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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

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BEER FOR MY HORSES: 2600 MILES THRU THE USA'S NEW WEALTH BELT

Eurozone: the Outcome
Franklin Roosevelt and the Arts
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The MW Strong Buy Lists

Water moccasins rattlesnakes black bears red wolves fire ants & alligators. Boudin balls hushpuppies boiled crawfish & BBQ. Texarkana traffic, LSU, & Ole Miss. Sasquatches. And jobs. These states are now the USA's Primary Cultural Influence, Financial Powerhouse and Media Influence. Once poor, the New Wealth Belt has manufacturing, tourism, pride, patriotism and money to burn.

We last did an over overview of Americana like this one five years ago in the MW issue *Tequila Makes her Clothes Fall Off* and the expedition took us by truck through St Louis Joplin Branson Tulsa Oklahoma City Muskogee Little Rock Hot Springs Vicksburg Biloxi Memphis & Nashville and Louisville and back through Cincinnati.

It was a different time then. We saw few busy towns much economic stagnation and a great deal of poverty.

This 2012 overview took us from Cincinnati Ohio through Louisville (Kentucky Derby, baseball bats), Paducah, Little Rock, Hot Springs, Hope Arkansas, (Bill Clinton's birthplace) Foulke Arkansas (Bigfoot sightings reported since 1946) Texarkana, Dallas, Waco, Shreveport Louisiana, Lafayette Louisiana, Baton Rouge (state capital of Louisiana but equally as important the home of LSU and America's college football capital) Biloxi, Natchez, & Oxford Mississippi (Oxford is the home of University of Mississippi, Ole Miss, and also the home of Nobel writer William Faulkner's town his literary literary Yoknapatawpha County) Tupelo (Elvis was born there) Jackson Tennessee (Carl Perkins, who wrote *blue suede shoes*, was born there) Lexington Kentucky and back through Cincinnati. Turn that satellite radio on in your big 4wheel drive pickup truck, turn on that local country FM station, and come along with us and explore. There ain't no dust on this bottle...

http://www.youtube.com/watch?v=O0_QSmxKJ8M&feature=endscreen&NR=1

AMERICA'S NEW WEALTH BELT

Our criteria for determining wealth in communities, states and regions is simple community health. Thriving places look like this:

- no trash in the streets
- no graffiti
- no panhandlers
- no demonstrations
- a small per centage of dilapidated poorly-kept-up houses and yards
- healthy real estate markets for houses office buildings and apt buildings
- jobs
- a strong manufacturing base
- a strong tourism base
- local pride
- jobs

- a vibrant gaming/casino industry (Kentucky has eight casinos, Arkansas has three, Texas has ten, Louisiana has twenty-seven, Mississippi has thirty-four)
- very few junker and rusted-out trucks and cars on the roads, a rarity to see auto breakdowns on the road
- historic social draws and events (Nashville, The Alamo, Memphis, New Orleans Mardi Gras,
- a vibrant and busy new and used car & truck dealerships
- no one living in or sleeping in cars, no panhandlers
- a thriving motel/hotel business
- few or no public drunks
- zero evidence of gangs
- traffic* (a lot of traffic is good: it means people are busy and motivated, have jobs, places to go and people to see
- a profitable and successful Agribiz base if applicable
- jobs
- reasonably uncorrupted local & state government figures including the police
- busy \$100-for-two- dinner-menu restaurants
- lots and lots* of horses and motorcycles as well as off road toys like jeeps and ATVs and surfboards
- very few* pickup trucks on the roads with mattresses and furniture roped into their truck beds a la the Joad family of Okie Dust Bowl *Grapes of Wrath* style. We saw a lot of this in Ohio. We didn't see *any* of this in Arkansas or even in Mississippi
- identifiable and highly accessible local foods
- clean public rest rooms *everywhere*
- local 'legends' that continue to live on whether alive or dead (Audubon, Billy Blythe (Bill Clinton), Davey Crockett, Sam Houston, Willie Nelson,, Carroll Shelby, Levon Helm, Dick Van Dyke, Alan Ladd Johnny Cash Billy Bob Thornton Sam Walton etc)

-cheerful well-dressed verbally-literate clean competent upbeat people: few raggedy former middle-classes, few passive-aggressives and sullen, few or no visible homeless, rarity of bad-attitudes, pleasant polite demeanor

-interest in sports & nature & exercise and well as hunting and fishing

-regionally-significant local animals (armadillos, coonhounds , rattlesnakes, large-mouth bass, alligators etc) that contribute to local legend character folklore and pop culture

-more residents in the local restaurants than in the chains like MCD or Red Lobster

-high level of interest in fashion, dress codes, plastic surgery, exercise, etc

-low level of social discontent, political radicalism & racial enmity

-jobs

-intact social constructs (churches, womens clubs, local poker games, local fishing tournaments, local cotillion 'coming out' debutante events, etc etc

On that basis, here are some of our observations, both general and specific, from our 2600 miles on the American road through the New Wealth Belt:

-Arkansas, once an impoverished backwater, has not really been poor since the Walton family (WMT) became successful, but a lot of its regions were, and though there used to be hunting and fishing tourism as well as thriving Agribiz in the eastern ½ of the state, there were also people living in their cars in state and national parks. That's no longer true. Arkansas' mountainous winding country roads have also made the place a paradise for bikers and an extremely popular end destination for bikers.

-Church is *real*. Everybody goes. Some churches have mixed congregations and people get along. Parishioners shout sing testify and respond to sermons in ways –even in conservative churches- that would embarrass or even appall most Northerners. There are more Catholics in the Deep South than Northerners realize and that's because much of the region was originally 'discovered' by the Spanish (Ferdinand DeSoto etc) and pioneered by the French.

-No one we spoke with or interviewed in Arkansas Texas Louisiana Mississippi Tennessee Kentucky had the slightest idea what to make of the Florida Zimmerman case. No one wears hoodies here, and there does not seem to be very much gangsta clothing or lifestyle. There also seems to be far less racism in the New Wealth Belt than in the North (far less for example than in Ohio or Indiana or Pennsylvania or Maryland). Blacks and whites seem to stay separate where they feel like it and merge and socialize together where they

feel like it (particularly in restaurants on public golf courses in business and during leisure time) and everybody 'gets' it. Both blacks and whites are profoundly proud of their culture their region and their values. They see themselves as 'Americans' *only secondarily*. They see themselves as Texans, Little Rockers, Cajuns, Arcadians, Mississippians, Memphis townies, people whose local turf is Churchill Downs.

-The North (and its authors) still study the Civil War. Southerners pay no attention to the Civil War at all except to the extent (whites) the South was unnecessarily destroyed and to the extent (both blacks and whites) it was a part of *everyone's* family history. In Vicksburg, at battle sites and memorials, we saw *only* out of state license plates. In Natchez, at a B&B, the matron brought out her great-great-grandfather's *artificial leg* at a family-style B&B breakfast, telling a tale of war, chaos, injury, and a 20-mile horse ride.

-We saw absolutely *no* 'muslims' or muslim dress code- none- *anywhere* on this 2600-mile trip. We saw no burqas no headscarves, no sharia or even any concept of sharia. Zero nada zilch. We did not see one single headscarf. No Berkeley California dashikis either. Regional blacks are a mainstream part of this Wealth Belt culture. They have jobs, kept-up houses, nice cars, and are at the dead-center of the Wealth Belt culture.

-Though there are many pawn shops, There aren't very many sell-your- junk-gold-for-cash stores here, as there are all over the North and in the West. Dow here, everybody gets it: gold was money before the Civil War, it was money during the Civil War, it was money after the Civil War, and it is money now. There *are* pawn shops, and they're fun: <http://www.bollweevilpawn.com/>

- There are few European cars: In 2600 miles, we saw *one* Jaguar, a 4door, and *two* BMWs, one a 4door and one a convertible. The norm: *new*American and Japanese SUV's (ie less than two years old) *new* pickup trucks of many and varied configurations but almost all fewer than three years old, and a thousands upon thousands of new Jeeps both 2door and four door. We drove a rental Hyundai (Korean) Santa Fe SUV. In 2600 miles we did not see one single vehicle like this one. A 'town' luxury sedan is a Cadillac CTS. Or if you are very daring, a Lexus. A luxury SUV is a Cadillac. A corollary to this is that Wealth Belt people are in no way Eurocentric. They could care less about Greece's problems & Germany's responsibilities and France's election results.

-This Wealth Belt culture is somewhat conservative (economically & historically) and somewhat liberal (far better race relations than for example in Florida or Ohio and because this Wealth Belt is Prosperous there aren't the issues that would sway the US 2012 election. We *cannot imagine* that Mitt Romney can relate to this Wealth Belt community.

-Wealth Belt blacks *like* Obama (they especially like his wife) and are *proud* of him, but many don't exactly understand who he is or what he represents or especially approve of his values or the job he has done. Wealth Belt blacks especially in Louisiana and Mississippi are very proud of Obama. They consider Obama to be what blacks term 'bright'---that means a light-skinned black or a black of mixed heritage (nota bene *most* American blacks have some Caucasian genes/blood/heritage)

-It is seriously hot in the summer down here. It really does get to 110 fahrenheit here in the summer and the air is wet. What's called the 'heating and cooling' industry is enormous here. A journeyman air conditioning specialist has a status here similar to what an internist might have in Philadelphia.

-Hardware stores and 'general stores' and tractor sales/ agribiz equipment stores are a social hub of the community, second only to church PTA soccer momism and dads coaching baseball. [The Kaffie-Frederick General Store in Natchitoches](#): opened in 1863, still sells horse shoes.

-There are Dollar General (DG) stores *everywhere* ...a heads-up that although the local residents are flush, and making their truck and SUV and house payments, they are not about to throw money around. They spend discretionary income on fishing equipment, food, local restaurants, shotguns rifles & archery gear, small boats, uppity lawn mowers, yard greenery, elegant shiny trucks 4wheel drive vehicles like jeeps and ATVs, and most especially horses, horse tack and gear, and horse trailers.

-In Hope Arkansas (Bill Clinton's birthplace) (population 10, 383 unemployment 9.0%) a *majority* of local whites we talked to believe Obama is a muslim. Hope, Iowa blacks are very proud of Obama. No one *we talked to* in this town, except for the librarian, and the owner of a car dealership, had *ever* been outside Arkansas.

-The heaviest traffic we have ever seen, ever, except on one Friday afternoon during rush hour in metro Washington DC, was at high noon on a weekday in Texarkana. Texarkana= population approx 40,000, key employers are Cooper Tire (CTB) International Paper (IP) Wal-Mart (WMT) health care and Domtar (UFS). Unemployment rate 6.9%. This region is a historic travel crossroads and likely was for more than a thousand years, even before the Spanish visits. The region- and Arkansas north of it- is the home of what is called locally 'Yellowood' that's local for yellow pine- which is a source material for paper and furniture. The people are notoriously upbeat, and altho the city has some historic buildings, are not looking back. They are totally ok with their 21st century mall lifestyle, their jobs, their new cars, their schools, and their place in the world. Local restaurants do better than MCD/Wendy's chains.

-Fouke, Arkansas. Population 814. Zip Code 71731. In miller county and part of the Texarkana, Arkansas /Texarkana Texas metro area. Has a high school. Household median income \$25,192. Town has a total metro sq mileage of 1.0 square mile. Following the Second World War, sightings of a sasquatch, or bigfoot, in this region, began to become visible on media radar. It was first called the "Jonesville Monster" and then after 1971 the Fouke Monster" after it allegedly attacked the home of Bobby & Elizabeth Ford May 1st 1971. Sightings were reported again on May 23rd and then numerous in the area. The media picked up on this and stories about it were published in the *Texarkana Gazette* the *Texarkana Daily News* and the *Shreveport Times*. The Bobby and Elizabeth Ford event was made into a movie, "The Legend of Boggy Creek" in 1973. Several sequels have followed, all the way up into 2011. Starting in the late 80s, the Fouke Monster was a fixture on cable TV on science and human interest and tabloid channels. Interest continues to this day. This was the tale that put the region on the movie and cable TV map and brought

the Arkansas/Louisiana Texarkana corner to the attention of the national media and then to everybody. The icing on the cake, and the project that turned the region into a legend and an icon was *Swamp People*, which debut'ed on the History Channel Aug 22 2010. And it put the Atchafalaya River Basin on the map in the way the Robert Louis Stevenson did for pirates. The area is the largest swamp in the United States. It includes the Atchafalaya and the Red River and the Cane River basins from the NW corner of Arkansas down through regional cities of Texarkana and Shreveport, all the way down to Natchitoches. This entire river basin is 1,245,000 square miles. And this region is the last wild place in the United States. And because of the History Channel, Animal Planet, Bigfoot and *Swamp People*, The region now has the attention of the entire population of the US, and is celebrated weekly. That means the region's rugged independent values, its self-reliance code, and its competence and practicality and pragmatism and common sense are being drilled into the rest of America weekly on calve television. It's no accident that the US is becoming more conservative.

Is the Fouke Monster real? For starters, there are obviously more than one sasquatch in the region if there are any. It's called cryptozoology and it is the study of unexplained or hidden or occult animals. A visit to the Atchafalaya will convince you that sasquatches may be real. It is possible to leave the highway here on foot, and to become lost beyond redemption 100 yards from your truck. People carry GPS handhelds in this region. What if you trip on a root or a cypress knee and the GPS unit gets wet? Add to this: water moccasins, 1000 lb alligators, plus bears rattlesnakes red wolves and the occasional American mountain lion and you have a recipe for a media frenzy and America's new regional sweetheart.

-Dallas, the primary city of the Republic of Texas, Dallas is the 9th largest city in the US and has a metro population of almost 6.4 million. It also has a gross metropolitan annual product of \$374 billion, a figure far above the annual GDPs of many countries. As a matter of fact, Dallas as an entity is 14th in terms of GDP. Dallas was once just a big Texas regional city. Now it is a legendary global city, up there with Hong Kong Shanghai Amsterdam London and Berlin. Dallas has been rich since the days of cotton and cattle and railroads. It really became rich in the late 30s and early 40s, the war years, with wildcatting, and the oil biz put the region on the global wealth map forever with the Liz Taylor Rock Hudson James Dean Dennis Hopper movie version of Edna Ferber's novel *Giant*. Dallas now has a big industrial sector an enormous financial sector and as a transportation and goods hub, is one of the busiest airports on earth. It is ranked an Alpha World City by the Globalization and World cities Study Group. Dallas is currently America's Job Capital. If you doubt this ask your children or ask your children's friends. Right now, 20% of American kids 24-35 live at home with their parents. Rest assured few of these are in Dallas. Of 29 children in that age group who are the kids of people we know or readers of MW whom we know have children in that age group, fourteen of these kids live in Dallas. Of the rest, they may live in Austin, the state's real capital. Dallas and Austin are the two fastest-growing cities in the United States.

-Racial barriers and issues no longer seem to exist here (some of this may be simply an aspect of good manners) but economic and class barriers very much do. There is very much an upper class in the Wealth Belt and it is dependent on family history and 2-3-century-old roots as much as on money.

-Motels that are right off the Interstate exits that are not chain motels (Marriott Holiday Inn red Roof etc) are entirely owned by Indians and Pakistanis. They are the best Interstate places to stay when on a long-distance trip and offer sophisticated owners and great breakfasts. Evidence suggests that those who formerly owned motels in Florida have fled and relocated to Arkansas Tennessee and Kentucky.

-Natchitoches, Louisiana, population 18,000, has quickly become one of our favorite towns on earth. It is in western Louisiana, on the Cane River, 30 miles from the Texas border, 100 miles from Shreveport and 100s of miles away except from anything else but back country and sugar cane farms. Founded in 1714. People still to some extent speak French or at least Cajun French. Closest major cities are Dallas in one direction and Baton Rouge in the other. We don't know how to pronounce it. We say Natchitoches. Locals say 'natchitoché' and the place is southern and western at the same time. It is a tiny tiny version of New Orleans. At one time it was a cane growing capital and still is. At one time it was a wealthy plantation zone. *Steel Magnolias* was filmed here. Possibly the best regional food in the United States. Stay at the Thibodeaux famille motel, [the Riverview Inn](#) a mile from downtown but you can catch largemouth bass and see rare herons (also turtles big water moccasins and medium sized gators) from the dock at dawn. The local general store may be the finest hardware store in the US, and sells various types of horseshoes. Eat at *Mama's Oyster House*. The town cookbook, *Cane River Cuisine*, first published in 1974 by the local women's club Service League of Natchitoches, Inc (incorporated: these Southern ladies get it) is now in its 29th or so printing and is a national legend. [To buy it:](#)

-Baton Rouge: state capital of Louisiana. Metro area includes wilderness, vacationland, second-home lakeside, fierce cooking, enormous regional pride. *Baton rouge is what the towns and cities of the US were like when Thornton Wilder was writing Our Town*. It is 4th of July all year long. Serious fishing, serious alligators serious water moccasins serious politics. Blacks and whites totally get along and eat in each other's restaurants. On the Natchez Strip that at one time included 30% of all the millionaires in America. John Jacob Audubon (Jean Jacques Audubon)(French naturalist, most famous nature painting legend of all time) came here & lived here he arrived to teach a plantation owner's daughter, and he did 32 of the 400+ primary bird paintings here. Lots of these paintings are now worth millions but once hung in a plantation household that raised cotton and veggies. Metro area 832,514. Home of LSU, flagship university in the state. Capital of an area that looks to the future of education. This play says: why are we educating southern blacks and poor southern whites to go to prison? We could just as easily educate them to make a giant impact in the 21st century. No more expensive to do it right than wrong: Why should we subsidize poverty when we could as easily educate some nobody who could cure cancer or straighten out the energy crisis? Stay at the St. Francisville Inn. Note the sophisticated new bridges over the Mississippi. Stay for the utterly astonishing food. Unemployment rate is 6.4%. Baton Rouge is a far more liveable version of Dallas. *Behind Dallas and Austin, Baton Rouge is the primary job destination site in the US east of the Rocky Mountains*. LSU is the early-on odds favorite to win the 2012-2013 SEC football championship. Why are we not surprised? A local FM radio station, KPCP, is available over the Internet and will give you a feel for the region.

-[Boudin balls](#)

[-The current and the potential range of the armadillo](#)

-State prisoners in Louisiana work under guard to manage and do maintenance and upkeep on rest stop sites, and well as to perform other maintenance tasks important to the state govt. In the 1970s this was considered barbaric. Today it is being considered by other states as a useful and viable reality.

-Vicksburg, population 25,000, is a flagship city of the confederate south and a destination site for Civil War buffs, and hasn't changed much since the 1950s. It is pretty much a non-participant in the newer aspects of the Wealth Belt. Unemployment rate 15.4%, blacks and whites live socially and culturally in different worlds. The Vicksburg Country Club is thriving. There is an annual "coming out" event, the Vicksburg Cotillion Club Christmas Ball, called "Southern Belles of Christmas," that is one of the major social events of the entire South. The probable next Miss Mississippi and the possible next Miss America or Miss World: [Ann Elizabeth Buys](#) of Mississippi.

-Natchez, however, is just the opposite in that it's a historic but very 21st century city. Located at one end of the Natchez Trace (the other end is Memphis) 300-year-old French-founded Natchez has been a wealth hotspot for two centuries and Natchez has parlayed its movie-star fame and its location on the Mississippi River into an enormous tourist business, while maintaining its local traditions and heritage and small-town flavor. 18th and 19th century homes are a major tourist attraction. There are flowers everywhere, little traffic, many pedestrians, and wonderful church music. Blacks and whites both share in the money and there is a marked absence of racism, something that is one of the hallmarks of the New Wealth Belt.

-Oxford Mississippi is a county seat, and the home of Nobel author William Faulkner, whose 29-acre spread, Rowan Oaks, is now right in town and is surrounded by modern contemporary homes. Oxford is thriving, but is in a time-warp all its own: visit University of Mississippi, Ole Miss, and you'll find a university that lives in a world a half century earlier than now, a world of fraternities and sororities, football, homecoming, wild parties, weekend hoo-raing of the town square in hot cars, a world of college life as it was in 1959. Unemployment rate is 7.8% and falling. The place is a cauldron of ambition, a hotbed of twenty-something entrepreneurship. Everyone has a hustle, and plans to succeed. The campus is 14% black, and local Asian students have cultivated a southern drawl.

-Except for the recreational and racing horses in the quiet rural rolling hills, you would think that Mississippi was owned by the Japanese. It's still farm country, but Toyota (TM) and Nissan (NSANY) have brought manufacturing, jobs and prosperity to Mississippi. Toyota's most recent Q profits were up 5X and TM expects to triple profits in 2012 YOY. Toyota and Nissan trucks are hugely popular in the New Wealth Belt.

-What else has brought Wealth Belt prosperity to Mississippi: gaming. Gaming was legalized in Mississippi in 1992. Casinos are taxed at 12%, and 8% of casino revenue goes to the state. [Biloxi](#) which already has a

Gulf Coast location, strong tourism, and a great deal of history (Biloxi was founded in 1699) has along with the entire local Gulfport/Biloxi/ Pascagoula community become the Las Vegas of the New Wealth Belt.

-Nissan and Toyota have also brought jobs and prosperity to Tennessee. Memphis is not yet a 21st century city and is, like New Orleans, mired in the past. But Jackson, (home of Carl Perkins and, along with Tupelo, the birthplace of rockabilly music) is a hotbed of jobs and prosperity thanks to Toyota (TM) and so is Smyrna, Tennessee, which is a part of the Metro Nashville area. *Nashville's music industry is stronger than ever.*

-Americans are fleeing Florida (crime, collapsed real estate market unemployment rate 9.4%) and Georgia (birthplace of Little Richard, home state of Newt Gingrich) a state with a lousy job market (unemployment 9.1%) except in touristy Savannah) and Ohio and are flocking to Texas and Louisiana and Tennessee for jobs. And not just the former owners of motels in Florida. Of the children age 24-35 of MW readers and personal friends we know, more than half are living in metro Dallas Metro Austin and metro Baton Rouge. They are there (a) for the jobs and (b) for the lifestyle (C) for the eligibility dating and (D) (but maybe A) the food.

-We do not yet consider New Orleans to be a part of this Southern Wealth Belt. YET. New Orleans is mired in a dank gothic history, and was destroyed and its tourism industry and culture and reputation ruined during Katrina. What it still has going for it is sports, jazz history, and Mardi Gras. But it is currently a city that's passé and which remains in decline. New Orleans: population 485,000, 67% black 28% white, unemployment rate 7.1% which is *low* but the city is mired in the past and is not *yet* part of the 21st century. Following the Katrina debacle in 05, the United States had the opportunity to turn this devastated city, which needed to be utterly rebuilt especially all its aspects relating to the Mississippi Delta and to the sea, into the USA's primary 21st century port city. The state, but far more importantly the federal govt and the military via the US Army corps of engineers the Navy the Coast Guard etc and the city itself, failed to establish a vision for the future or to step up to the plate and get on this immediately following the hurricane. In the long term, it will prove to have been the primary significant failure of the Bush administration. As it stands, New Orleans remains a minor and diminishing sports and tourist destination but it's not nearly as important to the economic health of Louisiana as is the industrial shipping and legislative capitol Baton Rouge, and the rest of the state as an Agribiz landmark and a primary tourism and hunting and fishing destination. We do not expect to see New Orleans even begin to recover until past 2015. It's all about this city becoming USA's primary 21st century port.

-The highest levels of visible dire poverty that *we* encountered on this journey were in Ohio. Ohio is a marker for much of the rest of the country. Unemployment in the range of 10%, rusted cars, trailers and trucks with mattresses, failing upscale restaurants, wretched clothing, bad attitude, aggressive traffic, high degree of incomprehensible language, poor grammar poor social skills zero politeness. It is a work force in big trouble in that it cannot overcome the global economic wage standard. This means more poverty for the greater US population base.

AMERICANA

The Big Picture: the United States is in the throes of a full-blown Second Great Depression. Overall, if you include the rolls of those Americans who have long since stopped looking for work, who are off the unemployment benefits pages and who are dumpster diving and selling aluminum and stealing copper drainpipes and doing barter in order to stay above water, the unemployment rate in the US is about 21%, nearly equal to the USA's unemployment rate in late 1932. No one is willing to talk about this except Donald Trump. No government official is willing to address it, and anyone govt person who does and who has any authority or govt position is lying about it. Any country music radio station worth its salt will tell listeners five times a day how to get food assistance. Jamie Dimon, CEO of JP Morgan Chase (JPM) says the US is headed off a financial cliff unless it gets its tax-revenue vs spending into a more realistic ratio, and although Jamie Dimon has recently been discredited a lot as JPM got in trouble, Donald Trump has not been discredited in any way and he says the same thing. And so does Pimco fund manager Bill Gross. Gross says: the global marketplace is privately funded. And if private markets cannot be convinced of the value of govt bonds, a bad economic weather in both Europe and the US will be with us for a very long time. Trump also warns that "massive inflation" is on the way. We would tell you: \$1.79 eggs (99cents a year ago) and \$4.99 peanut butter (\$2.39 last December) means it's already here.

WHAT YOU NEED TO KNOW THIS MONTH

-With USA home-loan mortgage rates varying from around 3.75% for a traditional 30-yr note all the way down to around 2.9% for others, it's a great time to buy a house: not as an investment but to live in. Unfortunately, fewer Americans have well-paying jobs, and many if not most Americans are underemployed, and few Americans have the down payment or the credit rating to apply tfor a loan to buy a house. US homeownership is at a 15 year low, and at an 18 year low for Americans under 35. Although home prices have, we think, bottomed out, US house prices have fallen 32% from a price peak in late 2005.

-In May we commented on the Argentina govt's commandeering of petroleum companies in that country, and on concerns we have that selected sovereign governments have begun to nationalize industries as a way to gain wealth other than printing fiat money. Two weeks after the argentine govt took over that country's largest oil producer, Bolivia's leader Evo Morales nationalized Bolivia's primary electric company. Increasingly, it looks as though a divide is opening up in Latin America between those countries which support capitalism and private investment and those countries whose governments seek more state control of their economies ...and more stolen wealth from private enterprise.

-So many Americans now have concealed-carry weapon permits now that the clothing industry has responded by designing and marketing specially- designed clothing that include special pockets and other spots in which to 'pack' small pistols and automatics. Gun sales in the US continue to soar. Firearm sales

in March, based on # of background-check requests, were 1.2million. That number is up 20% YOY and this is the 22nd consecutive month of higher gun sales. Gun sales are driven by several factors, including concerns about terrorism, increased interest in firearm sports, concerns about crime in a stagnant economy, fear of gangs, incendiary racism in some parts of the country, and a concern that the country will have draconian gun laws if Obama is re-elected.

-In the face of what is being billed in the US, especially by the current US presidential administration, as an 'improving' economy, new orders for US factory/manufactured goods, in March (most recent month for which data is available) recorded the biggest decline in three years, charting broad weakness in manufacturing, and area that is supposed to be carrying the 'recovery'. Things are in fact not much better, for most Americans, than they than they were in 2009.

-Four years after US taxpayers bailed out Wall Street, five US banks hold 52% of all the bank deposits in the banking industry and are now larger than they were before we got into the debt/credit crisis. This is a recipe for further banking and financial problems.

-Europe's economy is not only not any better than ours, but is demonstrably worse. The EU's overall unemployment rate is 11% and rising. The new leader of France is a socialist, a backlash by the French people against Germany's and other economically-conservative countries' calls for austerity and restraint that would cut euro- entitlements. In Germany, Angela Merkel's Christian Dem party is losing support. Greece still may default on its sovereign debt, and if they do, Various European banks, the ECB and other Central Banks, the IMF, and various investment other investment groups would be left holding the bag for about \$EU 500billion. The USA's Citigroup (C) advocates a three-pronged approach to get Europe in order. First, lower interest rates "all the way to zero" in the two regions, the U.K. and the eurozone, where they aren't basically at zero already. Second, carry out "more imaginative forms" of quantitative easing for any and all types of "less liquid and higher credit-risk securities" beyond government bonds. And third, engage in "helicopter money drops," by which they mean the fiscal authorities in each region should join forces with the ECB to pump money directly into their respective economies. We think it's entirely possible Greece will default and leave the EU or be asked to leave. Spain's banks also are in trouble and so are Ireland's. The EU will likely break up, also, if the Germans decide they won't pay for all the bailouts and France's socialism too. None of this will be resolved soon. It will likely take five to ten years. Meanwhile, there is no sense of common purpose. There is no common philosophy and no shared ideals or values. And no sense of 'national unity' that would support a "United States of Europe." Under these circumstances, a common currency does not and will not work. The Eurozone is ripe for creative destruction. As of late May, Swiss banks report enormous inflows of money from Europeans worried about the validity of the Euro. A current consensus is that if the EU breaks up, the GDP of the primary member states will fall by about 11% each.

-Gold remains unrealistically-undervalued. The world is moving slowly but steadily and inexorably toward a global gold standard during this century. Gold's current Fair Value had stayed at about \$2200/oz for more than a year but within the past seven weeks the Fair Value has risen to about \$2767, or about \$95 a

gram. A shift into a 21st century global gold standard in the new century would, we think, move gold, in US dollars, to about \$300/gram, or about \$8500/oz. Don't be fooled into thinking that a sinking Euro, in the face of a Eurozone that still may come apart, automatically makes for a strong US dollar long-term, nor does it make for a USDollar that can hold its own, long-term, against the push for a universal 21st century gold currency

-See commodicist/ arbitreur John Butler's recent book The Golden Revolution

This transition to a gold-based global economy won't happen soon. But it will happen. It will begin in three to five years. But it may be sooner. Meanwhile, Yamana Gold (AUY)'s Q profits were up 15% and Barrick Gold (ABX) has just raised its dividend. Most gold mining stocks and ETFs like GDX are enormously undervalued.

-The US is nowhere *near* being able to create the 400,000 jobs a month that would be necessary to lower unemployment to 5-6% and give the US a GDP growth rate in the 3-4% range. That means: expect some form of additional quantitative easing. That means more printed dollars, more US sovereign debt, cheaper dollars, higher gold, and probably much more inflation. US singlefam houses are beginning to move, but the overall housing market in the U.S. refuses to recover. Until most ordinary Americans feel that their core asset--their homes--are stabilized, they are not going to have the confidence to invest or to make major purchases, and they will continue to have less buying power. Core economic growth in America is going to be under 3% for at least couple years more and maybe longer than that. Russia's current GDP growth rate is 4.9%

-Proctor & Gamble (PG) will move several key beauty product categories from bases Cincinnati to new headquarters in Singapore. PG, the world's largest consumer product company, said the architect of the geographic shift, global president of beauty, skin, cosmetics and personal care products, has chosen not to make the move herself because it was in the best interest of her two teenage children and husband to stay in the US. PG which makes Oil of Olay™ skin cream and Tide™ laundry detergent, among 1000s of other products, will move its skincare, cosmetics and personal care corporate headquarters from the main office in Cincinnati to Singapore over the next two years.

Proctor & Gamble and other consumer goods companies are increasingly looking to emerging markets in Asia and elsewhere for growth as developed markets like North America become more impoverished and demand slows. P&G expects emerging markets will account for 37% of annual sales by the end of this current fiscal year.

PG also said recently that one of its Asian brands, an Asian skincare brand, SK-II™ has become one of its 26 "billion dollar brands," brands with annual sales of at least \$1bil

-China's privately-held Dalian Wanda Group has purchased USA's AMC, America's 2nd largest cinema chain, for \$2.8bil. It makes Wanda the world's largest movie theater owner.

-The next big thing in energy: [Vertical Wind Turbines](#)

General Electric (GE) is the largest manufacturer of vertical axis wind turbines. Siemens (SI) is not far behind

-Banks both in and outside Greece are quietly readying themselves to start trading a new and old Greek currency, the drachma. Some banks never erased the drachma from their systems after Greece adopted the euro more than a decade ago, and would be ready at the flick of a switch if its debt problems forced it to bring back national banknotes and coins. From the days when the Soviet Union came apart, spawning currencies such as the Estonian Kroon and the Kazakh Tenge, up to the introduction of the Eurozone and its currency, banks have had plenty of practice in preparing their systems to cope with change. Planning behind banking scenes has been underway since Europe's debt crisis erupted in Greece in 2009. The banking community, particularly in Europe but also in the US, have been looking at Greece's exit from the EU for three years. There has been contingency planning at most big financial institutions for Greece's exit since at least the start of 2012. Greece leaving the Eurozone or being thrown out is not a new idea. Officially, the EU would like to keep Greece in. Privately, much of Europe is outraged by Greece's perfidy and passive-aggression in the face of assistance. When Greece leaves or, it will immediately cause questions re the viability of the Euro in other Eurozone countries. There is a philosophical disparity between Germany's worldview and those of the Mediterranean Eurozone countries. It can't be bridged. *Our take on this: the EU will probably break up. It will most likely not be quick, it will take years. For all the talk about Greece voluntarily dropping out, it may actually be Germany that leaves. Germany will quite likely take the currency Euro with it; the Euro already, even now, is the Deutsche Mark with a different name on it, because Germany's economy is what is in fact supporting the EU. There is enmity between Germany and France that is nearly as severe as it was during WWII. Italy Spain and Greece and Ireland are in dire straits not much different than circumstances these countries were in in 1946, at the end of WWII. Part of Europe will need some sort of Marshall Plan. Who will pay for it?*

-A simmering US/China solar trade war is highlighting a debate in the US over what kind of jobs the USA can sustain in a Third World USA economy which has lost much of its manufacturing base and which the Obama crowd wants to turn into a 'green' economy. A recent US govt decision to slap import tariffs on Chinese-made solar cells was hailed by Obama- and also by some US solar product companies as a victory for job creation. But a closer look at the USA's solar industry reveals that the tariffs may actually be a job killer because the vast majority of American 'solar' jobs aren't in a factory. More than 70% of US solar employment is in installation, sales, and distribution. Solar energy continues not to be cost-effective.

-A year after Osama Bin Laden's death: conservatives (including around 50% of Republicans (and an inordinant number of residents of Hope, Arkansas, Bill Clinton's birthplace) believe Obama is a Muslim. Recent records indicate, however, that Bin Laden had wanted Obama (and General David Petraeus as well) assassinated. The AQ threat continues w new bomb scenarios and a home base that now seems to be in Yemen.

-The Book: Obama's college girlfriend, diplomat's daughter Genevieve Cook, and others, come to life in David Moranniss' book *Obama: the Story* to be published June 19th. Excerpts of this book have already been published in the June issue of *Vanity Fair*. <http://www.amazon.com/Barack-Obama-Story-David-Maraniss/dp/1439160406>

-Obama's May 9th endorsement of gay marriage is on the way to turning the US November election into a one trick pony- not about the economy, not about Obamacare, not about jobs, but about whether gays can legally marry. Younger Americans seem ok with it. Numerically, Americans are in an absolutely dead-even fifty-fifty split over this. 50% are ok with it, 50% are vehemently not ok with it. Meanwhile: Europe is in economic crisis, much of the United States is in big economic trouble, Iran is building a deliverable bomb, the US desperately needs banking regulation, and Barack Obama is on the cover of Newsweek as a Hero of Gay America. Regardless of what older Americans think and regardless of how they may view this as a travesty and a destructive force in American values, two things are true: (a) a majority of Americans under the age of 30 are ok with it and (b) the mainstream GOP has opened up to gay marriage as a way to snare votes from Democrats. Gay marriage may be a facet of the 21st century. How this plays out in 2012: to stop gay marriage in its tracks will require the Catholic vote and the Evangelical/Baptist/ Methodist/Lutheran vote to come out against gay marriage in November. A values definition in America- who will we be? hangs in the balance. Romney is against it. This will martial forces. A critical pop culture test and primary culture test and test of American values occurs this year.

-Even as conservative Americans rage against Obamacare, which is not 'universal health care' but is a sort of wretched patchwork of poor legislation and initiatives that are probably unconstitutional, evidence suggests that universal health care is a huge boost to economic growth. As the US prepares for the likelihood of rescinding 'Obamacare' or judging it unconstitutional (it probably is), many countries supposedly far less affluent than the US are moving in the opposite direction. And providing medical insurance for all citizens. China, after years of underfunding health care, is finishing up a \$124bil system that will cover more than 90% of residents. Mexico, which a decade ago insured less than half its population, has finished an 8-year govt drive for universal coverage that now insures 50 million people, *after finding that four million people were being driven into bankruptcy every year by illness*. In Thailand, where GDP per person is about 20% of America's, only 1% of the population lacks health care coverage. In sub-Saharan Africa, Rwanda and Ghana, two of the planet's poorest nations, are working to create govt-assisted networks to provide health insurance for all residents. This is a global 21st century movement and trend, as countries develop economically they find that creating universal health care systems is a foundation stone for long-term economic growth. The USA's situation is absolutely unique: one in which fifty years of corrupt and much-abused welfare-state economic structure has produced a dependent subclass of 20-30% of the population that 50% of our population now (rightly) refuses to support. This is not a problem and not a social divide that will be easily solved. But it places the US on more rung down the ladder toward being an outlier and a backwater country.

-Facebook (FB) now has 915 million daily active users. Facebook says growth among daily active users is strongest among users accessing Facebook via mobile devices. By the company's own admission over half of those 915 million access the site via mobile...and Facebook has yet to generate meaningful revenue from mobile by figuring out how to sell ad space meaningful on small handheld screens. At least not yet. When Facebook figures out how to monetize its mobile users and draw an ad revenue stream from it, stand back. But corporate participation in the Facebook craze is ending; General Motors (GM) has just closed its Facebook page. Other companies swear by FB and direct viewers not to their corp home page but to their Facebook page. What Facebook will probably do in coming years: (A) become in part a search engine (B) begin to sell virtual goods (C) wittingly or unwittingly, willingly or unwillingly, become an agent of the US government *and other governments as well*: an assistant to help Big Brother watch everyone, and an international spy: a cyber James Bond. Evidence suggests Facebook will start out with a P/E of around 100 and its P/E will stay high until the co learns how to exploit potential mobile revenue sources. By comparison Google's P/E is 18.3, Apple's is 13.8, Yahoo's is 17.6. There has never in the history of the world, however, been a vehicle thru which you could put out an ad and reach 900 million people. It would be very difficult for this co to fail. The Facebook IPO stands as an only-in-America success story. What it shows: the U.S. economy, even in a diminished state, still has the ability to create new businesses, new business models, and new economic ecosystems that can quickly gain global scale. The US does in fact continue, in the long-term, to rule the world of ideas and inventions. In doing so the US may very well, against the odds, grow to rule the 21st century economy. In the face of what in the US currently passes for economic development and economic progress and to us comes under the heading of *no wealth is being created*, Facebook outstandingly bucks this trend. We have no Facebook page. We are less interested in being We are not interested in being 'liked' than we are interested in being proven right. We view it as an aspect, well-meaning or not, of global Big Brother and the end of privacy. And it may also be that social networking is a *fad*. But we don't think Facebook is a fad.

-Global sales of cell phones worldwide declined 2% last Q, to 419.1million units. Most successful is Samsung (SSNLF) with 20.7% of the market

-As MW readers know, we have grave concerns about the process of hydraulic fracking and the immense danger it poses to USA groundwater and potentially the Great Lakes as well. Evidence is already clear that shale gas fracking has caused earthquakes and poisoned the water supplies for families who live in and have wells in areas near where fracking is being practiced. Fracking does in fact not seem to be going all that well economically because there is already abundant available natural gas (USA has huge reserves of it) and warm winters curtail home and office use of it, and investments like BHP's recent purchase of Chesapeake Energy (CHK) do not seem to be paying off. Now, the USA's Institute of Medicine will study health risks from fracking, and so will the CDC (the USA's Center for Disease Control, the people who monitor bioweapons like anthrax and bird flu variations and many other things). In fracking, millions of gallons of chemically-treated (and so ruined for human use) potable fresh water are forced underground under pressure to break up previously impenetrable shale rock and to free trapped natural gas. In addition to trashing the USA's water reserves, fracking also contributes to a higher level airborne toxins which escape during the process. Vermont has just banned fracking. New Jersey and New York state have placed

moratoriums on fracking. *Fracking is not going away and there is going to be a long continuing fight over it and here's why: The United States has 24.4% of all the world's proven shale-gas reserves. Enough natural gas to power the country for at least two centuries. By comparison, Argentina has 21.9% of those reserves and China has 36.1%. The second half of the 21st century may run on natural gas, not petroleum.*

-The three largest reserves of fresh water on our planet are the USA's Great Lakes, Latin America's Amazon River basin, and Russia's Lake Baikal in Siberia, the world's single largest (most voluminous) fresh water lake. If the US damages and loses a portion of its fresh water reserves, this will accelerate the process toward global 'water wars' which we think will begin anyway, no matter what, in eight to ten years, given a 7billion human population that is demonstrably unsustainable.

-As we have mentioned for three months, the war is on between mining companies and various sovereign governments, those which understand that wealth can't be created with a pen or an 'enter' key but can only be grown, dug out of the ground, harvested from the sea, or invented via breakthrough ideas and products. Those countries who 'get this' so far about the creation of wealth are Argentina, Indonesia, China, and Australia. As of May 6, Indonesia's government has begun to impose an average 20% duty on 14 mineral ore exports including copper, bauxite (aluminum) and gold, the 20% figure slightly lower than expected but enough to challenge big mining companies in one of the world's major metals exporters, Indonesia. This tax is intended to increase revenue from a mining sector that makes up about 12% of Southeast Asia's strongest economy.

Indonesia has also on May 6 initiated a full-out ban on the export of nickel ore. This follows similar recent duties imposed on palm oil. What the ban on nickel export will do: it will create a shortfall in nickel supplies (used in steel alloys) especially in China, and drive the price much higher over a period of one to two years.

These export duties will not apply to coal, which the Indonesian govt says it will rule on separately in 2013 or 2014. This leaves open the possibility of a future tax on export shipments from the world's largest thermal coal exporter. Until now there have been no Indonesia export taxes on metals ores though some mining companies have had to pay low single-digit royalty charges, so the new duties are initially likely to be a factor in shrinking mining profits. A comment from Tjahyono Imawan, president of the Indonesian Mining Services Association: "The government wants to kill a mouse in a rice field, but they're burning the whole field." This may in general be what any number of money-hungry governments will accomplish as they shake down mining companies for cash. Indonesia's government also hopes to push mining companies to process raw ores domestically and then export higher-value finished metals. The 20% duty will also be applied to tin, silver, lead, zinc, chromium, platinum, bauxite, iron ore and manganese. Raw tin ore exports have already been banned, however. And so the tax on raw minerals should not affect miners such as PT Timah (Jakarta TIH1) (USA: PTTMF) (FRA: PTTimah TBK 50) the world's largest exporter of tin. Domestic tin miners have already built smelters and now export refined tin. There will be a push to build smelters in Indonesia for other metals. Indonesia is of course home to Freeport McMoRan Copper & Gold (FCX)'s Grasberg mine, which has the world's largest proven gold reserves and second-

biggest copper reserves, as well as the base for major metals mines run by Newmont (NEM) and Vale Indonesia (VALE) Miners like FCX previously had previously said they were protected from tax changes by long-standing contract-of-work agreements, while Indonesia's government has said it will negotiate mining contracts ahead of a planned curb on ALL raw metal exports by 2014. How this plays out: sovereign governments want a piece of the real wealth that is being created. This will increasingly become a norm. How it will play out for mining companies: more domestic facilities in host countries to process mined goods. How it plays out for everyone else: higher commodity prices for gold silver platinum copper tin aluminum lead zinc chromium iron ore molybdenum cobalt and rare earths. How it will play out long-term: *windfall taxes levied on mining profits, export fees on exported ore, and increased royalty fees charged to mining companies by sovereign governments will lead, later this century, and probably during the Twenty Twenties, to a trend toward undersea/offshore mining, and to oceanic mining companies exploiting the open offshore sea beyond territorial waters, in geo-areas that are owned by no government.*

The primary corollary, until such time as mining moves oceanic and outside territorial waters: sovereign governments, with a faltering tax base, have no way to earn money except to tax the creators of wealth, the mining companies. Secondly, these govts will tax Agribiz.

The result: \$15 copper, \$9 corn, \$16 wheat as these taxes are passed forward.

-Both the US Left and the US Right seek to dismantle and abolish the Federal Reserve. Ron Paul wrote an entire book about it. <http://www.ronpaul.com/books/end-the-fed/>

Retiring Congressman Dennis Kucinich, one of America's great liberals, hates the Federal Reserve, too. Here's what Dennis Kucinich says about it:

"What I advocate is this: We have to get our monetary policy in line. How do we do that? Take it back from the Federal Reserve. Almost a hundred years ago, Congress gave up the ability to control monetary policy when it created the Federal Reserve and put it outside the reach of the constitutional authority of Congress to make or create money. I want to bring the Federal Reserve back into the Department of the Treasury and let the government claim the power that the Fed is using right now to send money into circulation, instead of giving it to banks. We ought to be using money to rebuild America's infrastructure and put everyone back to work. You don't have to increase taxes if you get control of your monetary policy. You have the Federal Reserve giving money to banks, creating money out of nothing, giving it to banks who then park the money from the Fed, gain interest on it, and don't even loan it to businesses in our communities" *Can both these guys be wrong?*

WE'RE READING:

All the Targets, by US author Noah Bond, a screamingly high-energy page-turner about the west Coast suffering a nuclear attack and the aftermath in North Korea, France, presidential politics, the CIA, the Middle East and more. [All the Targets](#)

They Eat Puppies, Don't They? Christopher Buckley's high-comedy send-up of the distrust between the US and China. [Available at Amazon.](#)

THE ZEITGEIST

We continue to stress this. We have for years. Wealth is created in these ways: you dig it up. Gold iron ore salt petroleum and copper. You harvest it from the sea. Fish underwater mining ocean wave energy etc. You grow it ie wheat rice corn olives grapes and trees. You 'idea' it via new inventions or concepts that create new industries new value systems new global progress: AAPL FB IBM QCOM NVDA windfarms solar etc. *That's it. That's all there is. Everything else is shipping commerce marketing and wholesale/retailing and moving "money"(debt and credit) around. Commerce(moving goods from here to there has been done much similar to now for 15,000 to 20,000 years. Governments cannot create wealth.*

The US is *not going to* 'recover' soon on a broad scale. The US remains on a broadscale downward spiral. Much of this has to do with the loss of freedoms in the US, and with Americans being aware of this loss and uneasy/depressed/confused over it. The US has become a Third World Country. Third World public education system Third World freedom level (Brazilians and Mexicans are far free-er than we are) Third World workforce (our people are hired by the Japanese to do assembly-line labor) Third World values (illegitimate children, broad poverty hunger and unemployment most people underemployed poor language skills poor dress code poor work ethic)

We still may be able to turn this around but will take a decade or two decades. It will take will power, and understanding, and a clear set of goals.

Brazil is the world's strongest economy (not the largest but the strongest) mineral resources agribiz water (we will see global water wars in a decade) manufacturing capacity and national competent workforce. Germany is 2nd. Better manufacturing base but nowhere near the immense natural resources. Brazil also has 14% of the world's renewable fresh water.

The most likely scenario is that the EU comes apart. Greece is thrown out and both the Euro as currency and the Eurozone itself as a viable coalition comes under scrutiny. What holds the EU together? Germany's manufacturing base and its big exports.

Most likely scenario= spanish pesetas 186/\$1.00 drachmas 594/US\$1.00 french francs 9.08/ \$US1.00 et al and this leads further into a gold-based scenario. Gold is the only possible long term global 21st century money. This trumps the euro *or the collapse of it* and it trumps the euro *if the eurozone stays together* and it trumps the *bernanke/geithner dollar(which give us \$4.99 peanut butter)* Govts cant create money. They can only create debt. Banks cannot create money they can only create credit and debt. IE do not look for Jamie Dimon to save anyone.

OPEN AN ACCT W/ A BROKER

Real brokers are one more of those things that were supposed to have disappeared more than a decade ago, upstaged & made obsolete by eTrade™ and the rest of the online brokers at the end of the 20th century. Like newspapers, books, checking accounts, and landline telephones. Don't count on it. Get a real broker.

-In Southern California: Judy Davis. Many years of experience in the California financial community. Former business partner of Merle Haggard. Early Wendy's franchisee. LPL Financial affiliate.
949.292.9922

-In metro NY: Kate Roohe. Vice President, Gilford Securities. Lived and worked in London Frankfurt Paris & Amsterdam financial communities for years. NJ native. Left a long career in Europe in 1999 to return to metro NJ/NYC. 866.451.4453 Kate has been selected one of New Jersey's top wealth managers for 2012. Nice work, Kate. Hang the placque somewhere highly visible. Or put it in yr kitchen. We all know how good you are

-In metro NY: Otis Bradley. Gilford Securities NYC. Superb market theorist strategist & futurist. Profound understanding of Americana stocks. We call him The Professor and we check w him often. The Professor may know more about the US markets than anyone else alive. Profound grasp of the USA's pulse. [Otis.Bradley@ GilfordSecurities.com](mailto:Otis.Bradley@GilfordSecurities.com)

-In Florida: John Ashby, Senior Investment Advisor [Revere Securities](http://RevereSecurities.com) Boca Raton office. John is an American & global infotech smalltech and cutting-edge smallcap specialist with a superb decades-long track record. Many years at Oppenheimer & Fintegra. The smartest person we know when it comes to bringing 90s and early 2000s foundation infotech co's fwd into the 21st century and finding new infotech co's that are the current foundation of the New Economy that began in the mid-90s.
Jashby@reveresecurities.com

- in Euro-North America: Neil Batho. index options, Forex, Stochastics, technical wizardry. Neil is one of the very best short-term traders for clients interested in short-term stock movement and profit. Canadian. Former world-class champion downhill ski racer. Operates from various countries, one year to another:
<http://www.traderreview.net/>

-In the Near Northeast: Ernest and Sean Mishne. Beachwood, Ohio. A Father-and-Son team of Old-School Specialists, affiliated w Oppenheimer, who specialize in in covered puts and calls and who specifically invest for Client Cash Flow: <http://fa.opco.com/mishne/>

-In the Midwest: Alex Budden & James Budden & Doug Cowgill, Professional Investment Management. Doug knows what will happen in the Global Economy and how to play it, six to twelve months before it happens. In 1995, Alex had on his desk the first iBook we had ever seen. He said: this is the future. James specializes in gold, investment for dividends, and tax-free investment instruments, and options plays. They manage individual accounts & small-company profit-sharing plans. And your account, too. 614.777.2100 Alex says: the quick and the dirty: in the long term, it always goes up.

What *WE* look for in an investment professional: an ice-cold logic, an absolute-zero cool head, grace under pressure, a strong sense of realism, an inability to be either afraid or euphoric, an ability to understand & draw conclusions from data and to read situations, an ability to act, and fast, when necessary or advantageous, and a pragmatic (not an idealistic) view toward the future a few years out and how to play it. We are recruiting recommendations for additional terrific brokers to add to this list. These are, quite simply, the best we know at what they do.

TRADITIONAL INVESTMENT SKILLS

Outside the USA's New Wealth Belt, and in Virginia (unemployment rate in Virginia is 5.7%) the rest of the USA remains in deep economic trouble. California's unemployment rate is 10.9%. Florida's is 9.4%. New York state's is 8.6% Oregon's is 8.9%. The USA's overall economy is stagnant. And it will remain stagnant until at least early 2013, when it may *begin* to improve following the US November election. This stagnation is affecting and will affect the US equities markets. It is entirely possible that the S&P will fall to 1300 or even below 1300 and remain there until mid-November. And it is entirely possible that the Dow will stay at around 12,000- 12,500 over the summer. In the Nasdaq, Cisco (CSCO) CEO John Chambers warns of a 'cautious' overall business climate, slowing overall revenue, and that the troubles in Europe are no better than they were six months ago. CEO and Chairman Jamie Dimon of JP Morgan Chase (JPM) warns that the US economy is headed straight off a cliff if the government does not do something about raising taxes to cover federal expenditures and pay for expenses and programs because businesses and consumers will pull back further on spending. Of course what may have gone off the cliff was JPM itself...

To overcome this mid to late 2012 scenario June July Aug Sept Oct 2012: stocks in High Net Asset Value companies that pay big healthy dividends, and let's ride out 2012.

NAVIGATING THE MARKET WITCH BUY LISTS

Just ahead are the stocks we currently pay attention to, arranged in our own categories, together with our current Big Picture commentary.

Some things we pay attention to that you can learn to do, too: There is really no such thing as a 'sector'... there are only individual companies with specific statistical characteristics, a specific cultural context, and, like people, a distinct personality. Management is very important to us, and the more we know about a company's top three execs the better. We don't like to see red numbers. We do like to see at least a 10% Profit Margin (IBM's for example is 14.85%), a FWD P/E lower than the Current P/E, and an Enterprise Value far higher than the current Market Cap. Plus great management and low debt.

Look for Market Witch ONCE-IN-A-LIFETIME BUY, A MARKET WITCH BEST BUY, STRONG BUY, STRONG LONG-TERM BUY, BUYOUT CANDIDATE, OR UNDERVALUED signs on stocks we think are investments that will gain value.

What the MW stock listings terms mean:

1) A MARKET WITCH BEST BUY. Best of all our categories. Unusually profound growth potential plus dividends plus an assured future. Good current examples: RIO, BHP, AAUK, DPL

On rare occasions we list another category, and that is

2) A MARKET WITCH ONCE-IN-A-LIFETIME BUY

We've used this category in 2001, in 2008, and in 2010-2011., and before that in 2001. Examples: In 2001 you could buy Corning (GLW) shares for \$1.46- \$2.07. In 2008 you could buy IBM shares in the \$80s. In late 2010 you could buy CSN (SID) shares for \$7 and Vale (VALE) shares for \$18.

3) STRONG BUY. In general: buy, wait six months, hopefully make 20-30% profit, or buy for the long-term. Good examples: IBM AMZN BHP RIO

4) STRONG LONG-TERM BUY. Buy, hold 18-24 months, likely make 30%. Or more. Good examples: MT NVDA MSFT PNRA DG MCD IBM CMG

5) UNDERVALUED. This stock is selling for far less than the shares are actually worth in terms of the Enterprise Value of the company compared to the stock's Market Cap. This sometimes happens because the stock is below analysts' radar... but also sometimes it 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. Recent examples: MMM, DE CAT VALE GGB BBD and the the USA's RRs

6) 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, TR, ADBE, NVDA (potential) Bunge (BG) (Recent)

7) SPECULATIVE STRONG BUY. You could lose ALL your investment money. Every single dime. Or half of it, if you chicken out and stop-loss 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 or whether it will happen at all. 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 hold shares ourselves and that means we think the odds are unusually high that the company will pan out well. Two examples are CYCC and Petro Matad. We have an approx. 89% track record. 89% of the stocks we buy appreciate. But we can be wrong, and during periods of volatility, SPECULATIVE stocks can tank and even disappear, along with your investment money

-A Market Witch SPECIAL CASE. This may involve an IPO, a company that is making a buyout purchase that is not yet complete, the death of a CEO a unique blowout quarter or the introduction of a remarkable new product

ABOUT FAIR VALUE AND FLOOR SUPPORT

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

For example the Fair Value of wheat is based on current supplier crops (primarily Australia 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. plus political or natural crises that may cause demand to rise or fall or to move from one continent or region to another.

The Fair Value of Aluminum for example (currently around \$2.68 in USD) is based on how much aluminum ingot as well as bauxite ore is available for spot delivery and also available in futures- three months, six months a year- plus the current supply being provided by all open and operating mines, plus new mining discoveries that add to available reserves, plus new uses for aluminum, new alloys that may increase need and demand, plus wars that may increase demand, plus new technologies (wind farms, increasing use of aluminum in 21st century vehicles, etc) and existing technologies that may change needs

(autos and trucks, mining equipment, commercial and military aircraft & military construction needs) plus population increases, plus other technologies (containers, shipbuilding, engine blocks, locomotive production etc) that may enlarge the need for aluminum.

We try to determine Fair Value of both equities & commodities three to five years forward based on what we see happening in the world and what we are able to dig up from our world-wide sources of data. We barely trust USA financial media bases at all. They are provincial and self-referential. We cannot imagine anyone trying to use Barrons as a base from which to buy stocks.

When we talk about Floor Support it's usually in relation to equities indices or metals or soft commodities. But sometimes stocks as well, particularly profoundly fundamental High Net Asset Value stocks like IBM Amazon Microsoft Apple Rio Tinto AAUK etc.

For example when we talk about equities indexes (indices) we are looking at the Market Cap value of the component companies in any given index, into the future 1yr 2yrs 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, plus stuff like volcanoes and earthquakes national elections, economic collapses (Greece? Portugal?) or revolutions in current govts, plus the impact of banking (IMF ECB Federal Reserve and other Central Bank policies and rates) and more.

This second one, Floor Support, is actually harder to determine. Short term crises tend to make market indices fall dramatically and sharply but only for a short time. Event time lines of two or three days, much similar to the effect low pressure weather fronts have on Wall Street and traders' and fund managers, emotions and buy/sells

But no one knows what will happen to the Dow the Nasdaq and the FTSE, longer term, if the US and Iran or the US and Pakistan go at it. Or what will happen when Israel makes a pre-emptive move against Iran.

And no one can predict what the longer-term impact of incidents like Japan's recent earthquake/tsunami or China's cyberterrorist acts or a nuclear-armed North Korea or the Argentine government coming apart or Arab backlashes toward US & Israel or European banking problems will be on long-term share prices.

No one exactly knows what will happen to the CAC40 the DAX or the FTSE as the EU continues to deal with its monetary & banking crisis by printing more debt, or if it begins to break up. No one knows how Putin will retaliate the next time Russia's Asian Muslims blow up the Moscow airport or the trains or the Chechens try to assassinate the Russian president.

No one knows when the US and Iran or the US and Pakistan- or the US and most of Islam- will be at war or when the USA's domestic Culture War, now simmering, will boil over into a real Second Civil War. Or what will happen if it turns out there is more oil offshore from Ghana or Nigeria than under Saudi Arabia.

So we are looking at sociopolitical probabilities as well as future demand for raw materials finished goods services and new inventions and technologies.

We try to stay ahead of these matters by three to ten years ie into the next decade and sometimes longer. We're focused on 2014-2015 now, but looking deep into the TwentyTwenties. The Global Infrastructure Buildout, the Rise of the TransNational Islamic Superstate, and the Monetization of Gold are good examples. Big issues long-term are water, precious metals, windpower, and sovereign governments vs the creators or wealth, the mining and oil cos and, further on, the co's that control windfarm energy.

The TwentyTeens Decade of Steel, the TwentyTwenties USA/EU Infrastructure Rebuild, the rise of Indonesia, the creation of a USA 21st century Electric grid, Japan's rebuild and coming push into Solar Energy Generation from Space via microwaves, the global rise of Wind Turbine Farms as faith in nuclear power collapses, the Global Commodities Supercycle, the coming Water Wars, are more examples.

WHEN TO BUY AND SELL

When to sell: currently almost never, if you are in Market Witch High Net Asset Value shares that are both Growth Stocks and also are High Dividend stocks. The storm is ending approx 2013 2014 bringing with it a new poverty a new global economic and working class/workforce lifestyle standard. The dead center of the Twenteens Decade is upon us shortly, now only a few years out, bringing with it forward motion in the Global Infrastructure Buildout, in the Old-Countries an Infrastructure Rebuild, and in the entire global economy an ongoing Global Commodities Demand Supercycle.

Reinvest the fat dividends from Market Witch High Net Asset Value stocks in more shares of commodities stocks that are still at historic lows and outrageously undervalued. We could have 'sold in May" but by not doing so we rec'd lots n lots of dividend money between June & October, which we simply reinvested in more shares. And these stocks, whose share price tanked over the summer of 2011 and into the spring of 2012, are now headed back up.

For example, our cost basis for BHP shares (we began buying in 2003 & 2004) is around \$12.50.

We began investing in SID in the spring of 2005. We've never done anything since but reinvest the dividends in more shares. Our cost basis per share now for SID stock continues to fall. Now it is around \$9.88 and still falling.

In another 5 years, our cost basis on these shares will approach zero.

ie at that point all the SID shares we own for our entire lives will simply have been given to us, for free. Get it? This is how generational wealth is established.

Additionally, within another five years, the SID stock will have split 2:1 yet again. And we will own all these shares not only for free but we will have *been given back money*. This is not a day to day play it is a play over twenty years.. See how that works? Our position is very similar w AAUK MSB BHP and four or five other stocks.

This is also why we don't own ANY shares of Apple or Google. You're earning lots of money, Apple and Google... Why don't investors get any?

Especially, right now, if you are in MW High Net Asset Value shares. Reinvest the Divs in more shares. Get a job or a second or third job if necessary but don't sell these shares off now, as they come off their bottoms, and don't spend the dividends now on toys, either.

Keep a low profile now. It's hard times in America and you do not want to be highly visible. You can buy that red Jaguar in two years. In 2014, 2015, want a sailboat? Want an old Ferrari 308? Want a vintage XK8 or a Lyman woodboat? Have at it. But not right now. Wait a year or two.

Especially right now, do not sell these High Net Asset Value shares at all. Because if you do sell at a loss, you lock in loss, plus you lose the potential future Q dividends. Big Six mining shares remain one of the great long-term bargains of our time.

And if you do sell at a profit and the money comes to you in the form of a check in US dollars: then what? The US dollar is overvalued. The only way the US can be kept afloat is via inflation and cheaper dollars. The US is running a negative real interest rate. That means your dollars shrink as they stand there. Have plans for the money from stock sales before you sell. No money should go into US dollars. All money not immediately reinvested should go into a gold ETF like GLD, or into SLV or into a similar tangible or ETF.

In general, we can advise MW readers what to buy, and we can tell our readers what we are buying, but we cannot tell you when to sell. We can't tell you how much profit is enough for you- a 5% runup? 20% runup? 40% runup? Enough annual dividends that the cost basis of the stock has been cut in half? Only you can determine when you're satisfied.

We are not good at picking Stop-Loss points. Here's why: more than 92% of the stocks we choose appreciate. Most of the stocks we buy into are elemental: resources, mining, metals, basic industries, and, in technology, foundation products like IBM (servers et al) or NVidia (GPU chipsets). The vast majority of our stocks are High Net Asset Value companies which have both growth and very strong dividends. In a volatile world -2008 through 2015 especially so- these will see us through. Even if a stock falls in value, long-term, odds are it'll rise again.

Two examples: CSN (SID) split 2:1 @ about twenty in April 2010. The stock, during the maelstrom of 2010 2011, fell as low as eight. It's even worse during the maelstrom going on now in Europe. But the dividend (currently about 7.2%) kept right on. So we used the div money to buy more shares. By late 2012 SID will begin going back up and we will have had 2-3 years of 7%-8% dividends. In 2014-2015 SID will split 2:1 again, and we will, once more, have twice as many shares as we have now.

A tougher example: oceanic shipping stocks SFL (the dividend is currently above 10%) and FRO, which tanked from around 25 to below \$5 as the entire global oceanic tanker and freight industry collapsed. Nevertheless, both these companies are majority owned by Jon Fredriksen, who will emerge this decade as the most powerful force in shipping, and Frontline is gradually being restructured by Fredriksen into Frontline2012, which will utterly dominate global shipping in 3 years. So we ride it out, and take the dividends. That other 92% of our portfolio simply pushes onward in the TwentyTeens decade. We've already done a great deal of research before we buy. It's rare for us to sell a stock at all, because it's rare we make a mistake in the initial buy.

We tend to hold growth stocks for doubles: We tend to buy a stock at \$50 and sell it at \$90-100. Or more. Or to sell off half of our shares at \$100 from \$50, keep the original \$\$ investment in those shares, and take that \$50 profit and put that \$\$ into another stock we like.

That's how we've done what we've done, which has been to turn... a little bit of money, starting in 1990, into ...a lot. Our return on our original investment in 1990 is currently 82.5. Our investment is worth 82.5 times what we started with.

You can learn to do this, too.

We tend to hold stocks that do well for us for an additional 2 3 4 5 years, especially if we are getting valuation growth plus dividends plus 2:1 stock splits, because that is most often the way to achieve the very large long-term gains that make us happy.

We've held RIO shares since 05, BHP and SID shares since 04, AAUK shares since 03, FCX shares since 06, VALE shares since 05, etc.

Right now we're looking at our own holdings projected into late 2014/ early 2015 on the far side of the US elections and the 1st year of a new era in the US, and of course on the far side of the ballyhoo'ed End of the World, Dec 21st)

We're projecting the price of copper gold aluminum and iron ore for 2014 and 2015, looking for new products, watching to see which currencies hold value, waiting for France Germany and Holland to build a United States of Europe.

We sometimes tend to keep shares rather than sell them even after there has been a short-term peak and if the dividend is strong, even if the stock falls. Share price for MSB, for example, falls in the winter because the Great Lakes freeze over and iron ore can't be shipped but the MSB dividend is always above 8% annually and will be so large and for so long into the future that we will continue to accumulate more shares til around 2015 and then re-evaluate. We may continue to hold these shares- and VALE, FCX, BHP, RIO and AAUK as well- into the TwentyTwenties..

In the early 90s we were doing the same thing with Harley Davidson, Intel, Genentec, IBM and MSFT CSCO Corning and SDLI.

Much of the US has become a Third World country, complete with poor leadership, a dumbed down education system, and no Middle Class, and so we are very careful with our USA investments, even though we believe the US can make a comeback, and we are far more confident in the best USA stocks than we have been in years.

In a traditional expanding USA economy, the kind we all remember and love from the mid- to late-1990s, you buy Adobe at \$28, and sell it at \$34, or buy Corning @ 15 @ sell @ \$21. Right now that is simply not happening. We do not see a broad-based growth market now and we question any analysts who think this is anything but a USA bear market, tho it may be a USA bull market in a year.

In a traditional & genuine broadly-expansive USA Bull Market, we would be buying selected USA Growth & especially Momentum stocks and selling with a 10-25% profit in a few months, or taking the profit off the top, continuing to hold enough shares equivalent in value to our original investment, and putting the profit into a different hand-picked stock. In a contracting economic era we'd be buying more copper more mining co shares now, even without the Global Infrastructure Buildout. But the US is not currently in a broadly expansive bull market.

We are living in a very strong global economy that is in a short-term crisis over change, both in Europe and in the US. And one whose galactic center has moved. But to a large extent 'ordinary Americans' aren't participating in this long-term wealth and wealth creation. Nor are ordinary Europeans.

We're in the midst of dramatic economic & social change. The EU is in transition and may yet break up but may also become far stronger. At the very least it will have possible changes in membership and definitely changes in core values, as we've recently seen in France.

The US is not now and has never been in a most-recent-decade Recession . The US is in a Second Great Depression, one that began in July of 2008 and is ongoing. Before that, the dumbing down of higher education and the loss of US manufacturing base had set the stage for problems the US may not be able to escape.

In the US, three things are happening:

(A) The USA's former post WWII 'consumer economy' that began around 1954 and reigned thru the 1990s cannot be put back in place. Americans in most parts of the country have no 'discretionary income' now.

(B) The US banking system, Federal Reserve, and Treasury cannot 'buy' their way out of huge federal debt by creating more debt. But that's what they're trying to do. The US economy is only one element in a global economic transition from 20th century fiat currencies based on creation of wealth by creation of credit (debt) into a 21st century economy based on gold,

(C) The USA's workforce is now competing for jobs as one national workforce amid a far larger global workforce, much of which asks for lower wages than US workers are used to receiving. This means that as other countries' standards of living rise, the USA's standard of living has fallen, and will continue to fall. This is a recipe for domestic social unrest in the US.

As an investor, what matters: gold, silver, gold mining stocks copper mining stocks, iron ore stocks, Tech/engineering congloms like Siemens and 3M and Caterpillar, old-line tech stocks like IBM, a few newer tech stocks like Apple and Google, and consumer-basics stocks like Colgate Palmolive and Unilever McDonalds and Yum! Brands that bring the world toothpaste and peanut butter and and burgers and pizza. And companies that sell basics to the American poor, like Family Dollar (FDO)

Gold in the \$1500-\$1900 range is below Fair Value by hundreds possibly thousands of dollars. That means the consortium- Goldman Sachs, Various Euro-banks, the US treasury Secretary the Federal Reserve and the ECB- is still trying to push gold back into 'commodity' status and that the Rothschild banking system that controlled the creation of 'money' for three centuries but especially in the US since the mid-1930s, is still in effect and still works.

Gold is not a commodity. Gold is money. It has been money for tens of thousands of years. And it will be so, once more, in the modern world, as the new century progresses. There's no way around it.

In the 21st century, gold is the world's only real money, even though the US dollar has recently risen in value in relation to other fiat currencies.

EU banking & debt crises and USA govt debt crises will ultimately not be able to stop global economic forward motion even though we are witnessing the transition from a monetary system that has lasted three centuries and was the base of most 20th century financial transactions to a 21st century monetary system based upon tangibles: commodities including especially gold.

If you'll go to the MW website Market Witch and sign on for our FREE UPDATES, you'll know within one hour when we buy or sell a stock.

STOCKS WE CURRENTLY HOLD

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

-Vale (VALE) Big Six Global Mining & Agribiz (owns USA's Bunge as well as Inco (nickel) and has branched into oceanic shipping as well, first to handle its own ore with its own shipping co its own ships this will widen into an oceanic shipping sideline. Investing \$15bil into agribiz fertilizer assets

-Companhia Siderurgicas SA (SID) (Brazil) (often called "CSN" in the US) steel, industrial, & energy conglom

-Rio Tinto (RIO) (England/Australia) Big Six Global Mining, founded 1873. Over time, in mining, you win some you lose some. A failure: Rio Tinto's purchase of AlCan. A roaring success just starting: Rio Tinto's Oyu Tolgoi copper/gold mines in Mongolia. Massive reserves of high quality ores

-BHP Billiton (BHP) (England/Australia) Big Six Global Mining, largest producer of silver, plus now petroleum & natural gas

-Anglo American (AAUK) (England) Big Six Global Mining

-Southern Copper (SCCO) Mexico's Grupo Mexico conglom owns 83% of the shares. Current Q dividend is being paid out at \$0.19 per share plus 1 free share per 100 shares you own, for a combined 5.3% yield

-Mesabi Trust (MSB) long-term iron ore mining trust, USA.

-SPDR gold shares (GLD) physical-gold-holding ETF

-Market Vectors Gold Miners ETF (GDX) gold mining co's

-Freeport McMoran Copper & Gold (FCX) Big Six Global Mining: copper gold silver moly cobalt etc, would be the first to get bought out in additional Bix Six mining consolidation

-Gerdau Steel (GGB) (Brazil) Global Steel, GGB owns USA's Chaparral steel, North America's largest maker of I-beams, plus almost all the steel mills & foundries in Mexico

-Ship Finance Ltd (SFL) (Bermuda) global dryshipping

-Market Vectors Steel ETF (SLX) global steelco ETF

- CPFL Energia (CPL) (Brazil) Brazil's primary electric company
- Barrick Gold (ABX) global gold (and other metals) mining
- Petrobras (PBR) (Brazil) petroleum
- Exxon Mobil (XOM)
- GoldCorp (GG) (Canada) global gold mining
- Buenaventura (BVN) (Peru) mining: gold silver copper zinc
- Impala Platinum (IMPUY.PK) mining
- Cliffs Natural Resources (CLF) prepped iron ore
- Mechel (MTL) (Russia/USA) steel iron ore nickel & coal
- Deere (DE) agricultural equipment
- Greif (GEF) global packaging/shipping containers
- Potash (POT) (Canada) Agribiz fertilizers
- Frontline (FRO) (Bermuda) global oceanic shipping
- ING Group NV (ING) (Holland) global banking & insurance
- Arcelor-Mittal (MT) (Luxembourg) largest global steelmaker
- Terra Nitrogen (TNA) USA, fertilizers, purchased by CF Industries (CF)
- Tiffany's (TIF)
- Deutsche Telekom (USA: DETGY)
- France Telecom (FTE)
- Deutsche Bank (DB)
- Market Vectors Africa Index ETF (AFK) ETF of the Africa Titan 50

- Grupo Mexico (GMBXF) (Mexico) parentco of Southern Copper, owns 84% of SCCO
- ING Global Equity Dividend & Premium Oppty Fund
- ING Risk-managed Natural Resources Fund
- Nvidia (NVDA) graphics PCUs, 3D video streaming chipsets, cellphone microprocessors
- Praxair (PX) industrial gases
- Syngenta (SYG) (Swiss) agribiz genetics & seeds
- Corning (GLW) optical cable & flatscreen glass, Gorilla Glass™ Corning diesel engine filters, etc
- iShares Silver (SLV) the primary silver ETF
- Aperam (APAM) (APEMY) specialty steels, spinoff of Mittal Steel (MT) MT shareholders rec'd free shares
- Annaly Capital Management (NLY) USA REIT
- SPDR Metals and Mining ETF (XME)
- CSX (CSX) USA, Railroads
- Platinum Group Metals (PLG) smallcap mining big find in Africa
- General Electric (GE) American conglom is a force as a War Stock a Wind Energy stock & an oil & gas stock
- Alcoa (AA) Fair Value of aluminum is around \$2.73
- Tootsie Roll (TR) America's last-stand candy co is the only big one not owned by a conglom
- Cyclacel (CYCC) biotech, oral cancer drugs in FDA test phases, SPECULATIVE
- Nautilus Minerals (NUSMF) undersea gold mining , SPECULATIVE
- Banco Bradesco (BBD) (Brazil) consumer banking

-Anglo Gold Ashanti (AU) (South Africa) global gold mining

-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) this smallcap UK oil wildcatting co holds petroleum/gas rights to an area in Mongolia the size of New Hampshire in partnership w the Mongolian govt. They may go broke. They may become the next PetroBras. Speculative

-Market Vectors Indonesia ETF (IDX) strong economy untouched by crises in the West

-Jaguar Mining (JAG) gold mines, Brazil, buyout candidate

-Verizon (VZ) telecom

-Oclaro (OCLR) optical networking hardware: laser pumps etc

Notes: We rarely sell any stock because we make very few mistakes long-term. We *do* make them. But about 94% of our stock picks appreciate. We are not perfect and we do make mistakes. Usually the mistake we do make is not selling at a high. Hanging on to shipping stocks in 2010 was a mistake. When we do sell a stock it's usually because we want to skim off the profits from an investment, keep the original \$ of the stock purchase in that stock, and invest the profits into a new and different stock.

When we buy or sell a stock you'll know about it within one hour if you sign up for our MW Updates

CUT TO THE CHASE: STOCKS WE'D BUY *RIGHT NOW*

These are stocks we'd be investing in now. We're almost always 100% invested, although a substantial portion of that is often in gold ETFs, which we use the same way we used overnight Money Market accounts a decade or more ago. We keep only checking acct \$ in US dollars.

We're in a long-term Global Bull Market, although it may not seem like it day to day and it may not seem like it over the next 4 months. This huge bull is courtesy of an ongoing Global Commodities Supercycle that will last into the mid TwentyTwenties and the various Infrastructure Buildouts going on in Africa China Latin America Indonesia Australia SE Asia & Malaysia both now and for decades into the future.

Infrastructure Rebuilds that should be underway in the US and Europe are not, thanks to these regions' huge debt loads and troubled currencies and economies.

We are not in a momentum Bull Market in the United States. For the time being we are in what is most likely a USA Bear Market. It will continue til after the election and it will continue to some extent until the debt issues calm down in the Eurozone.

-BHP Billiton (BHP, BLT) impending purchase of Walter Energy (WLT) (Birmingham Alabama USA producer of thermal coal for steel) QRG YOY 54.3%) BHP's P/E is 8. STRONG LONG-TERM BUY

-VALE (VALE) (BRAZIL) nickel iron ore and agribiz. Owns Bunge. World's largest iron ore producer. World's largest producer of industrial salt for the chemicals industry. Owns its own ships & its own ports. Shares below \$20 are A MARKET WITCH ONCE-IN-A-LIFETIME BUY

-Rio Tinto (RIO) Big Six Global Mining. FWD P/E 5.6 STRONG LONG-TERM BUY

-Potash of Saskatchewan (POT) Agribiz, fertilizers, FWD P/E 10.4, Profit Margin 36.4%, STRONG LONG-TERM BUY

-Public Storage (PSA) Personal storage USA & Europe also operates as an REIT. FWD P/E 20.2, Profit Margin 45.74% Near-Zero Debt, only 171.49mil shares out, STRONG LONG-TERM BUY

-Anglo American (AAUKY) Big Six Global Mining plus Agribiz (fertilizers and feeds) plus concrete, steel, rare earths etc. Enormously-broad-base, owns all DeBeers Diamond interests, as we write this the stock at \$16.83 is a MARKET WITCH ONCE-IN-A-LIFETIME BUY

-Companhia Siderurgicas Nacional (CSN) (SID) Brazil's 2nd largest steel producer is also a conglom the produces hydroelectric power, owns railroads, mines iron ore and tin, current P/E is 5.65 FWD P/E is 3.3, Dividend Yield is 5.8% as we write this shares are \$7.25. Shares below 8 are a MARKET WITCH ONCE-IN-A-LIFETIME BUY

-France Telecom (FTE) conservative govt, socialist govt, the French are going to phone each other. Shares at \$13 have a \$1.78 Dividend and a Dividend Yield of 13.3% and are A MARKET WITCH ONCE-IN-A-LIFETIME-BUY

-Facebook (FB) is a Market Witch SPECIAL CASE. We consider Facebook to be a Market Witch High Net Asset Value company and that primary net value asset is that the company has the daily attention of one seventh of the earth's population. Unless these people at Facebook are much dumber than we think (and we doubt that because co-founder Eduardo Severin, already recognizing that much of the US has become a Third World Country, a backwater with the world's highest corporate tax rate, has given up US citizenship and has moved to Singapore, whose very government has its own sovereign fund, Temasek

Holdings, worth \$193bil)) the brainy people at FB will come up with a way to turn the attention of 900,000,000 people into biscuits and gravy. The stock is SPECULATIVE. Let's let it the hoopla cool down for and then buy a few shares as a long-term speculation

-Apple (AAPL) EPS of \$41.04 a FWD P/E of 10.48 and an Enterprise Value nearly half a trillion dollars plus a CEO who is a far better manager than Steve Jobs and lots of product in the R&D pipeline and increasing Apple inroads into a corporate world formerly owned by Blackberry™ give Apple a continuingly strong future. A P/E of even 15 would put the shares at about \$753. UNDERVALUED

-Siemens (SI) Germany's primary industrial conglomerate and Germany's General Electric is also a windfarmbuilder powerhouse. STRONG LONG-TERM BUY

-General Electric (GE) a primary American conglomerate that has enormous influence and reach over multiple industries that affect both developing economies and mature economies and with expertise products and R&D that include jet engines, wind turbines railroad engines and medical equipment. GE's vertical axis windturbine energy systems are a roaring success. Shares are a STRONG LONG-TERM BUY

-Caterpillar (CAT) mining equipment industrial equipment Agribiz equipment and also diesel locomotives and other RR equipment. We love this co and have owned shares on and off for twenty years. Market Cap \$62bil Enterprise Value \$97bil Profit Margin 8.37% QRG YOY 23.4% STRONG LONG-TERM BUY

-Deere (DE) Agribiz equipment, EPS \$6.75 Market Cap \$30bil Enterprise Value \$57bil STRONG LONG-TERM BUY

-Joy Global (JOY) Mining Equipment, P/E 10, Market Cap \$6.73bil, EPS \$6.09 FWD P/E 7, STRONG BUY

-CNH Global (Case New Holland) CNH) Agribiz and & industrial equipment, STRONG LONG-TERM BUY

-FMC (FMC) Agribiz chemicals conglomerate, plus industrial chemicals polymers 100s of other products, Market Cap 6.7bil Enterprise Value \$8.3bil FWD P/E 12.4 QRG YOY 18.3% STRONG LONG-TERM BUY

-Syngenta (SYT) the Swiss version of Monsanto, Agribiz. Seeds. 200 product lines 6800 varieties of proprietary ag genetics. EPS \$3.46 QRG 13.6% Profit Margin 12.1% STRONG LONG-TERM BUY

-CF Industries (CF) global fertilizers STRONG BUY

-Agrium (AGU) US Canada & Latin America fertilizers & Agribiz products, STRONG BUY

-Monsanto (MON) Agribiz, the US version of Syngenta, QRG YOY 14.7% Market Cap \$37bil Profit Margin 14.9%, global reach, an enormous factor in plant biotech plant biogenetics and genetically-modified seeds in the 21st century, STRONG LONG-TERM BUY

-DuPont (DD) Agribiz plus chem conglom, Market Cap 46bil Enterprise Value \$60bil FWD P/E 10.24 QRG YOY 11.7% a primary USA dividend stock Div Yield 3.3% EPS \$3.73 this looks to go to \$4.60 next year STRONG LONG-TERM BUY

(notes: we are watching Dow Chem, which has too much debt but some interesting prospects including cornering the market on dielectric fluids and heading deeper into Agribiz & Industrial biochem)

-3M (MMM) US techno- products conglom, makers of Scotch Tape™ EPS \$6.06 Market Cap \$59bil Profit Margin 14.53% STRONG LONG-TERM BUY

-Southern Copper (SCCO) Copper gold silver & molybdenum, mines in Chile Peru & Mexico, Market Cap \$26bil, Profit Margin 35.2% Dividend Yield 6.9% A MARKET WITCH BEST BUY

-Freeport McMoRan Copper & Gold (FCX) has one of the world's largest proven reserves of gold in the ground and also produces cobalt and rare earths. It's exports in Indonesia will be taxed, FCX will pay it, and the price of gold and copper will rise. STRONG LONG-TERM BUY

-Compania de Minas Buenaventura (BVN) mining, gold zinc lead copper, Peru. Market Cap \$9.25bil Profit Margin 54% Current P/E 10 FWD P/E 9 Near-Zero Debt, EPS \$3.31 STRONG BUY

-Barrick Gold (ABX) gold & copper, 26 operating mines, global. EPS \$4.51 P/E 8 Market Cap \$36bil Enterprise Value \$48bil QRG YOY 18%, STRONG BUY

-Goldcorp (GG) gold mines, Canada Mexico Argentine United States, Market Cap 27bil QRG YOY 10.9% EPS \$1.89 Near-Zero Debt, FWD P/E 10, STRONG BUY

-Anheuser Busch/Inbev (BUD) the world's most ubiquitous beer, STRONG LONG-TERM BUY

-Wynn Resorts (WYNN) Market Cap \$11.74bil Macau gambling is up 42% YOY. Macau is so busy there is a labor shortage. Macau gaming is a \$38bil industry. STRONG LONG-TERM BUY

-FedEx (FDX) USA's global alternative to the USPS, Market Cap \$28bil, EPS \$6.41 P/E 13.74, FWD P/E 12, QRG YOY 9.3%, low debt. The biggest international transporter of goods by air in and out of China. STRONG LONG TERM BUY

-United Parcel Service (UPS) Brown paper packages tied up with string. Global reach, services to 220 countries. EPS \$3.93 Dividend Yield 3% FWD P/E 13.89 STRONG BUY

-Total SA (TOT) France-based oil and gas, global reach, the world's gas stations. 20 refineries, 14,819 gas stations. Also Agribiz chems and chems. EPS \$6.81 P/E 6.42, Dividend Yield 6.00% STRONG BUY

-Nautilus Minerals (NUSMF) the start of global undersea mining. SPECULATIVE

-Odyssey Marine (OMEX) the start of global undersea mining plus shipwreck treasurehunting. Salvage projects in the North Sea, Agribiz fertilizer project off the west coast of Mexico, etc SPECULATIVE

-Harley Davidson (HOG) the biker cult continues: the poor feel powerful, the rich have fun, everybody gets wild, and the Outlaw Clubs get to live it for real, a lifestyle not much different from the Five Families lifestyle in 1952. Shares are UNDERVALUED

-Victoria's Secret (The Limited) (LTD) is a Market Witch SPECIAL CASE. The company should be called Victoria's Secret. VC is one of the great US brand names of all time and is quietly and steadily going completely global. We have a profound link w this company. When Market Witch principal CE was in high school, young turk Leslie Wexner, then wildly out on a limb, opened the first Limited store 400 yard from the nearby and very upscale high school. Selling Girls' Preppie Clothing. The first LTD store was a huge success. Very quickly this store became the most-shoplifted-from store in the state. The Limited was on its way. Victoria's Secret™ was founded in 1977 in the wake of the First Wave of porn movies and the subsequent reinstatement of the end of hippiedom and the rebirth of mistresswear. The Limited bucked horrible US sales curves this spring with a 6% rise in same store sales. But Victoria's Secret™ sales rose 8%. The co now has VS stores in England Australia & Hong Kong and mail order/catalog/cybersales everywhere. Macy's, Target etc, companies recently touted by NYC media financial talking heads, are riding on Limited Brands' coattails. LTD shares are a STRONG LONG-TERM BUY

-Panera (PNRA) America's Café, America's bread, America's hangout. 1541 locations. Market Cap \$4.48bil EPS \$4.86 there are only 29.18mil shares outstanding QRG YOY 18.1% Zero Debt. A MARKET WITCH SPECIAL CASE: buy the shares now (they seem expensive but they're not) or wait til a 2:1 stock split and buy then STRONG LONG-TERM BUY

-McDonald's (MCD) Market Cap \$93bil Enterprise Value \$104bil Profit Margin 20.26% QEG YOY 7.1% EPS \$5.35, 33,501 locations, STRONG LONG-TERM BUY-Dollar General (DG) US consumer poverty stock, Market Cap \$16bil, Enterprise Value \$18.5bil, QRG YOY 20.1% STRONG LONG-TERM BUY

-Family Dollar (FDO) US consumer poverty stock, Market Cap \$7.8bil, Enterprise Value \$8.5bil EPS \$3.40 QRG YOY 8.6% STRONG LONG-TERM BUY

-Dollar Tree (DLTR) US consumer poverty stock, Market Cap 11.8bil, EPS \$4.03 QRG YOY 12.8%, Near-Zero Debt, STRONG BUY

-Mesabi Trust (MSB) US iron ore mining, Annual Dividend Yield approx. 9.37%, STRONG LONG-TERM BUY

-CPFL Energia (CPL) Brazil's primary electric co generates electricity via windfarms, hydroelectric, thermoelectric and sugarcane biomass. The US should be as green as Brazil is. Market Cap \$12.37bil Enterprise Value \$18.45%, Dividend Yield 6.1% STRONG BUY

-IBM (IBM) EPS \$13.41 Market Cap \$232bil Enterprise Value \$252bil, Profit Margin 15.01% UNDERVALUED, STRONG LONG-TERM BUY

-SAP (SAP) (Germany) Business software, global. Europe's Oracle (ORCL) STRONG BUY

-Brookfield Asset Management (BAM) buys owns manages office buildings, on every continent. Global. Not an REIT but a momentum stock. Of special interest is that these guys own a ton of office buildings in Brazil. STRONG BUY

-Nuance (NUAN) voiceover & language systems for cyberbusiness cybermedicine cybermilitary etc. Market Cap QRG YOY 22.4% Market Cap \$7bil enterprise Value \$7.5bil SPECULATIVE STRONG LONG-TERM BUY

-Nvidia (NVDA) NVDA graphics and 3D chipsets now extend into APPL products as well as, of course, to the military and ther mobile world of smartphones/handhelds. Market Cap \$8.14bil and Near-Zero Debt. SPECULATIVE, UNDERVALUED and a BUYOUT CANDIDATE

-QualComm (QCOM) off these pages for some years, Qualcomm's recently -introduced Snapdragon™ S4 processors are flying off the shelves. Profit Margin 33% Market Cap \$107bil QRG YOY 27.7% Near-Zero Debt EPS \$3.32 and \$15bil in cash. In the late 90s Qualcomm's proprietary CDMA technologies made the mobile world we live in today possible. STRONG LONG-TERM BUY

-Microsoft (MSFT) Market Cap \$258bil, EPS \$3.32, \$58bil in cash, STRONG LONG-TERM BUY

-CSX (CSX) primary USA railroad, Market Cap \$22.6bil, Enterprise Value \$31bil FWD P/E 10.5% Profit Margin 15.7%, STRONG LONG-TERM BUY

-Union Pacific (UNP) primary US railroad, Market Cap \$54bil Enterprise Value \$61bil, QRG YOY 14% EPS \$7.23 STRONG LONG-TERM BUY

-Norfolk Southern (NSC) primary US railroad Market Cap \$22.3bil Enterprise Value \$30bil, Profit Margin 17.64%, EPS \$5.80 STRONG LONG-TERM BUY

-Lockheed Martin (LMT A Market Witch War Stock, EPS \$8.37, P/E 10, Dividend Yield 4.7%
STRONG LONG-TERM BUY

-Northrop Grumman (NOC) A Market Witch War Stock, EPS \$7.70, Market Cap \$15bil P/E 7.76
STRONG LONG TERM BUY

-Boeing (BA) A Market Witch War Stock, EPS \$5.78, QRG YOY 30%, Market Cap 17bil, P/E 12.66
UNDERVALUED

-Calamos Strategic Total Return Fund (CSQ) Closed-End Fund (CEF) invests inUS stocks & corp bonds
and pays a monthly dividend. The Div Yield is 9.10% UNDERVALUED

-Calamos Global Dynamic Income Fund (CHW) CEF invests in global stocks corp bonds and alternative-
investments, Div Yield is 8.80% and paid monthly UNDERVALUED

- Silver Wheaton (SLW) (Vancouver) operates as a global silver-streaming middleman silverbroker with 14
long-term purchase agreements w silver mines and two more long-term purchase agreements w gold mines.
Counterparty agreements in Peru Chile Sweden US Canada Argentina Mexico etc. Profit Margin 88%
QEG YOY 99.5% STRONG LONG-TERM BUY

-Altria Group (MO) global-sales US tobacco conglom also handles its own wines from vine to
supermarket, and uses profits to fund a fat portfolio of leveraged and direct finance to rail aircraft
electricity real estate and manufacturing co's. FWD P/E 12.75% Profit Margin 20.4% Div Yield 5.45

-iShares ACWI Index (ACWI) STRONG BUY

-SPDR Emerging Markets 50 ETF (EMFT) STRONG BUY

Eurostoxx 50 ETF (FEZ) STRONG BUY

We would also be buyers of:

-REMX

-NUS (NUSMF) (speculative)

-AKAM

-BXP

-SPG

-PX

-ABV

-PEP

-IDX

-RSX

-EWG

-IWM

And of these GLOBAL ETFs:

-ACWI

-VT

-URTH

-ACIM

-MXI

And these CORPORATE BOND ETFs:

-BSJI

-BSCD

-BGJG

And OTHER ETFs:

-EIDO

- BIB

-GLX

-AVEGX

-AVESX

-AVEMX

-AVEWX

Notes: We are living through (A) chaotic and uncertain and changing economic times in Europe that will see Germany emerge as Europe's economic base (B) a transition of the economic sphere of power from the US UK and Japan to China Brazil and greater Latin America and the SE Asia/ Oceanic nations of Malaysia Indonesia Singapore & Australia and (C) the gradual or perhaps quite sudden end of currencies that are not tied to gold. Long-Term Investment Bargains abound. Particularly in relation to MW High Net Asset Value stocks and to gold and gold mining shares and to primary basic USA companies like Caterpillar (CAT) Deere (DE) and Anheuser Busch/Inbev (BUD) Greece is bankrupt. This is now being addressed, but it's a little late. And also, as if a money papermoney loan jumpstart could transform this situation. Spain and Italy and even France are in similar debt-level straits and the ECB has set aside a bailout fund in case Spain or Italy fails too. A default by either of those nations could spell big trouble for the French German Belgian and Dutch economies. What's keeping the EU afloat: Germany's 3.7% GDP growth and its strong manufacturing exports, and Holland's immense fiscal sanity. What's dragging the EU down: unemployment in the under-25 age group in Spain and Greece is more than 50%. So also bankrupt is the United States govt, but Timothy Geithner and even Bernanke are being more or less muzzled in this US election year. 32% of America's 18-29 age group are underemployed. Most leaders who currently hold political power in both the US and in the EU believe that the circumstance of the various regional economies is based on what people believe. IE if enough people believe we are in an economic upturn that will be the case. If enough people think we are in a downturn there will be an economic 'cyclic' recession. Media and govt believes it can control/steer the economy by controlling/influencing public opinion. This is faith in the Truth is Belief concept. Truth is belief is charming and magical but bad math.

We are in the early part of a global economic transformation that will change the global monetary system from a USdollar based monetary system into a gold-based global money system and which probably means a lessening of power for sovereign govts in favor of global mining companies and other creators of wealth. None of this will be solved during 2012 though late 2012 may serve as a turning point or fulcrum. Late in 2012 both US political parties will falsely claim that US economic problems have been fixed or are being fixed or will soon be fixed. And that prosperity is returning to America. Not so. An utterly new world is being formed: it is economically global, it has a gold-based monetary system with gold in 1 gram 10 gram 100 gram units as its structure, and it is a world that views what are now currently 'sovereign' governmental power systems now as what will be in the future simply be caretaker bureaucracies,

dependent as everyone else is on the sources of wealth creation and on companies which create wealth. European USA & Latin American equities indices are enormously oversold. A note to Europe: in terms of the Big Picture, no one gives a damn about Greece except when Zorba the Greek is on TCM on TV in Indonesia or Japan or Singapore or if a Melina Mercouri movie is on Sundance. Or if they wish to visit the storied Greek Islands. It is entirely possible that Greece could go bankrupt and someone might simply buy it as they might buy QualComm or eBay. Perhaps the Israelis should sell Israel to Islam, buy Greece, and move there. Perhaps Germany should buy it, and give Greece a 1% unemployment rate in a raging tourism market. Perhaps China should buy it and all those Shanghai's can have second homes condos & sailboats.

DEXTER, DOG OF THE DOW



DEXTER IS THINKING ABOUT: GOLD

The debt levels current crushing the Eurozone will drive gold demand over the long-term. A USdollar strengthening against the Euro can only drive gold lower for a short time and in a limited way because (a) the Euro has been overvalued for some time (b) the US has its own debt and budget crises and these will

come to a head once more over the summer, as they did in 2011 and (c) the US has a negative real interest rate above -3.25%. A side effect to the abundance of faux-money printing by central banks in the USA Europe Japan and England is balance sheets amounting to nearly \$8 trillion in total debt. This is double the amount that it was only three and a half years ago. If the EU begins to break up, and the Euro begins to lose value, investors will flock first to the US dollar and it will appear very strong. Until it becomes obvious that the USA's debt level is equally as bad.

Several of the world's industrially-developed economies have negative real interest rates and these rates are almost certain to remain negative for years to come. Historically, when the inflationary rate is greater than the current short-term interest rate, gold prices rise.

Most Developed Countries Have Negative Real Interest Rates

| G-7 | Population (million)* | Real Interest Rate |
|---|-----------------------|--------------------|
|  Japan | 127 | 0.30% |
|  France | 65 | -1.05% |
|  Germany | 82 | -1.25% |
|  Canada | 34 | -1.90% |
|  Italy | 61 | -2.15% |
|  U.S. | 310 | -3.25% |
|  U.K. | 62 | -4.50% |

Average **-1.97%**

*As of December 2010

Source: U.S. Global Research

Emerging market central banks continued their gold buying in March & April. UBS Investment Research reports that in March, Mexico bought 16.8 tons, Russia bought 15.6 tons and Turkey added 11.5 tons. Additional small purchases were made by Tajikistan, Kazakhstan and Belarus. Most Central Banks have been accumulating gold reserves for five years, ever since the Federal Reserve cut interest rates in 2007, and HSBC Global Research expects this buying trend to continue for another five years.

If China were to back the Yuan with gold, this buying process would accelerate dramatically.

In March, China's incoming gold shipments grew to 62.9 tons, which is the third largest volume of gold in a decade from Hong Kong to the mainland, according to UBS. With ongoing rising domestic demand, for gold, [China may overtake India](#) this year as the world's largest gold buyer.

India's government has abolished the excise duty on gold jewelry. This was one of the reasons for a domestic India jewelers' strike, which caused gold imports to decrease 55% in India a few months back. Getting rid of the tax should encourage the restocking of gold and bring Indian gold buyers back to the market. UBS reported in May that Indian buying was nearly double what it was 3 months earlier, on a daily basis.

Throughout the 1st decade of the new century, these Fear Trade and Love Trade causes have pushed gold higher, even as gold continues to go through short-term corrections along the way. Only hindsight can show how these corrections set up buying opportunities. We expect that phenomenon to continue until it starts to become obvious to a broad audience that gold is about to become the world's reserve currency. At which point buying will accelerate.

Some Market Witch Model Portfolios

A MARKET WITCH GLOBAL ASSET MODEL

Siemens (SI) (Germany) Medical technologies windfarms railroad engines etc. Market Cap \$92bil FWD P/E 10.3

SAP (SAP) Germany's IBM, QRG YOY 10.8%

General Electric (GE) (USA) Energy, medical technologies windfarms railroad engines etc Market Cap \$202bil, Enterprise Value \$523bil

Newmont (NEM) (USA) old-school gold mining

Goldcorp (GG) (Vancouver) new-school gold mining

Compania Minas Buenaventura (BVN) (Peru) old school mining, gold silver lead zinc copper

Silver Wheaton (SLW) silver counterparty co from mines globally. Market Cap \$12bil QRG YOY 99.5%

iShares MSCI Global Silver Miners Fund ETF (SLVP) 29 stocks Alternatively, Global X Silver Miners ETF (SIL)

iShares MSCI Global Gold Miners Fund ETF (RING) 42 stocks. Alternatively, Market Vectors Gold Miners ETF (GDX)

AAUK (AAUKY) (London) A Big Six mining co Market Cap \$51bil. Broad-spectrum mining basics include gold diamonds iron nickel copper & coal. Owns DeBeers. 14% increase in annual profit, to a record \$11.1bil.

Platinum Group Metals (PLG) smallcap Canadian co big strike in South Africa. Mine will open 2013

Southern Copper (SCCO)(USA) but majority-owned by Mexican interests) copper's going far higher

Tata Motors (TTM) (India) owns & markets Jaguar & Land Rover plus its own models

McDonald's (MCD) 32,943 McDonalds outlets in 117 countries

-iShares MSCI Global Agricultural Producers Fund ETF (VEGI) 146 companies in 34 countries: seeds fertilizers and farm machinery

General Motors (GM) (USA) Record profits. Sales everywhere: the world loves Buicks Cadillacs and GMC's

IBM (IBM) (USA) forecasts include 10% annual QRG thru at least 2017

Apple (AAPL) (USA) still undervalued, has \$100bil in cash, now pays a dividend

France Telecom (FTE) social or conservative, the phone co goes on, P/E 7.2 Dividend \$1.78 Yield 13%

United Parcel (UPS) buying Euro rival TNT for \$6.77bil

FedEx (FDX) steadily replacing US postal service

Life Technologies Corp (LIFE) 21st century medical R&D co with 4000 patents, activity in 160 countries

Cyclacel (CYCC) (USA) this company's oral cancer drugs, notably sabatracine, though still in test phases, are real. The stock is speculative

Nautilus Minerals (NUSMF) undersea gold mining and mining services, Pacific. Advanced technologies, offshore land grants, speculative

NVidia (NVDA) this Graphics CPU maker, once only the works of the video game world, has 3D GPUs and is making a big play into cell phones

Rackspace Hosting (RAX) Internet webhosting & cloud computing, customers in 130 countries, near-zero debt

Public Storage (PSA) Self-storage facilities, USA & Europe, an REIT

iShares MSCI Capped Index Fund Russia ETF (ERUS) YTD return 14.25%

Ship Finance Ltd (SFL) (Bermuda) global shipping sank in 2010 and bottomed in 2011. In 18 to 24 months the industry will begin to take off again

Market Vectors Rare Earth/ Strategic Metals ETF (REMX)

iShares MSCI Germany Index ETF (EWG) Germany's biggest & best

iShares MSCI Brazil Index ETF (EWZ) Brazil's biggest & best

iShares MSCI Turkey Index ETF (TUR) Turkey's biggest & best

A 2012 LATIN AMERICA MODEL

Natura Cosmeticos SA (SAO: NATU3) (NASTU3 BS) (USA:NUACF) Latin America's largest cosmetics co

Banco do Brasil SA (SAO: BBAS3) (BDORY) consumer banking, 5087 branches, Market Cap \$48.66bil, Enterprise Value \$169.4bil

Itau Unibanco SA (Banco Itau SA) (ITUB) consumer and corporate/commercial banking, 3787 branches, Market Cap \$95bil, Enterprise Value \$192bil

Banco Bradesco SA (BBD) consumer banking & financial services, 3676 branches, 45,000 ATMs, 4559 special banking service stations, Market Cap \$69bil, Enterprise Value \$181 bil

Vale SA (VALE) metals mining & agribiz conglom, Brazil. Market Cap \$131bil, Enterprise Value \$150bil, P/E 5.87

Gerdaul Steel SA (GGB) Latin America's largest steelco, Market Cap \$17.29bil, Enterprise Value \$22.3bil QEG YOY 31.2%

Telefonica SA (VIVT4)(VIVT4 BS) (USA:TEF) the Brazil unit of Spain's largest phone company, Market Cap \$76bil, Enterprise Value \$149.4bil, Div Yield 9.8%

Ultrapar SA (BZ:UGPA3)(BZ:UGPA3 BS) (USA: UGP) fuels & petrochem, Brazil's gas stations, QRG YOY 18.3%

Ecopetrol SA (USA:EC) petroleum, petrochem, agribiz, gas stations, Colombia. Ops in Columbia Peru Brazil and Latin Gulf Coast, Market Cap \$112.4bil Profit Margin 23.43% QRG YOY 64.7%

Cosan (CZZ) sugar cane plantations, ethanol production, Brazil. Market Cap \$3.8bil, EPS \$2.97 P/E 5.1

CPFL Energia (CPL) Brazil's electric company. Market Cap \$15bil Enterprise Value \$21bil. Profit margin 11.75% \$2.5bil in cash Div \$1.65 yield 5.10%

Petrobras (PBR) Brazil, petroleum Market Cap \$192bil, Enterprise Value \$241bil, Profit Margin 16% QRG YOY 17.2%

Empresa Nacional de Electricida (EOC) Chile's electric co, Market Cap \$14bil, Enterprise Value \$17.3 bil, Profit Margin 18.79%

iShares MSCI EM Latin America (LSE: LTAM) USA: IHSZF) domestic stocks down Rio way

iShares MSCI Brazil Index (EWZ) the big Brazil stocks

iShares MSCI Small Cap Brazil Index (EWZS) smaller domestic Brazil stocks

iShares MSCI Peru Capped Index Fund ETF (EPU)

Market Vectors Colombia ETF (COLX) 2:1 stock split 2011

GlobalX InterBolsa FTSE Colombia 20 ETF (GXG)

iShares MSCI Brazil Index ETF (EWZ)

A CONSUMER AMERICANA MODEL PORTFOLIO FOR 2012

Pfizer (PFE)

Panera (PNRA)

Disney (DIS)

Chipotle (CMG) (60-90 days after a 2:1 stock split)

McDonalds (MCD) (seems fully-valued but isn't)

Smuckers (SJM)

Family Dollar (FDO)

Dollar General (DG)

Dollar Tree (DLTR)

IBM (IBM)

American Express (AXP)

Tiffanys (TIF)

Verizon (VZ)

3M (MMM)

Apple (AAPL)(iTV and all Apple iToys)

YUM Brands (YUM) (global expansion< China Europe Russia etc)

Google (GOOG) (YouTube, Android)

Facebook IPO

AN AMERICANA HIGH NET ASSET VALUE/ HARD ASSETS MODEL PORTFOLIO FOR 2012

Brookfield Asset Management (BAM) (\$50bil in High Net Asset Value infrastructure assets)

Boston Properties (BXP) (buying up office properties hotels office buildings parking lots and undeveloped urban land)

Praxair (PX) industrial gases

Snap-On (SNA) (industrial/consumer-mechanical tools)

Caterpillar (CAT)

Deere (DE)

Monsanto (MON)

Cummins (CMI)

Lockheed Martin (LMH)

Monsanto (MON)

CSX (CSX)

Union Pacific (UNP)

General Motors (GM)

AN ALL-METALS ALL-THE-TIME-MODEL FOR 2012

Mesabi Trust (MSB)

Great Northern Iron Ore (GNI) (this trust has a limited run, will dissolve in about three years)

Goldcorp (GG)

Anglo-Gold Ashanti (AU)

Buenaventura (BVN)

Market Vectors Gold Miners ETF (GDX)

Rio Tinto (RIO)

iShares Silver Trust (SLV)

BHP Billiton (BHP)

Southern Copper (SCCO)

Anglo-American (AAUKY)

Vale (VALE)

Posco (PKX)

MolyCorp (MCP)

US Steel (X)

CSN (SID),

Gerdau Steel (GGB)

Ternium (TX)

Mittal Steel (MT)

Cliffs Natural Resources (CLF)

Sociedad Quimica y Minera (SQM)

Freeport McMoran Copper & Gold (FCX)

Glencore (LSE: GLEN) (USA: GLNCY)

iShares all-Peru Capped Index ETF (EPU)

Global X FTSE Andean 40 ETF (AND)

A 2012 PRIMARY AGRIBIZ PORTFOLIO

Agrium (AGU)

Terra Nitrogen (TNH)

Potash (POT)

BHP Billiton (BHP)

Monsanto (MON)

Syngenta (SYT)

Deere (DE)

Caterpillar (CAT)

CNH Global (Case New Holland)(CNH)

Bunge (BG) & Vale (VALE)(Vale owns Bunge and other agribiz mineral co's)

Navistar (NAV) (International Harvester™ and Farmall™ brands)

Cummins (CMI)

Mosaic (MOS)

Powershares DB Agriculture ETF

(DBA) & Market Vectors Agribiz ETF (MOO)

A 2012 ALL HIGH-DIVIDEND PORTFOLIO

Mesabe Trust (MSB)

Great Northern Iron Trust (GNI) (this trust will dissolve in about three years),

Southern Copper (SCCO),

Ship Finance Ltd (SFL)

Annaly Capital Management (NLY)

CPFL Energia (CPL) Bank of Montreal (BMO) Terra Nitrogen (TNH) France Telecom (FTE) & CSN (SID)

Royal Bank of Scotland (RBS-M) preferred, Dividend Yield 6.4

DEXTER'S MODEL 2012

Southern Copper (SCCO)

Rydex Currency Shares Australia (FXA)

CSX (CSX)

Union Pacific (UNP)

Apple (AAPL)

Anglo American (AAUK)

Mesabe Trust (MSB)

Boston Properties (BXP)

Terra Nitrogen (TNH)

GoldCorp (GG)

SPDR Gold Shares ETF (GLD)

A MODEL FROM 2012 INTO EARLY 2014

Gerdau Steel (GGB)

CSN (SID)

Southern Copper (SCCO)\

US Steel (X)

Posco (KTX)

Apple (AAPL)

IBM (IBM)

BHP Billiton (BHP) Dow Chemical (DOW)

Dupont (DD)

Lockheed (LMT)

iShares MSCI Brazil (EWZ)

Bank of Montreal (BMO)

American Express (AXP)

Corning (GLW)

Nucor (NUE)

Mittal Steel (MT)

Market Vectors Steel ETF (SLX)

Ishares MSCI Brazil Index ETF (EWZ)

Global X Brazil Midcap ETF (BRAZ)

Market Vectors Gold Miners ETF (GDX)

Goldcorp (GG)

SPDR Gold Trust etf (GLD)

Market Vectors Junior Gold Miners ETF (GDXJ)

Caterpillar (CAT)

Freeport McMoRan Copper & Gold (FCX)

Anglo-American (AAUKY)

Rio Tinto (RIO)

BHP Billiton (BHP)

Buenaventura (BVN)

Glencore (GLEN)(GLNCY)

IBM (IBM)

Facebook (IPO)

Notes: A TwentyTeens Sub-Category: The Very Possible War Years, 2014-2017

General Dynamics (GD) (Hi! We make nuclear submarines!) Raytheon (RTN) (Hi! We make war-of-the-worlds laser weapons!) Boeing (BA) (Hi! We're the makers of the B2 bomber! We're also working on antigravitational technologies! We also build the 787 Dreamliner!) Northrop Grumman (NOC) (Hi! We helped make the B2! We also make the Global Hawk!) United Technologies (UTX) (Hi! We make war helicopters!) L3 Communications (LLL) (Hi! We make war tech communications systems! We also own Global Crossing!) Lockheed Martin (LMT) (Hi! We make stealth aircraft!) & Nvidia (NVDA) (Hi! We make 3D chipsets/GPUs that once were used in video games and now are used in ships tanks & aircraft & reconnaissance & training!)

An Investment Model from early 2012 into Early 2015

The Great Mining Companies: Vale (VALE) Anglo American (AAUK) BHP Billiton (BHP) Rio Tinto (RIO) MolyCorp (MCP) Freeport McMoRan (FCX) Southern Copper (SCCO) Vale (VALE) Buenaventura (BVN) Glencore (owns Xstrata) (LSE: GLEN) USA: GLNCY) CSN (SID)

Plus Big Agribiz and Big Foods: Monsanto (MON) Abbott Labs (ABT) global baby foods) Nestle (NSRGY) (global foods and also water) Global X Farming ETF (BARN) DuPont (DD) Bunge (BG) (Vale (VALE) owns Bunge) Dow Chemical (DOW) Syngenta (SYT) Monsanto (MON) Abbott Labs (ABT) (Abbott is owned by Pfizer PFE) Plus IBM (IBM) McDonalds (MCD) L3 Communications (LLL) & Apple (AAPL) Plus Market Vectors Gold mining ETF (GDX) and SPDR Gold Trust (GLD)

COMMODITIES CURRENCIES AND GLOBAL INDICES: THE FOUNDATION OF THE 21ST CENTURY ECONOMY

-Gold: Floor Support \$1736, Fair Value \$2716, currently in a range \$1500- \$1700 Or about \$55/gram

When we began a formula to establish the Fair Value of gold, as opposed to Spot Gold, in 2002, the Fair Value of gold was \$2165, and gold was selling at \$678. Gold is now in the \$1600-1750 range...and the Fair Value of Gold remained at about \$2197 until it moved, about six weeks ago, up into the 2700-2800 *range as a result of a growing consensus in the global financial community* (and to the horror of many if not most sovereign governments) *that gold will in about five years begin to become the single global currency in gramweight measures.* The spot price of gold will not reach and match it's a \$2800 Fair Value any time soon. But gold probably will reach the \$2100 range in two or three years. No government can print gold.

The recent strongest play by our govt since the FDR 1930s to demonetize gold was only able to cause gold to fall to low \$1600s. Do not count gold out or hold large amounts of cash in US dollars

-Platinum: Fair Value \$2110, currently in a range \$1400-1700 Platinum on world markets remains a jewelry and industrial metal. Platinum monetized in the Global Outlaw Economy starting in late 2005, replacing the EU500 note. As gold began to broadly remonetize two years ago in the Global Economic Mainstream, platinum didn't. But the USA's Big Banks, the ones which service the Federal Reserve (JPM etc) believe platinum is money and have been buying bargain-priced platinum for nearly two years. There is strong evidence that both platinum has monetized in the banking community but gold has moved broadly ahead as the new universal currency. Both metals are undervalued by about hundreds of dollars.

To play rising platinum:

-Platinum Group Metals (PLG) recent big find, A MARKET WITCH BEST BUY, mines open next year

-Impala Platinum (IMPUY) UNDERVALUED

-Anglo-American (AAUKY) A MARKET WITCH BEST BUY

-Rio Tinto (RIO) STRONG BUY

-Lonmin (LMNIY) UNDERVALUED

-ETFS Physical Platinum Shares ETF (PPLT)

- also PTM

To play falling platinum:

-SPLA

-PTD

-Silver: Fair Value \$40.08, currently in a range \$27-32. Silver remains for now an industrial and an art & jewelry metal, even though we may see bursts to \$40 silver late this year. A sustained silver price above \$40 would be strong evidence silver is monetizing, as platinum has

To play rising silver:

-BHP Billiton (BHP) STRONG BUY

-Rio Tinto (RIO) STRONG BUY

-SLV physical silver ETF

-SIL global silver miners ETF

-Great Panther (GPR) mining

-Silver Standard Resources (SSRI) mining

-AGQ ProShares Ultra Silver ETF (leveraged @ 200%)

-Silver Wheaton (SLW) global counterparty buyer from miners & seller into open markets, STRONG LONG-TERM BUY

-Palladium: Fair Value \$902 currently \$693

Notes: Palladium is one of the five rare lustrous & silvery-white platinum-group metals (PGMs). All white metals have similar melting properties but palladium has the lowest melting point. About ¼ of all goods manufactured today have PGMs as a component or are used in their manufacture. Over half of all mined palladium goes into catalytic converters for internal combustion engines. Palladium is also used in dentistry, photography, medicine, & groundwater treatments, and is a key component in the tech used to make fuel cells, which combine hydrogen & oxygen to create electricity heat & water. Mining sites for palladium: the Transvaal in South Africa, the Stillwater Basin complex in Montana, the Thunder Bay region of Ontario and Minnesota, and the Norilsk region of Russia. In general, any company that is mining nickel is likely to be mining palladium as well in the same area. Over the next few years most smaller palladium mining co's will be engulfed by the Big Six Global Mining companies

To invest in palladium mining:

-Stillwater Mining (SWC) UNDERVALUED

-North American Palladium (PAL) UNDERVALUED

-Coeur d'Alene mines (CDE) UNDERVALUED

-Impala Platinum (IMPUY) UNDERVALUED

-Lonmin (LMN) UNDERVALUED

-Anglo-Platinum (AGPPY) UNDERVALUED

-Norilsk Nickel (NILSY) UNDERVALUED

-BHP Billiton (BHP) STRONG LONG-TERM BUY

-Vale (VALE) STRONG LONG-TERM BUY-Rio Tinto (RIO) via its Eagle mines in Michigan's Upper Peninsula STRONG LONG-TERM BUY

-ETFS Physical Palladium ETF (PALL) UNDERVALUED

To play rising palladium:

-Palladium Trust ETF (PALL)

-North American Palladium (PAL)

-ETFS Physical Palladium Shares E (PPLT)

-Copper: Fair Value \$4.92 currently in a range \$3.40-3.70

Copper may become a precious metal. Theft of copper in the US has never been higher. We expect that at some point in late 2015 as the global economy moves fiercely forward, copper will peak at around \$15.63. Copper may then fall, but we doubt it will stay much below \$10 for the rest of the decade. In 2008 copper fell to 70cents. In 2011's mess, copper stayed above \$3.24. During the current Euro-mess, copper has only fallen to \$3.48. What this tells us: expect high commodity prices throughout the TwentyTeens decade, especially for base metals, plus wheat, soy rice and corn. And, late in the decade decade, expect water to become no longer free, and increasingly expensive. Copper consumption & demand has grown at an average annual rate of 4% for one hundred fourteen consecutive years

Copper ETFs:

-Global X Copper Miners ETF (COPX) STRONG LONG-TERM BUY

-iPath Dow Jones Copper Index ETN (JJC)

-First Trust ISE Global Copper Index Fund (CU)

-PowerShares DB Base Metals (DBB)

-iShares MSCI Chile Index (ECH)

To play rising copper:

-Southern Copper (SCCO) STRONG LONG-TERM BUY

-Rio Tinto (RIO) STRONG LONG-TERM BUY

-Hindustan Copper (HINDCOPPER) STRONG LONG TERM BUY

-Aluminum: Fair Value \$2.79, currently in the \$0.89-\$0.95 range Aluminum price was so low in 2011 that production fell, which then began to cause higher aluminum prices. Aluminum usage has increased every year for almost 40 years. Rio Tinto (RIO) has consolidated its entire aluminum biz into Rio Pacific Aluminum. Alcoa (AA) is undervalued

To play rising Aluminum

-BHP Billiton (BHP) STRONG LONG-TERM BUY

-Rio Tinto (RIO) STRONG LONG-TERM BUY

-Alcoa (AA) UNDERVALUED

-Nickel: Fair Value \$15.36, currently in the range of \$7.50-\$8.50 Notes: Nickel is a key component of steel alloys. Prices are low now because of European & US economic banking debt and currency instability fears mean a slower kickoff to a Euro and USA Infrastructure Rebuild The Global Infrastructure Buildout and the Global Commodities Supercycle will, in the long run, simply go right on, all through the mid-TwentyTeens Decade and all through the Twenty-Twenties

To play rising nickel:

-Anglo-American (LSE: AAL)(USA: AAUKY) major new nickel find in Finland, STRONG LONG-TERM BUY

-Vale (VALE) STRONG LONG-TERM BUY

-Mechel (MTL) STRONG LONG-TERM BUY

-Rio Tinto (RIO) STRONG LONG TERM BUY

-JJM

-JJN

-Zinc: Fair Value \$1.26, currently \$0.86-0.92

Notes: Global demand for zinc has been rising at the rate of 3% annually for several years. Zinc coatings are a saltwater deterioration preventative coating and a steel oxidation preventative coating

To play upward zinc:

-Rio Tinto (RIO) STRONG LONG-TERM BUY

--Buenaventura (BVN) STRONG LONG-TERM BUY

Southern Copper (SCCO) STRONG LONG-TERM BUY

-Hindustan Zinc LTD (HINDZINC)

-Lead: Fair Value \$1.06, currently \$0.89-0.93. Demand for lead has risen by 2-3% for several years. Price should continue to stay above \$0.90 as more oceanic industries (drilling, oceanic green energy plays, global commercial fish farming, oceanic mining etc) flourish in the early 21st century

-Iron Ore: TSI Iron Ore Index: Fair Value 219.30, currently 152.

Notes: That iron ore remains flattish is evidence of continuing concern over Europe's economy, concern over slower growth, and concern over USA's continuing growth failure. But over the next 8 years iron ore supply needs to rise by 100 million tons annually to stay even with rising demand. Global demand for iron ore copper moly nickel and aluminum will at least double over the next fifteen years.

Regional iron indices are popping up (a new one in China) and there is a much broader and probably global iron ore spot price index coming as world-wide spot-price emerges as the new standard. Global spot pricing is probably on the way for molybdenum and nickel as well, both components of alloy steels. Rising demand for steel in China and India for use in construction, shipbuilding and other industries is fueling iron ore. About 40% of all the iron ore shipped by sea comes from Western Australia's remote Pilbara region. The global iron ore trade, estimated to be US\$150 billion annually, has long been dominated by major miners including Rio Tinto, BHP Billiton and Brazil's Vale. A new member of this group is Korea's Posco (PKX) which now has partnership mine interests in the Pilbara region.

To play iron ore upward:

-Vale (VALE) STRONG LONG-TERM BUY

-BHP Billiton (BHP) STRONG LONG-TERM BUY

-Rio Tinto (RIO) STRONG LONG-TERM BUY

-Anglo American (AAUK) AAUKY STRONG LONG-TERM BUY

-CSN (SID) STRONG LONG-TERM BUY

-Steel: Bloomberg Europe 500 Steel Index (BESTEEL: IND) Fair Value \$178.16, currently \$109.20

S&P 500 Steel Index Sub Industry Index (S5STEL: IND) Fair Value 271, currently 155.00

Notes: this is the very best global steel price guide we have ever been able to find. We'll be publishing a link to it from now on: <http://www.worldsteelprices.com/>

To profit from rising steel prices:

-Posco (PKX) EPS \$10.13 Dividend Yield 3.30% STRONG LONG-TERM BUY

-Gerdau (GGB) Brazil's largest steel co UNDERVALUED

-CSN (SID) said to be in talks to purchase USA's RG Steel (Warren Ohio, Wheeling WV) STRONG LONG-TERM BUY

-Mittal (MT) A long-term Mittal Steel bond, a March 1, 2041 maturing senior unsecured note, CUSIP 03938LAS3, with Baa3/BBB- ratings, has a 6.75% coupon and is trading at a discount to par. The bond has a make whole call, a conditional call at par for certain tax law changes, and a conditional put for a change of control. The stock is UNDERVALUED

-ThyssenKrupp AG (TKA) STRONG LONG-TERM BUY

-Salzgitter AG (SZG) STRONG LONG-TERM BUY

Titanium: Stainless steel-titanium alloy is corrosion-resistant, far stronger than titanium alone, can be fabricated in many iterations, can be easily machined and turned into products that can be used in aerospace, medicine, gas turbines, chemical processing, and marine applications. There are several grades, and a number of specialty steel and titanium fabricators who offer various versions. A titanium alloy is what the skin of the B2 Stealth Bomber is made of

To invest in titanium:

-Kronos Worldwide (KRO)

-Titanium Metals (TIE)

-BHP Billiton (BHP) STRONG LONG-TERM BUY

-Rio Tinto (RIO) STRONG LONG-TERM BUY

-Barrick Gold (ABX) STRONG LONG-TERM BUY

-Exxaro Resources Ltd (JSE:EXX)

-Cobalt: there is no cobalt ETF yet. Cobalt now is usually included as a component in existing rare earth ETFs.

Notes: Cobalt is one of 14 elemental metals critical for use in clean energy technologies. Nine of these 14 are classified as rare-earth elements. Cobalt is used in lithium ion batteries for electric cars, cell phones, tablets and laptops that will continue to use lithium ion batteries. And is also a key component of in Nickel Cadmium and NiMH rechargeable batteries. Cobalt is also a key metal in metallurgical superalloys, used extensively in USA's military aerospace engineering. Other industrial uses for cobalt include: As a binding agent in steel-belted tires. A component in magnets. A tool in the desulfurization of crude oil. A tool in the natural gas to LNG process.

To invest in cobalt:

- Rio Tinto (RIO) STRONG LONG-TERM BUY

-Polymet Mining (PLM) BUYOUT CANDIDATE

-OM Group (OMG)

-Vale (VALE) STRONG LONG-TERM BUY

-Freeport McMoran Copper & Gold (FCX) STRONG LONG-TERM BUY

-Manganese: there's no ETF yet and manganese prob will included as a component in more than one rare earth ETFs.

Notes: Manganese is another key element in battery production for electric cars. Also used as a gas additive. More importantly, manganese used to create an aluminum alloy that resists corrosion (= aluminum cargo ships). Manganese also is a primary component of manganese steel, called "mangalloy" in the metals industry that has enormous surface hardness and resistance to abrasion and also is not brittle. Current cost of production to mine manganese about \$1.32/lb. China currently produces about 97% of the world's manganese but that % is falling quickly.

To invest in manganese:

-Rio Tinto (RIO) STRONG LONG-TERM BUY

-American Manganese (AMY) penny stock, USA production, SPECULATIVE

-BHP Billiton (BHP) STRONG LONG-TERM BUY

-Anglo American (AAUK) (AAUKY) A Market Witch Best Buy

-Lithium: there is no broad public commodities index listing for this metal, which is the crucial component of lithium-ion batteries

To play rising lithium:

-Sociedad Quimica y Minera (SQM) (Chile) UNDERVALUED

-Global X Lithium ETF (LIT) UNDERVALUED

-New America Energy (NECA) penny stock, SPECULATIVE

Other Rare Earths:

Notes: China currently produces a high but rapidly falling percentage of rare earths. Prices doubled 2008-2011 as China sought to use its supplies at home rather than sell/export them. China has recently established a 155-member rare earths industry association, under China's Ministry of Information and Technology, with the aim of spurring further development. Members include Aluminum Corp of China (ACH) and China MinMetals (private).

The US has big unexploited rare earth reserves, but almost no production at all. Blame the EPA. Betting on where the world's untouched rare earth deposits are: Siberia, Indonesia, Brazil, Quebec, Africa & Greenland. The long play into the next decade for rare earths production: undersea mining.

To play rising rare earths:

-Market Vectors Rare Earth/Strategic Metals ETF (REMX) STRONG BUY

-MolyCorp (MCP) STRONG BUY, BUYOUT CANDIDATE

-Polymet (PLM) BUYOUT CANDIDATE

-First Liberty Power (FLPC) penny stock SPECULATIVE

-Pele Mountain Resources (CVE: GEM) (USA: GOLDF) penny stock SPECULATIVE

-Rare Element Resources (REE)

-Avalon Rare Metals (AVL)

-New America Energy Corp (NECA) penny stock, SPECULATIVE

-Water: it's time to add water to the list of major world commodities. US intelligence agencies now speculate that as fresh water becomes rarer and more costly, wars over water and control of fresh water supplies will ensue in as few as seven or eight years. A culture war has just begun in the US over the bottled water industry, which half of Americans view as a travesty and a waste of plastic (petroleum). The elimination of or the shrinking of the plastic bottled water market from the US and elsewhere threatens revenues of companies like KO and PepsiCo and they will fight hard against this. The US (as well as Russia and Brazil and Canada) are in very strong positions when it comes to fresh water supplies going forward, but the USA may damage its fresh water base irrevocably via Fracking, which requires enormous quantities of water and which poisons the water table. Much of the USA's reserves of fresh water are in the Great Lakes, the landscape of which is about to begin to change permanently as the feds and various US states (Illinois Indiana Ohio Wisconsin Michigan Minnesota NY & Pennsylvania all of which abut Great Lakes frontage) agree to speed up plans and executions of offshore wind turbine farms. The Great Lakes currently have no offshore wind farms. But it won't be long. It means clean electricity, and jobs.

-Cement: another commodity without an Index and without an ETF. Industrial construction mats are have yet to respond to the Global Infrastructure Buildout that will last for two decades or more but will once the USA & EU monetary crises end

To invest in cement:

-Cemex (CX) (Mexico)

-Holcim (VTX:HOLN)(USA:HCMLY) (Swiss)

-Buzzi Unicem MIL: BZU) (USA:BZXZUY) (Italy)

-LaFarge (PAR:LG) (USA:LFRGY)(LSE:0HAP) (France)

-Anglo-American (AAUKY)(UK) A MARKET WITCH BEST BUY

-Heidelberg Cement (LSE:0MG2)(USA:HDELY)(XETRA: HEIX) (Germany)

-CSN (SID) STRONG LONG-TERM BUY

To play building matls upward:

-Direxion Basic Matls Bull 3X Shares (MATL) (leveraged)

To short basic matls:

-Direxion Basic Matls Bear 3X Shares (MTAS) (leveraged)

-Lumber: Fair Value 313, currently 287.1

Notes: Rising US lumber prices reflect the possible rebirth of the USA's construction business especially given a soft winter and a long spring. New construction is in multi-family buildings: condos & apartment buildings and building permits are at their highest in in 4 years. This is happening even in the face of the increasing inability of the USA's Former Middle Class to buy new homes or even to pay to improve/restore older ones. In response, US housing stocks (MHO PHM NVR etc) may rise some as well. This affects Lowes (LOW) and Home Depot (HD) stocks too. And it affects commercial construction industry, but most big USA industrial and commercial contractors (Bechtel, Setterlin, etc) are privately-held.

-Corn: Fair Value \$8.10, currently \$6.38. The 2012 will likely be the largest US corn crop in history even tho some fields may have to be secondarily replanted after a very wet spring. Corn prices won't fall. It may not be the largest crop however. Here's why: violent spring USA storms that spawned fierce tornadoes in the US Midwest also blew huge numbers of black cutworm moths into Canada. It's likely the enormous numbers of these moths have laid eggs in the early corn crop that could ruin the crop overnight.

To play rising corn:

-CORN

-GRU

-JJG

-Wheat: Fair Value \$7.78, currently \$6.94. The US wheat crop will almost certainly be the largest in history. Prices won't fall. Expect wheat prices to rise 10-15% by late 2012

To play rising wheat:

-GRU

-Soybeans: Fair Value \$15.68, currently \$14.17. The US soybean crop will almost certainly be the largest in US history. Soybean prices won't fall. Expect soybean prices to rise 8% by late 2012

To play rising soybeans:

-SOYB

Notes: Value of US agricultural exports were an all-time record high \$136.3 billion in 2011. And 2012 will almost certainly be higher

-Rice: Fair Value \$16.93 currently \$15.32 We think rice is headed still higher

Notes: Rice is the basic daily food staple for half the world's population. Recent record rice harvests mean record rice stockpiles, but even so prices are still rising, and a higher Fair Value means that the currencies of various sovereign nations are depreciating. There is not yet an ETF for rice. You can invest in broader agribiz ETFs like MOO and DBA

-Sugar: Fair Value 31.71, currently 20.50, We expect sugar to hit an all-time 38.18 high very late this year and into early 2013

-Cocoa: Fair Value 2.60, currently 2.27

-Coffee: Fair Value 2.36, currently 1.79

Notes: 2012 coffee harvests so far have been enormous, and this has begun to lower prices even at the consumer level. Smuckers lowered coffee brand prices 6%

-Cotton: Fair Value 1.09, currently 0.77.50

Notes: Surprisingly strong cotton growers: Pakistan and Uzbekistan. No one knows the size of Iran's cotton crop. US cotton growers are subsidized by the govt: about \$2bil a year. World cotton market prices still seem to be falling. China and India are the world's two largest growers of cotton. China exports very little. The US is the world's largest exporter of cotton, India has been second...until March 5th 2012, when India's govt, with no warning, banned all export of domestically-grown cotton. This should have begun to drive up the price of cotton on global markets. Why is cotton falling? Could it be that no one in Europe and few in the United States are buying new clothes?

To profit from rising cotton prices:

-iPath DowJones-AIG Cotton Total Return Sub-Index ETN (BAL)

To play a broad-based Farm-Commodities Futures rise:

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

-Market Vectors Agribiz ETF (MOO)

-Powershares DB Agriculture fund (DBA)

-GRU

-JJG

-GrainCorp (GNC) Australian Middleman grain storage handling & processing, Market Cap \$1.91bil

-Archer Daniels Midland (ADM) USA Grains Middleman

THE KEY BARCLAYS iPATH COMMODITIES ETNs:

-iPath®Dow Jones-AIG Sugar Total Return Sub-Index SM 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)

Notes: Over the past decade, the highest annualized returns in commodity investments have been in (a) silver (b) gold (c) copper (d) iron ore (e) oil (f) coal

-Uranium: Fair Value \$21.10, currently \$52.00

Notes: Though nuclear energy generation via uranium is very efficient, uranium is not a 21st-century fuel, it is a 20th century fuel. Uranium is far less 'green' than oil or natural gas, because humans are not responsible enough to use uranium for fuel and deal w nuclear waste disposal & byproducts which require long-term planning. Humans also cannot control nature. There are no uses for uranium except as fuel to

power for naval materiel (submarines and aircraft carriers) that have rigid military discipline and responsibility codes. And for weapons.

-Petroleum: Fair Value \$64.13, currently \$92.00

Notes: \$100 oil has been the current 2012 benchmark but this may not continue, not even over the summer. Slightly lower gasoline prices reflect a troubled and unemployed European population in several countries, and a US political administration attempting to placate the public with lower gas prices over the summer and so stay in office. Every administration does this. George Bush did it. Clinton did it. Reagan did it. There has been record-level demand from new middle classes in newly prosperous countries (Brazil India China Indonesia Malaysia) who for the first time, own cars. In 2011 the United States became a net exporter of gasoline and diesel for the first time since 1949

To play oil upward:

-Oil Futures Contango ETN (OILZ)

plus DIG, RIG, DBO, DXO, PBR and the United States Oil Fund USO

To short oil:

DDG,

DTO

-Natural gas: Fair Value 2.94, currently 2.66

Notes: This summer, General Motors (GM) will begin building a set of GMC & Chevrolet pickup trucks that will run on either gasoline or natural gas. Both use a 6.0 liter engine that can switch seamlessly between gasoline and natural gas. It could save owners \$6k to \$10k over a three year period because natural gas is about 1/3 cheaper than gasoline. Because of fracking, there will be a lot of cheap natural gas around in the future. There are huge natural gas reserves both in the US and also in Germany, Siberia, the Middle East including Iran, Australia, in Canada's Northwest Territories, and throughout much of Africa. Russia has 1/3 of the planet's natural gas reserves. There is no question that fracking works and is quite cost effective in the short term. One single fracking well in the eastern Ohio Utica Shale region produced enough natural gas in 6 months to account for 2% of Ohio's total production of natural gas for the entire year. Long-term cost-effectiveness of the process is another matter entirely. Evidence is that fracking causes earthquakes and poisons the groundwater (and the wells that tap into it) via the chems that are used in the process. The US could damage a big % of its heartland fresh water. Various states are now imposing sanctions and regulations on fracking. Eventually it may be outlawed in the US. But first: some states hope to get jobs and tax dollars from this boom. One company, a BHP, a Big Six Miner, jumped headfirst into

frakking by buying Chesapeake Energy. BHP as a primary Big Six miner will do extremely well long-term but may lose billions on this as the negatives of frakking come home to roost in lawsuits. Still, US natural gas production from the Marcellus Shale (where frakking is being done) rose by more than 40% in 2011

To invest in USA natural gas infrastructure:

CBI

KMP

BHP (owns frakking co Chesapeake Energy)

Total SA (TOT)

See the entire list in the MW energy section

To play natural gas futures upward (or downward)

-Natural Gas Futures Contango ETN (GASZ)

-United States Natural Gas Fund (Amex: UNG)

-Ethanol: (US) (E-85) E85 is about \$2.46/gal wholesale. E85 is currently a regional US product, available retail mostly in the Midwest at about \$3.09/gal.

-Gasoline: Fair Value \$1.73, currently in the range of \$2.99-\$3.06 wholesale, \$3.42 to \$4.09 retail. Regional gasoline prices are fluctuating a great deal right now

To play gasoline higher:

-UGA

-Diesel: Fair Value \$2.29, currently in the range of \$4.06-4.29 Notes: USA retail average. \$4.19 diesel is a disaster for the US consumer economy. It means that everything that you buy at the supermarket at Lowes & Home Depot at the lawn and garden store etc etc has become a lot more expensive. Diesel fuel is absolutely indispensable to move goods by truck & rail and will be for another fifty years. Prices for consumer products- cheese, pork chops, beer, light bulbs, all are affected by the price of diesel, a variable that Safeway & Kroger cannot control. Result: Kroger raises prices. Who's making real money on this? The railroads, which simply raise freight rates

-Euro:

The ECB's Eurozone prime rate remains at 1.00%. Germany has an unemployment rate below 5%. Greece's unemployment rate is above 22% and may be higher.. A war of values and philosophies rages in Europe: Germany demands austerity in return for its financial assistance in essentially underwriting the entire EU and its bailouts, while Greece Italy Spain and newly-liberal France (and the Obama US too) want Mediterranean-style bailouts loans near zero interest rates and cheap available currency to facilitate growth. Who will win? Who will blink first? More importantly, will it be Germany that leaves, and not Greece?

To play a rising Euro:

-iShares Euro Stoxx 50 (EUE)

- iShares MSCI Germany Index fund (EWG) an ETF of the strongest EU economy

- iShares MSCI Italy 25 index (EWI)

Long Euro ETFs:

-FXE

-EU

-ERO

Double-long (leveraged) Euro ETFs:

-ULE

-URR

To short the Euro:

-DRR

-EUO

-US Dollar:

Notes: The unemployment for Americans under the age of 30 is 16%. For under-30 American minorities it's above 22%. The USA's federal budget deficit is projected to be \$1.5 trillion for the current fiscal year.

This means if you have a significant amount of cash around, that money should be in gold not in US dollars and absolutely not in US govt bonds nor munis.

USA now ranks 16th among industrialized nations in the rankings of educated/skilled labor forces. That status makes it impossible for the US to sustain its economic dominance in the new century's global economy. That means USA's standard of living will continue to fall. We are not yet a failed US economy but we are a failed provider of prosperity for an American Middle Class that has for the most part vanished.

What's needed? A restored US manufacturing base, and a changed primary and secondary educational system that takes into account tracks and vocations (we need far fewer attys and psychologists and far more welders nurses agricultural engineers and biochemists) and teaches values, work ethics, and (dare we say it?) patriotism and nationalism. Even if we start now, it's a generation-long task.

To play the USD upward:

-Powershares DB US Dollar Bullish Fund (UUP)

-First Trust IND/PROD Alpha/DEX Fwd ETF (FXR) a play on the Russell 1000 that stays away from US bonds

To play the US bond market upward:

-iShares Barclay 20-Year Treasury ETF (TLT)

-ProShares Ultra 20+Year Treasury ETF (UTF)

Do not count on playing USDollar-denominated bonds upward or muni bonds either any time soon, although many US corporate bonds are very strong

To short the US economy in general:

-Direxion Daily Small Cap 3X Bear (TZA)

To short the US bond market:

-ProShares Short 20+ Year Treasury (TBF) This fund has about \$1bil in total assets, allows investors to short long-dated U.S. Treasury bonds

-iPath US Treasury 10-Year Bear Fund (DTYS) to short medium-length Tbills. DTYS has gained a 4% return so far in 2011. This one stands to gain dramatically in August as a USA monetary showdown looms

-iPath US Treasury 2-Year Bear Fund (DTUS) DTUS offers lower risk but also lower return potential

To short the US dollar:

-ProShares UltraShort USD (UUP) See also (TLT)

-British Pound:

The Brits' prime rate is 00.50%. The Brit austerity program continues. UK lowered its top tax rate from 50% to 45% and also lowered its corporate tax rate to 24%. If the US had a 24% corporate tax rate you'd see the S&P at 157500 and the Dow at 179918. England will host the 2012 Summer Olympics amid a tepid, high-unemployment domestic economy and state-based surveillance cameras everywhere. On April 2nd, the UK Interior Ministry announced that Britain will begin to allow one of its intelligence agencies to monitor all phone calls, texts, emails and online activities in the country to help tackle crime and militant attacks.

-Brazilian Real

Brazil has been working on lowering its currency against the US dollar and the Euro so to keep Brazil exports cheap. This has succeeded and the Real is now at almost exactly US \$0.50 and it was around \$0.60 and so that is one reason those high dividend US ADR Brazil stocks appear to have fallen in value and even though the dividend is fat it may be smaller because the Real is worth less in comparison to the dollar. Don't expect that to last. The Brazil currency is actually worth around \$0.62. Brazil had thirteen straight months of economic growth then one squeeze Q of no GDP growth. Look for this economy to return to GDP growth as 2012 progresses.

To play the Brazilian Real upward:

-Wisdom Tree Dreyfus Brazil Real fund (BZF)

-Iranian Rial:

Iran's population is probably around 80 million. Iran is the 18th largest country in the world, similar in size to Alaska. Til 1935 it was still called Persia. It's an ancient civilization, at least 5000 years old, an empire starting in 625 BC. It is unspeakably wealthy in terms of natural resources (metals ores coal petroleum gemstones lumber agricultural land flocks/animal husbandry, & water. There is no question Iran's govt has The Bomb. It is a question of delivery. And it's almost a certainty that either the US or Israel or both will make a pre-emptive strike over this bomb or go to war over it. The question is: does the war begin before or after Iran has a deliverable nuclear weapon?

To study and play currencies not listed in Mainstream indices: <http://fx-rate.net/IRR/>

-Swiss Franc

The Swiss Franc has not been tied directly to gold for quite some time. And that makes Swiss banks and the Swiss currency no longer immune to economic crises like the current EU but subject to the same winds and forces. Swiss Franc is lower but still so strong (\$1.07) that it's difficult for Swiss companies to sell their products abroad. The most stable paper currencies right now are the British Pound the Swiss Franc and the US dollar. As of late May, the swiss are in discussion over establishing a "gold franc" ...linking the Swiss Franc once more to gold

To move your US dollars into Swiss Francs:

-Rydex CurrencyShares Swiss Franc Trust (FXF)

-Canadian Dollar

The World's 2nd largest country in square miles is home to enormous natural resource mineral wealth and agricultural wealth, serving as one of planet earth's prime breadbaskets. But the country has no population. More people live in metro Mexico City or Cairo than live in Canada. For the first time in our adult lifetimes, Canada's population has grown 5.9% over five years, to 33.5million. It's the fastest growth rate among 8 leading industrialized nations. Increasingly, Americans and Europeans see Canada as one of the lands of opportunity. The currency has an AAA sovereign debt rating and Canada has very little public debt in relation to every other Western nation. Iceland, a world fishing stronghold, applied to join the EU in 2009, but now wants to adopt the Canadian dollar and probably join Canada. At dead even in value with the US dollar (\$0.974) the Canadian dollar is undervalued by 6-8%. Canada's govt has ceased production of the Canadian penny, which costs Canada more to mint than the coin is worth. We think it's a symbolioc mistake and one more marker on the way to a global gold-based currency

-Australian Dollar:

Australia's national debt is about 18% of annual GDP (Greece's by comparison is 156% and the USA's is currently 71%). Is the Aussie dollar really worth US \$1.06? Yes even tho it has fallen to around \$0.984. Australia's paper currency is very strong and is probably safer than the US dollar. The Aussie Dollar has once more fallen below parity w the USD (\$0.97) This island continent nation, the planet's 6th largest country after Russia China Canada the USA and Brazil, has only 22,621,000 residents. It's also one of the last-stand countries if you believe in freedom, something the US once had but no longer does

-Japanese Yen:

Japan has enormous public debt (similar to USA's) and in some ways is being industrially-outflanked by Korea's auto and shipbuilding and steel, and more recently by US automaker GM. Last year's quake lasted five to ten minutes and it was the strongest earthquake to strike Japan in a thousand years and this is in a country that endures about 2000 small and medium quakes a year. It was also the only great quake to strike with a tsunami during Japan's postwar Nuclear Age. Radioactive contamination from the Fukushima disaster has risen sharply in Tokyo Bay over the past several months. Academic researchers from Japan and MIT have found that contaminated sludge has accumulated there from river runoff from rivers flowing from highly contaminated areas. This has caused radioactive cesium levels to rise 70% since last August. Elevated levels of radiation are not responsible for damage to humans if spread out over a long period of time. But if experienced all at once humans receive DNA damage. This will affect how soon authorities will allow people to return home to contaminated areas, a date no one is sure of. Meanwhile: thousands of Japanese paraded through Tokyo last month to celebrate the switching off of the very last of Japan's fifty nuclear reactors. Many waved banners shaped as giant fish, something that has become a potent anti-nuclear power symbol. There are now no working nuclear reactors in Japan. We'll see if this lasts. The govt is worried about power shortages & blackouts. Meanwhile, Japan has opened a Skytree, a 2080-foot tower as an anchor for a highly-upscale shopping zone in Tokyo. It's twice as high as the Eiffel Tower

To play Japan stocks higher:

-IQ Japan Midcap ETF (RSUN) an ETF of mostly domestic Japan stocks

-Indian Rupee:

India's people own approx. 11% of all the entire planet's physical gold that is out of the ground. India's govt has recently imposed a 2% import duty on gold and a 6% import duty on silver. Nervous about inflation in India (7.23% in April 2012) and concerned about the global economy and their place in it, India's people are importing a fantastic amount of gold to safeguard their savings. India has brought in more than 1,000 tons of gold during the last 12 months. Purchases of gold by individuals in India account for about 25% *of all the physical gold sales in the world*. Many Indians also buy gold jewelry as a way to launder undeclared cash and keep their wealth outside the formal economy. What they say in the bazaars of Bombay (Mumbai): "Money can change value, but when you have gold, *no one can cheat you.*"

-Russian Ruble:

Things seem quiet in Russia now that the election is over. Vladimir Putin, now once more the Great Face of Russia, was reelected in a landslide. Evidence now suggests protestors against him were paid. Whatever happens (it's Russia) there are few protestors and Russia's GDP growth rate is twice as high as the uSA's. Putin served as president for eight years, from Dec 31st 1999 when, in a surprise move, Boris Yeltsin resigned, thru 2008, then served as prime minister 2008-2012 while his proxy and stand-in, Dmitry Medvedev, was Russia's president. He's now on deck to serve two new six-year terms. Putin's base is blue collar workers, farmers, and state employees. But it is also the largest majority of Russia's young worldly

and educated. All these Russians believe Putin can stand up to the USA and not be pushed around by the EU. Russia's Sberbank (SBRCY) just announced a huge dividend, the largest in post USSR years. This is a very very surprisingly strong retail & consumer economy. Russia's \$1.48 trillion economy is growing at 4.9%

To play Russia upward:

RXS

RXSJ

Chinese Yuan:

Chinese Premier Wen Jiabao cut China's 2012 growth target to an eight-year low of 7.5% (this after twenty years of 9-10%+ average annual China econ growth) and made boosting domestic consumer demand this year's first priority as Beijing looks to wean the economy off its reliance on external demand and foreign capital. They hope to make China a consumer economy as the USA was in the 1950s. Lower growth would allow Peking to reform key price controls without causing an inflation spike, so monetary policy can stay broadly expansionary to ensure a steady flow of credit to the small and medium-sized firms the government wants to encourage. We think, however, that China is not even slowing down. And that China will get 9% growth this year. The ancient -since 1949- Marxist political power structure in Peking seems to be losing control over the smart ambitious tech-savvy and very wealthy coast area that runs from Shanghai to Hong Kong. The China gov't's relationship with its worldly & educated thirtysomethings is not good, especially in this region. China will officially get a new leader in 2013. He is Xi Jinping, 59, China's current Vice President. Xi's comes from a politico family. His father, a leading Chinese Communist Party official, in the Maoist 1950s, was purged in 1962. He has been to the US, in 1985, lived with an Iowa family and studied hog-farming. His wife is a folk singer and a China celebrity. He is an outspoken pro-business leader and views old-guard Marxist politicians as obsolete in the 21st century. Meanwhile, rumors have been rampant for about four months that China will make its Yuan a gold-backed currency. Comments from at least three sources are in this article: [China and a gold yuan](#)

To play China higher:

-iShares FSTE/Xinhua China 25 Index ETF (FXI)

-Mexican Peso:

Mexico's central bank held its rate @ 4.5% for two years. A Mexico presidential election looms July 1st, 2012. Mexico's economy has been robust for some time despite the drug cartels, and Mexico is a far stronger economy than analysts realize. Mexico may become, depending on what happens in Argentina, Latin America's 3rd or even 2nd strongest economy. Fresh blasts from the Mexico City region's Popocatepetl

volcano spewed rock and caustic ash over suburban area residents last month, a continuing reminder that sometimes the areas that have the richest reserves of natural resources are also unstable. Mexico's peso has fallen to 13.78 to the US dollar. The conservative party's vast lead heading into the July 1st election is spawning big demonstrations in Mexico city. The party's candidate, Enrique Nieto, is poised to lead the conservatives, who ruled Mexico for much of the 20th century, back into power.

-South African Rand

South Africa's most important trading partner is China. Shale gas in South Africa could make the country energy self-sufficient. It could also damage the water table and make South Africa dependent upon construction of desalination plants for fresh water. This country's very strong currency, made even stronger by China's recent bank reserve ratio shift, is made strong by gold diamonds and platinum. South Africa is the largest producer of platinum. One of the strongest platinum companies is Anglo American Platinum ("Amplats") (USA:AGGPY). Even the mining companies think platinum is outrageously undervalued, and are cutting production. South Africa has just approved a \$3.8 billion renewable energy proposal that will bring windfarms, solar, and hydroelectric power to the country. Bids from 19 companies have so far been approved.

Notes on currencies: We chart currency valuations in relation to the global price of gold rather than to their relationship to the US dollar, which now itself is tied to the global price of gold. The 21st century remonetization of gold is the biggest economic transformation in our lifetimes. Our currency numbers are supplied by Kitco. Based in Montreal, this company is indispensable both to MW and to the arbitrage community in the Northern Hemisphere, providing both arbitrage (currency) numbers and plus metals prices. You can also buy physical metals from them, a gambit we have been against for decades but which may prove useful according to how this TwentyTeens™ decade plays out. Note that we think the Euro has been overvalued for several years. And that at \$1.27 it still is.

| Currency | Chg% X=1\$USD | NY Time | X= 1\$USD | X\$USD =1 | Gold Price/oz | Gold Chg | Gold Chg% |
|-------------------|------------------|-------------|--------------|--------------|------------------|-------------|--------------|
| US Dollar | -- | 05/16-11:31 | -- | -- | 1541.60 | -2.70 | ▼ -0.17% |
| Australian Dollar | -0.04% | 05/16-11:21 | 1.0068 | 0.9933 | 1552.01 | -2.10 | ▼ -0.14% |
| Brazilian Real | +0.04% | 05/16-11:30 | 1.9968 | 0.5008 | 3078.27 | -6.47 | ▼ -0.21% |
| British Pound | -0.42% | 05/16-11:31 | 0.6282 | 1.5920 | 968.36 | +2.32 | ▲ +0.24% |
| Canadian Dollar | -0.41% | 05/16-11:31 | 1.0155 | 0.9847 | 1565.49 | +3.59 | ▲ +0.23% |
| Chinese Yuan | -0.07% | 05/16-10:30 | 6.3180 | 0.1583 | 9739.83 | -9.80 | ▼ -0.10% |
| Euro | -0.11% | 05/16-11:30 | 0.7861 | 1.2722 | 1211.77 | -0.73 | ▼ -0.06% |
| Hong Kong Dollar | +0.00% | 05/16-11:31 | 7.7680 | 0.1287 | 11975.07 | -21.51 | ▼ -0.18% |
| Indian Rupee | -1.02% | 05/16-08:28 | 54.3450 | 0.0184 | 83778.25 | +702.63 | ▲ +0.85% |
| Japanese Yen | -0.24% | 05/16-11:30 | 80.3800 | 0.0124 | 123913.81 | +76.39 | ▲ +0.06% |
| Mexican Peso | +0.17% | 05/16-11:30 | 13.8110 | 0.0724 | 21291.04 | -72.81 | ▼ -0.34% |
| Russian Ruble | -0.94% | 05/16-11:21 | 30.9859 | 0.0323 | 47767.86 | +360.79 | ▲ +0.76% |
| S.African Rand | -0.05% | 05/16-11:31 | 8.3066 | 0.1204 | 12805.45 | -16.10 | ▼ -0.13% |
| Swiss Franc | -0.13% | 05/16-11:31 | 0.9447 | 1.0586 | 1456.27 | -0.70 | ▼ -0.05% |

-Eggs: Fair Value retail \$0.88, current nat av \$1.79 but as high as \$3.69 in many metro areas and as low as \$1.59 where eggs are used as a loss leader to get shoppers into supermarkets. The hike in current consumer goods price is a function of \$4.29 diesel. Eggs however were \$0.99 six months ago in most places. The difference is inflation

-Peanut butter: PB is a key marker for American poverty

Jif™ (owned by Smuckers, SJM) \$4.99 most places

Dollar General (DG) house brand PB: \$2.49 is a bargain \$2.99 most places

Kroger (KR) house brand: \$3.29-\$3.89

What this tells us: The PBJ is a luxury food, and the USA's consumer goods inflation is rampant

-Harley Davidsons: (HOG) Fair Value retail composite all of new & used Harleys \$8913, currently \$8510

We now chart Harleys-as-a-Commodity prices on a global level. The nation's oldest Harley dealership, A.D. Farrow turned 100 in February. Harley had a 23-year run of prosperity in the US as middle-class middle-aged grownups flocked to prove they were Bad Boys. That era's over. But a new generation of under-30 Americans has discovered Harley Cool. US Harley sales are recently way up. Outside the US? Harley rolls on. Harleys are the foundation of an entire global subculture that was once pure Americana. In 2013, 40% of new Harley sales will come from foreign markets. The Harley 72, which is what the original hog was (74 cubic inch engine) essentially will start to replace the Sportster™ (now a half-century old) and is a huge success

-iPhone: 4S 64GB data system is \$399.99 from Apple or AT&T and an unlocked one is 479.99. On the Black Market, \$150 to \$630 depending on where you are. Apple's iPhone monopoly on smartphones has ended after three-years, but the iPhone still rules market share and status. Used iPhone 3s are widely available worldwide both on the global used product market and in the Global Outlaw Economy, and prices are falling. Any smartphone not just an iPhone can be 'unlocked' and 'guttled' with "Jailbreak" software (go to Google, log in 'jailbreak' to download it) which enables any purchaser in any country to 'gut' the official software and replace it. Apple began selling 'unlocked' iPhone4s at Apple Stores in 2011. These sell mostly to users who often travel internationally and want a local ISP to handle their calls. There are 7bil people on the planet and 4.6bil cell phones

-iPad: the iPad2™ 64 GB is a big success the current lowest retail base price is \$529 no matter what, from Apple stores via eBay or whoever. The iPad craze seems to have calmed down. iPad2's begun to appear on the Black Market

-Marlboro cigarettes: Fair Value \$0.89 currently \$5.18.

Anthropological evidence suggests humans have grown tobacco for at least 120,000 years and have smoked found wild tobacco probably far longer. Global demand for 'leisure' commodities including tobacco, wine, cigars, alcohol, poppies/opium, cannabis, coca leaves, coffee, tea and the rest of the stuff of earth, has never been higher. In the US, demand for cigarettes had been falling but now is flat, suggesting a bottom. Younger Americans smoke. From a commodities perspective, what's important to understand is that tobacco goes right on, as it has for 1000s of years, but the USA's and the UK's filtered cigarettes are over, they are a leftover/vestige of 1950s USA. Young Americans want to smoke tobacco but most do not want filters. Unfiltered cigarettes now demand a global premium

-Camel™ traditional classic unfiltered cigarettes: Fair Value \$1.13, currently \$5.39

22% of Americans smoke, and USA tobacco use in all forms but cigarettes is rising. 300 million Chinese smoke

-Marijuana:

There is a lot of Americana pot out there at \$200-250/oz. US marijuana farming is far stronger than it was 5 years ago and being arrested for it is increasingly easy to fight in court. Marijuana is the largest cash crop in at least three USA states, and has been the largest cash crop in Kentucky for thirteen consecutive years. Pot is an \$8bil to \$10bil annual cash crop in the USA alone and is the USA's 4th most valuable cash crop after wheat corn and soybeans. For thousands of years maybe tens of thousands of years what the USA's ATF calls 'drugs' (coca, opium, marijuana hashish etc) have been import/export commodities along with copper dried apples olive oil opium and grains and were widely exported and traded.

US Demand for marijuana has recently fallen sharply. This is because (A) few young Americans have \$200 (B) most are looking for work and cannot go to a job interview stoned and (C) many young Americans are living in their parents' basement or in their childhood bedroom. But more Americans 15-35 now smoke tobacco.

-Art, Antiques, and Artifacts: When Franklin Roosevelt became president on March 4 1933, nearly 25% the USA's workforce, then about 13 million people, had no job and no hope of finding work. In some parts of 1933 USA, 50% of Americans could not find jobs. Factories lay idle and farm fields were plowed under. In New York City, the suicide rate rose from 13.7 per 100,000 people in 1926 to 21.3 per 100,000 in 1932. The national suicide rate rose proportionately.

During his first 100 days in office Roosevelt established the "New Deal" that soon provided work for Americans (and which should have been copied in 2008 & 2009, we think, and was not). On March 21 1933 Roosevelt proposed the Emergency Conservation Work Act, widely known as the Civilian

Conservation Corps. It became the most popular experiment of the New Deal, eventually employing more than three million. You can see examples of this work all over the US today and especially in state and national parks in the form of sidewalks, hewn stone stepwalks, buildings bridges etc, we saw some superb examples of these artisan accomplishments recently in Hot Springs National Park. Soon afterward there was a New Deal for artists too. The Public Works of Art Project (PWAP) began in December 1933 and funded artists to portray the American scene... and it eventually created 15,600 works of art. The 1935 Works Progress Administration (the 'leftist' WPA, of Joe Hill fame in song and story) included the Federal Arts Project, which employed 5000 artists who produced more than 200,000 works of art, many in public buildings and much of it on display to this day. In 1937 this view of things spread to the Farm Security Administration, which began to employ photographers to document what had happened in the US. These photographers took more than 80,000 photos showing the rest of the country the grinding poverty in rural and dust bowl America. The Federal Writers' Project allowed American writers to provide literary accounts of what was going on. A few of those writers hired on were John Steinbeck John Cheever Nelson Algren and Saul Bellow. There was also a similar program for theatrical arts.

For Roosevelt, the mission was to give Americans access to an abundant cultural life in the midst of enormous hardship. It was something that created lasting beauty in an ugly time. Today many of these completed WPA projects are still things of lasting beauty in an era that is both economically ugly and aesthetically numbing as well.

In 1938, Franklin Roosevelt told Henry Morgenthau, then US Secretary of the Treasury, "One hundred years from now, my administration will be known for its art, not for its relief."

Many other markers of great beauty and national iconic importance were created in our country during this impoverished era in addition to the ones assisted by Roosevelt's programs, including the Golden Gate Bridge. Construction began January 5th 1933 (the year the US was forced off the gold standard by the FDR regime) and was completed April 30, 1937, \$1.3 million under budget. The bridge was opened May 27 1937 and turns 75 this year. The day before it opened for traffic, 200,000 crossed it on foot and by roller skate. My wife, rollerskating across it on a Saturday in the spring of 1974, re-ignited the roller-skate craze in the Bay Area.

Why are we not building such icons now, using public assistance instead of giving away money for nothing with welfare? How much more poorly is our government handling our situation in our own era?

A Program SIMILAR TO the Emergency Conservation Work Act should be initiated NOW and is should be used as a work-for-pay IN LIEU OF welfare.

-The Global Black Market:

In the USA, a Black Market is limited and mostly involves identity theft, credit card scams, pain pills, stolen copper, stolen vehicles and parts, and quick junk removal and hauling that leaves trash in the parks and along roadsides. Much of what might be a strong a US black market system in an unemployed

America with a falling standard of living is taken up in forms of barter and trade for services. On the Global Black Market it's much more like the German Weimar Republic these days: *anything* is available. [Silk Road Anonymous Marketplace](#) is an online global marketplace offering almost everything illegal questionable & surreptitiously sought-after, electronically. It is the Black Market's Amazon.com. Silk Road's website will come up for you online, but it can only be accessed via the anonymizing software called Tor™ which allows users to be on the Internet untraceably. Also you can't use traditional 'money' like credit cards Paypal or Dwolla. You can only use Bitcoins, an unregulated global virtual currency, a peer-to-peer electronic cash system not recognized by any government that is generated and traded by computer users. The website's owners urge caution, and will not guarantee your safety.

There is so much drug traffic now that drug-runners are making mistakes, and sometimes simply tossing loads overboard if risk seems too high. Along the coast of Central America, fishermen-turned-beachcombers occasionally get rich from finding tossed cocaine loads on the beach. They call it "white lobster."

What's all over the Black Market now: historic artifacts. It is now apparent that the Arab Spring impacted the Global Black Market enormously. In Libya, opportunistic thieves plundered that country's museums and poorly-protected ancient sites. Much of the holdings of Tripoli's National Museum was spared because museum staff spirited away important artifacts and hid them. But of course much of that stash has never reappeared. After rebel forces drove Qaddafi's soldiers from Benghazi, the entire Treasure of Benghazi- about 8,000 bronze silver and gold coins and other artifacts from the ancient city of Cyrene, near today's al-Bayda, disappeared from a bank Vault. In Tunisia, looters cleaned out much of the holdings of the National Heritage Institute. In Egypt, looters used maps from the Egyptian State for Antiquities Affairs to clean out dozens of sites and store-rooms throughout the country. In Cairo, Egypt's Treasury for Cultural Heritage, funded for decades by tourism, is completely empty. Next up: Syria. All these goods are for sale now on the Black Market in places like Malta and Istanbul and Paris and Rome. In a few years these goods will be completely integrated into the historic artifacts market and will be completely indistinguishable from any other artifacts that are for sale. Museums and private collectors will buy them, and that will be that.

-Diamonds:

A diamond ETF is on the horizon. It is IQ Physical Diamond Trust ETF. Diamond prices are set to rise from 2013 til at least 2020, an average of 6.4% annually throughout the TwentyTeens decade. Average global price per carat for rough uncut diamonds is \$121.60. Most of the global demand is in China, India, Indonesia, SE Asia and Latin America, in 'emerging markets' where there are new Middle Classes, and in the Middle East, where there is oil money. In 2016, global demand will outstrip supply by at least 7 million carats.

During the rest of 2012, diamonds may fall 10%-10% because, according to top Israeli diamond firms, demand and supply are in balance. This may be because for the first time this year that when compiling

data for diamond supply and demand tables, a new category has been added: diamonds that are recycled. The Israeli experts say the global post 2008 debt-credit crisis is the "new normal," as U.S. and European households are selling off valuables, including diamonds, to pay off debt.

And as much as \$1 billion worth of those 'selloff' diamonds are on the market in 2012 at any given time. Many of these diamonds are old unfashionable styles and are coming to Indian diamondcutters to be re-cut.

While the precious metals market deals with scrap metal all the time and works it into their supply outlooks, it's a different story in the diamond industry. The problem is diamonds really do last forever.

Estimates are that since diamond mining started in ancient times, the world's entire global stock of diamonds is about 5.2 billion carats but only about 15% to 20% of those have historically been "cuttable."

When 'fresh' diamonds are mined, BHP, RIO, AAUK et al sort, classify and sell the rough stones to middlemen through one of three different sales methods. The most common is the "sightholder system" through which buyers ("sightholders") make regular purchases based on long-term contracts. This system fosters close working relationships between buyers and sellers and creates high barriers to entry for new participants. There are fewer than 100 sightholders in the world and only 10 to 15 major market participants, yet about 70% of all diamond sales occur within such systems. Purchased diamonds are then shipped to manufacturing centers to be cut, polished, set in jewelry and sold in retail establishments. Antwerp Belgium still hosts 80% of rough-diamond trades by volume and a vast majority of diamond cutting and polishing occurs in half a dozen municipalities around the world including Antwerp, New York, London, and Surat, India. Gem-quality diamonds constitute about 50% of total diamond volume annually yet account for approximately 95% of total value. Until very recent technological advances made the production of synthetic gem-quality stones theoretically feasible, synthetic diamonds were produced almost exclusively for industrial purposes. The encroachment of synthetic diamonds on the market could have a significant effect on supply and price or simply result in further industry segmentation between synthetic and natural gem-quality diamonds. But we have been following the "synthetic diamond" industry for fourteen years, and we see no "industry" and no volume and we do not see any in the medium-range future.

There are currently about 700 billion to 1.06 trillion polished diamonds floating about, both new and old, on the global market. Of those diamonds, about 40% to 50% of existing diamonds are in the U.S. The greatest demand for diamonds still comes from the U.S. but this is falling fast and will end in about 36 months if ordinary Americans' circumstances continue to deteriorate. Americans bought about 38% of all diamonds sold in 2011. Indians purchased about 12% and China 11%. Those percentages will begin to shift in coming years as Chinese Indian Indonesian & Malaysian consumers start to become wealthy enough to purchase diamonds as the wealthy in the Middle East continue to invest in diamonds and gold as opposed to currencies.

DeBeers, the long-time diamond giant and controller of diamond trade prices, was bought by Anglo-American AAUK in 2011 and no longer serves as a price controller though of course DeBeers via AAUK

will remain a primary global miner and supplier. AAUK stock is A MARKET WITCH BEST BUY. Groups like DeBeers for decades were able to keep price volatility to a minimum. But they also were big advertisers and now are no longer mounting their huge 'diamonds are forever' marketing campaigns, (which DeBeers owners Anglo American do not believe they need to do because the global market is so strong) so the industry has lost a central body in marketing. For decades, Russia's government simply kept diamonds off the market, and still does, *accumulating wealth*.

To profit from diamonds at almost no risk:

-Rio Tinto (RIO) STRONG LONG-TERM BUY owns or partly owns and works several diamond mines

-AAUK (AAUKY) owns all DeBeers diamond assets, AAUK shares are a STRONG-LONG-TERM BUY

-BHP Billiton (BHP, BLT) STRONG BUY

Largest US diamond retailer is CostCo (COST) but other strong US retail diamond sellers are TIF and HWD and WMT

-Alrosa Nyurba OAO (RTS: ALNU) Russia's Alrosa, is the world's largest diamond miner, and accounts for 97% of Russia's diamond production and about 25% of the entire world's annual diamond supply. That % would be higher but Alrosa sells much of its production into the Russian state stockpile coffers (Russia's Gokhran Respository) because Russia's govt thinks diamond prices are too low and so hoards them and keeps them off the market. Russia's diamonds are for the most part extreme high quality. To invest in Alrosa: buy shares of Rio Tinto (RIO) which has partnership agreements with state-owned/partly public Alrosa and mines diamonds via these partnerships in Russia.

Diamonds are not yet money and may never be. Valuation for cut diamond is highly subjective and subject to current fashion styles.

Harry Winston is one of several jewelry makers that have gone into mining to secure co access to rough diamonds. Harry Winston is already a partner of Rio Tinto (RIO) at Diavik in Canada's Northwest Territories, Canada's largest diamond mine. Harry Winston raised its stake in Diavik, which is just some 100 km from Ekati mines, to 40% in 2010 after buying back a share it had sold to miner Kinross Gold during the financial crisis. Harry Winston and others have continued to look at securing the diamond supply to their downstream business into 2013 2014 2015 and the TwentyTeens decade.

What's going on with diamonds now: <http://www.bullionstreet.com/news/israel-sets-up-committee-to-improve-diamond-sector/1829>

To follow the diamond industry and its news: The Israeli Diamond Industry website: <http://www.israelidiamond.co.il/english/>

-Real Estate: American single-family homes are a commodity. The loan rate for USA singlefam houses on a 30-yr note has fallen to a low of 3.75% a record low/ If you want a house, it's a great time to buy one. Do not buy a house as an investment. Buy a house as a place to live. But you can now start to buy apartment buildings as an investment. Singlefam home prices have we think bottomed out and homes in economically-damaged areas are being snapped by consortiums of would-be landlord czars who are paying cash for these houses by the dozen. In selected stable well-maintained and family-oriented neighborhoods, home prices are even starting to rise. But one in six US residential mortgages is under water. US homes are not an investment-grade commodity unless you are BAM or BXP and buying lots of them. Fannie Mae and Freddie Mac will soon begin to sell the govt's massive supply of foreclosed homes to private investors who hope to rent them out. There are about 250,000 of these houses coming onto the market. But there are some two million more still in the foreclosure pipeline. This may slow but not for 8-10 months. Also a commodity: malls, office buildings condos and apartment buildings. Upscale malls are, in the USA, making a big comeback. Many apartment buildings and office buildings are, like singlefams, in foreclosure as owners who got in over their heads cant lease office space and become overwhelmed by debt.

USA apartment buildings are currently a bargain, and a far better investment than singlefam homes if you wish to earn money as a landlord. As the US economy begins to stabilize before the big change that will begin in 2013, it's time to buy before prices go up.

Office buildings in Western Europe, Australia and Brazil can actually pay the mortgage with full rentals. The pros, and the guys in the mortgage foreclosure, title insurance and title investigation industry say to stay away from buying condos.

To short US real estate:

-SRS.

To buy stock in co's that own malls:

-GRT

-CBL

-GGP

-SPG

-BX

To play real estate without actually buying property and being a landlord and having to repair roofs & toilets & collect rent:

-iShares Dow Jones Real Estate ETF (IYR) an ETF of the Dow Jones Real Estate Index

-US Real Estate SmallCap ETF (ROOF)

-First Trust FTSE EN Developing Markets Real Estate IDX (FFR)

-BAM

-BXP

-Goldman Sachs (GS) It is not generally known but GS owns all sorts of diverse things, including the Village Voice. One of those things GS owns is a fortune in European apartment buildings and flats, especially in Germany.

Undeveloped & unimproved country property/land of more than 10 acres and that is not farmland but suburban/ exurban is still a bargain now. Look for places that have 10 or more acres and one house or none. Plan to sell the property in a few years- or even one or two- to someone who wants the water, the mineral rights, or to a developer/builder who will subdivide it for houses, build a mall on it, or sell it to a foreign company that wants an American factory site. Bargains are also out there in wilderness land. Look for locations that have water or are also are near water. It's far too late now to buy inexpensive US farmland. Prime USA farmland is \$3000-16000/acre. Farm acreage, long-term, is as valuable as gold and perhaps more so. US farm acreage has increased in value at nearly 6% a year for a quarter century. We have not found any farmland ETFs we're satisfied with as an investment.

GLOBAL MARKET INDEXES

Courtesy of Bloomberg Reuters Google Yahoo and others

-Shanghai Composite (China) Fair Value 3440, currently 2374 strongly undervalued

-CSI 200 (China) Fair Value 3880, currently 3162 strongly undervalued

-Hang Seng (Hong Kong) Fair Value 27631 currently 19039 strongly undervalued

-Nikkei 225 (Japan) Fair Value 9150, currently 8729 Japan is losing economic strength to Korea and China. While everyone is watching Europe, Japan's debt level is dangerously high (like the USA's) and

Japan bonds are one of the world's riskier assets (like the USA's) Japan is coming out of the quake/tsunami crisis but has been permanently changed

-TSWE (Taiwan 50) (Taiwan) Fair Value 6288, currently 5032 still strongly undervalued but overwhelmed by China and chased by Singapore

-CAC 40 (France) Fair Value 3480, currently 3067 Strongly undervalued. The sentiment among the French is that Greece is not about to ruin France's economy but France is a focused and nationalistic Catholic country now nearly as opposed to Germany as it was during the WWII occupation. Not a growing economy but a very strong one. France will do well with or without the EU

-DAX (Germany) Fair Value 8460, currently 6419 Strongly undervalued. Germany does not care what happens in or to Greece, Germany even has a contingency plan for a Euro w/out Greece. Germany in fact may be the one to walk out on the EU leaving Greece & Italy stuck with it. We are watching the rise of Germany, similar to the '30s but without a mad demagogue. To invest in Germany: EWG

-Euronext 100: Fair Value 800, currently 585

-FTSE 100: Fair Value, 6919, currently 5731 Greece or no Greece, the primary countries in the 17 nation Eurozone- Italy France Germany Holland Spain- are stronger economically than everyone seems to think.

-Euro Stoxx 50: Fair Value 2580, currently 2179 in three years this index will appear to have been highly undervalued. We believe the matter of Greece leaving the EU is a smaller issue than it is being presented to be. There ARE no Greece companies in the Eurostoxx 50. Greece should never have been linked with Germany & France in the first place. The ETF for the Eurostoxx 50 is FEZ. It is UNDERVALUED

-Swiss Market Index (SMI) Fair Value 6290, currently 5878 The Swiss lost their hold on the 21st century when they detached the currency from gold. They are very likely to enter the 21st century as Switzerland studies realigning the Swiss Franc to gold

-S&P/TSX Composite (Canada) Fair Value 11388, currently 11457 it's correctly-valued. We are less thrilled about the ETF XIU of this index than we were a year ago. Canada may have succumbed to the the problems other countries have sovereign state currencies even tho the Canadian economy is strong

-S&P ASX 200 (Australia) Fair Value 4968, currently 4221 Everybody 'gets' Australia but the country continues not to be able to exploit its (huge) resources fully, but the govt hopes to gain windfall taxes from them. Meanwhile: Australia is untouched by the emotional uproar and nailbiting in Europe. This index moved 20 points downward in response to the May euro-crisis

-JKSE (Indonesia) Fair Value approx. 4953, currently 4021 This is a very strong economy with a very strong index seems fully-valued but isn't. In response to the May euro-crisis, this index fell *one point*. To play it upward: ID

- Singapore Stock Exchange SGX Fair Value 3503 currently 2815 a new listing on our pages, this island nation is a global financial stronghold, like an oceanic switzerland, and is entering its place-in-the-sun era

-S&P Asia 50 (SAXCME) Fair Value 39623, currently 38429 This is currently a very strong index, second we think only to the DAX. To play it upward: AIA

-Dow Jones Africa Titans 50 (DJAFK) 890, currently 663 The central issue in Africa, over the next quarter century, is the removal of primitive pirate totalitarian demagogue small governments and territorial military juntas to make way for the "progress" of civilization and exploitation: mining agribiz commerce stability and the task of feeding people and joining the world economy. Native Africans, from the perspective of the global commodities & agribiz communities, are simply expendable and so are the animals and both must be protected and saved as Africa becomes a part of the world economy. This will not be pretty, it will not be fast, and it very likely will not turn out like it did on Pandora in Avatar where in the end the exploiters go home. Meanwhile: Africa is a huge long-term ETF play: AFK

-BSE Sensex 30 (Bombay) Fair Value 16824 currently 16027

Notes: What India got for its troubles as Outsource Central and in joining the world economy: inflation. What it owns now: Jaguar, Land Rover, and a great deal of the world's gold. India is unchanging, magnetic, timeless, and is not about to do much business with France or the US or to give up its identity to join the World Community. (Greece is the same way but Greece is poor and India is rich). India is headed toward a blowout late 2012 full year 2013. Let's watch this. To play it upward: INDIA

-Bovespa: Fair Value 79438 currently 56118 The Bovespa is currently the most undervalued of any equities index and also is dismissed in Europe and New York as a primary financial center. Tho smaller, this is a far stronger economy than the USA's. The US and European financial communities continue to address Brazil as though the rise or fall of the Brazil economy is dependent on USA and Europe. It isn't. The deliberate lowering of the value of the Brazil currency the Real by the govt has played hell with USA Brazil ADR stocks recently but it is a play similar to China's and it will pay off longly and strongly for this economy and for investors in it

-Bolsa: Fair Value 42344 currently 37681 Mexico's mineral wealth is only just barely being exploited so far. And this also holds true of Mexico's agribiz capacity. Mexico's economy is less affected by European and American financial perceptions than Brazil's. Mexico's manufacturing base is far undervalued and under-rated. As we've just seen, an issue for mineral rich countries can be earthquakes. Mexico is another of those economies which is not only independent of but oblivious to the May 2012 eurocrisis. In May, the Bolsa fell 00.23% one quarter of one per cent

-Dow: Fair Value 12168, currently 12545 The US economy is given strength by only a few hundred USA companies. And the USA's consumer economy and workforce is not in a recovery it remains in a downward lifestyle and standard-of-living slide amidst a global economy that does not much care about MFA degrees and baseball caps on backwards and a t-shirt dress code. This is not being helped by \$4 diesel and higher consumer prices. The Dow is less relevant to the US consumer economy than the NYSE and the Russell 2000. A US 'investment class' that was forming in the late 1990s is completely dead. Most Americans can barely make housepayments or rent and buy gas, let alone invest

-Nasdaq: Fair Value 2516, currently 2861 Nasdaq's high P/E stocks with no dividends continue to plague this index and this dynamic is not functional at all in the 21st century. Create wealth, pay dividends. People who love the Nasdaq to pretend its 1998 but it is not. Yet this index contains some profound investment opps, among them QualComm (QCOM). Facebook has 900 million daily viewers. Something is going on here. And its leading toward something. Can Nasdaq stocks save the US? *This is an america of Dweebs. These are very different people than that crowd out there of occupy america and that crowd out there that is instant loan crisis. This is a part of America that is in synch with shanghai and sao paulo. They cant save t-shirt america but they can move this country forward*

-NYSE Fair Value 8510, currently 7582 This is a far more important index, as a guage for how real American companies, and the American people as well, are doing, than the Dow. It's judgement call in May: *Americans are in trouble*

-NYSE ARCA Institutional 75: Fair Value 640, currently 603 A far more accurate marker for the state of the American people than the Dow, this index may fall heading into spring 2012

-NYSE AMEX composite Arca Composite Fair Value 2366, currently 2242, This is another US index that is far more a reflection of the American people than the Dow. To play it upward: XAX. But there are big question marks for the US economy from now thru November 2012. What this index says in May: *ordinary Americans are in trouble*

-S&P 500 Fair Value 1333, currently 1325 The S&P, like the Russell 2000, is a far stronger bellwether for the American people than the Dow or the Nasdaq we do not see this moving higher til autumn. And we may once more see S&P 1200... but a USA change of the guard in 2012 would likely mean an S&P 1650 two years out. If you have long term cash to invest, play this upward 2 years. If you don't, stay out of the way til after the election

To play the S&P 500 upward:

-SSO

-IVV

To play the S&P 500 downward:

-ProShares Ultrashort S&P 500 ETF SDS

-Russell 2000: Fair Value 834, currently 770 This is probably the USA index that comes closest to reflecting the lives of the ordinary gutsbull American working class population. The fact that these two numbers are equal means a big question mark forward in the US for the next few months

To play the Russell 2000 upward:

-iShares Russell 2000 ETF (IWM)

-MSCI World Index (MXWO): Fair Value 1728, currently 1191 MSCI is a global index of 1500 stocks in 23 countries, and its our favorite index as a bellwether for the global economy. The world moves on. Greece Spain China Singapore Brazil, the world moves on. As F. Scott Fitzgerald said, *the world moves forward relentlessly*. If he didn't say it, he should have. The ETF for this index is ACWI and it is UNDERVALUED

-MSCI Emerging Markets Index (MXEF): Fair Value 1175, currently 914 lets let this go for a month or two. But the ETF for this index, EMFT, is a STRONG LONG-TERM BUY

-CRB Commodities Index (Reuters CCI) (CRY: IND) Fair Value 519, currently 287 In this a transition year the CRB is undervalued by an astonishingly high level and it reflects that giant over-paranoia over Greece. This reflects the big question mark that is 2012

To trade the CRB:

-CME

-GCC

Index Notes: Long-Term, Greece is meaningless. The center of power has shifted to China and Asia/Pacific. Unless the USA can establish primary Wealth-Belt Values in the mainstream culture, the USA is a goner. Eduardo Severin was right to have fled to Singapore but the rest of us have to stay here and fight. The US is in a crisis not dissimilar to the civil war 1860<

Volatility:

-Volatility S&P (VIX) This is the traditional "vix," the Fear Index. Lower is better, higher is worse. It is impossible to call this, currently, because of uber-paranoia re Greece, because the US is in crisis and has no

leadership, and because the rise of Asia/Pacific is happening fast. The center has moved. Americans are generally clueless. And also rudderless. The govt has no correct worldview. The banks (JPM is a prime example) are standing on govt quicksand and are in big trouble. The current VIX number is 21.24. Should it be 60? It should be if you think Greece is important on the world economy or if you hold US bank stocks or US Tbills. If you hold gold ETF shares and gold mining shares GLX etc: the VIX # should be around 11. It will become ugly, because the transition of a lifetime is nearly upon us.

Additional volatility markers you can use to measure disaster potential or fear upward or downward

-iPath S&P 500 VIX Short-Term Futures (VXX) Fair Value 36.10 currently 18.60

-Pro-shares VIX Short-Term Futures ETF (VIXY)

-Proshares Mid-Term Futures ETF (VIXM)

-iShares Barclay 20+Yr Treasury Bond ETF (TLT) is an additional 'fear' index, this one is a marker for the strength of the US dollar. If it falls, watch out

Notes: There has been a shift in the force. Capital flows to where labor is best and cheapest. The global price of labor is starting to stabilize. But for many Americans, especially those unskilled or with liberal arts education backgrounds, the value of their labor will, accordingly, continue to fall and most will be permanently underemployed. Bad news for the former American Middle Class. Deutsche Bank projects 2012 zinc prices will rise by 10% copper by 17% nickel by 21% aluminum by 9% and tin by 24%, an average of about 14% upward for base metals. That would put copper at \$4.40-5.08 going into 2013. We think that's about right. There has also been a shift in the Power Center of the global economy. It has not been in the US for seven years, since 2005. It is no longer in Europe. It is out in the Asia Pacific zone, in Indonesia Australia Korea Malaysia and 2ndarily China (Asia's USA) and India (Asia's Canada) The earth never holds still. Gold and steel and copper, however, blaze right through it

HIGHEST & BEST DIVIDEND STOCKS

Investing for dividend income

Data from *London Financial Times*, Google Finance, Reuters, Yahoo Finance, Bloomberg, Google, & Others

-Wisdom Tree Large Cap dividend ETF (DLN) risk-spread

-Guggenheim ABC High-Dividend ETF (ABCS) which packages the ten highest-yielding stocks from each of 3 countries, Australia, Brazil & Canada

- GlobalX Superdividend ETF (SDIV)
- Southern Corp (SO) the Southeastern USA's electric co, Div \$1.89 Yield 4.40%
- National Grid Transco PLC (NGG) electricity & gas infrastructure networks Northeastern USA and UK, Div \$3.80, Yield 7.5%
- Frontier Communications (FTR) Div \$0.75 Yield 13.00%
- Rhino Natural Resources (RNO) USA metallurgical coal, Div \$1.92 Yield 9.40%
- Bell Canada (BCE) the Canadian phone co, Market Cap \$40bil P/E 16 Div \$2.09 Yield 5.6%
- Royal Bank of Canada (RY) Div \$2.18 Yield 4.6%
- Bank of Montreal (BMO) div \$2.76 Yield 4.8%
- Windstream (WIN) US rural telecom, div \$1.00 yield 7.6% A
- Annaly Capital Management (NLY) div \$2.60 yield 13.1%
- Enersis (ENI) the Chile electric co. Div \$0.80 Yield 4.3%
- YPF Sociedad Anonima (YPF) Argentina petroleum & gas conglom, Div \$3.43 Yield 9.50%
- American Capital Agency Corp (AGNC) REIT, QRG YOY 382.5% Dividend \$5.60, Yield 19.6%
- PG&E (PCG) (Pacific Gas & Electricity) Div \$0.46, Yield 4.48%
- Companhia Electricas de Minas Gerais (CIG.C) ("CEMIG") Brazil's smaller electric co 10 mil customers, Div \$1.28 Yield 8.36%
- YPF Sociedad Anonima (YPF) Argentina, broad petro comgom, Div \$3.35 Yield 11.09%
- Atlas Pipeline (APL) EPS \$9.55 Div \$1.88 Yield 5.88% P/E 3.23
- CenturyLink (CTL) US regional telecom, div \$2.90 yield 7.2%
- EcoPetrol SA (EC) (Colombia) div \$2.13 yield 5.0%

- Ship Finance Ltd (SFL)(Bermuda) div \$1.56 yield 8.1%
- BP Prudhoe Bay Royalty Trust (BPT) EPS \$8.71 Div \$9.57 Yield 8.2%
- Permian Basin Royalty Trust (PBT) Div \$1.25 Yield 6.2%
- Sandridge Permian Trust (PER) Div \$2.89 Yield 16.00% STRONG BUY
- KKR Financial (KFN) SF-based aspiring REIT, buying up residential mortgage loans. Market Cap \$1.19bil Enterprise Value \$7.81bil, highly leveraged but buying up US physical assets on the cheap, profit margin 84.5% div \$0.64 cents yield 6.5%
- Mesabi Trust (MSB) royalty trust, iron ore, Div \$3.04 Yield 10.20%
- Plum Creek Timber (PCL) Div \$1.68 Yield 4.80%
- Daimler (DDAIF) Div \$2.51 Yield 5.03%
- AT&T (T) Div \$1.72 Yield 5.80%
- Verizon (VZ) Div \$2.00 Yield 5.1%
- Cellcom Israel (CEL) wireless telecom Israel, 3.3mil subscribers Div \$2.69 Yield 9.70%
- CenturyLink (CTL) regional American telecom, Div \$2.90 yield 7.20%
- Dominion Resources Black Warrior Trust (DOM) natural gas royalty trust, Div \$0.92 Yield 8.50%
- Hugoton Royalty Trust (HGT) natural gas royalty trust Div \$1.59 Yield 6.90%
- San Juan Basin Royalty Trust (SJT) royalty trust, natural gas, Div \$1.48 Yield 5.80%
- Deutsche Telekom (XETRA:DTE)(USA: DTE) Div \$0.70 Yield 6.75%
- CPFL Energia (CPL) Brazil's electric co, Div \$1.65 Yield 5.40% 3:1 stock split July 2011
- Enterprise Products (EPD) hardware supplier to the natural gas industry, Div \$0.61 Yield 5.59%
- Eni (FRA: EO 1) (USA:E) Italy's premiere gas & oil co Div \$2.04 Yield 4.70%
- CSN (Companhia Siderurgicas Nacional)(SID) Div \$0.65 Yield 8.4%

-Hatteras Financial (HTS) (mortgage-based REIT) Div \$4.00 Yield 13.70%

-Royal Dutch Shell (RDS-B) Div \$3.36 Yield 4.60%

-Total SA (TOT) Div \$2.64 Yield 4.60%

-Great Northern Iron (GNI) Div \$23.00 Yield 19.6%

-Terra Nitrogen Holdings (TNH) Div \$19.36 Yield 13.60%

-ThyssenKrupp (TKA.EX)(TKA.F) Div EU1.3 Yield 7.53%

-Realty Income Corp (O) (REIT) Div \$1.74 Yield 5.00%.

-MFA Financial (MFA) REIT, Div \$1.00 Yield 13.4%

-Apollo Investment Corp (AINV)(REIT) Div \$1.12 Yield 10.6%

-Reynolds American (RAI)(REIT) Div \$2.12 Yield 5.60%

-RAIT Financial Trust (RAS)(REIT) Div \$0.32 Yield 6.2%

-Altria (MO) Div \$1.52 Yield 5.70%

-Philip Morris International (PM) Div \$3.08 Yield 4.50%

Notes: High Dividend Stocks will continue to be the north point on the USA investment compass through the remainder of 2012. High Net Asset Value stocks will continue to pull the investment train as the Global Infrastructure Buildout and the Global Commodities Supercycle gain strength during these early and mid years of the TwentyTeen decade. “Growth” in this decade is less technological than it is real and physical: have a look at what’s going on in Brazil, on the Shanghai coast, and in Indonesia and SE Asia. And at what will go on in Afghanistan, Mongolia, Africa, Colombia and Argentina

POTENTIAL BUYOUT CANDIDATE STOCKS

Nuance (NUAN) Voice-recognition software

Yahoo (YHOO)

Nokia (NOK) the 1990s darling of the cell phone-me world. Enterprise Value \$11.31bil means shares even at \$5 are overvalued but the company has a portfolio of 18,658 patents and any huge co that wishes to move deeper into telecom (like Google or MSFT) can buy Nokia for pocket change and get those patents

Nautilus Minerals (NUSMF) underseas mining

Dr Pepper Snapple Group (DPS)

Danaher (DHR)

Tootsie Roll (TR)

Nvidia (NVDA)

Netflix (NFLX)

Wendy's (WEN)

Cracker Barrel Restaurants (CRBL)

Research in Motion (RIMM)

Riverbed Technology (RVBD)

Juniper Networks (JNPR)

JDS Uniphase (JDSU)

Zebra Technologies (ZBRA)

Iron Mountain (IRM)

VirnetX Holding (VHC)

Jaguar Mining (JAG)

Elephant Talk Communications (ETAK)

Silvercorp (SVM)

Krispy-Kreme (KKD)

Chipotle (CMG) The co is worth Market Cap \$11.7bil. It may be the most superbly-managed consumer-restaurant chain in the world. The prob buyer: MCD or YUM brands

Notes: In the announcement of a buyout, shares of the to-be purchased company can and often do rise 10-30% and very quickly: often in a matter of hours

MARKET WITCH GLOBAL MOMENTUM STOCKS

-European Aeronautic Defense & Space Company NV (Netherlands) (EADS) (PA: EAD) (LSE: OKVV) (USA: EADSY) Pan-European military contractor, global sales, owns Airbus, the world's leading manufacturer of commercial aircraft (Boeing would dispute this) while Airbus Military builds tanker transport and mission aircraft. During 2011 Airbus logged \$140 billion in new aircraft orders. EADS Eurocopter is the world's largest helicopter supplier. Major partner in the Eurofighter consortium as well as a missile systems provider. 120,000 employees, 43bil Euros in annual revenue. Market Cap \$27.2bil bil

-Apple (AAPL) Market Cap \$354.33bil EPS \$25.28 FWD P/E 12, debt ZERO. Apple has \$100bil in cash, and has announced a \$2.65 Q Dividend (\$10.60 annually) to begin in July. The shares still are UNDERVALUED

Notes: Apple Television is coming. Apple is also underway with the nation's largest private fuel-cell energy project, a 4.8 megawatt non-polluting and silent powerplant near Charlotte North Carolina, where Apple is building a huge data center to support its iCloud online data storage center and its Siri voice-recognition software.

Is Apple creating national wealth for Americans? Or are millions of Americans simply spending hundreds of millions of hours in activity that creates no wealth?

-Google (GOOG) Market Cap \$176bil EPS \$27.72 FWD P/E 13, debt \$6bil. World's largest ad agency. The iPhone™ is certainly the Model T Ford of our time. But Google's Droid operating system will turn out to have broader reach than Apple's system and to be used as the platform for far more products. End result is that Apple will probably have to offer the Droid mobile platform.

Google Bought Motorola, and its seventeen thousand patents. Google owns YouTube, which has in three years utterly changed the way people watch and use television.

Google also operates Google X, a think tank at a secret SF Bay Area location

Notes: In North America, AAPL & Google have an 83.5% market share of smartphone sales. As a result, Apple has \$26billion in cash, zero debt and a FWD P/E of 9.42, and Google has \$42.6bil in cash, a total debt of only 7.26bil, and FWD P/E of 13. Both co's have huge EPS and should pay large Q dividends and dont

-Microsoft (MSFT) \$240bil Market Cap \$6bil in debt & \$53bil in cash P/E 12. QEG YOY 51%. In laptop & tablet land, Windows 8™ is upon us. Purchase of Skype puts MSFT in the telecom business. Microsoft's Windows Phone 7.5 mobile system (Mango) is a hit. MSFT's Kinect™ videogaming system is revolutionary. It is joystick (a staple of video games for decades)- free and involves the use of a computerized camera to track and mimic the movements of a player's body and match them to the player's avatar in the game, allowing a player to kick someone by moving his/her actual foot. MSFT's ideal play into the deep TwentyTeens decade would be to buy Yahoo & Nokia. UNDERVALUED

-Daimler (Mercedes Benz) (DDAIF) (Germany) Market Cap \$53bil. Mercedes has recaptured its decades-long role the traditional luxury auto market and has strong sales in Asia. EPS \$7.07 Div Yield 5.05% P/E 7 STRONG LONG-TERM BUY

-Volkswagen (USA:VLKAY) (VOW3) (Germany) Market Cap \$54bil. Cars trucks & buses. Owns Porsche. Owns Bentley. Top imported car seller on the planet. Sales everywhere. Annual sales is above 4 million vehicles. \$1bil in VW production capability in Mexico. Investing \$4.5bil in VW production infrastructure in Brazil thru 2016. Record 2011 profit. Newly-engineered VW Beetle™, UNDERVALUED

Notes: VW plans for big sales in Brazil

-Tata Motors (TTM) (India) Market Cap \$ bil, TTM owns and manufactures legendary british Jaguar autos, and also the legendary british Land Rover/Range Rover. Plus the global minicar: Tata's Nano

TTM's Nano™ the world's cheapest car (\$1878 out the door in India) is struggling to find a market. TTM's plan was to offer a 4 wheel car to the world's poor, who crowd 3 or four people, pigs chickens and baggage etc, onto a two-wheeler. Nano has a 624cc engine, about the size of an ATV or a 1950s british motorcycle. TTM hopes to sell 250 k Nano autos per year and will field a diesel Nano this year. Sales of TTM Jaguars and Range Rovers are strong. TTM's new-model Range Rover Evoque

is the most acclaimed SUV in years, with awards from Motor Trend, Auto Week and others.

Shares are UNDERVALUED

-Boeing (BA) America's rule-the-skies company, in war & peace, for seventy years. Market Cap \$51bil, EPS \$4.73, FWD P/E 13, well-managed debt, \$8.75bil in cash. 31% rise in 3Q profits, strong Fwd

Guidance. The Boeing breakthrough 787 Dreamliner was late but is on dealer shelves now, a big success.
STRONG LONG-TERM BUY

-MasterCard (MA) Market Cap \$46.3bil, EPS \$17.80, FWD P/E 16.8, Profit Margin 35.8%, QRG YOY 27.3%, Debt: zero. Should pay a far higher dividend. No matter what happens to the currencies, consumer credit is global. Directly serves 22,000 financial institutions. MasterCard also owns 51% majority of London-based and privately-held Mondex International, which reportedly is at the heart of a highly controversial bio-implant 'finance' RFID chip

-Visa Inc (V) Visa could be competing for/taking over ALL Paypal business by buying eBay & its Paypal system (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. But hasn't done it. Needs management vision. Market Cap \$63.5bil, Profit margin 39.4%, QRG YOY 12.6%, Debt: zero, owns & operates VisaNet™

Notes: Dwolla, a tiny startup co in Iowa charges \$0.25 per transaction to move money. It will challenge Paypal and also credit card co's Visa & Mastercard this year

-HSBC Holdings (HBC) (HKSE: 0005) Market Cap \$160.3bil. London-based,, global banking 7500 offices in 87 countries. Record pretax 2011 profits close to \$22bil, the strongest numbers of any Western World bank. EPS \$4.79 P/E 9.3 Profit Margin 31.3%. Rising labor costs in developing countries, strong FWD Guidance

-Casino Guichard-Perrachon SA (EPA:CO) USA: CGUIF) (France) Market Cap \$10.2bil, consumer goods, groceries, Europe & Latin America. Franprix™ and Leader™ stores, major expansion into Latin America and Asia, estimated 2012 sales growth 10%

-Carrefour SA (USA: CRRFY) (France) consumer goods, groceries, Europe & Latin America, Market Cap \$16.2bil. Enterprise Value \$36.5bil new CEO

-Yum! Brands (YUM) Market Cap \$25.01bil this Americana company that hosts your local Pizza Hut™ KFC™ & Taco Bell outlets is the world's largest restaurant company, a global powerhouse with 38,000 restaurants in 110 countries. Yum Brands now has a foothold in Africa, and it probably portends a rush of USA fastfood chains into Africa. Profit Margin 10.4%, QRG YOY 9.4%, low debt, well-managed. Lifetime partnership with Pepsi. Blowout recent Qs, shares are UNDERVALUED

-Oracle (ORCL) global business/industrial software Market Cap \$139bil EPS \$1.67 FWD P/E 10 QRG YOY 13.4% div is 0.90% should be 6.0%. New & faster Oracle hardware technologies, the Solaris computer and the Exalytics data analysis machine, challenge SAP & IBM. \$5bil stock buyback

-Hitachi (HIT) diversified engineering consumer electronics & telecom, lithium ion batteries, LED screens etc, Market Cap \$23.13bil, EPS \$4.15, P/E 12.3, most recent purchase is network storage co Bluarc in an all-cash deal, shares are UNDERVALUED

-Proctor & Gamble (PG) global basic consumer products, Market Cap \$169bil Enterprise Value \$201bil FWD P/E 13.3 Annual Revenue \$83bil QRG YOY 10.2% EPS \$3.93 Div Yield 3.4%. Diamond Foods (DMND) backed out of buying the Pringles™ brand, now Kellogg (K) will. PG shouldn't sell it at all

-Unilever (UL) global basic consumer products, Market Cap \$93.2bil P/E 16 Div Yield 3.7% Profit Margin 9.84%

-Colgate-Palmolive (CL) global basic consumer products, Market Cap \$43bil, P/E 18, Profit Margin 14.35%

-Siemens (SI) Europe's most important conglom, wind energy water desalinization locomotives etc etc. Siemens has ceased building nuclear power plants. And has launched an urban planning unit that will operate initially in the US and China. Market Cap \$93bil EPS \$7.05 Div Yield 2.50% FWD P/E 9

-ABB Ltd (ABB) (Swiss) power and automation technologies on four continents, Market Cap \$39 bil, P/E 12.9

-China Mobile (CHL) World's largest Mobile Telecom, Market Cap \$196bil, EPS \$4.77 Div Yield 4.17%, P/E 10.24, 600++ million customers, based in Hong Kong, serves mainland China, Profit Margin 24.4% QRG YOY 8.8%, almost no debt and \$60bil in cash, shares are UNDERVALUED

-Baidu (BDU) China's version of Google also serves Japan, Market Cap 449.3bil, EPS \$2.59, FWD P/E 31.4, QRG YOY 85.1%, Profit Margin 45%, near zero debt, UNDERVALUED

-Toyota (TM) Japan's legendarily tough wilderness cars (Toyota Land Cruiser, Toyota FJ Cruiser etc) Market Cap \$108bil. EPS \$1.81 FWD P/E 13.4, Toyota sales are off the charts in Asia, so much so that Toyota is building plants in India, the world's largest democracy. Toyota has lost clout in the US as GM and Ford make a comeback, but not much can top a Toyota Land Cruiser

-Novartis (NVS) (Switzerland) Market Cap \$135bil. Global pharmaceutical and Vetmeds. Europe's 2nd biggest drugmaker in terms of sales volume. P/E 13, Div \$2.36 Yield 4.2% EPS \$4.24 UNDERVALUED

Sanofi (SNY) (France) Market Cap \$89bil, Global pharmaceuticals & Vetmeds. Products include Hartguard™ and Frontline™. Europe's biggest drugmaker. Div \$1.76 Yield 5.33% UNDERVALUED

-Abbott Labs (ABT) Market Cap \$85.6bil, had planned to split the 124-yr old co into one co for drugs (Humira™ Depakote™ Niapan™ baby formula etc, this co will retain the Abbott name and will have

revenue of about \$22bil) and a second co w a new name, for medical devices. Hasn't happened. Spending \$270mil on a US facility to make nutritional drinks for adults

-3M (MMM) broadbase US techno conglom also owns Scotch tape™ Market Cap \$58.32b

-Dupont (DD) Global chems & Agribiz, Market Cap \$44bil EPS \$3.61 Div \$1.64, UNDERVALUED

-BASF (FRA:BAS) (LSE:BFA) (USA: BASFY) (Germany) Global chems & Agribiz, Market Cap \$64bil, EPS 9.13 Div \$3.14 Yield 4.54% UNDERVALUED

-PepsiCo (PEP) Market Cap \$101bil \$debt 27.3bil FWD P/E 13 Revenue \$62.43bil QRG YOY 13.7% global consumer foods bev& snacks 100s of products inc Quaker Tropicana GatorAde Doritos Mountain View Frito Lay sales in 142 countries superbly-managed div \$2.06 yield 3.3% shares are UNDERVALUED

-Coca Cola (KO) Market Cap \$163bil FWD P/E 16.5, expanded product range and global pricing power. Profit Margin almost 30%, QRG YOY 46.8%, Dividend \$1.88. \$980mil deal to buy half-ownership of Aujan Group, an established Saudi Arabian regional soft drinks/fruit drinks bottler. UNDERVALUED

See also: Coca Cola Femsa SA (COCSF) (Latin American bottling)

-Wal-Mart (WMT) -Wal-Mart (WMT) Market Cap \$203bil. Wal-Mart & Sam's Clubs. World's largest retailer. Big Box stores in US Canada China Brazil Japan Mexico Chile UK etc. Set to become THE consumer retail player in Africa over next 20-50 years. Wal-Mart's Online market share is second only to Amazon. Most profitability per Sq Ft of any US retailer. America's #1 most valuable retailer brand name. America's largest retailer of organic foods. World's largest buyer of cotton. USA's largest contributor to food banks. The now- contested WMT purchase of South Africa's MassMart stores for \$2.32bil would give Wal-Mart a new and a permanent pied-a-terre in sub-saharan Africa. A proposal by WMT to build stores in India has been turned down by that govt. Recent poor US sales reflect permanent American poverty. Wal Mart plans a chain of small-stores (15,000 SQ FT or less) taking up the market that 7-11 used to have in the US

-McDonald's (MCD) Market Cap \$90bil EPS \$5.10 FWD P/E 15, America's staple basic daily food since the 1970s when American households began to need two jobs to support an American lifestyle that once could be managed on one salary (and now can't be managed at all) and Americans said farewell to social amenities like the dining room table and stay-at-home Moms... MCD is now global and plays to two-income families worldwide. There are 32,478 MCDs in 117 countries. 26,216 are franchises, 6262 owned by MCD. There is an MCD in the Louvre. Want to invest in China? Buy MCD. Annual Div of \$2.80. Shares are fully-valued but may go higher. Expect a 2:1 split this year, a better buy after that but shares are still UNDERVALUED

-IBM (IBM) Founded as we know it today in 1924, a player in almost every aspect of InfoTech, IBM was awarded more than 4000 patents in 2010, more than any other company on earth. Div Yield is 1.7% and shld be 6.0%. IBM's new CEO, Virginia Rometty, is IBM's first woman CEO. IBM's genius "Watson" computer that can read 200 million pages in three seconds is about to play a new game: financial services. Citigroup (C) the USA's 3rd largest bank, has hired IBM's Watson to analyze customer needs stock data and assist with digital banking. Citi says Watson can help lower investment risk. IBM says: we'll get billion in new revenue from this by 2015. IBM had \$107bil revenue in 2011 and EPS of \$13.06. The co has \$12bil in cash. IBM shares are worth about \$340. STRONG BUY

-Nestle (SWX:NESNE) (USA: NSRGY) Market Cap \$187bil, world's largest foods company, now deeplyly involved ih health, nutrition & wellness also pet care & pharmaceuticals. About to acquire Pfizer's baby foods division. STRONG LONG-TERM BUY

-Corning (GLW) http://www.youtube.com/watch_popup?v=6Cf7IL_eZ38&vq=medium

Market Cap \$18.4bil EPS \$2.11 Div Yield 1.6% P/E 5.6 \$6.4bil in cash. One of the USA's hardware technology companies that are the most grounded in the 21st century. Shares are UNDERVALUED

-Honda (HMC) far more than cars, Honda is a global engineering consumer products conglom. Market Cap \$60bil Enterprise Value \$100bil EPS \$2.12. Spending \$355mil on production improvements in 4 USA Honda vehicle plants. Very strong Most Recent Q sales in USA. But may be losing out to Korean car sales and also to Toyota and GM

--Nissan (TOK:7203) (USA:NSANY). Market Cap \$37.2bil, by far the most trustworthy and maintenance-free of Japan's mainstream cars & SUVs. Nissan's Leaf[™] electric car is a potential in-town success, but Road & Track reports that the Leaf will only do 114 miles before it needs a recharge, barely enough for a commute. Nissan sales up 25%

-Johnson & Johnson (JNJ) Market Cap \$176bil EPS \$4.18 a thousand or so health care and personal products including KY Jelly[™] Splenda[™] and Band-Aid[™] FWD P/E 12. The Dividend Yield should be 6.25%. This stock has been dead in the water for twelve years. CEO William Weldon is one of USA's worst CEOs and his retirement is the best thing that has happened to JNJ in a decade

-AstraZeneca (AZN) (UK) Market Cap \$64bil, global biopharmaceuticals, owns French-based research co Novoxel, heavily involved in infection research. Sales in 100 countries, P/E 8, EPS \$5.73, UNDERVALUED

-Roche Holding AG (RHHBY) (Swiss) global pharmaceuticals, Market Cap \$135bil promising MS drug in the pipeline

-General Electric (GE) global wind energy global energy global med-tech, defense, etc, Market Cap \$172bil EPS \$1.27 FWD P/E 10

-General Motors (GM) Market Cap \$40bil, EPS \$4.57 P/E 5.57 GM has just had record earnings. GM cars are selling in Latin America and China too. GM's Chevrolet Sonic™ 1.4 liter subcompact is a big hit. Cadillac is now among the world's top three most dependable cars, up there with Porsche. Laying off workers for the Chevy Volt™ means electric cars are not being sold into the broad consumer market, and are a flop. GM is buying major stake in iconic French automaker Peugeot SA (EPA:UG)(USA: PEUGY). GMC and Chevy Silverado pickup trucks now offer an option of a version that will run on either gasoline or natural gas. GM shares are UNDERVALUED

Gazprom (GAZP)(Russia) Market Cap \$120bil natural gas and gas pipeline systems, sales to Europe all the way to Turkey

-Amazon (AMZN) one of America's two strongest & broadest retailers, second only to Wal-Mart. Market Cap \$106bil QRG YOY 51% 454mil shares out Revenue Per Share \$89.50 EPS \$2.27 co pays no dividend. New Amazon tablet computer product costs \$199, hopes to challenge the iPad but does not have the brand status.

Notes: eBooks are now a larger sales market in domestic USA than real books. Amazon not only owns this market, Amazon is the largest bookseller on earth. Privately-held (Answers Corp) Encyclopedia Britannica, Scottish publication continually in print since 1768, will end print publication this year, and go digital, for an annual fee. It won't work, and Encyclopedia Britannica will quietly and unceremoniously fold, moving western culture further into the Dark Ages. About 7million of these encyclopedia sets have been sold. If you own one, hang on to it.

-Mittal (MT) Global Steel, world's largest steel company, Market Cap \$33bil Enterprise Value \$58bil, EPS \$1.51 FWD P/E 6.88, STRONG LONG-TERM BUY

-Vale (VALE) world's largest iron ore provider plus nickel plus shipping plus owns Bunge, etc etc, Market Cap \$144bil EPS \$4.98 FWD P/E 5.55 Profit Margin 42.02% STRONG BUY

-Corning (GLW) Market Cap \$22bil FWD P/E 6.51, Profit Margin 45.6% QRG YOY 17%, very strong 3rd Q, mediocre FWD Guidance re LCD glass sales volume

-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. Now supplying chems to the natural gas & oil shale-fracking biz. Market cap \$31bil Enterprise Value \$52.2bil, FWD P/E10, shares are UNDERVALUED

Notes: New Middle Classes in Russia Brazil Indonesia and Mexico, and nouveau riche in China, help create a global economy. Middle classes in most of Europe, except for France Germany & Holland, are in trouble

USA POVERTY STOCKS

Companies that Service America's Poor

-eBay (EBAY) Poor America's income source, Rich America's convenience store. Tiny one-person eBay 'kitchen-table' companies re-retail America's detritus and sell everything from 50 yr old Time magazines to airplanes, yachts, thousand-year old coins, houses, cars, and Persian carpets. Ebay is the world's largest car dealership and also a major US real estate agent. Owns Paypal, & at least 25% of Craigslist. Owns GSI Commerce (ecommerce & marketing) owns Magento (open source e-commerce platforms/software) Many Americans buy nearly all basic consumer/household goods (jewelry clocks furniture clothing cars boats houses rugs art copper cookware laptops smartphones yard furniture clothing) except food on eBay. Market Cap \$40bil, QRG YOY24.6% FWD P/E 14.2, Ebay is headed heavily into mobile. Founder Meg Whitman is CEO of HPQ

-Best Buy (BBY) sprawling big-box consumer-electronics stores. USA's largest consumer-electronics co. As the US consumer economy continues to fail BBY lost \$1.7bil most recent Q and is closing 50 of its largest stores

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

-Flowers Foods (FLO) Deep-South packaged-food brands including DanDee® Holsun® and BlueBird® this regional business is thriving

-Campbell's Soup (CPB) founded 1869, mm-mmm good™ Americana canned soups which were the USA's first Fast Food and which seem to us expensive caloric and high-sodium, but: CPB also owns a stack of remarkable USA food brands including V8™ Swanson™ Pepperidge Farm™ Prego™ etc etc Campbell-owned brands are sold in 120 countries. Shares are UNDERVALUED

-Kellogg (K) Keebler™ products, the corn flakes etc, plus Rice Krispies™ Cheese-it™ and Pop-Tarts™ one of America's most beloved and legendary trash foods. Buying Pringles™ from PG, which exits PG entirely from foods

-Prestige Brands (PBH) over the counter 'medicines' like Dramamine & Chloraseptic plus household products like Comet and Spic n Span. Market Cap \$464mil P/E 13

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

-Reynolds American (RAI) tobacco: Camel® Kool® Winston® Pall Mall® Natural® American Spirit® plus roll yr own tobaccos 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 sales, Profit Margin 21%. Annual revenue \$16.71bil, \$3.6bil in cash

Plus American classic brand-name products. Owns 28.6% of SAB Miller. Owns US Tobacco (UST) ("smokeless" tobacco etc etc) Dividend \$1.52 yield 6.2% STRONG LONG-TERM BUY

-Cash America (CSH) USA's largest pawn shop chain: 2853 stores in 36 states; also check-cashing and cash-advance services. History Channel's "Pawn Stars" has made pawn shops socially acceptable, even chic

-Advance America Cash Advance (AEA) can't make it payday? Money up front, but at a price. AEA is owned by a Mexican parentco

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

-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%

-Yum Brands (YUM) KFC™, Taco Bell™, Pizza Hut™ American Junkfood franchises in the US, but YUM brands are a global franchise elsewhere

-Dollar General (DG) Market Cap \$14bil, EPS \$2.01. QRG YOY 11.5% 9500 stores in 35 states. Still services the Real Poor but increasingly the formerly Upper Middle Class/Newly-Poor shop here. Some DGs now sell beer and wine, UNDERVALUED

-Family Dollar (FDO) the most wretchedly low-rent of all American retail chain stores. 7000 stores in 44 US states. the poor buy their groceries and their shoes and their household goods here. QRG YOY 11%. Market Cap \$11.27bil. FWD P/E 12.8, EPS \$3.24, 341.5mil shares out. We've listed FDO as a STRONG LONG-TERM BUY for 34 months, FWD P/E 12.9

-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 LONG-TERM BUY

-Big Lots (BIG) 1000s of bargain & closeout items. 1415 stores in the Lower 48 plus 88 Liquidation World™ stores in Canada. 14 consecutive quarters of record earnings. Big Lots changed its target audience two years ago from the wretched raggedy and homeless to the newly-poor middle class, which puts the co in competition with Target, Macy's etc. Now selling beer & wine as well as budget groceries furniture household appliances etc. Market Cap 2.8bil, Fwd P/E 11. Annual Revenue \$5.2bil, near-zero debt, EPS \$3.03

-99Cents Only Stores (NDN) recent buyout into private equity for \$1.6 bil it's a regional price-point & closeout consumer goods retailer, 271 stores 200 in Calif. \$1.2bil Market Cap

-Autozone (AZO), car parts & accessories. Low-renters go to Autozone, buy parts, and change out brakes pads etc in the AZ parking lot. It is a serious lower-class stock... and making a lot of money. 4229 car parts stores in US and Puerto Rico, 188 in Mexico. EPS \$18.14, FWD P/E 13.3, STRONG LONG-TERM BUY

-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 other S&P list midcaps by 40% for five straight years

-Geo Group (GEO) privately-managed prisons but global. Purchased only major rival Cornell for \$374 mil

Notes: Many strapped USA states are helping to balance budgets by privatizing prisons in order to cut labor & pension costs. The prison co's will benefit

-DeVry (DV) a degree from Devry, once considered low-rent and grasping at straws, now often means a real job in the real world with a real paycheck while other millennial-generation 23-year olds with a B.A. are living in their parents' basements

-World Wrestling Entertainment Inc (WWE) live and televised WrestleMania events are America's medieval passion play. Actor Mickey Rourke put wrestling back into fashion

-Dunkin Donuts (DNKN) recent IPO, Market Cap \$3.12bil. Far more low-rent than KKD, Dunkin Donuts is in the same league as Waffle House. Parentco Dunkin Brands Group also owns & operates Baskin-Robbins ice cream. Ops in 29 countries, there are 5200 DD outlets in the US alone. Strong recent Q. Based in Quincey, Mass.

-Hormel (HRL) creators and purveyors of Spam®. There are Spam® cookbooks. There is a Spam Museum. \$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. EPS \$2.97 div yield 3.21%. Profit Margin 45%, Market Cap \$20bil Enterprise Value \$24bil, QRG YOY 66%, shares @ 118 are UNDERVALUED

-SuperValu (SVU) Albertsons™ OSCO, Jewel™ Cub foods™ and others, third largest foods retailer in the US after Kroger & Safeway. Market Cap \$1.72bil, Enterprise Value \$8.62bil, poorly- managed, Profit Margin almost nonexistent, BUYOUT CANDIDATE

-Kroger (KR) USA's All-American Neighborhood Supermarket. 2500 Kroger stores 750 convenience stores 650 superstore/fuel centers that sell lobster cheerios lawn furniture leather couches tires house-brand health & beauty products RX's and flu shots. House brands increasingly superlative. 62 million Americans have a Kroger card. How do they do it? Kroger knows what people want. KR is half- owner of London's Dunn-Humby, one of the planet's premiere market research/consumer behavior companies, now building a 250,000 Sq Ft US HQ in Cincinnati. Clients include Macy's and PG

-Safeway (SWY) your basic California supermarket, where divorcees buy cheese & catfood at 11pm. Market Cap \$9bil, Enterprise Value 13bil, FWD P/E 12.66

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

-Honorary Member: Chick-fil-A ...founded in Atlanta in 1967, 1600 fast-food chicken-sandwich and chicken nuggets restaurants in 39 states, annual sales of \$3.5billion, still privately-held and family-owned. 43 consecutive years of sales growth, last year revenues were up 11% YOY. BUYOUT CANDIDATE

Notes: Putting poverty into perspective: ½ of all Asians, about 1.8billion people, earn less than \$2.00 a day. Where do Moms have it worst? Nigeria is at the bottom of the Save the Children's Mother index, replacing Afghanistan. This index, which ranks 165 countries in categories that include child nutrition, access to medical attention, and maternal mortality, which measures the likelihood of mom mortality in

childbirth and related causes, has been done for years and is reasonably accurate. At the top (safest for moms) Sweden Denmark Iceland and Norway. The United States is 25th

AMERICANA STOCKS

As American as... well, as these stocks

-General Motors (GM) revenues doubled YOY on strong global sales. Chevrolet plans to build 10-15 thousand Volt™ dual-mode electric cars in 2011 and as many as 100,000 in 2012. In 2013 the Chevy Spark™ will offer an electric model. Drivers who have actually bought GM Volts report driving them up to 1000 miles before having to buy gasoline. Improved GM product sales in USA and strong GM sales in Asia. GM's Chevrolet Cruze will market a 50mpg diesel-powered version in the US in late 2012. The Cruze is already marketed in Australia . Cadillac CTX's are now as highly-regarded as BMWs and Mercedes-Benzenes

Borg-Warner (BWA) Market Cap \$8.65bil, P/E 14, EPS \$4.32 QRG YOY 27%, highly-engineered electrical and mechanical automotive systems. Well-managed, UNDERVALUED

-PG&E Corp (PCG) (Pacific Gas & Electricity) who you owe yr soul to if you live in California. EPS \$2.63, dividend yield 4.48%, and one of the strongest and steadiest dividends ever

-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

-Diamond Hill Investment Group (DHIL) investment and insurance services, Market Cap \$200mil, profit margin 21.5%, zero debt, 2.78 mil shares out

-American Express (AXP) this high-end creditcard co is back on our lists after years of absence. This upscale credit card world has far fewer late payments. Market Cap \$50bil Enterprise Value \$87bil. FWD P/E 12, profit margin 11%

-Starbucks (SBUX) as Americana as coffee can be. Owns its own coffee plantations and buying up more. Market Cap \$32 bil. Founded 1971. CEO Howard Schultz is one of the most honored American CEOs of our time. 17,000+ locations worldwide and is headed toward the MW Global Momentum stocks listing. 9% Q revenue gain, opening Starbucks outlets in China, STRONG LONG-TERM BUY

-Cracker Barrel (CBRL) upscale bourgeois dining on USA Interstates. 608 locations in 42 states. EPS \$3.63 Market Cap \$1.19bil FWD P/E 11. Masquerades as a bargain roadside lunchspot. It's run by sharks. The company has a nasty habit of trapping its customers, via a fake/manipulated wait for a table, in an area crammed with point of purchase stuff. The French onion soup is great. BUYOUT CANDIDATE

-Simon Property Group (SPG) American malls & interstate outlet centers etc. Market Cap \$21bil
Enterprise Value \$41bil FWD P/E 12 profit margin 8.2%

-Owens Corning (OC) Pink Panther™ fiberglass building material/insulation. Market Cap \$2.63 bil, EPS \$0.38 in a horrible time for the home const industry. Big patent portfolio still growing. A sleeper stock and we are watching it. Fiberglass may have new uses upcoming, one of which may be as natural gas pipeline

-Cardinal Health (CAH) World's largest health care products middleman wholesaler of medical supplies and pills. Market Cap \$15bil, EPS \$2.67. Cardinal has purchased privately-held Zuellig Pharma China for \$470mil, giving CAH a foothold in one of the planets fastest growing health care markets. China will become world's 2nd largest pharmaceutical market, behind USA

-United Continental Holdings Corp (UAL) The merged co will have the United name and the Continental logo. And it will be the world's first superpower airline. Unfortunately, air travel, for Americans, has become wretched and degrading

-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 \$2.82 div yield 3.9%. Strong profits, strong FWD guidance

-Mattel (MAT) Barbie® and American Girl® dolls. Whore of Babylon /USA saint Barbie has 50% market share of all commercially-sold dolls on earth. Mattel also manufactures the Magic 8 Ball™. Monster High™ dolls. Also dolls of characters from the Twilight book & movie series, plus a Barbie that has a videocam in it. Very strong recent Qs FWD P/E 11, QEG YOY 140%, 359 mil shares out, div 0.75 yield 3.4%

-Scotts Miracle-Gro (SMG) Legendary lawn care products co in a time when Americans can no longer afford to lavish care on lawns. EPS \$3.73 FWD P/E 12.6

Vulcan Materials (VMC) Gruntwork USA const matls provider, aggregates for highways & gen const gravel asphalt, redi-mix, etc Market Cap \$4bil, the co shows Red Ink right now

-Granite Construction Co (GVA) the people who build airports bridges highways etc Market Cap \$6.32mil

Notes: The US now has an almost \$500 billion backlog of unaffordable highway repair

-Monster Beverage Corp (MNST) formerly Hansen Natural. Founded 1985, dozens of alternative health food & energy beverages to Pepsi & Coke, products favored by elite Moms in North Shore Chicago, Malibu, and Seattle and also by the Moms and Dads. Market Cap \$8.5bil EPS \$2.90 QRG

YOY 24.4%. This is a very very strong company, has manageable debt, and is superbly-managed. There are 87mil shares outstanding and the shares are UNDERVALUED

-Snap-On Inc (SNA) products that are in every mechanic's toolchest in every auto repair shop and every truck repair shop in America, and also in every other car & truck repair shop in 130 other countries. Based in Kenosha Wisconsin & founded in 1920. Market Cap \$3.09bil, P/E 11.9, EPS \$4.43 Div \$1.36 Yield 2.8% , QRG YOY 8.9% QEG YOY 45.8% shares are a STRONG LONG-TERM BUY

-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. Dozens of products including Hersheys Kisses™ and Payday™ candy bars. Hershey owns a ton of Cadbury shares, meaning that the Kraft Foods purchase of Cadbury gives Kraft leverage over Hershey Chocolate. Hersheys has raised prices 9.7%. FWD P/E 13.7

- 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

-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 Ohio farm family began selling jams from a horse cart in 1897, the Smucker family now brings you Jif™ peanut butter plus iconic American kitchen brands Martha White® Pillsbury® Folgers® Hungry Jack® Crisco® Crosse & Blackwell® PET® plus a wide array of Smucker house-brand products. Smucker is making a strong push into China. Shares are UNDERVALUED

-Kimberly Clark (KMB)) toilet paper & other paper products Market Cap \$26bil Div 0.70 Yield 4.25% EPS \$4.23 we love this co and have invested in & out of it since 1993. FWD P/E 12.5 QRG YOY 8.3%

-Chipotle Mexican Grill (CMG) Market Cap \$10bil, EPS \$5.91, strong FWD guidance, FWD PE 38, QRG YOY 24.3%, near zero debt. America's chosen Mexican Food. Approx.1084 US restaurants and they are real restaurants, not slumfood fastfoods. There are only 31mil shares outstanding and this is almost certainly the best-managed restaurant chain in North America but shares are expensive

-Mattress Firm Holding Company (MFRM) 2011 IPO, retailer and franchisee for 787 US mattress stores. Purveyor of iconic Tempurpedic™ brand mattresses and pillows, wholesales to Macy's sears Costco and others, shares are UNDERVALUED

-Harley Davidson (HOG) A 20th-century American phenomenon now is a worldwide 21st century anachronism and a global legend surviving in the 21st century. Harleys are status symbols and evidence of coolness in Brazil Norway India Germany France Mexico Australia etc. and most recently, once more and yet again, in the United States among a new generation of young Americans seeking coolness. New models

include the Harley 72 and a redesigned V-Rod. EPS \$2.55, Profit Margin 11.3%. Most recent Q earnings very strong. By Dec 2012 40% of Harley's revenue will come from foreign sales. Shares are UNDERVALUED

-O'Reilly Automotive (ORLY) a smaller Autozone, but still has 3613 retail stores. Market Cap 9.33bil P/E 22 EPS 3.24, superbly managed, should pay a dividend, UNDERVALUED

-Thor Industries (THOR) America's RV company. Elkhart Indiana. RV's motor coaches & ambulances. Several brand names. Market Cap \$1.37bil EPS \$2.05 P/E 12

-Eaton (ETN) electrical & hydraulic components for military & industrial transport (trucks agbribz machinery and Caterpillar mining dozers loaders et al etc automotive & aerospace, P/E 11, EPS \$3.41, Market Cap \$12.6bil

-Parker Hannifin (PH) Motion & control systems & technologies, including those of wind farms. Facilities in 39 US states and 45 countries, EPS \$6.35 P/E 10.4 Market Cap \$10.1bil, UNDERVALUED

-Briggs & Stratton (BGG) astonishing that this co is still free-standing or even still alive, the co makes lawn mower engines home generators etc etc. Founded in 1908 based in a town in Wisconsin whose name we can't pronounce. Market Cap \$1bil

-Ford (F) Still Americana not global. Ford will market four electric vehicles in 2012. Ford's Enterprise Value is 3X the value of its Market Cap. The Ford F-150 is back on top as the USA's best-selling American-made vehicle and trucks are increasingly important in the 21st century. Recent strong sales in China. Ford just re-instituted its dividend. Market Cap \$47bil is larger than GM's. Enterprise Value \$122bil. Ford F-150 has been America's favorite Pickup Truck for three generations. Shares are UNDERVALUED

-Cummins Engine (CMI) world's largest maker of high-horsepower diesel engines, gas engines for trucks industrial and military use, high-power electric generators, etc. STRONG LONG-TERM BUY

-Polaris (PII) all-terrain vehicles (ATVs) snowmobiles and Harley-clone motorcycles plus accessories & clothing. Market Cap \$3.76bil EPS \$4.28 div 2% QEG YOY 24%. Near-zero debt, extremely well-managed. Owns SwissAuto Powersports, a high performance engine co, has purchased the Indian Motorcycle™ brand name and will build Indians

-Paccar (PCAR) the American proletariat's Rolls Royce & Bentley. Maker of Peterbilt® and Kenworth® trucks

-Navistar (NAV) delivery system trucks road trucks motor homes buses military vehicles diesel engines plus owns agribiz machinery co International Harvester. 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)

-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 product but the market is there

-Owens-Illinois (OI) world's largest glass container maker. 70% of revenues from outside the US. Market Cap \$4.9bil Enterprise Value \$8.6bil, FWD P/E 9

A lower share price and lower FWD guidance means the world is still obsessed w plastic water bottles, which means our species, now overrunning the planet w 7 billion, is doomed, too stupid to survive

-Energizer Holdings (ENR) Energizer Bunny® batteries, EPS \$6, P/E 8.7

-Dollar Thrifty Group (DTG) the airport rent-a-car people. Market Cap \$1.72bil, EPS \$3.92 strong most recent Q, FWD P/E 12.4, 19mil shares outstanding

Notes: Enterprise Rent-a-Car, a far far stronger and better-managed car rental company, is privately-held

-Lowe's (LOW) if you own a house in North America you know about Lowes. 1649 stores in US@ Canada

-Home Depot (HD) the other home improvement retailer, 2244 stores in US China & Mexico. Profoundly strong Q means the US may at last have bottomed out. Market Cap \$53bil

-Target (TGT) founded 1962. Wal-Mart for the upscale set. As American as Apple Pie. Correct yuppie pronunciation: Tarzjhay. 1682 mall-rat stores. Look for the Red Ball. Q earnings up 54%. A new marketing partnership with Apple puts mini-Apple stores in Target stores

-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 & many more. Cheerios™ is a 70-year old product. Raised guidance and raised prices. Owns Majority Stake % of French yogurt company Yoplait. Shares are UNDERVALUED

-Johnson Controls (JCI) heating ventilation @ AC systems, auto manufacturing parts, batteries building management & security systems etc etc. Founded 1885, Market Cap \$21bil

-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%

-Lincoln Electric (LECO) old-line welding supplies, based in Cleveland

-Stanley Black & Decker (SWK) America's premiere branded hand tool & pneumatics tool manufacturer, also engineered security systems worldwide. Founded 1843

-Cooper Tires (CTB) Market Cap \$899mil P/E 11

-Greif (GEF) USA's leading industrial packaging company. Steel plastic and containers for 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. New CEO David Fischer. \$3.5bil annual sales, 16,000 employees, EPS \$.4.89, P/E 9.34, UNDERVALUED

-PraxAir (PX) industrial gases. Market Cap \$26bil, there is a global shortage of several industrial gases including helium. Recent contract w the Russians. UNDERVALUED, BUYOUT CANDIDATE

-AirGas (ARG) through its subsidiaries is a distributor of industrial, medical and specialty gases including nitrous oxide liquid carbon dioxide etc, plus welding gases welding equipment and supplies, and industrial safety products

-Valspar (VAL) industrial surface coatings, UNDERVALUED

-PPG Industries (PPG) industrial surface coatings, div 3.2% FWD P/E 16, UNDERVALUED

-Disney (DIS) Disney (DIS) The greatest entertainment company of all time. Pirates of the Caribbean, National Treasure, The Sorcerer's Apprentice, Tinkerbelle, The Parent Trap and many other entertainment franchises.

Construction of \$4.4bil Disney theme park in Shanghai now under way.

All primary Disney films being re-issued in 3D. Disney is a force in video games as well.

A partnership in Russia will produce children's programming & movies.

Ownership of the US Marvel™ comic empire gives Disney characters usable for decades.

Ownership of the Muppet kingdom since 2004 is an investment that may make Disney fat profits for a century.

Disney theme parks and cruise ships are America's #1 wedding and vacation destinations, now too a wedding dress line.

In 2016 Disney will open an Avatar theme park in Orlando, offering the lush 3D world of Pandora, after two Avatar/Pandora 3D Sequels are released, in 2014 & 2015. Fat dividend hike. Disney is buying heavily into India via buyout of India's UTV for around \$390mil. Disney shares are UNDERVALUED

-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. Raised rates, QEG up 33%. Strong FWD Guidance. To find out in advance what will happen to FedEx & UPS, watch global oceanic shipping. UNDERVALUED

-United Parcel Service (UPS) The May 2008 deal to provide air transport services to rival DHL was essentially a takeover of DHL. Huge UPS international airfreight hub port in Shanghai supports UPS' far-eastern and global airfreight business. EPS \$4.12, fewer than 1mil shares out, UNDERVALUED

-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: Wendy's has risen from the dead and is now the #2 burger chain franchise, america's 2nd fav burger. But Burger King, which has been privately-held for 2years, is about to IPO once more. Investors should note that private-equity group 3G Capital Management will only put 29% of the co up in the IPO and will retain 71% ownership

HAUTE STUFF

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

- Prada (FRA:PRP) (USA: PRDSY) recent IPO for this Italian co could not possibly have come at a worse time. There is no interest in the US shares whatsoever, not much interest in the stock on Euro-indices either. Let's watch

Notes: China's Chou Tai Fook IPO (China domestic national high-end jeweler) is a bigger IPO than Prada was and is a direct threat to Tiffany, w the potential to go global

- Coming soon (maybe): an IPO for Versace (maybe)
- Tiffany & Co (TIF) branded luxuries in the fabled Tiffany Blue Box™. One of America's fifteen strongest brand names. 200++ luxury retail stores worldwide.
- Bulgari (BULG:MI) World's 3rd largest jewelry maker behind Tiffany and Richemont (CFR:VX) (Richemont is parentco of Cartier)
- Bang & Olufsen (Denmark)(USA: BGOUF)(LSE:0MRM) extreme high end audio-visual consumer technology products including an \$85,000 3D television and onboard sound systems for Aston Martins. 1000 dealers in 100 countries, US shares up 22% YOY
- 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
- 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% we favor the LSE shares
- Petra Diamonds Ltd (LSE: PDL) owns controlling interest in South Africa's Cullinan mines
- Gem Diamonds Ltd (LSE: GEMD) 138.27 mil shares out -African Diamonds (AFD:LSE)
- Panera (PNRA) 585 company-owned 795 franchise-operated upscale bakery/restaurant/cafes in US & Canada. \$2.4bil Market Cap zero debt. PNRA has outperformed every other major US restaurant stock for twelve consecutive years. #99 of Fortune Mag's 2010 list of 100 Fastest-Growing Companies. Restaurant format- upscale spacious casual w comfy seating and enclosed open fireplaces- is so successful that Wendy's McDonalds Burger King & Subway now are starting to copy it. Sales up, strong FWD Guidance, **STRONG LONG-TERM BUY**
- Discovery Communications (DISCA) is the 21ST century Readers Digest. World's number one video nonfiction media company. More than 1.5 billion subscribers in 170 countries. Operates 100-plus cable networks worldwide, led by Discovery Channel, TLC, Animal Planet, Science Channel, Planet Green, Investigation Discovery and HD Theater. Also offers consumer and educational products and services, including digital media content services like HowStuffWorks.com. Market Cap \$21bil
- 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

-Chubb (CB) insurance provider in the extremely profitable niche market of insuring fine art, jewelry, and other luxury materiel like yachts. RPS \$6.18, P/E 8.4

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

-Kohlberg Kravis Roberts (KKR) private equity & venture capital co w interests in Australia Japan Hong Kong Taiwan India Viet Nam Denmark France Germany Netherlands Norway Sweden UK Caribbean Mexico South America and the US. A useful marker to understand where investment \$\$ is flowing to, and why. FWD P/E 6.21 shares are UNDERVALUED

-AON Corp (AON) Chicago. World's largest insurance broker. Does underwriting, bears no underwriting risk at all, strictly a broker. Offices all over the world. Services the New Global Middle Class that is replacing the formerly dominant but now vanished US middle class as the buyers of global goods and services. 65% of AON's sales come from outside the US. AON is a beneficiary in the Japan mess. Losses borne by the insurance industry will simply be made up for via rising premiums. Higher premiums mean higher commissions for AON

-Brookfield Asset Management (BAM) Real Estate REIT but global: biz property, power, and infrastructure investments including subsidiary Brookfield Incorporacaos SA (SAO:BISA3) which buys office buildings and property in Brazil STRONG LONG-TERM BUY

-Simon Property Group (SPG) owns and manages malls and premium outlet centers, but more importantly in commercial real estate properties across this increasingly flat globe of ours. Market Cap \$32bil, FWD P/E falling dramatically to around 15. QEG YOY 122%. Div of \$3.20 will prob rise

-Swatch Group Ltd (VTX:UHR) (USA: SWGNF) luxury personal products & accessories major brand watches, including Omega™, the world's official James Bond watch. Global sales, annual profits above \$1 billion for the first time in 09. Shares up 68% in a year. UNDERVALUED

Oxford Industries (OXM) design manufacture distribution & sales of private-label apparel & accessories, US & UK. EPS \$5.08 QRG YOY 27% 16 mil shares out. See also Iconix (ICON)

-Burberry (LSE:BRBY) (USA:BBRYF) The Legendary UK plaid. A key facet of the original wave of 'Preppy' clothing in the USA. In England, the Queen wears Burberry, and so do Prince Charles & Prince Wm.

-Joseph A Bank (JOSB) Suits are back. US Men's clothier Joseph A Bank is making the most of it with 500-plus USA stores. Suits & ties priced to sell amid a US Depression. Job hunting makes everyone want to look sharp. Market Cap \$1.16bil, EPS \$3.16, 27.63 mil shares outstanding. Quality has deteriorated during 2012

-Victoria's Secret (Limited Brands) (LTD) Victoria's Secret™ & also Henri Bendel™ and others. Mistresswear & hottiewear, upscale luggage, femme fashion, sportswear, bathroom products. 22nd most valuable brand. Every Victoria's Secret catalog goes to 425 million addresses worldwide. There are downtown Victoria's Secret stores in London and Sydney. Now has an online catalog. STRONG LONG TERM BUY

-Leica Camera AG (USA: LEIMF)(Munich: LCA1) The one, the only. USA shares pay a 1.98% Dividend, and are up 120% YOY, fabulous new 25mm-600mm lens SLR camera

-Pool Corp (POOL) these guys handle ALL the supply products for home swimming pool care. And for commercial pools like motels, too. 290 sales centers USA & Europe. Market Cap 1.4bil P/E 21, QRG YOY 9.1%, well managed

-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%

-Abercrombie & Fitch (ANF) global upscale casual clothing & accessories. Continually causing an uproar in the US w audacious sexual-content catalogs that so upset erotophobes and bluehairs. In Istanbul London Tokyo Moscow Paris the ANF brand is as hot as Versace & Gucci & Chanel. Market Cap \$6.66bil, EPS \$2.07. Strongest ANF brand is the status symbol label Hollister™. The co is failing in the US (where there are fewer and fewer privileged US teens) but thriving elsewhere

-Allergan (AGN) Rx Botox™ for skin and Rx Latisse™ for long eyelashes...market for Botox is expanding globally. Botox now used as a treatment for migraine headaches. Eyelash grower Latisse™ is now used by men as antidote to male pattern baldness

-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 \$6.25bil, Enterprise Value \$15bil P/E 10 FWD P/E 9.1, UNDERVALUED

-Carnival (CCL) luxury cruise ships, 98 ships as well as hotels, motorcoaches, and domed rail cars. Market Cap \$26.7bil, P/E 14, FWD P/E 11, the wreck of the Concordia off Tuscany is bad press for cruises

-Disney (DIS) Disney Cruise Lines has been in the cruise biz seriously since the launch of the 4000 passenger Disney Dream. A twin-sister ship, the Disney Fantasy, will launch in 2012. Disney facilities, both parks and ships, are the single most popular wedding venue in the US. Disney now has its own line of wedding dresses to capitalize on the entire package. Disney is a STRONG LONG-TERM BUY

Notes: People who go on cruises love them. And the cruiseship industry has grown at 10% annually since 2003, a stronger showing than casinos

-Rick's Cabaret Int'l (RICK) (RIK: DE XETRA) USA strip club/nightclubs, two industry trade publications, 25 'sex industry' websites. 74,000++ customers a month, #87 on recent Forbes 200 Best Small Companies list. 24 'gentlemen's clubs' in various notable US cities: Philadelphia Charlotte Minneapolis Dallas etc FWD P/E 8

-Cedar Fair (FUN) 11 Amusement parks including Kings Island and Knotts Berry Farm but esp Cedar Point, home of the world's biggest most famous and most sought-after roller-coaster, an end-destination for tourists from worldwide. Sold California's Great America™ resort playground to private equity

-Marriott International (MAR) 3718 company-owned or franchised hotels/motels lodging facilities plus 3838 home and condo short-term rental properties in 65 countries. Market Cap \$12bil. Dangerously high P/E Dangerously low Profit Margin. New hotels in Russia. Buying condo complexes like mad, pouring it on in the vacation rentals market. In trouble in the US, where there is no longer a middle class that can afford \$125 a night motels. Doing well elsewhere. New CEO Arne Sorenson, an American sophisticate born in Japan in 1959 and a JD from University of Minnesota, estimates that China will send 100 million tourists abroad in the next 3-4 years, up from only one million a few years back.

See also Intercontinental Hotels (IHG) and Choice Hotels (CHH)

-Starwood (HOT) upscale hotels & resorts worldwide

-Hyatt Hotels (H) (recent IPO) 451 properties worldwide in 43 countries. QRG YOY 100%...

-Krispy Kreme (KKD American-Southern Dixie White Soul Food but considered chic outside the US. New CEO. Brand name is 6X more valuable than the Market Cap. A stealth REIT, Krispy Kreme owns the property under most of its retail stores. EPS \$0.26 KKD is a BUYOUT CANDIDATE. KKD's UK operations have been sold to private equity

-Green Mountain Coffee Roasters (GMCR) market cap \$2.5bil, Q earnings growth YOY 123.4%, on 2010 Fortune Magazine list of fastest-growing co's

-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 50k pickup trucks & cowboy hats. It's USA's Shakespeare. 100 million Americans watch NASCAR races on TV. Danica Patrick has been useful to the biz. Also the dead guys, sacrificing their lives on te altar of NASCAR. Market Cap \$1.22bil FWD P/E 13.7 NASCAR is in transition but open to new icons and old traditions. The co is starting to open casinos as well. Shares are UNDERVALUED

-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%%

-Natura Cosméticos (SAO: NATU) Brazil-based cosmetics sunscreens health & beauty etc, 2008 IPO, sales throughout South America Central America and Mexico, still expanding

-Solazyme (SZYM) proprietary transforms a variety of plant sugars into oils... but not fuel oils, the kinds of oils used in skin-care products and foods. Market Cap \$1.29bil

-Gucci Group (GUCCG.PK) global luxury personal products

-Hermes (RMS) global luxury clothes & accessories, EPS \$4, Market Cap \$26.4bil

-Estee Lauder (EL) Luxury global goods brands & services including spas perfumes cosmetics and Tommy Hilfiger. Sales in 150 countries. NYC-based

-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

-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, and turned out to be by no means a flash in the pan. Uggs™ are global, and fashion-elite anywhere. Market Cap \$3.86bil, EPS \$4.16, FWD P/E 17, QRG YOY 49.1%, QEG YOY 48.3%, Debt: \$45million or almost zero. Only 37mil shares outstanding. UNDERVALUED

-Cost Plus Inc (CPWM) Cost Plus and World Market stores. 250 or so stores in 30 states under various Cost Plus, Cost Plus World Market, Cost Plus Import, & World Market brands. Wonderful things from worldwide . Gorgeous global products: leather chairs and furniture, global foods and wines, and a

thousand other things. This tiny cap company took the USA by storm about 1968 starting from San Francisco, and its time has come round again. Market Cap \$206mil Enterprise Value \$408mil. FWD P/E 9.8, only 22.3mil shares outstanding

-Nordstrom (FRA:NRD)(USA:JWN) upscale fashion goods retail, men women & kids. 207 stores in 28 states. Market Cap \$9.66bil FWD P/E 12.59 QRG YOY 11.3%, well managed

-Coach (COH) luxury leather goods & accessories, thriving business in Japan Macao & China as well as in upscale Europe & USA

-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 distributor, the world's largest distributor of wines. Market Cap \$4.14bil, Enterprise Value \$7.2bil, P/E 7 EPS \$2.95

Notes: The world's largest distributor of wine

-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%. Barron's likes this stock. Reason enough to stay away

-Hanson Natural (HANS) is to soft drinks what WFMI is to supermarkets

-AquaBounty (LSE:ABTX) (Scotland) custom made heart-healthy dinner table fish (genetically-enhanced salmon tilapia & trout) supplements dwindling wild fish populations

- Open Table (OPEN) make restaurant reservations Online from your handheld or your laptop in US Canada Mexico Europe & Asia. A time will come when no upscale restaurant on any continent will be without membership. QEG YOY 328%. QRG YOY 43%. 23mil shares outstanding, solid black numbers

-Diageo (DEO) world's largest supplier of alcoholic beverages (Johnny Walker® Smirnoff® Guinness® etc etc) shares were up 21% in 09

-Honorary Listing: Bacardi Ltd: where the world gets its rum. Based in Bermuda. Privately-held

-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

- Anheuser-Busch InBev SA (BUD) Brussels-based, global upscale brewer. Nearly 300 brands, sales in 130 countries in Asia Pac, Americas, Europe, #387 in Fortune Global 500 and gaining, UNDERVALUED
- Ambev (ABV) (Companhia de Bebidas Das Americas)(Brazil) this giant co-managed Latin American brewery also sells many other beverages. Distribution alliances in Canada. EPS \$5.04, 616 mil shares outstanding, Q earnings growth YOY 34.1%, STRONG LONG-TERM BUY-Heineken NV (LSE: OLN)(HINKF: USA ADR) legendary Dutch masterbrewer has bought Femsa for 3.8bil Euros giving Heineken its own foothold in South America UNDERVALUED
- SAB Miller (LSE:SAB)(USA:SBMRY) Pilsner Urquell, Grolsch, Peroni, Miller brands, high alcohol-content 'bubblem' drink Blast™ etc bought world's 2nd largest brewer by volume. Bought Argentina's Cerveceria Argentina SA Isenbeck, (Isenbeck & Warsteiner beers etc) to enter the Argentina market (dominated by Budweiser) with a flourish. Shares up 292% YOY. Has bought Foster's for \$10.2bil, STRONG LONG-TERM BUY
- Molson Coors (TAP) Market Cap \$7.5bil EPS \$3.58 P/E 11 many beer brands incl Pilsner Urquell Milwaukee & Carling, EPS \$3.58
- 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
- Luxottica (LUX:MIL) (LUX) Italian sunglasses giant owns ALL major global brands (Ray-Ban etc etc) and ALL major glasses and sunglasses licensures from luxury brandnames (Versace, Burberry et al) plus owns Lenscrafters®, 5500+ stores plus franchises, strong presence in China
- 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
<http://www.youtube.com/watch?v=TaXKGj2DwFo>
- Fortune Brands (FO) global upscale home& consumer products (Moen® faucets, Jim Beam® bourbon, Master® locks etc etc.
- Berkshire Hathaway (BRK-A, BRK-B) owns 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, plus Burlington Northern RR. Recent \$9bil purchase of Lubrizol. Berkshire is too secretive of its stats & Q numbers for us. But Dairy Queen™ stores have opened in China this spring

-Nike (NKE) high-status shoes. The stock is nearly fully-valued but the company has \$4.7billion in cash & near-zero debt. Q revenue up 14% to \$5.77bil. Nike took the NFL shoe and uniform franchise away from Reebok, and is beginning to market Nikes in India

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

-Boston Properties (BXP) REIT w commercial property holdings in prime USA locations in interesting play in that the current P/E is 97 but the FWD P/E is 19 reflecting that this co has bought tons of property that hasn't paid off yet but will. Market Cap \$14.7bil Enterprise Value \$22bil. QRG YOY 11%, ¾ of a billion in cash

-MGM Mirage (MGM) Las Vegas: high crime rate, house odds against you, anything available for a price. MGM Mirage's Market Cap is far lower than Enterprise Value. Planning a \$500 mil 150-acre resort casino 65 miles west of Boston

-Wynn Resorts (WYNN) Gaming and entertainment, Las Vegas and Macao. Macao has played out so well for the co that Steve Wynn may move the co HQ offices to Macao. Owns the Ferrari dealership in Las Vegas. Market Cap 14bil, Enterprise Value \$16bil 124mil shares out, FWD P/E set to fall dramatically into 2012 2013, STRONG LONG-TERM BUY

-Las Vegas Sands (LVS) owns the Venetian Hotels. The Vegas Venetian opened in 1999. The Venetian Macau has 3,000 suites & a million sq feet of leasable retail space plus 870 gaming tables and 2400 slots. One of the top ten fastest-growing Large Cap stocks in the world. The Sands wants to build a "Euro-Vegas" in Spain, plans a 15-bil euro (\$20.3 billion) massive Las Vegas strip-style casino resort even though Spain has a 21% unemployment rate. Gaming traffic in Las Vegas reportedly is down 42% in 2012

Notes: Global Online Gambling is probably a \$100bil annual revenue industry. A company to watch:

-Bitwin Party Digital entertainment ("Bwin") (LSE: BPTY)(PAR:PRTYEUR) is a company to watch

-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. Joint ventures w Mitsubishi (8058:TYO) (MBC:LSE)(MSBHF:PK) in Russia. Strong sales in Japan and Asia. General Motors will buy a stake in Peugeot

-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

-Fiat (F:MIL) (FIAT:PAR) (USA:FIATY) (Italy)Turin-based Fiat is the parentco of Ferrari, Maserati, Alfa Romeo, and 58.5% of Chrysler/ Jeep. Plus Fiat cars & trucks, which have and been backbone basic

middle class and smallwork/delivery vehicles in Europe since post WWII. In the 70s the Fiat 124 was the poor man's Ferrari. Fiat re-entered the US car market with the Fiat 500, which is a hit. An electric Fiat 500 will debut this year. Chrysler is currently Fiat's strongest brand and Jeep sales are stronger than ever. Fiat will market 7 new models in Brazil this year. Chrysler Group sales are up 37% YOY, the 24nd consecutive month of YOY % gains. Ferrari has introduced its first hybrid

-Porsche LSE: 0JHU) (USA: POAHF) (Frankfurt: PAH3) Owned by VW. An auto superstar since early 1950s, Porsche is a global cultural icon affecting fashion, design, etc. 28,000 race track victories. Now owned by Volkswagen, Porsche is very much a 21st century force to be reckoned with. Terrific 2012 products, and Porsche is ramping up production to sell 120,000 units in 2012. The Panamera 4-door is a delight. Porsches are in Argentina showrooms now

-BMW (Bayerische Motoren Werke) (XETRA: BMW.DE) (FRA:BMW.F) (USA: BAMXY) famous in the US for its Preppie Yuppie Eurocars that handle well & have fragile suspensions but can be driven for 250k miles. BMW also owns and manufactures Rolls Royce® autos and Husqvarna® products (motorcycles off-rovers snowblowers etc: the co has marketed a \$3000 solar-and- battery-powered hybrid lawn mower) and BMW® motorcycles, plus the British Mini-Cooper. Expect a BMW electric car. A Rolls Royce electric is already upon us. Building a \$900mil BMW auto plant in North Carolina

-Bombardier (TOR: BBD:B)(USA: BDRAF)(Canada) executive aircraft, Ski-Doo™ and Sea-Doo™ upscale water and snow toys, etc etc USA shares up 24.88% YOY

-Tesla (TSLA) elitist red-ink electric car co, Market Cap \$1.6bil. Home of George Clooney's \$109k electric sports car. The co plans to market an elegant 4-door electric sedan late this year. Panasonic (PC) owns a 2% share of Tesla, the start of an emerging 'green car' alliance between the world's largest consumer electronics corporations and the electric car industry. To make money on Tesla, buy shares of Daimler (DAI)

Notes on automotive: A Formula One auto racing IPO: Formula One Group, the global motor-racing franchise owned by private-equity firm CVC Capital Partners Ltd., has received the go-ahead from the Singapore Exchange for an initial public offering that could raise \$2.5 billion.

Singapore has been hosting Grand Prix auto racing since 2008. In what could be this city-state's first high-profile overseas listing in more than a year, Formula One's bankers will begin informal talks with potential investors "very soon," the people said. Order-taking is slated for the second week of June, after a price range is set, and listing is scheduled for the end of June.

CVC has been the majority owner of Formula One's holding company since 2006, and will sell part of its stake, the people said. People familiar with the transaction said earlier that CVC is in talks with possible cornerstone investors, a process that offers security to bankers selling the deal because these investors subscribe to a fixed portion of the IPO ahead of the public offer to retail and institutional investors.

If successful, the IPO will be Singapore's biggest so far this year, and it comes as the city-state vies with Hong Kong to attract foreign listings and lift its stock exchange's profile. In March 2011, Hong Kong tycoon Li Ka-Shing raised \$5.5 billion from listing port operator Hutchison Port Holdings Trust in Singapore.

Singapore was picked as the venue for the planned Formula One IPO because it has been hosting Grand Prix racing since 2008 and is home to a strong fan base for the sport. The US, dominated in the Auto racing world by NASCAR, has been a Gran Prix racing and Formula One racing backwater for decades.

CVC holds 63% of SLEC Holdings, Formula One's holding company.

The lead bankers on the deal are Goldman Sachs, GS +0.99% UBS AG, UBS +2.13% and Morgan Stanley MS -0.75% . CIMB Group Holdings Bhd 1023.KU 0.00% . and DBS Group Holdings and are also advising CVC on the deal.

Formula One's IPO comes as home-grown companies, too, are turning to the stock market. Ascendas Group, a property manager and developer owned by JTC Corp., a Singapore government industrial infrastructure planning agency, also received Singapore Exchange approval to list its hospitality assets, such as hotels in Australia and Japan. It plans to raise \$500 million from listing those assets via a hospitality real-estate investment trust by early to mid-June.

ARA Asset Management Ltd., D1R.SG +1.12% an affiliate of Mr. Li's Cheung Kong (Holdings) Ltd., 0001.HK +0.16% also plans to list in Singapore in either June or July. The offering, which could raise US\$557 million to US\$636 million, would be denominated in yuan, making it the first denominated in the Chinese currency outside China after Mr. Li raised \$1.6 billion from listing the Hui Xian REIT in Hong Kong last year.

Notes: Skip the Blackberry skip the iPhone the high-end big clunky expensive men's watch as status symbol has returned with a vengeance. The Federation of the Swiss Watch Industry reports that men's watch sales in 2011 were the highest in twenty years. Well-off men collect them. Under most circumstances, especially in the business community, men are only allowed to wear two pieces of jewelry: a wedding ring and a watch. Well-off men will select a watch for the day, and build their clothes, their 'look' around the watch, as women do with shoes or a purse.

AGRIBIZ:
Seven billion people. Someone has to feed them.
Globalization is real.

The Global Agribiz Manufacturing Alliance: Leaders from seven agriculture equipment manufacturing associations from around the world have signed a Memorandum of Understanding to officially launch the Agrievolution Alliance, which will facilitate collaboration and cooperation on a global basis within the Agribiz equipment manufacturing industry.

The associations are based in Brazil, Europe, France, India, Italy, North America and Turkey.

The founding associations are:

- ABIMAQ – Brazilian Association of Industrial Machinery and Equipment
- AEM – Association of Equipment Manufacturers – USA/North America
- AXEMA – Association for Industrial Agricultural Equipment, France
- CEMA – European Agricultural Machinery Association
- FICCI – Federation of Indian Chambers of Commerce and Industry
- TARMAKBIR – Turkish Association of Agricultural Machinery & Equipment Manufacturers
- UNACOMA – Italian Farm Machinery Manufacturers Association

Association leaders established the alliance in the shared belief that in today's global agricultural economy, it is crucial that current issues and future challenges be viewed and worked upon from a global perspective.

The alliance will focus on three areas: industry-specific issues, information exchange and public policy issues. Possible areas of action include coordinating input to harmonization of standards and regulations, serving as an industry liaison with groups such as the Food and Agriculture Organization of the United Nations (FAO), using a combined voice on issues such as free trade, and developing a method to regularly exchange market and other industry data.

SOME PRIMARY AGRIBIZ STOCKS

-Caterpillar (CAT) (USA) agricultural machinery, global. STRONG LONG-TERM BUY

-Deere (DE) (USA) agricultural machinery, global. STRONG LONG-TERM BUY

-CNH Global (CNH) (Holland) Case New Holland and other iconic agricultural machinery brands.
UNDERVALUED

-Cummins (CMI) agricultural machinery, global. STRONG BUY

-Kubota (KUB) (Japan) agricultural machinery, global. Market Cap 10.45bil QRG YOY 9.4%
UNDERVALUED

-Komatsu (KMTUY) (Japan) agricultural machinery, global. Market Cap \$22.57bil Enterprise Value \$31bil UNDERVALUED

-AGCO (AGCO) (USA) agricultural equipment, global. Market Cap \$3.88bil Enterprise Value 5.1bil, EPS \$6.35 UNDERVALUED

-Lindsay Corp (LNN) (USA) agricultural water systems and irrigation systems, USA & Canada

-Arts-Way (ARTW) (USA) agricultural machinery and feed systems & modular ag buildings, rapidly expanding, UNDERVALUED

-Toro (TTC) (USA) agricultural equipment, micro-irrigation systems, global. Sales in 90 countries. UNDERVALUED

-CF Industries (CF) fertilizers, US Canada & UK< Europe STRONG BUY

-Potash (POT) (Canada) fertilizers mining, sales in US & Canada, UNDERVALUED

-Terra Nitrogen (TNH) fertilizers, sales in USA. The Dividend of \$16.00 is a Dividend Yield of more than 8%

-Agrium (AGU) (Canada) broad spectrum of products, fertilizers seeds agrichems animal health etc etc US Canada & EPS \$8.56, STRONG BUY

-DuPont (DD)(USA) Agricultural products seeds etc, global. STRONG LONG-TERM BUY

-Dow Chem (DOW) agricultural chem products, global. UNDERVALUED

-Monsanto (MON)(USA) Gen-mod seeds and anti-weeds, global. Rapidly expanding. UNDERVALUED

-Syngenta (SYT) (Switzerland) seeds, global. Europe's Monsanto. Market Cap \$30bil. UNDERVALUED

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