BSI) (tankers) to get a better sense of conditions outside the US.

A new study shows that the use of groundwater around the world (for the 21st century's huge cities and its agribiz as well) has more than doubled in three decades, threatening famine and chaos once groundwater is sufficiently depleted.

Water doesn't disappear, it moves, changes form (ice, steam snow clouds glaciers etc, and appears elsewhere. Marc Bierkens of the University of the Netherlands says that so much water is being taken out of the ground and moved through usage that it actually accounts for about 25% of the annual rise in sea levels that is currently being blamed on global warming.

Groundwater depletion rates are highest in northwestern India, northeastern China, Pakistan, California's Central Valley and the US Midwest. USA's Midwest is saved by the Great Lakes. The others have no backup.

CONSUMER TECH, INFOTECH, TELECOM, BIOTECH PHARMA HARD-SCIENCE & ENGINEERING

Cream-of-the-crop USA stocks in hard-science, medi-tech, pharma, biotech, chemistry, infotech, engineering, software, electronictech, networking hardware, telecom, video, and consumertech

-Google (GOOG) \$25bil in annual revenue, Zero Debt, \$23 EPS, \$30 bil in cash. QEG YOY 27.7%. This world's largest ad agency also hosts 66% of ALL Internet searches. New Chrome™ operating system will on the market this year. Google is a Conglom and a player in software, telecom, advertising, windpower, social networking, the buildout of the 21st century US electrical grid, and more. Now making the leap from digital librarian to merchant in a challenge to Amazon.com Inc. and its Kindle. The Google Internet book store opened last month & draws on a portion of the 15 million printed books by some 4000 publishers that Google has scanned into its computers over 6 years.

These deals ensure that most of the current US best sellers are immediately available via Google.

Millions more out-of-print titles will shortly appear in Google's store, subject to federal court approval of a proposed class-action settlement with U.S. publishers and authors.

Google shares are UNDERVALUED

More public advertising companies:

-Omnicom (OMC) undervalued

-Interpublic (IPG)

-Publicis Groupe (PUBGY.PK)(France) undervalued

-WPP Group plc (LSE:WPP) (WPPGY) (UK) LSE shares up 140% YOY USA shares up 20% YOY undervalued

Notes on Advertising:

The new face of advertising: Online advertising revenues topped \$25billion in last year, up 10% in the 4th Q, and about double what online ad revenues were three years ago.

Want to Advertise? Forget Facebook. Buy page space in *Vogue* or *Sports Illustrated*. USA magazine advertising is up 5.6% YOY

Nevertheless Facebook, still privately-held, has gone on to become a global standard, a kind of 21st century telephone book. At least five hundred fifteen million people, or one of every fifteen people on earth, has a Facebook account.

Americans are returning to social graces. Want to make an impression? Take someone out to lunch, and leave yr cell phone in the car. Buy someone a present and send it UPS or FedEx.

Facebook's power and influence continues to grow. Facebook may be about to render email and the entire email industry obsolete. Facebook's integrated email chat and massaging system will mainstream this year. It means the beginning of the end of traditional email, as we have known it for fifteen years, outside the business & industrial community

-Apple (AAPL) Replaced GM in the Dow Jones tho GM may be back on there soon. Largest Market Cap US Tech co. #253 in the Fortune 500. sold 6 million iPads in 2010. Two new laptops. iPhone 4 was most successful AAPL product launch ever. 3Q net income up 78% to \$3.25bil on Q earnings of \$15.7bil. Apple has yet to deal with 3D, but "Apple TV" may be a game-changer. We wouldn't touch this stock as a long-term hold without a fat dividend. \$24bil MARKET Cap zero debt & \$25bil in cash. #18 of Fortune Magazine's 2010 list of 100 Fastest-Growing Companies. Buzz that Apple may acquire Sony (SNE) Apple lost its monopoly as the world's smartphone, *then got it back*. Apple may be the

USA's single strongest co. STRONG BUY following a 2:1 stock split

-Research in Motion (RIMM) (Canada) BlackBerry™ was the official handheld of choice of powerful USA workaholics for about 12 years. #1 OF FORTUNE'S 09 100 FASTEST GROWING CO'S. Of the top 25 smartphones available via Amazon, NINE are Blackberries. A 2010 surprise for us: Blackberry surrendered the must-have mass-market consumer product handheld lead in US to the iPhone but has kept its global elite status as the must-have business tool globally and is now starting to regain market shares once more from Apple. FWD P/E 9.5 Profit Margin 17% QEG YOY 67%, *zero debt*, EPS \$5.19 (unheard of for a telecom co) Q profit up 45%, STRONG BUY

-Nokia (NOK) Nokia, not American but Finnish, remains the global leader of smartphone sales, has 39.3% of global market share. But the co is fighting for its life, its market share, and for its 1990s monopoly-level grandeur (shares once were \$244) Nokia has a 3D cellphone in the pipeline, and a new CEO. The Nokia N8 smartphone has failed to make a dent. Nokia's era as a great investment stock is prob over

Notes: Market research strategists project that by 2014, \$94 billion in 'smartphones' will be shipped annually

-QualComm (QCOM) invented highspeed wireless in the mid-1990s with patented & proprietary CDMA technology THAT led the way into the smartphone era. This co was streaming video to phones in a moving car in 1997. Owns AMD= they have their own processors. They used to make their own cell phones (I have one, it has worked perfectly since 1996 CE) Near-zero debt. \$3bil stock buyback

-Corning (GLW) 150+year old co invented fiber optic cable, has 62% world market share of flatscreen glass. Superb Dow-Corning partnership (DOW) plus near-zero debt and a superb CEO. Thin ultrastrong Corning Gorilla Glass is about to become Corning's newest multibillion dollar annual revenue source. \$25bil Market Cap, \$4.25bil in cash, STRONG BUY

-CenturyTel (CTL) telecommunications services, Monroe Louisiana, operations in 25 states, P/E 10 EPS \$3.46 Div \$2.80 Yield 8% QEG YOY 231.5%, undervalued

-AT&T (T) 24% of US households now use only cell phones. Service provider for both the BlackBerry™ and the iPhone™. Biggest USA phone co by revenue, ATT may be an anachronism *but* 2.4% dividend hike (the co's 27th *dividend hike*) & 300mil share buyback, STRONG LONG TERM BUY

-Verizon (VZ) strongest US wireless service provider, now service provider for the iPhone, div \$1.95 yield 6.3% STRONG BUY

Notes on Telecom:

-Three out of four US households still have copperwire landlines but that number is falling by 10% a

year. Market research company studies show that cell phone-only households are more likely to be: lower income, renters, economically unstable, binge-drinkers, divorced, unmarried parents, behind on car payments, to not have a family doctor, and to have no health insurance

-Telecom's Great Divide is generational: Baby Boomers still make 'telephone calls' via their cell phones. Millennial Generation members (18 to 34 year olds) text. The average Millennial who has a cell phone sends /receives nearly 3000 text messages a month. Texting is a does not create wealth it diverts younger Americans from doing things that matter to their own lives and create wealth for themselves and for the country... while America continues its economic and cultural collapse

-There is much new cell-phone marketplace competition for Apple from Nokia, Samsung, Hitachi RIMM and others. Two new products, the HTC EVO 4G (Sprint) and the HTC Droid Incredible, are both from Taiwan co HTC (TWSE: 2498). Nokia's N8 has a 12-megapixel camera and a 3.5 inch screen. Nokia-Siemens Networks, the joint-venture company, has bought Motorola's wireless network business for \$1.2bil probably cementing Nokia's market share of global telecom though even Nokia may not be able to compete with the iPhone. Nokia Siemens Networks has inked a \$7 bil contract to build a high-speed 4G mobile phone network in the USA. RIMM's newest BlackBerry Torch 9800 has a touchscreen and also a slide-out physical keyboard, an RIMM trademark. And it will be the first RIMM product to run on BlackBerry OS6.0, the latest operating system for BlackBerry devices

-Skype, Luxembourg-based provider of Internet telephone services, plans an IPO, pushing telecom one step further toward the end of land-line phones, already a time-warp anachronism

-Newest player in telecom is: Wal-Mart. WMT now has its own wireless carrier brand, operating as a subsidiary of T-Mobile USA network. And is already undercutting other service provider monthly fees

-Yahoo (YHOO) now-secondary but once-powerful search engine was off these pages for eleven years. We've listed Yahoo as a BUYOUT CANDIDATE for months. It may go to private equity, or it may go to Google or MSFT. Tough gutsy smart woman CEO. Fwd P/E 22. Market Cap \$21bil. \$3.25bil in cash. Profit margin 12.2%. QEG YOY 163.9%. *Six hundred million users worldwide means some company will buy Yahoo and use it to reach 10% of the earth's population*

-Nvidia (NVDA) 3D GPUs & other processors. NVDA's processors are in handhelds, laptops, videogames systems, education, military, telecom, entertainment systems. Gross margin. NVDA moved into retailing, selling its graphics cards via Best Buy. New products. Now a crossover co into War Stocks. \$2bil in cash, almost zero debt. You will see NVDA 3D GPUs in 2011. Intel will have no choice but to buy the co. Shares are worth \$28 but might be worth \$60 w Intel interest. A MARKET WITCH BEST BUY

-Intel (INTC) in the 90s, Intel Inside™ put the USA Online. \$110bil Market Cap, almost NO debt, nearly \$13bil in cash. Intel sells servers as fast as it can make them. Bought security software maker McAfee for \$7+bil in a diversification move, and will market a graphics chip it hopes will rival NVidia's products (but it won't) 15 % dividend raise in Q dividend is a marker for US companies that

are joining the booming global economy. But we wouldn't invest in it

-Cisco Systems (CSCO) Routers, Inc. Now a Dow component plus also a player in Russia. Between 2002 and 2008, Cisco bought 58 digital-tech-products companies, now totally dominates networking. New high-speed Networking products. We owned CSCO shares 1997-1998, when CSCO was a small new co. Now at \$121bil market cap and still with the same great CEO John Chambers, Cisco is so powerful it has negotiated its own economic trade treaty with Russia and so innovative it is creating wired "cities in a box" boomtown instant cities for a million people to move to. A Cisco tablet handheld competes with both RIMM and AAPL. FWD Guidance for full year 2011 however is not good

See also: Citrix Systems (CTXS) Brocade (BRCD) and QLogic (QLGC)

-IBM (IBM) International Business Machines Corp was awarded more patents last year (more than four thousand) than any other company in the world... for the seventeenth consecutive year. Founded 1910, became IBM 1924. At the top of its game for seven decades. Bought data storage co Netezza for \$1.7 bil. P/E 12.4 , \$12bil in cash, exemplary management div yield 2% STRONG BUY

-Hewlett-Packard (HPQ) World's premiere laptop And printer builder also owns Electronic Data Systems (EDS) & Compaq. World's 2nd largest technology company behind Korea's Samsung. FWD P/E 11.9. Purchase of 3Com made HPQ a direct competitor to Cisco. HP now sells more servers than IBM. HPQ spent \$1.2billion to buy Palm as a platform for a product to rival Blackberry, and it was a stupid waste of money. HPQ board's choice for new CEO is Marc Andreessen, a high-profile Silicon Valley legend. HPQ has bought security-system maker ArcSight for \$1.5bil. Former CEO Carly Fiorino bought Compaq for HPQ and secured this co's future. UNDERVALUED

-Oracle (ORCL) incomparable proprietary business software. No real competitors. Market Cap \$128bil, profit margin 25% Q net revenue up 25%. Narcissist/genius founder Larry Ellison has been a template for several movie characters. New CEO. UNDERVALUED

-Microsoft (MSFT) MSFT is a 3D player & will likely soon have 3D products for a 3D-enabled Xbox. \$236 bil Market Cap \$6bil in debt & \$43bil in cash. P/E of 12. QEG YOY 51%. Windows Phone 7 mobile operating system seems to work ok. Web browser Internet Explorer™ causes more problems than any other system in the cyberworld. Hot new MSFT Xbox gaming device Kinect™ software has been discovered by specialists in virtual reality and 3D systems and who have put the software into their computers. Phone us when they fire Steve Ballmer. Shares are UNDERVALUED

-Adobe Systems (ADBE) Adobe Acrobat, Adobe Reader® PDF, Photoshop® market research software etc etc. Near zero debt, \$2.5bil in cash. Adobe Photoshop®, changed photography forever. \$1.6bil stock buyback. Q earnings sank like a stone. When Adobe markets proprietary 3D software, its fortunes are assured. We think Adobe is a BUYOUT CANDIDATE, and that the buyer could be Apple or Google but *will more likely be IBM or Oracle*. STRONG BUY

-Best Buy (BBY) retail electronics big box stores also has world's single largest infotech support system: 24,000 computer repair "agents" little uniforms fix everything & bring BBY revenue of \$1.5 bil a year. 1143 US stores plus Canada Mexico China & Europe. Market Cap \$19bil, debt approx zero, EPS \$3.10 2nd Q net income up 60% on strong sales but it's a US consumer stock when there are no more US consumers

-Cerner Corp (CERN) Kansas City-based, Global health care info-tech hardware & software plus services, 80 million shares out, low debt, QEG YOY 24%

-Pall Corp (PLL) filtration systems for aerospace/defense military and medical apps, etc. \$3.91 bil market cap, 118 mil shares out, *increasing stature as a photovoltaic player, proprietary new technologies*

-Lubrizol (LZ) specialty transportation chems & additives, industrial lubricants, global sales, \$5.79bil Market Cap, QEG YOY 152.8% low debt, well-managed, UNDERVALUED

-Jacobs Engineering Group (JEC) Pasadena, California, this is *the engineer's engineering co and prob USA's "purest" engineering services problem-solving construction & systems co in the US today*. EPS \$3.53 Q earnings growth YOY 30.8%. Near-zero debt, a billion in cash

-KMG Chemicals (KMGB) (Texas) specialty chems, including stuff used to clean & etch silicon wafers in the production of semiconductors, plus agribiz chems. Market Cap \$225mil, 11.9 mil shares out, low debt, QEG YOY 338.9%, UNDERVALUED

-Danaher (DHR) hard-science & technologies conglom: engineering, med-tech, technology systems, water systems, superbly-managed. Owns Applied Biosystems (mass spectrometers, bio instrumentation)

-Griffon Corp (GFF) manufacturing/engineering conglom: building matls telephonics ID equipment garage door openers defense & aerospace etc, sales USA Germany Canada Brazil UK, 59.6mil shares out, UNDERVALUED

-Thermo Fisher Scientific (TMO) genuine hard-science manufacturing co that provides technologies, lab equipment, disease diagnostic systems, instrumentation and other med-tech hardware products to universities govt agencies hospitals etc. \$20bil market cap, low debt, well-managed. Owns Applied Biosystems (mass spectrometers, bio instrumentation)

-Becton Dickenson (BDX) medical supplies and equipment, instruments diagnostics, reagents etc 235 million shares out, low debt, superlative management, profit margin 17% FWD P/E 14

-Intuitive Surgical (ISRG) on our lists for three years, # 21 of Fortune's 2010 100 Fastest Growing Companies. Expensive, but only 38 mil shares out. Zero debt. Profit margin 21.7% Market Cap \$9.7 bil EPS \$5.04

-Illumina (ILMN) Genetic testing equipment, proprietary genome sequence systems, IPO 2010, QRG YOU 31%, #27 of Fortune Mag's 100 Fastest-Growing Companies for 2010, SPECULATIVE STRONG BUY

-Landauer (LDR) Small cap: Radiation Detection Monitors, medicine & military-industrial. Profit margin 25%. Dividend yield 3.4%, zero debt

-FLIR Systems (FLIR) infrared machinery used in medicine science & military, profit margin 21% near zero debt QEG YOY 9.6%

-McDermott International (MDR) (Texas) *the* complete USA A2Z offshore drilling engineering services co. ROE 20% QEG YOY 38% \$6.4bil annual revenue, superbly managed, \$800mil in cash and no debt... Founded 1928

-Dow Chem (DOW) chemicals engineering & agribiz conglom. Profoundly successful joint venture Dow-Corning with GLW. Strong ties w the US Defense Dept. Increasing presence in Latin America. Rohm & Haas purchase was a superb move. Market cap \$31bil Enterprise Value \$52.2bil UNDERVALUED

-DuPont (DD) hardcore chemical & engineering, agribiz products, profound ties with the agribiz/genetic engineering community. Blood feud w/ Monsanto, which DuPont has essentially won. See further detail under MW Agribiz listings, STRONG LONG-TERM BUY

-Ashland (ASH) hardcore engineering/specialty chemicals conglom resins waste technologies environmental services hazardous waste collection plastics etc, makes Valvoline®, fwd P/E 12, QRG up 13%, UNDERVALUED

-Eastman Chemical (EMN) chems coatings polymers plastics resins inks fibers et. Legendary US chem co founded 1920. Market Cap \$4.15bil FWD P/E 9.65 QEG YOY out of the ball park, 72.3mil shares out, div \$1.76, a marker for a US economy that is catching fire from the global one, UNDERVALUED

-Celanese (CE) hardcore chems: industrial chems polymers coatings lubricants etc FWD P/E 9.6 UNDERVALUED

-Sherwin-Williams (SHW) consumer/commercial paints & diversified chems. 3,335 neighborhood paint stores plus also hi-tech coatings & polymers for defense/aerospace surfaces of exotic US military & space machinery. FWD P/E 15. Global sales. 116 mil shares out. Low debt. In a ruined 08 US economy, SHW raised its dividend

-Eli Lilly (LLY) (Cialis® etc) enormous product array, strong R&D we wouldn't touch the stock

-Pfizer (PFE) Viagra®. Losing Lipitor as a proprietary. Bought king Pharmaceuticals for \$3.6bil.

\$130bil Market Cap, div yield 4.4% we wouldn't touch the stock

-Abbott Labs (ABT) purchased by Pfizer for \$68 bil, global-selling Similac®, rheumatoid arthritis drug Humira®, we wouldn't touch the stock

-Merck (MRK) Gardasil® etc. Owns Schering-Plough

-Glaxo SmithKline (GSK) pharma products sold in 140 countries, cervical cancer vaccine, H1N1 vaccine. we wouldn't touch the stock

Notes: a new experimental drug from Merck has raised good cholesterol levels lowered bad cholesterol levels and may help avert artery-related cardiac issues. Swiss pharma Roche and US pharma Lilly have similar drugs in development

-Johnson & Johnson (JNJ) America's premiere consumer health products co has the 18th highest annual earnings of any co on earth. Needs a new CEO we wouldn't touch the stock

-Amgen (AMGN) FWD P/E 10.6, EPS \$4.63, new bone-strengthening drug Prolia™ plus recently approved prostate cancer drug. On the hunt for smallcap biopharma's

-Genzyme (GENZ) buyout candidate, Sanofi Aventis likely owner

-Cyclacel (CYCC) experimental oral cancer drugs, in current FDA testing programs, shares are a SPECULATIVE STRONG LONG TERM BUY

Notes: We would not sell CYCC shares under \$16 & we believe the shares may be worth around \$60 even though they are available for under \$2, but the stock is being manipulated by shortsellers and is also subject to the FDA's approval process, which we think is corrupt

-Safeguard Scientifics (SFE) is essentially a venture-cap funder, specializing in techco's & lifescience co's, that happens to be public. Shares are up 21%YOY SPECULATIVE STRONG LONG-TERM BUY

-JDS Uniphase (JDSU) 1990s photonics hardware manufacturer, BUYOUT CANDIDATE

-Juniper Networks (JNPR) smaller faster sleeker version of CSCO, a Nasdaq Crash survivor, \$15bil Market Cap, zero debt, \$2bil in cash, QEG YOY 784% BUYOUT CANDIDATE

-Cree Inc (CREE) based in the Carolina Tech Triangle. LED products RFID products & chips for various specialty apps including solar microwave & server apps, zero debt, QEG YOY 219%

-Akamai (AKAM) a hugely successful survivor from the 1999 Nasdaq 5000 era, maker of enhanced Web App accelerator tech products based 2 miles from Harvard Sq. and seriously profitable.

BUYOUT CANDIDATE

Sandisk (SNDK) flash memory technologies. EPS \$3.36, P/E 13.3, profit margin 25%, low debt, STRONG LONG-TERM BUY

-Maxim Integrated Products (MXIM) integrated circuitry systems and software for the global credit card payment industry. Sunnyvale, Cal. Worldwide sales, 10,000 employees, zero debt. Dividend 80cents yield 5%

-UltraLife (ULBI) makes batteries. Founded 1990. Market Cap \$71.5mil, 17mil shares out, QEG YOY 374.6%

-Ener1 (HEV) lithium ion batteries esp for vehicles, \$450 Market Cap

-Comcast (CMCSA) USA's largest cable operator has 23.6mil video customers & 16mil high speed internet customers & 7.6mil phone customers. Comcast content goes to 50.6 million US households. Comcast is buying the majority stake of NBC Universal, putting this strong but formerly low-profile media player in charge of Telemundo, Bravo, USA Network, the SYFY Channel, and many & various regional sports networks, plus CNN CNBC and Universal Pictures and Universal theme parks. Comcast can *license* ALL this content to various other subscription providers- DirecTV, Verizon, Time Warner, Apple, Blackberry, and others. Signed a 10yr deal with CBS covering CBS television network, Showtime, and the CBS College Sports Channel. Comcast has a FWD P/E of 13, QEG 22.4%, Market Cap of \$45bil and an Enterprise Value of \$71bil plus pays a dividend. *Starting to broadcast 3D content.* 3D will be the making of Comcast's fortunes. UNDERVALUED

-Time Warner (TWX) cable service provider & media conglom, owns Roadrunner and CNN. AOL is once-again freestanding and a recent spinoff IPO. TWX bankrolled the Robert Downey *Sherlock Holmes*, a new & successful franchise, there will be a second one soon. TWX's first 3D channel, 1805, is on the air

-NetFlix (NFLX) 15mil subscribers and once more growing. Going completely digital. Raising its rates. #51 of Fortune Mag's 2010 list of top 100 Fastest-Growing Companies. UNDERVALUED

-NewsCorp (NWS) Fox News and other cable channels. Owns *Wall St Journal*. Strongest media force in America. De facto backer of Sarah Palin for president in 2012. Newscorp bankrolled "Avatar", which sold ten million DVDs even before the 3D version was available.

Fox News is the cornerstone of the Tea Party, which will become more powerful and more visible this next year. Fox just just had the strongest financial Q in its history. UNDERVALUED

-DirecTV (DTV) digital television content, USA Caribbean & Latin America. 2000 digital visual & audio channels. 25mil subscribers. DTV intends to become THE top source for 3D TV. Already this co's exclusive NFL Sunday Ticket package of out-of-market NFL games has been a huge success.

Now focusing on EXTENSIVE 3D programming inc movies documentaries & events. Recently introduced FOUR 3D CHANNELS: ESPN 3D, plus three of its own 3D channels.

Notes on Television:

Apple TV, Comcast 3D: Apple and Comcast, (Comcast owns the SYFY Channel) are quietly taking over television as APPL lowers the price of its Apple TV box to \$99 and preps to stream Netflix rather than send Netflix movcies that used to be sent by mail. Apple so far is only offering downloads. If Apple gets networks on board, and begins to stream TV live, it can challenge cable and its position in new 21st century TV is assured. Apple also has a new iPod Touch™ that offers many more iPhone-similar like features, including video chat.

Google is headed toward becoming a major force in TwentyTeens television, as well.

Meanwhile, Comcast is headed toward 3D broadcasting. When glasses-free 3D breaks into sports broadcasting in 2011, stand back.

Notes on 3D:

Time Warner's first 3D television channel is on. Monthly subscription fee is \$10. You need a 3D television with 3D glasses (this is not yet glasses-free TV) and a compatible set-top box. 3D broadcasts initially include X games, Winter X games, some college football games, some NBA games, the Bowl Championship title game etc. More TWX 3D channels coming soon. Glasses-free is on the way in a year or so.

If you doubt that 3D is a valid 21st century visuals & entertainment force, note that *all six of the Star Wars movies will be re-released worldwide in 3D over the next few years.*

The most recent *Harry Potter* movie earned \$130mil in two days. It may be the most profitable entertainment franchise of all time. The next *Harry Potter* movie will be in 3D *and all Harry Potter movies will be re-released in 3D.*

The third *Chronicles of Narnia* film opened in Dec 2010 in 3D. The first two Narnia's will be re-released worldwide in 3D

This is a three to five billion-dollar franchise.

2010 was the first Christmas season that 3D television/video receivers was available as a potential gift. So far, consumers favor Big-Screen Theater 3D but are less-impressed with homeview 3D. We'll see. Wait til 3D comes to football and global soccer.

Hollywood took in record receipts of \$4.35billion over the 2010 summer and FOUR of the top ten-grossing films of 2010 were 3D films. Lower-ranking trash films released in 3D (*Piranha*, *Machete*,

etc) recall the 1950s horror movie craze and mask the contemporary power of glasses-free 3D to take over ALL movie & TV production content over the next 2-3 years. In 2011, a film not produced in 3D will be at an economic disadvantage.

3D home movies & photography will break into the consumer camera and consumer home-movie arena this Christmas with the release of the FujiFilm (FJTSY)(FUJIF) 3D digital camera that can singleframe and also make high-def 3D movies. This will be a huge big deal and Fuji is years ahead of other camera tech companies that did not take 3D seriously as a consumer priority.

Toshiba has unveiled the first glasses free home sets and these already are available in Japan. Toshiba has released a small 11-inch and a mid-size 20-inch 3D TV as well as a giant 56-inch version.

Projections are the sales for glasses-free 3D TV units will go from 4mil in 2010 to 78 mil by 2015 that's two fifths of the entire market-research-projected global flatscreen market.

We think that estimate is low. This is an oncoming trillion-dollar annual revenue industry.

When both porn and global sports begin to enter the 3D television world, especially soccer, that \$trillion annual projected sales figure in think tanks now will begin to make sense.

There are actually four 3D media venues: Sports, Porn, Television/Movies/MusicVideo, and Videogames. Oops. Five. Count the Military and the Defense Agencies and the War companies in for 3D.

3D will initially change the story content and also the dramatic structure of TV and movie presentation and also probably of nature of storytelling as well.

Theorists say 3D will end small-screen drama, end live theater, and end 'dialog' in film & television. Wrong. Shakespeare would have LOVED 3D. Woody Allen will probably make movies in 3D

If you think 3D college football or 3D NFL will be a big deal, wait til 3D impacts global soccer. 1/6th of the earth's human population watches soccer matches on television.

TO INVEST in 3D NOW:

-Nokia (NOK) the company with the world's largest market share of cell phone sales has a glasses-free 3D product on the way, has just bought out Motorola's cell phone hardware division for \$1.2bil in partnership with Siemens, tho we don't like Nokia stock we love Siemens (SIE)

-Microsoft (MSFT) prototype auto-stereoscopic 3-D visual display needs not be adjusted by hand for a 'sweet spot' this will soon show up in 3D Xboxes STRONG BUY

-IBM (IBM)

- 3M (MMM) patented optical film coupled to banks of LEDs, creates glasses-free screens
- IC3D inc (ICT) patented 3D-production cameras based on Battelle technologies, possibly already trumped by advances in light & image manipulation to create illusion of depth
- Adobe (ADBE) We think that proprietary 3D Adobe Photoshop™ software is on the way...
- Samsung Electronics (LSE: SMSD) (USA:SSNGY)(KSC: A005930) (Korea) world's 2nd largest consumer electronics co introduced its glasses-free 3D W960 touch-screen phone in Korea in May, retail is about \$150 w service contract. Korea already has 3D media content: tv shows music videos etc
- Hitachi (TYO:6501) (USA: WCB:HTC)(Japan) has a glasses-free 3D cell phone in Japanese markets already, Japan already broadcasts 3D media content
- FujiFilm (FUJIY) singleframe and movie 3D cameras
- Nintendo (NTDOY)) has introduced a 3D portable videogame player at a trade show, is marketing games for it already
- Disney (DIS) 3D content production and broadcasting
- DirectTV (DTV) 3D content production and broadcasting
- NewsCorp (NWS) 3D content production & broadcasting
- Comcast (CSMCA) 3D content production & broadcasting
- Time Warner (TWX) 3D content broadcasting

VIDEO GAME CO'S

- Activision Blizzard (ATVI) Shrek© World of Warcraft© X-Men© James Bond© Spiderman©
- Take Two Interactive (TTWO) Grand Theft Auto©
- Microsoft (MSFT) Home of the Xbox™. The very black numbers from MSFT products speak for themselves: record 4th Q revenue. New Windows Phone 7™ mobile operating system for smartphones, a software that will spread thru anything that isn't Apple. UNDERVALUED
- Disney (DIS) Gamebiz®, a part of Disney Interactive®, is a piece of Disney's revenue
- Gamestop (GME) Resident Evil® 5264 GameStop outlet stores in North America Europe and

Australia

Gigamedia (GIGM) (Taipei) # 53 OF FORTUNE'S 09 100 FASTEST GROWING CO'S

-Shanda (SNDA) (Shanghai) \$3.4bil market cap, profit margin 34% Q earnings growth 25%

-Electronic Arts (ERTS) Global sales ERTS' Sims was the most successful video game in history

Nintendo (NTDOY:PK)(NTO:XETRA) (Japan) original inventorco of video games decades ago originally made pachinko machines. Three of America's top ten best-selling video games are Nintendo products. Makes Wii and DS game consoles as well as content

-Konami (KNM) (Japan) founded 1969, esp learning and educational game systems \$2 bil market cap P/E 9.5, div 3.7% solid numbers

-Viacom (VIA) entertainment content parentco of MTV has an MTV Videogame Division successful throughout last decade

Ubisoft Entertainment SA (UBI:PA)(UBIZ.EUR.PLU) (UBSFF.PK) Paris- & Montreal-based, subsidiaries in 28 countries distribution in 55 countries. UBI is the Home Tree of the Avatar video game and the first co to release 3D video games.

Notes: See Stanley Bing's *things we'll all be tired of in about 20 minutes*. Fortunemagazine Dec 6th 2010 issue

<http://stanleybing.blogs.fortune.cnn.com/2010/12/03/the-big-yawn/>

WAR STOCKS

“War is wonderful. They’ll never stamp it out.”

-songwriter-novelist-poet-performer-social icon Leonard Cohen, in an interview

The USA, like Rome, is a civilization which progresses through war. Not all cultures are like this. But for the most part, all humans are. That's why US gun stores are so busy. US gun injury stats show that you are safer serving as a soldier in Iraq than you are as a civilian in Washington DC. Homo sapiens got where it is by evolving into the most lethal treacherous and murderous of the hominids. War- and love of war- is genetically programmed into humans over 100s of 1000s of generations.

War is far more than “diplomacy by other means.” War is THE most formidable social & economic engineering tool on earth. It is also one of the world's great economic growth engines

THE BIG FIVE

-General Dynamics (GD) defense products conglom: combat vehicles including the Stryker MGS, weapons systems, munitions, shipbuilding, aerospace, low debt, superbly managed, PE 11, EPS 6.17. General Dynamics is a STRONG LONG-TERM BUY. It is no accident that SYFI Channel's *Eureka* features "Global Dynamics" as the company. Here's the future of war, compliments of General Dynamics: <http://video.designworldonline.com/bugbots.html>

-Raytheon (RTN) world's foremost weapons specialist. maker of missiles and leader in 21st century laser weaponry, plus mercenary warfare and security engineering services. Owns the legendary R&D/tech co BBN technologies. Founded in postwar 1948 US by a group of MIT professors. Net income up 20% on strong missile sales. New product can knock drone aircraft out of the skies. Recent \$886mil USAF contract for GPS systems

-Lockheed Martin (LMT) The Skunkworks. Legendary historic & pioneer US aircraft engineer. Who's Who list of great US war aircraft. Co-builder, with Boeing, of the F/A 22 Raptor. Eventual manufacturer of the F-35 Lightning II, the Joint Strike Fighter. JSF is the world's costliest-ever weapons program and this plane will be THE basic global manned war aircraft for the next three-four decades. Developers of the Cormorant™ underwater-to-air attack/ recon vehicle. EPS \$7.65 P/E 9.9 UNDERVALUED

-Northrop Grumman (NOC) builder of USA's nuclear submarines and aircraft carriers, maker of the Global Hawk. Unmanned aerial weaponry & surveillance is THE deciding factor in 21st century warfare. FWD P/E 10, \$1.72 dividend. Owns legendary US co TRW. USA will use & and will buy more Global Hawks

-Boeing (BA) military & commercial air products, weapons systems. One of America's most illustrious, innovative and politically-corrupt companies. Co-builder of F/A 22 Raptor. Boeing's 787 Dreamliner is alive and well, but late. 800 Boeing 787s are now on order. The first ones will show up in late 2011 early 2012, in Japan. All Nippon Airways (ANA) has dibs on the first ones off production lines. When will Americans get to fly in 787s? Not for years. When they do, it will prob be via the newly merged United & Continental. Meanwhile: We urge Americans not to fly commercially until the Transportation Security Administration backs is challenged by Americans, and puts Islamic profiling into effect

-General Electric (GE) possibly the most under the radar of *all* US defense companies. This engineering conglom may be too large to manage. See also wind power. But... go to Google... type in GE A10 Thunderbolt... GE is UNDERVALUED

-Textron (TXT) Cessna, Bell Helicopter, Hovercraft, surveillance, armored vehicles, missile control components, etc. UNDERVALUED

-United Technology (UTX) parent co of Pratt & Whitney, defense and tech engineering & weapons products conglom, includes the Sikorsky Black Hawk® helicopter, low debt, FWD P/E 12.7, 2nd Q profits up 14% UNDERVALUED

- L3 Communications Services (LLL) defense systems service provider conglom: EPS \$8.00, P/E 9.82 more than a billion in cash, 116 mil shares outstanding, QEG YOY 19%
- Rockwell Collins (COL) aerospace & defense products conglom , ROE 44% Market Cap \$8.5bil, recent \$450mil Navy radio contract
- Honeywell (HON) aerospace/defense products & systems, 1700 products, owns RMG Group, building new tech center in India, P/E 14, Market Cap \$30bil, Q profit lower, but raised full-year guidance *again* UNDERVALUED
- SAIC (SAI) defense software & engineering, aviation & missile, etc, \$7.4bil Market Cap, FWD P/E 13
- Navistar (NAV) mine-resistant vehicles. 30% market share (PAC & DAI are competitors) \$3bil market cap Enterprise Value \$8.16bil
- Oshkosh Truck (OSK) ambulances, trucks, bombsquad vehicles etc. Maker of the Oshkosh M-ATV MRAP war vehicle. EPS \$6.80, P/E below 5
- Spartan Motors (SPAR) ambulances & military vehicles P/E 6, on Fortune's 2009 100 Fastest-Growing Companies list
- Force Protection Inc (FRPT) this \$450mil market cap co makes heavily-armored blastproof small troop & war vehicles especially the Cougar®: machines much- suited to a 21st century era of skirmish/ containment & police states population control. undervalued
- Elbit Systems Ltd (ESLT) (Israel) unmanned military aircraft. Ops in the US. New US Navy contract. In Fortune's 09 100 Fastest-Growing Companies. Undervalued
- Ceradyne (CRDN) ceramic armor defense products, body & vehicle armor etc 21st century ground warfare technology at its finest
- Cogent (COGT) fingerprint technologies for Army, Navy, police & Homeland Security, \$1bil Market Cap, profit margin 30%
- Stanley (SXE) offshore/coastal maritime data. DHS Pentagon & DoD's "mapmaking" sidekick. HQs down the street from the CIA. Builds & manages "coastline data systems" for 40 govt agencies. \$803 million market cap. Q revenue growth YOY 250%. This co helps keep nukes etc away from US shorelines. Co has gone from a 2-man op to "4800 employees" but its likely 7,000 or more
- EMS Technologies (ELMG) designs & manufactures wireless communications systems & products for defense & aerospace. Builds computers that will live thru anything. Market Cap \$307mil, Fwd P/E

12, only 15.25mil shares outstanding

-AeroVironment (AVAV) small-cap (\$850 mil) 21st century war and technology inventors' lab based in Monrovia California. Aero builds unmanned robot aircraft for attack & reconnaissance/surveillance plus general hard science technology systems. Aero builds windpower systems for the military. Put a wind generator on the roof of an aircraft hanger 2500 miles from nowhere. Presto: electricity. Now a factor in Electric Vehicle power systems. Zero debt, FWD P/E 28, EPS \$1.21, Q earnings growth YOY 75.4%

-American Science and Engineering (ASEI) bomb-detection/ anti-sabotage products inspection systems, Homeland Security is a 6% annual growth industry

-Dyncorp (DCP) Falls Church Va, security services provider: personal protection for politicians & diplomats, peacekeeping services, security products and systems, de-mining, biometrics, tactical support, immigration support services. Supply/expertise/hardware contractor to military, black agencies & Homeland Security (competitor Xe Services, formerly Blackwater Worldwide and renamed, is privately-held)

-Global Defense Technology (GTEC) IT services and engineering support to US defense & intelligence agencies, IPO

-Esterline Technologies (ESL) Bellevue Washington \$1.45bil market cap \$1.46bil annual revenue FWD P/E 13.2 engineered hardware products for aerospace & defense & also medical & commercial: displays GPS switches interface keyboards etc etc 29.79mil shares out , undervalued

-Verint Systems (VRNT.PK) Market Cap \$782mil stealth co provides public-safety data-retention systems software & hardware: surveillance systems for police, military, cities, Homeland & black agencies. Red ink co. *Proprietary analytic security software. Shares are up 612% in a year and still half-price.* undervalued

-VirnetX Holding Corp (VHX) Market cap \$250mil,12 employees. Red ink co. Realtime data encryption systems: proprietary Gabriel® Connecting Technology encrypts and allows transmission between various devices networks and op systems. Of serious value to military CIA NSA HSA and the various black (surreptitiously-funded) agencies

-RTI International Metals (RTI) milled titanium products for aerospace defense and industrial apps, Market Cap \$577mil

-EnerSys (ENS) on-site & on the go electric power systems for military and industrial

-KBR (KBR) energy logistics for military and fed govt agencies, recent new Navy contract

-Cummins Engine (CMI) provides vehicles & engines for the US military as well as for everyone else

-Titan (TITN) huge tires & wheels for agricultural, mining, & military vehicles

-Axsys Technologies (AXYS) (speculative) precision optics for defense aerospace and homeland security, Orwellian surveillance systems, tracking systems, reconnaissance, infrared systems

-iRobot (IRBT) \$320 mil Market Cap, zero debt, this co is the future of war: small unmanned ground robots that investigate suspicious objects, find IEDs, neutralize explosive devices, handle hazardous materials, do reconnaissance tasks, etc. A consumer division builds robots that vacuum (the Roomba®) clean gutters and swimming pools etc \$500mil market cap, 25mil shares out, undervalued

-Alliant Techsystems (ATK) bullets: munitions warheads weapons systems hardware etc

-Taser (TASR)(speculative) the Taser is the first 21st century post-firearm handweapon, and a law enforcement and blackmarket fact of life. Taser is now a verb. Market Cap \$245mil, annual revenue about \$101mil, 63mil shares out. Taser was just awarded the 4th largest order in its history from the Texas Dept of Public Safety. Shares are undervalued

-General Atomics Aeronautical Systems (honorary War Stocks member, privately-held) maker of the Predator® and the Reaper® unmanned attack/recon aerial drone vehicles

-Military Police Systems Inc (honorary War Stocks member, privately-held) maker of the A-12 Atchisson Assault Shotgun, a 300-round-per minute weapon

Notes: More on the Future of War. Carter Aviation Technologies

<http://www.cartercopters.com/index.html> is a small privately-held R&D co based in Wichita Falls Texas. CEO Jay Carter was originally a wind-turbine guy, a theorist and engineer, and was so early and so far advanced that he was able to sell Carter Wind Systems for enough capital to fund further work in what he discovered about blades and helicopter propulsion systems. AS this decade unfolds, we think you'll begin to see Carter helicopters in scaled versions from one-man (and unmanned) vehicles up thru 21st century helicopter gunships and into huge fast cargo transport vehicles. Jay Carter's co will probably be bought by General Dynamics. But if it goes public, we would want shares.

As the Pentagon's US Cybercom comes into its own, companies like CSCO NVDA MSFT IBM and others will end up listed in the Market Witch STRONG BUY pages under War Stocks.

ISLAM

Despite recent Western secularism, religion continues to be THE most powerful force in all human activity.

It can take humans to the heights of spirituality and can also enslave millions and start wars.

No Christianity no Bhuddism no Shinto and no Islam? That means no wars. At least that's how the secular argument goes.

It's obvious however that humans are "hard-wired" to believe in God respond to God & listen to God's Voice.

The probable real argument: God exists and humans pick up on it like a dog responding to a high-frequency whistle.

Americans love dogs. But Islam considers dogs unclean.

And the Chinese eat them. Result? Wars initiated on the basis of "you killed my dog" "my God is better than your God" and "My God wishes our people to conquer (and brainwash and subjugate) your people."

For many centuries the Middle East and Islam was THE most advanced civilization on earth. Algebra. Compasses. Astronomy. Food processing. Celestial navigation. Tanning. Mining. Commerce. Architecture. Agribiz. Shipping. Maritime skills. Irrigation. Running water. Dentistry. The sundial.

Then the world moved ahead by many centuries, and Islam did not. It stayed mired in 14th century thought and technology and lost the grandeur of its ancient victories. The only countries in the Mid-East region that actually did move forward into a modern world are Turkey & Iran.

In Saudi Arabia (which is producing its own SUV) women are not allowed to drive cars or visit cafes without male supervision or hookah emporiums at all. A Saudi woman wishing to travel outside her country needs written permission from her husband guardian or family.

A few small nods toward modernization & the West mask the fact that women can be whipped or stoned to death for defying the male code or sharia law. The region is actually far more conservative than it was fifty years ago. Sharia law places women in the 14th century. 70% of women in Morocco for example cannot read or write. Sharia encourages this.

A Nov 2010 election referendum in Oklahoma banned Sharia law in Oklahoma and it passed easily.

Most recently: the downside of the Information Age is that (as we have told MW readers since 1997) privacy is over. It is the age of candor and nowhere has that been more obvious than in the odyssey of WikiLeaks. WikiLeaks will probably die and its founder jailed, but other similar websites will replace it.

Among WikiLeaks' more useful revelations:

Nine years after the United States vowed to shut down the money pipeline that finances terrorism, senior Obama administration officials believe many millions of dollars continue to flow largely

unimpeded to islamic groups worldwide. and the US encounters constant resistance from governments in the Middle East.

Government cables, sent by Secretary of State Hillary Rodham Clinton and senior State Department officials and exposed in WikiLeaks, catalog a long list of methods that U.S. officials suspect terrorist financiers are using. They range from a brazen armed bank robbery in Yemen last year to kidnappings for ransom, drug proceeds in Afghanistan and annual religious pilgrimages to Mecca, where millions of riyals or other forms of currency change hands.

Although the US govt has in public statements been relatively upbeat about progress disrupting Islamic financing, internal US State Department cables, obtained by WikiLeaks offer a more pessimistic account.

They include blunt assessments of the threats to the U.S. from money flowing to militants affiliated with al-Qaida, the Taliban, Hamas, Lashkar-e-Tayyaba and other groups.

A classified memo sent by Hillary Clinton last made it clear that residents of Saudi Arabia and its neighbors, all purported “allies” of the USA, are the chief financial supporters of many extremist activities.

"It has been an ongoing challenge to persuade Saudi officials to treat terrorist financing emanating from Saudi Arabia as a strategic priority," the Clinton cable said, concluding that "donors in Saudi Arabia constitute the most significant source of funding to Sunni terrorist groups worldwide."

President George W. Bush frequently vowed to cut off financing for militants and pledged to make financiers as culpable as terrorists who carried out plots.

President Barack Obama has been far less vocal on the issue publicly, seeking to adopt a more conciliatory tone with Arab nations. This is one reason why such a large % of Americans believe Obama is a muslim.

But the Obama administration has used many of the same covert diplomatic, intelligence and law-enforcement tools as the Bush govt, and set up a special task force in the summer of 2009 to deal with the growing problem.

Federal officials can point to some successes: prosecutions, seizures of money and tightened money-laundering regulations in foreign countries. But the results have often been frustrating, and ultimately have failed, the cables show.

As the U.S. has pushed for more aggressive crackdowns on suspected supporters of terrorism, Islamic leaders have pushed back. In private meetings, they have accused U.S. officials of heavy-handedness and of presenting thin evidence of wrongdoing by Arab charities or individuals, according to numerous State Department cables.

Kuwaiti officials, for example, resisted what they called "draconian" measures sought by the U.S. against a prominent charity and dismissed allegations against it as "unconvincing," according to one cable.

The US should probably have invaded and occupied, and changed, Saudi Arabia about 48 hours after the 9/11 attacks, for which the Saudi's were disproportionately responsible. The US probably should have invaded Iran and neutralized its nuclear capacities two or three years ago. These threats- and Islam's aggressive push into both the US and Europe- are problems that are not going to do away unless they are addressed both legally and probably militarily as well.

But it is becoming less and less easy to exclude the Middle East from the global financial indices or for that matter to extricate its own financial interests with those of both Saharan and Sub-Saharan Africa. Like it or not, Iran's economy is very strong. And Africa is no longer the wave of the future; Africa is right now.

ETFs that address this, and which hold shares in both Middle East and Africa public companies, are:

- PowerShares MENA Frontier Countries (PMNA) STRONG LONG-TERM BUY

-SPDR S&P Emerging Middle East & Africa ETF (GAF) GAF holds shares of the most interesting telecom in Africa, Mountain Group Ltd. STRONG LONG TERM BUY

-Market Vectors Gulf States (MES) 41 stocks, Middle East & Persian Gulf

-Claymore/BNY Mellon Frontier Markets (FRN) 46 stocks, not all Mid-East stocks but Middle East strongly represented

The Islamic Middle East holds in its hands the opportunity to join the world markets playing field and become part of the global 21st century economy. Iran has the strongest stock market in the Middle East. Syria has banned the niqab, the face-covering sharia garb. Saudi Arabia has the oppty to get beyond oil with solar energy, and sell electricity to Europe. Libya, with a new young leader to be, Qadafi's son, is making oil deals that will set Libya up for a half century.

Corruption is thriving in this part of the world, as it may well be doing everywhere. Iraq, part of the USA's 'mission accomplished' pronouncements, ranks fifth on Transparency International's list of the most corrupt countries in the world, behind Sudan, Myanmar, Afghanistan and Somalia. That the Afghani govt is taking cash/being funded by Iran means not only that the US will go to war w Iran, but that a US presence will remain in Afghanistan for as far into the future as we can see.

A link to the websites we visit to stay informed on Islam

<http://www.marketwitch.biz/islam.html>

AFRICA

Africa is the next big frontier of economic opportunity. This entire continent is next in line for development and exploitation. The past three years have been the start of a boom era in Africa that will last fifty years or more and will bring civilization and modernity to the continent... a good or bad thing depending on how you look at it. In Sub-Saharan Africa: there are luxury condos in wilderness Morocco and back-country Tunisia. South of the Sahara the animals will have to be protected.

But the next couple of decades spell the end for funky African military dictatorships, the end of regional warlord fiefdoms in places like Sudan, and the end of pirates on the Somali coast.

Perhaps even an end to grinding African poverty.

But the end of political corruption? Not even *the US* can do that. *Do not expect the development of Africa to be pretty, or democratic, or to progress without bloodshed brutality and the rise and fall of both democracies and dictatorships, and for national sovereign borders to get moved around and changed, and for a New Wave of Colonialism to occur in Africa, first (and already) from China and Western Europe and soon from Brazil but then in the mid TwentyTeens from the US probably as well.* The article "Cursed Stones" by African journalist Columbus Mavhunga, published first in the US edition of the Nov 15 *Time* magazine, will give you some sense of what it's like now. Expect this to become similar but by a factor of 4X or so by 2015 before things even begin to settle down in sub-Saharan Africa. How come? Resources worth *trillions of dollars* are at stake. And up for grabs to whoever has the guts to grab for it.

And there is too much wealth- diamonds gold iron ore copper exotic metals rare earths etc and too much of an agrbiz future to avoid corruption or at least continuing attempts at it. What corruption is coming will be less barbaric and far more sophisticated than the type that gains power from the muzzle of an AK-47.

A land rush, one such as the world has not seen in two centuries, is underway in Africa.

There are still very few purely-African companies to invest in except for the traditional gold mining co's. South Africa continues to reign supreme as the continent's economic powerhouse. 38 of the top African firms are registered on the Johannesburg (JNB) exchange. Largest is Anglo American PLC (LSE: AAL) (USA: AAUKY)

Most Africa- involved co's are Euro-Brit Australian Indian or Chinese, in partnership with African governments that grant mineral rights- copper oil and so on- in exchange for a per centage of the profits.

Sub-Saharan Africa's current GDP Growth Rate is more than 4%... almost twice as high as the USA's... In five years it will be higher than Brazil's...

- Rio Tinto (RIO) (formerly RTP) and Aluminum Corporation of China (ACH) (Chinalco) (largest domestic producer in China, and 3rd largest in copper) signed a partnership deal w the republic of Guinea to develop iron ore reserves there. RIO will own 50.35% ACH 44.65% and Guinea 6% but Guinea has the option to buy up to 20% of the project. STRONG BUY

-BHP Billiton (BHP) (STRONG BUY) has completed a \$3bil iron ore development deal with Liberia after 18 months of negotiations w this African nation's cabinet. Liberia's people will get a share. Rio Tinto has also begun a \$300 mil expansion program to raise output from its south Zimbabwe diamond mines (already a 300,000 carat annually) by a factor of six.

-Africa Consolidated Resources (ACR) has signed a joint partnership with Aussie co Rare Earth Intl (RAI) to develop phosphates and more exotic rare-earth-elements (REEs) in Zambia, which would get a 30% stake of the profits

-MTN Group Ltd (MTN: JNB) (USA: MTNOF) (South Africa) telecom in 21 countries in Africa and Middle East. India's Bharti Airtel (BVLN:NSI) is buying a stake as both the Indian and African economies begin to grow, STRONG LONG-TERM BUY

-Sasol (SSL) (South Africa) energy & chems, coal natural gas & methane, blended fuels jet fuels chem feedstock ag products etc, market cap 23bil, sales in Africa Australia New Guinea, 597 mil shares out UNDERVALUED

-Kumba Iron Ore (JNB:KIO)(FRA:KUL) (KIROY:PK) South Africa, iron ore, shares up 88% YOY USA shares up 96% YOY, div 4%, STRONG LONG-TERM BUY

-African Rainbow Minerals (JNB:ARI) (ARM)(ARBWY) platinum nickel chromium etc, owns 14% of Harmony Gold, shares up 44% YOY, USA shares up 51% YOY STRONG LONG-TERM BUY

-Assore Ltd (JNB: ASR) (South Africa) mining holding co, manganese iron chromium etc, shares up 48% YOY STRONG LONG-TERM BUY

-Merafe Resources (JNB:MRF) (South Africa) chromium, iron, shares up 46% YOY STRONG LONG-TERM BUY

-African Diamonds (LSE: AFD) shares up 34% YOY

-Pan-African Resources LSE: PAF) gold mining, production 100,000 oz annually, based in London, shares up 25% YOY STRONG LONG-TERM BUY

-Coal of Africa (JNB:CZA) (LSE:CZA)(ASX:CZA) based in Perth, coal, South Africa, expanding, shares up 43% YOY, STRONG LONG-TERM BUY

-Africa Opportunity Fund (LSE: AOF) UK ETF, shares up 40% YOY STRONG LONG-TERM BUY

-Market Vectors Africa (AFK) Africa ETF, SHARES UP 35% SO FAR THIS YEAR, A MARKET WITCH BEST BUY

-iShares MSCI South Africa ETF (EZA) STRONG BUY

-PowerShares MENA Frontier Countries ETF (PNMA) 37 stocks Middle East & Persian Gulf expanding holdings into Africa

-Claymore/BNY/ Mellon Frontier Markets ETF (FRN) 46 stocks in Middle East Africa South America Eastern Europe, possibly the broadest-spread ETF, YTD return 11% this is a STRONG LONG-TERM BUY into 2011

-Market Vectors Middle East ETF (MES) 41 stocks Middle East & Persian Gulf expanding holdings into Africa

-Wisdom Tree Dreyfuss South African Rand Fund (SZR) a currency ETF for the SA Rand

To start to track Financial Africa, pay less attn to the Johannesburg index more attention to funds like the Dow Jones Africa Titans 50 ETF (DJAFK)

Notes: Things in Africa are moving so fast we will soon have to dedicate another MW issue to that continent

ASIA & ASIA-PACIFIC

-iShares MSCI Turkey (TUR) broad ETF of Turkish domestic co's in this gateway-to-Asia nation. YTD return 41%

-iShares MSCI Australia (EWA) broad ETF of domestic Aussies companies, largest holding (16%) is BHP

-iShares Indonesia IDX ETF of key Indonesian domestic stocks

-Antam (PT Aneka Tambang Tbk) (ANTM.JK) Indonesia's 65% state-owned mining company. Gold, silver, nickel, ferronickel, bauxite, and other metals & ores. 1st half-yr revenues \$444 mil, down 21% YOY on lower global nickel prices, but wait a year & nickel will be \$17

Notes: Pacific Rim is also known as the Ring of Fire because of its continuing, profoundly busy and destructive volcanic activity. In recent months Indonesia, one of the 21st century's strongest and most vibrant economies, has been rocked and then ashed by regional volcanoes. Invest in Indonesia- it's a booming economy, it is a muslim country but not an arab-style crazy competitive envious muslim region the way the middle east Islamic countries are... but know that Indonesia has 129 active

volcanoes. We see this as an investment risk.

INDIA

-Mahindra & Mahindra (India) (LSE:MHID) India conglom: tractors farm machinery autos and trucks, banking timeshares condos hotels, Club Mahindra, Mahindra Family Vacation Resorts, aerospace, and financial services. One of India's largest employers. Another of India's godfather-style family-business congloms. LSE shares up 128% YOY, up 350% 5YR

-Vedanta Resources (LSE:VED) (India) mining conglom: Al copper zinc iron ore gold and energy, operations in India Zambia and Australia. LSE shares up 86% YOY US shares are useless pay no div

-State Bank of India (LSE:SBID) (USA: SBKFF) USA shares up 46% YOY, LSE shares up 49% YOY, div \$1.75

-ICICI Bank (IBN) India's largest private-sector bank, Market Cap \$22bil Enterprise Value \$36.5bil QEG YOY 79%

-Bharti Airtel (BVLN:NSI) (India) country's strongest wireless co

-Monsanto India LTD (NSI) UNDERVALUED

-Tata Steel (LSE: TTST) UNDERVALUED

-Reliance Industries (LSE:RIGD)(USA: RLNIY) BOM:500325) petro-chem conglom, UNDERVALUED

-Birla Corp (NSI: BirlaCorpN) umbrella conglom but has many separate co stocks including banking insurance minerals cement, iron & steel castings fabrics vinyls chemical products etc. Some are on ASX most are on BSA or NSI, they are headed toward global exchange listings

-Tata Tea (LSE: TTED) (USA: TTAEY) (up 37% YOY)

-Tata Power (LSE: TPCL)

-Tata Motors (LSE: TTMT) (USA: TTM) maker of the Nano™ car. Owns Jaguar & Land Rover. TTM will manufacture 25,000 X-series Jags in 2010. Plans are underway to market India's Nano® in Argentina & Brazil, and now in the USA as well. Stock is up 60% YOY, has been on our STRONG BUY list for two years

-Tata Steel Thailand (SET: TSTH)

-Tata Communications (USA: TCL)

- MSCI India (INP) India Index fund, we're watching
- Wisdom Tree Dreyfus Indian Rupee Fund (ICN) ETF of the rupee
- Market Vectors Indian Rupee/USD ETF (INR)

Notes: USA is the world's best-known democracy, but India is the world's largest democracy, with 1.15 billion people. India is projected to have the world's largest national population- larger than China's- by 2030.

India has a GDP of \$1.2 trillion, in an economy that is growing at more than 8% annually, and a middle class that is almost as big as the entire population of the United States. Talk about a market for US manufactured goods and products. When we have some to sell.

CHINA

- PetroChina (PTR) oil & gas, buying into the West's resources, EPS \$8.18 STRONG LONG-TERM BUY
- China Mobile (CHL) (HKG:0941) cell phone service provider (world's largest subscriber base) UNDERVALUED
- Baidu (BIDU) China's version of Google/Yahoo, STRONG BUY
- China Railway Group (SHA:601390) RR infrastructure
- China Railway Construction Corp (SHA:601186)
(CWYCF) huge IPO in 2008, RR infrastructure
- Aluminum Corp of China (Chalco) (ACH)(HK:2600) *developing copper & gold project in Mongolia*
- iShares FTSE/Xinhua 25 (FXI) key China ETF
- Huaneng Power International (HNP) utilities: electricity generation, pan China... also owns & operates Singapore's power grid
- Lenovo Group (HKG: 0992)(LNVGY: US ADR) world's 3rd largest computer maker owns (former IBM) Thinkpad®
- China Metallurgical Group (State-owned, currently private) one of Fortune's 500 largest companies... now planning what would be a \$4bil IPO...

- Changsha Zoomlion (SHE: 000157) heavy machinery: China's Caterpillar
- Shandong Weida Machinery (SHE:002026) industrial saws & drills
- Shenzhen Agricultural Products Co (SHE:000061) farm crops broker for bulk ag products, *plus runs an electronic agribiz commodities trading platform*
- Anhui Heli co (SHA:600761) fork lifts & trucks
- NBTM New Materials co (SHA:600114) replacement machine parts, powder metallurgy, global sales
- General Steel Holdings (GSI) broadbased China steel, small component co's
- China Information Security Tech (CPBY) (Shenzhen) internet security software & systems for domestic use P/E 11 EPS \$0.62 profit margin 30%
- Agricultural Bank of China IPO bank one of Chinas Big Four state owned banks, and the last of these four to go public, will prob raise \$30bil in Market Cap
- iShares FTSE China 25 (FXI) ETF of China's best, shares are up 47.28% YTD, P/E 14, STRONG LONG-TERM BUY
- Hutchison Whampoa (USA ADR: HUWHY) STRONG BUY, see our EXOTICS BUY LIST
- BYD (HK:1211)(BBDDY) lithium ion batteries, & a China electric car
- iShares FTSE/Xinhua China 25 Index (FXI) ETF of 25 largest China companies STRONG LONG-TERM BUY
- Matthews China (MCHFX) fund up 20% each of past three consecutive years STRONG LONG-TERM BUY
- Wisdom Tree Dreyfus Chinese Yuan Fund (CYB) EFT of the Chinese currency
- Market Vectors Chinese Renminbi/USD ETF (CNY)

Notes: China's economy is growing four times faster than ours. The Fed's counterpart in Beijing has been focused on slowing things down, steadily squeezing the banking system with interest rate hikes, higher reserve ratios and lending-growth warnings. Some price controls in China are likely

The weight of money in China is starting to shift out of real estate – the sector where the authorities are focusing their efforts to restrain speculation – and into the shares of companies most likely to

benefit from other forms of domestic demand growth. Chinese drew down their bank deposits by a record \$100 billion.

One sign of China investor optimism is the outperformance of the domestic mid-cap dominated Shenzhen bourse, which has risen about 70 per cent faster than the big-cap-(global) dominated Shanghai index since mid-2010.

By historical standards, most China stock valuations are still moderate – suggesting that if the govt there decides to relax their squeeze, there is great upside potential in the shares of what is by far the world's most powerful high-growth economy.

Negative factors affecting Chinese marketplace:

-Government tightening is likely to continue as the China govt continues a campaign to discourage property speculation, especially in higher-priced homes in the South Coast cities, and seek to restrain over-investment in infrastructure

-The China central bank is pushing up interest rates. Expect several more increases over the next few months, raising the proportion of deposits that large banks have to hold as capital reserves to 18½ per cent, a record high

-China inflation is starting to become a problem. Although the latest surge in consumer prices may be short-term there are some bad long-term trends. Labor costs in China are estimated to have risen about 25 per cent over the past five years, compared to less than 4 per cent in the US.

- The currency war with the US will continue as the Americans pursue aggressively their dollar-weakening strategy (which will lead to a social revolution in the United States and which the Chinese will watch with glee) while the Chinese refuse to give ground beyond allowing some minimal strengthening of their yuan currency. Eventually this will create global problems for China from nations being hit hardest by the cheap-dollar policy –China's Asian neighbours and also Brazil.

-China is very likely to face increased protectionism from its export markets

-China property taxes are likely as part of longer-term planning to control speculation. This prospect will continue to keep a lid on the animal spirits of the China real-estate sector, which accounts for a third of the China stock market

-HTC Corp (TPE:2498)(HTCXF.PK) (Taiwan) this cell phone company's newest Droid Incredible™ smartphone has Google's Android® operating system and is available in the US via Verizon (VZ) \$200 plus a 2yr contract. HTC+ P/E 15, profit margin 15.6%, shares are up 370% over five years

Notes: North Korea is China's satellite. South Korea is the USA's satellite. Uh oh. China & the US are increasingly at odds. Uh oh. KOREA

-Samsung Electronics (LSE:SMSN) (South Korea) overtook Hewlett Packard in 09 to become the world's largest technology company (\$117.8bil in 09 sales) probable record 2010 profits, would result in record 2010 profits estimated at \$127bil. 52-week share gain 91.67%, has marketed a glasses-free 3D cell phone

-Hyundai (Korea) (A005380 Koscom) (HYMTF USA) currently America's most-liked and most trusted mass-market car. Fast becoming the Far East's Mercedes, Hyundai also makes heavy duty trucks lorries vans cement carriers tractors Ag machinery etc. Global sales. Korea shares are up 106% in a year. USA shares are up 169% in a year and are still UNDERVALUED

Notes: The two Koreas have been partitioned and separated since the end of the Korean War, during the Harry Truman administration and the early Eisenhower one. This situation may be starting to end. A unified Korea would be excellent for the Korean people and their economy. It would also be both useful and economically beneficial to the US. But China is not thrilled about this, and would view it as losing territory and influence. Uh-oh.

KOREA

-Samsung Electronics (LSE:SMSN) (South Korea) overtook Hewlett Packard in 09 to become the world's largest technology company (\$117.8bil in 09 sales) probable record 2010 profits, would result in record 2010 profits estimated at \$127bil. 52-week share gain 91.67%, has marketed a glasses-free 3D cell phone

-Hyundai (Korea) (A005380 Koscom) (HYMTF USA) currently America's most-liked and most trusted mass-market car. Fast becoming the Far East's Mercedes, Hyundai also makes heavy duty trucks lorries vans cement carriers tractors Ag machinery etc. Global sales. Korea shares are up 106% in a year. USA shares are up 169% in a year and are still UNDERVALUED

Notes: The two Koreas have been partitioned and separated since the end of the Korean War, during the Harry Truman administration and the early Eisenhower one. This situation may be starting to end. A unified Korea would be excellent for the Korean people and their economy. It would also be both useful and economically beneficial to the US. But China is not thrilled about this, and would view it as losing territory and influence. Uh-oh.

JAPAN

-Nikon (7731:TYO) (NINOY:PK)(NKN:BER) (Japan) worlds best publicly-held camera co also manufactures broad range of infotechnology hardware. Wonderfully successful transition from film to digital cameras. Continuing big and appreciating global market for vintage "real film" Nikon cameras. US shares are up 86% on the year, STRONG LONG-TERM BUY

-Sony (SNE) Blu-Ray® gaming consumer electronics etc. Powerful Sony-Ericsson telecom

partnership w Sweden's Ericsson (ERIC). 87% of Americans have a cell phone but globally, telecom is still just getting started. Sony just introduced the Sony Dash™ competitor to the iPad, screen the size of a paperback book. Possible partnership or more with Apple

-Canon (TYO: 7751)(USA ADR: CAJ) Long known in the West first as a competent hard working 35mm camera builder, later for printers and other office gear, Canon made the very successful transition last decade into high-end digital cameras, *now is going heavily into medical digital radiography, a niche that GE has owned since forever. GE is quaking in its boots.* Canon is UNDERVALUED

-Sumitomo Corp (TYO: 8053)(USA:SSUMY)(Japan) huge trading conglomerate in eight business segments. TYO shares up 30% YOY, USA shares up 45% YOY, UNDERVALUED

-Takeda (TYO:4502)(DEU:TKD)(USA: TPKHF) Japan's premiere pharmaceutical, founded in 1920s, 55 subsidiaries, a specialty is diabetes drugs, USA shares up 14% on the year

-Honda (HMC) Market Cap \$60bil Enterprise Value \$93bil, manufacturing conglomerate w much broader product base than other Japan 'car' companies, leveraged

-FujiFilm Holdings (TYO:4901)(USA: FJTSY) this once-upon a time film company offering 35mm camera film w a slightly green tinge has become THE global mainstream camera company that 'gets' 3D. Fuji has introduced the World's First 3d Digital Camera that can capture high definition still and 3D movies. Products are 2 to 3 years ahead of any competition. UNDERVALUED

-Fuji Heavy Industries (TYO:7270)(USA: FUJHY) industrial equipment, global sales. Japan's several legendary companies are all mostly in the realm of long-term family enterprises, a la Japan's major banks, India's Tata family holdings, Germany's Krupp metallurgical. And in keeping w a country w thousand-year old historical/economic structures, this co is projecting its guidance fifteen years forward. Shares are UNDERVALUED

-Mitsui (MITSY) Conglomerate. Industrial finance, manufacturing, real estate oil & gas, textiles etc. P/E of 9. FWD P/E 5.45 QEG YOY 429%. In the top ten for world's fastest-growing large-cap. UNDERVALUED

-Kyocera (KYO) once upon a time electronics firm became

Powerhouse cell phone maker when it tied up w Qualcomm, now is a 21st century conglomerate that builds charging stations for Japan's electric bicycles. In the top ten for fastest-growing large cap companies. QEG YOY 249%, UNDERVALUED

-Ricoh (7752:TYO) RICOY.PK)(RICOHQ.BO)(Japan) commercial & consumer-tech hardware: office equipment, high-end printers, IT services & consulting, semiconductors, digital cameras, bought IBM's global printing systems div in 2007, brilliant CEO Shiro Kondo, 55% of revenue is from

overseas sales

-Panasonic (PC) global electronic, electric, and consumer appliance co may have peaked 30 yrs ago but remains a powerful presence: new 3D Home Theater product. Major Japanese chip architecture initiative jointly constructed by Panasonic Hitachi (HIT) and Canon (CAJ) may give Intel competition UNDERVALUED

-Sanrio Co LTD (8136:TYO)(SNROF:PK) Sanrio Global Consumer Products began marketing now pop/camp Hello Kitty® items 35 years ago...annual global sales of ++\$5bil, USA PK shares up 13.25% on the year

-Kobe Steel Ltd (XETRA: KSTX) (US: KBSTY) (TYO: 5406 one of the world's premiere steel co's has been since the 30s, the powerhouse of the Japan empire that led up to WWII. Current new joint venture w USSteel (X) Pro-Tec Coating co will create a 21st century steel w antitrust properties. STRONG BUY (USSteel (X) STRONG BUY)

-iShares MSCI Japan Index ETF (EWJ) YTD ETF of key Japan co's

Notes: The central bank of Japan has moved to lower the value of the yen, a ploy that will help Japan's big companies who make their living exporting: Toyota, Honda, Nikon et al.

Japan has weathered this era since 2008 better than many countries. Japan is the world's 2nd largest economy (the top four: USA Japan Germany China 1234) and Japan got to that position by selling consumer goods particularly electronics and cars to the US. Now the rich discretionary-spending US consumer economy is history. And Japan needs new markets. A major one may be Africa...Others are India And Indonesia. But it will take some long-range planning by the Japanese.

LATIN AMERICA

BRAZIL

-BRF Brasil Foods (BRFS) (Brazil) processed foods & meats conglom. Household-name products with sales all over SA plus Europe Saudi Arabia Russia etc, halal foods. Strategic alliance w Unilever Brasil. QRG YOY 104.6%. *Alliance with Unilever gives BRFS a 75% market share of ALL frozen foods sold in Brazil*

-Petroleo Brasileiro (PBR) (Brazil) ("Petrobras") big petroleum in one of the world's best economies. Huge new onland oil and gas discoveries in 08, 2:1 stock split May of 08, #34 in Fortune 500, last yr #63. The Libra offshore find is the 2nd largest oil find in a decade, potentially 8bil barrels. Recent oil future sales agreement with China at high prices. UNDERVALUED

-Gafisa SA (GFA) (Brazil) homebuilder: luxury homes, moving into middleclass & lower income construction, FWD P/E 8, QEG YOY 340% UNDERVALUED

-CPFL Energia SA (CPL) (Brazil) Brazil's electric company. EPS \$6.18, P/E 11.65. Dividend \$5.47, yield 8.90% UNDERVALUED

-Companhia Paranaense de Energia (ELP) (Brazil)) hydroelectric & thermoelectric power. P/E 9 Market Cap \$5.33 bil, profit margin 18.67%

-BOVESPA Holdings SA (SAO: BOVH3) (BOVH) (BVSPF:PK)(Brazil) The Sao Paulo commodities and stock exchanges includes a fully-electronic Bolsa. Handles all ADR transactions in Brazil. LONG-TERM STRONG BUY

-RedeCard SA (RDCD3.SA) RDCDL.PK)(Brazil) a 2007 IPO, RedeCard® has a 33% market share of Brazil's consumer credit card business. Banco Itau and Citibank SA own big stakes in this co STRONG LONG-TERM BUY but you must be able to buy shares of RedeCard & VisaNet on the SA. exchange

-VisaNet (VNET3.SA) Brazil's Visa. Formerly Companhia Brasileira de Meios de Pagamentos, VisaNet IPO'd in July 09, has a 47% market share of Brazil's credit card biz, UNDERVALUED

-Banco Bradesco (BBD) (Brazil) country's best consumer bank, inroads into becoming a major Brazil investment bank, Market Cap \$57.62bil Enterprise Value \$97bil, FWD P/E 13, entirely escaped US-caused chaos by not purchasing toxic US debt. Largest shareholder of Visa Inc's Brazilian affiliate Cia Brasileira de Meios de Pagamentos, also known as VisaNet Brasil. UNDERVALUED

-VisaNet Brasil (VNET3:SAO)(Brazil) IPO summer 09, all Visa transactions in Brazil, 100 offices throughout brazeel

-Banco Itau (Itau Unibanco SA) (ITUB) (Brazil) Market Cap \$85.9 billion EV(enterprise value) \$175 billion, profit margin 23% revenue \$20bil Q Revenue Growth YOY 80% Q Earnings Growth YOY 26% B of A will sell its 5.4% stake in Itau to raise cash; most likely buyer = UBS, which wants to ramp up its presence in Brazil's hugely successful economy

-Unibanco Brasileiros (UBB) (Brazil) banking conglom, profit margin 15.78% ROE 24.7% market cap \$162 billion enterprise value \$199.5 billion.

-Banco do Brasil (BBAS3:SAO) (BDORY:PK)(Brazil) pushing past its domestic roots. Strong fwd guidance. Buoyed by the currency. SAO market shares up 79%YOY. USA shares' target price \$26

-TAM SA (TAM) (Brazil) air transport and passenger services, Brazil's largest airline

-GOL Linhas Aereas Inteligentes (GOL)(Brazil) air cargo services throughout South America UNDERVALUED

Tele Norte Participacaos (TNE)(Brazil) called “Telemar” in Brazil and on Wall Street, fixed-line and mobile telecom services in a booming economy

-Vivo Participacaos (VIV) fast emerging as Brazil’s strongest wireless service provider, market cap \$6.81bil, annual revenue \$8.23bil, PE 32, FWD PE 11, BUYOUT CANDIDATE, UNDERVALUED

-Telefonica SA (TEF) (Spain)(Brazil) Madrid-based, world’s 5th largest telecom, operations on 3 continents and in 23 countries, Telefonica is THE leading telecom provider in Brazil, Argentina, and others. Working on buying out Portugal Telecom’s stake in Vivo, for about \$8.7bil Telefonica is UNDERVALUED

-Banco Santander Brazil SA (BSBR) Spanish bank Banco Santander’s (STD) huge \$8.1bil Brazil IPO is already Brazil’s 3rd largest bank. Abu Dahbi’s Alabar Investments (biggest shareholder of Daimler) has taken a \$328mil stake in BSBR. BSBR is a STRONG LONG-TERM BUY. STD (Spain) has a 9.0% dividend and is a STRONG LONG-TERM BUY

-Votorantim Cellulose y Papel (VCP.N) (Brazil) purchased Aracruz (paper y cellulose) for \$2.28 billion

-Positivo Informatico (E: POSI3.SA: SAO) (Brazil) maker of computers

-I-Universo Online (SAO:UOLL4)(Brazil) Smallcap called “UOL” in Brazil. Online media portal and Internet service provider. Flagship portal w Internet access to more than 3,000 Brazilian cities and reportedly some some 29,000 cities in South & Central America. Broadband penetration in Brazil is 1.6% in a nation fast becoming the new USA as well as the world’s breadbasket. Buyout candidate and UNDERVALUED

-Market Vectors Brazil Small Cap ETF (BRF) a basket of DOMESTIC Brazil small and midcap stocks. As Brazil starts to take over the economic position that the USA once held, we’re becoming more interested in domestic Brazil shares

iShares Barclay MSCI Brazil Index (EWZ)(Brazil) ETF of Brazil global stocks UNDERVALUED

-Wisdom Tree Dreyfus Brazilian Real Fund (BZF) the ETF for Brazil’s currency. The Brazilian Real is the strongest paper currency on the planet

ARGENTINA

-MercadoLibre (MELI)(Argentina) Online trading and payments platform. Market cap \$650 million, 25 mil shares out, low debt, Q earnings growth YOY 48.8%

COLOMBIA

-BanColombia (CIB)(Colombia) 719 consumer branch office banks plus commercial and investment banking, in one of South America's lesser-valued but fastest-strengthening economies, Market Cap \$9.1bil profit margin 26.5%, STRONG LONG-TERM BUY

-GlobalX InterBolsa FTSE(Colombia) Colombia 20 ETF (GXG) Colombia ETF tracks the 20 biggest stocks in Colombia, up 100% YOY, YTD return 13%, STRONG BUY

-EcoPetrol SA (EC)(Colombia) Colombia's premiere oil co, Market Cap \$56bil, div 1.47% yield 5.10% STRONG LONG TERM BUY

-Isagen Energia Productiva SA (CLB: ISAGEN)

(Colombia) the country's primo hydroelectric power co

CHILE

-Banco Santander Chile (SAN) (Chile) we are watching this it may become an investment-grade bank stock. see also STD.BA, Banco Santander Argentina)

-LAN Airlines (LFL)(Chile) Passenger air and air cargo throughout South America Central America and Mexico P/E 8.6 FWD P/E 6.9, \$2.9 bil market cap, \$4.61 bil enterprise value, co is leveraged but Q earnings growth YOY 16%

-Sociedad Quimica y Minera de Chile (SQM) (Chile) specialty fertilizers, inorganic industrial chemicals (iodine etc) and exotic metals. World's largest source of lithium, proven reserves of at least 3 million tons. Both China and Bolivia have lithium but Bolivia has no operations to extract it. Full-year profits YOY TRIPLED, STRONG LONG TERM BUY

(lithium: see also smallcap BHWX)

-iShares MSCI Chile Market Index Fund (ECH) STRONG LONG-TERM BUY

ECUADOR

Ecuador's president Rafael Correa recently fought off a rebellion by rebel police officers in the country's capital, Quito.

Money and development is coming to Ecuador. Banking, mining, agribiz, tourism, resorts, expat condo communities, the whole thing. Real estate sales in places like Ecuador are on a tear and one of the great bargains of our time. And these regions will become increasingly safe as South America's globalization & exploitation and the End of the Frontier (much like the USA in the 1870s) reaches sleepy South American backwaters countries.

In twenty years, Ecuador will be a thriving booming economy, will be politically stable, and will be

safer to live in than Los Angeles St Louis NYC or Cleveland.

MEXICO

-Cemex (CX) (Mexico) cement, redi-mix, aggregates, huge array of construction materials, global sales

-America Movil (AMX) (Mexico) landlines & 3G wireless throughout Central & South America & Mex. Third largest company in Latin America. 72% market share of Mexico's cell phones. 200 million subscribers. Working hard toward the Triple Play of communications: Voice, Data and TV all on one monthly bill, shutting out competition. Very much in the face of Grupo Televisa SA (TV) parentco of Univision, most-watched broadcasting network in Latin America. America Movil is UNDERVALUED

-Telefonos de Mexico SA (Mexico) the country's traditional phone co, dividend yield 5.77% (see also Telefonica SA (TEX) (Spain) which operates throughout Latin America, div 5%

-Grupo Bimbo SAB (BIMB.MEX) (Mexico) Mexican mass production supermarket supplier, junkfood cookies and pastries, dozens of products, sales throughout North America South America Central America & the Caribbean, owns Entenmann's® and other powerful north American brand names. Has bought USA's Sarah Lee for \$959mil and that includes Jimmy Dean Sausage. \$8bil in annual sales, UNDERVALUED

-Fomento Economico Mexicana SA (FMX)(Mexico)(called "FEMSA" in NYC) beverages, throughout Mexico Central America South America & Caribbean, esp beer, plus the Latin American Coca-Cola franchise, plus a chain of convenience stores in Mexico. Exports to 47 countries, UNDERVALUED

-Wal-Mart de Mexico SAB (Mexico) (WALMV.MX)(WMMVY.PK) called "Wal-Mex" on Wall St, just beginning to enter the world of banking in Mexico, UNDERVALUED

-Grupo Mexico (GMBXF) mining in Mexico Peru & Chile plus broad conglom in divisions: engineering RRs petrochem etc. Owns 84% of Southern Copper stock via a passthrough subsidiary. Plans to merge SCCO with its Americas Mining, destroying SCCOs dividend structure for shareholders. We're waiting to see how the merger turns out. But we've bought shares of GMBXF and we see Grupo as a SPECULATIVE STRONG BUY

-Grupo Financiero Inbursa SA (Mexico) (GFINBUR.MX) Broad financial services, 100 new branches, untouched by US economic crisis, very strong black numbers

-Grupo Elektra (ELEK: MEX) (Mexico) Financial services and insurance throughout Latin America, also retailing. These guys don't buy any US toxic debt. As a result, shares are up 517% in five years, up 60% in horrible 2008. 4th Q net up 124%, STRONG LONG-TERM BUY but your broker or your Online must be able to purchase shares via the Mexico Stock Market (Mex Bolsa) or EuroShares via DAX etc

-Grupo Financiera Banamex SA (Mexico) (Banamex) Banamex is THE consumer bank in Mexico, controls the credit card universe in Mexico, is a subsidiary of USA's Citigroup (C) which bought Banamex in 2001

-Grupo Televisa (TV) (Mexico) TV and media conglom, service, delivery production & broadcasting: Spanish-language programming throughout Western Hemisphere & Europe. \$12bil market cap, P/E 20, profit margin 15%, 2.6bil in cash, 563 mil shares out

-Grupo Aeroportuario del Pacifico (Pacific Airport Group) (PAC) (Mexico) flight services, operates 12 airports in Mexico, profit margin 40%, div yield 7.4% UNDERVALUED

-iShares MSCI Mexico Index (EWW) a basket of the strongest Mexican stocks, UNDERVALUED

Notes: We can't overestimate how wealthy Mexico is in terms of yet-unexploited natural resources, even though all you hear about re Mexico in the US media is border issues, drug czar wars, and danger to tourists. Mexico has the potential to develop a large middle class, and is already becoming a manufacturing center.

PANAMA

-Copa Holdings (CPA) (Panama) air transit throughout Caribbean Central and South America

ETFs

-Aberdeen Emerging Markets Telecommunications Fund (ETF) ETF of telecoms in Latin America and Asia. NYC-based, managed by Credit Suisse STRONG LONG-TERM BUY

-iShares S&P Latin American 40 (ILF) ETF of the S&P Latin American 40 index of Latin America's best and strongest companies STRONG LONG-TERM BUY

-iShares MSCI Emerging Markets Index (EEM) ETF of mostly South American co's but also Russia Korea etc. shares are up 68.8% YTD STRONG LONG-TERM BUY

-iShares Brazil Index (EWZ) ETF of Brazil's best Bovespa companies A MARKET WITCH BEST BUY

-Latin American Discovery Fund (LDF) Morgan Stanley ETF benchmarks the MS International Emerging Markets Free Latin American America Index

-Market Vectors Brazil Small Cap ETF (BRF) a basket of DOMESTIC Brazil small and midcap stocks. As Brazil starts to take over the economic position that the USA once held, we're becoming more interested in domestic Brazil shares

-PowerShares BLDRS Emerging Markets 50 ETF (ADRE) mostly Big Brazilco's but also Korea China Taiwan, STRONG LONG TERM BUY

-iShares MSCI All Peru Capped Index Fund ((EPU) ETF of 20 Peru stocks mirrors the FTSE Peru 20. Heavily-weighted toward mines & banks. Largest holdings BVN, PCU, and CreditCorp (BAP). 65% of this ETF is shares in basic matls minerals gold etc. Peru is world's 7th largest producer of gold, STRONG LONG TERM BUY

-Claymore BNY Mellon Frontier Markets ETF (FRN) strong exposure to both SA upcoming backwater countries but also Middle East & Africa, YTD return 54%, 46 stocks in metals mining financial & telecom STRONG BUY

Notes: Brazil and Argentina are South America's two largest economies. Brazil had a presidential election in November. And a woman won it. Argentina has a woman president too, Cristina Kirchner, who took over when her husband unexpectedly died. Both women will have to work hard this year to convince their citizens they can lead. Argentina has a presidential election this coming October. Can she win it? Both countries have the opportunity to move forward, or fall back, during 2011

RUSSIA

-Severstal OAO (SVJTF.PK)(ME:CHMF)(SVST:LSE) Iron ore coal mining & gold mining. Russia's largest steelmaker, controlling interest held by tycoon Alexei Mordashov, Severstal paid \$1.3billion to acquire Pennsylvania's PBS Coals and its huge reserves of thermal and coking coal. Shares up 319% in 09, SPECULATIVE

-Gazprom Neft (GAZ.LSE)(OGZPF.PK) (Russia) state-owned natural gas export monopoly is #22 of Fortune 500, is #2 of Fortune 500's most profitable co's (Exxon is #1) shares up 237% on the year, 67% over 5 yr, div yield 3.33%, STRONG LONG-TERM BUY

-Mechel OAO (MTL)(FQFX:XETRA) (Russia) Mining, steel, manufactured value-added steel products, ferroalloys, basic steel commodities, coking coal & other steel industry matls, proven reserves of 510 mil tons of coal 50++ mil tons iron ore 12 mil tons of nickel ore, these shares fell from \$58 to \$3 in 08, now are \$24 and still mostly flat. USA opps as well as Russia Kazakhstan & Europe. Bought West Virginia's Bluestone Coal (coke coal for steel), Market Cap \$8.57bil, Enterprise Value \$13.66bil, 6bil in debt 1bil in cash, shares up 197%/5yr, STRONG BUY

-Norilsk (NILSF.PK) (NILSY.PK)(XETRA:NNIA.DE)(Russia) Mining: palladium, copper nickel silver gold cobalt etc etc, *world's largest provider of nickel and palladium*, profoundly wealthy High Net Asset Value co, shares up 60% YOY, UNDERVALUED

-Evraz Group (EVR.LSE)(EVGPY:PK)(Russia) steel, also vanadium, a key component in nickel and exotic steel alloys, operations in Russia Czech, Italy, USA, shares are 27 are up 527% on the year but

have been as high as \$131 & likely will be again and more, this is a possible 2nd -decade fortunemaker, UNDERVALUED

-Rusal ((RTB: OKSA) (FRA:R6L1) Hong Kong: 0486) SPECULATIVE STRONG LONG-TERM BUY

-Lukoil (LUKOY), oil, expanding past Russia, looking overseas for growth, UNDERVALUED

-Rosneft Oil, (ME:ROSN) (USA:RNFTF) oil

-Market Vectors Russia Trust ETF (RSX) a basket of modern Russia's best public companies, shares were up 112.32% in 09, flat in 2010, are UNDERVALUED into 2011

-Blackrock iShares MSCI Russia ETF (ERUS) STRONG BUY

-CurrencyShares Russian Ruble Trust (XRU) an ETF of the Russian currency

Notes: What the 21st century looks like:

This is not the old USSR, this is Russia in 2011.

Here's the Moscow commute on a motorcycle... from the burbs to downtown Moscow:

<http://www.autoblog.com/2010/09/27/video-moscow-motorcyclists-crazy-high-speed-commute/#continued>

Russia has just been granted the 2018 World Cup, one of the planet's most major sports events. Russia currently is *the* most undervalued of the major 'developing' nations.

EUROPE

-Rolls Royce Group (UK) (RR:LSE)(USA: RYCEF.PK) *not the cars*. Defense aerospace, civil aerospace, marine propulsion systems, energy systems for offshore oil and natural gas enterprises

-Vallourec SA (PA:VK)(LSE: VKZ. Eur. PLU) (VLOUF.PK) (France) specialty steels and steel products esp seamless steel tubing, ops in Germany USA and China. Products increasingly used in process of extracting natural gas from shale. \$7.84bil market cap, shares up 79% YOY, STRONG LONG-TERM BUY

-Unilever (UL)(UK) consumer product brands by the dozen including Ragu Wishbone Ben & Jerry's Popsicle Breyers etc. Global sales, FWD P/E 12, div 4%, UNDERVALUED

-Carrefour (CA: PAR) (CA.FR.PLU) (CRERY.PK) world's second-largest retailer. 15,000 stores in 33

countries. Pulled out of Russia & Southern Italy last year, & is targeting China and Brazil. Excellent management. Up 27% YOY, UNDERVALUED

-Hargreaves Lansdown (LSE: HL) UK's largest financial services co, much favored by private clients. Shares up 76% over 1yr, strong dividend, UNDERVALUED

-HSBC Holdings (LSE:HBSA)(USA: HBC) global banking, founded in London in 1865, Market Cap \$184bil, P/E 20 QEG YOY 102%, div 3%, view it also as an REIT because the co buys its branch locations, which means 8000 properties in 88 countries, UNDERVALUED

-Deutsche Bank (DB) Germany) Market Cap \$39bil profit margin 19.64% EPS \$10.48, P/E 5.6, 2000 branches in 72 countries, UNDERVALUED

-BAE Systems (BA:LSE) (BAESY.PK) Europe's largest defense contractor, *a marker for Western Europe's economy*

-European Aeronautic Defence & Space (EADS) (Franco-German) owns Airbus, which is beating out Boeing in new orders

-IndigoVision (LSE: IND) (UK) video analysis security equipment for retail stores & military use

-Phillips Electronics NV (PHG) (PHG.BA) (PHIL) (Holland) premiere global electronics consumer products conglom, 130 production sites in 26 countries, PHG is the world's largest maker of (expensive) low-heat energy-efficient light bulbs, a product replacing incandescent bulbs which has started a global culture war

-ING Group (ING) (Holland) banking and insurance, one of the world's Top Ten Fastest Growing Largecaps, \$69bil in annual revenue, FWD P/E 4.68, UNDERVALUED

-Michelin (PARIS:ML) (USA:MGDDY) (LSE: 0HAW)(France) tires, the best that money can buy, worldwide. Family-controlled business for more than a century, a new generation has taken over, shares are up 27.4% YOY, UNDERVALUED

-Alcatel-Lucent (ALU) (France) off our lists for six years. Networking hardware products, global sales, UNDERVALUED

-Givaudan SA (GIVN:VTX)(GVDNY:PK)(Swiss) chemistry in action. flavorings and fragrances. One of the world's most secretive co's. Global list of corporate clients. Swiss shares up 6% on the year, USA shares up 18% in six mo

-SAP AG (SAP) (Germany) IT/software giant, Europe's Microsoft...*has lost a \$1.3bill lawsuit judgement to Oracle over software copyright. SAP will have to (A) appeal or (B) fold*

-Aurubis (Xetra: NDA)(LSE: 0K7F) (Germany) Hamburg-based: copper & other metals recapture. Now considered one of the “greenest” heavy-industrial co’s in Europe. Market Cap \$1.66bil, shares up 78% YOY, P/E of FIVE. UNDERVALUED

-BASF (USA:BASFY)(LSE: BFA) (Germany) global-reach chem conglomer. QEG YOY 425% P/E 13 FWD P/E 10, up 40% YOY, STRONG BUY

-Siemens AG (SI) (Germany) hard-science engineering/electrical engineering conglomer, products include everything from wireless telecom equipment to locomotives. Hydroelectric power, desalinization technologies etc. Global reach, strong fwd guidance QEG YOY 22.8% STRONG BUY

-Bayer AG (LSE:BYR)(BAYN) (BAYRY) chem. & engineering conglomer, 3 divisions: CropSciences (similar to Monsanto) Material Science (chemicals coatings etc) and Health Sciences (pharma etc for both humans and vetmed), aspirin now viewed by science community as anticarcinogenic esp re breast cancer, div yield 2.9%

See Also:

-Bayer CropScience Ltd (BAYERCROP) STRONG LONG-TERM BUY

-Deutsche Bank (DB) P/E 9, EPS \$6.10 Profit Margin 11.78% a key marker for the German economy

-iShares MSCI GERMANY ETF (EWG) Germany’s and France’s economies are stronger than any others in Europe. Will they go it alone? Marks and Francs? STRONG BUY

-iShares MSCI Spain Index ETF (EWP) div 5.88% YTD return 32.89%. Spain is trying to neocolonialize South America and with some success as SA becomes a leading economy

-Nokia (NOK) (Finland) despite huge global wireless telecom market share, in recent years this enormously popular cell phone/wireless global leader has failed in the US against iPhone & Blackberry. The Nokia-Siemens Networks joint venture is a winner and is entering US with a vengeance. New CEO is from Microsoft,

-LM Ericsson (ERIC) (Sweden) century-old global telecom, profound new wireless and bandwidth technologies and initiatives, global reach, partnership with Sony. Q1 profits down 26%. Mired in 20th century?

-ABB LTD (ABB)(Switzerland) Zurich, founded in 1887, electrical infrastructure products, automated manufacturing systems, industrial robotics, global sales, low debt

-Syngenta (SYT) (Switzerland) Europe’s Monsanto. Global seeds and other agricultural products. EPS \$2.93 dividend 91cents profit margin 12% superbly managed, UNDERVALUED

-Total SA (TOT) (France) Euro's primo retail petrol & diesel dealer, French-based Euro gas stations

-Sanofi-Aventis SA (SAN.PA)(SNY)(France) pharmaceuticals (Plavix® etc) & vaccines (pediatric, meningitis, etc), global, subsidiary co's in Australia & Mexico. Reportedly successful breakthrough HIV vaccine. In a takeover bid for Genzyme

-Roche (RO:SW) (ROG:VX)(Swiss) now owns Genentech (DNA) and its highly successful cancer drug array and R&D

-Alcon (ACL) (Swiss) medical conglomerate: consumer health products, medsupplies, pharmaceuticals etc, QEG YOY 26.8% profit margin 31.6% Market Cap \$46bil \$721mil debt, EPS \$7.04, well-managed UNDERVALUED

-Novartis (Swiss) (NVS) global vetmed & pharmaceuticals, one of the world's great med/science co's. 34th highest 2008 profits of any co on earth. Div \$1.72 yield 3.8%, UNDERVALUED

Notes: We favor investing in EuroPharmaceutical co's as opposed to American ones because they are less subject to the whims vagaries and corruption of the American FDA

-ETFS Sugar (LSE: SUGA)(UK) a sugar ETF in London that mirrors the Dow Jones-AIG Sugar Sub-index (DJAIGSB) profits from sugar in the global commodities markets, and offers capitalized interest that cumulates daily

-Total SA (TOT) (France) Euro's primo retail petrol & diesel dealer, French-based Euro gas stations

-Vivendi SA (VIV:PA) (France) formerly owned in part by NBC (GE) media conglomerate, film news videogames etc Q revenues up 23.7%

ACE Ltd (ACE) (Swiss) global insurance, offices in 50 countries, clients in 140. UNDERVALUED

-Nestle (VTX: NESN) (USA: NSRGY.PK, NSRGF.PK) (Swiss) world's largest food and drink company. Chocolate, coffee, baby formula, water, snacks, owns pet food/cereal business Ralston Purina, owns 75% of Alcon (ophthalmic drugs) and 28% of L'Oreal. Purchase of Gerber Foods gives Nestle a 60% share of the entire global baby food market. Nestle has been buying up all the natural-spring water resources it can, worldwide, for years. # 48 of Fortune 500. Half-year profits up 8%, to 5bil Swiss Francs (\$5.45bil). Raised full-year guidance. Created a Nestle Health Science division "to pioneer a new industry between food and pharmaceuticals." An investment of EU 500 mil in this division over the next decade suggests that the company sees piles of profits coming from a 21st century full of healthy people...buying Nestle products. UNDERVALUED

-CurrencyShares Euro Trust (FXE) ETF of the European Common Market's currency

AMERICANA

-General Motors (GM) the IPO Nov 19th was the hottest US IPO of 2010 but was not really an IPO, more on the order of a comeback. GM had 3Q profits of \$2bil. The IPO has reduced the % of US govt ownership of the company but will probably pass some of the ownership to China as well as other foreign countries. GM's Chevy Volt™ electric car is upon us. GM is hiring 1000 new engineers to help expand GM's line of electric vehicles into this new decade. GM will have a staff of 3000 working on this.

The Chevy Volt is an electrifying success. If your daily commute is >40miles a day you can drive the Volt every day without using a drop of gasoline. The battery is recharged in 10-12 hours by plugging it into a standard AC120 household wall socket. A 240 volt charger (\$490 plus \$\$ for your electrician to wire a 240volt outlet, identical to the one that powers your dryer, to your garage) will handle it in 4 hrs. The average American pays >12 per kilowatt hr for electricity, so to drive the Volt 40 miles costs \$1.50.

The Volt is available in California and in the NY/New Jersey /Connecticut area and also in parts of Michigan, Texas and Washington DC.

Chevrolet plans to build 10-15K Volt cars in 2011 and as many as 60,000 in 2012.

The base price is \$41,000 but a tax credit of \$7500 lowers the tab to \$33,500. A Chevy Volt can be leased for \$350 a month.

A billionaire Saudi investor took a 1% stake in GM.

Does "what's good for GM is good for the United States" still hold true? We'll see.

GM is a SPECULATIVE STRONG BUY

-BlackRock (BLK) investment management co on 52nd St. manages *itself* superbly. Bought Barclay's (BARC.LSE) iShares® Funds ETF business. Market cap \$27.56bil profit margin 13% low debt \$2.5bil in cash, STRONG BUY

-JP Morgan Chase (JPM) the black numbers are impossible to argue with. America's Strongest Consumer Bank. UNDERVALUED

-Diamond Hill Investment Group (DHIL) investment and insurance services, Market Cap \$200mil, profit margin 21.5%, zero debt, 2.78 mil shares out UNDERVALUED

-American Express (AXP) this high-end creditcard co is back in our lists after *years* of absence. The upscale credit card world has far fewer late payments. Market Cap \$50bil Enterprise Value \$87bil. FWD P/E 12, profit margin 11%

-Simon Property Group (SPG) USA malls & interstate outlet centers etc. Market Cap \$21bil Enterprise Value \$41bil FWD P/E 12 profit margin 8.2%

-UAL Corp (UAUA) the United Air Lines/Continental merger's going through. The co will have the United name and the Continental logo. And it will be the world's first superpower airline. FWD P/E is 4. QEG YOY 875%

-Hasbro (HAS) Americana Toys. GI Joe™ etc. Owns the My Little Pony™ franchise. Market Cap \$4bil, Enterprise Value \$5bil. P/E 15, FWD P/E falling. EPS \$1.91 div yield 2.7%. Strong profits, strong FWD guidance

-Mattel (MAT) Barbie® and American Girl® dolls. Barbie has 50% market share of all commercially-sold dolls on earth. Mattel also manufactures the Magic 8 Ball. Monster High™ dolls (concept franchise, six initial doll products) marketing campaign kicked off on Friday the 13th. New products include dolls of characters from the *Twilight* book & movie series, and a Barbie that has a videocam in it. FWD P/E 11, QEG YOY 140%, 359 mil shares out, div 0.75 yield 3.4% UNDERVALUED

-Amazon (AMZN) America's largest retailer behind Wal-Mart. 15.3% of ALL retail sales Online are via Amazon. Owns Zappos, world's premiere Online footwear store. Has 25% market share of the entire planet's book market. #30 of *Fortune* magazine's 2010 list of 100 Fastest-Growing co's. Re-engineered Kindle™ - smaller lighter quieter & w storage capacity for 3500 books- reinforces best-seller status. UNDERVALUED

-Hershey (HSY) America's premiere mainstream chocolate co, founded 1892, Market Cap \$8bil, ROE 65%, Q Earnings Growth YOY 30.1%, 227.72mil shares out. Hershey owns a ton of Cadbury shares, meaning that the Kraft Foods purchase of Cadbury gives Kraft leverage over Hershey Chocolate

- Kraft Foods (KFT) Oreo cookies and Maxwell House coffee, how much more Americana can you get. Nabisco Oreos Philadelphia Cream Cheese Jello Cadbury's etc etc etc, revenue \$45.2bil annually, QEG YOY 13.3%, P/E 11.46, div yield 3.70% shares are UNDERVALUED

-Tootsie Roll (TR) the same fabulous candy since 1896. TR is the Last Candy Man Standing that is not owned by a conglom. Founded in Chicago. Near zero debt, BUYOUT CANDIDATE

-JM Smucker (SJM) this farm family began selling jams from a horse cart in 1897, now owns iconic kitchen brands Jif® Martha White® Pillsbury® Folgers® Hungry Jack® Crisco® Crosse & Blackwell® PET® plus a wide array of Smucker house-brand products, Q net earnings up 28%, UNDERVALUED

-Yum! Brands (YUM) Pizza Hut, Kentucky Fried Chicken, Taco Bell, Long John Silver's, A&W and other food franchises. Still-increasing global sales. Not just iconic 50s Americana food brands for Americans, this co has 37,000 restaurants in 110 countries. FWD P/E 14.9, profit margin 10%, QEG

YOY 10.6%, UNDERVALUED

-Harley Davidson (HOG) a 20th-century subculture, now a 21st century anachronism. Harley's obsessed fan base is alive and well. Americans will never give up their Harleys. We made our first fortune on Harley-Davidson in 1990 when we discovered Harley people *would go without food to get the money for one*. UNDERVALUED

-Ford (F) Ford will introduce FOUR electric vehicles by 2012. Ford's profit margin is far below our bar for an investment stock (we want to see 10% or more profit margin) BUT Ford's Enterprise Value is THREE TIMES the value of its Market Cap. Ford reportedly is buying Lithium co's to lock in supply of the metal for lithium ion batteries for electric cars. 3rd Q profit of 1.7bil, up 69% from a year ago, UNDERVALUED

-Cummins Engine (CMI) world's largest maker of high-horsepower diesel engines, gas engines for trucks and military, high-power electric generators etc, UNDERVALUED

-Polaris (PII) all-terrain vehicles (ATVs) Market Cap 1.49bil EPS \$3.05 div 3.7% QEG YOY 21%, bought SwissAuto Powersports, a high performance engine tech co

-Navistar (NAV) delivery system trucks road trucks motor homes buses military vehicles diesel engines PLUS agribiz machinery co INTERNATIONAL HARVESTER EQUIPMENT. FWD P/E 9.25 market cap \$2.9bil, Enterprise Value \$8 bil NAVISTAR has an electric truck the eStar that is about to become THE fleet truck of Pacific Gas & Electric (PCG) and FedEx (FDX) UNDERVALUED

-Owens Corning (OC) manufactures the legendary Pink Panther® fiberglass insulation matl. OC has yet to develop a market strategy for a potential global demand for this productbut the market is there

-Owens-Illinois (OI) Glass bottles. 70% of revenues from outside the US, strong fwd guidance, undervalued

-Energizer Holdings (ENR) Energizer Bunny® batteries, EPS \$6, P/E 8.76

-3M (MMM) Scotch Tape™ Post-its™ plus 100s of practical engineering electronics and consumer & technology products, profit margin 15%, EPS \$5.05, FWD P/E 14.3, QEG YOY 43.2% co should pay a 7% dividend, UNDERVALUED

-PepsiCo (PEP) global beverage & foods conglomerate, brand name product catalog including Frito-Lay, Quaker, Gatorade, Tropicana, Lipton, Kettle potato chips, Dole, AquaFina etc. Bought its two largest independent bottlers, Pepsi Bottling Group and PepsiAmericas. Putting \$5bil into additional Pepsi infrastructure in China. Q profits up 26% on strong global sales, co is starting to use electric delivery trucks. UNDERVALUED

-Coca-Cola (KO) Investing \$1bil in Coca-Cola infrastructure in the Philippines and consolidating

global position. Q profits up 19% on strong overseas sales. World's strongest brand name

-Lowe's (LOW) if you own a house in North America you know about Lowes. 1649 stores in US@ Canada. Q earnings up 27%

-Home Depot (HD) the other home improvement retailer, Q 2244 stores in US China & Mexico, net income up 41%

-Target (TGT) founded 1962. Tarzjhay. 1682 stores. Wal-Mart for the upscale set. Q earnings up 54% we think most American retailing remains highly risky

-Proctor & Gamble (PG) consumer products (Pringles™ Gillette© 100s of others) profit margin 16.5%

-Colgate Palmolive (CL) consumer products, global, Q profits up 7%, the numbers are ok but cannot compete w Unilever, Nestle, and Brazil & Mexico consumer products makers

-General Mills (GIS) agricultural conglom, food processor & purveyor of best-beloved US brands Aunt Jemima® Betty Crocker Pillsbury Green Giant Yoplait Cocoa Puffs Cheerios many more. 1st Q profits up 50% to \$1.66 a share. Raised 2011 guidance. Raised prices. UNDERVALUED

-Paccar (PCAR) American proletariat's Rolls Royce & Bentley. Maker of Peterbilt ® and Kenworth® truck

-Johnson Controls (JCI) heating ventilation @ AC systems, auto manufacturing parts, batteries building management & security systems etc etc. Founded 1885, market cap 21bil, UNDERVALUED

-GrafTech (GTI) industrial graphite welding electrodes, one of two co's in the world (the other is DGL Carbon) that makes these basic welding necessities. Shares up from \$3.55 in late 08 to \$16 QRG YOY 61.5% UNDERVALUED

- Lincoln Electric (LECO) welding supplies etc, S&P 400 Midcap member, QEG YOY 116% UNDERVALUED

-Stanley Black & Decker (SWK) America's premiere branded hand tool & pneumatics tool manufacturer, also engineered security systems worldwide. Founded 1843

-Greif (GEF) under the NYC financial community's radar til recently. USA's leading industrial packaging company. Steel plastic and containers including freight-system and oceanic shipping & packaging. Ops in South China including a big packaging-service complex that enables GEF to exploit the Far East and Asia Pacific the way FedEx does. Strong recent Q, lower guidance into early 2011 but headed into a very strong year. QEG YOY 74%, FWD P/E 11. Shares at 60 are worth 88. STRONG BUY

-Manitowoc (MTW) cranes skyhooks boom-trucks, equipment for roadbuilding airport construction etc plus food service equipment. Founded 1853, sales on every continent (see also Terex TEX)

-PraxAir (PX) industrial gases. Market Cap \$26bil, there is a global shortage of several industrial gases including helium. New contract w the Russians. UNDERVALUED

-Valspar (VAL) surface coatings, EPS \$1.71 undervalued

-PPG Industries (PPG) surface coatings, div 3.2% FWD P/E 16, undervalued

-Disney (DIS) Disney (DIS) Global fantasy. Home of the Mouse, Donald Duck, Buzz Lightyear, the new Disney Bear Duffy, etc. Movies, parks, character products, 3D participation. America's # 1 wedding & vacation destination even in hard times. Scrooge McDuck is *Market Witch's* prime mentor. Disney is the single US company most responsible for spreading USA's values culture and lifestyle worldwide over decades. CEO Robert Iger is not a visionary like Walt but has the management skills. Purchase of Marvel™ and its huge visual character pantheon gives Disney new characters for decades. Disney bought web gaming co Playdom, and will be a factor in 3D in 2011. Has approval to build a theme park in Shanghai. Typical of China, *these negotiations took fifteen years*

-FedEx (Federal Express) (FDX) global shipping and mail. Recent infrastructure buildout in China and Pacific Rim countries. FedEx is one of the world's premiere redflag/greenflag global economic markers, and Q profits just doubled. To find out in advance what will happen to FedEx & UPS, watch global oceanic shipping. Ok recent Q, strong Fwd Guidance for 2011. UNDERVALUED

-United Parcel Service (UPS) May 08 deal to provide air transport services to rival DHL was essentially a takeover of DHL. Huge international airfreight hub port in Shanghai supports UPS' far-eastern and global airfreight business. UNDERVALUED

Notes: Both FedEx and UPS have suspended all service to and from Yemen

-Western Union (WU) global money transfer everywhere. 375,000 agent locations. FWD P/E 11 12bil market cap 16.7% profit margin. Founded 1851 and based on US govt funding of the telegraph in 1843...which Samuel Morse, a design major at NYU in 1835, perfected from a European invention

Notes: An American metaphor for our time: last month in the Midwest, a 16 year old girl was walking along a railroad track and was struck by a train while listening to an iPod with its buds stuffed in her ears.

GOLD SILVER & PLATINUM HOW TO PLAY GOLD NOW

Gold remonetized in 2007, at first in the global Outlaw economy, then in the broader economic systems. The IMF made it official last month when it advocated tying the world's paper currencies to a gold standard. Gold shot up in price, but is nowhere near where it is ultimately headed and where it will stabilize, which is at least above \$1800. Paper currencies no longer have any intrinsic value, they now ONLY have value in relation to gold. We are on a 21st Century New Gold Standard.

The best gold mining companies:

-Minas Buenaventuras (BVN)

-Anglo Gold Ashanti (AU) one of the world's top ten fastest-growing large-cap companies, STRONG BUY

-GoldCorp (GG) STRONG BUY

-Barrick Gold (ABX) STRONG BUY

-Market Vectors Gold Miners ETF(GDX) STRONG BUY

Here's what will happen next: the Big Global Mining Companies, Rio Tinto BHP Billiton Freeport McMoran Vale Xstrata Anglo American, all of whom have billions of dollars in cash, will simply *buy* all the gold mining companies, and incorporate them into part of these huge 21st century mining congloms *that will rule the 21st century economy*. And that's what the 21st century will look like. Buy 100 shares of Rio Tinto, buy 100 shares of BHP, and wait 25 years. Your children will become rich from the investment.

And one other thing: here's who *else* will be buying gold mining companies: *any* big US company that routinely sits on a lot of cash. And that includes Google, Microsoft, Apple, McDonald's, IBM, Corning, Goldman Sachs, JP Morgan, etc. To invest in the future of gold three to five years down the road, simply buy shares in those companies. Also, we would think, key Euro companies like Nestle, Credit Suisse, etc.

Silver is beginning to remonetize as well but so also are copper platinum and palladium. And diamonds.

To buy gold in coins or bars and have them delivered to your house your broker or your office: [KITCO](http://www.kitco.com)
<http://www.kitco.com>

Many bricks-and-mortar brokerages will buy physical gold and hold gold for you in safe deposit boxes if you do not want to keep gold at home. Record demand for physical gold has some of the world's largest banks and securities companies building vaults to store gold bars and coins worth tens of billions of dollars for customers.

Gold ETFs now perform the same function that overnight money market funds provided in the 1990s.

ANY large cash positions beyond your basic checking account should be in physical gold or in gold ETFs: Primarily GLD and IAU, or contact Kitco to have hard gold bars or coins FedExed to you directly, or contact your broker to make arrangements to buy physical gold from Kitco or a local coin dealer and have it kept in a vault or safe deposit box for you.

Silver's theoretically a better buy now than gold in terms of its historic value relationship to gold. Platinum already has remonetized in the Global Outlaw Economy, beginning in 2007 but may not at all in the wider view. Gold is the new 21st century money, and will be throughout this century.

Our favorite picks among global gold-mining stocks are:

-Agnico-Eagle (AEM) (Canada) four new mines opening, increased production, QEG YOY 8079.3%

-Gold Fields Ltd (GFI) (South Africa) operations in South Africa Ghana Peru & Australia, UNDERVALUED

-Compania de Minas Buenaventura SA (BVN) (Peru) Q profits up 50%++ Profit Margin 68% FWD P/E 16,

-Barrick Gold (ABX) (Canada)

-GoldCorp (GG) (Canada)

-Newmont Mining (NEM) USA's largest gold mining co and world's 2nd largest

-RandGold (GOLD) (South Africa)

-Freeport McMoran Copper & Gold (FCX)

-Lihir Gold (LIHR) (Australia) has bought Newcrest Mining creating 5th largest global gold co. Mines in Australia West Africa New Guinea & Indonesia

-Ivanhoe Mines (IVN) still shows red numbers but its Mongolia mine, Oyu Tolgoi, is headed toward production and set to deliver 1.2bil pounds of copper and 650,000 oz of gold per year over next ten years, the estimated life of the mine is 59 years,

-Polyus Zoloto Gold (LSE:PLZL)(OPYGY:PK) Russia's largest gold producer

-Eldorado Gold (EGO) Vancouver-based, \$10bil Market Cap, acquisition of mining properties in China, 547mil shares out, profit margin 29%, #1 of Fortune Magazines 2010 list of top 100 Fastest-Growing Companies

THE BEST GOLD MINING ETFs:

-Market Vectors Junior Gold Miners (GDXJ) ETF of smallcap and exploration gold stocks inc Gammon SSRI Hecla etc

-Amex Goldbugs Index Fund (HUI) an index fund of the “Lucky Thirteen” strongest goldminers

-Market Vectors Gold Miners ETF (GDX) mirrors the AMEX goldminers index. ETF of the world’s strongest unhedged gold-producing co’s

Notes: Gold ETFs are an essential holding and your cash should be in gold ETFs not in CDs US Bonds Tbills on in the bank. Gold stocks are now just beginning to reflect 1300 gold but still are not paying the dividends we should expect .

GLD SGOL

SILVER

-Pan American Silver (PAAS) (silver mining)

-Silver Standard Resources (SSRI) (silver mining) STRONG BUY

-Silver Wheaton (SLW) (silver mining)

-Mag Silver (TXS:MAG) (MVG) exploratory gold & silver mines in Mexico, strong strikes on two separate Mex site properties, SPECULATIVE

-Fresnillo (Fres.MX) (FWLPF.PK)(FRES.LSE)(Mexico)

silver mining, and the first Mexican co ever to be listed on London Stock Exchange. Now in London’s FTSE 100. LSE Shares up 131% in 09 US shares up 108% as well. We favor the London Exchange (LSE) shares

-BHP Billiton (BHP) this Big Six Global Miner is the world’s lowest-cost producer of silver

-Rio Tinto (RIO) Big Six Global Miner gold silver diamonds etc, gold & silver produced primarily as byproduct of co’s copper ops

-IAMGOLD Corp (IAG) (Canada) gold silver diamonds copper

-Global X Silver Mines ETF (SIL) ETF of the best silver mining companies, STRONG BUY

-ProShares Ultra Silver (AGQ) leveraged Silver ETF that holds silver, shares up 78% YTD, STRONG

BUY

-PowerShares DB Silver (DBS) ETF, holds physical silver , STRONG BUY

-iShares Silver Trust (SLV) ETF, holds physical silver, STRONG BUY

Notes: Silver logically should be a far better investment than gold now, because silver should double from where it is now. Silver's traditional historic monetary ratio to gold has been 12:1 15:1 which would put silver at \$80/100/oz. Silver @ \$36-40/oz is perfectly realistic.

PLATINUM

-Impala Platinum (IMPUF: PK)

-Anglo Platinum (AGGPF: PK) (AAUK owns 70+% of Anglo Platinum) 1st half earnings up 20% both are UNDERVALUED

-Stillwater Mining (SWC) platinum & palladium, Montana, FWD P/E below 8, UNDERVALUED

-Norilsk (NILSY:PK)(MNOD:LSE) (Russia) the only other major platinum supplier

-ETFS Platinum Physical (PHPT: LSE), a basic necessity for holding cash, much similar to GLD

-ETF Securities Platinum ETF (PPLT) the first US-based platinum ETF

Notes: platinum monetized as a currency in the Global Outlaw Economy in 2007 because it is more transportable than gold & more value-steady than diamonds

EXOTICS & BASICS: GLOBAL INFRASTRUCTURE, STEEL, MINING, AGRICULTURAL, RR'S, etc

-iShares MSCI Singapore (EWS) ETF of shares traded on Singapore stock exchange. Singapore is a spectacular 21st Asia-pacific economic stronghold with ties to both the West and the East. World's largest Crazy Horse Paris Revue is in Singapore

-EuroPac International Value Fund (EPIVX) new ETF from Peter Schiff's Euro Pacific Capital, is based on High Net Asset Value co's and seems to be structured to beat collapsing currency valuations with strong EPS "basics" companies, we're watching

-TurkCell (TKC) global reach mobile wireless & telecom, Turkey. Based in Istanbul. Turkey is not and

never will be an EU country it is not, and never will be. TK but its economy is very strong. TKC's mobile wireless system *has the highest average mobile Internet speed of any service provider in Europe or the US*... P/E 11.5 FWD P/E 9 Profit Margin 17.2% 880 mil shares out, div yield 4.4%
STRONG LONG-TERM BUY

-iShares MSCI Turkey Market Index Fund (TUR) STRONG LONG-TERM BUY

-Malaysia Fund (MAY) a Morgan Stanley ETF basket of top Indonesian/Asia Pacific companies, fat dividend

-Market Vectors Indonesia ETF (IDX) STRONG LONG-TERM BUY

-PT Telekomunikasi Indonesia (TLK) (Telkom Indonesia) the major Indonesian phone co. FWD P/E 12.4, 16.8bil market cap, Q earnings growth YOY 16%, \$1.68bil in debt, almost \$1bil in cash, div yield 3.5% 491mil shares out, STRONG LONG-TERM BUY

-Hutchison Whampoa (HKG: 0013) (USA ADR: HUWHY) investment holding co. Would take an entire issue to explain all they are involved in...

for starters they control Hutchison Telecom (HTX) media par excellence in Indonesia, Viet Nam, Sri Lanka, Macao, Thailand, Israel, based in Hong Kong, century-old, FWD P/E FIVE...but also interests in 49 ports in 25 countries including container terminals...STRONG LONG-TERM BUY

-iShares MSCI Emerging Markets ETF (EEM) 37bil Market Cap, Brazil China Taiwan Korean holdings STRONG LONG-TERM BUY

-Anglo-Pacific Group (LSE: APF)(UK) coal, energy, diamonds, gold, platinum, base metals, operations in Queensland (Australia) and British Columbia

-Anglo Eastern Plantations (LSE: AEP) (UK) London-based agribiz: farming, rubber, and palm oil properties and production in Malaysia and Indonesia

-Materials Select SPDR (XLB) USA basic materials ETF will grow stronger as the US, too, enters the Infrastructure Era. Chems, construction matls, packaging containers paper products forestry & mining, shares up 48% YTD, UNDERVALUED

-Rayonier RYN) timberland real estate High Net Asset Value REIT, QEG YOY 120%

-MolyCorp (MCP) rare earths minerals & metals mining. Most such assured deposits are in China and Mongolia but MCP and FLPC are mining in the US. UNDERVALUED

-First Liberty Power (FLPC) rare earth minerals & metals, Nevada, penny stock, SPECULATIVE STRONG BUY

-North American Palladium (PAL) STRONG BUY

-Sociedad Quimica y Minera (SQM) Chile, lithium, STRONG LONG-TERM BUY

-Global X Lithium ETF (LIT) lithium ETF, STRONG BUY

-MolyCorp (MCP) rare earth oxides, Nevada. Red numbers, great expectations, buyout candidate, SPECULATIVE STRONG BUY

-First Liberty Power Corp (FLPC) rare earths, Nevada. A penny stock, and a SPECULATIVE STRONG BUY

Notes: Most rare earth deposits are in Africa and China these are in USA

-Rio Tinto (call letters changed to RIO) (formerly RTP) (UK/Australia) Big Six global mining company. One of the Big Three iron ore co's. Enormous copper reserves Kennecott Utah & Bingham Canyon mines. New copper mine in Michigan's UP. \$1.35bil Joint Venture project w Aluminum Corp of China (ACH) to develop iron ore mines in Africa's Guinea. Ten more discovered & charted but undeveloped copper deposits. Expanding the Argyle diamond mines this year and next. Exploratory project in India is the world's largest diamond find of the new century. New projects in Mozambique. World's 2nd largest producer of aluminum. 4th Q iron ore output up 49%. Recent permits to open a \$2bil nickel mine in Indonesia. RTP has essentially been thrown out of Russia, which wants all domestic resources for itself, but is spending \$469million to open the Kennecott Eagle nickel & copper mine in Michigan's UP, production to start in 2013 and will ramp up from there. Recent 4:1 ADR stock split. We expect shares to go to \$125. A MARKET WITCH BEST BUY

-BHP Billiton (BHP) (Australia) Big Six global mining company and one of the Big Three iron ore companies: RTP, BHP and RIO produce 70% of the world's iron ore, Russia & USA (MSB etc) the rest. BHP owns of world's largest known uranium deposits, is the world's lowest-cost producer of silver, and also is a force in agricultural phosphates. Global source of coal. BHP bought Canada's Athabasca Potash, now is working on buying out Canada's Potash (POT) CEO Marius Kloppers has a PhD from MIT and is nobody's fool. Record iron ore production up 11% 6th consecutive year of record profits. BHP & RTP have entered a \$10bil iron ore joint venture project. STRONG BUY

-Anglo American (LSE:AAL)(AAUKY) (UK) A Big Six global mining co. and the world's 2nd largest mining co. Ops in South America Europe Australia Asia: gold platinum diamonds coal base metals iron ore industrial minerals etc. Owns controlling interest in Anglo-Platinum, which supplies 40% of the world's platinum. Developing gold and copper properties in the Philippines. Huge runup in co's raw diamond & platinum production & strong FWD guidance. AAUK's huge Brazil iron ore project has been given final approval by the Brazilian govt, will cost \$4.55bil, will be under construction for 27 months starting in March. Also owns Kumba iron ore mines in South Africa. This is one of the planet's highest High Net Asset Value companies, earnings in 2010 more than doubled. AN \$80

STOCK 2 to 3 years down the road FOR SALE now FOR \$24. A MARKET WITCH BEST BUY

-Impala Platinum Holdings Ltd (IMPUY.PK) (South Africa) world's 2nd largest platinum miner behind Anglo-Platinum which is owned 70%+ by AAUK. STRONG BUY

-Xstrata (XTA: LSE, XSRAF: PK) (Switzerland-UK) the world's #6 largest mining company. Widely diversified, will increase capital spending 89% to \$6.8bil in 2010, plans to boost overall production 50% by 2013, but also wrote down \$2.5bil of its nickel business, LSE shares up 194% in 09 & still undervalued, STRONG LONG-TERM BUY

-VALE (VALE)(Brazil) (Companhia Vale Rio Doce) Brazil's mining flagship plus hydroelectric power. World's largest producer of iron ore. One of the Big Six mining companies, and one of the Big Three iron ore miners. Owns Inco, owns Brazil's Corumba iron ore mines. Copper & gold projects in Indonesia. Owns USA's Bunge Ltd (BG) as part of expansion push into Brazil agribiz. Purchased 51% stake in BSG industries, an iron ore mining co in Africa's Guinea. Increasing its stake in Australian coalmining co Belvedere. A MARKET WITCH BEST BUY

-Norsk Hydro (OSL: NHY)NHYDY) (Norway) aluminum ingots rolled sheet etc plus hydroelectric power.

Norsk Hydro will take control of 91% of Vale's Alunorte mine 51% of its Albras al mine and 81% of its CAP alumina refinery works, for \$4.9bil. 3600 Vale employees transferred to Norsk, which already employs 19,000 in 40 countries. Biggest transaction in the company's history & will secure aluminum ore reserves for Norsk for 100 years. The co is paying for this w/a \$1.9bil bond issue. Norsk was owned 43.8% by the Norwegian state., now its 34.5% and Vale will get a seat on the board of directors. The deal is a win-win and will close 4th Q of 2010. \$10bil market Cap, strong 1st Q profits, STRONG LONG TERM BUY

-Alcoa (AA) the world's lone orphan aluminum miner after Rio Tinto bought Alcan. Buyout candidate, which would nearly double current share price. 13.5bil Market Cap, Enterprise Value is \$26bil UNDERVALUED

-Kaiser Aluminum (KALU) aluminum ingots sheet billet etc, \$804mil Market Cap, EPS \$3.50

-Aluminum Corp of China (ACH) often called "Chalco" alumina & bauxite mining & aluminum products, EPS \$3.77, \$13.1bil Market Cap, co stats not transparent enough for us but shares up 75% over 5 yrs

-Southern Copper (SCCO) officially an American co, but parentco Grupo Mexico SA (GMBFX) owns 84% of the shares. Ops in Peru Mexico etc. copper gold moly silver selenium etc. SCCO partner'd w BVN in 08 to drastically increase its gold properties and production. SCCO will build a \$1bil desalinization plant in Peru to run its opps and will prob sell the water it does not use)

-Grupo Mexico GMBFX owns 84% of the outstanding shares of SCCO and plans to merge Southern Copper into a subsidiary it owns. We think this will destroy SCCO's dividend structure for shareholders. But Grupo Mexico will make a fortune on it. We sold our shares of SCCO in July 2010 and perhaps too soon, but we had 5 years of profits splits and dividends. Let's wait and see how the Grupo Mexico merger plan plays out but meanwhile we are buying Grupo Mexico shares and we've opened a new small position in SCCO as well

-Antofagasta (LSE: ANTO)(ANFGY) UK based copper & moly, plus RRs and water distribution. Market Cap 9.66GBP. 3 major mines in Chile, various projects in Africa Asia and Latin America, shares up 77% YOY, UNDERVALUED

-Teck Resources Ltd (TCK) (Canada) mining in US Canada Chile, Peru. Copper coal zinc moly exotic metals plus metallurgical engineering & specialty alloys. Teck's red Dog mine in Alaska is the world's largest supplier of zinc. P/E 8, Profit Margin 31.6%, QEG YOY 276.8% EPS \$4.11 UNDERVALUED

-Titanium Metals (TIE) off our lists for three years, UNDERVALUED

-SPDR S&P Metals & Mining (XME) an ETF of the world's most representative mining and metals stocks, shares up 34% on the year, STRONG LONG-TERM BUY

-PowerShares DB Base Metals (DBB) an ETF of zinc copper & al co's etc up 26% on the year STRONG LONG-TERM BUY

-Freeport McMoran Copper and Gold (FCX) owns Phelps Dodge, (copper) owns Grasberg mines in New Guinea, one of world's premiere gold sources. P/E 8.2, EPS \$7.50 STRONG BUY

-Great Northern Iron (GNI) USA iron ore. P/E 10, ROE 105%, Q earnings growth 31.9%, debt: *zero*. Current dividend is eighteen dollars, tho this will fluctuate w Q iron ore sales. GNI is a trust/lease that terminates in 2015 but leaves five years for this stock to rock

-Mesabi Trust (MSB) USA, iron ore. Profit margin 97.06%, *zero* debt. Estimated 308mil tons of proven reserves, enough for 54 YEARS of production @ max output. Shares went from \$11 to \$44 (we told you to buy it!)(we did) but there is still that \$3.64 dividend STRONG LONG-TERM BUY

-Cliffs Natural Resources (CLF) iron ore pellets and metallurgical coal, ops in US Brazil & Australia P/E 4, EPS \$5.22 Q earnings growth YOY 207.4% STRONG LONG TERM BUY

-Bucyrus International (BUCY) Heavy industrial & mining equipment: drag lines shovel systems blast-hole drills etc, pan-continental sales, big repeat sales & replacement parts, 74 mil shares out, #9 of Fortune Magazine's 2010 list of 100 Fastest Growing Companies, Q earnings growth 124.3%, owns Terex (mining equipment & infrastructure machinery) WOH. BUCYRUS HAS BEEN BOUGHT BY CATERPILLAR IN A HUGE CAT BID TO GO FURTHER INTO MINING SUPPORT TECHNOLOGIES

-Joy Global (JOYG) mining equipment. Founded 1884. \$2 bil market cap, small float, ROE 59.4% Q earnings growth YOY 69.5%, current P/E 5.49 UNDERVALUED

-Market Vectors Steel ETF (SLX) a basket of the world's ten premiere global steel and metals mining companies. Steel is a mess but will be in big demand starting in 2011, and for a decade or two, UNDERVALUED

Eramet (ERMAF:PK)(ERA:PAR) ERANV.PA)(France) Euro metallurgical conglomerate, iron steel plus alloys of nickel cobalt tungsten manganese etc sales into construction manufacturing aerospace etc but the five-year share price gain has been enormous

-Salzgitter AG (SZGPF.PK)(SZGX:GER) (DE620200)(Germany) rolled steel and tube products, tied for first as Germany's largest steel co (Thyssen Krupp) 1st half sales up 32% 1st half net profit up 10%, unsung and a sleeper co on world markets

-ThyssenKrupp (TKA:EX)(0K3Z:LSE)(TYEKF:PK)

(Germany) industrial conglomerate of which steel is key, plus many high-performance alloys plus all kinds of hard-engineering products like elevators. 5 divisions in 80 countries, PE 7.7, we favor London LSE or Euro DAX shares, STRONG LONG-TERM BUY

-Olympic Steel (ZEUS) smallcap steel, \$220 mil market cap, Ohio, many products including much value-added, P/E 3.22, a BUYOUT CANDIDATE for Russians or Mittal or NUE

-Steel Dynamics (STLD) smallcap American steel, improving numbers, BUYOUT CANDIDATE

-Companhia Siderurgica Nacional (SID)

(CSNA3.SA)(Brazil) ("CSN") industrial conglomerate: Brazil's strongest steel company in the Western Hemisphere's strongest economy, plus packaging, cement, railroads and hydroelectric power (Brazil gets 95% of its electricity from hydroelectric) 2:1 split in April has hugely discounted shares, which are one of the world's strongest 21st century long-term investments. Q NET INCOME UP 31% Q PROFIT OF \$1.4BIL, 28.9mil share buyback. Our 2nd largest holding, A MARKET WITCH BEST BUY

-US Steel (X) undervalued, but horrible red numbers in a ruined USA. Only 143mil shares out. Will a lot when we put the Infrastructure Rebuild on fast track. Various joint ventures an especially strong one w Kobe. STRONG BUY

-Nucor (NUE) Coming off a grim US era, Nucor has a Market Cap of \$12billion and an annual revenue of \$12bil as well, and although its profit margin is near-zero, the company has \$2bil in cash and only 315mil shares out...but until the US begins to rebuild, our steel investments will in Brazil and

global BUYOUT CANDIDATE

-Commercials Metals Co (CMC) USA heartland steel at least five foundries plus scrap business plus finished steel products, FWD P/E 9, UNDERVALUED & a BUYOUT CANDIDATE

-Arcelor-Mittal Steel (MT) (Luxembourg) the world's largest steel company also has its own iron ore mines and is ramping up ore production 50%. Essentially a giant family-owned business run by India's Mittals, who live in London. Purchase of Australia's MacArthur Coal assures proprietary coke supply. Co is rolling in cash, searching for acquisitions. FWD P/E 8.37 \$3.74bil in cash, shares are worth \$70, STRONG LONG TERM BUY

-Ternium SA(TX)(Luxembourg) small midcap steel co steel products, value-added, sales throughout Latin America, this co earned \$2.81 per ADR share on a \$23 stock most recent Q, UNDERVALUED

-Posco (LSE:PIDD) (USA: PKX) (Korea) Widely diversified steel products. World's 3rd largest steelmaker behind Arcelor Mittal and Nippon. New steel mill in Viet Nam, bought Daewoo International (conglom, steel mills etc) for \$3bil. \$12 billion steel mill project in India underway. EPS \$11.70, \$4.4bil cash revenues nearly \$34bil annually, 306mil shares out, UNDERVALUED

-Usinas Siderurgicas de Minas Gerais SA (SAO:USIM5/SA) (US ADR: USNZY)(Brazil) (usually called "Usiminas") basic steels: slab, plate, hot n cold rolled sheet and coil, galvanized, etc etc, market cap around \$5 billion, sales throughout the Americas plus China South Korea etc, dividend 11%. Sumitomo Bank has just bought a \$1.93bil stake in the co. UNDERVALUED

-Gerdau Steel (GGB)(Brazil) this 1904 nailmaker is 14th largest steelmaker and the largest producer of long steel- I-beams rod steel etc in the Americas, with steel mills in Brazil Argentina Canada Chile Colombia Dominican Republic Guatemala India Mexico Peru USA Uruguay & Venezuela. Owns 40% of Spain's Sidenor co and is in joint venture projects w Kalyani Group of India. 337 foundries in 14 countries, sales on five continents in 61 countries. Owns the majority of all steel foundries in Mexico. Owns Chaparral Steel, largest maker of I-beams in the US. Bought back the entire USA Gerdau Ameristeel enterprise. Investing \$1.4 billion 2008-2012 to increase steel production @ its Peru operations by 6X for both the domestic and global markets. Shares are outrageously undervalued into 2011 2012, Q earnings down 7% YOY but shares are WORTH \$56 in 2013 and STRONG LONG TERM BUY

THE RAILROADS

Notes: A century and a half later, nothing can replace the railroads for moving freight & cargo long distances across land. The US RR system needs an Infrastructure Rebuild. It will take money, and a lot of steel

-Caterpillar (CAT) Mining, agriculture and Infrastructure-building equipment. Legendary Caterpillar has joined the railroad industry! Bought privately-held Electro-Motive Diesel from Berkshire Partners

and Greenbriar Equity Group for \$820mil, a steal. 85-year old EMD is the world's premiere manufacturer of diesel-electric locomotives. In 09, EMD produced \$1.8bil in revenue on sale of its products. Caterpillar is based in Peoria Illinois, EMD is based in LaGrange Illinois.

CAT has bought mining equipment co Bucyrus International (BUCY) for \$8.6bil in a major bid to become one of the world's key mining gear providers. CAT has paid dividends every quarter for 75 consecutive years. STRONG BUY

-Norfolk Southern RR (NSC) Q earnings growth YOY 34.7%, EPS 3.16 FWD P/E 15, profit margin 14%, a billion in cash, Enterprise Value 1/3 higher than Market Cap, dividend yield 2.7%, strong NE Corridor RR infrastructure buildout, STRONG LONG-TERM BUY

-CSX RR (CSX) EPS \$2.77, Market Cap 25% below Enterprise Value, profit margin 11.64%, \$1.32bil in cash, FWD P/E 15, last stock split August 2006, UNDERVALUED

-Union Pacific (UNP) superbly managed, Market Cap \$33bil, Enterprise Value \$42 bil, profit margin 13.7%, \$1.44bil in cash, last stock split May 2008, STRONG BUY

-Burlington Northern Santa Fe (BNI) Market Cap \$33.4bil Enterprise Value \$42.6bil profit margin 12.3%, \$1.17bil in cash, last stock split Sept 1998, and another is coming, shares are up 34,% on the year, 121% on 5 years, STRONG LONG-TERM BUY

-Canadian Pacific (CP) Canada's 15,500 mile railway network, founded in 1881. FWD P/E 17, QEG YOY 14.5% 168mil shares outstanding, revenues \$4.25bil annually, profit margin 14%, UNDERVALUED

Notes: You can play BNI one of two ways: you can buy BNI shares, or you can buy Berkshire Hathaway shares (BRK-B)

-Bombardier (TO: BBD) Canadian maker of aircraft, locomotives railcars and recreational products (Ski-Doos and Lynx Snowmobiles) market cap 10bil Canadian, P/E 11, shares up 51% YOY, STRONG LONG-TERM BUY

AGRIBIZ

-Monsanto (MON) World's biggest seed co. Biogenetic engineering, agricultural products, agricultural chemicals. Focused on cotton, soy, corn and wheat. SmartStax® gen mod corn approved for use in Japan. Monsanto plans to triple revenues by 2012 but we don't see it. The co has the genetic engineering expertise be the world's single most important 21st century co but needs a new CEO a new board and an entirely new business model

-BASF (BAS.DE/ XETRA)(BASFY.PK)(BASF.EX) (Germany) world's largest chemical co, EPS \$5.94 div \$2.60 yield 4.92% UNDERVALUED

-SYNGENTA (SYT) Swiss seed @ agribiz competitor to Monsanto, purchased Monsanto's hybrid sunflower seed business, UNDERVALUED

-Lindsay Corp (LNN) agricultural irrigation systems, #31 of FORTUNE'S 100 FASTEST-GROWING CO'S, STRONG LONG-TERM BUY

-AgCo (AGCO) one of the Big Three agricultural machinery co's, makes Massey-Ferguson, world's leading brand of tractor for five decades. FWD P/E 15, 92mil shares out, coming off a debt crisis that Caterpillar is still in

-Deere (DE) Big Three agricultural machinery maker. Home also of the Gator™ off-road utility vehicle, originally developed for the military, 50 hp 44mph, currently the most fun you can have on wheels. Market Cap \$29bil Enterprise Value \$49bil, 3Q profits up 47% on strong US farm sales, UNDERVALUED

-CNH Global (CNH) Big Three ag machinery maker, Amsterdam based: Case-New Holland and Farmall® brands, 2nd largest maker of agri-equipment and third largest maker of construction equipment \$18.5BIL annual revenue, 90% owned by Fiat. STRONG LONG-TERM BUY

-Cal-Maine Foods (CALM) national wholesale eggs, based in Jackson Mississippi, #44 of Fortune Mag's 100 Fastest-Growing Companies for 2010, UNDERVALUED

-Archer Daniels Midland (ADM) transports stores processes and markets ag commodities in North America, market cap \$16.22 bil, P/E 10, undervalued

-CF Industries (CF) fertilizers, P/E 9, EPS \$9.82 # 6 of Fortunes's 09 100 Fastest Growing Companies. Bought Terra Industries (TRA) this buyout includes Terra Nitrogen (TNH) UNDERVALUED AND A BUYOUT CANDIDATE

-Terra Nitrogen (TNH) nitrogen fertilizers, \$1.6bil Market Cap, div \$9.44 yield 10.40%, has been bought by CF Industries. superb dividend

-Agrium (AGU) chems & nutrients, EPS 5.07 FWD P/E 8.38, undervalued, sales in Canada USA Chile, Argentina, UNDERVALUED

-Potash (POT) world's largest potash producer, Q earnings growth YOY 408.5%, earnings just tripled YOY in a 5th record year, # 10 of Fortune's 09 Fastest Growing Companies list, Q profits more than doubled, UNDERVALUED up to \$160. THE worst thing that could happen in the western hemisphere is for Canada to sell this co to China

-Compass Minerals (CMP) inorganic salts, fertilizers, markets in USA & UK, based in Kansas, \$2.4bil Market Cap profit margin 16% PE 15 EPS 4.84, undervalued

-Dow Chemical (DOW) agricultural chems, pesticides, EPS still under water

-Dupont (DD) ag chems fertilizers insecticides seeds seed processes and products, ag technologies. Owns Pioneer™ seeds. CEO Ellen Kullman took over a year ago, coinciding with DD's collapse from largest chem. Co to # 8 but div remained \$1.64 yield 5.10%. 70 R&D centers around the world. 2% of revenues now come from Africa and 40% of revenues are from products developed with past five years, STRONG LONG-TERM BUY

-Mosaic (MOS) potash & phosphates, EPS \$3.20, Q revenue growth YOY 67.9%, demand for fertilizers is skyrocketing, UNDERVALUED

-Intrepid Potash (IPI) Denver-based 2007 IPO just getting on its feet

-Bayer CropScience Ltd (BAYERCROP) STRONG BUY

-iShares S&P GSCI Commodities Indexed Share Trust (GSG) an unleveraged ETF futures commodities fund indexed to the GSCI

-Market Vectors agribusiness ETF (MOO) nondiversified agricultural businesses portfolio, UNDERVALUED

-PowerShares Deutsche Bank Agriculture ETF (DBA) UNDERVALUED

-PowerShares Deutsche Bank Commodities ETF (DBC) exchange-traded futures in oil aluminum wheat gold corn etc

-DAX Global Agribusiness Index ETF (DXAG) a broad basket of the best global agricultural companies with a market cap of at least \$150 million each

-Market Vectors-RVE Hard Assets Producers ETF (HAP)

This fund replicates the Jim Rogers-Van Eck Hard Assets Producers Index that 80s genius Jim Rogers constructed. This ETF downplays oil and pushes global agriculture. 321 companies within 6 sectors in 40 countries. YTD return 42%

-iShares S&P North American Natural Resources ETF (IGE) Net assets \$1.33 billion, YTD return 10.1%, STRONG LONG-TERM BUY

EXCHANGE STOCKS

-BMF BOVESPA SA (BVMF:SAO) (Brazil) The Sao Paulo commodities and stock exchanges IPO'd in 08, is fully-electronic Bolsa. Handles all ADR transactions in Brazil as well as all Brazilian deposit

receipts, earnings growth rate 11.64%. Your broker must have access to Brazil Exchange/ markets, and cant buy US or LSE shares, STRONG LONG-TERM BUY

-InterContinental Exchange (ICE) Atlanta's global-reach electronic commodities exchange has a Market Cap of \$7.78bil, a FWD P/E of 16.5, QEG YOY of 40%, is almost completely debt-free, and makes most of its \$\$\$ from Elsewhere. Low debt, only 70 million shares out, #12 OF FORTUNE'S 100 FASTEST GROWING CO'S, STRONG LONG TERM BUY

-CME Group (CME) the Chicago Mercantile Exchange bought CBOT in 07, creating a formidable 21st century commodities and electronic exchange, then bought NYMEX for \$9 billion. EPS \$10.02 profit margin 25% 66.43 million shares out, FWD P/E 13.7, profit margin 33%, div \$4.60, shares UNDERVALUED up to \$325

-NYSE Euronext (NYX) NYC's electronic exchange, most recent purchase was a 25% share of the Qatar stock and commodities exchange, Market Cap \$8bil div %1.20 yield 4.20% FWD P/E 10.8, UNDERVALUED

THE MARKET WITCH PHILOSOPHY

Our perspective takes into account future studies, global trends & demographics, anthropology, sociology, the effects of marketing advertising and public opinion, & weather: volcanoes droughts earthquakes etc plus history and plus USA's zeitgeist and pop culture.

We are usually two to three years ahead of current economic & cultural events and five to ten years ahead of longer & larger global trends. To maintain this perspective, we read *everything*.

At the start of the 1990s we were first invested totally in Harley Davidson. By 1994 we were invested in US infotech: INTC QCOM GLW CSCO SDLI JDSU MSFT etc.

We began investing in Global Mining in 2002 and in Brazil in 2004. We invested much more heavily in global mining in 2005.

Since 05 we have been starting to invest in other South American countries, and since 07 we have been watching Indonesia and SE Asia.

We expect to stay invested in Brazil for at least a decade more, perhaps two.

And now we are starting to invest in Africa. AFK.

We don't buy on margin & we don't buy puts calls or futures though we do under certain circumstances let skilled pros do it for us.

We disapprove of shorting and we believe it should be globally-illegal (because some investors have

the means to short stocks and some do not) though as the laws stand now it can be a legitimate way to play market meltdowns or extreme runups. We don't pump n dump. We used to comment on stock message boards but we rarely do now.

Market Witch *has* no political agenda. We are neutral. We are pragmatists. We think Barack Obama's presidency is a poor one, but it is no more a disaster than several other presidencies in our history even though it has caused much turmoil (more than Jimmy Carter, less than Lincoln) and brought the US culture war to a head.

Readers know we refer also to the Fox News crowd as GlennBeckistan.

We do however view the Tea Party movement as the strongest force in American politics since abolitionism in the late 1850s.

<http://www.youtube.com/user/MrTugwit#p/a/u/0/TTA4FdzzATg>

We believe as well that the Federal Reserve should be dismantled, and the USD tied once more to silver.

http://www.youtube.com/watch?v=PTUY16CkS-k&feature=player_embedded#

Destroy the money destroy the nation.

Because we are very much in tune with the USA culture-America's zeitgeist- we can tell you where the US is headed. We called Arnold Schwarzenegger's governorship win the day after he announced, in 2003. But we lost the bet on Meg Whitman as the Gov of California, so we are not infallible. We think California, the world's 8th largest economy, is already bankrupt, and if you can get worse than that, Jerry Brown is the man to do it.

And you had better get yourself an Alaska flag, because Sarah Palin will the next elected President of the United States.

Our astrological sign is an S with two lines through it,

It looks like this: \$

It doesn't matter what *we* want to happen.

What matters is what actually *will* happen.

And how it affects our investments, and yours.

We trust our own judgment. We love dividends. We adore monopolies and we invest in them whenever we can.

We pick companies based on our perception of what their actual future will be, in context with unfolding and future world events, and we can usually see three to five years ahead.

We invest cash in those stocks we think are most likely to appreciate, and we wait for the outcome.

The Primary Drivers of the TwentyTeens Global Economy, the decade 2011-2020, and of the continuing Global Commodities & Resources Supercycle, which provide foundation of current worldwide growth are:

-URBANIZATION: Wal-Mart has a foothold in Africa now. In twenty years you won't be able to tell if you are in Africa, or Ft Lauderdale

-INDUSTRIALIZATION

-DEVELOPMENT and EXPLOITATION of the last of the world's wide open wilderness spaces, unclaimed or 'tribal' lands, arable and reclaimable farmland and forest zones (South African farmland Bolivian lithium reserves unmapped Asian Russia, Afghanistan copper deposits, Venezuelan gold, the Andes & Himalayas, etc)

-NATIONAL AND EVEN CONTINENTAL INFRASTRUCTURE BUILDOUTS in Africa South America Mexico Central America Asia SE Asia Indonesia and also Asian and Siberian Russia including: wind and solar energy systems water systems airports RRs highways and telecom

-INFRASTRUCTURE REBUILDS in formerly productive areas of established nations including the USA, the industrial midlands of the UK, Northern Europe & the EU states- that have deteriorated over centuries

The Primary Drivers of the USA economy during the TwentyTeens, the second decade of the 21st century, 2011-2020, are

- the start of construction of the USA 2.0 level electricity grid

- the start of a wind-farm energy system

- the reestablishment of some sort of manufacturing base that puts blue-collar Americans back to work, and creates wealth

- and the exploitation of completely wilderness and even unexplored regions, and that especially includes Alaska, Siberia, Afghanistan, Paskistan, and the Andes. One day it will include Antarctica.

-possible ties/partnerships or even a political 'merger' with Canada, which has enormous unexploited resources but no population

The US desperately needs a \$2trillion Infrastructure Buildout to compete in this new century but so far US govt plans call for only \$50bil to be spent, or about 2.5% of what is actually necessary for the US to compete in the world economy. The rest is money the US doesn't have. US is then condemned to Third World Country status for as far into the future as we can see.

Unless there is a Second American Revolution.

And we think that is Coming Right Up.

Make no mistake about it: the United States is in a domestic Second Revolutionary War. During 2010 this became a hot culture war. As we enter 2011 it will likely become the early aspects of a real war, a hot war, not only with shoutdowns with skirmishes and demand for change, but possibly with incidents that involve bullets. If you doubt this, go to any gun store in America on a Saturday, and hang out and watch.

Meanwhile: the focus of American public outrage has moved off Obama, who has essentially been domestically neutralized, and onto the Ben Bernanke and the Fed, which needs to be dismantled and likely will be in 2012-2013. And onto the Transportation Security Administration, which should be profiling air travelers rather than offending ordinary Americans.

That focus may shift yet again back to Obama as the uproar over his (very possible) Kenyan birthplace heats up in the courts and in congress. If it can be proved (quite possible) Obama is Kenyan (and this quest is a priority in the new House and Senate and in various lawsuits that will reach various courts) the Executive Branch of the US govt will fall, and Obama will go to prison in the wake of the biggest fraud ever perpetrated on the American people.

In the interim: what really matters is the USA's 35% corporate tax rate. When that rate is lowered to 20%, know that the US is on the way into 21st century leadership. If it is not lowered, view the US as you would view Argentina or Venezuela.

The USA is currently in a geo- politico-cultural-economic crisis in that two separate cultures occupy one geographic location.

The 21st century American mainstream culture that is defined by Jon Stewart Stephen Colbert Nancy Pelosi Keith Olbermann Rachel Maddow Paul Krugman Whoopi Goldberg John Pistole (head of the TSA) and *Time* magazine, and the culture that is defined by Glenn Beck Sarah Palin Jan Brewer and the Entire Former American Middle Class who are Now Newly Poor, and the 40% of Americans who identify with the Tea Party movement, are at war with each other.

Only one side will win.

In order for the US to move forward, one side will have to die.

What the USA becomes next depends upon which side wins.

This confrontation will begin to climax in 2011, as the US begins to move into what is essentially a Second Revolutionary War in 2012.

This may very well become ugly, it may begin to involve occasional gunfire incidents a la the battles of Lexington & Concord, 'the Shot Heard Round the World', in 2011, and this *will* affect the US economy and the US equities markets.

But it will have little effect on the Global TwentyTeens 2011-2020 Bull Market, the Global Infrastructure Buildout or the far larger (and longer) 20-30yr Commodities Supercycle.

To the extent that we see this US domestic confrontation unstoppably on the way, we have only 9% of our investments in American companies.

But we believe at least *forty* US companies are not only safe investments through these times but are so undervalued that they are close to being once-in-a-lifetime long-term buys.

See *Market Witch* November 2010: America's Top Forty.

An attempt continues From the US Treasury Secretary (Geithner has been an extremely poor choice and a failure as Secretary, and came into office owing back taxes) to remount the US investment banking community on its former throne and re-establish "money" (ie the creation of debt) as the USA's chief global export product and to reestablish the now- broken American 'consumer' society. An attempt continues by the Fed to print our way out of this with \$600bil in new faux money. This will lead to \$1450 gold reasonably quickly and 1800 gold by the end of 2012. It will also lead to the dismantling of the Federal Reserve.

"Experts" (like Bernanke) continue to believe the US is in an economic "cycle" and that US 'consumer spending' will return to reboot the US economy.

It won't.

The USA's middle class is gone and gone for good for at least another decade, and probably permanently unless we make the correct choices as a country.

With the disappearance of the US middle class, so also the disappearance of the USA's former consumer spending habits, *ie the US consumer economy can no longer support China's growth*.

The US dollar, a currency with no tangible backing, is now utterly dysfunctional. The US cannot support itself selling its "money" which is actually the creation of debt not the creation of wealth.

And the United States cannot support itself in the style to which it became accustomed 1955-1998 via

Americans selling iPhones to each other and opening kitchen-table ‘stores’ on eBay.

Consumer spending is commerce and it is economic flow of goods and services and it keeps people busy. But it is *not* Wealth Creation.

Our nation continues to excel in science and biotech and entertainment. And while the US continues to be a leader in agriculture, a breadbasket and butchershop to the world, Brazil is fast assuming that role.

It will take some major US practical technological breakthroughs to create one or more new American industries that can help the USA create real jobs for its people and once again sustain itself.

We’ve discussed aspects of Third World America in every MW issue since May of 2005.

The US is in a permanent state of economic deterioration because it has no manufacturing and industrial base. iPhones and Blackberries and Google are no export substitute for export steel, autos, tractors, bulldozers tires I-beams appliances industrial equipment manufacturing 21st century “green” electric grid systems, aircraft and ships & trains.

To invest in the future of the USA, invest in Caterpillar Corning and the Railroads.

The US needs hard industries and a manufacturing base and world markets to sell to if the US is to support its economy and its people.

If we have to buy our locomotives from China and our steel from Brazil, what are we going to use for money to buy these things? Shall we print even more cash?

The Global Commodities Supercycle is gaining strength as we enter the TwentyTeens. In another five years the demand for copper steel and heavy industrial products will have nearly doubled due to the Global Infrastructure Buildout.

The USA is no longer pulling the world’s economic train, it is being pulled by it. We are the industrialized world’s caboose now, not its locomotive. And the US is being (just like ANY Third World Country) colonized. The Tea Party movement seeks to change this.

As the rest of the world begins a historic 21st century Infrastructure Buildout that will last for decades and will create a global industrial, ag-tech, and a “green” 21ST century civilization, other economies are jockeying for growth, power, and leadership positions in this new-century economy.

The US will continue into its permanent further decline in the US standard of living and in the nature and stature of the USA unless the country can redevelop a manufacturing base and build for itself a new means of creating wealth rather than creating “debt” (credit) and pretending this is the creation of wealth.

Currently Germany India and Brazil are the only countries able to invent themselves out of economic hard times or catastrophes. Whether China can do it remains to be seen, but you'll note that we own *no* China stocks.

The USA has in the past been able to invent itself out of hard times.

Whether the USA can do that now remains to be seen. Much depends on which side wins the USA's domestic Second Revolutionary War.

The US may have to relearn how to invent itself. In 2011, that is exactly what seems to be happening.

China and Russia both have long track records as thieves. Russia is closer to giving this up and closer to being able to invent itself out of poverty than China is. We regularly own Russian stocks, we almost *never* own a China stock even though we like selected China solar energy stocks and some of China's mining companies, industrials, and railroads.

"Good old American know-how" remains a very real concept. A good example of this is Corning's optical cable. Another one may be GM's Chevy Volt. Another is Facebook.

The most likely path to a renewed US is through science engineering technology medicine & genetics/ biotech. It could be that we need a new Henry Ford, but first someone at MIT will have to invent or discover something useful practical and lucrative.

At present:

(A) the USA has dumbed down hamstrung and ruined its public education system since the early 70s, now has four decades' momentum of educational ruin, and is unlikely to recover. The US now has a poorly educated illiterate civilian citizenry and a culture of t-shirts baseball hats and hourly wages paid to Americans by foreign-owned companies.

(B) what do we *do* with our millions of unemployed blue-collar day laborers? What do we *do with our formerly white collar now dirty-collar workers*? More importantly, what will these men and women themselves do as it becomes apparent 10-15% unemployment is the USA norm & that these job losses are permanent?

Both of these groups have no chance of even regaining middle class economic status unless the US is turned around by political forces.

(C)The USA still rules the skies and the seas, and our military remains the strongest and most sophisticated on earth. But can the US continue to financially- support this military?

Stay away from US dollar instruments as a long-term place to store wealth. CDs? T-bills? Stay away. Gold became Global Money in 2007. Silver historically is gold's shadow and, historically, will re-

monetize.

Platinum already has become a second “money” in the Global Outlaw Economy

We advocate investing in High Net Asset Value shares- resources co's- metals & mining, gold and silver mining, and tangible physical assets like shipping and RRs, in REITs that are buying up global farmland, office space apt buildings and malls, and to a lesser extent commercial real estate REITs in the world's great cities like Berlin and Melbourne and Rio.

We believe ownership of shares in Global High Net Asset Value companies is the key way to survive and thrive economically in the 2nd decade of this new century.

To “old money” all this is no surprise, it is standard operating procedure. What matters to ALL companies now is Cash Flow. And what matters to investors is yes growth but more importantly demand for basics (for iron ore, copper, aluminum nickel cement etc) and dividends. The wealthy know this and that's why they're wealthy.

The early 21st century million-dollar-portfolio holds basic-materials/metals companies, fertilizer and seed companies, big global mining, global utilities, global & regional steel, gold, global shipping, petroleum, alternative “greens” especially windpower co's, and most recently, commodities ETNs and ETVs as major components, and has strong & direct ties to Latin American German Russian Australian African and Indian economies plus some domestic ties to China (want to invest in China? Buy MCD) as the new consumer of manufactured products and resources.

China, now the second largest economy, is the single dominating factor in world trade, *but this may be on the wane*. By the end of this new decade, the TwentyTeens, the largest economy will be South America, and by 2030-2040 the largest economy may very well be Africa or Africa/Middle East.

Meanwhile, when Q dividends come in, we reinvest them in more shares from the companies in our STRONG BUY lists.

The world has entered into a new decade of what we believe will be one of unparalleled global economic growth and transformation.

A great deal of prosperity is on the way in this new decade but it's prosperity in both old and new places: China...Brazil...India... Africa...Colombia...Mexico...Indonesia...SE Asia...Iran...Portugal...
Australia...Germany... France...

Whether Americans get a piece of this boomtimes era p[ie is very much open to question.

Before the American People can share in this global commerce bonanza, the United States will not only have to create a new industrial base and new industries and have new desirable products to export,

the US will also have to lower corporate taxes, resolve its political impasse and successfully navigate an era of domestic social and political crisis that renationalizes the country and ushers in a new era of patriotism and national unity.

If we can't pull this off, we fail.

America became a Third World Country around 2005: indebted, under-jobbed, poorly-educated, its people extensively illiterate dirty, poorly-dressed, out-of shape and unemployable, with poor verbal skills, and with fewer skilled laborers and few jobs for skilled laborers, playing into a shrunken industrial/manufacturing base, with a health care system that is both dysfunctional (in terms of the health of r people, we are 37th among nations)(in terms of best place to live and earn a living we are 11th) for those who use it but also beyond the financial reach of half of Americans.

As a result we are a country available for exploitation by (and our assets for sale to) countries with the cash to buy up the USA's assets and to utilize the USA's now- cheap American labor force desperate for a paycheck.

Our number one exploiter? Used to be Japan, now it's China.

Our number one exploiter in the future? Almost everybody, unless we can recreate the nation that the Founding Fathers designed.

HIGHEST DIVIDENDS

Data from *London Financial Times*, Google Finance, Reuters,

Yahoo Finance, Bloomberg, & Others

-Windstream (WIN) US rural telecom, div \$1.00 yield 8.97%

-CenturyLink (CTL) US regional telecom, div \$2.90 yield 6.70%

-Ship Finance Ltd (SFL) div \$1.32 yield 7.20%

-BP Prudhoe Bay Royalty Trust (BPT) div \$8.38 yield 8.80%

-Lineas Aereas Inteligentes SA (GOL) Brazil air cargo, div \$1.59 yield 11.9%

-Permian Basin Royalty Trust (PBT) div \$1.40 yield 7.20%

-KKR Financial (KFN) SF-based, buying up residential mortgage loans= aspiring REIT, Market Cap \$1.19bil Enterprise Value \$7.81bil, highly leveraged but buying up assets on the cheap, profit margin 84.5% div 40 cents yield 5.2%

- Mesabe Trust (MSB) royalty trust, iron ore, currently \$0.50 div yield 3.0% but FWD P/E is 8, QEG YOY 132%, div will go way back up
- Cellcom Israel (CEL) wireless telecom Israel, 3.3mil subscribers div \$3.10 yield 11.40%
- Torch energy Royalty Trust (TRU) royalty trust, natural gas, \$0.41, yield 8.6%
- Dominion Resources Black Warrior Trust (DOM) natural gas royalty trust, \$1.28 yield 10.5% this div will fall but will still be high
- Hugoton Royalty Trust (HGT) royalty trust div \$1.74 yield 9.1%
- San Juan Basin Royalty Trust (SJT) royalty trust, natural gas, div \$2.43 yield 9.7% STRONG BUY
- Banco Santander (STD) Spain-based, activity in much of Latin America, strong player in Brazil, Spain's EU related problems are overrated, div 0.94 yield 9.00%
- Powershares Intl Dividend Achievers (PID ETF, good choices in their holdings, we're watching
- World Wrestling Entertainment (WWE) div \$1.44 yield 8.30%
- Deutsche Telekom (DT)(LSE: OH3R) div \$1.04 yield 8.1%
- Vanguard Dividend Appreciation ETF (VIG) YTD return 12.69%
- CPFL Energia (CPL) div \$5.64 yield 7.8%
- Ford Preferred (F-PS)(F-S) div is \$3.25 yield approx 9%
- CenturyTel (CTL) div \$2.80 yield 8.00%
- Malaysia Fund (MAY) (ETF) div \$1.01 yield 13.10%
- Hatteras Financial (HTS) (mortgage-based REIT) div \$4.40 yield 15%
- Royal Dutch Shell (RDS-B) div \$3.36 yield 5.9%
- Grupo Aeroportuario del Pacifico (PAC) (airports) div \$2.14 yield 7.4%
- CenturyTel (CTL) div \$\$2.80 yield 8.90%
- Plum Creek Timber (PCL) div 1.68 yield 5.6%

- DuPont (DD) legendary US company, div \$1.64 yield 4.8%
- Navios Maritime (NMM) div \$1.66 yield 10%
- General Maritime (GMR) div \$0.50 yield 6.4%
- Great Northern Iron (GNI) div \$7.20 yield 8.2%
- Terra Nitrogen Holdings (TNH) div \$5.00 yield 6.50%
- Thyssen Krupp (TKA.EX)(TKA.F) div 1.3 euros yield 7.53% STRONG LONG-TERM BUY
- Realty Income Corp (O) (REIT) div \$1.72 yield 5.9%
- Annaly Capital Management (NLY) REIT...listed as an REIT means they must pay out 90% of profits to shareholders, in exchange they pay no corp income tax and get to keep 10%. Div \$2.60 yield 14.9%.
- MFA Financial (MFA) REIT, div \$0.76 yield 10.1%
- Reynolds American (RAI) div \$3.40 yield 7.70%
- Apollo Investment Corp (AINV) div 1.12 yield 12.9%
- Carnival (CCL) div \$1.60 yield 5.7%
- Altria (MO) div \$1.28 yield 7.3%

Notes: Our favorite stocks for now are growth stocks that are also High Net Asset Value stocks and pay a fat dividend

MARKET RESEARCH CENTERS, ACADEMIA, & THINK TANKS

How we know what we know: a link to the organizations we visit.

<http://www.marketwitch.biz/research.html>

WHAT WE READ

The business news from every continent

<http://www.onlinenewspapers.com> The single best guide to the world's online newspapers that are published online. *ALL* the world's newspapers that are online are linked here

http://www.nla.gov.au/collect/os_news.html

<http://www.thesaudi.net/arab-world/media/index.htm>

<http://www.southamericadaily.com/>

<http://www.shanghaidaily.com/>

INFORMED INVESTING

How we create the broadest investment perspective in America:

<http://www.marketwitch.biz/informed-investing.html>

Please note: If YOU subscribe to Market Witch and YOUR email address is set to refuse emails with attachments, it is a problem *we* can't fix and it is not our financial responsibility.

Investment community professionals say our \$100 Market Witch annual subscription is one of the era's *remarkable bargains*. We're not expensive *because we make most of our money from the markets not from subscribers*. Subscriptions are non-refundable.

We have neither the staff nor the time to answer questions. *Nevertheless, if you query us we may actually answer.*

Copyright January 2011. YOUR results MAY VARY. NO "guaranteed trading system" exists and NO ONE, including the staff of Market Witch, can guarantee that the results of a trade or investment will be profitable. Any and all advice should be considered purely hypothetical. We are not responsible for errors in data. Readers of Market Witch/Stocks You Should Own, Market Witch, Marketwitch, marketwitch.biz, and marketwitch.com agree to indemnify and hold harmless Market Witch/Stocks You Should Own, Market Witch, Marketwitch, marketwitch.biz, marketwitch.com, its officers, principals, owners, partners, associates, employees, relatives and heirs in the event of any losses liabilities or indebtedness generated by reading Market Witch. Although Market Witch attempts to prevent any passage of electronic viruses via email, e-mail attachment, or downloads from our offices or from our website, Market Witch cannot guarantee that any communications or attachments are virus-

free and accepts no liability for damage of any kind sustained as a result of viruses. References made to and links provided in Market Witch for Web sites and other resources as potential sources of information does not mean that we at Market Witch endorse information you might find there: we have no control over the content contained in these references or links. Market Witch officers principals partners associate employees heirs and relatives are not responsible for any errors in translation from English into other languages or from foreign languages into English. The views in this monthly publication are valid as of publication date and may not reflect our views at any time thereafter. Permission is granted for use of normal and limited quotation from Market Witch issue text provided full credit is given to Market Witch. Copying/Reproduction of Market Witch by any means is prohibited by federal copyright law 17 et seq. Copyright 2011 Market Witch/Stocks You Should Own® Market Witch® Marketwitch® marketwitch.biz® marketwitch.com® marketwitch.mobi® and marketwitch21@aol.com