

# MARKET WITCH™

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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 affects the equities markets, how we profit from it, and how you can, too.

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## AMERICA'S LAST BEST HOPE: CHICAGO

Wendell Berry and Sustainability

Dogs and Medicine

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The MW STRONG BUY Lists

Happy Birthday, America!

Meet [Chicago](#)! It's the USA's Best 21<sup>st</sup> Century Role Model, the *only* Big American City that *works*

Is there any other way to say *brass balls*?

Yes and it's spelled with seven letters: *Chicago*.

The United States has essentially *lost* its brass balls. Given them away.

Not Chicago.

*Chicago, the nation's third largest city, still has them.*

Chicago is rich, clean, corrupt, pragmatic, brutal, and hungry. And politically savvy. And funny. Very very funny.

Chicago is *brutal*. America thinks Chicago cares about football (the Chicago Bears) baseball (the Cubs, the White Sox) and basketball (the Bulls).

*But what people who actually live in Chicago care about are the Blackhawks. Ice hockey. America's most brutal sport.*

The Blackhawks have won the Stanley Cup 3 times since the national competition began in 1926, the last time in 1961 and they make the Hells Angels™ look like transvestites.

This most recent win is their 4<sup>th</sup> Stanley Cup and it put Chicago back on top, in the eyes of Chicagoans, in a way that baseball basketball or football can never never do.

Baseball is New York's game. Chicagoans think New York is sleazy, prissy (*no one* here likes Bloomberg or watches his TV network) and smells bad.

Basketball is LA's game. Chicago thinks LA is precious, full of actors and sissies.

Football belongs to Miami & the Dolphins. Chicago thinks Miami is too hot. An also that lying on the beach is boring and that drinks with umbrellas in them just don't cut it. *Let's go do something. Open a restaurant. Steal a car. Start a band. Run for office. Anything but sit around. Let's go get something to eat. Then we'll borrow govt money from the city to rehab a house and sell we'll sell it back to the federal government we'll make a ton of money.*

*During the NHL playoffs, Blackhawks star Duncan Keith got seven teeth knocked out when a hockey puck struck him in the chops.*

What Chicago said: "Teeth can be replaced. If that's what it takes to get the Stanley back...*go for it.*"

Chicago is *rich*. There *is* no recession here. You have never *seen* so many yachts. Not the hugies as you would see in the Mediterranean, in the French or Greek or south-of-Spain ports or in Mallorca or Malta, but 30-40-footers, 1000s upon 1000s of them of them, docked and moored from downtown Lake Shore Drive all the way up the North Shore in marinas big and small, on the edge of Lake Michigan, as far as the eye can see. Everyman's yachts. The playthings of aspiring Normal People who made good.

When cities declare bankruptcy- like smallish Harrisburg Pa may, and which like huge Los Angeles may within 24 months- it is called Chapter 9. Chicago has *no* such problems.

Chicago has been rich for a *long time*. This was America's boom town from 1860 until around 1930 as the city became the epicenter of the nation's railroad network.

Chicago will *remain* rich. And will stay rich in the future, because it has: *water. Lake Michigan.*

Chicago is *rich*. Unevenly rich, but *rich*. While other cities are in red-ink near-bankruptcy, Chicago takes in *in the low billions* in annual property taxes. When a city puts tax-money back into the community this is called tax-increment spending, or TIF. Chicago has fifty political wards. Between 2004 and 2008 Chicago put \$1.5bil in TIF money back into these city wards. *All* the serious money goes to the Gold Coast, Lake Front, high-income high- taxpaying Chicago's Face wards, and into the Old School business and advertising districts. Surely you've heard of Madison Avenue and the TV show *Mad Men*. It's not in NYC, it's in Chicago. Of that \$1.5bil, Ward 27, which contains Madison Ave, got \$240mil. Ward 2, the Lake Michigan Gold Coast Lake Front ward, got \$348mil. Ward 18, on Chicago's South Side, got \$120,000. Ward 15, in the same area, got \$33,841.

Why? Because Chicago is *corrupt*. Chicago has *always* been politically corrupt. The current mayor, Richard M Daley, is the 2<sup>nd</sup> longest-serving mayor, and is a nepotist legacy. His father, Richard J. Daley, was a living legend, was Chicago's longest-serving mayor and was instrumental in getting JFK elected. Daleys have run Chicago since before you were born. Chicago holds the *patent* on corruption. This applies also to the entire state of Illinois, because Chicago runs it.

Illinois governor Blagojevich (can you pronounce that one?) (who allegedly tried to *sell* Obama's vacant congressional seat for a hundred grand) may be a villain to the rest of the country but in Chicago he is a business-as-usual, everybody-knows-him, who-do-you-go-to-to-get things-done local-boy hero, one of Chicago's many iconic proletariat streetwise larger-than- life characters.

Blagojevich is under indictment. What a surprise. The first day in court, his attorney told the judge, "my client never stole a dime from anyone." The second day, he characterized his client as "too *stupid* to be a successful criminal." Chicagoans know better. When Blagojevich is on television, being harassed by some naïve journalist, Chicagoans toast the barroom TV screen with beer. Why do Chicagoans like him? "He's a *good governor*. He gets things done."

Why does Chicago's corruption meet with so much hometown approval? Why is it even tolerated?

Because it is *successful*. Because it is *competent*. Because it gets the job done.

Chicago is *clean*. The air in the Windy City is not dirty. The water has fish in it. The beaches aren't closed, you can swim there. Chicago *handles it*. If the Gulf Oil Spill had happened in *Lake Michigan*, off Chicago's coast, *all* the execs of BP would have been *in jail* within 48 hours. Within 72 hours, Chicago city employees dressed in their white uniforms would gone out on city fire boats and plugged the hole. The mayor would have made a speech, praising the efforts of city employees and everyone involved. And considered his next election a shoe-in, fewer votes to have to buy. Everyone would have breathed a sigh of relief, and gone to the neighborhood bar, gone out for Italian Irish Greek Mexican Indian Vietnamese or Mexican food, or bought a steak and a case of Goose Island beer, ordered a Chicago-style deep-dish pizza, and breathed easy. F--- this sh--. Let's eat something and head out on the lake and catch some white bass.

Chicago is *pragmatic*:

-here is a black guy in his late 20s *standing in traffic* in Lake Shore Drive, at the edge of the turn lane, dodging cars like a bullfighter, and selling the *Chicago Sun Times*.

You could get hit by a car. *Yeah but then I wouldn't make any money.*

-here is a Pakistani cab driver just off Lake Shore Drive, bearded and wearing an electric green silk turban. Mainstream America: *You muslim? Get the xt4%! out of here! Hey towel head! Beat it!*

*Pragmatic Chicago: Can you speak English? Can you drive? Get me 20 blocks down Michigan Avenue in the next 3 minutes an there's an extra \$10 in it for you.*

-here is an early-40s woman business exec, elegantly dressed, riding her raspberry-colored motor scooter in traffic just off Lake Shore Drive, on her way to the office. She is wearing no helmet, and five-inch platform heels. And, while pulling away from a traffic light, she is text-messaging her secretary @ the office.

It should be totally illegal in Chicago to ride a motor scooter wearing high heels. *But it isn't.*

It is illegal in Chicago to text-message from a car. *But not from a motor scooter.*

Chicago thinks global warming is a comedy routine from Second City. Chicago in winter is like the movie *The Day After Tomorrow*. 20 below, thirty-one inches of fresh snow on the ground, 30pmph wind, no one thinks a thing about it. Shovel the snow, plow the streets. Big deal. Wear a hat. Get on with it. The trains run. The schools are open. The streets are clear. Meetcha for lunch.

New Yorkers: *let's get back to New York. New York has the mafia. We're way tougher.*

Dream on, New York. Al Capone, born in Brooklyn, *died* in Chicago, terminating a legendary career.

Sam Giancana, one of the inventors & founders of Las Vegas and one of the original partners in the Desert Inn, and who was the mob's main man in Havana all thru the 1950s, was *born* in Chicago.

Women: *Oh but Chicago is a MAN's town.*

Maybe. *Maybe.*

But uh Kraft Foods (Northfield, in metro Chicago) (KFT) CEO Irene Rosenfeld earned \$26.3mil in 2009

Sarah Lee CEO Brenda Barnes (Downers Grove, in metro Chicago) (SLE) CEO earned \$12.5mil

Corn Products Intl (Westchester, in metro Chicago) (CPO) CEO Ilene Gordon earned \$6.5mil

Hope Dworacyzk, born in Texas, a former runway model in Europe the US and Latin America, now host and co-producer for Canada's *Inside Fashion* television enterprise, jumped off the page in the June Issue of *Playboy* as the world's first 3D Playboy centerfold. Playboy (PLA) (PLAA) 680 North Lake Shore Drive, was founded in Chicago in 1953 and after 57 years remains to this day *America's most avant-garde and most mainstream-accessible intellectual magazine* and is also one of the world's top-fifteen-most-recognizable brands.

Hugh Hefner, born in Chicago, was a 1949 creative writing major and worked as a copywriter for *Esquire* in NY but found esq 'too stodgy.' Even now, at the age of 84 Hefner is still (reportedly) sexually active plus *has never, even now, never ever backed down from his well-thought-out anti-Puritan value system.*

*You can't even pronounce Hope Dworacyzk's name.*

*But Chicagoans can. Half the people in Chicago have names like Miss June's an they wonder what the hell is wrong with you that you don't.*

Chicago is *politically savvy*. No one talks much about Barack Obama here. In Chicago, Barack Obama is a JAP: Just Another Politician. Before the White House he used to live in a big house in Hyde Park, and he will again.

Obama is *also* a member of the radical black afro-centric community that has existed in Chicago since the early 1950s, after large numbers of blacks immigrated to Chicago's South Side (Woodlawn, Englewood Avalon etc) after WWII and Got Free of the South and decided their African roots were more important than their being American.

This modernist flow of blacks from the South and from the close of WWII into metro Chicago spawned two things: (A) a new and radical 'dashiki-christian' community, and (B) the Nation of Islam, also called the black muslims, founded in the Avalon Park neighborhood in the very early 1950s by (Elijah Muhammad) by blacks who were openly racist/separatist. The national HQ of the Nation of Islam is in Chicago, on Stoney Island Avenue, *where it has been for nearly sixty years.*

The most famous member of the Chicago black muslim community was Malcolm X, born Malcolm Little in Omaha and was later known also as El-Hajj Malik El Shabazz, and who was assassinated by his own black muslims in 1965 in an inside-politics fight.

Barack Obama is ...um...*not from* Chicago. Where he actually *is* from is, to many Americans, open to question. He graduated from Columbia, then Harvard Law. He then *chose* to move to Chicago and into its rad-chic afrocentric culture. And hooked up with Jeremiah Wright's black church ostensibly as a way to gain black street cred. And moved right up in it.

*How did he know to move to Chicago and into this black radical-centric and essentially-separatist community instead of staying in NYC?*

Barack Obama built strong ties to this rad afro-centric ‘dashiki-christian’ Chicago black community, and his own preacher was the ‘god-damn America’ preacher who caused so much furor in 2008 and this ought to have awakened Americans that electing Obama to the presidency was not mainstream and therefore was probably a *bad idea* for mainstream America.

Barack Obama is *not* a black muslim. Glenbeckistan will just have to learn to live with this.

But Obama *is* a close political cousin to- and also very much a *direct beneficiary of*- Malcolm X, who *himself* was a very early community organizer in Chicago’s early 1950s South Side black communities.

And Malcolm X was *the* first radical black leader (way way way before Martin Luther King)(See the Malcolm X Playboy Interview *May 1963, but townie Playboy was writing about townie Malcolm X in 1958, this was far far ahead of its time, as Playboy usually is, and that’s why its important to read Playboy, and this 1963 interview was years before mainstream America had ever even heard of Martin Luther King* ) to break out of the black community with his superb oratorical skills and charm the Democrat White Folks and become the America’s First Black Liberal Darling.

“Community organizing” is not about soup kitchens and it is not about day care centers. It is all about raw, American-style, bare-knuckle politics for the little guy.

Chicago *understands* bare-knuckle politics: Bostonians & NYers who are tough customers at home are considered wussies here. Barney Frank would be laughed out of Chicago. Even the Kennedy’s would have scrambled to build a power base in this roughest of American cities. *We don’t back no losers.*

The only really tough guy in the entire Obama regime?

Rahm Emanuel. *Born in Chicago. Grad school at Northwestern. Former Illinois congressman. His mother, a native Chicagoan, was the daughter of an early Chicago union organizer.*

Malcolm X, a black separatist and ‘afro-centric’ decades before anyone had coined this term, would have branded Barack Obama a “house negro” (check with any of Malcolm X’s six Shabazz daughters if you doubt this) but Malcolm X, born in 1925, was a trailblazer in an era when white America *itself* was openly racist/separatist.

*If Malcolm X had been born in 1965 instead of 1925 he would very likely have mainstreamed and become a US Senator from Chicago if he could have gotten past the separatist stuff and learned to talk to a mass mainstream audience and convince them he was on their side.*

When Malcolm X’s words and philosophies reached the West Coast in the early 1960s it spawned the

Black Panthers in the SF Bay area (and in Chicago a white rad-leftist group called the White Panthers, which operated in the Bay Area and in Chicago)

What Chicago learned from all this: *tolerate black radicals but don't give them any power.*

Chicagoans 'get' the whole black radical/black muslim/black empowerment 'thing' *and have for more than fifty years.*

Because they do 'get' it, *Barack Obama could get elected President of the United States by having powerful oratorical skills and by charming the White Liberal Establishment on a national scale and becoming their Black Liberal Darling. But Barack Obama could not get elected mayor of Chicago because Chicagoans would reject him with a vengeance if he tried for mainstream power in this city.*

Chicagoans seem to think that the Barack Obama era may end badly and that Obama will return to Chicago and re-enter the community that Malcolm X took to national prominence two generations ago, and that Obama's preacher Jeremiah Wright cloaks in the terms of Christianity.

This black community is *absolutely unique* to the United States. Chicagoans not only tolerate this now-historic black community but they honor it as well.

*But they won't give political radicals of any color any political power. And they think the rest of the United States is naive, and that the White Liberal Establishment has been conned.*

*Obama himself has tried to distance himself publicly from this community but his values are straight from it and it is like an elastic rope that springboards directly back into black Chicago.*

Chicago is *hungry. Hog-butcher to the world, indeed, but veggie if you want it.* There are *tens of thousands* of restaurants in the metro Chicago area and they are purveyors of every food from every country on earth. Restaurant food is notoriously less healthy and more fattening than home-cooked. But it seems everyone in Chicago eats out, *all the time.* And there don't seem to be very many fat (oops, sorry, *obese*) people in Chicago. Why? Because Chicagoans are active. They don't sit around. They are out doing things. Building things. Making deals. Selling stuff. Playing sports. They are out on the streets, out on the lake, up in the tall buildings. Running around. Thinking. Doing.

Chicago eats. And Chicagoans tip twenty per cent.

Chicago remains the ground zero of the American commodities universe, something that is becoming more and more important in a resources-and-basics- hungry world, *and something that will soon include fresh water.*

-Chicago remains, to most Americans, just behind New Orleans as the USA's Second City of Jazz.

But actually Chicago is America's First City of mainstream jazz. Benny Goodman Miles Davis Herbie

Hancock Ramsey Lewis and a stack of others are all from Illinois and were all working in Chicago and becoming famous years before NYC had ever heard of them.

The world first became widely aware of Miles Davis in 1959 with the release of *Sketches of Spain*.

But Miles Davis was performing before big audiences at the Pershing Ballroom and the Plugged Nickel before big Chicago audiences in 1952.

Have a visit to the Annual Chicago Jazz Festival. Get reservations to *the Green Mill*, this city's favorite jazz club.

Chicago has street crazies, the homeless, and the poor, and danger zones, just like any other major city in a 21<sup>st</sup> century Third World America that threw away its social safety net. Our impression is that Chicago is safer, on the street, than Miami, LA, or NYC.

Chicago has its own literature. In place of NY's insipid Capote and flamboyant Tom Wolfe, substitute Nelson Algren (*The Man with the Golden Arm, A Walk on the Wild Side*) Saul Bellow (*Henderson the Rain King*) and Richard Wright (*Native Son*). And also Ray Bradbury, Philip K. Dick, Michael Crichton, Edna Ferber, Raymond Chandler, Shel Silverstein, and Edgar Rice Burroughs. Oh, and Hemingway.

Chicago is also home town to a few other interesting Americans: Ann Landers, Milton Friedman, Lorraine Hansberry, Clarence Darrow, Frank Lloyd Wright among them.

Most of all, Chicago is *funny*. Chicago's Second City opened December 16<sup>th</sup> 1959. A partial list of its alums: Elaine May, one of three founders. Tina Fey. Steven Colbert. Barbara Harris. Alan Arkin. Avery Schreiber. Chris Farley. Peter Boyle. David Steinberg. Shelly Long. Amy Sedaris. Eugene Levy. Martin Short. George Wendt. Gilda Radner. Mary Gross. John Candy. Robert Klein. Harold Ramis. Bill Murray. Joan Rivers. Dan Ackroyd. Mike Meyers. Belushi.

*Second City is the single strongest influence on American popular culture in the history of the United States.*

Second City is now a school: a Training Center as well as performance center, with adjunct facilities in Hollywood and Toronto. The world's largest and most successful institution for improvisation and sketch comedy, it remains based in Chicago.

Chicago is also geographically fortunate. It is surrounded on three sides by some of America's best & most fertile farmland, and on the other side by Lake Michigan. Chicago is the only giant US city that has its own big supply of fresh water. As LA dries up, this decade, Chicago will stay wet and prosperous. Chicago also has wind, and that translates these days into wind farms that produce electricity. There is a huge one 80 miles SE of Chicago, and there will be many more. Chicago and various metro communities already are planning to put wind farms in Lake Michigan, six to eight

miles out. So Chicago not only will have food and plentiful fresh water but clean electricity as well.

Selected Quotes from Mayor Richard J. Daley:

*Look at our Lord's disciples. One denied Him; one doubted Him; one betrayed Him. If our Lord couldn't have perfection, how are you going to have it in city government?*

*Power is dangerous unless you have humility.*

*I'm the one who gets called up about a problem. I'm the one who gets called up about the street lighting and the abandoned car. I'm the one who gets blamed if the police don't arrive. I'm the one they blame if a city truck is broken down.*

*The policeman isn't there to create disorder; the policeman is there to preserve disorder.*

*They have vilified me, they have crucified me; yes, they have even criticized me.*

*We shall reach greater and greater platitudes of achievement.*

*Just keep your pants on, we'll get it taken care of.*

*Alcohol and drug addiction are problems, and we should use outside agencies that know the business. They do business all over the country. Why don't we contract them to do it? See, we should be in certain businesses.*

*We are proud to have with us the poet lariat of Chicago.*

Carl Sandburg, from *Chicago Poems*, 1916:

## **Chicago**

HOG Butcher for the World,  
Tool Maker, Stacker of Wheat,  
Player with Railroads and the Nation's Freight Handler;  
Stormy, husky, brawling,  
City of the Big Shoulders:

They tell me you are wicked and I believe them, for I  
have seen your painted women under the gas lamps  
luring the farm boys.

And they tell me you are crooked and I answer: Yes, it  
is true I have seen the gunman kill and go free to

kill again.

And they tell me you are brutal and my reply is: On the faces of women and children I have seen the marks of wanton hunger.

And having answered so I turn once more to those who sneer at this my city, and I give them back the sneer and say to them:

Come and show me another city with lifted head singing so proud to be alive and coarse and strong and cunning. Flinging magnetic curses amid the toil of piling job on job, here is a tall bold slugger set vivid against the little soft cities;

Fierce as a dog with tongue lapping for action, cunning as a savage pitted against the wilderness,  
Bareheaded,  
Shoveling,  
Wrecking,  
Planning,  
Building, breaking, rebuilding,

Under the smoke, dust all over his mouth, laughing with white teeth,

Under the terrible burden of destiny laughing as a young man laughs,

Laughing even as an ignorant fighter laughs who has never lost a battle,

Bragging and laughing that under his wrist is the pulse, and under his ribs the heart of the people,

Laughing!

Laughing the stormy, husky, brawling laughter of Youth, half-naked, sweating, proud to be Hog Butcher, Tool Maker, Stacker of Wheat, Player with Railroads and Freight Handler to the Nation.

Our thanks to:

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## FOURTH OF JULY IN AMERICA, 2010

50 Statistics About The U.S. Economy That Are Almost Too Crazy To Believe

<http://www.chipleypaper.com/news/most-6611-americans-economy.html>

Dennis Prager @ University of Denver: <http://www.youtube.com/watch?v=XNUc8nuo7HI>

## TRADITIONAL INVESTMENT SKILLS

Big-Picture Investing: Sustainability

**Notes:** This is excerpted directly from Wendell Berry's essay *Inverting the Economic Order*, published globally in the Autumn 2009 issue of *Communio, International Catholic Review*, Washington DC.

Because Kentuckian uberfarmer ecologist and poet Wendell Berry is a distant cousin and *also* was my graduate school advisor at Stanford, I am taking *very very slight* editorial liberties to make this flow just a bit more smoothly and easily for those MW readers who are not academics.

Wendell Berry, now in his 80s, began as a writer of fiction, evolved into an ecologist in the late 1960s, and walked out on Stanford and The Good Life in Palo Alto in the 1970s to return to a Kentucky river bottom farm and run it according to principles he was still working out. At the time, Stanford viewed him as a naïve Rousseau-style romanticist. Now he is considered to have been a half-century ahead of his time. -CE

My economic view is from the ground level. It is a POV sometimes described as "agrarian." That means that in *ordering* the economy of a household or community or nation, I would put *nature* first, *economies of land use* second, the *manufacturing economy* third, and the *consumer economy* fourth.

The first law of an economy structure like this would be what the agriculturist Sir Albert Howard termed *the law of return*. This law requires that what is taken from nature must be given back. The fertility cycle must be maintained in continuous rotation.

An authentic economy then would be based on renewable resources: land, water, and ecological health. These resources, *if they are to stay renewable in human use*, will in turn depend upon resources of culture that *also* must be kept renewable: *accurate local memory, truthful accounting, continuous*

*maintenance, un wastefulness, and a democratic distribution of what are now-rare practical arts and skills.*

The primary value in this economy would be the capacity of both natural and cultural systems to renew themselves. The economic virtues would thus be *honesty, thrift, care, good work, generosity, and, since this is a creaturely and human and not a mechanical economy, imagination.*

These virtues are essential to what we have been calling “sustainability.”

A properly-ordered economy, putting nature first and consumption *last*, would start with the *subsistence or household economy* and would *proceed from that* to the economy of markets. Structured according to *goods coming from nature and human work*. It would distinguish between ‘needs’ and mere ‘wants’ *and it would grant a firm precedence to needs.*

A proper economy also would designate certain things as *priceless*. This would *not* be as now the ‘pricelessness’ of things that are extremely rare or expensive but would refer to things of *absolute value*. The things that have absolute value are *fertile land, clean water and air, ecological health, and the capacity of nature to renew itself in the midst of current economic landscapes.*

The rule of ‘pricelessness’ clearly imposes certain *limits* on the idea of land ownership. Landowners would enjoy certain privileges, necessarily, as the land would be *entrusted* to their intelligence and responsibility. *But the economic system would expect them to use the land as its servants not its masters and on behalf of all the living.*

Our present and now-failing US economy is just about *exactly opposite* to the economy I have described. Over a long time, and by means of a handy set of prevarications, our economy *has become an anti-economy*, a financial system without a sound economic basis and without economic virtues.

**Notes:** Think about the Gulf of Mexico, and think about gold in relation to the US dollar. It’s relatively easy to see that we are upside down and that what we’re doing is not sustainable. *Probably the task of 21<sup>st</sup> century investing will be, ever increasingly over the next few decades, to invest in companies that are heading toward following an economic model of sustainability. This does not mean we’ll stop investing in copper iron ore or steel. It does mean that some companies play by sustainability rules, and some do not, and we must pick and choose. We believed that water would be the first facet of the US economy to hit this ‘unsustainable’ wall. It turned out to be oil. -CE*

## COMPASS POINTS

America is heading toward becoming a café-au-lait nation, a la Brazil. Interracial marriage and subsequently mixed-race children in the US continues to grow in popularity. About one in 12 US marriages are interracial. About one in ten American blacks marry whites, about 40% of US asians and latinos marry a white. These rates have tripled since 1980.

In a new effort to eliminate racial segregation in this new café au lait status quo, the US now may end bussing- which drags small children out of neighborhoods and forces them to rise at 6 am and waste hours of what should be active childhoods every day riding through smog and traffic in yellow busses- and return to the concept of neighborhood schools.

Portland Oregon is a case in point: After crosstown bussing failed to improve *anything*, the city tried ‘magnet schools’—those with enhanced, specialized programs but still distant—but these simply tended to simply draw kids from affluent, politically- and educationally-savvy families. Now Portland is planning, in this coming autumn, eight strong identical *neighborhood, walk-to-school* schools with identical curriculums & programs, assuming (correctly) that each will have a somewhat racially-mixed student body but that the *mix doesn't have to meet some fascist federally-mandated standard*. Portland, by the way, was just named by the *London Financial Times* one of the *top 25 best and most livable cities in the world*. The *only* American city to make this list.

Shrinks now suggest that if your child can walk to school, your child is about four times more likely to be comfortable competent rested and do well in school.

## ENERGY & FOOD

### THE AGRIBIZ DEGREE REPLACES THE MBA

Degrees from Dartmouth Brown or a major state school like Penn State OSU or UCLA no longer necessarily lead to an MBA as the road to a good job. Increasingly they lead to graduate degrees in farming, a path once chosen only by kids who had 4H or FFA backgrounds.

As farming becomes a science and the traditional path-business- to a Middle Class American Lifestyle disappears into a lackluster and overcrowded job market, and increasing number of US students interested in food-production technology *and who have non-farm backgrounds*.

USA's farming, especially USA's academic & technologically-sophisticated farming, is no longer about cowboy hats, jeans, big belt buckles.

And a growing number of US college students are rethinking their view of agricultural schools as they learn about the emphasis on science and the promise of a fine career after graduation.

Enrollment in agricultural schools across the country has increased more than 25% since 2005. Enrollment has increased even though the number of farms in the US has steadily declined.

The US has lost about 200,000 farms since 1978. But we know more about successful *farming* than ever. Farming has become both *agribiz* and *food science*, *and a masters degree in either one is fast becoming what an MBA was in 1989*.

These programs are no longer just drawing kids who raised goats & chickens in high school or who

will inherit the 200 acre family corn property. They are drawing students who have backgrounds in organic chemistry and molecular biology.

2/3 of the students in these programs now come from non-farm backgrounds.

Courses in crop sciences and animal sciences still hold a great deal of appeal, but new programs that focus on food safety bio-energy and environmental sustainability have brought students into the world of agriculture who could never have imagined 'working on a farm.'

These MA degrees allow students in some cases to write their own tickets toward a career advising companies both large and small on everything from the genetic engineering of corn wheat & soy to the best ways to get tax breaks for renewable energy efforts. Some students are already doing consulting at a time when 26 year-olds with 'traditionally-good' credentials are unemployed and living with their parents.

More than 90% of these recent graduates are finding a job- a real, satisfactory, fulfilling and full-time job- within six months. In specialized fields like food science or ag chemistry, there are more jobs than there are qualified workers.

Demand is so great that companies like HJ Heinz, Frito-Lay, Starbucks, and even Jack Daniels are hiring youngsters with Bachelor of Science degrees in things like chemistry and then sending them to AG-MA programs for free on condition they stay for a while. A food science student with a 4-yr undergrad degree can expect to start out at around \$50k a year, and \$65K with a masters.

And this is ramping up, as science becomes the new foundation for the 21<sup>st</sup> century production of food and as the fields of energy-production and agriculture meld and merge.

## COMMODITIES

-Gold: Global Fair Value \$1715 currently \$1247. If you *buy a 1 oz gold bar, \$1715 is its actual value in dollars.*

-Global Gramweight Gold: \$43.52/gram

-Gold Maple Leaf : \$1314

-Krugerrand: \$1314

-Gold Eagle: \$1327

-1 oz gold bar: \$1253

### Notes:

-Platinum: Fair Value \$2610, currently \$1553 *to play rising platinum: ETFS Platinum Trust (ETF) (PPLT). To play falling platinum: SPLA, PTD*

-Platinum bar 1 oz: \$1627

-Platinum Maple Leaf 1 oz: \$1695

-Platinum Eagle 1 oz \$1695

**Notes:** platinum has monetized in the Global Outlaw Economy and demand is very high. Asia & Asia-pacific nouveau riches tend to put their wealth into tangibles not accounts. China has been the world's largest market for platinum jewelry *for ten years*

-Silver: Fair Value \$23.16 currently \$18.40 *the current gold/silver price ratio is approx 60:1 Historically (over centuries and millennia) this ratio is 12:1-15:1 ...to play rising silver: SLV*

-Silver Eagle 1 oz \$21.48

-Silver Maple 1 oz \$20.53

-Silver bar 100 oz \$1946

-Copper: Fair Value \$4.33 currently \$2.98 copper consumption has grown at an average annual rate of 4% every year for 110 years. If a new international commodity-based currency emerges, copper may be one backing component ie a new precious metal

-Aluminum: Fair Value \$2.30, currently \$0.86 aluminum is, like silver undervalued, especially as an infrastructure boom gets underway

-Nickel: Fair Value \$19.64, currently \$8.68 A strong new quest for nickel among big mining co's reinforces our theory that this is THE decade of steel. *To play rising nickel: VALE, MTL and now especially RTP as well*

-Iron Ore: there isn't any regular commodities trading listing anywhere for iron ore spot or futures on any open public index, but we think there soon will be

**Notes:** demand for iron ore, nickel, aluminum/bauxite and copper *will AT LEAST double over the next fifteen years. A*

-Zinc: Fair Value \$1.56, currently \$0.80. In theory, zinc can be used as an energy source

-Palladium: Fair Value \$570 currently \$471 To play rising palladium: ETFS Palladium Trust (PALL)

and ETFS Physical Palladium Shares E (PPLT)-

-Palladium Maple 1 oz \$611

**Notes:** industrial metals prices have fallen under the assumption that paper currency/debt probs with the Euro mean lower global demand. *not necessarily true*

-Steel: rising iron ore prices (7.5% in general) should mean steel price increases of 10-15% in 2011, but VALE has already raised iron ore prices 35%...a proposed Australian mining profits tax would make price rises worse

-Lumber: any increase in US demand for lumber (MAS PCL LPX etc) in the US housing sector (MHO PHM NVR etc) is a fantasy. Lowes (LOW) and Home Depot (HD) are profiting on big home improvement biz as people stay put. Most industrial and commercial contractors (Bechtel, Setterlin, etc) are private. Testing of genetically-engineered 'frostproof' trees in seven SE US states will determine if modified trees- eucalyptuses with an outside gene- can withstand cold weather. If it works, these new trees will become a big source for lumber, pulp and biofuel

-Corn: Fair Value 5.16 currently 3.69

-Wheat: Fair Value 8.05, currently 4.79

-Soybeans: Fair Value 15.18 currently 9.27

-Rice: Fair Value 15.10, currently 10.80

-Sugar: Fair Value 20.03 currently 16.00

-Coffee: Fair Value 1.47.13, currently 1.60

**Notes:** Rice supply is adequate. Demand for coffee and sugar both rising. Relatively low corn wheat & soy prices reflect a wet spring and anticipation of big harvests

-Uranium: Fair Value \$50.36, currently \$40.75

**Notes:** uranium as an electricity source cannot be *made* 'green' just as oil production cannot be made environmentally-safe. Not as long as humans are what they are. Thorium offers lower risk than uranium, but wind solar & oceanic wave systems are safer still and are only being strengthened by oil-ecocatastrophe and Islam trying to build nuclear weapons

-Oil: Fair Value \$63, currently \$77. We expect oil to rise another \$10. To play upward-oil: DIG, DBO, DXO, PBR. To short oil: DDG, DTO

-Natural gas: Fair Value 3.96 currently 4.87 US demand is lower as US houses and commercial properties lie vacant. Northern European demand is strong. Cheap shale gas is coming

-Ethanol: (US) (E-85) US corn-ethanol production is not worth talking about, because this nascent US industry has been crushed by Big Oil. Where you can find E-85, it's about \$2.35/gal

-Gasoline: Fair Value \$1.44 currently \$2.08 wholesale \$2.88 national average @ the pump

-Diesel: Fair Value \$1.68, currently \$3.16 retail. Diesel is world's most widely used transport fuel. Biodiesel is a far more viable fuel than ethanol in the Northern hemisphere but worldwide, sugar-cane based ethanol is strongly moving fwd.

**Notes:** A big change in America's perception of oil production will not slow a global boom in offshore drilling, which will create more supply but won't lower prices because of growing Asian and Latin American demand.

-Euro: Fair Value \$1.48 currently \$1.24 *Fair Value of the Euro reflects the weakening value of the USD but also the strength of the German economy.* ECB kept its interest rate @ 1%

**Notes:** skepticism about global warming is growing in Europe. 26% of UK residents say that climate change is happening and that it is largely man-made, and that percentage is falling by about 5% a month. About 40% of Germans fear global warming now. Four years ago, 65% of Germans were sure global warming was a fact

-British Pound: Fair Value \$1.11, currently \$1.49, UK's prime rate is 0.5%

-Swiss Franc: Fair Value \$1.07 currently \$0.90 Swiss franc Brazilian real the Canadian dollar and Euro are the world's four strongest contemporary paper currencies; US dollar is strengthening but there is no tangible reason for it...

-Brazilian Real: Fair Value \$0.74, currently \$0.56 Brazil's 2010 economic growth rate is over 7%, presidential election issues loom this autumn

-US Dollar: Fair Value 0.48, currently 86.108 The US may have to wage a Cultural Civil War and possibly a Second American Revolutionary War before becoming a country with a pro USA population & culture and a viable currency, economy, and export volume-Canadian Dollar: Fair Value \$1.12, currently \$0.96, June 10<sup>th</sup> the CCB doubled its overnight lending rate to 0.5%, the first G8 country to do so since the US-caused packaged debt instrument crisis trashed the global economy. Canada's economy had a steaming 6.1% GDP growth rate in Q2, growing employment and low public debt. The Canadian shores of the Great Lakes, that includes Ontario and Quebec, is enjoying a tourist boom as Americans and Canadians who'd normally go to the US Gulf Coast avoid the oily catastrophe. The population of Canada, the world's 2<sup>nd</sup> largest country in square miles, is smaller than the population of Tokyo. A RoperNation Brand Index Poll indicates Canada is the top 'money is no

object' most- desired tourist destination of 50 countries... following are Italy Australia Switzerland & France

-Japanese Yen: Fair Value 0.0116 currently 0.0111

-Australian Dollar: Fair Value \$0.91, currently \$0.87 the Aussies raised the prime rate from 4.0 to 4.25, Australia's leftist govt will attempt to super-tax mining, but will be thrown out of office late this year

Indian Rupee: Fair Value \$0.0301 currently \$0.0218 *India is wealthier than the West realizes*

-Ruble: Fair Value 0.0622 currently 0.0321, Russia, still dealing w/ a feeble economy, shrinking population, alcoholism/TB issues, and some political unrest, has the resources base to become the Next Brazil. Russia is forging economic ties w/ Germany

-Yuan: Fair Value 0.206 currently 0.1469 China's exports rose 47.8% YOY. China will allow its currency to marginally appreciate against the USD...

-Mexican Peso: Fair Value \$0.11, currently \$0.0788 Mexico's Central Bank rate is 5.25% The current Mexican govt sees illegal immigration to the US as a profitable export that returns \$\$\$ to Mexico's GDP when illegals wire money orders home from the US

-South African Rand: Fair Value 0.15, currently 0.1321

-Eggs: Fair Value retail \$0.76, currently \$1.49... 12% of Americans are on food stamps; this increases consumer-commodity retail prices

-Harley Davidson (HOG) Fair Value retail composite \$8105, currently \$9275 *used Harleys remain a factor in the global economy but only its parts biz is helping the co*

- iPhone: iPhone 4, Apple's 4G product, in retail release as of June 24, in \$199 and \$299 versions with 2 yr service contract. Fair Value \$204 as iPhone 4s reach the street. Globally-available Outlaw Economy Software called Jailbreak"(go to Google, log in 'jailbreak' to download it) enables ANY purchaser of ANY iPhone ANYWHERE, to 'gut' the official service-provider constructs and then run the iPhone w any service provider tof choice via 'jailbreak' software worldwide.

A solar powered iPhone is on deck

-Marlboro cigarettes: Fair Value \$1.16 currently \$5.88 counterfeits from overseas are harder to get

-Camel traditional classic unfiltered cigarettes: Fair Value \$1.33 currently \$5.60

**Notes:** Young Americans, confronted with a grim 21<sup>st</sup> century future, are smoking a lot. The US govt wants to ban dissolvable tobacco products like Camel Orbs (Philip Morris (PM) A package of

unfiltered Lucky Strikes® is \$6.88...

-Drugs in the Global Outlaw Economy: pot is a huge Outlaw Agribiz worldwide and is a major Outlaw Economy factor in the US (marijuana is *the* largest crop in Kentucky and California and now very possibly Tennessee) but younger Americans think pot is geriatric and choose other drugs that have more velocity. USA's pot will eventually be legalized, controlled, weakened in potency, taxed, and mass-marketed. *Pot may become legal but aging hippies and elderly boomers may be its only US market. California voters may pass a measure in November allowing recreational marijuana use*

-Art antiques and artifacts: *Museum selloffs of holdings and collections mean art is at the garage sale:* America's museums historical societies and other art & history institutions are selling off art work, collections, and other pieces to meet basic expenses. This practice is fast becoming routine, but the ethics code of the American Association of Museums, which represents some 3,000 institutions, forbids it and says proceeds from sales should be used only for new acquisition or for care/maintenance of current collections. Museums don't know what else to do as support from an American public that used to have discretionary spending money for charities museums and non-profits wanes. Legislation pending in New York State would bar museums from selling collections to cover operating expenses

-Diamonds: China has become the world's largest market for cut & polished diamonds, US is 2<sup>nd</sup> & Japan 3<sup>rd</sup>...AAUK has enormously increased its raw diamond production since 08. The supply of uncut diamonds flows easily into the huge global market. US chain store diamond sales are up 3% & US dept store sales up 1%. *India's polished diamond exports are strongly up (62% in March) and domestic sales are up as well*

- Real Estate: American single-family homes are a commodity. As we enter the second tier of the global economic debt/credit debacle, US mortgage delinquencies are over 10%, an all time high. More than 4.6% of US homes are in foreclosure. Highest foreclosure rate in the US= Florida. To become a tycoon landlord NOW is the start of the time to buy commercial properties & homes as a long-term holding. New home sales fell 33% in May, to a record low, used home prices are easily negotiable. Remember that being a landlord is a grim tough way to earn money and it is hard to collect rent when Americans are still losing jobs. We think commercial US real estate market bottomed in March and April, REITs like NLY and O (and also foreign banks) are buying

- MSCI World Index: Floor Support 1266 currently 1105 *a global index of 1500 stocks in 23 countries, our favorite*

-FTSE: Floor Support 6072, currently 5308

-Euronext 100: Floor Support 670, currently 659

-Russell 2000: Floor Support 850 currently 645.4

-DAX: Floor Support 6610, currently 6205

-CAC 40: Floor Support 3918, currently 3642

-Nikkei 225: Floor Support 10,121, currently 9953

-S&P Asia 50: Floor Support 3176 currently 2933

-Dow Jones Africa Titans 50: Floor Support 716 currently 694

-S&P Global 1200: Floor Support 1723 currently 1619

-Shanghai SSE: Floor Support 2980 currently 2571

-CSI: Floor Support 2615, currently 2758

- Hang Seng: Floor Support 21234, currently 20856

-ASX Australia: Floor Support 4910, currently 4486

-Bovespa Brazil: Floor Support 70363, currently 64425

-Mex Bolsa: Floor Support 33723, currently 32266

-NYSE composite: Floor Support 6514 currently 6826 there is a *huge disconnect between the American people and the US indices and also between the USA indices and global equities markets*

-DJIA: Floor Support 11612, currently 10214

-S&P 500: Floor Support 1050, currently 1096

-Nasdaq: Floor Support 2033, currently 2251, most USA Nasdaq stocks, characteristically w high P/E ratios and no dividend and little Net Asset Value (ie Nasdaq Net Assets often are office furniture, and sometimes patents) are overvalued in what's now a nearly fully-global marketplace

- CRB Commodities Index (Reuters CCI) Floor Support 380, currently 263

-VIX (VXX) the 'fear' index: Floor Support 29.16, currently 26.78

**Notes:** Now we know why the US refuses to remove its forces from Afghanistan... As if it had not already been obvious in this mountainous wilderness region, and as if it has not been obvious to the British Raj a century and a half ago, and as if the Pentagon had not known this for decades, Afghanistan holds some of the richest deposits of nickel, iron, gold, silver, cobalt, copper...and

lithium...on earth. The Pentagon says these undeveloped reserves are worth trillions upon trillions of 21<sup>st</sup> century wealth. It's also probably the Saudi Arabia of lithium, and we know that means electric car batteries. Turning these deposits into a functioning mining industry-even getting mining equipment in pieces into this region and constructing it on location- will take decades. The USA wants a piece of this pie. What about the Afghanis? *Seventy per cent of the population of Afghanistan is under 30, has never known anything but war, warlords, military occupations, and the Taliban...*

## THE MARKET WITCH STRONG BUY LISTS

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

Our perspective takes into account global trends & demographics anthropology sociology marketing advertising & history. We are usually two to three years ahead of current economic & cultural events and five to ten years ahead of longer & larger trends.

In the 90s we were invested in US infotech: INTC GLW SDLI MSFT etc. We began investing in Global Mining in 2002 and in Brazil in 2004. We began investing heavily in global mining in 04 & 05. Since 05 we have been watching other South American countries, and since 07 we have been watching Indonesia and SE Asia.

We don't buy on margin & we don't buy puts calls or futures though we do under certain circumstances let skilled pros do it for us. We disapprove of shorting though it can be a legitimate way to play market meltdowns. We don't pump n dump. We used to comment on stock message boards but we rarely do it now.

We HAVE no political agenda.

Our astrological sign is an S with two lines through it: like this: \$

It doesn't MATTER what WE want to happen.

What matters is what actually WILL happen.

And how it affects our investments, and yours.

We trust our own judgment. We love dividends. We adore monopolies. We pick companies based on our perception of what their actual future will be, in context with unfolding and future world events, and we can usually see three to five years ahead. We invest cash in those stocks we think are most likely to appreciate, and we wait for the outcome.

We made money on more than 94% of our stock purchases from Jan 03 through Nov 08. During 2009 all but two of our picks have appreciated. One of the two is now up 53%

The Primary Drivers of the TwentyTens global economy and of the Global Commodities & Resources Supercycle which provide the worldwide growth foundation are:

-URBANIZATION

-INDUSTRIALIZATION

-DEVELOPMENT and EXPLOITATION of the last of the world's wide open spaces, unclaimed or 'tribal' lands, arable and reclaimable farmland and forest zones (South African farmland, Bolivian lithium reserves etc)

-NATIONAL AND EVEN CONTINENTAL INFRASTRUCTURE BUILDOUTS in Africa South America Mexico Central America India SE Asia and Indonesia including both wind and solar energy systems

-REGIONAL infrastructure REBUILDS in formerly productive areas of established nations (Rust Belt USA and industrial midlands UK, Central America, Colombia, etc)

The Primary Drivers of the USA economy during the second decade of the 21<sup>st</sup> century are, so far, the start of construction of the 2.0 level electricity grid, and the beginning of a huge boom in wind-farm energy construction, and consumer tech. An attempt is on to remount the US investment banking community on its throne and re-establish "money"(ie debt) as the USA's chief product.

The US dollar with no tangible backing is increasingly dysfunctional. The US cannot support itself selling "money" which is actually the creation of "credit"- actually, debt.

And the United States cannot support itself in the style to which it became accustomed via Americans selling iPhones to each other and opening 'stores' on eBay. This is "commerce... but it is NOT Wealth Creation.

The US continues to excel in science and biotech and entertainment. And while the US continues to be a leader in agriculture, a breadbasket and butchershop to the world, Brazil is fast assuming that role.

It will take some major practical technological breakthroughs to create a new American industry that can help the US create real jobs and once again sustain itself.

We've discussed aspects of Third World America in every MW issue since May of 2005. The US is NOT in a "business cycle" or a cyclic remake of the 1930s. The US is in a permanent state of economic deterioration because it has no manufacturing/industrial base. iPhones and Blackberries and Google are no substitute for steel autos tractors bulldozers tire appliances industrial equipment manufacturing modern "green"electric grid systems, aircraft and ships & trains: hard industry and manufacturing. If we have to buy our locomotives from China, what are we going to use for money?

The Global Commodities Supercycle is in full swing as we enter the TwentyTens. In another five years the demand for copper steel and heavy industrial products will have nearly doubled. The USA is no longer pulling the world's economic train, it is being pulled by it: we are the industrialized world's caboose now, not its locomotive. And the US is being (just like ANY third World Country) colonized. The Tea Party movement seeks to break this up

As the rest of the world begins an infrastructure buildout that will last decades and will create a global industrial, ag-tech, and "green" 21<sup>ST</sup> century civilization, other economies are jockeying for growth, power, and leadership positions in this new century economy. Meanwhile the US is in an era of political upheaval & polarization and likely in the early stages of a soft civil war or soft revolution...

We will continue in a permanent decline in the US standard of living and in the nature and stature of the US until the country can redevelop a manufacturing base and build for itself a new means of creating wealth rather than creating "debt" (credit) and pretending this is "wealth."

Remember however that the US is the ONLY modern-age nation consistently capable of "inventing itself out of" economic catastrophe. "Good old American know-how" is a very real concept.

The most likely paths are through science engineering technology medicine & genetics/ biotech. It could be that we need a new Henry Ford, but first someone at MIT will have to invent or discover something useful practical and lucrative.

Meanwhile:

(A) the US has dumbed down hamstrung and ruined its public education system for 4 decades and now has a poorly educated illiterate civilian citizenry and

(B) what do we do with millions of unemployed blue-collar day laborers? More importantly, what will these men and women themselves do as it becomes apparent 10-15% unemployment is the norm & that these job losses are permanent?

The USA rules the skies and the seas and our military remains the strongest and most sophisticated on earth. But can the US continue to support this military?

We advise staying away from US dollar instruments as a place to store wealth. CD's? T-bills? STAY AWAY. Gold became the New Global Money in 2007. Silver historically is gold's shadow, but platinum is already has become a second metal "money."

We advocate investing in High Net Asset Value shares- resources co's- metals & mining, gold and silver mining, and tangible physical assets like shipping and RRs, companies that are buying up global farmland, farmland, and to a much lesser extent commercial real estate in the world's great cities like Berlin and Melbourne and Rio.

We believe ownership of shares in Global High Net Asset Value companies are the way to survive and thrive in the 2<sup>nd</sup> decade of this new century.

To “old money” all this is no surprise, it is standard operating procedure. What matters to ALL companies now is Cash Flow. And what matters to investors is yes growth but more importantly demand (for iron ore, copper, etc) and dividends. The wealthy know this and that’s why they’re wealthy.

Our second-stage financial successes- since 2004, following our infotech & industrial picks during the 90s- have shown that the early 21<sup>st</sup> century million-dollar-portfolio holds basic-materials/metals companies, fertilizer and seed companies, big global mining, global utilities, global & regional steel, gold, shipping, petroleum, and, most recently, alternative “greens” especially wind as major components and has strong & direct ties to Latin American Russian Australian African and Indonesian economies plus strong 2ndary ties to China (want to invest in China? Buy MCD) as *the* new consumer and consumer of resources *and the single dominating factor in world trade*. Meanwhile, when dividends come in, we reinvest them in more shares from the companies in our STRONG BUY lists.

The world has entered a long new era of unparalleled economic growth and transformation. *But in some places- USA, China, Iran- national political structures are way behind the curve of either the economies or the people themselves or both*

A great deal of prosperity is on the way in this new decade but it’s prosperity in both old and new places: Denmark...Brazil...Colombia...Mexico...Indonesia...

Australia...Peru...Germany... France...Chile...

...and Before the American People can share in this global commerce bonanza, the United States will not only have to create a new industrial base, *the US will also have to pass through an era of domestic social and political crisis which currently leads toward a second Revolutionary War or a Second Civil War before the US is in a position to even try to re-establish itself as the world’s economic leader.*

Over a period of three decades, America has become a Third World Country: indebted, under-jobbed, poorly-educated, extensively illiterate and unemployable, poorly-dressed, out-of shape, with poor verbal skills, fewer skilled laborers and few jobs for skilled laborers, playing into a shrunken industrial/manufacturing base, a health care system that is both dysfunctional (in terms of the health of r people, we are 37<sup>th</sup> among nations) for those who use it but also beyond the financial reach of half of Americans. We have funny money. And we are a country available for exploitation by (and its assets for sale to) countries with the cash to buy up the USA’s assets and to utilize its now- cheap American labor force desperate for a paycheck. And we are at war with each other.

## WHAT WE'RE IN

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

-Southern Copper (SCCO) (SSSO.MX) copper gold moly silver etc A HIGH NET ASSET VALUE CO

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

-Vale (VALE) Big Six Global Mining & also Agribiz, A HIGH NET ASSET VALUE CO

-Anglo American (AAUK) Big Six Global Mining A HIGH NET ASSET VALUE CO

-BHP Billiton (BHP) Big Six Global mining A HIGH NET ASSET VALUE CO

-SPDR Gold Shares (GLD) the co the world uses now to hold cash, it used to be overnight money market funds

-Buenaventura (BVN) (Peru) mining: gold and other metals, partnerprojects w SCCO, A HIGH NET ASSET VALUE CO

-Market Vectors Steel ETF (SLX) A HIGH NET ASSET VALUE ETF

-iShares MSCI Brazil ETF (EWZ) A HIGH NET ASSET VALUE ETF

-Freeport McMoran Copper & Gold (FCX) mining: copper gold silver moly cobalt etc A HIGH NET ASSET VALUE CO

-CPFL Engergia (CPL) the key Brazil electric company A HIGH NET ASSET VALUE CO

-Petrobras (PBR) Brazil, oil A HIGH NET ASSET VALUE CO

-GoldCorp (GG) (Canada) gold mining A HIGH NET ASSET VALUE CO

-Mechel (MTL) (Russia/USA) steel iron ore coal A HIGH NET ASSET VALUE CO

-Frontline (FRO) (Bermuda) global shipping, addition shares 4/10 2010 A HIGH NET ASSET VALUE CO

-Ship Finance Ltd (SFL) Bermuda-based Norwegian controlled oceanic shipping A HIGH NET ASSET VALUE CO

-Greif (GEF) global packaging STRONG LONG-TERM BUY

- Arcelor-Mittal (MT) global steel A HIGH NET ASSET VALUE CO
- Terra Nitrogen (TNA) USA, fertilizers, purchased by CF Industries (CF) A HIGH NET ASSET VALUE CO
- Gerdau Steel (GGB) Brazil and Mexico steel A HIGH NET ASSET VALUE CO
- Impala Platinum (IMPUY.PK) mining A HIGH NET ASSET VALUE CO
- Barrick Gold (ABX) global gold mining A HIGH NET ASSET VALUE CO
- Syngenta (SYG) agribiz/genetics seeds etc October 09 purchase from dividends April 2010 purchases STRONG LONG-TERM BUY
- iShares Silver (SLV) silver ETF, STRONG LONG-TERM BUY
- Tiffany's (TIF) STRONG LONG-TERM BUY
- Research in Motion (RIMM) STRONG LONG-TERM BUY
- Mesabi Trust (MSB) US iron ore A HIGH NET ASSET VALUE CO
- Wisdom Tree Dreyfus Brazilian Real ETF (BZF) currency ETF
- Alpine Global Premiere Properties Fund (AWP) global REIT
- Annaly Capital Management (NLY) US REIT, A HIGH NET ASSET VALUE CO
- SPDR Metals and Mining ETF (XME) A HIGH NET ASSET VALUE CO
- Alcoa (AA) STRONG LONG-TERM BUY
- Banco Bradesco (BBD) Brazil's best consumer bank STRONG LONG-TERM BUY
- Dryships (DRYS) global shipping purchase May 09
- Philip Morris International (PM) tobacco STRONG LONG-TERM BUY
- Altria (MO), tobacco/consumer products STRONG LONG-TERM BUY
- Sociedad Quimica y Minera de Chile (SQM) fertilizers ag chems & lithium STRONG LONG-TERM BUY

-Market Vectors Indonesia ETF (IDX) STRONG LONG-TERM BUY

-Banco Santander (STD) Spain, major opps in Latin America, purchase in May, high div, UNDERVALUED

-Vodafone (VOD) mobile telecom, global

-Oclaro (OCLR) optical networking hardware: laser pumps etc (formerly Avonex AVNX) UNDERVALUED

-Cyclacel (CYCC) speculative biotech, experimental oral cancer drugs that reportedly work SPECULATIVE STRONG LONG-TERM BUY

**Notes:** We've been buying NLY, SID. With more cash we would buy AAPL, IBM, AAUK, Wal-Mart Mexico, SCCO, SLX

## FOOD BANK NATION

### Companies that Service the New American Poverty

-eBay (EBAY) Poor America's income source, Rich America's convenience store. Myriads of tiny eBay 'kitchen-table' companies move America's Stuff around. World's largest car dealership. Also a US real estate agent. Owns Paypal, & and at least 25% of Craigslist. Many Americans buy all their basic consumer goods on eBay. Q profits up 11%, FWD P/E 14. Former eBay CEO Meg Whitman is about to become the next Governor of California

-Wal-Mart (WMT) (Wal-Marts & Sam's Clubs) Invented "Big Box" stores. World's largest retailer. 345 Wal-Marts in Brazil, 28 in Argentina, 202 in China, etc. *Wal-Mart's Online market share is second only to Amazon.* America's # 1 most valuable retail brand name. America's largest retailer of organic foods. World's largest buyer of cotton. 22% rise in 4th Q profits. Pledged \$2bil in products to America's food banks. Retailing the iPhone. Also becoming an environmentalist/sustainability force UNDERVALUED

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

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

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

-Campbell's Soup (CPB) founded 1869 Americana canned soups plus V8 Swanson Pepperidge Farms

Prego etc etc brands sold in 120 countries, *Strong fwd guidance, dividend yield 3.4%*

-Del Monte Foods (DLM) Contadina® 9Lives® Milk-Bone® Kibbles & Bits® dozens of other US Brand Names *shares undervalued as Americans stop eating out*

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

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

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

-Altria Group (MO) American classic brand-name products plus also owns 28.6% of SAB Miller, bought US Tobacco (UST) (“smokeless” tobacco, founded in 1822) for approx \$10 billion, Revenue rose 3% to \$4.52 bil, div yield 7.3% STRONG LONG-TERM BUY

-Visa Inc (V) *major US creditcardco's are writing off more tons of bad debt.*

-Mastercard Inc (MA) Mastercard users are lower down the economic ladder. *Both mainstream US cardco's still have extremely high default levels*

-Cash America (CSH) USA's largest pawn shop chain, 2853 stores in 36 states; also check-cashing and cash advance services. History Channel program “Pawn Stars” has made pawn shops fashionable retail venue

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

-Geo Group (GEO) for-profit prisons in US, Australia, S Africa UK & Canada, undervalued

-Corrections Corp of America (CXW) for-profit lockdown in USA, 87,000 beds in 19 states, profit margin 9.57%, undervalued, see also Cornell, CRN, ditto, undervalued

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

-Dollar General (DG) recent IPO, STRONG LONG-TERM BUY

-Family Dollar (FDO) the most low-rent of all American retail chain stores. 6300 stores in 44 US states. Tiny profit margin but excellent black numbers & good management. The poor buy groceries

here. *Opening some 600 new DG stores over the next 12 months.* FWD P/E 13.4 STRONG BUY

-Dollar Tree (DLTR) Virginia based. Retail products under \$1.00 at 3600 locations. *1<sup>st</sup> Q sales rose by 14.2%. 90mil shares outstanding. \$4bil market cap. Low debt. Stores are clean & smell good.*  
STRONG BUY

-Big Lots (BIG) 1000s of bargain & closeout items. *Opened 45 new stores in 09, courting a higher demographic as upper-class households discover fashionable thrift. Superb management. Q net income of \$105.4mil, \$1.27/share. THE 13<sup>TH</sup> CONSECUTIVE QUARTER OF RECORD EARNINGS.*  
STRONG BUY

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

-Autozone (AZO), car parts & accessories, 3933 car parts stores in US and Puerto Rico, 123 in Mexico. Should pay a high dividend

-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

-World Wrestling Entertainment Inc (WWE) live and televised WrestleMania events are America's medieval passion play. Actor Mickey Rourke put wrestling back into fashion, *DIVIDEND OF \$1.44 IS AN 8.30% YIELD*

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

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

-Kroger (KR) America's neighborhood supermarket: 2500 Kroger stores 750 convenience stores 650 superstore/fuel centers. *60 million Americans have a Kroger card*

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

**Notes:** *Real Life in Third World America: the average lifespan of a prostitute in the United States is 34. For ordinary Working Mainstream Americans, the name of the game is not life expectancy but multitasking: more and more Americans, unable to find satisfactory full-time jobs, are taking on*

*multiple gigs. Making ends meet by working several part-time jobs. Dog-walker kitchen re-tiler janitor delivery services food service freelance writing & editing housesitter personal shopper radio station tech assistant etc etc etc. Almost 9 million Americans now have part-time jobs only. This number jumped by 475,000 in May. What gets lost in the shuffle for these Americans: a personal life. No time for it.*

## HAUTE STUFF

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

-Tiffany & Co (TIF) branded luxuries in the Trademark Tiffany Blue Box. One of America's fifteen strongest brand names. 206 luxury retail stores worldwide, Q profit more than doubled, **STRONG BUY**

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

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

-Harry Winston Diamond Corp (HWD) (Canada) retail Harry Winston™ Jewelers, diamonds & jewelry, diamond supplier to Tiffanys, 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)

SEE ALSO:

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

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

See also Gem Diamonds Ltd (LSE: GEMD 138.27 mil shares out) & African Diamonds (AFD:LSE)

(to profit from diamonds @ low risk: RTP, AAUK) (largest US diamond retailer is CostCo (COST))

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

-Panera (PNRA) 1500 franchised upscale bakery/restaurant/cafes in US & Canada, 100 more this year. \$2.4bil Market Cap *zero debt*. PNRA has outperformed every other major US restaurant stock for ten years. Same-store sales up 7.4% 4<sup>th</sup> Q, strong Fwd guidance. STRONG LONG-TERM BUY

-Compagnie Financiere Richemont (CFR:VTX)

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

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

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

-Chubb (CB) our favorite ins co insurance company is in the extremely profitable niche market of insuring fine art, jewelry, and other luxuries, like yachts. RPS \$6.18, P/E 8.4, 1<sup>st</sup> Q profits up 36% STRONG LONG-TERM BUY

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

-CBRL Group (CBRL) Cracker Barrel® upscale 'country store' restaurants on the Interstate, supplemental-profit product line, great French Onion Soup. 591 restaurants in 41 states, undervalued

- Victoria's Secret (Limited Brands) (LTD) Victoria's Secret™ & also Henri Bendel™ etc. Erotic mistresswear, upscale luggage and femmefashion, sportswear, exotic bathroom products, etc. Victoria's Secret® has dropped from America's 16<sup>th</sup> Most Valuable Brand to 22<sup>nd</sup> *but is going global*. The Limited's 220 stores, the last of billionaire Leslie Wexner's original chain, founded in Upper Arlington in 1963, has been sold to privately-held Sun Capital. The co should be called Victoria's Secret, which it became in the 80s when supermodel Stephanie Seymour took VS to stardom. *Opening a 16,500 sq ft store at corner of New Bond St and Brook in downtown London*. Long-term, these shares are undervalued by half

-Allergan (AGN) Rx Botox™ wrinkles treatment and Rx Latisse™ for long eyelashes...market is expanding, STRONG BUY

-Revlon (REV) beauty products, a small luxury in a grim age, shares up 159% YOY far more to go, div is 5.16% shares undervalued by half, global market share, STRONG BUY

-Royal Caribbean (RCL) luxury cruiseships. World's largest cruise ship *Oasis of the Seas*. Sister ship, *Allure of the Seas*, will launch November 2010. Market Cap \$2.63 bil, Enterprise Value \$9.18bil

## UNDERVALUED

-Carnival (CCL) luxury cruise ships, P/E 9.57 div \$1.60 yield 6.3% UNDERVALUED

**Notes:** The cruise industry (that includes not only CCL & RCL but also Disney) is thriving

-Rick's Cabaret Int'l (RICK) (RIK:DE XETRA) 21 US strip club/nightclubs, two industry trade publications, 25 'sex industry' websites. 70,000++ customers a month, #87 on recent Forbes 200 Best Small Companies list. Q revenue up 22%, 9.37 mil shares out, undervalued

-Marriott International (MAR) 3000 company-owned or franchised hotels/motels in 65 countries. Two new hotels in Russia. Undervalued. (*see also Intercontinental Hotels (IHG &) Choice Hotels (CHH)*)

-Starwood (HOT) upscale hotels & resorts worldwide, UNDERVALUED

-Hyatt Hotels (H) (recent IPO) *413 properties worldwide, we're watching...*

-Krispy Kreme (KKD) to-die-for American-Southern doughnuts are prized worldwide. Survived a catastrophic hillbilly regionalmanagement failure. KKD can be viewed as an REIT because the co owns the property under most of the co's retail stores. Speculative-undervalued

-Green Mountain Coffee Roasters (GMCR) market cap \$2.5bil, Q earnings growth YOY 123.4%, #11 OF THE 09 FORTUNE 100 FASTEST GROWING COMPANIES FWD P/E 37

-Olin Corp (OLN) parentco of Winchester® and Browning® sporting and military firearms and Winchester® and other brand-name ammunitions. 4.8% dividend

-International Speedway Corp (ISCA) NASCAR is a multi-billion dollar industry and a world of diamonds minks & cowboy hats. 100 million Americans watch NASCAR's 'stock car races' on TV

-Christian Dior (DIOR.PA) high-fashion clothing & accessories

-Hermes ( PA: RMS) luxury goodies, Paris. 300 stores in Europe Asia Japan Pacific & Americas. Share price up 25% YOY, sales up 8.5%%, STRONG LONG-TERM BUY

-Natura Cosméticos (SAO: NATU) Brazil-based cosmetics sunscreens health & beauty etc, 2008 IPO, sales throughout South America Central America and Mexico, *shares up 62.2 % in 2009*

-Gucci Group (GUCCG.PK) global luxury personal products, DIVIDEND of \$1.87 is a 21.6% YIELD

-Bulgari (BULG.MI) (jewelry) shares are up 33.6% in 2009

-Industria de Deseno Textil SA (Inditex)(ITX.MCE) parentco of Zara® stores, *shares were up 67.3%*

in 09

-Piaggio (PIAGF: PK)(PIIF:FRA) (PIA: MIL)Vespa® motorscooters have been worldwide cult objects since Gregory Peck and Audrey Hepburn rode one in “Roman Holiday” 1954

“Correct” Milan shares up 51% in 09, USA shares up 71.5% in 09

-Deckers Outdoor (DECK) star-quality Alley-Oop© style Uggs® sheepskin boots favored by upscale women worldwide. # 35 of Fortune’s 09 100 Fastest-Growing Global Companies, zero debt, SHARES UP 91% in 2009

-Coach (COH) luxury leather goods & accessories, thriving business in Japan Macao & China, shares were up 118% in 2009

-Brown Forman (BF-A, BF-B) founded 1870, 35 brands of wines and spirits sold in 135 countries, including an annual 10 million *cases* of Jack Daniels, founding family owns 70% of the company

- Constellation Brands (STZ) upscale brand-name beers and wines: Pacifico Corona Simi Clos du Bois etc, shares up 39% in 09, *market cap \$4.74bil, Enterprise Value \$8bil UNDERVALUED*

-Whole Foods Market (WFMI) elite status groceries. 284 stores, USA UK & Canada. \$8bil annual sales. Owns Wild Oats Natural Foods. *Market research shows that only 4% of shoppers at WFMI are overweight, which means that US obesity is class-related & wealth-related.* QEG YOY 91%

-Diageo (DEO) world’s largest supplier of alcoholic beverages (Johnny Walker® Smirnoff® Guinness® etc etc) shares were up 21% in 09 dividend is \$2.89, STRONG LONG-TERM BUY

-L’Oreal (OR.P) (LRLCY:PK) France-based global hair/ body/cosmetics products, market cap \$39.7bil 599mil shares out, EPS EU3.04 div EU1.44, American shares were up 37% in 2009

-Colgate-Palmolive (CL) health grooming cosmetic household & household & pet products \$38bil market cap, FWD P/E 16, Q earnings growth YOY 13.7% profit margin 14%, \$1.76 div, STRONG LONG-TERM BUY

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

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

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

-LVMH Moet Hennessy Louis Vuitton (MC:PA)(LVMHF.PK) luxury goods: champagne brandy fashion accessories luggage etc. shares were up 78% in 09

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

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

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

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

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

-Nike (NKE) world's highest-status sports shoes...*\$32bil Market Cap company, \$19bil in annual global revenue, almost zero debt and \$3.7 billion in cash...* shares are up 48% over 5 yr, were up 35% in 09. *In China, Nike is THE must-have shoe*

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

-Wynn Resorts (WYNN) Macao marketed itself as the Asian Las Vegas. WYNN bought in & initially did poorly but was a long-term coup. Macao has played out so well that Wynn may move its HQ offices to Macao. Owns the Ferrari dealership in Vegas. STRONG BUY

-Las Vegas Sands (LVS) Market Cap is far lower than Enterprise Value plus LVS owns the Venetian Hotels. The Vegas one opened in 1999. The Venetian Macau has 3,000 suites & a million SQ FT of retail space, 870 gaming tables, 2400 slots. STRONG LONG-TERM BUY

**Notes:** The global gaming tide has turned in Macao's favor

-PSA Peugeot Citroen SA (UG:EPA) (PEUGY:PK) France's legendary car co will launch an electric

mini-car in Europe in Oct 2010, based on Mitsubishi's MiEV electric introduced in Japan in 09. These French and Japanese car makers, are building a joint-venture plant in Russia that will produce SUVs and cars starting in 2011. Mitsubishi (8058:TYO) (MBC:LSE) (MSBHF:PK) also builds Peugeot's 4007 and Citroen's C-Crosser 4x4s in Japan for sale in Japanese & Asian markets

-Fiat (F:MIL)(FIAT:PAR) (FIATYADR USA) (Italy) Parentco of Ferrari, Maserati, Alfa Romeo, Chrysler & Jeep, plus Fiat, a backbone basic vehicle in Europe. *Fiat CEO Sergio Marchionne is creating a global Fiat empire. Chrysler will field a Fiat electric car- an electric-motor version of Europe's small Fiat 500- in the USA in December*

-Porsche LSE: 0JHU) (USA: POAHF) (Frankfurt: PAH3) sports car superstar since early 1950s. 28,000 race track victories. Lost its financial independence, now is owned by VW. VW's game is volume. Expect new Porsche models in a broader range

-Volkswagen (VLKAY:PK)(VKW:LSE) VW:SW) global autos, 48 production plants in 13 Euro nations plus six Americas countries, sales in 150 countries. Owns legendary Bentley, high-end Audi, and Porsche. \$2.5bil purchase of 20% stake in Japan's Suzuki creates a strong VW Asian presence as well as blazing VW sales in China & Brazil. *EXTREMELY strong forward guidance means VW expects to sell its own machinery plus a lot of Audis & Porsches & a few Bentleys as well, a VW electric in 2013* STRONG LONG-TERM BUY

-Daimler (LSE: DCX) (US: DAI) parentco of Mercedes-Benz has 23% of global luxury car market. World's largest maker of trucks and other heavy-duty vehicles. Mercedes sales are so strong in China that Daimler is opening an engine plant) *DCX bought a stake in now-successful electric carmaker Tesla, meaning access to all Tesla's R&D which eliminates ten years of R&D for a Mercedes electric car. Abu Dhabi's state investment corp owns 9.1% of Daimler shares. WATCH FOR A TESLA IPO*

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

#### **AUTO INDUSTRY Notes:**

*Two of the top five best selling smallcars on the US market are American cars:*

-the Chevrolet Aveo, MSRP \$11965, 97.6 inch wheelbase, performance that has impressed the auto-magazine crowd, available as an urban-useful hatchback

-the Ford Fiesta, MSRP 13,320, LED 'mood lighting' and 40mpg

Yet another one will surface in September as GM markets its Chevrolet Cruze™, 1.8 liter, 40mpg

highway, \$16,995

*Meanwhile, here come the \$30k electric cars:*

-GM's Chevrolet Volt(gas/electric/plug-in) will debut in November

-Cadillac's XTS (gas/electric/plug-in) will debut in late 2011

-Chrysler's Fiat 500EV (gas/electric/plug in) will show up in US markets in early 2012

-Ford's Focus (all-electric) will reach US showrooms in late 2011

-Ford's Escape SUV crossover (gas/electric/plug-in) will also show in late 2011

-Nissan's Leaf (all-electric) will reach US showrooms in time for this year's Christmas

-Toyota's gas/electric/plug-in version of the Prius will go on sale in the US in late 2011

-Coda's all electric sedan will debut in California in December. This is a small California co that has its cars built in China

-BYD's F3DM gas/electric/plug-in will show up in the US and Europe in early 2011, this is a Chinese co also involved in battery technologies, Warren Buffett (BRK-A BRK-B) is an investor.

Two other electrics, the Tesla and the Fisker, are expensive EV sports cars and are irrelevant to the US mass market

**Notes:** *It's the end of the American Videogame Woman, the end of Angelina Jolie as The Ideal, the end of the Plastic Fantastic Moviestar and possibly a cultural deathblow to the cosmetic surgery biz:*

*Real* is back in fashion. In droves, film-makers & casting directors are re-examining Hollywood's toward the mass appeal of breast enhancement Botox™ collagen injections and the entire spectrum of 'beauty-enhancing' plastic surgery.

Casting directors & producers are increasingly recruiting more 'natural-looking' actors and actresses from Australia & the UK because the fake double-C, freakishly young-looking pool of actresses & actors in Hollywood all look alike, e.g. 'enhanced.'

Independent casting directors are urging talent agents to discourage both young wannabees and clients from having enhancement surgeries and also older celebs, who are not getting potential work because their skin is too taut or too swollen with collagen-filler.

As high-definition begins to prevail, and as 3D looms over the entertainment industry, what

Hollywood wants to see is: *Real*.

Casting directors are demanding photos dishabille or in swimsuits to make evaluations. Moviemakers are demanding actresses with natural breasts for costume dramas and historic/ period films (eg Keira Knightly) so much so that when Disney (DIS) began casting for extras for the next *Pirates of the Caribbean* film, the casting call specified that only women with real breasts need apply.

Cosmetic enhancement continues to thrive in the mainstream: in New Jersey, in Marin County, in Connecticut commuter towns, among cougars, & in malls everywhere.

Health industry professionals performed 10,000,000 surgical and non surgical procedures last year. But this was while HDTV and now 3D was making it far easier to spot a botched eye job or breasts that look like soft balls- or soccer balls.

Men are not immune either to the calls of the expensive aesthetic plastic surgery sirens...but: culturally, men look better as they get craggy, and all *men* have to do to get 'better-looking' in addition to not getting fat, is just to *stand there and age. Like cheese.*

Further, the smoothe-face and unruffled-look Botox™ jobs may be terrific and a status symbol in Lake Forest New Haven or Mill Valley, in *real* acting the ability to frown, that fluid expressive face, is as valuable as the ability to learn lines cold and fast. The goldfish-lips era has ended

## GREEN: (WIND SOLAR OIL-ALTERNATIVE) PLUS OIL COAL & GAS

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

Recent BP/RIG blunders suggest that Americans- and free-market capitalism itself- may not be able to responsibly manage offshore underwater oil production. The Minerals Management Service, a part of the Dept of the Interior, which oversees drilling in the gulf of Mexico, failed to require a backup shutdown valve system that is standard practice in much of the rest of the world. If BP has wrecked a significant part of the seas, the Western Economic Value System is, as Islam tells us, the enemy.

The concept of Peak Oil (ie we are on the downside curve of all available petroleum reserves) is probably true but may not be. For all our species competence we have no idea how our planet works. Other theories put forth by geophysicists suggest that petroleum *lubricates tectonic plates. Remove the oil at yr peril.*

But by the time we get to a real petroleum shortage, oil-from algae and ethanol from sugarcane will likely more than compensate. Oil-from-algae production is estimated to be A THOUSAND TIMES

more cost-efficient than ethanol from corn. Biotech will have to give us new and more efficient microbes for biofuel-from-cellulosic waste to succeed.

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

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

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

Big Oil remains at Center Stage. There is a lot of available oil even tho shrinking US demand slack is being taken up by China Indonesia India etc, making gas a \$3++ global commodity. USA is outraged by BP, but that won't slow consumption...

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

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

Windfarm power has moved MUCH faster, and has gained global economic traction. THE TWENTY TENS are a decade that will put windpower on its feet and will power both suburbs & EVs. ESPECIALLY IN THE UNITED STATES, WHERE IT IS ABOUT TO BECOME A NEW GOLDRUSH/EWILDCATTER INDUSTRY

Denmark's Vestas Wind Systems (VWDDRY.PK)(WSS.CO)(MLVES.PA) pioneered this new industry... but General Electric (GE)has entered the wind turbine biz big time, Big Oil (Shell, and BP) are investing in wind and so are some of the nation's major bankrollers (Goldman Sachs, Blackstone and JPM).

Wind turbine farms will gradually take over grid electricity generation over the next three to four decades. We will see fillerups, just like now, at gas stations, run by Exxon & others, selling biofuels.

Two million wind turbines operating worldwide could provide ALL of humanity's electrical needs. And as these machines become more efficient, that critical-mass number will shrink.

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

## THE TOP WIND ENERGY CO'S

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

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

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

-Siemens (Germany) (SIE:LSE) (SI) wind energy machinery & systems but also one of Euro's largest manufacturing congloms, STRONG LONG-TERM BUY

-General Electric (GE) has become a serious windfarm industry player over last 36 months, while *the United States now has the world's largest onshore wind energy system. But lags behind other countries in offshore wind electricity generation because of high-up front construction costs, technical challenges, and fierce local opposition.* GE however is a management nightmare and we would not touch the stock without a new CEO. Nevertheless, GE remains the #8 most profitable company on earth, *up from 12<sup>th</sup> a yr earlier.*

-American Superconductor (AMSC), founded 1987, Devens, Mass, *megawatt-scale wind turbine designs, engineered electrical control systems, power cable systems, voltage stabilization surge protectors etc. P/E 93 FWD P/E 22*

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

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

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

-Broadwind Energy (BWEN) windfarm products/systems

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

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

## OTHER WIND POWER CO'S TO WATCH

-Clipper Windpower PLC (CWP:LSE)

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

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

-REpower Systems (RPW)

-Nordex AG (NDX1:ETR)

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

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

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

**Notes:** First US offshore windfarm OKed, off Cape Cod. Big Fight about it. Locals don't want views and sailing spoiled. *Beats oil spills, though.* Offshore windfarm projects are in planning stages in Chicago (Evanston)(Lake Michigan) and Cleveland (Lake Erie) both would be about six miles offshore. Cleveland's will be operational by 2012 and by 2020 will generate 1000 megawatts. GE will build it

## **THE BEST COAL COMPANIES**

-Patriot Coal (PCX)

-James River Coal (JRCC)

-Consol Energy (CNX)

-Arch Coal (ACI)

-Peabody Energy (BTU)

-Massey Energy (MEE)

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

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

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

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

## **THE BEST NATURAL GAS COMPANIES**

New & advanced drilling methods have increased the supply of available natural gas by almost 60%. This means that many new electric plants built will be powered by gas, which is clean, cheap and works. THIS IS AN INTERIM FIX. Long-term 21<sup>ST</sup> century electricity will be produced by solar wind and oceanic wave/current but in interim there is a lot of \$\$ to be made in gas

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

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

-Blue Dolphin Energy Co (BDCO) exploration & production plus gas pipelines inland from Galveston offshore, plus intrastate pipelines, penny stock, A MARKET WITCH BEST BUY

-Southwest Energy (SWM)

-National Fuel Gas (NFG)

-Chesapeake Energy (CHK) natural gas exploration & development esp shale gas. *Watch for CHK to simply get bought by XOM, which would move the shares to 38-40*

-PetroHawk (HK)

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

-Exxon Mobil (XOM)

-Canadian Natural Resources (CNQ)

-Helmerich & Payne (HP)

Atwood Oceanics (ATW)

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

-Noble (NE) contract drilling services oil & gas

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

-Nabors Industries (NBR)

-EnCana (ECA)

-Suncor (SU)

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

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

## **THE BEST OIL CO'S**

-British Petroleum (BP) *The oiled pelican of the world's companies. Books will be written. People will be talking about this a century from now. It may be the one single event that causes the end of oil-obsession in the USA as well as being the USA's great 21<sup>st</sup> century eco-catastrophe and obama's waterloo*

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

-Canadian Natural Resources (CNQ) exploration development production of land-based oil & natural gas , 2:1 stock split June 2010, STRONG LONG-TERM BUY

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

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

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

-Conoco-Phillips (COP) active in shale deposit mining, owns 20% of Russia's Lukoil

-Exxon Mobil (XOM)

-Petroleo Brasileiro (Petrobras) (PBR) *state-owned publicly-held Petrobras shares in Exxon's Brazil-coast goodies but has much much more on its own. STRONG LONG-TERM BUY (See also Diamond Offshore Drilling (DO) whose largest customer is PBR*

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

-Atwood Oceanics (ATW) offshore drilling rigs

-Cameron International (CAM) oil & gas production services

-TransOcean (RIG) Deep Water drilling services worldwide...most investors think RIG is a company based in some place like Tulsa, but the co is *Swiss*

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

see also:

-DIG (ProShares Ultra Oil & Gas)(leveraged) YTD return 20.59% (a showdown bet Iran and the West/Iran & Israel means \$200 oil)

**Notes:** ON OIL- Worst environmental catastrophe ever doesn't even begin to cover it. Obama admin's response has been totally off-target and the Gulf BP mess is the historic centerpiece of this already-failed presidency. Meanwhile: has the BP wrecked the some of the world's key ocean currents? If so, it means Osama bin Laden was right all along about the West

## **THE BEST SOLAR AND PHOTOVOLTAIC CO'S**

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

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

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

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

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

-Trina Solar (TSL) (China) solar modules for power generation, FWD P/E 14.7 *probably THE strongest momentum of any solar co in China*

-ReneSola (SOL) (China) solar photovoltaic wafers

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

inverters, and photovoltaic products

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

-First Solar (FSLR)(USA) solar electric power modules, EPS \$6.93 FWD P/E 12.87, profit margin 33.43% STRONG LONG-TERM BUY

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

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

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

Chemical (DOW) and Corning (GLW)

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

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

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

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

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

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

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

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

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

**Notes:** Eventually Saudi Arabia Libya Egypt Morocco Tunisia & Australia will sell solar-electricity to

*everyone via a global grid*

## **ETHANOL-RELATED CO's**

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

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

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

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

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

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

-Pacific Ethanol (PEIX) smallcap producer based in Calif

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

SEE ALSO:

-Methanex (MEOH) (TSE: MX) World's largest producer of methanol, based in Vancouver, diverse  
production sites, global sales, *methanol is starting to gain favor as a transportation fu*

## **Notes on Alternative Fuels**

E-85, the blend of 85% gasoline and 15% ethanol, is available retail in certain parts of the country, but it is the product of an industry that has been crushed by Big Oil. More likely, ethanol will become available in the US, over the next decade, in the 'global' format of sugar cane ethanol, a la Brazil. So we will be buying ethanol from nations that grow sugar cane as an energy crop, or we will be growing sugar cane that has been genetically modified (wake up, Monsanto!) to become a mainstream American crop

## **NUCLEAR CO'S**

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

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

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

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

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

## WATERWORLD SHIPPING & SHIPBUILDING

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

-Ship Finance Ltd (SFL) (Bermuda) Global oceanic shipping, conservatively managed. STRONG BUY

33 tankers 8 bulk cargo/iron ore carriers, plus drybulk carriers chemical tankers, 8 container vessels and in process of taking delivery on five more, plus offshore maritime petroleumbiz ships drilling rigs & service vessels for lease. A MARKET WITCH BEST BUY

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

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

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

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

-Kirby (KEX) just about all aspects of the maritime oil transportation biz. They repair diesel engines,

they have 863 tanker barges 213 towboats. EPS 2.36 P/E 15.2 profit margin 11.64% well managed, should pay a div.

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

-Paragon (PRGN) (Greece) drybulk cargo shipping, 12 ships inc two huge ones, profit margin 43%, Market Cap \$242mil, Enterprise Value \$441mil, leveraged

-Danaos (DAC) (Greece) 41 containerships plus vessels for charter to liner co's. Market Cap \$250mil Enterprise Value \$2.79 billion, profit margin 24%, annual revenue \$313mil, highly leveraged,

-Overseas Shipholding (OSG) NYC-based, fleet of 106 vessels, tankers & bulk shipping, primarily petroleum, EPS \$2.61 div \$1.75 yield 3.90% Market Cap \$1.17bil Enterprise Value \$2.51bil, UNDERVALUED

-Navios Maritime (NMM (Greece) drybulk plus tankers,10 PanaMax ships 1Capesize 1Ultra HandiMax, profit margin 37%, P/E 13 FWD P/E 12 div \$1.64 yield 9.4%

-Seaspan (SSW) (Marshall Islands) (fleet based in Hong Kong) drybulk cargo ships, Asia-Pacific service, fleet of 35 container ships, *taking delivery on thirty more over next three years, FWD P/E 5.19*

-Diana Shipping (DSX)(Greece) drybulk cargo shipping: coal ore grain and bulk containers, global, 13 Panamax 6 Capesize ships, #24 in Fortune's global 100 fastest-growing co's. P/E 9.5 FWD P/E 9.6, profit margin 50.76%

-Dryships Inc (DRYS)(Greece) global drybulk commodities/cargo shipping, 41drybulk ships, 7 capesize, 27 Panamax 2 Supramax, 3 under construction, Market Cap \$1.51bil Enterprise Value \$3.5bil FWD P/E 5.22 UNDERVALUED *PROB BEING BOUGHT BY MAERSK*

-Excel Maritime Carriers (EXM) (New York) drybulk oceanic shipping, 47 vessels, Market Cap \$482mil, Enterprise Value \$1.64bil, major holders are Blackrock & Bank of NY, UNDERVALUED

-General Maritime (GMR) Market Cap \$432mil, Enterprise Value \$1.5 bil, 55mil shares out, UNDERVALUED

-Cosco Holdings (HKG:1919)(CICOY) (Shanghai 601919) China's biggest oceanic shipping co

-Claymore/Delta Global Shipping (SEA) (ETF) P/E 10.42 YTD return 27.58% STRONG BUY

**Notes:** *Watch the Baltic Dry Shipping Index (BDI) shipping rates (and also the Baltic Panamex Index (BPI) and the SupraMax Index (BSI) tankers) These indices have been horribly low, reflecting a global economy having come to a screeching halt. This will not hold, and the global economy moves right on,*

meaning that no one cares about Hungary Greece or the USA domestic crisis. We're looking at Dow 18,000-19,000 this decade *despite a USA involved in an internal social revolution and also with 12% unemployment*, and we expect to make a ton of money in global oceanic shipping

### Who Builds Ships?

Korea is the world's #1 shipbuilder. China is now 2<sup>nd</sup>, Japan 3<sup>rd</sup>. China, with its 9.5% growth rate, overtook Japan a few weeks ago

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

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

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

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

-Guangzhou Shipyards Intl (SHH: 600685)

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

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

### THE BEST WATER COs

-PowerShares Water Resources (PHO) A global fresh-water ETF. The Twenty-tens will be all about iron ore and steel and aluminum. *During the twentyTwenties water be be as valuable as oil.* YTD return 18% STRONG BUY

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

-Lindsay Corp (LNN) builds, markets & services agricultural irrigation systems, ONE OF FORTUNE'S 100 FASTEST-GROWING GLOBAL CO'S, STRONG LONG-TERM BUY

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

## LONG-TERM BUY

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

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

-GE (GE) desalinization technologies, co needs new CEO

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

## WATER AND THE FUTURE

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

Russia 8.1%

Canada 6%

USA 5.6%

Indonesia 5.1%

China 5.1%

Colombia 3.9%

Peru 3.5%

India 3.5%

The Dem Republic of Congo 2.3%

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

Nicaragua, currently the poorest country in Central America, has Lake Nicaragua, and will become the

future water source for Central America.

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

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

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

It's that simple.

## CONSUMER TECH, INFOTECH, BIO-PHARMA HARD-SCIENCE & ENGINEERING

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

-QualComm (QCOM) invented highspeed wireless in the mid-1990s with its patented & proprietary CDMA technology. Bought out AMD, & now has its own chips, P/E headed lower, profit margin 15%, near-zero debt, \$3bil stock buyback

-Google (GOOG) possibly the most important company on earth that is not involved in mining or agribiz as wealth creation. \$25bil in annual revenue, Zero Debt. QEG YOY 27.7%. This world's largest ad agency hosts 65% of ALL Internet searches. Google's Android™ wireless software is mainstreaming globally and you'll soon find it in many wireless tablets & smartphones except Apple's. *Someone needs to explain to us why anyone should spend \$50k to buy 100 shares of Google, which pays no dividend, when for the same \$ we can buy 3300 shares of SID, get \$4000 in dividends plus also end up with \$100k instead of 50 when the stock doubles*

-Yahoo (YHOO) off these pages for eleven years. On the comeback trail. Tough gutsy smart woman CEO. Fwd P/E 22. Market Cap \$24bil. \$3.25bil in cash. Profit margin 12.2%. QEG YOY 163.9%. *Six hundred million users. Let's watch*

**Notes:** the 21<sup>st</sup> century and the Internet: *2% of ALL the marriages held annually in the United States are the result of privately-held eharmony.com.* eharmony operates not only in the USA but 189 other countries too

**Notes:** Google is the world's largest ad agency

But see also: *Bricks & Mortar* ad agencies:

out of fashion for several years, traditional advertising now is roaring back:

-Omnicom (OMC) UNDERVALUED

-Interpublic (IPG)

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

-WPP Group plc (WPPGY) (UK)

**Notes:** Facebook, still privately-held, has become the world's #1 website *and the world's #1 ad agency*. We believe Google is so linked in with Facebook that it might as well own it. Rumors are that Facebook has hired several Google China engineers and has an "Asian Project Team" and that means Facebook is headed deeper into China. Facebook is entirely global, operating in TEN major languages and available in dozens more obscure ones, even tho it is currently being discredited in the US.

Facebook is not just an advertising agency, as Google is, but is a genuine full-fledged new advertising medium, like "television" and "radio." This was foreshadowed a decade ago when rumorspread first emerged as a new ad medium. Word-of-mouth ad agencies like M-80 appeared in Southern California and became highly successful. Facebook is now utterly co-opted by commercial interests. This former social networking system now is used by the adbiz to manipulate and take advantage of advertising's most formidable ploy: word-of-mouth.

Twitter <sup>TM</sup> also still privately-held, is undergoing the same fate.

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

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

-Cisco Systems (CSCO) Routers, Inc. Named a Dow component, replacing GM. *Between 2002 and 2008, Cisco bought 58 digital tech product companies, now totally dominates networking NEW high-speed Networking PRODUCTS*

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

-IBM (IBM) 20<sup>th</sup> century Global Superbrand. *International Business Machines Corp was awarded more patents last year (more than four thousand) than any other company in the world... for the seventeenth consecutive year. Q revenues up 13%. IBM servers are being sold as fast as they can be*

*built.* STRONG BUY

-Oracle (ORCL) proprietary business software. No real competitors: use it or lose. Hate the CEO, love the co. Market Cap \$128bil, profit margin 25% \$23.23bil annual revenue FWD P/E 13.5

-Microsoft (MSFT) *LET US KNOW WHEN STEVE BALLMER RESIGNS*

-Adobe Systems (ADBE) Adobe Acrobat, Adobe Reader® PDF, Photoshop® market research software etc etc. Near zero debt, \$2.5bil in cash. *Adobe Photoshop®, changed photography forever, but watch Adobe package and market 3D. \$1.6bil stock buyback, Q revenue up 34% YOY strong FWD guidance, STRONG BUY*

-Hewlett-Packard (HPQ) owns Electronic Data Systems (EDS) & Compaq. World's premiere laptop & printer builder. World's 2<sup>nd</sup> largest technology company behind Korea's Samsung. FWD P/E 11.9. *Purchase of 3Com, made HPQ a direct competitor to Cisco. HPQ's \$1.2bil purchase of Palm is a mistake. Palm is a damaged brand and its presence will lessen HPQ's status and will not provide the co with a rival product to AAPL or RIMM...but HPQ thinks it will and plans to use the Palm as a foundation from which to develop its own iPhone-like and iPad-like products with Palm software. This is a crock. BUT the main menu of HPQ products roars on, Q NET INCOME UP 28%, HP now sells more servers than IBM, STRONG BUY*

-Apple (AAPL) Replaced GM in the Dow Jones. Largest Market Cap tech co. #253 in the Fortune 500. Apple sold 3mil iPads in 2 months. iPhone 4 just released: higher rez screen, longer battery life, artier design. iPhone now is 'officially' available in 38 countries, but probably more like 115, because Global Outlaw Economy Software makes iPhone operational worldwide. 16.1% market share of the world smartphone market. EPS \$11.80. *To buy the stuff that goes into AAPL products: CRUS, BRCM. APPLE is a MARKET WITCH BEST BUY unless Steve Jobs dies.*

-Research in Motion (RIMM) (Canada) Blackberry™ is the official worldwide handheld of choice of wealthy powerful workaholics. 19.4% of GLOBAL market share of smartphone market, slightly down. *The cheapest Blackberry now is \$49. #1 OF FORTUNE'S 09 100 FASTEST GROWING CO'S. Of the top 25 smartphones available via Amazon, EIGHT of them are Blackberries...UNDERVALUED*

**Notes:** Nokia (NOK) is STILL the global leader of smartphone sales & has 39.3% of global market share. But the name of the game is revenue & profitability & Nokia aint got it. Apple does. Japanese teenagers, notorious first-adopters, now often own two cell phones, each used for different purposes. Market research shows that cell phone/smartphone/ handheld manufacturers shipped 295 million units in the 1<sup>st</sup> Q of 2010, a 22% increase and one of the highest volumes on record. *Of the approx 6.6 bil humans on the planet, there are 4.6bil mobile phone subscribers. China and India alone have a combined 1.2bil mobile phone subscribers*

-Yahoo (Yhoo) off these pages for eleven years. On the comeback trail. Tough gutsy smart woman CEO. Fwd P/E 22. Market Cap \$24bil. \$3.25bil in cash. Profit margin 12.2%. QEG YOY 163.9%. *Six*

*hundred million users*

-Nvidia (NVDA) 3D graphics processors. NVDA's proprietary GPUs are players in handhelds, laptops, videogames systems, education, military, telecom, entertainment. Gross margin 41.9%, ZERO DEBT. There are NO Nvidia competitors but infotech is overvalued now

-Intel (INTC) in the 90s, Intel's Pentium® put America Online. \$110bil Market Cap, almost NO debt, and nearly \$13bil in cash. Intel sells servers as fast as it can make them

*(See also UK microprocessor ARM Holdings (LSE: ARM) has become a major player in processor design and production for iPhone®)*

-Best Buy (BBY) retail electronics & service. BBY's Geek Squad™ *is the world's single largest infotech support system: 24,000 computerrepair "agents" bring Best Buy revenue of \$1.5 bil a year no matter what else the company does. 1143 US stores plus Canada Mexico China & Europe. Market Cap \$19bil, debt approx zero, EPS \$3.10 FWD P/E 11.8. Let's watch*

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

-Thermo Fisher Scientific (TMO) genuine hard-science manufacturing co that provides technologies, lab equipment, disease diagnostic systems, instrumentation and a hundred or so other products to universities govt agencies hospitals etc. \$20bil market cap, low debt, well-managed

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

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

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

-Becton Dickenson (BDX) medical supplies and equipment, instruments diagnostics, reagents etc 235 million shares out, low debt, superlative management, *profit margin 17% FWD P/E 14 QEG YOY 12.4%*

-Intuitive Surgical (ISRG) # 48 of Fortune's 2009 100 Fastest Growing Companies. Expensive, but only 38 mil shares out. Zero debt. Profit margin 21.7% Market Cap \$9.7 bil EPS \$5.04

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

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

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

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

-DuPont (DD) hardcore chemical & engineering, agribiz products, Monsanto's arch-rival

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

-Celanese (CE) chemicals hardcore, industrial chems polymers coatings lubricants etc P/E 46 FWD P/E 11.6 UNDERVALUED

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

-Eli Lilly (LLY) (Cialis® etc) enormous product array, strong R&D, currently the ONLY USA-based Big Pharma we would even *consider* as an investment. Major cancer play, but cancer treatment is *about to change*

-Pfizer (PFE) (Lipitor® Viagra® etc) dropping 6k jobs. Lipitor is the world's largest-selling drug but it's now a generic, & Pfizer is fried. There *are* no other Pfizer drugs like that one in the pipeline. dropping 6000 jobs

-Abbott Labs (ABT) (Similac® etc)(purchased by Pfizer for \$68 bil) global-selling Similac®, rheumatoid arthritis drug Humira®, lowered full-year guidance

-Merck (MRK) Gardasil® etc market cap \$109bil, fully-valued, owns Schering-Plough

-Glaxo SmithKline (GSK) pharma products sold in 140 countries, cervical cancer vaccine H1N1

vaccine

**Notes:** the USA'S FDA is political not scientific an you will be able to buy CYCC products over the counter in Puerto Vallarta long before they are available in the highly-scientific but politically-crippled USA.

**Notes: DOGS AND THE UNIVERSE**

In contrast to the biological-imperative paradigm of the USA's Big Pharma universe and the enormously-profitable US Cancer Treatment Industry, both of which are for the most part in complete denial of the real world of Nature and our place in it, there is quite often Something Else Entirely Going On. Here's one:

A team of researchers from Tenon Hospital in Paris reported at the June annual meeting of the American Urological Association in San Francisco that dogs can be trained to detect the characteristic odor of unique chemicals released into urine by prostate tumors. If their data can be replicated (and it easily can be we think) (and believe us the US Cancer Treatment Industry will fight this tooth and claw and the FDA will rage and stall) dog testing will become more common more common and a thousand times less expensive than current PSA testing.

Other researchers have been studying the use of dogs to detect breast lung and bladder cancers.

Many tumors release characteristic chemicals that can be identified by the sensitive canine nose. Lung cancer cells, for example, can release such chemicals into the air of the human lungs and they then can be detected by a dog on the victim's breath.

Dr Jean-Nicolas Cornu of Tenon and his research colleagues trained a Belgian Malinois shepherd- a breed that has been used in bomb detection as well as in other cancer-testing research- to identify urine from patients with prostate cancer, and then to differentiate between those samples and healthy subjects' urine.

The French MDs used one sample from a prostate-cancer victim and four samples from healthy people, asking the dog to choose the correct one. They did 66 tests: the dog was correct 63 out of 66 times.

*Selected further reading about your best buddy:*

*-Dogs that Know When Their Owners Are Coming Home: the unexplained power of animals* by Cambridge University biochemist Rupert Sheldrake

*-The Hidden Life of Dogs* by Elizabeth Marshall Thomas, who, in her 80s and from her farm in New Hampshire, has become America's foremost explainer of animal thought and feeling

*-Certain Poor Shepherds* also by Elizabeth Marshall Thomas; your dog and Christmas...

...all available new & used via Amazon

-Amgen (AMGN) P/E 12.3 EPS \$4.71 new bone strengthening drug Prolia™ cleared by FDA, the drug is a probable huge blockbuster in aging America, SPECULATIVE STRONG LONG-TERM BUY

-Human Genome Sciences (HGSI)

-Genzyme (GENZ)

-Cyclacel (CYCC) (Scotland) potentially globally-game-changing oral cancer treatment drugs are being met w resistance & blockage at the FDA level by the USA's huge cancer-chemotherapy industry and its lobby, SPECULATIVE STRONG BUY

-See also Bionovo (BNVI) similar oral-treatment products for breast cancer, penny-stock

-Johnson & Johnson (JNJ) America's premiere consumer health products co *has the 18<sup>th</sup> highest annual earnings of any co on earth but is not willing to show shareholders a piece of the profits as a reasonable dividend. this historic American company needs a new CEO and a whole handful of new Directors... we would not touch JNJ shares til this happens*

-Corning (GLW) 150+year old co invented fiber optic cable, 62% world market share of flatscreen glass. Superb Dow-Corning partnership (DOW) Near-zero debt, superb CEO. *A developing-nations optical cable buildout is about two years away especially in Africa SE Asia and Latin America*

-JDS Uniphase (JDSU) 1990s photonics hardware manufacturer NEW PHOTONICS PRODUCTS in a broadbanded/wired 21<sup>st</sup> century

-Juniper Networks (JNPR) smaller faster sleeker version of CSCO, another late-90s survivor star, shares are undervalued

-Cree Inc (CREE) based in the Carolina Tech Triangle. LED products RFID products & chips for various specialty apps including solar microwave & server apps *inc also military & defense apps. This was a cutting edge 1999 NASDAQ co, now is a survivor with a strong future. QEG 216%. Debt: zero*

Sandisk (SNDK) flash memory products, flash drives, wafers, etc. EPS \$3.36, P/E 13.3, profit margin 21.5%, low debt, UNDERVALUED

-Maxim Integrated Products (MXIM) integrated circuitry systems and software, esp products & systems for the global credit card payment industry. Sunnyvale, Cal. Worldwide sales, 10,000 employees, zero debt. Dividend 80cents yield 5%, FWD P/E 39

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

-Comcast (CMCSA) the USA's largest cable operator has 23.6mil video customers & 16mil high speed internet customers & 7.6mil phone customers. *Comcast stuff goes to 50.6 million US households.* Comcast put up \$37bil to buy the majority stake of NBC Universal, putting this strong but formerly low-profile media player in charge of Telemundo, Bravo, USA Network, the SYFY Channel, and many & various regional sports networks, plus CNN CNBC and Universal Pictures and Universal theme parks. Comcast can *license ALL* this content to various other subscription providers—DirecTV, Verizon, Time Warner, Apple, Blackberry, and others. NBC had earnings of \$1.7bil on revenue of \$11.2bil in 2009. Comcast has a FWD P/E of 13, QEG 22.4%, Market Cap of \$45bil and an Enterprise Value of \$71bil plus pays a dividend. *And starting to broadcast its first 3D content.* 3D will be the making of Comcast's fortunes

-Time Warner (TWX) cable service provider & media conglom, runs Roadrunner, AOL is once-again freestanding and a recent spinoff IPO. TWX bankrolled the Robert Downey Jr *Sherlock Holmes*, a new & successful franchise

**TV Notes:** The Big Ten Football Conference was prescient enough to be the first conference to get seriously into television deals. The Big Ten Network now has 35 to 40 mil subscribers via various cable and satellite systems and estimated 60mil in 2013. These broadcasts earn \$4mil to \$22 mil for each of the eleven conference schools. **WITHIN A YEAR, 3D WILL IMPACT ALL USA SPORTS BROADCASTING: NFL, NBA, COLLEGE FOOTBALL, NASCAR, ETC, IS COMING IN 3D**

-NewsCorp (NWS) Fox News and other cable channels. Owns Wall St Journal. **STRONGEST MEDIA FORCE IN NORTH AMERICA.** Bankrolled Avatar, WHICH SOLD TEN MILLION DVDS IN TEN DAYS EVEN BEFORE THE 3D VERSION. Fox News has become the cornerstone of a new American political party as the Repubs are engulfed by Tea Party populists. Fox just has just had the strongest financial Q in its history. **UNDERVALUED**

-DirecTV (DTV) digital television content, USA Caribbean & Latin America. 2000 digital visual & audio channels. 25mil subscribers. DTV intends to become THE top source for 3D TV. Already this co's exclusive NFL Sunday Ticket package of out-of-market NFL games has been a huge success. Now focusing on EXTENSIVE 3D programming inc movies documentaries & events. Recently introduced FOUR 3D CHANNELS: ESPN 3D, plus three of its own 3D channels.

**WIDESPREAD ADOPTION OF 3D TV IS COMING.** This requires that MORE CONTENT be produced in 3D. And more consumers must be interested and willing to buy 3D receiver systems. **EARLY ADOPTERS** are ALREADY OK with this. Expect to be able to buy a good 3D receiver by mid summer; it will be THE Christmas 2010 Christmas present. 913mil shares out, Market Cap \$34bil EPS \$0.95 debt ok, SUPERB MANAGEMENT, SPECULATIVE STRONG BUY

- IC3D inc (ICT) smallcap (Canadian) co uses a Battelle Institute-developed technology in its patented 3D cameras used in movie and TV production, SPECULATIVE STRONG BUY

**Notes:** Privately-held Japanese consumer electronics firm Onkyo has just marketed a slew of new AV receivers including a 3D receiver for British Lb250 or about \$399.

MUCH More 3D consumer tech products are on the way.

3D will become a trillion- dollar annual industry, AND IT WILL additionally CAUSE GLOBAL PORN to become ITS OWN TRILLION DOLLAR ANNUAL REVENUE OUTLAW ECONOMY SECTOR

GENERICALLY, ANYTHING THAT YOU CAN POSSIBLY CATEGORIZE AS ‘VISUAL’ IS ABOUT TO BE IMPACTED BY 3D. Already it is impossible to flog or hustle a TV pilot or a film script without taking into account 3D.

We are looking at FOUR 3D VENUES: Sports, Porn, Television Movies & Music Video, and Videogames. Both Porn and Sports will we think each become trillion-dollar annual-revenue 3D revenue venues worldwide

3D will initially CHANGE THE CONTENT, AND ALSO THE DRAMATIC STRUCTURE, OF TV AND MOVIE PRESENTATION.

THEORISTS SAY 3D WILL END SMALL DRAMA, END ‘CONVERSATION’ IN FILM AND TV.

WRONG. SHAKESPEARE WOULD HAVE LOVED IT. TRUST US: WOODY ALLEN WILL DO A MOVIE IN 3D

AND IF YOU THINK 3D COLLEGE FOOTBALL OR 3DNBA OR 3DNFL will be a big deal, WAIT TIL 3D IMPACTS AND TRANSFORMS GLOBAL SOCCER

TO INVEST IN 3D: ICT, DIS, ADBE, NWS, TWX, COMCAST, DTV, and VIACOM VIA-B. Eventually all this will filter into companies like EntraVision EVC and into just about all production & broadcast companies

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

-AT&T (T) 16% of US households now use only cell phones. AT&T’s Internet and “cable TV” services now challenge cable and satellite media subscriberco’s. Service provider for both the Blackberry® and the iPhone. Biggest US phone co by revenue. We wouldn’t touch the stock

-Verizon (VZ) wireless smartphone Internet Service provider. breathing new life into this wireless co

& ISP co is the Droid Incredible™ cell phone, built by Taiwan's HTC corp (TPE:2498)(HTCXF:PK)(BE:HTJ) that has a brilliant screen a great camera a superlative design and Google's Android™ software. \$200 w a 2-yr service contract. This cell phone is as sophisticated as the APPL iPhone 4 and Verizon plans to use Google's Android™ software to develop a rival to the iPad™ as well. Sony already has one. Dell & Toshiba are both using Android software to build iPad-like products

-Activision (ATVI) Shrek© World of Warcraft© X-Men© James Bond© Spiderman©

-Take Two Interactive (TTWO) Grand Theft Auto©

-Microsoft (MSFT) Home of the Xbox™. *The very black numbers from MSFT products speak for themselves: record 4<sup>th</sup> Q revenue. New Windows Mobile 7™ software will spread thru anything that isn't AAPL...but Android™ is gaining traction and MSFT's Windows™ may be becoming a relic of 20<sup>th</sup> century*

-Disney (DIS) Gamebiz®, a part of Disney Interactive®, is a piece of Disney's revenue

-Gamestop (GME) Resident Evil® 5264 Gamestop outlet stores in North America Europe and Australia

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

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

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

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

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

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

UbiSoft Entertainment SA (UBI:PA)(UBIZ.EUR.PLU) (UBSFF.PK) Paris- & Montreal-based, subsidiaries in 28 countries distribution in 55 countries. UBI is *the Home Tree of the Avatar video game and the first co to release 3D video games. 3D is about to permanently change global entertainment ...but not via videogames...*

**Notes:** video games peaked as an 80s & 90s as cultural phenomenon and a consumer product. Video

consoles like the Xbox are dinosaurs.

*Younger people world-wide do not want to be out of touch with 'reality' & want to be in instantaneous communication, at all times, with the pack the tribe the zeitgeist. They view videogames as away-from-the instantaneous moment. BUT WHEN VIDEO GAMES COLLIDE WITH 3D, VIDEO GAMES ONCE AGAIN may RE-EMERGE.*

Meanwhile, watch various key cable TV channels and you'll TV ad spots that 'look like' 3D. *This is the predecessor to 3D broadcasting and 3D television receivers- and laptop screens as well- that will begin to retail before Xmas 2010*

## THE WAR ZONE

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

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

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

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

### THE BIG FIVE

-General Dynamics (GD) defense products conglomerate: combat vehicles including the Stryker MGS, weapons systems, munitions, shipbuilding, aerospace, low debt, superbly managed, PE 11, EPS 6.17. General Dynamics is a STRONG LONG-TERM BUY. *very quietly, General dynamics has gone on about the business of creating 21<sup>st</sup> century war machinery and materiel. What you are about to see will astonish you, and it is the future of war. Here's what 21<sup>st</sup> century war looks like:*

<http://video.designworldonline.com/bugbots.html>

-Raytheon (RTN) world's foremost maker of missiles and laser weaponry, plus mercenary warfare and security engineering services. Net income up 20% on strong missile sales. \$886mil USAF contract for GPS systems

-Lockheed Martin (LMT) The Skunkworks. Legendary historic & pioneer US aircraft engineer. Who's

Who list of great US war aircraft. Co-builder, with Boeing, of the F/A 22 Raptor. Eventual manufacturer of the F-35 Lightning II, the Joint Strike Fighter. JSF is the world's costliest-ever weapons program and this plane will be THE basic global manned war aircraft for the next three-four decades. EPS \$7.65 P/E 9.9, STRONG LONG-TERM BUY

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

-Boeing (BA) military & commercial air products, weapons systems. One of America's most illustrious, innovative and politically-corrupt companies. Co-builder of F/A 22 Raptor. Boeing's 787 Dreamliner, delayed partly abandoned and put on hold, is alive and well, but late. 800 787s are now on order. The first ones will show up in late 2011 early 2012, but not in the US. All Nippon Airways ANA has dibs on the first ones off production lines. When will Americans get to fly in them? Not for years. When they do, it will prob be via the newly merged United & continental. But the 787 will likely be THE key basic air passenger vehicle for the rest of the first half of this century. Reportedly, 1<sup>st</sup> class and business class accommodations are superb. For everyone else, seats that are 17.2 inches wide, and invite air travel in squalor under demeaning circumstances and at ripoff prices. But what comfort or amenities can you offer the citizens of a 3<sup>rd</sup> World Country who show up for air travel unwashed, wearing t-shirts and baseball hats on backward, and are the materialization of America's downward spiral. Still, the 787 will be a big global success. STRONG BUY

**Notes:** We continue to encourage MW readers to refuse to fly *at all* on commercial airliners inside the United States, to refuse to fly on US-owned airline companies *at all*, to instead rent luxury cars for US travel, and to continue to do this until the US puts profiling into effect and stops penalizing ordinary Americans for something *Islam* is to blame for. The next time an airline security checkpoint tells you to take off your shoes and belt, *tell them to shove it*, and rent a Lincoln or a Chrysler minivan to get where you're going. Enterprise car rental will be able to tell you're not a towelhead, and won't body-search you.

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

-United Technology (UTX) defense and tech engineering & weapons products conglomerate, includes the Sikorsky Black Hawk® helicopter, low debt, FWD P/E 15

-L3 Communications Services (LLL) defense systems service provider conglomerate: *EPS \$8.00, P/E 9.82 more than a billion in cash, 116 mil shares outstanding, QEG YOY 19%*

-Rockwell Collins (COL) aerospace & defense products conglomerate, ROE 44% Market Cap \$8.5bil, recent \$450mil Navy radio contract

-Honeywell (HON) aerospace/defense products & systems, 1700 products, owns RMG Group, building new tech center in India, P/E 14, Market Cap \$30bil, Q profit lower, but raised full-year guidance *again*

-SAIC (SAI) defense software & engineering, aviation & missile, etc, \$7.4bil Market Cap, FWD P/E 13

-Navistar (NAV) mine-resistant vehicles. 30% market share (PAC & DAI are competitors) \$3bil market cap Enterprise Value \$8.16bil

-Oshkosh Truck (OSK) ambulances, trucks, bomb squad vehicles etc. *THE OSHKOSH M-ATV MRAP WAR VEHICLE IS THE BADDEST MACHINE OF ITS KIND ON EARTH. WE WOULD LOVE TO HAVE ONE. OUR MILITARY has PLACED A \$1.08BILLION ORDER UNDERVALUED*

-Spartan Motors (SPAR) ambulances & military vehicles P/E 6, on Fortune's 2009 100 Fastest-Growing Companies list

-Force Protection Inc (FRPT) this \$450mil market cap co makes heavily-armored blastproof small troop & war vehicles especially the Cougar®: machines much- suited to a 21<sup>st</sup> century era of skirmish/ containment & police states population control. undervalued

-Elbit Systems Ltd (ESLT) (Israel) unmanned military aircraft. Ops in the US. New US Navy contract. In Fortune's 09 100 Fastest-Growing Companies. Undervalued

-Ceradyne (CRDN) ceramic armor defense products, body & vehicle armor etc *this is 21<sup>st</sup> century ground warfare technology at its finest*

-Cogent (COGT) fingerprint technologies for Army, Navy, police & Homeland Security, \$1bil Market Cap, profit margin 30%

-Stanley (SXE) offshore/coastal maritime data. DHS and Defense Dept's "mapmaking" sidekick. HQs down the street from the CIA. Builds & manages "coastline data systems" for 40 govt agencies. \$803 million market cap. Q revenue growth YOY 250%. This co helps keep nukes etc away from US shorelines. Co has gone from a 2-man op to "4800 employees" but its likely 7,000 or more

-EMS Technologies (ELMG) designs & manufactures wireless communications systems & products for defense & aerospace. Builds computers that will live thru anything. Market Cap \$307mil, Fwd P/E 12, *only 15.25mil shares outstanding*

-AeroVironment (AVAV) small-cap (\$850 mil) 21<sup>st</sup> century war and technology inventors' lab based in Monrovia California. Aero builds unmanned robot aircraft for attack & reconnaissance/surveillance plus general hard science technology systems. *Aero builds windpower systems for the military. Put a wind generator on the roof of an aircraft hanger 2500 miles from nowhere.Presto: electricity. Now a*

*factor in Electric Vehicle power systems. Zero debt, FWD P/E 28, EPS \$1.21, Q earnings growth YOY 75.4%*

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

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

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

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

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

-VirnetX Holding Corp (VHX) founded 2005 ScottsValley Ca. Market cap \$250mil,12 employees. Red ink co. *Realtime data encryption systems: proprietary Gabriel® Connecting Technology encrypts and allows transmission between various devices networks and op systems. Of serious value to military CIA NSA Homeland and the various black (surreptitiously-funded) agencies. BUYOUT CANDIDATE prob by Cisco IBM or Oracle but just as easily by Raytheon or L3.* undervalued

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

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

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

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

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

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

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

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

-Taser (TASR)(speculative) the Taser is the first 21<sup>st</sup> century post-firearm hand weapon. Tasers are lethal- there were 47 deaths last year from Taser use- and a military weapon, but in some situations are preferable to guns. Tasers will be around until Raytheon markets laser pistols. Taser has awful management, a \$296 mil market cap, annual revenue 103mil, 63mil shares out, & will be with us for much of this century, undervalued

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

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

**Notes:** The world historically drags itself out of extended economic crises and long-term cultural clashes by indulging in a Big War. ie WWII. War, not the New Deal, was what actually ended the 1930s US Depression. In this new and very polarized and unenlightened century, this Next Big War is on the way.

Calculating from parameters provided by Germany during the 1920s and 30s, pressure already is underway for a World War. If we are real lucky, it will not be a nuclear war, but one fought with laser weapons created by co's like Raytheon. If we are unlucky, it all will be much worse. Much also depends upon how we address and handle Iran, and on a wider scale, Islam. So far, our record has been little short of suicidal. Meanwhile, America's own domestic war, a Second Civil War or a Second Revolutionary war, is starting to grow hot. How hot will it get?

## ISLAM

Despite recent Western secularism, religion continues to be THE most powerful force in all human activity. It can take humans to the heights of spirituality but it can also enslave millions, and start wars.

NO 'radical' or 'terrorist' organization can function or even exist without the economic and social support of the community and social structure which surrounds it.

As we should have learned with Ft Hood, there should be NO muslims in ANY US military branches. No muslims allowed to fly into the US? Airline danger problem solved, solution inexpensive. Target the problem, not law-abiding Americans. Quit wasting our money and our time in the name of equal-

opportunity pro-diversity politically-correct blame. One of the world's dirty little secrets is that profiling is inexpensive and highly effective. Islamic jihad is only possible in the US because the Obama regime,, obsessed with diversity and tolerance, refuses to acknowledge Islam- and American-citizen islamists- as a threat. Quit wasting our money and endangering our people, and profile these people when they travel

### **The Market Witch link to the Websites WE visit to stay informed on Islam**

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

**Notes:** For many centuries the Middle East and Islam was THE most advanced civilization on earth. Algebra. Compasses. Astronomy. Food processing. Tanning. Mining. Commerce. Architecture. Agribiz. Shipping. Maritime skills. Irrigation. Then the world moved ahead by many centuries, and Islam stayed mired in 14<sup>th</sup> century thought and the lost grandeur of its ancient victories. The only countries in the region that actually did move forward into a modern world are Turkey & Iran.

Iran is unspeakably wealthy in terms of natural resources basic materials minerals and agribiz potential. Wealthy like Brazil. Iran, with its largely- untapped natural resource base and its under-30 population, could be a 21<sup>st</sup> century world economic leader if it chose to join the party.

Whether Iran actually joins the global economy or not is a real toss-up. Right now, though, Islam in the Middle East not moving ahead much in economic terms, but is moving ahead rather dramatically in its cultural integration into the world. But what's happening is that Islam is not assimilating, the Western world is.

As relations between Israel and Hamas/Hezbollah- and now, Turkey as well- steam up once more, and as a nuclear showdown between Israel and Iran draws nearer, those street crazies' "the end is near" signs don't look quite so crazy

## **AFRICA**

The only major equities market so far in Africa is the Johannesburg Exchange in South Africa. Johannesburg is Africa's Wall Street, and has been for decades.

Africa is wide awake today and is up for grabs. China is working hard at grabbing it (see MW June 2010 issue *Africa and the Dragon*) but Big Six miners are also on board.

A key current issue is whether there are big reserves of offshore oil surrounding the African continent. There *are*, but no company has brought in the Great 21<sup>st</sup> Century African Offshore Oil Field yet.

Last year, Anadarko Petroleum (APC) a key player in Ghana's oil future, announced the Venus oil discovery there. But so far Anadarko has failed in its explorations off Ghana's coast.

In Liberia, petroleum exploration is going on further out in the Atlantic. TGS Nopec

(OS:TGS)(Norway) is currently using the newest 3D technologies to study seismic and ocean-bottom landscapes to avoid the expense of dry-hole failed wells and this is prob a technology that will come into widespread use in 21<sup>st</sup> century oil exploration.

These four West African coastal countries are some of the poorest places on earth. Whether oil wealth can aid them or stabilize them politically remains to be seen.

There is no question that there is oil off the EAST coast of Africa. Mozambique, already a shallow-water natural gas producer, has been the site of a big deepwater oil discovery called Windjammer. The first well is 30 miles east of the Mozambique shoreline, between that country and Madagascar, and it too is shallow: the ocean floor is only 500-1200 feet down. This too as an Anadarko project, in partnership with UK-based Cove Energy. Exxon Mobil also is looking in this area.

There are few purely- African co's to invest in so far except for the traditional gold mining co's. Most Africa- involved co's are Euro-Brit Aussie Indian or Chinese, in partnership with African governments.

Sub-Saharan Africa's current GDP Growth Rate is more than 4%. Much is going on but it's all non-African companies.

-there are 17 diamond mining companies working Namibia, the strongest one is DeBeers (invest in AAUK)

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

-BHP has completed a \$3bil iron ore development deal with Liberia after 18 months of negotiations w this African nation's cabinet. Liberia's people will get a fat piece

-Africa Consolidated Resources (ACR) has signed a joint partnership with Aussie co Rare Earth Intl (RAI) to develop phosphates and more exotic rare-earth-elements (REEs) in Zambia, which would get a 30% stake of the profits. REEs are used in hybrid cars, wind turbines, defense/aerospace, computer monitors, missile constructs, etc etc. China has rare-earth resources as well as Africa, but China govt wants to conserve its own reserves

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

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

## UNDERVALUED

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

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

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

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

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

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

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

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

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

*To start to track Africa, pay less attn to the JNB, pay more atten to the Dow Jones Africa Titans 50  
(DJAFK)*

## ASIA & ASIA-PACIFIC

-iShares MSCI Turkey (TUR) broad ETF of Turkish domestic co's in this gateway-to-Asia nation.  
YTD return 41%, wealthy prosperous Turkey wants EU membership, but isn't European

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

-iShares Indonesia IDX ETF of key Indonesian domestic stocks

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

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

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

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

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

-Tata Steel (LSE: TTST)

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

-Tata Power (LSE: TPCL)

-Tata Motors (LSE: TTMT) (USA: TTM) maker of the Nano™ car. *Now owns Jaguar & Land Rover. TTM will manufacture 25,000 X-series Jags in 2010. Plans are underway to market India's Nano® in Argentina & Brazil, on our STRONG BUY lists for TWO YEARS, up 314% YOY*

-Tata Steel Thailand (SET: TSTH)

-Tata Communications (USA: TCL)

**Notes:** Various Tata-Family publicly-held enterprises virtually RUN and are this nation's largest private employer

-MSCI India (INP) India Index fund, SPECULATIVE STRONG LONG-TERM BUY

-Wisdom Tree Dreyfuss Indian Rupee Fund (ICN) ETF of the rupee

-Market Vectors Indian Rupee/USD ETF (INR)

**Notes:** to the surprise of everyone, India raised its prime rate in March, which means India's economy is very strong. India's govt has just set up an \$11bil fund to invest in national infrastructure buildout. India's peasants, faced with \$1250 gold, are switching to purchases of silver, yet another indication that silver is both undervalued and remonetizing. And India's General Motors plants are doing a landslide business there: increasing demand for vehicles, plus also, India has just reduced corporate/manufacturing taxes. Well duh, think that might work here?

- PetroChina (PTR) oil & gas, buying into the West's resources, EPS \$8.18 STRONG LONG-TERM BUY
  
- China Mobile (CHL) (HKG:0941) cell phone service provider (world's largest subscriber base) STRONG LONG-TERM BUY
  
- China Railway Group (SHA:601390) RR infrastructure
  
- China Railway Construction Corp (SHA:601186)  
(CWYCF) huge IPO in 2008, RR infrastructure
  
- Aluminum Corp of China (Chalco) (ACH)(HK:2600) *developing copper & gold project in Mongolia*
  
- iShares FTSE/Xinhua 25 (FXI) key China ETF
  
- Huaneng Power International (HNP) utilities: electricity generation, pan China... also owns & operates Singapore's power grid
  
- Lenovo Group (HKG: 0992)(LNVGY: US ADR) world's 3<sup>rd</sup> largest computer maker owns (former IBM) Thinkpad®
  
- China Metallurgical Group (State-owned, currently private) one of Fortune's 500 largest companies... now planning what would be a \$4bil IPO...
  
- Changsha Zoomlion (SHE: 000157) heavy machinery: China's Caterpillar
  
- Shandong Weida Machinery (SHE:002026) industrial saws & drills
  
- Shenzhen Agricultural Products Co (SHE:000061) farm crops broker for bulk ag products, *plus runs an electronic agribiz commodities trading platform*
  
- Anhui Heli co (SHA:600761) fork lifts & trucks
  
- NBTM New Materials co (SHA:600114) replacement machine parts, powder metallurgy, global sales
  
- General Steel Holdings (GSI) broadbased China steel, small component co's
  
- China Information Security Tech (CPBY) (Shenzhen) internet security software & systems for domestic use P/E 11 EPS \$0.62 profit margin 30% SPECULATIVE STRONG BUY
  
- Hutchison Whampoa (USA ADR: HUWHY) STRONG BUY, see our EXOTICS BUY LIST

-BYD (HK:1211)(BDDY) lithium ion batteries, & a China electric car

-iShares FTSE/Xinhua China 25 Index (FXI) ETF of 25 largest China companies STRONG LONG-TERM BUY

-Matthews China (MCHF) fund up 20% each of past three consecutive years STRONG LONG-TERM BUY

-Wisdom Tree Dreyfus Chinese Yuan Fund (CYB) EFT of the Chinese currency

-Market Vectors Chinese Renminbi/USD ETF (CNY)

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

**Notes:** China is not just co-opting Africa, China is colonializing the United States, which is now a Third World Country and beholden to foreign investment creating US jobs. See Texas Nevada South Carolina and others. See May 24<sup>th</sup> *Fortune* magazine. What now stands between the US becoming a country like Peru, and retaining its independent stature, is the Tea Party movement, now backed by 80-100 million Americans

-Samsung Electronics (LSE:SMSN) (South Korea) overtook Hewlett Packard in 09 to become the world's largest technology company (\$117.8bil in 09 sales) as it forecast that *HIGHER MEMORY CHIP PRICES IN 2010* would result in record 2010 profits of \$127bil. 52-week share gain 91.67%

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

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

-Sony (SNE) Blu-Ray® gaming consumer electronics etc. Powerful Sony-Ericsson telecom partnership w Sweden's Ericsson (ERIC). 87% of Americans have a cell phone but globally, telecom is still just getting started. *Sony just introduced the Sony Dash™ a direct competitor to the iPad, screen the size of a paperback book, price \$199. See Sony's 'rolltop' laptop: [ROLLTOP](#)*

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

-Toyota (TM) despite the huge recall crisis Toyota has profits of \$2bil for 2010, forecasts \$3bil for 2011, Market Cap 120bil Enterprise Value \$216bil, but leveraged

-Honda (HMC) Market Cap \$60bil Enterprise Value \$93bil, leveraged

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

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

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

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

**Notes:** The world may continue to suffer through the most severe economic crisis in 70-80 years but international migration shows little sign of abating. The number of global migrants, for political cultural or employment reasons (or trying to escape war, civil unrest, or crashed economies) remains undiminished, and last year they sent home nearly as much money as ever to their respective home countries. A good example is the Philippines, a country with a population of 100 million that has *a quarter of its work force holding down jobs overseas or out of the country, and sending money home. Filipinos for example comprise 20% of all the merchant sailors on the planet*

## LATIN AMERICA

-Grupo Bimbo SAB (BIMB.MEX) huge Mexican mass production supermarket supplier, sales throughout N America S America Central America Caribbean, owns Entenmann's® and other powerful north American brand names, \$8bil in annual sales, STRONG LONG-TERM BUY

-Fomento Economico Mexicana SA (FMX)(Mexico)(called "FEMSA" in NYC) beverages, throughout Mexico Central America South America & Caribbean, esp beer, plus the Latin American Coca-Cola franchise, plus a chain of convenience stores in Mexico. Exports to 47 countries

-Wal-Mart de Mexico SAB (Mexico)(WALMV.MX)(WMMVY.PK) called "Wal-Mex" on Wall St,

just beginning to enter the world of banking in Mexico, STRONG LONG-TERM BUY

-BRF Brasil Foods (BRFS) processed foods & meats conglom. Household-name products with sales all over SA plus Europe Saudi Arabia Russia etc, halal foods. Strategic alliance w Unilever Brasil gives BRFS a 75% market share of ALL frozen foods sold in Brazil. 30% profit margin, STRONG BUY

-Petroleo Brasileiro (PBR) (Brazil) (“Petrobras”) oil in a safe & non-crazy part of the world and in the world’s best economy. Huge new onland oil and gas discoveries in 08, 2:1 stock split May of 08, #34 in Fortune 500, last yr #63, has postponed til sept a \$25bil stock offering that would dilute value of shares, and now may not happen

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

-CPFL Energia SA (CPL) (Brazil) Brazil’s electric company. EPS \$6.18, P/E 11.65. Dividend \$5.47, yield 8.90% STRONG LONG-TERM BUY

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

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

-MercadoLibre (MELI)(Argentina) Online trading and payments platform. Market cap \$650 million, 25 mil shares out, low debt, Q earnings growth YOY 48.8%

-Grupo Elektra (ELEK: MEX) (Mexico) Financial services and insurance throughout Latin America, also retailing. These guys din’t buy any US toxic debt. As a result, shares are up 517% in five years, up 60% in horrible 2008. 4<sup>th</sup> Q net up 124%, STRONG LONG-TERM BUY but your broker or your Online must be able to purchase shares via the Mexico Stock Market (Mex Bolsa) or EuroShares via DAX etc

-BanColombia (CIB)(Colombia) 719 consumer branch office banks plus commercial and investment banking, in one of South America’s lesser-valued but fastest-strengthening economies, Market Cap \$9.1bil profit margin 26.5%, STRONG LONG-TERM BUY

-GlobalX InterBolsa FTSE Colombia 20 ETF (GXG) Colombia ETF tracks the 20 biggest stocks in Colombia, up 100% YOY, YTD return 13%, STRONG BUY

-EcoPetrol SA (EC) Colombia’s premiere oil co, Market Cap \$56bil, div 1.47% yield 5.10% STRONG LONG TERM BUY

-Isagen Energia Productiva SA (CLB: ISAGEN) Colombia,

the country's primo hydroelectric power co, plus coal steam & gas

-Grupo Financiero Inbursa SA (Mexico) (GFINBUR.MX) Broad financial services, 100 new branches, untouched by US economic crisis, very strong black numbers

-Grupo Financiera Banamex SA (Mexico) (Banamex) Banamex is THE consumer bank in Mexico, controls the credit card universe in Mexico, is a subsidiary of USA's Citigroup (C) which bought Banamex in 2001. *We would love to see Citigroup divest*

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

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

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

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

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

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

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

-Banco Santander Brazil SA (BSBR) Spanish bank Banco Santander's (STD) huge \$8.1bil Brazil IPO is already Brazil's 3<sup>rd</sup> largest bank. Abu Dahbi's Alabar Investments (biggest shareholder of mercedesmaker Daimler) has taken a \$328mil stake in BSBR. BSBR is a STRONG LONG-TERM BUY. STD (Spain) has a 9.0% dividend and is undervalued, STRONG LONG-TERM BUY

- Banco Santander Chile (SAN) (Chile) *we are watching this, early in 2010 it may become a desirable bank stock. see also STD.BA, Banco Santander Argentina)*
- Sociedad Quimica y Minera de Chile (SQM) (Chile) specialty fertilizers, inorganic industrial chemicals (iodine etc) and exotic metals. *World's largest source of lithium, proven reserves of at least 3 million tons. China and Bolivia have lithium but Bolivia has no operations to extract it. Full-year profits YOY TRIPLED, STRONG BUY (lithium: see also smallcap BHWX)*
- Cemex (CX) (Mexico) cement, redi-mix, aggregates, huge array of construction materials, global sales
- Grupo Televisa (TV) (Mexico) TV and media conglom, service, delivery production & broadcasting: Spanish-language programming throughout Western Hemisphere & Europe. \$12bil market cap, P/E 20, profit margin 15%, 2.6bil in cash, 563 mil shares out
- iSharesMSCI Mexico Index (EWW) a basket of the strongest Mexican stocks, STRONG LONG-TERM BUY *Note that Goldman Sachs (GS) is bidding to buy the entire iShare business, which is currently owned by Barclays. iShares asset management biz is worth around \$7.9 billion*
- TAM SA (TAM) (Brazil) air transport and passenger services, Brazil's largest airline
- GOL Linhas Aereas Inteligentes (GOL) air cargo services, South America
- Grupo Aeroportuario del Pacifico (Pacific Airport Group) (PAC) (Mexico) flight services, operates 12 airports in Mexico, profit margin 40%, div yield 7.4% STRONG LONG-TERM BUY
- LAN Airlines (LFL) Passenger air and air cargo throughout South America Central America and Mexico P/E 8.6 FWD P/E 6.9, \$2.9 bil market cap, \$4.61 bil enterprise value, co is leveraged but Q earnings growth YOY 16%
- Copa Holdings (CPA) (Panama) air transit throughout Caribbean Central and South America
- Votorantim Cellulose y Papel (VCP.N) (Brazil) purchased Aracruz (paper y cellulose) for \$2.28 billion
- Positivo Informatico (E: POSI3.SA: SAO) (Brazil) maker of computers
- Tele Norte Participacoes (TNE)(Brazil) called "Telemar" in Brazil and on Wall Street, fixed-line and mobile telecom services in a booming economy
- Vivo Participacoes (VIV) fast emerging as Brazil's strongest wireless service provider, market cap \$6.81bil, annual revenue \$8.23bil, PE 32, FWD PE 11, STRONG BUY

-Telefonica SA (TEF) (Spain) Madrid-based, world's 5<sup>th</sup> largest telecom, operations on 3 continents and in 23 countries, Telefonica is THE leading telecom provider in Brazil, Argentina, and others.  
UNDERVALUED BY HALF, SHARES SHLD BE AT \$120, STRONG BUY

-America Movil (AMX) (Mexico) landlines & 3G wireless throughout Central & South America & Mex. Third largest company in Latin America. 72% market share of Mexico's cell phones. 200 million subscribers. Working hard toward the Triple Play of communications: Voice, Data and TV all on one monthly bill, shutting out competition. Very much in the face of Brupo Televisa SA (TV) parentco of Univision, most-watched broadcasting network in Latin America

-I-Universo Online (SAO:UOLL4)(Brazil) Smallcap called "UOL" in Brazil. Online media portal and Internet service provider. Flagship portal w Internet access to more than 3,000 Brazilian cities and reportedly some some 29,000 cities in South & Central America. Broadband penetration in Brazil is 1.6% in a nation fast becoming the new USA as well as the world's breadbasket. Buyout candidate and STRONG LONG-TERM BUY

-Emerging Markets Telecommunications Fund (ETF) an exchange-traded fund of telecoms in Latin America and Asia. NYC-based, managed by Credit Suisse

-iShares S&P Latin American 40 (ILF) ETF of the S&P Latin American 40 index of Latin America's best and strongest companies

-iShares Brazil Index (EWZ) ETF of Brazil's BEST Bovespa companies STRONG LONG-TERM BUY

-Latin American Discovery Fund (LDF) Morgan Stanley ETF benchmarks the MS International Emerging Markets Free Latin American America Index

-Market Vectors Brazil Small Cap ETF (BRF) a basket of DOMESTIC Brazilsmall and midcap stocks.  
*We are interested less in Brazil's domestic economy (except for its banks) and more interested in Brazil's big co's that are moving fast onto the world stage*

-PowerShares BLDRS Emerging Markets 50 ETF (ADRE) mostly Big Brazilco's but also Korea China Taiwan, STRONG BUY

-iShares MSCI All Peru Capped Index Fund ((EPU) ETF of 20 Peru stocks mirrors the FTSE Peru 20. Heavily-weighted toward mines & banks Largest holdings BVN, PCU, and CreditCorp (BAP). 65% of this ETF is shares in basic matls minerals gold etc. Peru is world's 7<sup>th</sup> largest producer of gold A MARKET WITCH BEST BUY

-Wisdom Tree Dreyfus Brazilian Real Fund (BZF) the ETF for Brazil's currency. The Brazilian Real is the 2<sup>nd</sup> strongest currency on the planet

**Notes:** Brazil is the only South American country that is a member of the UN Security Council. And Brazil, increasingly a world economic power and increasingly seeking to chart its own 21<sup>st</sup> century destiny and get out from under Uncle Sam's Monroe-Doctrine thumb, has begun to chart its own diplomatic and economic & trade destiny, much to the chagrin of the US govt. Brazil doesn't necessarily view Iran as 'dangerous' and has forged recent trade agreements and diplomatic ties with Iran. And is essentially neutral (that means abstention when it comes to UN votes) on US-led diplomatic sanctions against Iran.

Recent proposed sanctions against Iran would punish Iran's nuclear industry, limit non-nuclear arms sales both to Iran, and from Iran as export, and authorize ship inspections to prevent nuclear-related imports to Iran. The resolution would add 41 organizations and a scientist to a UN blacklist.

Even though UN legislation has no enforcement mechanism and is in fact mostly symbolic, a general UN condemnation of Iran trying to get nukes will make it *slightly* more difficult for Iran to try to blow up Israel. And will make Iran *slightly* fear reprisal.

*When this vote came down, June 9<sup>th</sup>, the issue censuring Iran and imposing tougher sanctions against Iran passed, but both Brazil and Turkey voted no on it. Making it tougher for sanctions to carry any weight.*

*What this means:* It does *not* mean that Brazil is forging some sort of 'evil empire' with Iran. It *does* mean that Brazil will trade its goods, its raw materials, and its fuels to Iran (and China, too) for profit. And that Brazil is no longer willing to play a Carmen Miranda role to a USA audience. Brazil is in the same sort of "manifest destiny" era now (this is very much Brazil's century) that the USA was in from 1830 to 1910. (a good book to read on America's similar era is John Steele Gordon's *An Empire of Wealth*) and is no longer willing to say "how high?" when the USA says jump.

Meanwhile: is Brazil being naïve re Iran's intentions and Iran's potential for nuclear aggression? Time will tell.

## RUSSIA

-Severstal OAO (SVJTF.PK)(SVST:LSE) Iron ore coal mining & gold mining. Russia's largest steelmaker, controlling interest held by tycoon Alexei Mordashov, Severstal paid \$1.3billion to acquire Pennsylvania's PBS Coals and its huge reserves of thermal and coking coal. Shares up 319% in 09, SPECULATIVE STRONG BUY

-Gazprom Neft (GAZ.LSE)(OGZPF.PK) (Russia) state-owned natural gas export monopoly is #22 of Fortune 500, is #2 of Fortune 500's most profitable co's (Exxon is #1) shares up 237% on the year, 67% over 5 yr, div yield 3.33%, STRONG LONG-TERM BUY

-Mechel OAO (MTL)(FQFX:XETRA) (Russia) Mining, steel, manufactured value-added steel

products, ferroalloys, basic steel commodities, coking coal & other steel industry mats, proven reserves of 510 mil tons of coal 50++ mil tons iron ore 12 mil tons of nickel ore, these shares fell from \$58 to \$3 in 08, now are \$20 and still a bargain. USA opps as well as Russia Kazakhstan & Europe. Bought West Virginia's Bluestone Coal (coke coal for steel), Market Cap \$8.57bil, Enterprise Value \$13.66bil, 6bil in debt 1bil in cash, shares up 197%/5yr, STRONG LONG-TERM BUY

-Norilsk (NILSY.PK)(Russia) Mining: palladium, copper nickel silver gold cobalt etc etc, *world's largest provider of nickel and palladium*, profoundly wealthy Net Asset Value co, shares up 60% YOY, STRONG LONG-TERM BUY

-Evraz Group (EVR.LSE)(EVGPY:PK)(Russia) steel, also vanadium, a key component in nickel and exotic steel alloys, operations in Russia Czech, Italy, USA, shares are 27 are up 527% on the year but have been as high as \$131 & likely will be again and more, this is a possible 2<sup>nd</sup> -decade fortunemaker, SPECULATIVE STRONG LONG-TERM BUY

-Rusal ((RTB: OKSA) (IPO, Hong Kong Exchange, Jan 27<sup>th</sup>) (Secondary offering via Euronext upcoming) SPECULATIVE STRONG LONG-TERM BUY

-Market Vectors Russia Trust ETF (RSX) a basket of the former USSR's best public companies, shares up 112.32% in 09, STRONG LONG-TERM BUY

-CurrencyShares Russian Ruble Trust (XRU) an ETF of the Russian currency

**Notes:** Russia & uranium: despite the horrific 1970s culturestorm and envirostorm of Chernobyl, Russia still views uranium as a highly marketable energy-source commodity and Russia, mindful of the 21<sup>st</sup> century's priorities, is consolidating its positions in commodities as hard and as fast as possible. Russia has just taken over Canada's Uranium One (Toronto: UUU). Uranium One sold its shares in Aussie uranium producer Paladin Energy to Russia's state-owned JSC Atomredmetzoloto (ARMZ) but has not given up interest in the co. In what amounts to a reverse takeover, Uranium One is buying 50% stakes in two more uranium mines in Kazakhstan from ARMZ, which then will inject its 50% shares on the mines, plus \$600,il in cash, into UUU. End result is that Russia's ARMZ will hold 51%++ of Uranium One stock. Australia's Paladin, now a pawn in this deal, runs two African uranium mines, one in Namibia one in Malawi... and Paladin has been the most successful new -entry uranium co in the past decade. Now Russia owns/controls all this. Including a reported 21% stake in Uranium One owned by Japan Uranium Management Inc (JUMI). This deal will result in a one-time cash dividend of \$1+++ /share to holders of UUU stock. It will also set up UUU, whose CEO still is Quebeci Jean Nortier, to increase its production from its Kazakhstan mines by 60%. *Russia, already Europe's supplier of natural gas via state-owned Gazprom, hopes to consolidate its energy-landlord position throughout the new century*

## EUROPE

-Rolls Royce Group (RR:LSE)( RYCEF.PK) (UK) *not the cars*. Defense aerospace, civil aerospace,

marine propulsion systems, energy systems for offshore oil and natural gas enterprises shares up 52% over 1yr

-Valourec SA (PA:VK)(LSE:VKZ. Eur. PLU) (VLOUF.PK) (France) specialty steels and steel products esp seamless steel tubing, ops in Germany USA and China. Products increasingly used in process of extracting natural gas from shale. \$7.84bil market cap, shares up 79% YOY, STRONG LONG-TERM BUY

-Unilever (UL)(UK) global-reach consumer product brands by the dozen including Ragu Wishbone Ben & Jerry's Popsicle Breyers etc etc UNDERVALUED

-Hargreaves Lansdown (LSE: HL) UK's largest financial services co, much favored by private clients. Shares up 76% over 1yr, strong dividend STRONG LONG-TERM BUY

-Carrefour (CA: PAR) (CA.FR.PLU) (CRERY.PK) world's second-largest retailer. 15,000 stores in 33 countries. Pulled out of Russia & Southern Italy last year, & is targeting China and Brazil. Excellent management. Up 27% over 1yr, STRONG LONG-TERM BUY

-Deutsche Bank (DB) Germany) Market Cap \$39bil profit margin 19.64% EPS \$10.48, THE strongest bank in the northern hemisphere, and it will survive and thrive in German marks if the Euro and/or the EU tanks, STRONG LONG-TERM BUY

-BAE Systems (BA:LSE) (BAESY.PK) Europe's largest defense contractor, *a marker for Western Europe's economy*

-European Aeronautic Defence & Space (EADS) (Franco-German) owns Airbus, which is beating out Boeing in new orders

-IndigoVision (LSE: IND) (UK) video analysis security equipment for retail stores & military use

-Phillips Electronics NV (PHG) (PHG.BA) (PHIL) (Holland) premiere global electronics consumer products conglom, 130 production sites in 26 countries, PHG is the world's largest maker of (expensive) low-heat energy-efficient light bulbs, *a product replacing incandescent bulbs and which has started a global culture war*

-Michelin (ML.PAR) (MGDDF.PK) (MCH:DE (XETRA)(France) will market a global-product tire that is not air-filled but is a sort of rubber stressed-ribbed version of the wheel. Already world's best mainstream tire co

-Alcatel-Lucent (ALU) (France) off our lists for six years. Networking hardware products, global sales, UNDERVALUED

-Givaudan SA (GIVN:VTX)(GVDNY:PK)(Swiss) chemistry in action. flavorings and fragrances. One

of the world's most secretive co's. Global list of corporate clients. Swiss shares up 6% on the year, USA shares up 18% in six mo

-SAP AG (SAP) (Germany) IT/software giant, Europe's Microsoft

-Aurubis (Xetra: NDA)(LSE: 0K7F) (Germany) Hamburg-based: copper & other metals recapture. Now considered one of the "greenest" heavy-industrial co's in Europe. Market Cap \$1.66bil, shares up 78% YOY, P/E of FIVE. UNDERVALUED

-Siemens AG (SI) (Germany) hard-science engineering/electrical engineering conglom, products include everything from wireless equipment to locomotives. Hydroelectric power, desalinization technologies etc. Global reach, strong fwd guidance QEG YOY 22.8% STRONG LONG-TERM BUY

-Bayer AG (LSE:BYR)(BAYN) (BAYRY) chem. & engineering conglom, 3 divisions: CropSciences (similar to Monsanto) Material Science (chems coatings etc) and Health Sciences (pharma etc for both humans and vetmed), aspirin now viewed by science community as anticarcinogenic esp re breast cancer, div yield 2.9% STRONG LONG-TERM BUY

See also

-BAYER CROPSCIENCE Ltd (BAYERCROP) STRONG LONG-TERM BUY

-MSCI GERMANY ETF (EWG) Germany's and France's economies are stronger than any others in Europe. Will they go it alone? Marks and Francs? STRONG BUY

-Nokia (NOK) 1990s this cell phone/wireless global leader is failing against iPhone & Blackberry. *Nokia has nearly twenty times Apple's market share but the iPhone (2.2% market share) makes almost as much \$ as all Nokia's phone sales combined.* Nokia has 39.3% market share of the global smartphone market but does not rank even in the top five vendors in the US

-LM Ericsson (ERIC) (Sweden) century-old global telecom, *profound new wireless and bandwidth technologies and initiatives, global reach, partnership with Sony. Q1 profits down 26%. Reflecting impact of AAPL?*

-ABB LTD (ABB)(Switzerland) Zurich, founded in 1887, electrical infrastructure products, automated manufacturing systems, industrial robotics, global sales, low debt

-Syngenta (SYT) (Switzerland) Europe's Monsanto. Global seeds and other agricultural products. EPS \$2.93 dividend 91cents profit margin 12% superbly managed STRONG LONG-TERM BUY

-Total SA (TOT) (France) Euro's primo retail petrol & diesel dealer, French-based Euro gas stations

-Sanofi-Aventis SA (SAN.PA)(SNY)(France) pharmaceuticals (Plavix® etc) & vaccines (pediatric,

meningitis, etc), global, subsidiary co's in Australia & Mexico *HIGHLY-SUCCESSFUL*  
*'BREAKTHROUGH' experimental AIDS VACCINE*

-Roche (RO:SW) (ROG:VX)(SWISS) now owns Genentech (DNA) and its highly successful cancer drug array and R&D

-Novartis (Swiss) (NVS) global vetmed & pharmaceuticals, one of the world's great med/science co's. 34<sup>th</sup> highest 2008 profits of any co on earth. Div \$1.72 yield 3.8%, STRONG LONG-TERM BUY

-Cyclacel (CYCC)smallcap biotech based in Dundee Scotland w/ US offices in New Jersey. Revolutionary oral-administered cancer treatments in pipeline, SPECULATIVE STRONG BUY

SEE ALSO Teva Pharmaceuticals (TEVA) Israel) Generic Rx's

-ETFS Sugar (LSE: SUGA)(UK) a sugar ETF in London that mirrors the Dow Jones-AIG Sugar Sub-index (DJAIGSB) profits from sugar in the global commodities markets, and offers capitalized interest that cumulates daily

-Unilever (UN)(ULVR:LSE) (Netherlands) consumer products conglomerate based in Rotterdam, Brand-name <sup>TM</sup> foods and consumer small- goods giant, markets products in US Europe Latin America & Africa, strong emphasis on booming sales in "emerging market" zones

-Total SA (TOT) (France) Euro's primo retail petrol & diesel dealer, French-based Euro gas stations

-Vivendi SA (VIV:PA)(France) formerly owned in part by NBC (GE) media conglomerate, film news videogames etc Q revenues up 23.7%

ACE Ltd (ACE) (Swiss) global insurance, offices in 50 countries, clients in 140. UNDERVALUED

-Nestle (VTX: NESN) (USA: NSRGY.PK, NSRGF.PK) (Swiss) world's largest food and drink company. Chocolate, coffee, baby formula, water, snacks, owns pet food/cereal business Ralston Purina, owns 75% of Alcon (ophthalmic drugs) and 28% of L'Oreal. Purchase of Gerber Foods gave Nestle a 60% share of the global baby food market. Nestle has been buying up ALL the natural-spring water resources it can, worldwide, for years. Huge sales growth in Brazil and Argentina. # 48 of Fortune 500. Full-year profit of \$9.55bil. STRONG full-year fwd guidance. STRONG LONG-TERM BUY

-CurrencyShares Euro Trust (FXE) ETF of the European Common Market's currency

**Notes:** Next month we'll talk more about Germany...

## AMERICANA

-BlackRock (BLK) investment management co on 52<sup>nd</sup> St. manages *itself* superbly. Bought Barclay's (BARC.LSE) iShares® Funds ETF business. Market cap \$27.56bil profit margin 13% low debt \$2.5bil in cash, STRONG BUY

-JP Morgan Chase (JPM) *the black numbers are impossible to argue with. America's Strongest Bank*

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

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

-Hasbro (HAS) Americana Toys. GI Joe etc. Pawtucket RI. Market Cap \$4bil Enterprise Value \$5bil. P/E 15, FWD P/E falling. EPS \$1.91 div yield 2.7% 3<sup>rd</sup> Strong profits strong FWD guidance

-Mattel (MAT) Barbie® American Girl®, other brand-name dolls and products. *Barbie has a 50% share of the entire global doll market. Mattel's sales up 9% 4<sup>th</sup> Q.* Div 75cents, yield 4.7%

-Amazon (AMZN) America's largest retailer behind Wal-Mart. 15.3% of ALL retail sales Online are via Amazon. Owns Zappos, world's premiere Online footwear store. *"Real" books may become the province of the wealthy, much like 2 3 centuries ago. Amazon has 25% market share of the entire planet's book market. Much competitive overlap with eBay Wal-Mart Target Sears Apple. But iPad may crush Amazon's Kindle. Q revenues up 68%* STRONG LONG-TERM BUY

-Hershey (HSY) Market Cap \$8bil, ROE 65%, Q Earnings Growth YOY 30.1%, 227.72mil shares out. *Rumors are that Hershey owns a ton of Cadbury shares, meaning that the by Kraft Foods purchase of Cadbury gives Kraft leverage over Hershey Chocolate*

-Kraft Foods (KFT) legendary Americana food product brands Oreos Maxwell Ho7use Velveeta etc etc. Strong fwd guidance. Cadbury purchase creates world's largest candy co. 4% dividend, FWD P/E 14, STRONG LONG- TERM BUY

-Tootsie Roll (TR) *buyout candidate.* TR is the Last Candy Man Standing not owned by a conglom. Founded in Chicago. Near zero debt, continuingly strong sales

-JM Smucker (SJM) this farm family began selling jams from a horse cart in 1897, now owns iconic kitchen brands Jif® Martha White® Pillsbury® Folgers® Hungry Jack® Crisco® Crosse & Blackwell® PET® plus a wide array of Smucker house-brand products, *Q net earnings up 28%*, STRONG LONG-TERM BUY

-Yum! Brands (YUM) Pizza Hut, Kentucky Fried Chicken, Taco Bell, Long John Silver's, A&W and other food franchises. Still-increasing global sales. KFC's breadless Double Down™ sandwich is two

chicken filets in lieu of buns, with sauce, Monterey Jack cheese, and bacon in the middle. *KFC sold 11 million of these 'sandwiches' in the first eight weeks of debut.* Not just iconic 50s Americana food for Americans, this co has 37,000 restaurants in 110 countries. FWD P/E 14.9, profit margin 10%, QEG YOY 10.6% STRONG BUY

-Burger King (BKC) home of the Whopper® America's favorite commercial hamburger, world's 2<sup>nd</sup> largest burger chain. 11,925 restaurants in 73 countries. *Price increases mean BKC is after big USA profitability*

-Ford (F) *Ford will introduce FOUR electric vehicles by 2012. Ford's profit margin is far below our bar for an investment stock (we want to see 10% or more profit margin) BUT Ford's Enterprise Value is THREE TIMES the value of its Market Cap.* Huge Q1 profit. Ford reportedly is starting to buy up Lithium co's to lock in supply of the metal for lithium ion batteries for electric cars, SPECULATIVE STRONG BUY

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

-Polaris (PII) all-terrain vehicles (ATVs) Market Cap 1.49bil EPS \$3.05 div 3.7% QEG YOY 21%, bought SwissAuto Powersports, a high performance engine tech co

## UNDERVALUED

-Navistar (NAV) trucks motor homes buses military vehicles diesel engines APLUS agribiz machinery INTERNATIONAL HARVESTER EQUIPMENT. FWD P/E 9.25 market cap \$2.9bil

Enterprise Value \$8 bil UNDERVALUED

-Owens Corning (OC) manufactures the legendary Pink Panther® fiberglass insulation matl. *OC has yet to develop a market strategy for a potential global demand for this productbut the market is there*

-Owens-Illinois (OI) Glass bottles. 70% of revenues from outside the US, strong fwd guidance, undervalued

-Energizer Holdings (ENR) Energizer Bunny® batteries, EPS \$6, P/E 8.76

-3M (MMM) Scotch Tape™ Post-its™ plus 100s of practical engineering electronics and consumer & technology products, profit margin 15%, EPS \$5.05, FWD P/E 13, fully-valued, should pay a 7% dividend

-PepsiCo (PEP) global beverage & foods conglom, enormous brand name product catalog including Frito-Lay, Quaker, Gatorade, Tropicana, Lipton, Kettle potato chips, Dole, AquaFina etc. Bought its two largest independent bottlers, Pepsi Bottling Group and PepsiAmericas, for \$6billion. Putting \$5bil

into additional Pepsi infrastructure in China. Q profits up 26% on strong global sales. Watch for Pepsi to buyout Living Essentials LLC, makers of the 5-Hour Energy Drink. STRONG BUY

-Coca-Cola (KO) spending \$2 billion in 2010 2011 2012 on plant & production infrastructure in China. Q profits up 19% on strong overseas sales, continuing North American sales slump shows US is in no way in a 'recovery'

-Lowe's (LOW) if you own a house in North America you know about Lowes. 1649 stores in US@ Canada. Q earnings up 27%

-Home Depot (HD) the other home improvement retailer, Q 2244 stores in US China & Mexico, net income up 41%

-Target (TGT) founded 1962. Pronounced tarzjhay. 1682 stores. Wal-Mart for the upscale set. Q earnings up 54%. Undervalued

-Proctor & Gamble (PG) consumer products (Pringles™ Gillette© 100s of others) profit margin 16.5%, shares are undervalued by 10%

-Colgate Palmolive (CL) consumer products, global, we like the company but not enough to buy shares

-General Mills (GIS) agricultural conglom, food processor & purveyor of best-beloved US product brands Aunt Jemima® Betty Crocker Pillsbury Green Giant Yoplait Cocoa Puffs Cheerios many more.1<sup>st</sup> Q profits up 50% to \$1.66 a share. RAISED full-year guidance. STRONG-LONG TERM BUY

-Kellogg (K) cereals, Keebler® cookies and other brands, UNDERVALUED

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

-Johnson Controls (JCI) heating ventilation @ AC systems, auto manufacturing parts, batteries building management & security systems etc etc. Founded 1885, market cap 21bil, undervalued

-GrafTech (GTI) industrial graphite welding electrodes, one of two co's in the world (the other is DGL Carbon) that makes these basic welding necessities. Shares up from \$3.55 in late 08 to \$16 see also Lincoln Electric (LECO)

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

-Greif (GEF) USA's leading industrial packaging company- steel plastic and other types of containers inc freight-system shipping packaging. Steel-drum manufacturing unit in Shanghai. GEF's South

China packaging-service complex will enable co to exploit the Far East and Asia Pacific the way FedEx does. 46.7 mil shares out, div yield 3.0%, STRONG LONG-TERM BUY

-Manitowoc (MTW) cranes skyhooks boom-trucks, equipment for roadbuilding airport construction etc plus food service equipment. Founded 1853, sales on every continent (see also Terex TEX)

-PraxAir (PX) industrial gases. Market Cap \$26bil, STRONG LONG-TERM BUY

-Valspar (VAL) surface coatings, EPS \$1.71 undervalued

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

-Disney (DIS) Disney has been, for 75 years, THE single US company MOST responsible for spreading USA's values culture and lifestyle worldwide. CEO Robert Iger is no imaginative visionary like Walt, but also not a flaming narcissistic sociopath like Michael Eisner, *and Iger has the structural spatial & spreadsheet skills to manage this astonishing global enterprise.* Purchase of Marvel™ and its huge visual character pantheon gives Disney much to work with especially in the new 3D era. *If Online gaming is legalized in the US you can expect DIS to be a player* Market Cap \$70.5bil, FWD P/E 16, profit margin 9.4%. the co should pay a higher dividend, but shares are UNDERVALUED by about 30%

-FedEx (Federal Express) (FDX) the world's business mailman. *Spending billions in shipping logistics & infrastructure in China and Pacific Rim countries.* FedEx is one of the premiere redflag/greenflag global economic markers, *but to find out in advance what will happen to FedEx & UPS, watch global oceanic shipping. FedEx recently discovered eBay's auto huge sales and now competes to profitably ship classic & exotic cars bought on eBay*

-United Parcel Service (UPS) May 08 deal to provide air transport services to rival DHL was essentially a takeover of DHL. Huge international airfreight hub port in Shanghai supports UPS' far-eastern and global airfreight business

-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: GENERAL MOTORS AND THE SOUL OF AMERICA**

GM has been the heart and soul of the American Car Culture- and thus of American culture itself- since the end of WWII and the postwar era of the GI bill, which formed the foundation for the broadest-based and wealthiest Middle Class the world has ever seen.

GM played to this upwardly mobile crowd, offering Chevrolets, Cadillacs, Buicks, and Pontiacs and creating legendary and now-classic vehicles including the Camaro the Trans-Am, the 54 Buick

Skylark, the 63 Buick Riviera, the Chevrolet Nomad station wagon, and America's beloved Corvette, now a 56-year old American institution which has become one of the world's top five sports cars, regularly mentioned in the same breath as Ferrari Lamborghini and Aston Martin and by far the best high-end sports car bargain.

GM went down hard in the US (and US-caused) global debt-instrument crash, and remains in bankruptcy. At this moment, GM is 60% owned by the US govt. But GM earned \$865 million in Q1 of 2010, and although its European division is still showing red ink, GM vehicles are selling extremely well in Latin America. GM's Brazilian subsidiary is spending \$386 mil to develop a new Chevrolet model for Brazil's market and produce it in Sao Caetano do Sul. GM has a 19% market share in Brazil, where the top four players are Fiat, Volkswagen, GM and Ford. GM has also put up \$780mil to increase production capacity and develop and build two other GM vehicles for the SA market. GM products are also on the must-have list in China. On this foundation, GM may emerge from bankruptcy as soon as this month.

Although GM stock was eventually cancelled in the bankruptcy and subsequent 'bailout' that essentially nationalized the company and gave the federal government majority ownership, GM may emerge from bankruptcy as soon as this month.

And the company is revving up for an IPO, most likely early in 2011 but possibly as soon as late this year, and Morgan Stanley and JPM have been jointly tapped to manage it.

As we approach another USA 4<sup>th</sup> of July, celebrating with parades, parties and fireworks a country that essentially died as a prosperous Middle Class nation several years ago and became a Third World Country, we are essentially celebrating a dream of the past: a time that began with the WWII victory and ushered in an era when the US was the broad-based -wealthiest and militarily-most powerful nation on earth. The value of American currency was unquestioned, an American passport meant that a US citizen was protected by the full might—both the diplomatic corps and the Marines—while traveling anywhere on earth. And American citizenship was both highly valued, and hard to get. People who pledged allegiance to the United States of America one nation under God with liberty and justice for all, *meant it*.

The USA in those days was also nationalistic, patriotic, and unified in its beliefs. That's what a nation—a successful one, anyway—*is*. And that is what *e pluribus unum* means. I am an American first, and only secondarily a Californian, a union member, a banker, a lesbian, a homosexual, a White Sox or a Blackhawks fan, a blue-collar white male, an Italian, a Lutheran, a woman, or an environmentalist.

Diversity of values and beliefs is the single most destructive force in America.

Allowed into the education system in the 1970s and taught as a politicized alternative belief system, its backers adherents and true-believers captured USD education and destroyed the world's best country.

Whether we who believe in it can get this country back is a hard call.

A New Revolutionary War has begun in the Former United States of America, a country once full of proud successful companies like General Motors that made America's job markets, its monthly payrolls, and its lifestyle the envy of the world.

Like the first Revolutionary War, this one will probably take years—most of this decade—and it will not be easy. And it may also progress from being a media war and a culture war to being a 'hot' war or at least a very very warm one. Firing McChrystal was a big mistake: *the Pentagon is a hornet's nest.*

*Don't be afraid of all this. The United States- The United States- is worth fighting for.*

Meanwhile back at the mall and the 4am freeways races: the great age of the internal combustion engine, 1886-2010, is probably over. And the USA's lust for oil- and for gasoline- is a dream from a century that is ten years past. GM's new IPO will re-introduce a company that will soon have to offer vehicles far different than those the company offered fifty years ago. But don't forget, this is a company that not only gave us the Corvette and the Cadillac El Dorado, it is also a company that had working electric cars, designed for US mass-market, *in 1955.*

If we're lucky-and if we push very hard for the things we value and believe in- we may be able to get both GM back, and the United States of America as well. Happy 4<sup>th</sup> of July.

## GOLD SILVER & PLATINUM

As gold first touches 1260 we would begin to posit the idea that gold *already has become* the world's money, and *that paper currencies now ONLY have value in relation to gold.* So in fact we are as of the summer of 2010 *already on* a 21<sup>st</sup> Century New Gold Standard, and that no one values national currencies at all *except in relation to gold.*

To buy gold in coins or bars and have them delivered to your house your broker or your office: [KITCO](#). Many bricks-and-mortar brokerages will hold gold for you in safe deposit boxes if you do not want to keep gold at home

Gold mining stocks are one of THE ultimate High Net Asset Value investments

DURING THE USA'S Depression 1930's gold mining stocks were THE best investment 1931-36. Gold mining stocks have not been doing as well as shares of Big Six Global Miners, as they should, but this is starting to turn.

ANY large cash positions beyond your basic checking account should be in physical gold or gold ETFs that hold physical gold: CENTRAL FUND OF CANADA (CEF) OR SPROTT PHYSICAL GOLD TRUST (PHYS) or in platinum or gold coins, the third choice being silver. Although we personally are not uncomfortable holding GLD or IAU, which recently have been the objects of rumors designed to manipulate the gold market.

Silver's actually a better buy now than gold in terms of its historic value relationship to gold, but silver has not yet remonetized. Platinum already HAS remonetized, in the Global Outlaw Economy, during 2009.

Our favorite picks among top global gold-mining stocks are

-Compania de Minas Buenaventura SA (BVN) (Peru) Q profits up 50%++ STRONG BUY

-Barrick Gold (ABX) (Canada) STRONG BUY

-GoldCorp (GG) (Canada) STRONG BUY

-RandGold (GOLD) (South Africa) STRONG BUY

-Freeport McMoran Copper & Gold (FCX) STRONG BUY

-Lihir Gold (LIHR) (Papua New Guinea) mines in Australia West Africa & New Guinea, Market Cap \$\$9.27bil shares up 364%/5YR STRONG BUY

-Ivanhoe Mines (IVN) *we have been watching this Canadian co since 2006, time has come to buy in an hold for 12-24mo, buy @ 11 sell @ 36.*

*IVN is a SPECULATIVE STRONG LONG- TERM BUY. IVN's Mongolia mine, Oyu Tolgoi, is headed toward production and set to deliver 1.2bil pounds of copper and 650,000 oz of gold per year over next ten years and life of the mine= projected 59 years. This is a SPECULATIVE BUY because investing ASSUMES aggressive and militaristic China will leave independent Mongolia alone and over the decade this is not necessarily true*

-Polyus Zoloto Gold (LSE:PLZL)(OPYGY:PK) Russia's largest gold producer, STRONG BUY

WE ARE WATCHING: Chinese gold mining co Jinshan Gold (TO: JIN)(USA: JINFF.PK)(XETRA:JID3E) this co is an arm of the Chinese govt to fund nearby-producing gold sources. As such the co gets first bite of the cherry and has NO permit problems. A Hong Kong exchange listing is coming soon. This stock is up 505% YOY

The best gold ETFs are

-Market Vectors Junior Gold Miners (GDXJ) ETF of smallcap and exploration gold stocks inc Gammon SSRI Hecla etc

-Amex Goldbugs Index Fund (HUI) an index fund of the "Lucky Thirteen" strongest goldminers

-Market Vectors Gold Miners ETF (GDX) mirrors the AMEX goldminers index. ETF of the world's strongest unhedged gold-producing co's STRONG BUY

We are not buying additional gold mining shares now, we *are* buying VALE, BHP, etc. We *are* continuing to buy the gold ETF GLD.

Here, nevertheless, is a link to the 100 gold stocks most in demand, courtesy of Barry Sargeant @ *Mineweb*:

<http://www.mineweb.com/mineweb/view/mineweb/en/page33?oid=102520&sn=Detail&pid=34>

In general, the bigger gold stocks are less favored, possibly indicating that investors are sure gold price will rise and are confident that smaller and more speculative gold mining companies are better positioned to leverage further upside prices in gold bullion.

## **SILVER**

-Pan American Silver (PAAS) (silver mining)

-Silver Standard Resources (SSRI) (silver mining) STRONG BUY

-Silver Wheaton (SLW) (silver mining)

-Mag Silver (TXS:MAG) (MVG) exploratory gold & silver mines in Mexico, strong strikes on two separate Mex site properties, SPECULATIVE

-Fresnillo (Fres.MX) (FWLPF.PK)(FRES.LSE)(Mexico)(silver mining) First Mexican co ever to be listed on London Stock Exchange. Now in London's FTSE 100. LSE Shares up 131% in 09 US shares up 108% as well. We favor the London Exchange (LSE) shares

-BHP Billiton (BHP) this Big Six Global Miner is the world's lowest-cost producer of silver, STRONG BUY

-Rio Tinto (RTP) Big Six Global Miner gold silver diamonds etc, gold & silver produced primarily as byproduct of co's copper ops STRONG BUY

-IAMGOLD Corp (IAG) (Canada) gold silver diamonds copper

-PowerShares DB Silver (DBS) ETF, holds physical silver a basic necessity for holding long-term cash

-iShares Silver Trust (SLV) ETF. holds physical silver, not yet a basic necessity for holding cash, but will be as silver finally remonetizes

## PLATINUM

- Impala Platinum (IMPUF:PK)
- Anglo Platinum (AGGPF: PK) (AAUK owns 70+% of Anglo Platinum) 1<sup>st</sup> half earnings up 20%
- Norilsk (NILSY:PK)(MNOD:LSE) (Russia) only other major plat supplier
- ETFS Platinum Physical (PHPT: LSE), a basic necessity for holding cash
- ETF Securities Platinum ETF (PPLT) the first US-based platinum ETF

## EXOTICS, STEEL, MINING, AGRICULTURAL, RR'S, SHIPPING

-iShares MSCI Singapore (EWS) ETF of shares traded on Singapore stock exchange. Singapore is a spectacular 21<sup>st</sup> Asia-pacific economic stronghold with ties to both the West and the East. World's largest Crazy Horse Paris Revue is in Singapore

-EuroPac International Value Fund (EPIVX) new ETF from Peter Schiff's Euro Pacific Capital, is based on High Net Asset Value co's and seems to be structured to beat collapsing currency valuations with strong-EPS "basics" companies, we're watching

-TurkCell (TKC) global reach mobile wireless & telecom, Turkey. Based in Istanbul. *Everyone just needs to get it out of their heads that Turkey is an EU country: it is not, and never will be.* TKC's mobile wireless system has the highest average mobile Internet speed of any service provider in Europe or the US...P/E 11.5 FWD P/E 9 Profit Margin 17.2% 880 mil shares out, div yield 4.4%  
STRONG LONG-TERM BUY

-Malaysia Fund (MAY) a Morgan Stanley ETF basket of top Indonesian/Asia Pacific companies, fat dividend

-Market Vectors Indonesia ETF (IDX) STRONG LONG-TERM BUY

-PT TeleKomunikasi In (TLK) (Telkom Indonesia) *the major Indonesian phone co.* FWD P/E 12.4, 16.8bil market cap, Q earnings growth YOY 16%, \$1.68bil in debt, almost \$1bil in cash, div yield 3.5% 491mil shares out, STRONG LONG-TERM BUY

-Hutchison Whampoa (HKG: 0013) (USA ADR: HUWHY) investment holding co. Would take an entire issue to explain all they are involved in...

for starters they control Hutchison Telecom (HTX) media par excellence in Indonesia, Viet Nam, Sri Lanka, Macao, Thailand, Israel, based in Hong Kong, century-old, FWD P/E FIVE...but also interests

in 49 ports in 25 countries including container terminals...STRONG BUY

-iShares MSCI Emerging Markets ETF (EEM) 37bil Market Cap, Brazil China Taiwan Korean holdings STRONGLONG-TERM BUY

-Anglo-Pacific Group (LSE: APF)(UK) coal, energy, diamonds, gold, platinum, base metals, operations in Queensland (Australia) and British Columbia

**Notes:** BRIC, (Brazil Russia India china) now is BRIIC, Brazil Russia Indonesia India & China

-Anglo Eastern Plantations (LSE: AEP) (UK) London-based agribiz: farming, rubber, and palm oil properties and production in Malaysia and Indonesia

-Rio Tinto (RTP) (UK/Australia) A Big Six global mining company. One of the Big Three iron ore co's. Enormous copper reserves Kennecott Utah & Bingham Canyon mines. Percentage interests in FOUR of the world's top ten discovered but undeveloped copper deposits. Expanding the Argyle diamond mines this year and next. Exploratory diamond project in Yellowknife area of NW Territories. New projects in Mozambique. World's 2nd largest producer of aluminum. 4<sup>th</sup> Q iron ore output up 49%. *Recent permits to open a \$2bil nickel mine in Indonesia & a diamond mine in India. RTP has essentially been thrown out of Russia, which wants all domestic resources for itself, but is spending \$469million to open the Kennecott Eagle nickel & copper mine in Michigan's UP, production to start in 2013 and will ramp up from there.* Recent 4:1 ADR stock split. STRONG BUY

-BHP Billiton (BHP) (Australia) Big Six global mining company and one of the Big Three iron ore companies: RTP, BHP and RIO produce 70% of the world's iron ore, Russia & USA (MSB etc) the rest. BHP owns of world's largest known uranium deposits, is the *world's lowest-cost producer of silver, and also is a force in agricultural phosphates.* Global source of coal. Recently bought Canada's Athabasca Potash. Record Iron ore production up 11% , 6<sup>th</sup> consecutive year of record profits. BHP & RTP have begun a \$10bil iron ore joint venture project. STRONG BUY

**Notes:** *The Australian leftist labor party govt intends to levy a 40% "resources super-profit tax" (RSPT) on mining co's starting in 2012-2013. This would affect BHP and RTP and others.*

Here is what AUSTRALIANS say will happen: Aussie Labor Party Prime Minister Kevin Rudd, running for re-election in Nov, will *lose*. *But* the resources super-tax will probably *stick*. BHP and RTP will pass the cost on as price increases for iron ore, copper, etc. and will not even be superficially inconvenienced. In fact, RTP says demand for copper and iron ore will both double in 15 years. In fact, BHP has just given guidance of 12% annual growth. In fact, Aussies say that there is so much iron ore in this island nation that production could remain as it is for the next hundred years and barely even dent reserves, and that after that production could be increased.

What WE think will happen: we don't think the tax will materialize. If it does these companies may re-incorporate outside Australia and over time divest themselves of all assets they own in Australia,

leaving the govt to levy a 40% tax on nothing

-Anglo American (LSE:AAL)(AAUKY) (UK) A Big Six global mining co. Ops in South America Europe Australia Asia: gold platinum diamonds coal base metals iron ore industrial minerals etc. Owns controlling interest in Anglo-Platinum, which supplies 40% of the world's platinum. Developing gold and copper properties in the Philippines. Huge runup in co's raw diamond production. P/E 12.4, positioned for enormous profits this decade, A MARKET WITCH BEST BUY

-Impala Platinum Holdings Ltd (IMPUY.PK) (South Africa) world's 2<sup>nd</sup> largest platinum miner behind Anglo-Platinum which is owned 70%+ by AAUK. STRONG BUY

-Xstrata (XTA: LSE, XSRAF: PK) (Switzerland-UK) the world's #6 largest mining company. Widely diversified, will increase capital spending 89% to \$6.8bil in 2010, plans to boost overall production 50% by 2013, but also wrote down \$2.5bil of its nickel business, LSE shares up 194% in 09 & still undervalued, STRONG LONG-TERM BUY

-Vale (VALE)(Brazil) (Companhia Vale Rio Doce) Brazil's mining flagship plus hydroelectric power. World's largest producer of iron ore. One of the Big Six mining companies, and one of the Big Three iron ore miners. Owns Inco, owns Brazil's Corumba iron ore mines. Copper & gold projects in Indonesia. *Owns USA's Bunge Ltd (BG) as part of expansion into Brazil agribiz. Has purchased 51% stake in BSG industries, an iron ore mining co in Africa's Guinea. Increasing its stake in Australian coalmining co Belvedere. Huge \$4.9bil deal with Norsk Hydro sells VALE's aluminum bauxite alumina mines to the Norwegians.* A MARKET WITCH BEST BUY

-Norsk Hydro (OSL: NHY)NHYDY) (Norway) aluminum ingots rolled sheet etc plus hydroelectric power.

Norsk Hydro will take control of 91% of Vale's Alunorte mine 51% of its Albras al mine and 81% of its CAP alumina refinery works, for \$4.9bil. 3600 Vale employees transferred to Norsk, which already employs 19,000 in 40 countries. Biggest transaction in the company's history & will secure aluminum ore reserves for Norsk for 100 years. The co is paying for this w/a \$1.9bil bond issue. Norsk was owned 43.8% by the Norwegian state., now its 34.5% and Vale will get a seat on the board of directors. The deal is a win-win and will close 4<sup>th</sup> Q of 2010. \$10bil Market Cap, strong 1<sup>st</sup> Q profits, STRONG LONG TERM BUY

-Alcoa (AA) the world's lone orphan aluminum miner after RTP bought Alcan. Buyout candidate, which would nearly double current share price. 13.5bil Market Cap, Enterprise Value is \$26bil UNDERVALUED

-Kaiser Aluminum (KALU) aluminum ingots sheet billet etc, \$804mil Market Cap, EPS \$3.50

-Aluminum Corp of China (ACH) often called "Chalco" alumina & bauxite mining & aluminum products, EPS \$3.77, \$13.1bil Market Cap, co stats not transparent enough for us but shares up 75%

over 5 yrs

-Southern Copper (SCCO) officially an American co but parentco Grupo Mexico SA (GMBFX) owns 80% of shares. Ops in peru mexico etc. copper gold moly silver selenium etc. SCCO *partner'd w BVN in 08 to drastically increase its gold properties and production. \$1.80 dividend, 5.5% yield, falling P/E recent \$1.5bil bond issue.* SCCO will build a \$1bil desalinization plant in Peru to run its opps and will prob sell the water it does not use. *Shares@ 30 are worth \$58* A MARKET WITCH BEST BUY

-Antofagasta (LSE: ANTO)(ANFGY) UK based copper & moly, plus RRs and water distribution. Market Cap 9.66GBP. 3 major mines in Chile, various projects in Africa Asia and Latin America, shares up 77% YOY, UNDERVALUED

-Teck Resources Ltd (TCK) (Canada) mining in US Canada Chile, Peru. Copper coal zinc moly exotic metals plus metallurgical engineering & specialty alloys. Teck's red Dog mine in Alaska is the world's largest supplier of zinc. P/E 8, Profit Margin 31.6%, QEG YOY 276.8% EPS \$4.18 STRONG BUY

-Titanium Metals (TIE) off our lists for three years, UNDERVALUED

-SPDR S&P Metals & Mining (XME) an ETF of the world's most representative mining and metals stocks, shares up 34% on the year, STRONG LONG-TERM BUY

-PowerShares DB Base Metals (DBB) an ETF of zinc copper & al co's etc *up 26% on the year* STRONG LONG-TERM BUY

-Freeport McMoran Copper and Gold (FCX) owns Phelps Dodge, (copper) owns Grasberg mines in New Guinea, one of world's premiere gold sources. P/E 8.2, EPS \$7.50, A MARKET WITCH BEST BUY

-Great Northern Iron (GNI) USA iron ore. P/E 10, ROE 105%, Q earnings growth 31.9%, debt: *zero*. Current dividend is *eighteen dollars, tho this will fluctuate w Q iron ore sales. GNI is a trust/lease that terminates in 2015 but leaves five years for this stock to rock*

-Mesabi Trust (MSB) USA, iron ore. Profit margin 98.1%, ROE 1480% (you read that correctly) Q earnings growth YOY 76.8%, *zero* debt. Estimated 308mil TONS OF PROVEN RESERVES, ie 54 YEARS of production @ max output. Co recently lowered dividend but shares are worth \$40, STRONG LONG-TERM BUY

-Cliffs Natural Resources (CLF) iron ore pellets and metallurgical coal, ops in US Brazil & Australia P/E 4, EPS \$5.22 Q earnings growth YOY 207.4% STRONG LONG TERM BUY

-Terex mining equipment & infrastructure machinery: generators off-highway trucks aerial work platforms cranes skyhooks hydraulic excavators scissors-lofts etc BOUGHT BY BUCYRUS

-Bucyrus International (BUCY) Heavy industrial mining equipment: drag lines shovel systems blast-hole drills etc, pan-continental sales, big repeat sales & replacement parts, 74 mil shares out, #27 of Fortune 100 Fastest Growing Companies, Q earnings growth 124.3%, STRONG LONG-TERM BUY

-Joy Global (JOYG) mining equipment. Founded 1884. \$2 bil market cap, small float, ROE 59.4% Q earnings growth YOY 69.5%, current P/E 5.49 figure P/E at 16 to see what shares are worth, STRONG BUY

-Market Vectors Steel ETF (SLX) a basket of the world's ten premiere global steel and metals mining companies, A MARKET WITCH BEST BUY

-Eramet (ERMAF:PK)(ERA:PAR) ERANV.PA)(France) Euro metallurgical conglom, iron steel plus alloys of nickel cobalt tungsten manganese etc sales into construction manufacturing aerospace etc but the five-year share price gain has been enormous

-Salzgitter AG (SZGPF.PK)(SZGX:GER) (DE620200)(Germany) rolled steel and tube products, tied for first as Germany's largest steel co (Thyssen Krupp) 1<sup>st</sup> half sales up 32% 1st half net profit up 10%, unsung and a sleeper co on world markets

-ThyssenKrupp (TKA:EX)(0K3Z:LSE)(TYEKF:PK)

(Germany) industrial conglom of which steel is key, plus many high-performance alloys plus all kinds of hard-engineering products like elevators. 5 divisions in 80 countries, PE 7.7, we favor London LSE or Euro DAX shares, STRONG LONG-TERM BUY

-Olympic Steel (ZEUS) smallcap steel, \$220 mil market cap, Ohio, many products including much value-added, P/E 3.22, a buyout candidate for Russians or Mittal or NUE

-Companhia Siderurgica Nacional (SID)

(CSNA3.SA)(Brazil) ("CSN") industrial conglom: Brazil's strongest steel company in the Western Hemisphere's strongest economy, plus packaging, cement, railroads and hydroelectric power (Brazil gets 95% of its electricity from hydroelectric) 2:1 split in April has hugely discounted shares, which are one of the world's strongest 21<sup>st</sup> century long-term investments. *Q NET INCOME UP 31% Q PROFIT OF \$1.4BIL, 28.9mil share buyback.* Our 2<sup>nd</sup> largest holding, A MARKET WITCH BEST BUY

-US Steel (X) *Demand for steel is starting to ramp up* SPECULATIVE STRONG LONG-TERM BUY for hold into 2011

-Nucor (NUE) large-cap American steel, *ditto*

-Arcelor-Mittal Steel (MT) (Luxembourg) world's largest steel company also has its own iron ore

mines and is ramping up ore production 50%. Owned & run by India's father & son team. Father is self-made, rough & tumble, lives in London, son is smooth and smart. Purchase of Australia's MacArthur Coal assures coke supply. STRONG BUY

-Ternium SA(TX)(Luxembourg) small midcap steel co steel products, value-added, sales throughout Latin America, this co earned \$2.81 per ADR share on a \$23 stock most recent Q, STRONG LONG-TERM BUY

-Posco (PKX) (Korea) Widely diversified steel products. World's 3<sup>rd</sup> largest steelmaker behind Arcelor Mittal and Nippon. New steel mill in Viet Nam, bought Daewoo International (conglom, steel mills etc) for \$3bil. \$12 billion steel mill project in India underway. EPS \$11.70, \$4.4bil cash revenues nearly \$34bil annually, 306mil shares out, STRONG LONG-TERM BUY

-Usinas Siderurgicas de Minas Gerais SA (SAO:USIM5/SA) ( US ADR: USNZY)(Brazil) (usually called "Usiminas") basic steels: slab, plate, hot n cold rolled sheet and coil, galvanized, etc etc, market cap around \$5 billion, sales throughout the Americas plus China South Korea etc, dividend 11% STRONG BUY

-Gerdau Steel (GGB)(Brazil) this 1904 nailmaker became one of THE strongest steelmakers in the Western Hemisphere, global sales in 61 countries, owns majority of all steel foundries in Mexico. Investing \$1.4 billion 2008-2012 to increase steel production @ its Peru operations by 6X for both the domestic and global markets, STRONG BUY

-Gerdau AmeriSteel BUYOUT this USA/North American subsidiary of Brazil's GGB acquired majority interest in AmeriSteel in 1999 and also bought Chaparral Steel, USA's largest maker of I-beams. GNA now owns 19 small US steel mills GGB will BUY the 33.7% of GNA that it does not already own for \$1.7bil, consolidate and cost-cut/streamline

## **THE RAILROADS**

**Notes:** the US is now in an insurrectionist/populist revolt. Whether our country continues to be a 'colonialized' nation or revives itself in a wave of revolution patriotism and self-renewal, *someone will have to run the railroads, and whoever owns shares in them will make, long-term, a LOT of money*

-Caterpillar (CAT) Caterpillar has joined the railroad industry! This world-famous maker of industrial & agribiz machinery and mining equipment has purchased privately-held Electro-Motive Diesel from Berkshire Partners and Greenbriar Equity Group for \$820mil, a steal. 85-year old EMD is the world's premiere manufacturer of diesel-electric locomotives. In 09, EMD produced \$1.8bil in revenue on sale of its products. Caterpillar is based in Peoria Illinois, EMD is based in LaGrange Illinois. Caterpillar: EPS \$1.95, FWD P/E 13, Market Cap \$38bil Enterprise Value \$\$66.5bil. CAT has paid dividends for 75 consecutive years. Demand from developing countries is high: 09 sales fell in North America and Europe but were up 40% in Asia and 7% in Latin America. STRONG LONG-TERM BUY

-Norfolk Southern RR (NSC) Q earnings growth YOY 34.7%, EPS 3.16 FWD P/E 15, profit margin 14%, a billion in cash, Enterprise Value 1/3 higher than Market Cap, dividend yield 2.7%, strong NE Corridor RR infrastructure buildout, STRONG LONG-TERM BUY

-CSX RR (CSX) EPS \$2.77, Market Cap 25% below Enterprise Value, profit margin 11.64%, \$1.32bil in cash, FWD P/E 15, last stock split August 2006, UNDERVALUED

-Union Pacific (UNP) superbly managed, Market Cap \$33bil, Enterprise Value \$42 bil, profit margin 13.7%, \$1.44bil in cash, last stock split May 2008, STRONG BUY

-Burlington Northern Santa Fe (BNI) Market Cap \$33.4bil Enterprise Value \$42.6bil profit margin 12.3%, \$1.17bil in cash, last stock split Sept 1998, and another is coming, shares are up 34,% on the year, 121% on 5 years, STRONG LONG-TERM BUY

-Canadian Pacific (CP) Canada's 15,500 mile railway network, founded in 1881. FWD P/E 17, QEG YOY 14.5% 168mil shares outstanding, revenues \$4.25bil annually, profit margin 14%, UNDERVALUED

**Notes:** *You can play BNI one of two ways: you can buy BNI shares, or you can buy Berkshire Hathaway shares (BRK-B)*

-Bombardier (TO: BBD) Canadian maker of aircraft, locomotives railcars and recreational products (Ski-Doos and Lynx Snowmobiles) market cap 10bil Canadian, P/E 11, shares up 51% YOY, STRONG LONG-TERM BUY

## **AGRICULTURE, COMMODITIES, & "EXCHANGE" STOCKS**

-Monsanto (MON) World's biggest seed co. Biogeneticengineering agricultural, agricultural chemicals. Focused on cotton, soy, corn and wheat. SmartStax® gen mod corn approved for use in Japan. Monsanto expects to triple its gross revenues by 2012 and it wont happen. *This co has the genetic engineering skills be the world's single most important 21<sup>st</sup> century co but it needs a new CEO a new board and a new business model.*

**Notes:** see also Cibus Global (San Diego, founded 2001, plant gene enhancement/ biosciences, Rapid Trait Development System® < new strains of crops currently privately-held: IPO or buyout?

-BASF (BAS.DE/ XETRA))(BASFY.PK)(BASF.EX) (Germany) world's largest chemical co, EPS \$5.94 div \$2.60 yield 4.92%

-SYNGENTA (SYT) Swiss seed @ agribiz competitor to Monsanto, has just purchased Monsanto's hybrid sunflower seed business, STRONG BUY

-Lindsay Corp (LNN) agricultural irrigation systems, #31 of FORTUNE'S 100 FASTEST-GROWING

## CO'S, STRONG LONG-TERM BUY

-AgCo (AGCO) on the the Big Three agricultural machinery co's, makes Massey-Ferguson, world's leading brand of tractor for five decades. FWD P/E 15, 92mil shares out, coming off a debt crisis that Caterpillar is still in

-Deere (DE) Big Three agricultural machinery maker, 3Q profit down 27% shares are half-price, market cap \$18.5bil Enterprise Value \$42.3bil STRONG LONG-TERM BUY

-CNH Global (CNH) Big Three ag machinery maker, Amsterdam based: Case-New Holland and Farmall® brands, 2<sup>nd</sup> largest maker of agri-equipment and third largest maker of construction equipment \$18.5BIL annual revenue, 90% owned by Fiat. STRONG BUY

-Cal-Maine Foods (CALM) wholesale eggs, based in Jackson Mississippi, small cap agribiz, UNDERVALUED

-Archer Daniels Midland (ADM) transports stores processes and markets ag commodities in North America, market cap \$16.22 bil, P/E 10, undervalued

-CF Industries (CF) fertilizers, P/E 9, EPS \$9.82 # 6 of Fortunes's 09 100 Fastest Growing Companies. YARA INDUSTRIES HAD A SIGNED DEAL TO BUY TERRA BUT IT FELL THRU. *CF HAS BOUGHT TERRA INDUSTRIES AND TERRA NITROGEN FOR \$4.7BIL, AND IF YOU OWN TRA OR TNH SHARES YOU'LL RECEIVE CF SHARES SOON.* STRONG LONG-TERM BUY

-Agrium (AGU) chems & nutrients, EPS 5.07 FWD P/E 8.38, undervalued, sales in Canada USA Chile, Argentina, UNDERVALUED

-Potash (POT) world's largest potash producer, Q earnings growth YOY 408.5%, earnings just tripled YOY in a 5<sup>th</sup> record year, shares are ¼ their high, # 10 of Fortune's 09 Fastest Growing Companies list, STRONG BUY

-Compass Minerals (CMP) inorganic salts, fertilizers, markets in USA & UK, based in Kansas, \$2.4bil Market Cap profit margin 16% PE 15 EPS 4.84, undervalued

-Dow Chemical (DOW) agricultural chems, pesticides, EPS still under water

-Dupont (DD) ag chems fertilizers insecticides seeds seed processes and products, ag technologies, marketshare bloodfeud with Monsanto, FWD P/E 11.92, new CEO Ellen Kullman took over Jan 1<sup>st</sup> coinciding with DD's collapse from largest chem. Co to # 8 *but div remains \$1.64 yield 5.10%. 2% of revenues now come from Africa*

-Mosaic (MOS) potash & phosphates, EPS \$3.20, Q revenue growth YOY 67.9%, demand for fertilizers is skyrocketing, STRONG BUY

-Intrepid Potash (IPI) Denver-based 2007 IPO just getting on its feet SPECULATIVE STRONG LONG TERM BUY

-Bayer Cropscience Ltd (BAYERCROP) STRONG BUY

-iShares S&P GSCI Commodities Indexed Share Trust (GSG) an unleveraged ETF futures commodities fund indexed to the GSCI

-PowerShares Deutsche Bank Agriculture ETF (DBA)

-Powershares Deutsche Bank Commodities ETF (DBC) exchange-traded futures in oil aluminum wheat gold corn etc

-DAX Global Agribusiness Index ETF (DXAG) a broad basket of the best global agricultural companies with a market cap of at least \$150 million each

-Market Vectors-RVE Hard Assets Producers ETF (HAP)

This fund replicates the Jim Rogers-Van Eck Hard Assets Producers Index that 80s genius Jim Rogers constructed. This ETF downplays oil and pushes global agriculture. 321 companies within 6 sectors in 40 countries. YTD return 42%, STRONG LONG-TERM BUY

-Powershares DB OIL (DBO) ETF that tracks the price of light sweet crude

-iShares S&P North American Natural Resources ETF (IGE) Net assets \$1.33 billion, YTD return 10.1%, STRONG LONG-TERM BUY

- BMF BOVESPA SA BVMF:SAO) (Brazil) The Sao Paulo commodities and stock exchanges IPO'd in 08, is fully-electronic Bolsa. Handles all ADR transactions in Brazil as well as all Brazilian deposit receipts, earnings growth rate 11.64%. Your broker must have access to Brazil Exchange/ markets, and can't buy US or LSE shares, STRONG BUY

-Intercontinental Exchange Inc (ICE) Atlanta-based Internet global electronic OTC commodities and futures exchange now includes Euromarkets, profit margin 30% Q revenue growth YOY 27%, low debt, only 70 million shares out, #12 OF FORTUNE'S 100 FASTEST GROWING CO'S, STRONG LONG TERM BUY

-CME Group (CME) the Chicago Mercantile Exchange. bought CBOT in 07, creating a formidable 21<sup>st</sup> century commodities and electronic exchange. 53.24 million shares out. Bought NYMEX for \$9 billion. One of our all-time favorite co's. EPS \$10.02 profit margin 25% 66.43 million shares out, look for these shares to go to \$400, STRONG BUY , PLUS: THE CUTOFF DIVIDEND POINT FOR A \$4.60 PAYOUT PER SHARE IS SEPT 8TH

-NYSE Euronext (NYX) NYC's electronic exchange. Overextended (most recent purchase was a 25% share of the Qatar stock and commodities exchange) and close to being under water

## HIGHEST DIVIDENDS

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

*Strong dividends are the best way to get through this unstable era that is now affecting the US politically, the EU economically, South America in general as Brazil pulls away from the US, and as global war looms in the Middle East*

-Ship Finance Ltd (SFL) div \$1.32 yield 7.50% STRONG BUY

-Mesabe Trust (MSB) royalty trust, iron ore, currently \$0.50 div yield 3.0% but FWD P/E is 8, QEG YOY 132%, div will go way back up, STRONG BUY

-Williams Coal Seam Gas Trust (WTU) royalty trust, natural gas, we're watching

-Torch energy Royalty Trust (TRU) royalty trust, natural gas, \$0.41, yield 8.6%

-Dominion Resources Black Warrior Trust (DOM) natural gas royalty trust, \$1.28 yield 10.5% this div will fall but will still be high

-Hugoton Royalty Trust (HGT) royalty trust div \$1.74 yield 9.1% STRONG BUY

-San Juan Basin Royalty Trust (SJT) royalty trust, natural gas, div \$2.43 yield 9.7% STRONG BUY

-Banco Santander (STD) Spain-based, activity in much of Latin America, strong player in Brazil, Spain's EU related problems are overrated, div 0.94 yield 9.00% STRONG BUY

-Powershares Intl Dividend Achievers (PID ETF, good choices in their holdings, we're watching

-World Wrestling Entertainment (WWE) div \$1.44 yield 8.30%

-Deutsche Telekom (DT)(LSE: OH3R) div \$1.04 yield 8.1% STRONG LONG-TERM BUY

-Vanguard Dividend Appreciation ETF (VIG) YTD return 12.69% STRONG LONG-TERM BUY

-CPFL Energia (CPL) div \$3.47 yield 6.3% STRONG BUY

-CenturyTel (CTL) div \$2.80 yield 8.00%

- Malaysia Fund (MAY) (ETF) div \$1.01 yield 13.10%
- Hatteras Financial (HTS) (mortgage-based REIT) div \$4.60 yield 16.7%
- Royal Dutch Shell (RDS-B) div \$3.36 yield 5.9%
- Grupo Aeroportuario del Pacifico (PAC) (airports) div \$2.14 yield 7.4% STRONG BUY
- Lilly (LLY) div \$1.96 yield 5.4%
- Southern Copper (SCCO) div \$1.80 yield 6.6% A MARKET WITCH BEST BUY
- Northwestern Corp (NWE) div \$1.36 yield 4.7%
- CenturyTel (CTL) div \$2.80 yield 8.90%
- Plum Creek Timber (PCL) div 1.68 yield 5.6%
- DuPont (DD) legendary US company, div \$1.64 yield 4.8%
- Navios Maritime (NMM) div \$1.66 yield 10% STRONG BUY, Greek *shippingcos* are not in the sort of trouble that *Greece's* troubles suggest
- General Maritime (GMR) div \$0.50 yield 6.4%
- Great Northern Iron (GNI) div \$7.20 yield 8.2%
- Terra Nitrogen Holdings (TNH) div \$5.00 yield 6.50%
- Thyssen Krupp (TKA.EX)(TKA.F) div 1.3 euros yield 7.53% STRONG LONG-TERM BUY
- Realty Income Corp (O) (REIT) div \$1.72 yield 5.9%
- Annaly Capital Management (NLY) one of the world's baddest-ass REITs...listed as an REIT means they must pay out 90% of profits to shareholders, in exchange they pay no corp income tax and get to keep 10%. NLY is buying up US real commercial real estate @ fire sale prices. Well-managed. P/E 5.3 Market Cap 9.73bil Enterprise Value \$63.58bil, profit margin 91%, 560mil shares out, div \$2.60 yield 14.9%. *Market Cap \$10bil, Enterprise value \$64bil*, A MARKET WITCH BEST BUY
- Reynolds American (RAI) div \$3.40 yield 7.70%
- Apollo Investment Corp (AINV) div 1.12 yield 12.9%

-Carnival (CCL) div \$1.60 yield 5.7%

-Altria (MO) div \$1.28 yield 7.3%

**Notes:** Our favorite stocks for now are growth stocks that are High Net Asset Value stocks and also pay a fat dividend... there's nothing better to get you through this year and maybe 2011 as well.

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