

# MARKET STOCKS YOU SHOULD OWN WITCH™

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## WHO GETS AFRICA?

*The Journal of the American Psychoanalytic Association*  
Studies Terrorism: What Psychiatrists Understand about Autocrats  
Dictators and Theocracies that You Don't

## THE MW STRONG BUY LISTS

A gold rush is suddenly and very visibly underway for the resources of Africa. Let's have a look at some of the players-both nations and companies- and examine what Africa is about to become.

Because mainstream United States has essentially the values, the attention span, the shallow and indifferent world perspective and the cultural/emotional levels of the teenage student body of a big suburb high school from around 1957, Africa had simply not appeared in the thoughts and interests of Americans until the release and success of the film "Blood Diamond" just a few months ago. Americans-those who think about Africa at all- now associate it with Leonardo di Caprio.

Two generations ago- around 1952, while the USA was in the throes of the Korean War, the start of the McCarthy Era, and gripped in Flying Saucer Fever, Africa began to become politicized, beginning with Mau-Mau uprisings, which were the first inklings of the presence of a new and very different Africa, an Africa not of zebras lions safaris and trophy heads but one of radical nationalist/ tribal/homeland political action and revolution. Literate America awoke to this in the spring of 1955 with the release of the novel *Something of Value* by American novelist Robert Ruark, and a bit later with the publication of Ruark's *Uhuru*, these books sounding the alarm to all that 19<sup>th</sup>-century

Africa, the world Americans and Europeans knew as the world of British explorers and *King Solomon's Mines* had become The New Politicized Africa.

In 1953, Americans still viewed Africa as an adventure tale starring Ava Gardner, Clark Gable, and Grace Kelley, exactly as they saw it in John Huston's *Mogambo*. And they saw it that way all through the 1950s, when, if you were an American with money, it was possible to go on a "safari" to Africa, with a "white hunter" as a guide, to places like Kenya or what was then "Southern Rhodesia" (now Zimbabwe) or "Northern Rhodesia" (now Zambia) and come home with the mounted heads of a lion a rhinoceros and an impala to hang on the wall and tales of high adventure to tell the neighbors while grilling steaks in the yard.

No one from America thought about coming home with diamonds. Diamonds, which are forever, were something you bought in a jewelry store.

A generation ago- in the early 1970s- South Africa began to appear again, just a little, in the consciousness of mainstream Middle Class Americans, concurrently with the Nixon administration taking the price cap off gold in 1972 which engendered interest in South Africa, the South African gold mining community, the Kruggerand, and companies like AAUK (once nicknamed "South Africa, Incorporated" Gold Fields Ltd and Randgold Resources, the popularity of 'causes' like anti-apartheid, and the publication of book popular in the US, *The Happy Hooker*, by Xaviera Hollander, a former native of Johannesburg.

Another brief flurry of mainstream American interest in Africa occurred in the late 1970s with the re- release in the US of the book *Out of Africa* by author Isak Dinesin, pen-name of Danish Baroness Karen von Blixen, first published in 1937 and "about" the adventures of Euro-settlers in Kenya (then British East Africa) between 1914 and 1931, in the twilight of the Age of Euro-Colonialism in Africa. A film of the book, starring Meryl Streep and Robert Redford, was a huge American hit around 1985. After that, Africa again disappeared from the radar screen of American consciousness, beeped alive only rarely and occasionally by the actions and remarks of the UN's nasty and totally corrupt former chief, Kofi Annan.

Africa has been a war zone, then, a land of blood and horror and murder and power struggles, a place where a human life is as valueless as a penny, for nearly sixty years. All that constant automatic and semi-automatic gunfire you see and hear in *Blood Diamond* ??? All that total disregard for human life? All that inhuman treatment of women and children? All that murderous blood lust? It's just like what you see in *Blood Diamond*. It is all true. And it has been for three generations.

American author Robert Ruark, in his books, and other authors, in *their* books, will tell you that this has been, and still is, an epic struggle: a nationalistic fight for a homeland, for the creation of African states for Africans, a heroic struggle, a bloody tug of war to wrest Africa itself from the hands of European colonialists. To free Africa from the Brits the Dutch the Belgians the Germans the Danes the French the Spanish and yes even from the Italians and make it the sovereign turf of Africans, natives, born to the land, who have lived on it for a thousand two thousand five thousand years. Sovereign nations. Members of the UN. Liberty and justice for all. Tribal homelands with national borders and political clout. Africans for the Africans.

Nothing could be further from the truth.

These “leaders” are not Thomas Jefferson and Alexander Hamilton. They are not democratic idealists fed by high education and French philosophy. They are power-mad sociopaths with the latest black market military weapons and small arms and are looking to make a *financial* (not a political) killing and score a Swiss bank account and spend the rest of their years in yachts and luxury. NO ONE in power in Africa has idealistic and democratic ideals and wants to create sovereign countries with liberty and justice for all.

There are now currently some forty-seven “sovereign” nations in Africa. Some, especially those that are North African- Saharan or above-the-Sahara nations- are centuries, even millennia old. But in sub-Saharan Africa more than half of these “countries” are not nations at all in terms of stability, values, infrastructure, political foundation and indigenous population/citizenry allegiant to anything, in the sense that Iran is a “nation” while Iraq currently is not.

These places are war zones- controlled, to the extent they are controlled by anything- by warlords tyrants adventurers and murderers whose only interest is amassing wealth and getting it to a safe place, and in ruling and staying in power through violence.

Those African ‘nations’ we read and watch most about in the US are currently Zimbabwe (formerly Rhodesia), Congo, home of the Revolutionary Movement of Congo, one of that country’s countless armed militias, Sudan, home of the current crisis we know as “Darfur,” and Somalia, home of that fun town Mogadishu.

But there are some *two dozen* “countries” just like these two. And they and everything in them are totally up for grabs, fair game for any adventurer/sociopath/would-be tyrant who has the strength charisma and bloodlust to put together a mercenary army and kill anyone who gets in the way.

At various points in American history lo these past hundred years or so there have been various back-to-Africa movements in the American Black community. There haven’t been any such movements in the African-American community now for a quarter century. No Afro-American today wants to go anywhere near Africa.

The geographic locations of chaos in Africa come and go. Fifty years ago it was South Africa. Twenty-five years ago it was Libya. Five years from now it’ll be someplace else.

All this has been going on for some sixty years, since the beginnings of various anti-colonial movements that developed in Africa following WWII, destabilized colonial “countries” and left them open to be taken over exploited and ruled by any man who would be king.

And here’s why: On the surface, Africa is agrarian: cocoa, palm oil, 2<sup>nd</sup> largest exporter of cotton, etc etc. Small potatoes.

*Africa has trillions upon trillions upon trillions of dollars in the ground. Oil: at least 114 billion barrel of proven-reserve oil. But very possibly two or three times that: as much oil under the countries of North Africa and under the Sahara as under Saudi Arabia. These reserves do not even include offshore finds. And of course there is the natural gas that goes with the petroleum. Platinum- probably more platinum and other ‘white metals’ like rhodium and palladium than anywhere else on earth. Gold, in quantities unlike anywhere else on earth except South America. Diamonds, the mother lode of Africa. And uranium, radium bauxite, iron, silver, nickel, boron, coal, thorium, cobalt titanium lithium germanium*

*antimony lead zinc copper manganese zirconium. On and on and on. And resources in quantities unlike anywhere else on the planet except possibly the frozen wastelands of Siberia which are 80 below zero nine months of the year.*

Not every country cares about all these resources. Brazil, now the second power engine of the western Hemisphere, has its own natural resources and hardly needs anything Africa has to offer. Ditto with most other South American countries and Canada as well. Mexico, too, now becoming a prime manufacturing nation, has its own natural resources. The United States, no longer an “industrial” nation and, ever increasingly, a place that earns its living on money and ideas, doesn’t need these things to make its products. The US needs only oil, a problem because the long-standing arrangement the US has had with Saudi Arabia pours money into Saudi banks, money the Saudis discreetly use to betray us and fund terrorism and the advance of fascist Islam. A new deal has been made with Libya, its leader Khaddafi once an Islamic firebrand and our enemy, now our buddy, a dealmaker with oil companies, and a leader who has learned to play the game. And Europe, of course, now a common-market amalgam containing most of the nations which once colonialized Africa, is treading lightly there: making partnership deals where possible, not pushing its luck, vary (as it very well should be) of making deals with African “nations” that have no validity or stability.

Africa’s contribution currently represents just over 1% of world trade. This is much lower than it was during the 1960s and 1970s, the era during which many of these African “nations” came into being.

The country that cares very much about Africa and all its trillions in natural resources is China. And China has jumped headlong into diplomacy and partnership/licensure/profitsharing deals with African ‘countries’ in many and varied locations. This has been ongoing for two or three years and no one in the US has said much about it. But China wants Africa-and what Africa has- and wants it very badly.

Last autumn China’s president Hu Jintao (or Wen Jiabao depending on which nation’s journalism you read) hosted ALL FORTY-SEVEN of the leaders of Africa’s countries in Peking (Beijing). As we write this, Hu Jintao is on an eight-nation African tour- his THIRD visit in FOUR YEARS- promoting “a new type of strategic partnership with Africa under the principle of sincerity friendship equality mutual benefit and common development” and is signing deals right and left to “develop” Africa (ie grab its resources) and “educate” Africans in China (ie steer them ideologically away from the Western Hemisphere).

For more on this go to Google (GOOG) type in “China partnerships in Africa” and spend the day reading about China’s moves and aspirations in Africa.

Is China’s plan working? You bet it is. China is getting a mother lode of natural resources and commodities in exchange for scholarships to Africans in Chinese universities, from which they will emerge with degrees in engineering but disenfranchised and countryless in a strange and science-fictionlike 21<sup>st</sup> century from which China – a China that has 500 million too many people- cannot save them.

*Bear in mind, however, that China is making pacts partnerships and deals with the “leaders” of “countries” that may not even BE there in five or ten years.*

*But what about Africa for the Africans? Don’t count on it.*

Europe, an EU which contains former colonialist powers Holland UK, Germany, Portugal, France, Belgium etc, are for the most part staying out of the way, safe in their logical conclusions and logical predictions that these “countries” cannot be governed responsibly and successfully in any modern way by their indigenous peoples, who for thousands of years have been continually crushed and cowed by kings warlords and tyrants, just as they are now crushed by dictators sociopaths and tyrants after power...and Africa’s wealth.

The Europeans are right. To stay of the way, and let China negotiate and take the fall.

*Because Africa is the most horrifically-diseased continent on earth.* Sub-Saharan Africa is the world capital of HIV. Probably the cradle of the HIV, whose etiology is most likely primates, this still-incurable disease spread via marginal social practices in the civilized world but in Africa it spread via the general population and it spread everywhere. In some countries forty to fifty per cent of entire populations are HIV positive. No one- not the CDC, Not Hillary Clinton, not the United Nations, not anyone will provide these victims with the expensive drugs that cannot cure HIV but can prolong life. An HIV vaccine is possible (see Targeted Genetics, TGEN)(and also Dutch vaccine maker Crucell, CRXL, which is working on a malaria vaccine) but no one in the industrialized nations will fund research for an HIV vaccine because they could care less whether HIV is stopped at all in Africa. It’s not cost-effective. That means these people will all die a slow wasting death. Many of them are of course children.

It gets worse. A virulent form of tuberculosis is beginning to spread thru the continent of Africa, from the south to the north. This form of TB, known as XDR, or “extensively drug-resistant” in the World Health Organization the CDC and other medico-political institutions, reportedly appeared first in South Africa, one of the continent’s more stable and modern, socially equitable countries. XDR cannot be effectively treated with most first- and second-line tuberculosis drugs.

And many doctors and epidemiologists consider it incurable. The disease is nearly 100% lethal. In a Johannesburg hospital, XDR recently killed fifty-two of fifty-three infected patients.

Of course many of the people who develop XDR also are HIV-positive. That’s no surprise because reportedly some 40% of sub-Saharan Africans are HIV-positive. This merely makes a death sentence shorter. XDR first was detected about a year ago in the KwaZulu- Natal province, a part of South Africa that borders the Indian Ocean. It spread quickly through South Africa’s other eight provinces.

Epidemiologists and hospital physicians believe that in less than a year the disease- which is highly highly contagious- has spread through Lesotho, Swaziland and Mozambique- countries which share borders and migrant worker populations with South Africa. Experts believe XDR will spread throughout much of sub-Saharan Africa.

There is no money for, and there are no trained people with the skills to combat the spread of XDR.

The vast majority of Africans who contract the disease are destitute. They could not afford treatment even if the scientific community were able to provide one.

At risk for a death sentence from XDR or HIV or both: millions upon millions of Africans. *As we write this, there is a cholera epidemic in Ethiopia. Already, about 60,000 people have been infected. Not even the US, not even the CDC, could cope with 60,000 people with cholera.* Most Africans today- including much of Africa’s labor force- are dead meat.

We haven't even mentioned H5N1- bird flu- which so far pales by comparison with cholera polio HIV and lethal TB strains- but which is now killing both humans and domestic fowl at the other end of the African continent, in Egypt and Nigeria.

These diseases mean two things. First, it means that these African "nations" *which already are sovereign countries only on paper*, will be further destabilized by epidemic-proportion disease systems. It also means that Africa's labor forces, which were beginning to get a foothold, starting in south Africa, and beginning to get a piece of the action from the big mining companies doing business in post-colonial Africa, and beginning to see the possibility of real and stable lives with a house a job a salary and a piece of the wealth their land provides, those labor forces are about to be decimated.

That's why the Europeans- and the Americans too- are holding back, refusing to spend money, choosing not to interfere with Africa and its relentless process of disease of chaos and of social Darwinism. And that's why no one is saying a word as China's leaders and diplomats move into Africa, making speeches and deals.

Industrialized nations, manufacturing nations, don't care about Africans. China doesn't either. They simply want what's under African feet. Despite those full-page ads in the New York Times, no one- NO ONE- is going to save Darfur. It's not cost-effective. It is much more cost-effective for everyone in Darfur to starve or get shot. Just as it is much more cost-effective to allow all the people in Somalia and Zimbabwe and a dozen other "countries" to kill each other off without interference. *The gold the uranium the diamonds the platinum and the oil will all still be there.*

Big Oil is making development deals now with Libya, the most completely explored of the North African nations. Underground resources do not end at national borders. And there is likely as much oil under Algeria, Tunisia and Morocco as there is under Saudi Arabia or Venezuela. North African nations however are now new and fragile but ancient, implacable and sophisticated traders and bargainers with long histories of diplomacy piracy and good business sense. Likely these will become wealthy countries with the wisdom not to become embroiled in the clash of cultures between the Arabs and the West. Humans being what they are, and greed being what it is, all this will go on until the oil is used up.

Now let's look at how all this is affecting the largest of the big mining companies which are the most responsible for getting all these trillions of dollars in mineral wealth out of the ground.

The "Big Four" mining companies are Anglo-American (AAUK) based in London and Melbourne, BHP Billiton, (BHP) based in London and Sydney, Rio Tinto, based in London, and Rio Vale ("CVRD") (RIO) based in Sao Paulo.

Anglo-American has been mining gold and other metals in South Africa for ninety years, since the days of colonial Africa. AAUK's fortunes have been so tied with South Africa that it has long been called "South Africa Incorporated."

But South Africa decolonized, apartheid ended, and South Africa, unlike many others, actually did become a real and sovereign country. And AAUK, which prospered under apartheid and migrant labor, has found itself increasingly embroiled in local South African social welfare programs, union wages, housing for the poor,

construction of schools clinic and orphanages, etc etc. All this cut into those profits from gold and diamonds. Now, with the advent of these lethal diseases, AAUK finds itself writing checks for some \$10 million a year for company-funded AIDs clinics at just one mine among many.

And, ever increasingly, the black South African govt demands a piece of the profits. In 2004, South African President Thabo Mbeki mandated that 40% of AAUK's management jobs go to blacks and that the company sell 26% of its assets to black investors by 2014.

Frans Baleni, head of South Africa's National Union of Mineworkers, the nation's largest labor union, wants AAUK to raise wages to a start of around \$500 a month and spend more on social programs.

AAUK already spends as much as 1% of its pretax profit on community development in SA.

The upshot of all this: Anglo-American, which still has 61% of its employees and 50% of its assets in South Africa, and which is still the world's largest gold miner, is slowly and quietly pulling out of South Africa, and diversifying from the more monetary gold platinum and diamonds into the industrial metals. AAUK has some dozens of mining and exploration projects going in parts of Africa where there are no unions, no pressure to build hospitals and schools and housing complexes, and where the company can make money mining aluminum, titanium copper etc. Additionally, AAUK will in all likelihood buy Alcan (AL) which operates in Canada, where things are quite stable. And AAUK has new mining projects underway in South America and in other mineral-rich parts of the world whose people are not so ill, demanding, and high-maintenance. AAUK is not pulling completely out of South Africa. But it is getting out of the way until these diseases take their toll.

AAUK agreed last month to sell South African coal assets worth a billion dollars to a new black-owned company, in keeping with enforcement of South Africa's policy promoting Black Economic Empowerment and black ownership in big business. The newly formed Inyosi will own 27% of Anglo-inyosi Coal.

The move follows concessions by Lonmin world's 3<sup>rd</sup> largest producer of platinum, and Gold Fields Ltd to sell business stakes to black investors.

*But Black South Africa's health is failing.* Without AAUK's continued investment in social welfare, and given South Africa's lethal disease levels, the country known as South Africa will descend into disease epidemic, chaos, poverty, and collapse. As it does, the gold the platinum and the diamonds will all still be there. AAUK is waiting. In twenty years South Africa's black population may be 1/3 what it is now. In the meantime, AAUK is buying mining interests in India, and looking at projects in five other parts of the world. AAUK will earn its money elsewhere in the Africa and elsewhere in the world while South Africa unravels.

BHP Billiton, since 2001 the world's largest mining company, has projects and interests on every continent. Interests that include mining operations-especially coal- in South Africa and nearby countries that are plagued by disease and which want or have unions. BHP is moving into Angola (diamonds) Guinea (uranium gold titanium copper) and the Congo (copper gold platinum). Countries that, while dangerous and unstable, don't demand high wages, subsidized or free housing, and disease treatment for incurable diseases.

Rio Tinto(RTP) currently operates (among many many others) five mining projects in Africa: in Guinea (iron and

aluminum) in Angola (uranium) in Mozambique/Zimbabwe (copper) Mozambique/Zimbabwe (diamonds) and in South Africa (titanium). RTP is diversifying strongly into South America, may buy either Alcan or Alcoa (or both) and will likely buy Titanium Metals. RTP is making a fortune in Africa. *But as we write this, BHP has just evacuated 20 key staff members and RTP has just evacuated 60 key execs and managers from the African “nation” of Guinea. Martial law was declared Feb 12 in Guinea as that “country”’s “president,”* dictator Lansana Conte, tries to maintain his now 23-year-long grip on Guinea. The UN High Commissioner for Human Rights (ha ha ha ha) Louise Arbour, has said that Lansana Conte’s security forces “must abide by international standards on the use of force” (more laughter). 1000s are being shot and beheaded in Guinea for protesting against the Conte dictatorship.

Why does RTP risk all this? Opening mines, sending staff, to dangerous places? Because Guinea has one third of the world’s bauxite (aluminum) under its topsoil. Aluminum that will be there whether Conte is there, or not. One dictator, another dictator, no matter. Can the citizens of “Guinea” function without a dictator? Probably not. They have never known freedom. There was a dictator before Conte, there will be another after him. As Conte falls (and he will) another power mad local with dreams of Swiss bank accounts will take his place. Guinea was formerly French, long before that was Portuguese.

Rio Vale (CVRD), based in Brazil and now owner of Inco, and now the world’s largest supplier of nickel, also is looking into diversifying mining operations into the healthier and wilder parts of Africa, but is being very careful about what countries it does business with. RIO is less worldly as a company than these others, and Brazil already offers RIO the gift of its immense wealth of natural resources.

It is in capital’s best interest that Africa’s sub-Saharan countries remain more or less unstable and underdeveloped. Just healthy enough to provide cheap labor, just stable enough to provide a national address and borders and property rights but not politically-organized enough to demand social rights and a piece of the wealth pie. Stable, but disorganized enough that political states do not mature enough to make social demands on the companies that exploit Africa’s huge wealth.

Where there is disease, especially epidemiological ones, the cost-effective way to handle it is to simply let Nature take its course. That course seems, increasingly, as HIV infection approaches 50% of the African population, as XDR TB moves northward, and as bird flu reaches the northeastern part of the continent, that the ethnically diverse, culturally diverse, and irreplaceable tribal peoples of sub-Saharan Africa, and their newly-minted post-colonial countries, to suggest decimation. Sub-Saharan African peoples are, like the cheetah, the eland, and the rhinoceros, among the most endangered of earth’s creatures.

These major mining companies have been at it for a century. China has no idea what it’s getting itself into.

What has been the New Politicized Africa has been with us now for nearly sixty years. As we write this, Zimbabwe’s “president” Robert Mugabe, “president” (and leader by any means possible) for twenty-seven years, is falling from power. There is a collapse in the electrical grid and electricity, in places where it is available at all, is on four days a week. There is a new outbreak of cholera and there is of course also the ravaging level of HIV, and the new and virulent TB plague. Health care is nonexistent. What few physicians and nurses there are have been on strike for a 9000% raise to combat the “nation” ’s cartoon currency. 110,000 teachers for what schools there are, they too are on strike. Inflation is at 1189%. A thriving black market is 40% of the economy. It is nearly impossible to find uncontaminated water with which to brush your teeth. Dissent is ...um...being suppressed. All foreign journalists

are banned from the “nation” and are imprisoned if caught, which is effectively a death sentence. The idea that “Zimbabwe” is a sovereign nation with a “president” who has his citizens’ best interest at heart is preposterous and absurd.

While it is both politically-incorrect and very dangerous to do so, Americans of the sort of love things like Weatherby rifles and animal heads on the wall and have the wherewithal to indulge themselves can still go “on Safari” in Africa, at a cost of roughly between \$4500 and \$50,000, and come home with trophies. The animals are still there (though many are on huge wilderness preserves, which doesn’t protect them from being poached) just as they were in the 19<sup>th</sup> century era of British German and Belgian explorers of what was then called the dark continent, and just as they were sixty years ago as Africa began to become politicized.

But the age of the New Politicized Africa is ending, giving way now to the Africa’s Age of Exploitation.

Where does America fit in this? American companies are racing China for Africa’s oil. China, via diplomacy and trade lobbying, is winning. But *the White House announced last month that it will create a new military command for Africa over the next 15 months, consolidating under one aegis responsibilities formerly spread among 3 military branches and three generals. Expect an expanded military presence in Africa to protect American interests.* The US, no longer an “industrial” “manufacturing” nation (having ceded these things to China Mexico Brazil etc) is primarily interested in Africa for its oil.

*As we write this, Jimmy Carter- ultimately responsible for the fix we are in with Iran- is on an 11-day tour of Ghana, Sudan, Ethiopia, and Nigeria, massaging his huge ex-presidential ego and promoting African health issues.*

*Ghana, founded in 1957 and celebrating its 50<sup>th</sup> anniversary, is mostly agrarian, and reasonably stable. Under it: gold and aluminum in huge quantities.*

*Arabic-speaking Sudan, 10<sup>th</sup> largest country in the world, is completely unstable and one of the most dangerous places on the planet. Mostly agrarian (cotton). A land of starvation disease and ruled by violence. Sudan is up for grabs. Under it: oil, and likely much more.*

*Nigeria, a military dictatorship masquerading as a “presidency” national assembly dissolved long ago. Mostly agrarian. Under it: oil (world’s 8<sup>th</sup> largest oil exporter) precious metals, industrial metals.*

*Ethiopia, once ruled by emperors (a famous one: Haile Salassie)with absolute power, now ruled by the military. Ethiopia is ancient, sovereign, and 3<sup>rd</sup> most populous country in Africa. A land of poverty famine border disputes and genocide .Current “presidency” is symbolic with no power. Under it: gold, salt, copper, platinum, probably oil.*

Life- and death- in Africa goes on. And there are all those trillions under the ground.

## THIRD WORLD AMERICA

A 21<sup>st</sup> Century Phenomenon: as other nations develop a Middle Class,  
the USA becomes 5% rich 95% poor

There is so much money out there, in the hands of the wealthy and also in the hands of Fortune 500 companies,

that no one knows what to do with it. American business is going great guns.

But as befitting America's recently-established status as a Third World Country, most of this wealth is in the hands of a very few people.

During the past seven years a dramatically larger percentage of America's wealth has moved into the hands of a very few.

The vast majority of this immense stash- by some measures as much as 80% of ALL stock- of stock is owned by the wealthiest 10% of American families. And a very very large proportion of that 80% is owned by the wealthiest one per cent of American families. *In fact, the upper one per cent of Americans currently owns AT LEAST 44 per cent of ALL American financial assets.* These are the sorts of numbers that would make Juan Peron, General Franco, or Saddam Hussein burst with pride. *It is a problem that is starting to destabilize America. It leads toward the death of conservatism in America.*

Consumer borrowing reportedly increased dramatically late in 2006, including an astonishing 11.9% jump in credit card debt, a runup of \$12.3 billion. Americans now owe \$2.39 trillion, a figure that does not include home mortgage notes. Sales of new homes fell in the US by the largest amount in sixteen years. Meanwhile: Home foreclosure rates in California went up 147% in 2006. Two weeks ago HSBC Holdings (HBC) (world's largest bank) shocked investors by warning that due to major problems in its US mortgage business HSBC would raise its bad debt provisions by \$1.75 billion, cutting of course into its profits, which are being eaten away by mortgage defaults. Now landlords, smelling blood, are raising rent rates all over the US. Unemployment is at around 5%. And now there are still fewer of those American jobs that really matter, that actually create goods and therefore wealth.

DaimlerChrysler (DCX) will cut 13,000 jobs in its Chrysler unit, closing plants in New Jersey, Delaware and Detroit. Eastman Kodak will end 3,000 jobs. Kraft Foods will cut 8,000 jobs. What, exactly, will these Americans DO?

*No one's MAKING anything. What jobs are available in the US are "service" jobs and "idea" jobs and especially "financial" idea jobs, because the USA's most lucrative occupation now is buying and selling money, leverage, and capital, a strange fate for a nation whose currency is collapsing. As we mentioned last month (yet again) a service economy can only survive as long as it is supported by a vibrant and strong manufacturing sector; people employed in "service" occupations CONSUME goods but do not PRODUCE them. Those "goods" are being produced in China, Mexico, Brazil, Japan, and Southeast Asia, places that DO NOT USE America's 'service' economy and so provide us with no income.*

A very strong argument can be made- and we have made it for decades- that the United States is turning into an "idea" economy: a nation of technological inventors. Companies like Nvidia, Corning, Monsanto, Apple, and IBM, Triumph Group, Veri-Chip etc. dramatically support this premise.

But out there on the streets, the horror of it is that Joe and Elaine Sixpack are poorly-educated, their kids have been shut out of any possibility of higher education, of "bootstraps" educations, by the monetization of higher education.

And the monetization of health care has left them uninsured, plus 95% of Americans are just not that smart and are locked out by both ability and advanced education from of any "idea" economy in the first place.

And Americans who DO work in manufacturing jobs are paid wages that, adjusted for inflation, have not risen in DECADES. Harley-Davidson workers now are on strike, and it is the first strike we can EVER remember at Harley, considered one of America's premiere places to hold a job.

As the entire globe has entered what might be termed a "Key Resource" economy, the USA's "key resource" is ideas and inventions: a world that only three to five per cent of its people inhabit. The rest of Americans are dependent, or are just plain out in the cold.

The result? The savings rate in the United States during 2006 was a negative 1 per cent. That's more than twice as bad as the savings rate was a year earlier, in 2005. That means Americans are living on their credit cards and on their savings and on money they've gotten from taking out notes on their homes. In 1933 the saving rate in the US was a negative 1.5 per cent. That was seventy-four years ago. Give us one more year, we'll top that one easily. Home prices have fallen in 40 of 50 American states.

Meanwhile: *average hourly wages for American workers, adjusted for inflation (and shown in graph form by the US Bureau of Labor statistics for each month for five hundred and four consecutive months) are \$2 per hour LOWER than they were in January of 1964.*

What's going to happen? Some form of socialism is coming to transform America, that's what. And fast. Some of this is, we think, good and obviously in the best interest of the American people. And some of it both illustrates and takes advantage of America's tragic and possibly fatal flaw. The Bush administration is the most universally-despised administration in American history.

This bias *masks* the fact that George Bush is nearly 100% All-American Correct in the one area that may ultimately matter in the survival of the United States: that of standing against fascist Islam, and destroying the aggressive plans intentions and destructive hopes of places like Iraq, Iran, Syria, Wahhabi Saudi Arabia (which provides the money to fund aggressive Islam), Pakistan, and Afghanistan (do you *really believe* that Bin Laden, who is worth some \$300 million, *lives in a cave in Afghanistan?*)

Because Bush and Cheney and Co. are so broadly despised, it is difficult to imagine another Republican presidential administration in our lifetime.

To say this puts the United States at risk in the near future is putting it mildly. Because the American left believes that "it's a small world after all" that we are "one world one people" and that we are in no danger whatsoever.

Iran now already has enough enriched nuclear material to begin making nuclear weapons. The charade of negotiation and diplomacy with Iran went on too long without intervention because Americans don't like Bush and believe Iraq is Viet Nam. Which is precisely what Iran was counting on. Now Iran, a nation with a huge banner flying in Tehran that says "We will Trample America under our Feet," has the bomb. And we will be in a nuclear confrontation with Iran within 36 months. *We may, if we are not very careful, get national health care in 2008 and not survive to enjoy it.*

Whose fault is this? The burden of great presidential leadership is this: *Take care of your own people.* The American people have been cast adrift by the Bush American leadership. And the American people are simply walking away

from any ties to the political right.

## AMERICAS: Canada, South and Central America: The World's Rising New Socio-Economic Bloc

In the USA much is currently being made of South America's so-called "move to the left" as politically-left-leaning leaders take over in Nicaragua, Bolivia, Ecuador Venezuela and to a much lesser extent Brazil, with the re-election of Luis da Silva ( called "Lulu" in Brazil) a former head of the Brazil Metalworkers Union and very much a man of the people, last year. We do believe that most of these leaders do not pose any threat whatsoever to American business interests in South America or to investors' interests.

South America has, in general, a gap between the rich and the poor which makes the one in the United States (which we complain about all the time) pale by comparison. And we think that the people of South America, who live in these mineral-rich nations, deserve and have a right to a piece of the wealth that is pouring out of their countries and into world markets. Brazil, in fact, now governed by a former national union leader who leans a bit left of center, was highly economically unstable until 2003, when "Lula" was sworn in as President of Brazil. This coincided approximately with the beginnings of our own equity investments in Brazil.

We should mention here- and we highly recommend- *A Death in Brazil* by Australian journalist and writer Peter Robb, published in 2004 and picked that year by American booksellers as the Most Important Non-Fiction book of 2004. Robb charts the history of Brazil- a country which for many many reasons is THE Poster-Child Country of the 21<sup>st</sup> Century- from the days of Indios and Portuguese explorers through the government corruptions of the 1990s (which make any corruption by problem American leaders like Bush, Clinton, Nixon, LBJ look like tailgate parties) through the election populist union leader of Luis da Silva in 2003. A fascinating book full of insight, shock, history, and killer descriptions of Brazilian food. Robb, an Aussie who has lived for many years in Europe, is also a former Olympic Gold Medal swim champion.

Venezuela is a much larger problem. Venezuela's "leader" Hugo Chavez moved from beloved man-of-the-people and populist "president" to dictator with relatively lightning speed. Chavez, like many of the African "presidents" of many of those small recently-established and highly unstable African "nations," has declared to the world "I am the state."

In doing so he has placed himself in the same league as several other current world-class monsters including Mahoud Jabberabad in Iran and Kim Jong-il of North Korea, both military dictators modeled on former radical Libyan dicator Moammar Khaddafi and all three modeled on the grand-daddy monster of them all, Adolf Hitler.

Why Venezuela is more problematic: Venezuela is home to the sort of mineral wealth possessed by few countries outside Africa. Gold silver copper iron precious stones etc etc in huge amounts and barely touched so far. And oil. Venezuela currently is the world's number four oil producer. But petroleum in Venezuela, like most other resources, has barely been touched and exists in quantities beyond belief. There are what are called "heavy oil" fields in Venezuela, from the mouth of the Orinoco River all the way up through the center of the nation a place that oil professionals now call the Orinoco Belt. This oil is not the world's "light sweet crude" but is a thick heavy sludge

once thought worthless when petroleum was selling on open market for \$12 a barrel. This 'heavy oil' can be processed cost-effectively into usable oil and Venezuela already is selling 600,000 barrels a day of processed "heavy oil" on world markets.

It now appears that the Orinoco Belt contains some 235 billion barrels of recoverable oil. *As much oil as is under Saudi Arabia.*

Processing techniques for 'heavy oil' and processing facilities themselves in Venezuela have been made possible through the efforts, engineering skills, and invests of major oil companies like Chevron ConocoPhillips Statoil and BP.

Oil companies who are now about to be ripped off.

On May 1<sup>st</sup>, Chavez will nationalize the remaining petroleum resource projects currently under way in partnership projects with some of the world's biggest oil companies. Chevron, Exxon Mobil, Conoco Phillips BP and others stand to lose at least \$8 billion as their facilities, under a now-invalidated partnership, are stolen from them.

Meanwhile: Chavez does not hate America, he wants to sell the USA more oil. Chavez specifically despises George Bush and Dick Cheney, a distain shared by some sixty to seventy per cent of Americans.

But Chavez is buying military fighter aircraft, has contracted with the Russians to build a Kalashnikov (AK-47) factory in Venezuela, and is busily, instead of building homes hospitals and public transportation systems for the people of Venezuela, building an army to back his dictatorship.

Stay tuned. This will all become much much messier before it gets better.

We might note also that there currently is a genuine Gold Rush going on in Colombia. A gold rush just like the one in California in 1849. Gold miners, most of them amateurs, are pulling some one million ounces of gold a year out of Colombia's river and stream beds using "technology" no more sophisticated than the pans and cradle rockers that brought wealth to California 150 years ago and created San Francisco. Colombia has NO major gold producer. NO Yanana (AUY) no Anglo-American (AAUK) No BARRICK (ABX). Just amateurs. In part because Colombia is politically unstable, "governed" in part by local druglords and militias and "revolutionary" forces that current President Alvaro Uribe can't control. This has been going on for fifty years, all through another "rush" this one for emeralds, that occurred in Colombia during the early 1970s.

*Colombia is still so politically unstable that some forty per cent of the entire country has never even been geologically mapped. No one has any idea how much wealth is under the ground there.*

A major gold find in Bolivia also has just been reported by tiny US mining exploration company Golden Eagle, based in Salt Lake City (MYNG.OB) and this one really IS a penny stock). Golden Eagle has chosen a big major mining company to partner with in exploiting this find (Bolivian govt will get a piece) but hasn't announced it yet so no one knows which big miner it is.

## COMMODITIES: Fair Values as of Feb 22nd

- Uranium: Fair Value 116, currently 85 (was 41 in May of 06, up 10 since December 06)
- Copper: Fair Value 4.51 currently 2.59
- Silver: Fair Value 16.26, currently 13.94
- Gold: current Fair Value 1179, currently 680
- Aluminum: Fair Value is 2.79 currently 1.29
- Zinc: Fair Value is 2.31, currently 1.50
- Nickel: Fair Value 20.08 currently 19.58
- Palladium: Fair Value 368, currently 344
- Platinum: Fair Value 1539, currently 1232
- Oil: Fair Value 52 currently 57.89
- Corn (now an energy commodity) Fair Value 4.73 currently 4.04
- Soybeans: (now an energy commodity) Fair Value 8.16 currently 7.85
- Wheat: Fair Value 5.65 currently 4.80
- Coffee: Fair Value 1.43 currently 1.07
- world Sugar: (an energy commodity) Fair Value 13, currently 10. 69
- Ethanol: Fair Value 2.11 currently 2.05
- Gasoline (USA) Fair Value 1.48 currently 2.99
- Harley Davidson motorcycles: Fair Value \$16,800, currently \$17,100

Notes: spot titanium prices are not easily available and are rarely listed in the big indexes. They should be: in 1997 titanium was \$4.40/lb. Last year the price was \$40. Gasoline is still a bargain in USA. Mexico has discovered the Ethanol demand and is ramping up its corn industry. Uranium has joined gold silver platinum and copper as a “gold rush” commodity. American Big Oil has declared War on the just-forming ethanol industry.

**Links to the Business Pages of Global Newspapers on every Continent:  
Stay 18 months ahead of the market with these readings:**

<http://www.kidon.com/media-link/english.php>

[http://www.nla.gov.au/collect/os\\_news.html](http://www.nla.gov.au/collect/os_news.html)

<http://www.thesaudi.net/arab-world/media/index.htm>

Notes: Two new key links we have begun using and which we'd like to add are these:

China Daily (<http://www.chinadaily.com.cn/>) and

South America Daily (<http://www.http://southamericadaily.com/>)

# ISLAM

## The view from the other side of the war of cultures

<http://www.socom.mil/>

<http://www.centcom.mil/>

<http://www.terrorism.com/>

<http://www.jdw.janes.com/>

<http://www.dod.mil/>

<http://www.siteinstitute.com/>

<http://www.e-prism.org/>

<http://www.jamestown.org/>

<http://www.english.aljazeera.net/HomePage>

<http://www.afghandaily.com/>

<http://www.tehrantimes.com/>

A British Islamic group has complained to the United Kingdom that Western films as old as “Raiders of the Lost Ark (1981) have promoted “negative stereotypes” of Muslims. The group called on the British to censor “negative depictions” of Arabs, to cut “objectionable material” and urged England to be more forthright in creating a “positive image” of Muslims. “Cinema in both Hollywood and Britain has helped to demonize Muslims” the group said. “They are portrayed as violent and backward.”

In Wahhabist Saudi Arabia, women are beginning to ask for basic rights: like being allowed to drive. In Egypt, retrogressive laws that move things back by forty to fifty years, have women out of their blue jeans and modern ‘little black dresses’ and back in ‘hijab’ a style of dress that requires women to cover their heads and necks in a scarf and wear loose-fitting plain cloth draped over their bodies.

In the US, Muslim groups are protesting the portrayal of Arab terrorists inside the US in the critically-acclaimed US TV show ‘24’ (Fox, Newscorp (NWS)) which stars Kiefer Sutherland (Donald Sutherland’s son) and which has been airing in the US and elsewhere to huge audiences for five seasons. The current season began with Muslim terrorists waging an eleven week suicide bombing wave across the US culminating with the detonation of a suitcase-sized nuclear weapon in Valencia California, about 25 miles north of LA. *If the shoe fits, wear it.* Donald Sutherland’s father, by the way (and Kiefer Sutherland’s grandfather) is a former (liberal) Prime Minister of Canada.

In Iran, “President” Mahmoud Ahmadinejad explained to the world that Iran is “rapidly becoming a Superpower” and that UN sanctions would not deter Iran from developing a nuclear (weapons) program. (*Well of course not. UN sanctions never have stopped ANYone from doing ANYthing*) Meanwhile, French president Jacques Chirac, who has nothing to lose because he is not running for reelection and will be out of office in a few months, told the world that it would pose no problem to France if Iran had one or two nuclear weapons because any launch of one would lead to

the immediate destruction (nuking) of Tehran (presumably by France). Chirac later retracted these comments twice but everyone knows the French mean it; the French have had it up to here with Islam.

At the same time, relations between Iran and the US continue to deteriorate, heated up by border skirmishes in Iraq.

We urge you to read just-published *Infidel*, the autobiography of Somalian Muslim feminist Ayaan Hirsi Ali, raised in a strict Muslim family, who endured civil war, brutal beatings, forced female circumcision, life under four dictatorships, became a political firebrand, emigrated to Holland and became a member of Dutch parliament, fled Holland two years ago after filmmaker Theo Van Gogh had his throat slit in the street by Muslims for his artistic views toward Islam, and now lives in the USA with bodyguards and has become a global freedom fighter and spokesman for women living in deranged Islam. Last year Ali was named by *Time* magazine one of the 100 most influential women in the world.

## LINKS to futurist study centers, market research companies and organizations, and think tanks

<http://www.battelle.org/>

<http://www.darpa.mil/>

<http://www.eurasiagroup.net/>

<http://www.people-press.org/>

<http://www.harristinteractive.com/>

<http://www.gallup.com/>

<http://www.npd.com/>

<http://www.heritage.org/>

<http://www.brandchannel.com/>

<http://www.annenbergpublicpolicycenter.org/>

<http://www.brookings.edu/>

<http://www2.acnielsen.com/>

<http://www.challengergray.com/>

<http://www.globalinsight.com/>

<http://adage.com/>

<http://www.pewresearch.org/>

<http://www.technologyreview.com/>

<http://www.stratfor.com/>

<http://www.americanprogress.org/>

<http://www.google.com/trends>

<http://www.hoover.org/>

<http://www.victorhanson.com/>

Want to know how South American dictators establish and maintain power? Want to know what's inside Mahmoud Ahmadinejad's and Ayatolla Khomeini's theocratic heads that *even they themselves don't get*? Want to know how Hitler pulled it off? Why Chavez is so popular in Venezuela? We highly highly recommend *A Panel Report: Terror*

*and Societal Regression* published in Volume 54, Number 3 of *Journal of the American Psychoanalytic Association* featuring the insights of major American psychiatrists Vamik Volkan, Nancy Hollander and Norman Itzkowitz, the conference chaired by and article edited for the Journal by psychoanalyst Ira Brenner. An individual subscription to JAPA is \$135 for an individual American but the JAPA is available at most major university libraries and many larger public libraries. Recent issues of JAPA (from 2004 on) are also available Online at JAPA-Online at <http://www.apsa.org/japa>.

This is brilliant, classical-analytic, breakthrough thinking, the sort of information after which, reading for a page or two, you have to get up and walk around. This crew should be working for the Department of Defense.

Here's just a tiny piece of what's in the work. How people like Hitler do it: regression/infantilization of large groups of people ie populations is called "large-group regression." The populace is made to become docile followers in these ways:

1. Population is encouraged/induced to "rally around the leader" in huge staged public events creating public spectacle and implying solidarity.
2. Individuality is discouraged. We are "all one people." "we are all one." I (the leader) am carrying out "the will of the people."
3. Leaders induce severe "splitting" i.e. creation of an "us" vs "them."
4. Introduction of massive public paranoia via propaganda and lies ("--- wants to nuke us")
5. Creation of shared national public narcissistic preoccupations/fantasies ("we are the cradle of civilization" while "they are primitive barbarians")
6. Magical thinking (our people can call upon the spirits of Neitsche and Wagner to guide us")
7. Inducement of public inability to mourn ("it is impossible for us to fail for we are Allah's own")("no fear")("God/ Allah will protect us")(God sanctions our aggression)
8. Reactivation/recreation in public mind of "chosen glories" from the past (Saddam Hussein continually compared himself to Saladin, who defeated the Crusaders and drove them from Islam)
9. Reactivation of chosen traumas to create a mass public "revenge" revenge motivation ("they have shamed and dishonored us) (we get no "respect")
10. Dehumanization: Nazi Germans referred to Jews Catholics and Gypsies as "animals" made lampshades from their skins, American journalists in Islam have their throats slit like sacrificial goats)
11. Border psychology/manipulation to make shared geographic borders like the one between Iraq and Iran or between Israel and Lebanon seem like public "skin" (he touched me he touched me I must retaliate)
12. Narcissism amplified to make minor differences a big deal and a defining issue for "friend "ally" "enemy" (tribal nonsense between Shi'ites and Sunni's)
13. The destruction/ruin of public trust (in both Nazi Germany and in Islam children are encourage to spy on and rat on their parents, the state then achieving more loyalty than the family)
14. Heightened importance of the leader's personality (the "cult of personality" evident in the lives and careers of Khomein, Chavez, Ahmadinejad, Saddam Hussein, Hitler, Mussolini etc etc etc)

That's just a small taste. There is much more. Explained: how groups of brainwashed sociopaths are induced to suicide-fly passenger jets into public buildings, how peaceful rural beer-drinking goofy-music-loving Germans are induced to burn Jews Catholics and Gypsies in ovens. This is highly recommended reading.

## TRADITIONAL INVESTMENT SKILLS *WHEN A STOCK you own IS BEING GAMED*

The SEC denies it and won't touch the issue. ISPs (Internet Service Providers) deny it. Wall Street denies it. Institutional investment managers deny it. Hedge fund managers won't talk or deny it. But envelopes full of cash change hands, and payrolls are met to pay journalists and professional stock bashers to trash stocks in print and in

Online articles and to pay stock “bashers” to post negative lies and false information and spread investment terror on stock message boards.

These are people with fake screen names and who change screen names every few days, and who constantly post negative trash to drive small investors to sell out of fear, and ruin the reputation of companies and drive share prices down so that the folks who pay them can short, ride the fall down, and pick up shares cheap at the bottom.

Corning has been being gamed for nearly a year. Shares fell from \$29.64 to \$18, shares are at around \$22. The world will demand some two billion square feet of LCD flat glass next year. Verizon and AT&T will, according to press releases, spend a combined \$24 billion during the next 12 to 18 months to lay new fiber cable, almost all of which will be Corning product.

Corning shares should be \$40. They're not because huge numbers of shares are being shorted by pros.

*The result of all this manipulation: (a) various hedge funds made huge amounts of money shorting Corning, and (b) now more than 79% of Corning shares are owned by big institutional investors and (c) most small investors have thrown in the towel, disheartened, selling at the bottom to cut losses, and limiting their enormous big potential future gains as this company and its shares soar in 08 and 09.*

Who will make money on Corning? Big institutional investors with patience, mutual fund managers (who will then charge a fee to mutual fund owners, who will get only a tiny piece of these profits because they own mutual funds), hedge fund managers who made a killing shorting the shares down from \$29 even though they had to pay to get the job done, and the few savvy private investors who have the guts to buy GLW shares in the range of \$2 to \$10, are still buying shares at \$20, and have the and patience to stick it out into 08.

This happens all the time. It happens constantly since the rise of big hedge funds, which the SEC refuses to regulate and which can manipulate the market by selling huge positions, creating turbulence, or taking huge short positions and buying bashers and basher journalists to sway public opinion. Gaming usually happens to companies whose stocks are (a) very high profile/ highly visible (b) companies that rule an analysts' “sector” (c) companies which pose a threat to the general order of things because of new and revolutionary products: companies like Nvidia (NVDA) or Apple (AAPL) (d) companies which are on a high (recently, for example, Harley-Davidson) and which hedge fund managers see as an easy and cost-effective target to trash and short.

Money changes hands. Stock bashers are hired. Whole roomsful of them in wired sweatshops, often in New Jersey or Delaware, paid by the hour, paid more than minimum wage but less than a white collar job. Journalists are bought, essentially told not what to write but who to trash. It's a relatively cheap expense, it is done in cash, and the deniability level consequently is very high. The process can go on for weeks, or months.

The object is to build negative reputation, to instill fear of loss, to create a bad public image, to create via business articles and negative stock message board posts (by the dozens, by the hundreds) the sense that the company is in the toilet, is about to collapse, is threatened by new and more advanced products from other companies, to create a panic, and to terrify small investors into selling. A stock is “downgraded” or an article published speculating that a company is “in trouble.” *There are both analysts and journalists who specialize in this scam. Whose services are for sale, in cash.*

This does not mean that *all* “downgrades” from investment houses are scams purchased by gamers rather than the end result of careful study and projections of the future. *But some ARE. And the fact that they are, and that markets are being manipulated in this manner is a huge problem and a black mark on the entire system.*

The net effect is: small investors believe these posts and trash horror-story articles they read, stories which are meant to frighten them into selling, often at a loss. In the process developing a fierce mistrust of the market as a whole, while these jaded corrupt monsters gain more control.

People who perpetrate this game gain from it two ways: they make money shorting, as stock share price crashes, then they buy at the very bottom, while small investor suckers have sold on the way down, lost money, and have vowed to stay out of the market or never again to invest in anything “risky.”

For the record we oppose stock shorting, we have spoken out against it for years, and we believe it should be illegal because it is elitist and not egalitarian: no everyone is in a position to be able to short stocks. For that reason alone it should be illegal.

Stock gaming is a form of bullying. A game of chicken. The game of Biff vs George McFly. But a small investor, down a few thousand, is easy to frighten, and often will sell at a loss to ease the fear. If enough small investors take the bait, it can start an avalanche which gives gamers exactly what they want.

What to do about it if a stock you’re invested in is being gamed:

- Ride it out if it happens. A stock that is being gamed means someone very powerful thinks the stock has value but wants in cheap or believes that a panic can be induced which will create a huge profit through shorting and riding the short down. Don’t fall prey to manipulation and don’t allow yourself to be gamed as well as a stock you might own. When it’s over, the shares will rise again and the criminals will move on to another target company.
- Stay completely out of “popular” “highly visible” “high profile” American stocks shares. NYX shares are, we think worth around 175. But 16% of the entire float is currently shorted, and articles are being “placed” (ie someone’s paying to have them published or posted) questioning the future of the company. No one’s doing this with BVN or SQM or RIO.
- Stick with very safe big-cap American companies like GE, PepsiCo, FedEx, UPS, Lowes, IBM, and never listen to wizards like us with our Strong Buy lists that include companies like NVDA or AUY or NUAN. Just kidding. But REALLY: try to take SMALL positions in “speculative” companies and buy more shares as the stock appreciates, “riding up.”
- Invest in foreign companies, firms based Europe or in places like Brazil, which are less visible and *rarely* gamed by hedge fund managers. No one is going to game Rio Tinto, Deutschebank, Siemens, Nestle, Novartis, Vivendi, etc.
- Don’t expect anyone in a position of authority to stop it. They won’t. The SEC won’t. Jim Cramer won’t. Your broker or your online broker won’t. Why? Because there is too much money to be made. It’s totally criminal, it’s a process handled in cash, so there is never a paper trail, and everybody involved in stock gaming will deny it. At least a part of the American financial community is a criminal information society. There is no valid law but the law of the jungle: what price is to be paid to get something accomplished and what benefit- how much money- can be gained by pulling it off.
- Don’t be a day trader. This is NOT the 1990s. These people will chew you up and spit you out.
- Don’t keep all your investment dollars in “high-profile” American stocks. Companies that everyone is watching are the companies easiest-and most profitable- to game.
- Don’t be drawn in to the ‘fear’ game or back down. Few people (other than you- and us) pay any attention to these stock-trashing articles and posts.

- Stay away from stock ‘message boards’ boards: Yahoo Financial is the worst offender but there are others. To read financial news Online about your stocks go to Google Finance or *London Financial Times Online* (Ftdotcom) or Hoover’s.
- Maintain a long-term perspective. NVDA has a four-year product lead on everyone else in the microprocessor business, including Intel. A very bright person once told us: The rich are not smarter than you are, they simply have more staying power. That means they’re patient and are willing to wait for big gains.

A stock that has been gamed for three months: NVDA. A stock now being gamed: NYX: 16% of shares are shorted. A stock that may soon be gamed: Harley-Davidson (HOG). The world is not going to stop buying Harley-Davidson motorcycles. Expect Harley shares to fall to 60, even 55, then rise to 82, and split 2:1 yet again (but after these big players get in at 55). Harley will still be here in another 400 years. The gamers won’t be. NYX shares, now being gamed, may fall to 80 or even 70 before rising dramatically, after being shorted down by pros while small investors are terrorized. Meanwhile NYX is one of the most important new companies of the new century, and any price below \$90 is a steal.

A stock that is very likely to be gamed in the near future and an exception that proves the rule: BuenaVentura Mines (BVN)

The entire new American ethanol fuel industry is currently being gamed by big oil, which is “placing” articles everywhere in mainstream news and business weeklies and paying talking heads (see *US NEWS* Feb 12) to destroy public confidence in ethanol as an alternative to petroleum.

Everyone- *everyone*- denies that stock gaming exists. They are lying.

## WE ARE WATCHING

-Altria (MO) may spin off the 89% of Kraft Foods that it owns, and return to being a “pure” tobacco business. This is a huge mistake: A now-Democratic congress wants a giant class-action tobacco suit win that would steal tens of billions from MO. Supreme Court just threw one out, but shark attys want a \$\$100 billion class-action lotto payoff. Humans have been smoking for tens of thousands of years...but today only about 24% of Americans smoke. Smoking is finished in USA. Meanwhile, Kraft Foods, the #2 food biz after Nestle is a briar-patch mess, needs a rebuild and new management

-Daimler Chrysler (DCX) will likely sell Jeep (Chrysler), an admission that a merger of Mercedes and Jeep was a stupid idea and that Germany doesn’t understand Jeep. GM may buy Jeep. We hope so. We own DCX shares: which shares to we go with: GM/Jeep? Or Mercedes Benz? Or both?

- Ethanol is \$2.02 a gallon, gasoline is \$3. Ethanol, regionally produced and sold, will soon fall to around \$1.55, undercutting gasoline by half. American Big Oil now knows now that the ethanol/ E-85 fuel industry is a threat, and is spending \$\$\$\$\$\$ to ruin this fledgling populist industry both financially and in the public opinion arena (see Feb 12 *US News* cover story “Overselling Ethanol” and *Forbes* Feb 26<sup>th</sup> attack “Ecomania; Here Come the Green Energy Hucksters” and a dozen others). Who wants ethanol: the deep agrarian populist Midwest, which sees ethanol fuel as a way to regain wealth, regional stature, and independence.

Can big oil ruin this new business? Big money crushed the New Economy 8 years ago in exactly the same manner.

Where alternative fuel is headed: ethanol from corn and wheat, ethanol from genetically-modified sugar cane, and biomass-to-liquid (BTL) diesel, which can be made from things like corn stalks and scrap wood chips. Under attack: Archer Daniels Midland (ADM) which controls 24% of ethanol market.

-We're watching ALL the "exchange" stocks: NYSE Group (NYX), Nymex Holdings (NMX) ISE :London Stock Exchange (ICAP, IAP.L) NASDAQ (NDAQ) etc, some of which are being gamed by hedge fund managers. 16% of NYX shares are shorted. Chicago Mercantile Exchange (CME) which purchased Chicago Board of Trade (CBOT) is king of commodity markets, has EPS of \$11.32 and has only 35 million shares out, but also has a P/E of 50. We're watching Fortress, IPO of the first publicly-traded hedge fund.

-And Chile Fund Inc (CH), LAN Airlines (LFL), and Telecom Argentina (TEO).

- And tiny Acell Inc, a Maryland -based bioscience company, still private, and working with tissue-regeneration/regrowth techniques.

## THE STRONG BUY LISTS

Notes: Welcome to the New Luddite Economy. The Nasdaq 100, at \$43, is where it was ten years ago. We have a robust American equities market that is less dependent upon consumer and information technologies than at any time during the past 40 years. The Dow and the S&P reflect an American economy that is much the way it was in around 1959, when people like Jimmy Hoffa, John L Lewis and Eisenhower were alive and when US Steel and GM ruled.

This roaring equities market does NOT mean that ordinary Americans are well off. Most, both blue collar and white collar (now "dirty collar"), mired in the triangulation of falling home prices, credit card debt, and stagnant wages and salaries, are in dire financial trouble. There is no one to get them out of it because our govt is controlled by the richest 1% of Americans.

This means these two things:

(a) US business and industry, mostly invested in tangible assets, capital goods, and cash that won't be spent overseas, are in good shape whether the dollar crashes or not. Gold can go to \$875 and GE shares, Alcoa shares, Titanium Metals shares, Greif shares, will continue to rise in value.

(b) astute investors- *Market Witch* readers especially- will have a good year.

There *are* a very few tech companies worth buying into. Remember that although for "analysts" there are "sectors," for *investors* there are only individual companies that are the best in the world at what they do. Let's buy NVDA, and Veri-Chip, but let's not forget that all those metals and commodities still are undervalued dramatically. \$850-900 gold is coming, sooner than most suspect. We are about experience a new leg of the bull market in metals and commodities. It'll start in about eight weeks.

-Southern Peru Copper (PCU) the #4 stock in *Fortune* magazine's 100 Fastest-Growing companies. 2:1 split in October 06, shares now at \$70. P/E of 8. 3Q earnings \$521.6 million, up 41%, annual dividend of \$5.50.

-iShares Comex Gold Trust (IAU) American exchange-traded gold fund (ETF)

-StreetTracks Gold Trust (GLD) American exchange-traded gold fund (ETF)

-iShares Silver Trust (SLV) exchange traded silver fund (ETF) see also small-cap Pan American Silver (PAAS)

-iShares MSCI Brazil Index (EWZ) an exchange-traded fund of key Brazilian shares. Down slightly now but won't be in 3 months

-iShares Goldman Sachs Natural Resources Fund (IGE) an exchange-traded fund of natural resources including energy lumber timber metals and minerals

-Imperial Sugar (IPSU) small-cap founded in 1843, based in Sugar Land, Texas. The saying is that the world runs on oil. But it REALLY runs on SUGAR: shares were 25 in December now are 33. The next big-deal commodity is water. Sugar is price-subsidized in the US and more expensive than it is elsewhere. Small dividend, near-zero debt.

-Allegheny Technologies (ATI) finished specialty metals and alloys: nickel, titanium, etc. Huge new engine parts contract with GE

-Universal Stainless and Alloy Products Inc (USAP) tiny specialty alloys of steel for aerospace and power industries: \$323 million market cap, 6.48 million shares out, near-zero debt, EPS \$3.12, P/E 14

-Carpenter Technology (CRS) Exotic metals alloys and ceramics. \$3 billion market cap, P/E 13.8, EPS \$8.65, 25.62 million shares out, near-zero debt, superb management, expensive but going much higher

-Energy Metals Inc (EMU)(Speculative) Canadian-based. Uranium mining, USA. Shares at \$11 are likely strongly undervalued

-Vivendi (EPA:VIV) back to Europe once more, specifically to France. Vivendi is Europe's primo media/entertainment company and is becoming America's too. Diversified into Euro telecom, wireless, music production recording and publishing, TV and motion picture production and distribution and pay TV (VIV owns the #1 pay TV company in France), Vivendi also owns Vivendi Games, which of course invents manufactures and markets video games. Vivendi Games owns Blizzard Entertainment, a game development studio that created *World of Warcraft* two years ago. *World of Warcraft* is so addictive that *South Park* devoted an episode to it and so popular that eight million Americans play it and pay \$15 a month to do so. *World of Warcraft* is hugely popular in other countries: Denmark Germany Sweden Australia the UK etc. A new version was released. Vivendi, at \$31, is seriously undervalued

-Xerox (XRX) is through the worst, finally back up where it belongs: on our STRONG BUY list. P/E 15, \$17 billion market cap, total debt \$1.09 billion. One of America's truly great CEO's, Anne Mulcahy. Shares are \$18. Xerox is worried about cash flow for 07 but *the worry is less real than they think*. Watch this break out in two months, and begin to assume its rightful position as one of America's great companies. Shares should go to 28 over 12-14 months

-McDonalds (MCD) *We flat-out hate this company. It's one of the worst things that ever happened to America. The "restaurants" are dirty, the restrooms smell. But, like sugar, the whole world runs on it. MCD has (a) gone transfat free and (b) has recently switched to keeping its American restaurants open all night, which is the equivalent of opening several thousand new stores at no cost except for a slight increase in labor expense.*

*This ploy also brings MCD a large new audience: the disco/jazz/barhopping/salsa/hiphop nightowl/clubbing crowd winding down at 3 in the morning but not yet ready to call it a night. The food? Well, it's not oysters and champagne, is it? But better than most young people have in their refrigerators. And McDonalds stands to make a fortune on their after-midnight foraging for something to eat. 30,000 restaurants in 100 countries, plus Chipotle Grill. Hard to argue with the numbers*

-Paccar (PCAR) makers of Peterbilt® and Kenworth® trucks. P/E 12.4, EPS \$5.96, zero debt

-Triumph Group Inc (TGI) aircraft components and aerospace components. Design, engineering, manufacture, repair, overhaul, distribution. Wings, hydraulics, engine part, etc etc. Based in Pennsylvania. Facilities in France and UK. Near-zero debt. Only 16.39 million shares out. Superb management. Dividend. Being gamed but will overcome it. Going global. Shares at 55 are a wonderful long-term buy

-Compania de Minas Buenaventura SA (BVN) mining, primarily gold, secondarily silver copper molybdenum lead etc, based in Peru. \$3.9 billion market cap. Profit margin 79.3%, fwd P/E of 8, 127.7 million shares outstanding, near-zero debt. Shares worth twice what they sell for now

-Greif (GEF) world leader in industrial packaging. Shares below \$110 are a bargain. Recent new CEO. A boring, necessary, wonderfully-run company that does nothing but make money

-Impala Platinum (IMPUP.PK) (called "Implats") based in South Africa, world's 2<sup>nd</sup> largest platinum producer behind Anglo-Platinum (RPH.F), which is 74% owned by AAUK. Impala is increasing platinum mining yield capacity by a huge factor in company's Zimbabwe holdings. Largest known world reserves of platinum so far discovered are in Zimbabwe and South Africa. Platinum at 1215 is undervalued by \$100s

-General Electric (GE) probably the broadest product mix of ANY American company. Not dependent upon the US consumer economy for revenues. CEO Jeff Immelt is MUCH smarter than his mentor Jack Welch.

-Lyondell Chemical (LYO) specialty chemicals, especially gasoline additives, dividend as large as Altria's, shares appreciating by 5% a month now

-AstraZenica (AZN) London-based pharma/biopharma, maker of "statin" cholesterol lowerer Crestor®. It now appears that Crestor does more than lower bad lipids, and may be soon-proven potent 'healthy heart' enhancer... and AZN may have a \$2-3 billion-a-year product on its hands

-Harley-Davidson (HOG) arguably one of America's "Lucky Thirteen" most formidable companies (they are Corning, GE, Alcoa, IBM, Monsanto, Caterpillar, Lockheed, UTX, Northrop, General Dynamics, Boeing, GM, and Goldman Sachs) Has Harley ever NOT had a record earnings year? Workers are on strike, they should be.

-Corning (GLW) Wall Street has decided that LCD glass has been commoditized, and that with falling LCD screen prices, GLW will fail. Shares at 21-22 are stuck, may be for a year. That said, *GLW has a 70+% market share of LCD glass market, an 88% share of optical cable, a near 100% share of diesel clean-air filters, and holds proprietary patents on its green projection lasers. Only Harley-Davidson has a stronger monopoly. GLW has been chosen by Volkswagen (VLKPF.PK) DaimlerChrysler (DCX) Cummins Engine (CMI) Mercedes (DCX) and others to supply Corning DuraTrap™ clean air filters for company diesel vehicles.* Blowout Q, strong guidance for 07. Fair Value of shares is around \$38.

See also Microvision (MVIS) a tiny (\$132 million market cap) tech company specializing in scanned-beam display and image-capture products, now using Corning's greenlaser technology to offer new full-color display/microprojection products.

See also Syntax-Brilliant (BRLC) a small cap (\$445 million) flat-screen display products producer who is price-warring big name flatscreen brands

See also ChipMOS (IMOS), display driver chips for LCD screens, 69 million shares out, based in Taiwan

-Force Protection Industries Inc (FRPT) small-cap (\$600 million) war stock. Builds Buffalo® mine-clearance vehicles and Rapid Response® blast-protected combat vehicles. UTX or GD will probably buy it. The US will be at war with Islam for *at least another ten years*

Carnival (CCL) world's premiere global cruise line, 79 ships, global destinations including far east. See also little brother Royal Caribbean (RCL). These shares appear flat but *trust us for a few months we are rarely wrong*

-Cemex (CX Cement and ready-mix products. Mexico- based. Unless you're a member of the Winchester family and own a piece of privately-held Quikrete®, Cemex is the one. Trees are becoming expensive and rare: the building base of 21<sup>st</sup> century is cement. P/E of 11

-Homex Development (HXM) homebuilder, Mexico. 56 million shares out. Hispanic culture is overpowering Anglo US culture. Mexico, rich from oil and silver profits, is in the construction biz at home. In many ways Mexico's economy is stronger than ours

-Grupo Televisa SA (TV) The media flaship of the world's strongest, most unified culture. Spanish-language television empire, based in Mexico City. \$16 billion market cap, P/E 22, \$1.5 billion in cash, low debt. 24% profit margin. Now completely global.

America Movil (AMX) Mexico-based telecom empire. Largest wireless mobile provider in Central and South America. Founded in 2000, has almost 100 million subscribers, P/E 21

-Public Storage Inc (PSA) you know what this company does if you've ever gotten a divorce. Profit margin 36.3%

-Adobe Systems (ADBE) Adobe Reader® PDF software powers the world's business communication. Adobe Photoshop® software makes digital imagery work. Internet video mainstreams this year: just watch Netflix. Adobe's

Flash® technology software is WHAT MAKES INTERNET VIDEO WORK. \$\$\$\$\$\$\$\$\$, +\$\$\$\$\$\$\$\$

-Allergan (AGN) makers of Botox®. Q earnings were down 2% but articles in a broad range of publications both business and medical indicate Botox® may have medical uses far beyond mere cosmetic anti-wrinkle value. Studies are underway at places like Mayo Clinic. Shares at \$115 are \$30-45 below what they're worth

-Cisco Systems (CSCO) beloved Internet Protocol networking hardware company from the 90s. Cisco is essentially a monopoly, has NO real competition, and superb management. As telecom and Internet Protocol (iP) merge, CSCO becomes more indispensable to more companies.

-Limited Brands (LTD) We are a nation that is 5% rich and 95% scrambling, debt ridden, underemployed, increasingly poorly-educated, and just plain poor- the middle class is shrinking, 1 in 8 Americans lives below the poverty line. LTD plays to the rich. This creates Buzz. There ARE no poor people at a Victoria's Secret® store. And Victoria's Secret is now the 2<sup>nd</sup> strongest American brand name behind Harley-Davidson. LTD is relentlessly and effectively going global. Market researcher NPD group reports that 60% of American households have visited a Bed Bath & Beyond® within the last 12 months

-Tween Brands Inc (TWB) Les Wexner's Limited Brands spinoff markets Tween® products & services, Limited Too® stores and Justice®). 563 Limited Too® stores (for girls 7-14) and 159 Justice® stores (teen clothing), 100 more Justice® stores will be added during 2007, revenues up 19% YOY, 37 million shares out

-Anglo Irish Bank Corp (CKL.IR) (AGCPF.PK) Dublin-based. Investment and consumer banking and asset management. 80% of profits from commercial lending. Shares up 20% since November

-DirecTV Group (DTV) western hemisphere's premiere satellite television company. 1500 channels. DTV is the future of television in South America. DTV may get bought by Grupo Televisa

-AT&T (T) bought Bell South for \$67 billion, creating a monopoly phone company like the old days. 70 million local customers and 10 million broadband users. Strong management, solid dividend

-International Business Machines (IBM) Welcome back, IBM. IBM gave up the misguided plan of becoming a "service" company and returned to basics. Microsoft, Sony and Nintendo are battling it out for dominance in video game consoles. But IBM designed and manufactures the microprocessors that power all three. IBM sold \$3.7 billion in chips in 2006. This is a \$145 stock waiting to happen. P/E of 16, EPS \$6.11. No argument from us

-Nestle (NSRGY.PK) world's largest foods company. Chocolate, coffee, baby formula, bottled water, snacks, owns pet food/cereal business Ralston Purina, owns 75% of Alcon (ophthalmic drugs) and 28% of L'Oreal. Purchased Gerber Baby Foods. Purchased Novartis' medical nutrition unit for \$2.5 billion.

-BanColombia (CIB) Colombia is still politically unstable, partly ruled by druglords and pirates. But Colombia is rich. South American countries are starting to "get" the Brazil model: the way to prosperity is thru exploitation of the huge natural resource base, modernization of agriculture, energy independence, and tourism/real estate development. CIB is Colombia's largest consumer bank. 182 million shares out, 27% profit margin

-Yamana Gold (AUY) five gold and copper mines in Brazil plus operations in Argentina, Honduras, Panama and Nicaragua. AUY's Shapata copper mine began production in January. By late 07 AUY will become a goldmine for shareholders

-Klondike Star (KDSM.OB) this *speculative, penny-stock* company owns the mineral rights to nearly 200 square MILES of Yukon land in the heart of the 1896 Klondike gold rush lands between Whitehorse and Dawson. This region has only been exploited by sluice mines (like in *Treasure of the Sierra Madre*) and by guys with pots and pans in rivers. Shares are at 1.75. We may fail here but we don't think so

-Nucor (NUE) #10 on *Fortune's* 100 fastest-growing companies, up from #63 last year. 308 million shares out, tiny debt, a billion dollars in cash. Steel will emerge in 2 more years as THE key industrial/construction metal. P/E 11.3, EPS \$5.68. Shares last split 2:1 in June 06. \$20 billion market cap. WE think Nucor is a buyout/merger candidate, shares worth 80+ in a buyout

-US Steel (X) America's legendary steel co. Even at \$91 a share, USS has a P/E of EIGHT. Look for consolidation/partnership between NUE and USS as pressure from global steel continues. Steel is THE commodity of the coming decade. See also IPSCO (IPS). See also Ryerson (RYI), metal fabrications in US Canada Mexico and India that could benefit from USS management and that X or NUE may likely buy

-Rio Tinto (RTP) Mineral Resources, in the Top Four largest mining companies: gold copper aluminum diamonds coal industrial minerals iron ore. New ore processing technique may make RTP world's largest iron ore source in four years. 2006 full-year profits: \$9 billion on sales of \$25.44 billion, up 43%. Strong upward guidance for 07. 334 million shares out, P/E of NINE, profit margin 33%. New CEO is mining veteran Tom Albanese. RTP reportedly in talks to buy South Africa's Harmony Gold, 5<sup>th</sup> largest gold producer, and also Alcoa. *RTP appears to be fully valued but ISNT: \$280 unless RTP splits the stock*

-Cameco (CCJ) key Canadian-based uranium miners, CCJ reportedly brings to market more than 1/3 of the world's uranium. Also becoming a force in gold mining. Both BHP Billiton (world's largest mining company) and Rio Tinto (RTP) are moving more deeply into the yellowcake business but Cameco owns the market for another 4 years. Has been downgraded, may be being gamed. Shares off their high, at 36 are a steal, uranium went up another ten bucks a pound a week ago. See also tiny Uranium Resources (URRE) and Energy Metals (EMU) which mine uranium inside the US

-Companhia Vale do Rio Doce (RIO) ("CVRD") copper, gold, iron, aluminum, plus world's largest source of high-grade iron ore. RIO is another of the world's top four biggest mining company and the world's #1 supplier to the global steel industry. Bought INCO, world's largest source of nickel. The purchase puts Brazil on the path toward becoming an economic superpower and will add dramatically to RIO's revenues. Appears to be fully-valued but nowhere near it.

-Banco Bradesco (BBD) Brazil's #1 consumer bank, becoming an investment bank as well. 2921 branches in Brazil operations in Tokyo NYC Bahamas China Luxembourg. Bought smaller Brazilian bank Banco BMC for \$375 million. Last 2:1 stock split Dec 05

-Banco Itau (ITU) Brazil' #2 bank, commercial banking and insurance, consumer banking less so. 2307 branches in

Brazil. Just bought Bank of America's units in Chile and Uruguay. Last 2:1 split Oct 05

-Mittal Steel (MT) now called "Arcelor Mittal" or "Mittal Arcelor" depending on where you live. Based in Rotterdam, run by father/son business team. By far the world's largest steelmaker. Building enormous new \$4.5 billion production facilities in Brazil. \$1.44 Mexican steel acquisition. Hunting for additional acquisitions. Shares should go to \$70

-Textron (TXT) technology conglom, and a key "war stock" (Bell® Helicopter, Cessna, Hovercraft® etc etc. new Navy contract in partnership with Northrop (NOC) and Boeing (BA)

-Oshkosh Truck (OSK) "war stock" (also peace) builds heavy tactical military vehicles, rough terrain response vehicles, bombsquad vehicles, plus fire engines ambulances etc. Recently purchased JLG Industries (aerial work platforms etc) for \$3 billion. New US Army contract, FWD P/E of 12

-Nvidia (NVDA) World's only 21<sup>st</sup> century microprocessor co. NVDA rules the 3D Graphics processor (GPU) universe. Had only one competitor, ATI Technologies, now purchased by floundering (and rival of Intel) Advanced Micro Devices (AMD) Now INTC has no recourse but to buy NVDA or partner with it. NVDA took a major stake in electromagnetic simulation technology co Acceleware, so is close to building its own proprietary CPU (Central Processing Unit; that's what Intel makes) than Intel is to building an NVDA style GPU. *But NVDA is working on a 'fusion' chip something with the attributes of both a GPU and a Pentium®.* ALSO in a "bundled" chip that has both NVDA & INTC components. Q profits up 68% on record earnings of \$879 million

-PepsiCo (PEP) Frito-Lay, Pepsi, Quaker Foods, Tropicana, Aquafina, Doritos hundreds of others. World's ultimate snack food co. Profit margin 16+%, \$100+ billion market cap, near zero debt, CEO is a woman. *40+% of Pepsi's profits now come from outside US borders*

-United Parcel Service (UPS) Freight delivery. America's answer to the US Postal Service. UPS now is the world's largest airfreight line. Just ordered 22 new airfreighters from BA. \$79 billion market cap, near-zero debt, P/E 19, EPS nearly \$4, superb management. Shares will go to \$100

-FedEx (FDX) Kinko's® has complete control of small business services. FDX has complete control of the business delivery market worldwide. 307 million shares out, P/E 19, near-zero debt, EPS \$6.36, last split may 99, shares will go to \$150

-Archer Daniels Midland (ADM) Agricultural commodities. P/E 14.6. \$23 billion market cap, debt \$5.8 billion. CEO is a very bright woman AND is former head of refining at Chevron. Company used to be hidebound, now is not. 24% of ethanol market. The power behind E-85. Made a billion-dollar investment in corn ethanol production. ADM earned \$1.3 billion last year on sales of \$36.6 billion. In 2007, ethanol may bring 40% of ADM's earnings. *BIG OIL HAS DECLARED WAR ON ETHANOL, IS ATTEMPTING TO DESTROY THE TINY NEW ETHANOL INDUSTRY. ADM IS AT RISK but .ETHANOL CAN'T BE STOPPED.*

-Monsanto (MON) Seeds and genomics. Genetic engineering, agricultural science. The world's premiere agricultural agri-biotechnology company. One of THE most 21<sup>st</sup> century of all American companies. \$30 billion market cap, \$2 billion in cash, 10% profit margin, almost no debt. If anyone can keep humanity from starving to death this century

it's Monsanto. 2:1 split July 31<sup>st</sup> of 06.

-Alcan (AL) \$20 billion market cap, almost no debt, P/E of 11.5, EPS nearly 5 bucks, 4Q earnings of \$1.13/share on revenues of \$6.22 billion, up 23%, aluminum is one of the most dramatically undervalued of all commodity metals. May remain independent, may be purchased by one of Big Four mining co's. See also Alcoa (AA) \$30 billion market cap, \$7 billion in debt, \$500 million in cash, P/E 13.5, new R&D project in Russia means Alcoa will eventually partnering to mine Siberia. Our choice is Alcan

-Ceradyne (CRDN) Industrial and defense ceramics. Military armor, dozens of industrial ceramics products. Ceradyne HAS no real competitors for what it does. \$1.57 billion market cap. \$121 million in debt, \$175 million in cash. P/E 14.7 profit margin 18%, superb management. Current EPS \$3.97. There are only 27 million shares out, 20% of them are shorted, which means the co is being gamed. Huge mistake, CRDN should do \$1.24 this Q, shares should be \$70

-Burger King (BKC) sorry, health food people, you just can't argue with Burger King's Whopper® cheeseburger. World's best chain hamburger joint. 11,000 restaurants in 63 countries. BKC is dropping transfats from all products. Shares should be 29

-Research in Motion (RIMM) Blackberry® communications system. Blackberry® for a while Your Father's Technology, five yrs ago, has been discovered by a new generation of 20-somethings who are smart and ambitious and *have no other technology to use but Blackberry®*. We told readers shares would go to 110 now they are 141. \$26.3 billion market cap zero debt, loads of cash, terrific management, profit margin 17.4%, may be better to wait for a split, but you'll make money either way

-Lockheed Martin (LMT) zzzzmmmmmmsssszzzwhoooooom !!!!@!!?!@! What was THAT??!! The US will spend \$250-300 billion making the futuristic F-35 the nation's key military defense craft. P/E 17.8 EPS \$5.80, \$43.5 billion market cap, \$4.44 billion in debt, \$2.3 billion in cash. 421 million shares out. Shares at 103, should go to 130. To play aircraft as strongly as possible, buy titanium and aluminum as well

-Anglo-American (AAUK) one of the world's Big Four mining companies: gold platinum diamonds coal iron industrial minerals packaging etc. New CEO Cynthia Carroll is a Harvard alum & former div head of Alcan, and the only woman ever to run a big mining company. Partnership with Russian steelmaker Severstal (CHMF) to explore and exploit wilderness Russia for nickel copper zinc iron ore etc. *AAUK has yielded to investors an average compound return of 16.4% for 22 years. A \$4 billion stock buyback is underway. Shares are undervalued by 2X*

-BHP Billiton (BHP) the "Melbourne half" of BHP Billiton after merger 1996, last of the Big Four largest mining companies on our list, and now the largest. BHP reported first half-year net profit of 6.2 billion, up 41%, and announced a massive \$10 billion share buyback in addition to a \$3 billion buyback announced last year, which will retire 9% of BHP stock over 18 months and boost share price. BHP also has earmarked an additional \$17.5 billion for 29 new mine projects and still has \$\$\$\$ left over for purchases of smaller companies. Both BHP and RTP are looking into buy Alcoa, the loser will probably buy Alcan. BHP also owns a mine that reportedly holds 40% of the world's known uranium deposits. CEO Chip Goodyear, head of BHP for years, will step down in late 07.

-BHP Billiton (BBL) the "London half" of BHP Billiton, shares sell at a 6% discount under "BHP" shares. RBC

Capital Markets estimated that BHP, Rio Tinto, AAUK, and Swiss miner Xstrata (XSRAF.PK) will have a combined cash flow of a *hundred billion dollars over the next 36 months starting from Sept 06*. This places LonMin, Impala Platinum, Alcoa, Alcan, and ALL small gold and platinum operations on the auction block as buyout targets. Swiss Xstrata now owns Canada's former Falconbridge.

-Freeport McMoran Copper & Gold (FCX) copper, gold, and silver, diverse global operations. Now proud owners of first-rate US-based global copper miner Phelps Dodge, the deal has cleared, will close soon. Until PD is integrated any financial data we'd list is irrelevant. But FCX has a 25% profit margin, and metals begin a new leg of bull market in a few weeks

-Titanium Metals (TIE) ("TIMET") 2:1 split May 06. Recent Q profits up 49%, another 2:1 split is on the horizon in 08. See also Haynes (HYNL.PK), aerospace products (and Dupont, (DD) which also markets titanium products)

-RTI International Metals (RTI) titanium products. Strongly undervalued, shares are \$85

-Companhia Siderurgica Nacional (SID) (referred to in the American financial community as "CSN") Brazilian steel, \$10 billion market cap, \$1.43 billion debt, \$1.5 billion cash, profit margin of 23%, huge dividend. Sells basic steel products in Brazil and 71 other countries, also owns mineral mining ops, railroads, and power companies (Brazil gets 95% of its electricity from hydroelectric). SID has its own enormous iron ore reserves, which means total independence and higher profit margins. SID lost its bid for Euro steel giant Corus to India's steel co Tata, which was a huge plus for SID.

-Nuance (NUAN) proprietary voice-activated software technologies. This company has NO competitors. Zero zilch. Nada. \$2.59 market cap, \$353 million in debt, \$130 million in cash, 172 million shares out. Still slightly red numbers will move to profitability this coming Q. We can't imagine Nuance won't get bought. Maybe twenty big tech companies would love to have it. Just bought BeVocal (voice-activated mobile phone software) for \$140 million, moving into mobile apps. Shares are \$15. Do we own shares? Yep

-Union Pacific (UNP) Burlington Northern Santa Fe (BNI) and CSX (CSX): US rail freight is about to undergo a renaissance once more. The Next Big Thing: "green" trains that run on biodiesel. UNP= shares \$104 P/E 17.6, BNI= shares 84 P/E 16.5 CSX= shares \$40 P/E 14.5 best for investors is UNP

-Merrill-Lynch (MER) global financial services, asset management, M&A, insurance, etc. Manages, in Blackrock partnership, a TRILLION dollars in assets. 4Q earning up 68%. Profit margin 23% EPS 7.59 P/E 12. MER shares will be \$120 in late 07

-GoldCorp (GG) one of the world's top five gold mining companies. unhedged gold from mines in Canada Argentina USA Chile Australia and the DR, \$10 billion market cap, 31% profit margin, owns 62% of Silver Wheaton, also purchased Glamis Gold. Monthly dividend, superb management. Sold Amapari mine in Brazil to GPJ Ventures

-Randgold Resources Ltd (GOLD) South Africa-based, gold operations in Ghana Tanzania Senegal and Ivory Coast, huge joint-venture mining project in Mali w/ Anglo-Gold (AU)

-Barrick Gold (ABX) Toronto-based, mining operations worldwide. Following purchase of Placer Dome, ABX is currently the world's largest gold producer. 29% profit margin, \$1.5 billion in cash and almost no debt, ABX stands to gain continually from world circumstances for years to come

-Petroleo Brasileiro (PBR)("Petrobras") safe Western Hemisphere oil in the world's best economy. \$103 billion market cap, \$11.3 billion in cash, 20% profit margin, EPS \$12.37, P/E of SEVEN, div \$2.37, planning production growth of 7-8% over next five years

-GFI Group (GFIG)("Go Figure") small specialty financial house, commercial debt insurance, financial services, derivatives, has bought Amerex Energy Assets. \$1.91 billion market cap, a tiny small-cap version of GS or LEH. GFIG principals are fiercely ambitious and very very smart. Shares moving steadily upward, company likely will be bought

-SPDR Metals and Mining (XME) SME is a "SPIDER" exchange-traded fund (ETF): "basket" fund of a broad cross-section of the kind of "resources" stocks we know are the most important foundation of the new century. Your ETF profits are taxed at a higher rate than your other stock profits, but we think this one will appreciate so much in 07 that it'll be worth it

-Linhas Aereas Inteligentes SA (GOL) (no-frills Brazilian airline/airfreight company founded in 2001 based in Sao Paulo; 440 daily flights to 49 South American destinations, paying dividends, undervalued as frontier South America begins to wake up and prosper. Opening new routes into Chile. Shares are 30 should be 40

-Goldman Sachs (GS) (America's most elite and most successful M&A/investment banking house, owns *Village Voice*, owns \$1.5 billion worth of rental property in Berlin, etc etc, annual earnings \$16++ a share, P/E of 9, recent Q profits nearly doubled. Another "Americana" company that now belongs to the world. We began pushing GS at \$100, shares at 221 still undervalued

-Bear Stearns (BSC) investment banking and brokering, M&A, shares were 150 in November now are 170 and rising, \$194 billion debt, \$242 billion in cash, 5+% of shares shorted suggests Bear Stearns may get gamed

Lehman Bros Holdings (LEH) elite investment and commercial banking house also owns America's largest coal mines, 4Q profits up 22%, our favorite of the three, shares at 83 are headed for 110

-Sociedad Quemica de Chile (SQM) (Chemicals and Mining Co of Chile) mining/ industrial/ agribiz: chemicals metals and minerals. Largest supplier of lithium. P/E of 8.75, EPS \$16.23, big fat dividend

-Porsche (PSEPF.PK) worlds best production car. We began tracking Porsche shares at \$800, shares now 1330 headed for 1500. Intrigue: Porsche now owns 27% of VW shares. Ferdinand Piech, controlling shareholder of Porsche, is Chairman of Board of VW, which is Europe's largest carmaker.

-Nikon NINOY.PK) we began tracking Nikon at \$100, now 223, seems to be fully-valued but *isn't*. World's best cameras plus much broader base of technology products. Forecasting global double-digit growth in compact digicams.

-Las Vegas Sands (LVS) gaming, resorts & casinos, Las Vegas and Macau. P/E of 75 seems insane but LVS forecasts Macau revenues will double by 2010. Probably weakest of the Big Four gaming companies (Wynn Las Vegas Sands Harrahs and MGM) but stands to gain enormously in Macau

-Wynn Resorts (WYNN) gaming resorts and casinos, Las Vegas and Macao. This one is our favorite and has the most to gain. Tremendous oncoming presence in Macao, profit margin 59.25%

-MGM (MGM) the broadest-based public gaming company in America. Shares were \$45 in November now are 71 and undervalued

## HIGHEST DIVIDENDS

### Data from *FT*, Google Financial, Yahoo Financial, and Hoover's

- Companhia Siderurgicas (SID)(Brazil, steel) div \$3.64 yield 9.50%
- Frontline (FRO)(Bermuda, tankers & at-sea shipping) div \$10.00 yield 29.20%
- Reynolds American (RAI) (USA, tobacco) div \$4.10 yield 4.70%
- Fording Canadian Coal (FDG)(Canada, minerals) dividend \$3.27 yield 14.2%
- Southern Peru Copper (PCU)(USA, metals) div \$6.80 yield 10.0%
- Ship Finance Ltd (SFL)(Bermuda, tankers & ocean freight) div \$2.00 yield 8.20%
- American Capital Strategies (ACAS) div \$3.52 yield 7.30%
- Realty Income (O)(USA, REIT) div \$1.52 yield 5.10%
- Alaska Communications Systems Group (ALSK) (Alaska, wilderness telecom) div 86 cents yield 5.10%
- Altria (MO) div \$3.44 yield 4.00%

## FULL DISCLOSURE

We currently hold shares of Rio Tinto, Rio Vale (CVRD), Southern Peru Copper, CSN (SID), Anglo-American, Anglo-Gold Ashanti, GoldCorp, IAU, Buenaventura Mines, Aber Diamonds, Yamana Gold, BHP Billiton, Titanium Metals, Mittal Steel, Banco Bradesco, Klondike Star Minerals, Corning, NYSE Group, Nvidia, Greif, Daimler-Chrysler, Home Depot, Krispy Kreme, Johnson & Johnson, Merrill Lynch, Dupont, Altria, FedEx, Nuance, Force Protection, Applied Digital Solutions, Monsanto, and Goldman Sachs Resources (ETF) Fund IGE. Our largest positions in descending order are Corning, Merrill Lynch, Rio Tinto, AAUK, Nvidia, PCU, Yamana Gold, and TIE. We will probably sell Home Depot and buy Lowes. We will probably sell Altria following the next dividend payout and buy steel, aluminum, exotic metals products companies.

Best Wishes from  
Chip Elliott, Bart MacLean, E,  
And the *MW* group

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