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

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TEQUILA MAKES HER CLOTHES FALL OFF: (© JOE NICHOLS)

Life in America's Center of Gravity

Sand, Water, and the Future of Asia

The *MW* Strong Buy Lists

In the exact center of America lies a circle 1000 miles in circumference bounded by Oklahoma City, Wichita, Kansas City, Joplin Missouri, and Tulsa. It is America's spiritual as well as its geographic center. Here's what people who live in that circle think about things now.

Some facts about life inside America's Center of Gravity: inside the circle are The Will Rogers Turnpike, the Muskogee River, some of the best and most competent and most successful oil men who have ever lived, the birthplaces of Woody Guthrie Harry Truman Will Rogers Barak Obama's mother and Sheryl Crow, a portion of the Cimarron Trail, the site of a very recent Rolling Stones concert (Wichita) where 100 tons of steel was used to build a stage in four days, a part of the Chisholm Trail, at least one pretty good ballet company, the hometown of the new Miss America 2006 Jennifer Berry(Jenks High School, Tulsa) much of the foundation and inspiration of the country music industry, Bobblehead LLC, the maker of America's Bobbleheads, a handful of good colleges and universities, a number of educators who are not politically-correct, a part of the Santa Fe Trail, some great PTAs, the birthplace of Philips 66 Oil (now Conoco Phillips, COP, recent acquisition of Burlington Resources for \$35 billion) quite a few homeless people, and a whole lot of hard-working, rough and tumble people. It is still possible to buy 45-cent coffee. The Winchester Drive-In Theater in Oklahoma City, the last drive-in movie in Oklahoma, is thriving and so is the Admiral Twin Drive-In theater in Tulsa. These are musical and poetic and passionate

people with genes from Scotland Ireland and Wales England mixed up with genes from African Americans and Native-Americans. A hunting license is a MUCH more important document here than a passport. In a part of the nation that owns, understands, and values guns, the Assistant Superintendent of Schools of Joplin Missouri, on a visit to Joplin Memorial Middle School, coolly and calmly backed down a troubled 7th grader who had brought a Mac-90 (a replica of an AK-47) to school and had reportedly planned mayhem, and no one was hurt. Missouri has a motorcycle helmet law; in Oklahoma and Kansas you can ride a motorcycle with no helmet if you are older than seventeen. Just outside the Center of Gravity circle is Branson Missouri, a country music/ theater/Americana/ entertainment capital for this “other” America or this “true” America, depending upon whether you live on either coast and make fun of it or live in the nation’s Center of Gravity and make fun of “Cals” and “Easterners.” Meanwhile, it is 1500 miles to San Francisco, and it is 1500 miles to Cape Fear.

We became interested in this area (yet again) because, this time, we are concerned with the issue of whether the USA can survive as a country. We think the US is in decline as a country. We’ve said this for two years. And more importantly, now, that it may fall in the not too distant future. The world will carry on without the US, but the world will not be the same. After two weeks of these conversations and interviews in America’s Center of Gravity, we’re still not sure yet if the US will survive.

Some quick relevant data from USA’s Center of Gravity:

Populations:

Oklahoma City 531,000 (three Victoria’s Secret® stores)

Topeka 122,000 (two Victoria’s Secret® stores)

Kansas City 445,000

Joplin 45,000

Tulsa 390,000

Populations:

All of Oklahoma 3,450,000

All of Kansas 2,700,000

All of Missouri 5,595,000

Or a total of 11.7 or so million people, plus a few million more who live outside the cities, in a three-state area almost the size of France. For scale, there are about as many Americans in the three-state area as there are illegal aliens in the United States. Our Center of Gravity circle is about the size of Ireland, a thousand miles in circumference, and contains a population somewhat less than half the size of New York City. Outside the cities there is: wilderness, farms, and lots of wild animals. People in California and the Northeast will tell you this region is flat. It isn’t. It also is terrifyingly wild: you can leave your car walk a half a mile into the countryside and get seriously dangerously lost. The people are no fools. And they value their freedom.

A central issue is health care. It’s not just that many people have no health insurance. There are no doctors. Much of the health care that is administered at all is done in emergency rooms. It is difficult to find any sort of specialist except in the area’s big cities. Any number of cities and towns are trying to get ANY doctor they can to move there and open a practice. Of the few who do, most are foreign medical school graduates or foreign graduates of American medical schools who can’t compete in the cities and move to small rural places, opening up an entirely different cultural can of worms: there are very few people in America’s Center of Gravity named Gupta Ali or Nazrallah.

For scale: Oklahoma City has three Victoria's Secret® stores, Topeka two, Kansas City three, Joplin one, and Tulsa two. An enormously popular hit song in the area is a country music song called "Tequila Makes Her Clothes Fall Off" by country singer Joe Nichols. Nichols was born in Rogers, Arkansas in 1976. Rogers has a population of 39,000 (about 50,000 in the summer) and is just outside our Center of Gravity circle, about 80 miles from Joplin Missouri and about 125 miles from Tulsa Oklahoma. We can't publish the lyrics (copyright issues) but we suggest you go to Google, type in the song title find a download and listen. Better still, buy it and listen to it while you read this.

There is absolutely no way to quantify what Center of Gravity residents have told us. We're just going to tell you what these freedom-loving people have said, along with some of the questions we asked.

Biggest City you've ever been to?

- Dallas
- Houston
- Miami
- Dublin (Ireland)
- St Louis
- Shanghai
- London
- Disney World

Go to Starbucks®?

- Do I look like I can afford \$3 coffee?
- Do I look stupid enough to pay \$3 for a cup of coffee?
- If there were a Starbucks® here they'd starve to death
- yes (stripper, Wichita)
- no (stripper, Wichita)
- Yes (real estate agent)
- Sure, if you're paying (car dealer)
- Starbucks is, like, 'hey wussie-boy, do you pee sitting down?' (stripper, Wichita)
- Folks I know drive by a Starbucks and laugh. You know that t-shirt that says Die, Yuppie Scum? That's Starbucks
- Can of coffee, gallon of gas, sixpack of cheap beer, or a Starbucks. Pick one. Duh

Do you Vote?

- Yes
- Yes
- Yes
- Yes
- Got to have a home address I don't have one.
- Yes
- If I remember
- Yes
- Not allowed to (felon)

-Show me someone worth voting for, I'll vote for it
-Doesn't matter the government's got nothing to do with us
-Yes

Read Thomas Friedman?

-Thomas Friedman?
-Thomas who?
-Nope
-Friedman?
-Who?

Ever been to New York?

-no
-no
-no, but I go to Branson two or three times a year
-no, I'd never go there.
-what for?
-anything that goes on in San Francisco or LA gets here in two months and gets to New York in two years, then THEY claim it. Anything that goes on here gets to Nashville in three years then THEY claim it
-when New York wants something NEW they look to Tulsa. They oughta call it OLD York.
-no
-I think mosta the people who live in New York would move here if they knew what they were missing; don't tell em
-no
-no I feel sorry for em though.

Read the New York Times?

-no
-no
-no
-the what?
-no
-the New York Times ?? hahahahaha Are you kidding me?
-no one here gives a sh-- about the New York Times
-no
-no
-no
-five dollars for a Sunday New York Times? I bought a dog once for five dollars.

Ever been to Washington DC?

-no
-no
-no
-no but studied it in school

- yes
- yes
- no
- no
- no

Best place to live in the US?

- Missouri
- Missouri
- Branson, Missouri
- Daytona
- Right here
- Oklahoma
- Oklahoma
- Tulsa
- Tulsa
- Tulsa
- Wichita
- Kansas City
- Joplin

“Coolest” American city to live in?

- Tulsa
- Tulsa
- Tulsa
- Wichita
- Branson
- Branson
- Las Vegas
- Las Vegas
- Houston
- Los Angeles
- Missoula
- Tulsa
- Tulsa
- Las Vegas
- Miami
- Tulsa
- Las Vegas
- you could do a lot worse than live in Oklahoma City
- it used to be San Francisco, in the hippie days, but its gone now, its full of fairies and real estate people. Now it's Tulsa. Our town is where it's at
- you could do a lot worse than living in Topeka
- most of the world stinks compared to where we live. Too many people, too many buildings, not enough to see.

Goin into the fall, Missouri's the most beautiful place in the world.

-Topeka

-Tulsa

-Kansas City's not bad, you could do a LOT worse

Own a cat?

-no

-no

-two horses three cats

-no

-no

-one lives here but he earns his keep

-no

-no

-no

-five or six of em live on the property but they feed themselves

Own a dog?

-yes

-yes

-four horses two dogs two cats

-yes

-yes

-yes

-no

-own six dogs

-yes

-own four dogs

-yes

editor's note: in this part of the world, dogs work for a living

America's best product?

-the Ford F-350 four-door truck

-the Ford F-150

-the Ithaca shotgun

-the chocolate Lab (Labrador retriever)

-the Remington pump shotgun

-the Remington automatic shotgun

-the International Harvester -- (a model of harvesting machinery)

-the Jeep

-Oklahoma Sooners (University of Oklahoma football team)

-the Freightliner (this is a brand of Semi-truck)

-Jif (peanut butter)

-Missouri Tech (private university, St. Louis; country and western version of MIT)

- the Marlin model 1895G lever action rifle
- the Savage model 99
- the Winchester model 70
- The Chevrolet model 3500 Silverado truck
- Bud Lite
- the Corvette
- the America's best product? It's MEN. It's American MEN. They've got courage and class. Think you'd ever want to go down on an arab? Oh, barf.
- Anything from Cabela's® (wilderness outfitters, based in W.Va, an LL Bean for people who live outside NYC)
- The Chevrolet ZZ1 truck
- Ezra Brooks (bourbon)
- Jack Daniels Black (bourbon)
- ANYthing from Victoria's Secret
- Dollar General g-strings (thongs that look identical to the \$30 ones from Victoria's Secret but cost \$1.50)
- Evan Williams (bourbon)
- Sheryl Crow (born Kennett Missouri)
- the Arctic Cat (an all-terrain vehicle. Arctic Cat, NASDAQ ACAT, is based in Minnesota, Suzuki, ACAT's engine maker, owns about 35% of the company)
- Peter Pan (peanut butter)
- John Deere ---- (a model of tractor)
- the Harley-Davidson FXR (a model of Harley motorcycle)
- the cheeseburger: Big Mac, Whopper, whatever, doesn't matter, the cheeseburger
- the Harley Davidson V-Rod® (a model of Harley motorcycle)
- the Jeep Cherokee
- the Dodge Ram® truck
- Chevrolet Camaro®
- Pizza, any pizza at all
- the two best things that America makes are pizza and Oklahoma women. A girl from my high school is in the running for Miss America. She's gonna win, too

Play Golf?

- no
- no
- hahahahaha wheee-ewwww. Golf? hahahahaha
- no
- yes
- do I what?
- no
- do I play what? Golf? Hahahahaha. Golf! hahahahaha

Play tennis?

- what?
- what?
- what?

-tennis?

Do you smoke?

-no

-no

-no

-yes

-smoke what?

-no

-thirty dollars a carton: you kidding?

Your thoughts on Iraq/ democracy?

-you cant shove anything down anybody's throat. You can *kill* them, if they cause you trouble, but you can't shove our way of life down their throats

-Muslims don't want freedom, they want power. Are we supposed to give them power? Bad idea.

The economy?

-it's not right for a gallon of gasoline to cost more than a hot dog

-my children live on peanut butter and pizza and baked beans and spaghetti. If I had a \$100,000 a year job they would still live on peanut butter and spaghetti and baked beans and pizza. That's what they eat

What about food allergies?

-a child who is allergic to peanut butter will not go far in this world

The economy?

-most of our insurance payments now arrive late. – Everybody believes there's a fifteen-day grace period. We do what we can

-Bush is spending our money on the people of Iraq. He should be spending it on US, it's OUR MONEY.

Americans could CARE LESS what happens to the people of Iraq

-business gave the jobs to India and the Chinese. Ask THEM to fight your wars

-I bought a house in 1998 for \$238,000 I cannot imagine what I was thinking

-I had my driveway redone and it cost as much as MY parents paid for their house

-theres a lot of late credit card payments. Do people understand that it just costs more money if its late?

-I was selling a LOT of new cars in 2002. and 2003. Then I was selling a lot of USED cars in 2004 2005. Now I'm not selling ANY cars

-my job isn't in India. My job just isn't. My job used to be. Now it just isn't.

-if you drive a truck no one can take that away from you

-all this mess started the first time you could buy a Japanese car here

-I make \$1500 a week in a good week.

But you're beautiful and you exploit it. Not everyone can do that. What if you were ugly? Unattractive?

-dancing is a lot more than just being good-looking. You can be ugly- or at least not attractive- and make real money as a dancer. It's all in where your head is at how you present yourself.

You couldn't do it if you weren't pretty.

-you can do it if you have the right attitude. You can do it if you know what to do. A homely chick can do it if her head is in the right place.

If you were homely?

-I'd be in the military. I'd be in the Army. Job training for free

Would you own a Japanese car?

-I DO own a Japanese car

-no

-no

-no

-no

Would you own a Chinese car?

-Chinese don't make cars do they? they make things you can buy in catalogs and at Wal-Mart

Would you buy an Arab car?

-no and I would shoot anyone who did

-no but I might set fire to one

What do you think of women CEOs?

-can she get me a job?

What about air travel? Do you fly?

-the government spends all this money on protecting people who fly. Flying was expensive stupid and dangerous BEFORE the Arabs came along

-the only people who fly are rich or have expense accounts. Do we look like people who have expense accounts?

-sure, I have a pilot's license

-I have a Cessna

-there's no place better than this to go to

-Beech Bonanza®

-they won't let me take a bird dog on a plane. Or a shotgun either. now they wont even let you take water

-Pontiac Trans Am® wanna ride in something that's faster than an airplane?

-the best way to travel is in either an RV or a brand-new pickup truck, a Ford or a Chevy or a GMC or a Dodge Ram. If you can't get there in a new pickup truck it's not worth going to

-if they had let the good ole boys take their big knives on airplanes none of this ---- woulda happened. What you woulda seen was a bunch of dead arabs with a knife in their ribs.

-why would you want to go any where when you can be here?

My kids' music is

-pretty much the same music that I listen to (ie contemporary country)

-country music

-sucks

-rap/hiphop

-awful

-horrible absolutely horrible

-just the same as the music I listened to when I was a kid

Does your child own an Ipod®?

- no
- no
- no
- no
- yes
- yes
- yes
- no
- no
- no

Entertainment? Leisure activities?

- hunting
- hunting
- hunting
- fishing
- fishing
- motorcycle club (both Tulsa and Oklahoma City have chapters of the Bandidos® MC) (Missouri Kansas and Oklahoma all have chapters of a motorcycle club called the Weasels)
- watching TV
- archery (hunting and fishing)
- quilts
- gun collecting
- high school football
- high school football
- local high school football
- high school football
- watching college football on TV
- watching pro football on TV
- archery (hunting)
- knife throwing
- video games
- knife collecting
- hunting
- strip clubs
- golf
- watching World Wrestling on TV
- motorcycles
- gourmet cooking
- noodling (more about this in a moment)
- knitting
- fishing
- gun collecting

- motorcycles
- archery (hunting)
- Harleys
- snakes (hunting)
- drag racing
- hunting
- Jezebel's (a strip club in Wichita)
- hunting and fishing
- bridge
- gar (more about this in a moment)

Notes: Hunting in our Oklahoma/Missouri Kansas Center of Gravity circle includes hunting seasons for deer, black bear, wild hog (boar) wild pig (javelina) mountain lions, wild turkey, bobcat, elk, waterfowl, pheasant and other various kinds of game birds, plus amusements like snakehunting for cottonmouth copperhead and a variety of rattlesnakes and also includes bowhunting shotguns rifles and black-powder 'primitive' weapons. Fishing in the area includes bowhunting for alligator gar, a kind of a prehistoric river fish that looks like a crocodile with no legs; the current record in Oklahoma is 7'8" 185 lbs. There is also a sport called "noodling" which involves going into a river in cutoff jeans and canvas shoes and dragging out huge catfish (20 30 40 lbs) and sometimes snapping turtles, or whatever else is down there, from underwater holes, with your bare hands. Tamer fishing activities involve smallmouth and largemouth bass, and trout. People tell us: "there's a lot more interesting things to do here than fool with the Internet."

What about soccer? Are your children on soccer teams?

- what?
- what?
- Do your children play soccer? Football? Baseball?
- football
- football
- soccer football baseball
- soccer football baseball
- football
- football
- soccer baseball
- soccer baseball
- soccer football
- baseball football

If you could snap your fingers and make anyone in the entire United States just disappear, as if they had never existed, who would it be?

- Bin Laden
- Hanoi Jane (Jane Fonda)
- Ted Kennedy
- Howard Stern
- Howard Stern
- John McCain

-Ted Koppel
-Bill O-Reilly
-Larry King
-Jon Stewart (Comedy Central)
-Stephen Colbert (Comedy Central)
-the guy with the weird hair, the tycoon (Donald Trump)
-Bryant Gumbel
-Howard Dean
-George Bush
-Rumsfeld
-Hillary Clinton
-that bastard who's head of the Federal Reserve
Ben Barnanke?
-no
Henry Paulson?
-who's that?
-the little weasel the one that raises interest rates all the time
Alan Greenspan?
-Yeah, him

If you could snap your fingers and make anyone in the United States President right now, who would it be?

-Willie Nelson
-Teddy Roosevelt
-FDR
-John Wayne
-Toby Keith
-Teddy Roosevelt
-JFK
-Dick Cheney
-John McCain
-Truman
-Willie Nelson
-Hillary Clinton
-Toby Keith
-Jenny McCarthy
-Harry Truman
-JFK
-JFK
-Dick Cheney
-Eisenhower
-Jeff Foxworthy
-Bill Clinton
-Bill Clinton
-Bill Gates

- Joan Osborne (singer-songwriter born in Anchorage, Kentucky)
- Ronald Reagan
- Willie Nelson
- Waylon Jennings
- Ella Fitzgerald
- Toby Keith
- Bill Clinton
- Jeff Foxworthy
- Bill Clinton
- Joe Nichols
- Toby Keith
- Clint Eastwood
- Walt Disney
- Robt E. Lee
- John McCain
- Hank Williams Jr
- Martin Luther King
- Ross Perot
- Gretchen Wilson
- Martin Luther King
- Shania Twain
- John Mellencamp
- Ronald Reagan
- Willie Nelson
- Bill Gates
- Toby Keith

Editor's note: Waylon Jennings and Willie Nelson both were born in Texas, but what is called "baja Oklahoma" (southern Oklahoma) claims them. Many residents of Oklahoma think Texas has become a 'sissified' and 'Politically-Correct' version of Oklahoma. Country singer/songwriter Toby Keith- who has said publicly that if he were President he would show the videos of the Saudi-hijacked planes flying into the Twin Towers every single day on television- was born in Clinton, Oklahoma. Places that revere hunting believe also in going in for the kill. Places that think hunting is bad believe in negotiation and diplomacy. In about three years we'll see whose view is correct. As it stands now, residents of America's Center of Gravity seem to believe that the only living American who is a career politician- and not a singer/songwriter- who is capable of standing up to aggression against the United States is John McCain. But they would settle for Willie Nelson and they would settle for Toby Keith. In a land that believes in both hunting and in defending the nation, George Bush is widely viewed as a man whose heart is in the right place but whose judgement, especially as a military strategist, is badly flawed. The general consensus seems to be: *the leader doesn't seem to know what he's doing, so until the next election, we're pretty much on our own. Want a beer?*

Racial attitudes?

-this is 'the territories' (a reference to the Oklahoma Territories, and the land rush of 1889-1892 post Civil War and at the very end of the US frontier, and was where Blacks and everybody else who was disenfranchised and had

the price of a rail ticket or a horse fled to in the hopes of free land) we're all part English, part Welsh part Scottish part Irish part Black part Indian part black-tail deer. Everybody's pink on the inside. Thanksgiving, we all eat turkey or venison and baked beans.

Editor's notes: Bush is widely viewed as "chicken" and too easily forced to 'cave' to political correctness. Chuck Berry, one of the two holy architects of rock and roll, (the other one, Richard Penneman of Georgia, AKA Little Richard, was born in Macon Georgia) was born in St. Louis but the Oklahoma "Territories" claim him because the land rush is how his family got out there. Chuck Berry is mostly black but part native American. Currently, St. Louis has THE very worst 'racial' problem in the US, very much like Cleveland or LA during the 1960s (remember Watts?) but outside metro St. Louis, everybody gets along awfully well, in part because there really IS racial mixture and at Thanksgiving everybody is related to somebody. On the other hand, the "Mexican thing" the "Mexican issue" (illegal aliens) is a HUGE sore point and there is NO tolerance for illegals even tho there are WAY more illegals in Chicago LA even Cleveland

Thoughts about pop culture?

- David Letterman would be better on TV if he moved here and lived here for a year or two I hear he's from Indiana what the hell happened to him
- it used to be that a tattoo MEANT something.
- there are so many tattoos everywhere all I wanna see is some clean white skin. Or clean whatever color skin you know what I mean?
- Chris Matthews? Who's that?
- if you live here and you don't like country music, you will die
- Britney Spears wouldn't last a week here. Homely compared to a lotta girls here. Couldn't get a job as a babysitter
- Jon Stewart would be short-changed in the grocery store here
- no one here cares what goes on in New York
- Jay Leno is a slob with cars
- Madonna would be a better person today if she had moved to Tulsa instead a London

What's in the back of the truck?

- traps
 - all the soccer stuff for the entire 8th grade
 - my son's motocross bike. Or it used to be is he ok?
 - yeah he'll be ok. Broken wrist broken fingers
 - that's a basket case. You know what a 'basket case' is? That's a Harley that somebody has taken apart. It's still a Harley, but someone has to put it back together
 - about half of an old Ford tractor
 - Honda ATV. Under all that dirt
 - my ex-wife's furniture
 - that's a '66 Triumph Bonneville. Or it will be when I'm finished with it
- Where did you get it?
- vintage motorcycle dealer in Marne, Iowa
 - the groceries. We have a freezer, we don't do this all that often
 - all the junk mail for the area. We recycle

-that's an aluminum-block Oldsmobile V8
What will you do with it?
-We don't know. We'll think of something

Go to church?

-yep
-yes
-sure
-of course
-yes
-yes
-if you don't you're in trouble
-if I thought they'd have me
-yes
-evry sunday

What's a gourmet meal?

-catfish and Budweiser
-trout asparagus biscuits
-bass and home-made French fries
-venison and pecan pie
-wild pig ham, roast potatoes and dark rice (wild rice)
-wild turkey and yams
-Burger King
-BBQ ribs
-venison chili and beer
-deer and baked beans
-deer and sweet potatoes
-catfish an biscuits
-charcoal deer ribs
-pizza
-pizza
-bbq and yams
-double Whopper® with cheese, Corona®
-venison, local wild chestnuts or walnuts, fruitcake
-ribs and yams
-wild pig bbq, beer
-biscuits and gravy, chitlins, dark rice
-deer filet mignon and a good red wine
-wild turkey and biscuits
-wild turkey and yams
-wild turkey and grits
-pizza
-Kansas City steak (t-bone, rare) banana cream pie

- baked wild turkey and blackberry pie
- fried chicken, black-eyed peas, beer
- fried chicken and Colt 45®
- pizza
- fried chicken and biscuits
- fried chicken and sweet potato pie
- fried chicken and chocolate pie

Miscellaneous responses:

What was that? Was that a rat? Was that a rat I just saw?

-naw. There aren't any rats in Kansas City

Looked like a rat to me

-no rats not here (long silence)

- my husband was a Marine. IS a Marine. See this K-Bar knife? (pulls big hunting knife from purse) that's what being a Marine is about. Semper-Fi

-they put handcuffs on my credit cards

-let my hair go grey? Girl, as long as there are credit cards an hair color, I'm stayin around an I won't be grey

-you can't just DREAM something into fact, you gotta dream it into LAW

-we're people who still know what being an Eagle Scout means

-I don't know where Darfur is, but I can tell you (a) the people there could care what happens us, and (b) Darfur is not our problem

-the only thing that isn't illegal and that we can still afford is beer

-won't be long, both our men, an our cars n trucks, will run on 'shine' ('shine'= moonshine, ethanol, homemade corn whiskey)

-the reason the US won World War II was that the guys with names like rigatoni and guys with names that don't have any vowels in em ALL SPOKE ENGLISH. Now if half our people speak Spanish and half speak English and we try to fight a war, you know it isn't going to work. Become American, speak American or get out.

-I've flown a single-engine (plane) for twenty-nine years

-just because you do not have money does not mean you cant live well. We eat in a way that costs some people a hundred dollars a meal. Country boys will survive

-there's still a lot of oil and gas in the United States but the PC laws don't allow American companies to get to it. Under the Devonian shelf, out under the Great Lakes, there's loads of natural gas. Go to the Canadian side all you see is offshore wells, drill site. On the US side, nothing. We're not allowed to spoil the view

-will we get the oil out from under the Gulf of Mexico? Hell yes we will. And there is a LOT of oil there

-they should arrest all the damn Mexicans put em on chain gangs and make em build their OWN damn wall

-success is a Corvette® an an Airstream® trailer

-I have weekends when I make \$1000. I occasionally have a single Friday or Saturday NIGHT when I make close to \$1000. If THAT isn't "empowerment" I don't know what is

-people have hocked so much stuff to get by that they don't have much more stuff left to hock

-my van has football uniforms in it, baseball uniforms in it, stuff that has fallen out of grocery bags, and my husband's shotgun

-I live in double-wide and my truck is paid off. My life could be a lot worse

-the country is in trouble when people can't afford tattoos

- burn the American flag? Shoot em. Doesn't matter if they are Arabs or Grace Bretheren. Shoot em. Blow em away. We don't need this
- cigarettes are \$30 a carton. If they want us to quit smoking, ok, they win.
- it doesn't MATTER whether you are RICH or whether you are POOR. When you take your clothes off, you either HAVE IT or you DO NOT. If you HAVE it, you are rich. Life is fairly simple isn't it?

Thoughts on George Bush?

Bush:

- isn't tough ENOUGH he's too busy trying to please everybody. He SHOULD be trying to please AMERICANS
- should throw the UN out of the United States, tear down the damn building. Want a UN? Let the Chinese or the French pay for it.
- should throw ALL the arabs out of the USA especially the Saudis
- John McCain wants amnesty for illegal Mexicans, George Bush talks to em in Spanish. These guys are *just not listening* to us
- is too hooked up with the Mexicans
- bombed the wrong country. All the arabs that flew the planes were Saudis, he shoulda bombed Saudi Arabia.
- should make it illegal to export US jobs
- should fire Rumsfeld and let the REAL military handle it
- was ok taking out Saddam Hussein. But whether these people have freedom or not is NOT OUR PROBLEM it's THEIR problem. As long as they are not a threat to us, they can have any kinda country they want. If they threaten us, kill em
- is too friendly with the Mexicans and not friendly ENOUGH with the Blacks
- Clinton understood us out here, Bush doesn't
- George Bush hasn't done ANYTHING in the arab world that comes even CLOSE to evening the score for the guys who flew the planes into the NY towers
- finished the job his father SHOULD have finished (Saddam Hussein in Iraq) but then we shoulda just left an let em do what they want. You cant just give people freedom. People have to understand what freedom is before they want it
- is afraid of stepping on peoples' toes
- should bomb Syria
- should get all Americans out of Iraq and then bomb it flat
- should bomb Iran
- there's something terribly wrong with George Bush. No can can put their finger on it but we all know it
- Clinton understood a lot of this terrorist mess and din't handle it, left it to Bush and now he's not handling it either. Now the next guy has to handle it. Hope its not too late
- Bush was born with a silver spoon in his mouth. Someone's always gotten him out of whatever trouble he got himself into. Now no one can
- should put Jimmy Carter in jail for not standing up for his country the first time we got into it with Iran
- a lot of people are very disappointed in George Bush, even feel betrayed by him. He has turned out to be more of a Texas libertarian like Ross Perot than the conservative people had hoped for. But that doesn't mean we are going to hand the country over to Nancy Pelosi. Or even to Al Gore. People want a leader who will stand up to Iran, North Korea, to all of em
- George Bush does not have the brains that God gave a chicken. It's too bad we didn't find out sooner, but it's too late now, nothing we can do. We just have to wait it out. I hope he doesn't get into more trouble than we can get

him out of

Thoughts on Islam/Muslims?

-Hey, Mister Jabberabad: stick it.

-are they gonna read this? Towelheads: you are all dead men

-They call em "sultans" cause they get insulted by everything, anything anyone says insults em

-if the Arabs DO something it has to be handled IMMEDIATELY, right NOW. They take hostages, WE take hostages, and RIGHT NOW. They blow something up, WE blow something up in their world, RIGHT NOW.

-They don't deserve democracy, the Arabs don't. They aren't ready for it. They're like stone-age people, like cave people, they're like the Indians, the Comanches the Crows or the Blackfoot. American Indians dint have any horses til the Spanish brought em. Or maybe like the people in the Old Testament. They can only be led, only be governed, by a chief. Or a dictator. Or a king.

-Iran? Let's make it YOU ran

-if there used to be any mosques in Oklahoma I'll betcha there aren't any now. If there are you tell me about em there won't be for long.

-F--- em. Kill em all every last one of em

-they like their horses and their like thievery and they like lying an conning people and they like to slap their women around so they'll shut up an obey. That's cool, you know. Ha. But NOT REALLY. REALLY what you want is, you want your woman to be your partner. And to watch your back.

-They are nasty sneaky conniving people an now they've got money, an where did they get it? We gave it to them.

-If we let them get an atomic bomb we are in deep sh—

-Eventually we're gonna have to kill them all. Or at least most of them. If we don't do it now we're gonna have to do it later

-Ever seen the movie *True Lies*?? That's not a movie that's a calendar

-this part of the world is gonna challenge us. And we will have to deal with it

-Just let me say this: I PISS on the Koran. You hear that, you slimy Muslims? Now come get me, I'm waiting

Editor's notes: five years after 9/11, what we might call America's "hunting class" (as opposed to America's Boston/New York/Philadelphia/DC "chattering class") still feels very cheated and very disappointed at not having been allowed to conduct what might be called 'counterinsurgency' or 'counter-terrorism' measures on our own soil. MANY Americans- more, we think, than the NYTimes can possibly imagine- are waiting for the open-season go-ahead, waiting for a 'hunting season' to be opened on Islam inside the United States. Does that mean deer rifles shotguns and bows opening fire on mosques? It sure sounds like it to us.

Do you care what happens to Israel?

-too bad for them they got screwed they shouldnta moved there

-not especially

-the land where Jesus walked should NOT be owned by these Arabs

-no

-The Jews should just leave there. They should just let the Arabs have the place and they should move away somewhere else. If I were Jewish I'd leave, its crazy to stay there

-it's the holy land and it's a bad idea to let the Arabs have it

-I would feel bad if they (Arabs) trashed the Jews cause if they do, no one can save the holy land

-it's the unholy land

-this is all meant to be, just as it says in the Bible. It's Armageddon.

Does that mean it's the end of the world?

-No but it's a critical juncture... just as the Bible says. It's the great fight between good and evil. After this, the world's gonna be ok.

-Or it's possible satan will win, and the world will become totally evil. Bible says one thing, what actually happens may be something else

Thoughts about the Israelis?

-its the holy land, now its gonna be blown up

-the Arabs are the same thing as the Nazis, an they want the same thing for the Jews that Hitler did: the oven, or to make em radioactive.

-the Jews should just leave. But WE should just nuke the Arabs, an right now, their view of the world is f---ed

Where do you get your news?

-radio

-radio

-radio

-Internet

-the *Oklahoman*

-television (network TV)

-Wichita *Eagle*

-radio

-Kansas City *Star* (note: one of America's great newspapers; Ernest Hemingway worked for it as a young man)

-tv

-AOL

-radio

-Internet

-my what? My news? Local 11pm news

-people tell me stuff. If its not important enough for someone to know to tell me about it, it probably doesn't affect me much

Do you watch the Today Show?

-no

-no

-no

-no

-no

-no

-I'm too busy getting the kids ready for school

Do you own stocks?

-mutual funds

-500 shares of IBM inherited from my mom

- Harley-Davidson, UPS, Bank of America
- AT&T, Verizon, Cisco, Pacific Ethanol
- Apple, Dell, Caterpillar, Proctor & Gamble
- Intel, Genentech
- mutual funds
- mutual fund
- Cummins Engine, Conoco Phillips
- do I look like an 'investor' to you?
- Nucor, US Steel, FedEx
- no
- no
- Johnson & Johnson, PG
- Anheuser Busch, IBM, Harley,
- McDonalds, IBM
- no
- no
- no
- no
- no
- are you kidding?
- no
- no
- United Technologies, General Dynamics, others
- no
- no
- oh right, like I have money

How do we get the American Dream back?

- Close the US borders
- get ALL the illegals, ALL of them, OUT
- arrest all the illegal Mexicans, put em on work crews make em build their OWN damn wall
- we need the government to support and PROTECT American jobs
- you got to make it affordable, POSSIBLE, to go to the doctor
- Korea? You got to take this country out
- College is BS unless you lower tuitions
- you've got to restore the public schools, the public education system. Not everyone can afford tuition to send their children to Christian schools
- NO Chinese products in the US
- NO jobs to India
- make it ILLEGAL to export jobs
- BUY AMERICAN
- we're spending ALL THIS MONEY on trying to rehabilitate these people in the middle east trying to change their minds, and they are just f---ed people. We should be spending all that money on AMERICANS. Its OUR money

- spend it on US
- NO green cards
- crush Islam. Destroy it
- close the Mexican border
- end the head-start programs. and stop subsidizing the rich. Make the country a meritocracy not a land for the rich, and not a land where someone gets a free hand up because just they're black. Equal opportunity means equal opportunity for everybody. Equal.
- jail at 15. Adult jail. Do the crime, do the time. BUT: LET ANY KID JOIN THE ARMY NAVY OR COAST GUARD AS A SUBSTITUTE FOR DOING TIME. One of the great problems we have is that they are trying to fight a WAR with the NATIONAL GUARD. These are SOFT middle age older guys with wives kids yards and car payments. That's insane. That WONT WORK as an ARMY, that's nuts that's crazy. To fight a war you need tough m-----ers. YOUNG tough m-----s. The choice is: Military service or prison. Take these tough kids put em in uniform and let em fight. Let em understand what freedom MEANS and WHAT YOU HAVE TO DO TO GET IT
- close the Mexican border
- force Honda Toyota and all of them to SELL American plants to AMERICAN interests
- SUBSIDIZE American manufacturing and MINING and oil exploration TOO with tax dollars we r NOW spending in IRAQ
- we need to be running our cars on corn (ethanol) and our trucks on soybeans (biodiesel) the faster we do this the better off we'll be
- take down those goddamn "no drugs no guns" signs from around our schools. Everybody should ALREADY KNOW that. Crush the 'gangsta' culture. Throw these goddamn baggy shorts away and start a dress code for schools and then enforce it. Clean up or get out. If you get out, and you hit the streets, the first time you're busted you go into the Army
- BAN all Chinese products for FIVE YEARS. Give AMERICA a chance to restart. Taiwan is NOT OUR PROBLEM
- put the tax base money into OUR country not OTHER countries
- create a "special forces" part of the military that is ALL ex-prisoners. Let em out put em in uniform tell em they get a pardon if they live. Then tell em who to kill.
- we need STRONG unions and universal health care
- Cant smoke cant drink cant eat this cant eat that cant do this cant do that: all these busybodies need to stop trying to tell everybody how to live
- No one here cares what happens in Ethiopia Somalia, Darfur. This country has its OWN problems
- you got to restore public education. You got to make it matter to go to college. Even matter to go to high school
- NO exports of US jobs. Export US jobs go to jail
- CLOSE the Mexican border, get all the illegals OUT
- stop trying to take the unions apart, strong unions give people better lives.

Has America "had it" as a country? Will we survive?

- not unless we stop pussyfooting around
- some parts, maybe have had it. Not here. WE haven't had it
- we coulda killed bin laden in 98 99. we coulda killed bin laden in 2002. we didn't do it. Oh no, everybody will be upset if we kill a civilian by accident. Tough ---. That's war that's how it is
- we gotta stop letting other countries other people in other countries tell us what to do

-we're in big trouble. Because we've screwed it up. We screwed it up by listening to other countries. And by trying not to offend anybody. That's just crap. We can't let other people tell us what to do. They DON'T KNOW any better: WE DO.

-But when push comes to shove the American PEOPLE will handle it. Government may back down, Bush may back down, but WE WON'T

-I probably shouldn't say this because I'm a school principal and I'm supposed to be neutral I'm not supposed to tell anyone what I actually think. But what I think is this: what's WRONG with our children praying in our schools every morning? What is WRONG with our children saying the Pledge of Allegiance in our schools? One nation under God indivisible with liberty and justice for all. It IS, and WE ARE. And if more people and not just our children said it every day we wouldn't be in the fix we are in now

Have we lost our freedom?

-lotta people never had it. Lotta people don't know what freedom even MEANS. You live here (Oklahoma) you got freedom

-A lot of Americans think freedom means taking freedom *away from* other people. That's why you have to have a fishing license and that's why you can't smoke a cigar without someone getting on your case

-not yet but we are damn close to it

-we haven't lost it. Not here, we haven't

Editor's notes: from this perspective, from the perspective of the US Center of Gravity, the states that support the Americana we are looking at and describing, and the "American" way of life we've just described, are: Virginia, Maryland, Georgia, Alabama, North Carolina, South Carolina, Tennessee, Kentucky, Indiana, Michigan, Wisconsin, New Mexico, Utah, Nevada, Idaho, and Wyoming. And Alaska.

The states that are 'maybe' states, areas that partially support an 'Americana' world view as defined from America's Center of Gravity, but believe what they read in the New York Times, and could go either way when it comes to supporting the US, are: Florida Minnesota Ohio Illinois Pennsylvania West Virginia Louisiana Texas Arizona Colorado California Oregon Washington and Montana.

The states in New England: Maine Vermont Massachusetts Connecticut New York New Hampshire Delaware Rhode Island- the land of the original Thirteen Colonies- is, by these Center of Gravity standards and values, is lost. Lost to the ideal of America, and lost to the American dream. Islamic fascists would have to be flying hijacked planes into the cul de sacs of Brookfield Connecticut before these folks would realize it's a life or death matter and that America's survival will shortly be at stake. The Northeast will remain lost until something- some event- makes residents there either turn and fight, or give up.

It would be easy to explain things in this way: in terms of sharply-defined regions, red states and blue states, liberals and traditionalists, heartland vs New England, Californians vs the residents of Maryland, liberals and realists, etc etc. Unfortunately, it is not all that clean and simple. Conservatives live everywhere. Liberals live everywhere. There are conservatives in San Francisco, and Liberals in Topeka. What we DO think is true is this: there are a certain number of Americans who will defend their country and its way of life unconditionally, and another probably much larger number who will defend the US its values and way of life only conditionally.

As we approach Thanksgiving 2006, toward the end of this month, we at MW are estimating that there are most

likely between 80 million and 115 million Americans who share this heartland/Americana/ America's Center of Gravity worldview and its set of values. The remainder- nearly 2/3 of our population- are in one of two camps. They either share these heartland America First/ my-country no matter what/ God Guts and the USA/ values only partly, or are utterly incapable of making the distinction between the Bush administration and its failures and mistakes and their general rage and hatred of Bush Cheney et al, and the much larger and much more important issue of whether the United States of America can actually survive, much less prevail, over enemies which seek to destroy us. This is an issue much larger than George Bush, and an issue much larger than Iraq. As one of our interviewees said: we are in big trouble.

Will the US make it? Will the US survive? Will the US prevail? We don't know.
And we're edgy about it, and concerned. Stay tuned. Happy Thanksgiving.

Third World America A 21st Century Phenomenon: as other nations develop a Middle Class, the USA becomes 5% rich 95% poor

Another record monthly trade deficit: \$69.9 billion. America's deficit in trade and other international transactions will be above \$800 billion this year, or between 7% and 8% of the US GDP. This is in effect a tax on our money and a tax on us. The current federal budget deficit now represents a bill for \$375,000 for every adult American who has a full-time job. And these are figures that already take into account a largely-dismantled social safety net, so no tax dollars are being spent there. And THAT- the dismantling of the social safety net to save dollars that can then be thrown at other projects besides the American people- is largely the reason we have street crazies running amok in schools and shooting Amish people. There are NO red flags by which to spot these people, NO salaried professionals on desk to monitor the red flags, and no public institutions to send them to before they wreak havoc. Because the state and the federal psychiatric hospital systems have been de-funded and allowed to wither and rot. With out these huge social services 'savings' these debts would be considerably higher. Can the dollar- or our society- support such weight? We'll see. But the answer probably is no.

Congress, with approval from the Bush regime, is attempting to lower Medicaid/ Medicare payments to America's MDs for their services treating these patients by 5.1% after the first of the year. MDs' response: they are refusing to treat Medicare-Medicaid patients. The government will have to back down, or, if you have only Medicaid/Medicare as health insurance, you'll have to make up the difference if you are a current patient; if you are a potential new patient, you will not get in to see a physician at all. The government will have to back down because, from what we understand, America's doctors won't.

The average American family that has ANY health insurance at ALL has seen its bill go up an average of \$20 a month or \$240 a year.

In the geographic area of the US we've focused on this month, America's center of gravity, desperate searches are on to get MDs to move there and open a practice because there are few general practitioners/ family doctors, few surgeons, almost no pediatricians and NO OB/GYN docs at all. MOST MDs available to move to this area and to many areas in the Midwest and Ohio Valley are FMGs (graduates of foreign medical schools) or are immigrants who have attended medical school in the US but are utterly clueless about the lives and values of Americans.

Now about the 5% rich: Ferrari, Rolls, Maserati, Porsche, and Bentley US sales have never been stronger. The *New York Times* published an entire supplement in October, the equivalent of a *New York Times Magazine*, on high-end (\$1000 on up) mechanical wristwatches. A “bargain rate” for San Francisco hotels is \$200; you can stay overnight elegantly and less expensively in Rio, Shanghai, Barcelona

What the USA is Doing Right *South Park*

Now deep in its TENTH season, *South Park* is the most important-and most widely viewed-social commentary in the history of television. More important than *Sixty Minutes*. More important than *Meet the Press*. *South Park* debut'ed in 1997 and within weeks had made the cover of *Rolling Stone* and the cover of *Newsweek*. *South Park* singlehandedly put Comedy Central on the media map and moved it from an obscure toy cable channel to something everyone in America knew about.

The secret? Irreverence. Toward EVERYTHING. The courage to make fun of EVERYTHING. Matt Stone now is 34 and Trey Parker, 36. They started out as early-20s post-college post film school goofuses, and the unique mix of their perspectives and skills ignited genius and wisdom, and created art. They have made fun of Bush, of Tom Cruise, of Saddam, of Robert Redford. Scientologists likely have a contract out on them. They wrote produced and aired the single funniest and most accurate portrayal of the history of the Mormons that has ever been created. Parker was born in Conifer Colorado in 1969, his father is a geologist his mom and insurance broker. He attended University of Colorado at Boulder and worked on a double major, music and Japanese, but was thrown out for being too busy writing directing and starring in a local musical production to attend classes. Stone was born in Texas but grew up in Littleton Colorado and went to UC Boulder as a math major. The two met via the local theatric production of *Cannibal!* an invention of Parker's. In their own weird way both Stone and Parker are flagwaving pro-American patriots, short-haired clean-cut and somewhat politically and socially conservative. If Parker and Stone lived in Iran they would have had their fingers cut off and their tongues torn out *years ago*. Cartman couldn't survive in Iran. Iran would have killed Kenny once, and that would have been it. Kenny would have stayed dead.

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

Brazil's October first Presidential election proved, as Mexico's July second one did, that America is not the only country split right down the middle politically and in the throes of a culture war between those who are financially comfortable, revere the past, and are connected, and those who are disenfranchised, fear or fight the future, and want government help. A few days after the Brazilian election, incumbent President Luiz Ignacio Lula da Silva (called “Lula” in Brazil) had 49.1% of the vote, but needed 50% plus one vote (Brazil's law) to win. In response to a roaring economy, Brazil's Central Bank cut the prime interest rate by ½%. In the October 29th runoff against rightist candidate and governor of Sao Paulo province) Geraldo Alckmin, Lula da Silva will win handily: He has led Brazil's economy into its strongest position ever, and the dreams of many many Brazilians are coming true under his leadership.

In Mexico, however, rather than declare a runoff, the Mexican courts simply declared a winner in the July 2 dead-heat Mexican presidential election. After waiting 8 weeks, the courts called it Felipe Calderon (who may have won by 34,000 votes or 340 votes or may not have won at all) the winner over leftist/ populist mayor of Mexico City Luis Obrador, choosing to let the chips fall where they may. Caldeon takes over from current president Vicente Fox at inauguration ceremonies November 30th. But all is not well in Mexico. There are military exercises, federal helicopters and planes flyovers, and an increasing state of martial law in Oaxaca, which is some 300 miles away from Mexico city and one of Mexico's many poverty-stricken areas. Large numbers of people from the region are protesting in the streets and thousands are making a 300-mile trek from the province to Mexico City to force the govt declare Luis Obrador the election winner or face trouble. Obrador already has been declared President of an "alternative government" by Mexico's poor. What this will do to Mexico's now enormous manufacturing base, it's nascent tech-manufacturing industries, and its powerful and prosperous mining interests remains to be seen. As everywhere, the key issue is: jobs. When Mexico begins to understand that a key to prosperity is a huge cane sugar/ethanol/renewable energy business and that they can grow cane make ethanol and SELL it like OIL on the world market, we will begin to see a Mexico as prosperous as Brazil.

In Ecuador, presidential candidates Alvaro Noboa, a tycoon and owner of 110 companies, faces a runoff election November 29th against Rafael Correa, a leftist, a "man of the people" and an American-educated economist. In Venezuela, President Hugo Chavez, a leftist/populist leader beloved by the country's poor, raged against the United States on the floor of the UN, and American leaders have branded him a buffoon and a thug and a partner of US archenemy Iran.

But on his home turf, Chavez is doing quite well. Why? He put his money where his mouth is. He made promises to the Venezuelan people and is keeping them. Chavez is spending billions of dollars of Venezuela's oil profits (petroleum was nationalized by Chavez) on public works/anti-poverty programs. At the start of 06, Chevez had earmarked \$857 million for public projects: housing, medical clinics, new schools and education programs, job training etc etc. As 2006 ends that figure is now reportedly approaching \$8 billion, and features bridges over the Orinoco river, a subway line for Caracas and Valencia, and public medical programs staffed by well-trained Cuban MDs Venezuela is getting by giving oil to Cuba. Tops on the list is a program to increase private land ownership among the poor. Venezuela is the most urbanized nation in South America, with about 85% of its people living in cities. But about one third of those urban residents are squatters, with no claim or title to the land they have built their makeshift houses on. Chavez' government is changing that by buying the land and giving the poor title to it. What's going on in Venezuela is the largest public-works program of any developing nation in the world. And while Chavez has been labeled a monster by the US government, he is, in his own country, a hero.

ASIA Sand and Water

Long-term readers of Market Witch know that we would not touch Chinese or Indian stocks. Yet again, for first-time readers, here's why: China is an eco-catastrophe waiting to happen, a still-Communist country modeling its economy on a 1950s America which gave no thought to preserving the air the agricultural base and the water. And India, home to countless hundreds of millions of ignorant destitute people and countless diseases, has one finger in the modern world and the rest of its body living in a world identical to five hundred, a thousand, two three five thousand years ago. Meanwhile Brazil, the strongest economy in the western hemisphere, runs its vehicles on ethanol and gets 95% of its electricity from hydroelectric systems. Here's what the scientific community says about

India and China:

In India, particularly in Northwest and Southeast India, water has become a critical issue. Areas that once were wheat and vegetable cornucopias now are dry. The animals as well as the farmers are in trouble. India is tapping its groundwater faster than God or Nature can replenish it. 19 million water wells nationwide are drying India up. India is now hitting water sources so old that they were formed during the Jurassic- the time of the dinosaurs. India's surveyors have divided the country into 5723 geographic squares, sort of like counties. Of these 5723 areas, the water tables in more than 1000 are considered overexploited (more water is drawn than can be replenished by rain) or are critical (more water is drawn than the source can sustain for more than three years into the future) and this is four times the number of danger zones a decade ago. And this number will double to 2000 in a decade. When these well water sources go dry: in their place, saline holes. The solution? Solar desalination systems, creating fresh water from rising (from global warming) ocean sources. Maybe. Can such a thing be built? Yes, as a dedicated national project: it would take 25 to 50 years. Meanwhile, 100s of millions face starvation in addition to their vulnerability to India's lovely disease patterns and spikes, as crops dry up and fail. All those nouveau 'white collar' Indian jobs and that new Middle Class that is coming of age in India with apartments credit cards and cars, is in danger of collapse in about five years.

The modern, 21st century face China shows to the world is Megacity Shanghai. But in real China, which has based its nouveau-capitalist 'great leap forward' on an American industrial model from the USA's 1950s, the groundwater is utterly trashed from industrial pollution. In addition, wilderness forests have been taken out to provide farmland, plus of course rampant logging, are creating wastelands that simply blow away. And to 500 million ignorant illiterate peasant farmers with no education no money no health care no prospects and who depend on animal herding and grazing and primitive ox-powered agriculture for their very survival, this trashed groundwater means death by starvation. Now comes an entirely new crisis: sand.

Violent new sandstorms moving from West to East from China's rapidly expanding deserts (no trees, no mechanism to keep the soil in place) are now beginning to reach not only China's cities but also to cover parts of South Korea, Japan and the West Coast of North America with mustard-colored dust. Cars wiping dust later off their cars in Santa Monica have no idea this yellow stuff comes from China. There is a Dust Bowl in China, much like Oklahoma in the late 1930s, that represents the largest conversion of productive land to desert since the creation of the Sahara countless centuries ago. This will affect the world.

About 25% of China's land-mass is comprised of deserts. Drought (caused by loss of trees from logging), grazing, and forced-march agriculture by peasants in the hope of survival and an extra yuan are causing the deserts to spread. China has 350 million domestic beasts- cattle sheep goats and yaks- up from 100 million in 1960. These domestics have uprooted and eaten huge areas of grassland. The soil simply blows away. Expanding the deserts. Expanding deserts- moving Eastward from Mongolia- now are swallowing a million acres of useful land a year. Within a quarter of a century, 40% of China will likely turn into scrubland, dustbowl, and sandstorms. Current Chinese govt estimates are that desert growth is costing China \$8 billion a year. But this will expand dramatically in just a few years, when the sands begin overcoming metro areas: like Peking.

The legendary Gobi desert, in central China, (Mongolia) which is about 500,000 square miles, has expanded by approximately 5% or 25,000 square miles since 1994. And the sands of the Gobi now are within 100 miles of Beijing (Peking). Peking RIGHT NOW gets a half-million TONS of incoming Gobi sand each year, reducing

visibility, clogging car and scooter engines, grounding air traffic, causing major breathing problems, and forcing people indoors. The actual edge of the now rapidly-expanding Gobi desert is moving toward Peking. And will reportedly reach Peking in 12 to 15 years. But the effects even NOW are dramatic. Chinese govt leaders now are worried less about air quality and airline schedules than they are about food. As the desert reaches Peking, the famed city will have to import food grains, or abandon the 5000-year-old capital to the desert. The Chinese govt now has begun planting trees at the desert periphery but it is way too little and way too late.

Learn this, and learn it now: China will NOT be the dominant economic force of this century. And neither will India. Brazil will be: it will lead the Americas (South America, Central America, Canada) into wealth and prosperity. While, as always, the US will remain the global source of ideas and technology.

COMPASS POINTS

-Privatization and leveraged buyouts: Gaming powerhouse Harrahs (HET), the world's largest casino company, has received a \$15 billion buyout offer from a private investment consortium including Apollo Management and Texas Pacific Group. If Harrah's bites, it will take one of America's best and most successful 'gaming' stocks out of the publicly-traded sector. Anheuser Busch (BUD), world's largest brewer, is being looked at as a buyout target by Edward Lampert's ESL Investments. BUD's current largest shareholder is Berkshire Hathaway (BKR-A BKR-B). Anheuser Busch still is the largest beermaker in the world by revenue but was overtaken in sheer volume two years ago when InBev NB bought Brazilian brewer/beverage marketleader AmBev. Nvidia (NVDA) reportedly is being scanned as a takeover target by Intel, a move by Intel that we have talked about for three years. It's the only way Intel can make it into the 21st century with top of the line products. Former Intel CEO Craig Barrett wasn't smart enough to see this but new CEO Paul Otellini is. Unfortunately Intel could have bought NVDA two years back for half what it would cost now. We held Intel shares from 1995 through 1998 and did very well. We've held NVDA shares for six years and have done very well. We're not sure whether we would want keep the Intel shares if Intel buys NVDA. We're still skeptical about management's vision at INTC. In the world of mining and commodities, so many potential buyouts are proposed or underway it is almost impossible to keep track of them all. Rumors are that AU will buy KRY; everyone is trying for larger, more stable companies that "own" their sectors and markets

-The Demise of Consumer-tech Implements and Tools: As "convergence," that "one big pipeline" of electronic data going in and out of your office your house your car your life every day, actually begins to become a reality, the traditional concept of what for centuries have been called "single-purpose tools" (like axes chisels screwdrivers drills files and saws) that was borrowed from to create consumer-tech marvels like the cell phone the boombox the camera the TV remote and the MP3 is losing hold and losing relevance in the world of electrons, zeroes and ones, and laser pumps. We are heading toward a world that will operate for us via one single slim rectangular handheld that will serve as movie player, phone, IM, TV remote, address book/planner, digital camera, GPS, iPod, etc etc etc. You'll probably have three of these: one in the home one in the office and one in the car or in your briefcase purse or jacket pocket. But they'll all be the same. The jury is still out on whether it'll all run on Ericsson's (ERIC) and Nokia's (NOK) "Bluetooth" but things seem to be moving in that direction. The "convergence" creation of the one big digital pipeline that goes everywhere with us will fatten the quarterly statements of companies like Cisco Systems (CSCO) Juniper Networks (JNPR) JDS Uniphase (one for 8 reverse share split last month) and Corning (GLW) which are providing the hardware to BUILD the big pipeline, but the process is going to starve out companies like Apple (AAPL) and Nokia (NOK) and Research in Motion (RIMM) who may be reduced to

manufacturing one black (or pink)(or red) handheld box made of titanium or bioplastic. Companies like GLW will be producing mile upon mile of fiber optic cable for as far into the future as we can see. But companies like AAPL and Nokia and Ericsson may find themselves in what is called a “basket of crabs” scenario: lots of competitors in a small and limited space scrambling for a few morsels of profit. Meanwhile: so far, the pipeline is in two components, one for cable TV and one for high-speed Internet. Right now Time Warner (TWX)(AOL) with Warner Cable and Roadrunner® still owns them both. But “one pipeline” is on the way: AT&T (T) is installing 4.6 billion in system hardware to provide a high-speed video, data and voice network to 19 million households in 13 states.

-Cornering the Market: Matsushita Electrical Industrial (NYSE: MC) (ADR) (Quasar, Panasonic, JVC, etc etc brands) reportedly will open huge new consumer electronics products operations in Brazil. Matsushita reportedly is trying to capture 40% of the world market for plasma display screens/ LCDs by March of 07, the end of their current fiscal year, as flatscreens become widely available all over Asia. Corning (GLW) already has opened flatglass operations in China, now likely will in Brazil as well. Meanwhile: the world will spend \$85 billion on LCD/flatglass products in 2006, up 13% from 05.

-Tobacco Lite Fight: Tobacco companies lost a huge round when a federal judge in Brooklyn granted class-action status to a lawsuit naming RJ Reynolds (RAI) British American Tobacco (BTI), Liggett, Brown & Williamson, and Lorillard (subs. Of Caroline Group subs. Of Loews, LTR) as damages targets for “fraudently” promoting “lite” cigarettes as a safer alternative to regular cigarettes.” Estimated awards could reportedly go as high as \$200 billion.

-Television is changing so fast it is almost impossible for anyone to keep up with it. YouTube, the video-sharing Web site company that opened as a privately-held startup 21 months ago and has yet to show black numbers, was unknown except to young people and electronic hipsters six months ago. YouTube, which even now MAY or MAY NOT be legal (copyright infringements) emerged as a hip underground cultural phenomenon a year ago, and by early last month was on the cover of *Forbes*. Less than a week later, Google (GOOG) had bought it for \$1.65 billion. Content licensure issues are still quite iffy, but Both Sony (SNE) and Time Warner (TWX) have signed licensure agreements allowing YouTube to post music videos, and it looks like copyright violation laws will change, artists will (as usual) be the ones to lose and get ripped off, and to argue with either YouTube or Google you might as well hold a hand up against the sea. Does YouTube host downloads of 114 million short video clips every day? Probably. Does it take in 65 million video clips every day? Yep. Does YouTube’s website host 34 million visitors a month? Yes. Bandwidth cost is plummeting by 30% a YEAR. The Internet has gone video, visual, and is quickly becoming the home of television as the new century progresses.(That’s why Intel MUST own NVDA) Will this change marketing forever? Absolutely. Will it alter television viewing permanently? Of course. Should you buy Google shares? GOOG shares may be a bargain and may not. Not because of YouTube, which may be a financially successful venue, and may not. Yes Google virtually owns Online content. Yes it is the most successful ad agency in history. But Google also has a P/E of 72, and is less a company than an experiment

COMMODITIES

Fair Values as of November 1st

- Uranium: Fair Value 59, currently 56 (was 41 last May)
- Copper: Fair Value 4.81 currently 3.48
- Silver: Fair Value 13.21, currently 11.68
- Gold: current Fair Value 989, currently 590
- Aluminum: Fair Value is 2.98 currently 1.23 demand vs future supply still is way out of whack
- Zinc: Fair Value is 1.78, currently 1.73
- Nickel: Fair Value 18.04 currently 15.36
- Palladium: Fair Value 528, currently 429
- Platinum: Fair Value 1439, currently 1086
- Oil: Fair Value 80 currently 61
- Corn (becoming an energy commodity) Fair Value 3.12, currently 2.98
- Soybeans: (becoming an energy commodity) Fair Value 6.21, currently 5.78
- Ethanol: Fair Value 2.01 currently 1.88
- Harley Davidson motorcycles: \$16,100, Fair Value \$16,800

Notes: some wags believe the gold peak is over. But gold is Fair-Valued now at 989 thanks to the USA's huge debt load, and the world is more unstable now than a year ago. Gold now, as in centuries past, is money. The US economy seems to be thriving, but it is standing on paper and debt. If you own gold shares, stand firm.

Energy Oil, Ethanol et al

- Renault will introduce a car that runs on ethanol to the European market early next year, while BMW has unveiled a prototype sedan that runs on liquid hydrogen
- low-sulfur diesel fuel (EPA-mandated some time ago, dramatically reduces 'black fog' diesel emissions) hit the American market October 15. It was one-upped by biodiesel, a mix of traditional diesel fuel and soybean oil which reached Midwest markets 3 years ago, but biodiesel is not yet widely available. "Diesel" still carries a "dirty-air" stigma in the US. In Europe, 50% of all new cars sold are diesels.
- publicly-traded companies which make solar-energy products: Kyocera (KYO, Japan, photovoltaic etc) Sanyo Electric (Japan, photovoltaic etc) (SANYY, Japan photovoltaic etc) Sunpower (SPWR) Suntech (STP, China) Xantrex Technology (XTX, Toronto exch) Energy Conversion devices (ENER, Michigan) Evergreen Solar (ESLR) Matsushita Electric (MC, Japan) Real Goods Trading Co (RGTC, Calif.) Solar Energy Ltd (XSEL. Los Alamos) Spire Corp (SPIR, Bedford Mass) WorldWater & Power (WWAT, solar-powered pumps)

The Global Outlaw Economy: Criminal Activity Worth Ten Trillion Dollars a Year

As recent developments at UnitedHealth Group have shown, health insurance is probably THE most corrupt business sector in the United States. The word on the global 'street' is that the 500-Euro note has replaced the \$100 bill as the paper currency of choice among drugs dealers arms dealers and the Russian Mexican and Colombian crime mobs to use to move money, hold money, and pay for goods and services. Will it become the bill to counterfeit, as well?

Global Website Links

Links to Global Newspapers:

We read the business pages of newspapers on every continent-- it keeps us 18 months ahead of the markets

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

http://www.nla.gov.au/collect/os_news.html

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

Islam: The view from the other side of the war

<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/>

Notes: In Berlin, the town's major opera house cancelled a production of Mozart's opera *Idomeneo* that included a scene showing the severed head of Mohammed, because of death threats. In Paris, A French high school philosophy teacher published a rhetorical attack on Islam in a local newspaper and had to go into hiding under police protection after receiving death threats. In Copenhagen, videos showing members of an anti-immigration political party mocking Mohammed were censored and their producers went into hiding, while the Danish Foreign Ministry warned Danes against traveling to the Middle East. In Ohio, a series of radio commercials for a planned weekend-long Mitsubishi dealership sales blitz called "a jihad on the automotive market" starting on "fatwa Friday" and featuring salesmen dressed in Burkas and a sale on an SUV that "can seat up to 12 jihadists" had to be cancelled because the dealership received threats of violence. How to handle Islam? Make fun of it. Meanwhile, in Baghdad, Al Qaeda is recruiting nuclear scientists, and North Korea now officially has The Bomb. Fun fun fun. In 1957, Neville Shute published *On the Beach*, a tale of the post nuclear-war era which defined the hydrogen-bomb nuclear arms race 1950s. Fifty years later, Cormac McCarthy has just published *The Road*, a post-nuclear holocaust tale that is sure to define this era. Will the US be nuked in 3 to 5 years? 100%, unless the US govt has the courage to stop rogue states. Bush is behaving like Jimmy Carter toward Iran.

Links to futurist studies centers, market research, 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>

We also recommend the Hoover Institution on War Revolution and Peace, the domestic policy think tank at Stanford <http://www.hoover.org/> and we particularly recommend the Victor Davis Hanson (author of *Mexifornia*) website <http://www.victorhanson.com/>

A new electronic technique in use in marketing/prediction think tanks and also in a number of private companies including Microsoft Yahoo and Google, is what's called "prediction forecasting." Go to Google, enter "the Hollywood Stock Exchange" to see how this works and what it can do.

Traditional Investment Skills: Planting Bulbs

There are only three ways to show faith in the future: you can have children, you can plant bulbs, and you can invest. Children come through you but not from you, and so to some extent it's the most surprising because you're not sure what you're going to get, although as my great grandmother said, "It's just like breeding horses." Bulbs, on the other hand, offer some certainty for future prospects: plant red tulip bulbs, get red tulips in the spring. Plant yellow daff bulbs, up come yellow daffs next May. It's more important than ever, right now, to try for that kind of stability: buy Caterpillar (CAT) get more bulldozers, and dividends. Buy Harley-Davidson (HOG) get more motorcycles, and dividends. Buy Nvidia (NVDA) get more 3D Graphics chips, and likely another 2:1 split, or a pile of Intel shares. We want the future to hold still, and act with some predictability. Unfortunately, odds now seem to indicate that a major world war is not far off- three to four years. A project by developers and state officials in Pennsylvania called "We've Got your Back" is in the process of coaxing major Wall Street companies to establish huge high-tech backup operations- millions of square feet of office space and hundreds of miles of fiber optic cable and an independent emergency power source in an area the size of nine counties. The planned location: in the Northeastern part of Pennsylvania. The reason? So that lives and data and businesses won't be obliterated in the event of a nuclear attack on New York City. Looking at the proposed plans on a map, and because of the effect of the electromagnetic pulse following a nuclear blast (which can annihilate all electronic gadgetry and systems) our initial reaction is that the site- proposed for about 80 miles from NYC- is *not far enough away* from New York.

We are Watching

Bernanke bites his fingernails over falling home prices and a 9% drop in retail sales, caused by gasoline prices and collapsed auto sales. Predicted housing price drops in 100 key US cities mean Bernanke won't be able to raise the Fed rate, and may even have to lower it. This would send the US stock market through the roof: say hi to 13,000. On the shoulders of a 12,000 DOW, it may FINALLY be time for the broadband buildout, touted and worshipped in 1999, to begin. If so, the big \$\$ is to be made not in companies like Cisco (CSCO) or even Juniper (JNPR) but in era-crushed companies like JDSU, and tiny semiconductor/networking specialty companies like Conexant (CNXT) We are watching French Flamel Technologies (FLML, biotech drug delivery systems, ties with Monsanto (MON) and Corning (GLW). We are watching Ericsson (ERICY, earnings from joint project w Sony (SNE) tripled). We are watching Holland's ING corp (insurance banking asset management). We're watching Google. And HSBC Holdings HBC, (world's largest banking co, 9800 offices in 80 countries, larger than CitiGroup C) We are watching still-private Image Metrics Inc (Santa Monica and Manchester UK) proprietary motion-capture animation software that will change visuals forever.

The STRONG BUY Lists

The Federal Reserve, the European Monetary Fund, the IMF, and the US Treasury Dept and the Swiss bankers all are trying AS HARD AS THEY CAN to crush gold prices. The lowest they can get gold to is \$575. Meanwhile gold is Fair-Valued at around \$989. The Dow has cleared 12000 and everyone is making a big deal about a record high, but the Dow was near 12,000 SEVEN YEARS ago, before the Crash that started the Second Great Depression, the Rhinestone Depression©, and it has taken seven years to get the economy back to that peak. The US economy looks solid, but what we've lost in those seven years is our Middle Class. We now live in a country with NO social safety net, a few very well-off people, and a vast majority scraping along. We at MW are not at all sure that makes for a population that will defend America when it needs defending. If you've been a MW reader for a few years you're probably doing very well financially. Plan RIGHT NOW for three years out. These stocks are STRONG buys:

-Southern Peru Copper (PCU) the #4 stock in *Fortune* magazine's 100 Fastest-Growing companies. 2:1 split last month puts shares at \$50. PCU has a P/E of EIGHT. Fair Value of copper is around 4.79, that means NO global recession and the continuing rise of wireless and broadband

-Corning (GLW) global broadband buildout finally gets underway, GLW is under the gun for 100s of miles of optical fiber. But Corning also just got the Cummins Engine contract for ALL Cummins' ceramic substrate diesel exhaust systems. A time will come when you will not be able to buy even a lawn mower that doesn't have a GLW exhaust filter system on it. 3 Q earnings 28 cents, guidance for 30 4th Q, we think GLW will do 1.40 1.60 a share next yr

-Yamana Gold (AUY) gold and copper mining in Brazil, which we believe is the world's strongest economy. AUY's Shapata copper mine begins production as 2007 begins, and AUY reportedly has hedged 50 million pounds of its 2007 production (about 50%) waiting for higher prices. Will copper prices stabilize higher? Yep

-Klondike Star (KDSM.OB) this *speculative, penny-stock* company owns mineral rights to nearly 200 square miles of Yukon land in the heart of the 1896 Klondike gold rush of 1896, between Whitehorse and Dawson. Region has

only been mined by sluice mines (like in *Treasure of the Sierra Madre*) and guys with pots and pans in rivers. \$3.50 stock likely will be worth much much more in 2 yrs

-Ingersoll-Rand (IR) \$12 billion market cap, century-old industrial technologies conglomerate produces Bobcat® machinery. There is ALMOST NOTHING this company MAKES that will not be USED in the development of the huge new Gulf of Mexico deep oil fields.

-Electronic Arts (ERTS) “video games” “movies” and “television” are merging, melding, becoming one visual universe or “product.” ERTS, \$18 billion market cap, zero debt, \$2.4 billion in cash, and the world’s most advanced and successful video game co, will play a big role in this

-Nucor (NUE) #10 on *Fortune’s* 100 fastest-growing companies, up from #63 last year. 308 million shares out, tiny debt plus a billion dollars in cash. As the decade draws toward a close, steel will emerge as THE key industrial/construction metal. Nucor has a P/E of TEN and EPS of nearly five bucks.

-Rio Tinto (RTP) Mineral Resources, the #2 or #3 largest mining co, gold copper aluminum diamonds coal industrial minerals iron ore. New technique may make RTP world’s largest iron ore source. 334 million shares out, P/E of NINE, profit margin of 33%. World’s 5th largest gold/copper reserves discovered in Balochistan (south Pakistan area) Rio Tinto and another company (reported in Asian press as “Chilean” but probably BHP, which owns Chile’s Escondida mines) own the mineral rights, will hire 3000 locals, govt gets 25% of profits

-Companhia Vale do Rio Doce (RIO) (“CVRD”) copper, gold, iron, aluminum, world’s largest source of high-grade iron ore, now as owners of Inco RIO is the world’s 2nd biggest mining company

-Mittal Steel (MT) now referred to as “Arcelor Mittal” in Europe, based in Rotterdam, run by father son team of Indian business wizards, bought Arcelor, under way building enormous new \$4.5 billion production facilities in Brazil, after 2010 steel is THE most important commodity after food and water

-Caterpillar (CAT) legendary American machinery, recent 2:1 split July of 05. CAT just had a bad Q and lowered 07 guidance, and the shares tanked; at \$55-60 shares are a long-term bargain

-Harley-Davidson (HOG) 4 new 2007 models plus the purchase of Lehman company and the 07 intro of the Harley “trike”, sales up 18%, Harley has re-emerged as one of America’s ‘gold mine’ long-term buy-and-hold stocks. Shares now are too expensive, but a stock split is coming. After that, buy for long term

-Textron (TXT) technology conglom, and a key “war stock” (Bell® Helicopter, Hovercraft® etc etc

-UAL Corp (United Airlines) (UAUA) out of bankruptcy, \$4 billion in cash, fwd P/E of 10, and making a LOT of money flying FREIGHT into and out of the Americas

-Ericsson, (ERIC) century-old LM Ericsson based in Stockholm has emerged as the world’s #1 telecom company, market cap almost \$600 billion, profit margin 15%, zero debt, co-founder of Bluetooth, a P/E of 15, various lucrative partnerships with other consumer tech co’s (like Sony) yielding new products

-Raytheon (RTN) technology conglom, key “war stock” a visit to the Great Lakes will show you Raytheon gear and missiles on Coast Guard boats protecting the area and the atomic power plants on Great Lakes shores; bunkerbuster® bombs Patriot® missiles etc etc RTN has a billion dollars in cash

-Armor Holdings (AH) “war stock” world’s premiere armored vehicle and mobile security co (see Centigon) also aerospace/ defense

-Oshkosh Truck (OSK) “war stock” builds military emergency fire and other specialty vehicles, just purchased JLG Industries (aerial work platforms etc) for \$3 billion

-Nvidia (NVDA) despite Intel’s new “laser” chip, NVDA rules the GPU industry and so INTC can’t enter the 21st century visual world unless it buys NVDA. CEO Craig Barrett was too dumb to see this, but CEO Paul Otellini may not be. INTC profits dropped 35% 3Q, emphasizing that INTC is clueless compared to NVDA

-Adobe (ADBE) the world’s premiere visual technology software company. Global business doesn’t proceed without Adobe PDF® 2:1 split May 05, \$22 billion market cap, zero debt

-PepsiCo (PEP) Frito-Lay, Pepsi, Quaker Foods, Tropicana, Aquafina, etc, 3Q profits up 71%, almost no debt, the 4- month long Holiday Season and the Superbowl are coming

-United Parcel Service (UPS) first ever billion-dollar profit quarter, dramatically undervalued compared to FDX

-Archer Daniels Midland (ADM) making a \$1 billion-plus investment in corn ethanol production, may also eventually bring cane sugar as an energy crop back to the US. How serious is ADM about ethanol? CEO Patricia Woertz is former head of refining at Chevron. ADM earned \$1.3 billion last year on sales of 36.6 billion. In 2007, ethanol may bring 40% of ADM’s earnings

-Monsanto (MON) Wall Street does not seem to value the world’s premiere agricultural biotechnology company. Look for Monsanto to alter sugar cane for USA agricultural climate, even create new energy plants and food sources, 2:1 split July 31st, shares at 47 are a bargain for one of the new century’s most important companies

-Alcan (AL) currently 39, shares worth 60, BOTH big aluminum co’s are buyout candidates

-Alcoa (AA) going into 2007, aluminum itself is dramatically undervalued, Alcoa shares are a bargain

-Ceradyne (CRDN) tiny Costa Mesa-based Ceradyne (\$1.18 billion market cap) specializes ceramic engineering technologies and is a “war stock” with consumer spillover, has superb management, and is in for a busy decade. Shares at 44 are a bargain

-Hewlett-Packard (HPQ) Altho IBM may make a comeback, HPQ has taken over IBM’s once sacred turf as America’s strongest consumer electronic tech company, and has a profound new proprietary chip. Earnings on 11/20

-Burger King (BKC) sorry, health food people, but you just can’t argue with Burger King, 11,000 restaurants in

63 countries, we think the profit margin, is too low and the debt equity too high but the shares are profoundly undervalued

-Garmin (GRMN) (GPS technologies and global/marine technology products, Garmin, based in the Cayman Islands, sells through 3000 dealers in 100 countries. It is potentially a critical war stock, as well as a vital industrial/seafaring info-tech company. A 2:1 split in August leaves Garmin dramatically undervalued

-Anglo-Platinum (RPH.F) (subsidiary of AAUK) shares are at the bottom end of a 75 to 90 range, but platinum itself is Fair Valued at 1470 and sells today for around 1175

-Research in Motion (RIMM) Blackberry® cutting-edge and unspeakably chic communications technology system in late 90s, Blackberry® became Your Father's Technology in early new century, now has been discovered by a new generation of 20-somethings who are smart ambitious, business sharks, and *have no other technology to use but Blackberry® to get the job done and stay on top of things*. And so the venerable Blackberry® handheld has become utterly chic to a new generation. Shares at 86 are worth *twice that*

-Johnson & Johnson (JNJ) the world's premiere consumer health care company, \$187 billion market cap and almost zero debt, a 22% profit margin and \$15 billion in cash, 3Q earnings up 9% strong overseas sales this is an 85 stock selling for 67

-Lockheed Martin (LMT) the notorious "Skunkworks" "area 51" war and aviation tech company, Pentagon just moved \$750 million in Lockheed "stuff" (rocket systems etc) to United Arab Emirates (official line is "sold" these things to UAE) which is just across the gulf from Iran to quote unquote help stabilize things. Indeed. LMT shares are 83, may be worth 115 in late 07

-Microsoft (MSFT) despite our lack of confidence in Steve Ballmer and turf issues between MSFT and Google,, MSFT is buying back \$3.8 billion in shares; imminent intro of the new 64-bit Vista® operating system this month, which will immediately become world business standard

-Anglo-American (AAUK) #3 largest mining company, gold platinum diamonds coal iron industrial minerals packaging etc. New CEO Cynthia Carroll is Harvard alum, former div head of Alcan, shares are undervalued by 2X 3X. AAUK and Russian steelmaker Severstal (CHMF) formed new partnership to explore and exploit back-country Russia for nickel copper zinc iron ore and whatever else they find. Severstal, on Moscow exchange, is pursuing London exchange listing, goal to become one of "top six" global steelmakers

-BHP Billiton (BHP) the "Melbourne half" of BHP Billiton after merger 1996, world's largest mining company, shares are selling for about half what they are worth, Q earnings on Nov 21

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

NOTES: RBC Capital Markets estimates 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 from Sept 06*. This places LonMin, Impala Platinum, Alcoa, Alcan, and Phelps Dodge ALL on the potential auction block as buyout targets: Swiss Xstrata now owns Falconbridge, may get Phelps Dodge soon

-Titanium Metals (TIE) ("TIMET") 2:1 split May 06, shares should be in \$40-50 range now and aren't yet

- Companhia Siderurgica Nacional (SID)(often referred to in the US as “CSN”) Brazilian steel, \$8+ billion market cap, profit margin of 23%, 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) HUGE div \$4.68 yield 14.60%, shares currently at 31, way low

- Carnival (CCL) worldwide cruiseship line, has benefited by refusing to hedge fuel, so is not stuck as fuel price falls, shares are 45 should be 60, a US passport crisis is coming up Jan 1st and it may cut into cruise sales but war or no war people love cruises

- Industria de Diseno Textil SA (Inditex) (Spain, Madrid exch ITX) Zara high-fashion budget retail outlets in Europe and soon, western hemisphere as well

- Nuance (NUAN)(speculative) voice-activated software technologies, still showing red numbers, is likely to be purchased by much larger player like MSFT or HPQ, which will integrate this technology into product lines

- Applied Digital Solutions Inc (ADSX)(speculative) owners of VeriChip Corp: fingerprints are 1930s, retinal scans are 1996. VeriChip’s grain-sized implant RFID microchips already are being used by various US “Black Agencies” someday will be used by everyone. Shares cheaper than a cheeseburger

- Altria (MO) undervalued by 20%, huge stable product lines, Kraft Nabisco Camels Jell-o etc etc, Oreo® cookies introduced in 1912. Fat stable dividend. Shares are flat at 78 but shouldn’t be

- Union Pacific (UNP) Union Pacific (UNP) Burlington Northern Santa Fe (BNI) are undervalued and are strongly-needed services; trucking’s loss is a railroader’s gain. CSX split 2:1 in August and shares are cheap

- Reynolds American (RAI) post 2:1 split, still undervalued by 30%, huge \$6 dividend, tobacco is fast becoming illegal in America (health nazis) but still a worldwide basic commodity

- Limited Brands (LTD) Victoria’s Secret, Express, Limited, Pink, Bath and Body Works, Henri Bendel, et al, LTD has upscale girls covered cradle to grave, earnings on 11/16

- Merrill-Lynch (MER) global financial services, manages, in Blackrock partnership, a TRILLION dollars in assets, 3Q earnings tripled from 1-time gain from Blackrock partnership, MER is a \$110 stock in late 07

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

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

- GoldCorp (GG) unhedged gold from mines in Canada Argentina Brazil USA Chile Australia and the DR, \$10 billion market cap, 35% profit margin, now owns Silver Wheaton, is purchasing Glamis Gold, monthly dividend, superb management

- Kinross Gold (KGC) mining in USA, Canada, Brazil, Chile, Russia, Toronto-based, negative numbers but

pulling strongly forward, numbers reflect exploration, shares in the range of 11, ought to be 22

-Gold Fields International (GFI) based in South Africa, mines in South Africa Ghana and Australia, GFI has a high P/E right now but is in a “groundwork” phase now on several fronts and in 2 years the \$20 shares should be worth \$40

-Freeport McMoran Copper and Gold (FCX) New Orleans based, \$11 billion market cap, low debt, operates Grasberg mine, Indonesia, like PD, potential buyout candidate

-Barrick Gold (ABX) following purchase of Placer Dome, ABX is probably the world’s largest gold miner: truly global gold mining, 23% profit margin, \$1.5 billion in cash and almost no debt, ABX stands to gain continually from world circumstances for some years to come

-Banco Bradesco (BBD) consumer banking in Brazil’s boom economy, \$30 billion market cap, \$15 billion in cash, operating margin 51.42%

-Banco Itau (ITU) retail and commercial banking in Brazil’s boom economy, 5:1 split Oct 05

-Petroleo Brasileiro (PBR)(“Petrobras” safe and sane Western Hemisphere oil

-Aber Diamond Corp (ABER) diamonds, from mining thru wholesaling, (Aber is Tiffanys’ wholesale diamond source, plus Aber also owns 53% of Harry Winston Jewelers)buy now, or simply buy Rio Tinto

-Pacific Ethanol (PEIX) earnings doubled year-over-year, Big Oil is going after ethanol industry ownership, and that makes PEIX is a buyout candidate

-Lehman Bros Holdings (LEH) financial services investment banking & commodities brokering including some astonishing ownership positions like 70% of Peabody Energy. LEH shares split in May of 06, now are 70 but worth 115

-Peabody Coal (officially Peabody Energy,BTU) We’ve been on BTU for a while, 3Q earnings up 25%, USA has world’s key coal reserves, enough to run cars for 300 years, enough to power the US military with liquefied coal diesel fuel, w/out Islamic oil and without even ethanol when WWII turns into a hot war. Boring well-run company with a boring ugly and necessary product, shares split 2:1 in Feb 06

-GFI Group (GFIG)(“Go Figure”) small specialty financial house, commercial debt insurance, financial services, derivatives, has bought Amerex Energy Assets, tiny small-cap version of GS or Leh, principals are fiercely ambitious and very very smart

- CME Holdings (Chicago Mercantile Exchange) (CME) #81 on *Fortune* magazine’s list of the 100 fastest-growing companies, has bought C-BOT for \$8billion in a move toward creating a global derivatives exchange with trades averaging 9 million a day, merged Co to be called CME Group, will remain based in Chicago, still strongly undervalued

-ICAP (IAP.L)(London Exchange) wholesale financial instrument brokerage specializing in over the counter derivatives, money market notes, treasury bills, etc, went electronic in 03 with purchase of BrokerTec, dramatically undervalued

-NYSE Group Inc (NYX) (New York Stock Exchange) now at 72, this is a 200 stock in 08 if they have the foresight NOT to get involved in some expansion project in CHINA

-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, dramatically undervalued as frontier South America begins to wake up and prosper. The FIRST airline ever to appear in the MW STRONG BUY LISTS

-Goldman Sachs (GS) (America's MOST ELITE M&A/investment banking/ brokerage/commodities house)(owns *Village Voice*, \$1.5 billion worth of rental property in Berlin, etc etc etc)(annual earnings \$16 a share, P/E of 9)(undervalued by 20%)

-Abercrombie & Fitch (ANF) upscale retail clothing, youth market, learned from Harley that Sex Sells, earnings on 11/14

-Sociedad Quemica de Chile (SQM) (Chemical and Mining Co of Chile) industrial/ agribiz/ chemicals/ minerals, strong recent earnings, shares are 110, probably worth 130, they should split the stock 2:1 and probably will soon

-Porsche (PSEPF.PK) worlds best production car, shares of Porsche have now cleared \$1000, are worth 1300-1400

-Nikon NINOY.PK) (world's best cameras plus much more technology, now on top of our \$200, sell at 200 or wait for 225, 230, these shares won't fall unless Nikon declares a 2:1 split

-Cameco (CCJ) brings to market more than one-third of USA's uranium. CCJ's P/E is high but uranium prices are lower now than they will be, see also small company Uranerz Energy

-Cemex (CX) the 21st century world we live in will be made of cement and steel reinforcement rods, not wood. Since we can't buy shares of Quikrete® (privately-held) Cemex is the only game in town. \$21 billion market cap, century-old company based in Mexico, global sales, solid dividend, zero debt and \$730 million in cash. The stock split 2:1 in July 06, shares now at 29 should appreciate steadily

Notes: we would stay out of China and Indonesia. We are taking new looks at Western Europe. We continue to invest in "elemental" resource and commodity stocks and financial services, and we are starting to invest once again in key "Americana" shares like Harley-Davidson and Microsoft. Note that VERY few US "consumer" co's are appearing here. We are waiting for Harley (HOG) and Cummins Engine (CMI) stocks to split

Highest Dividends Data from *FT*, Google Financial, Yahoo Financial, And Hoovers

- Companhia Siderurgicas (SID)(Brazil, steel) div \$3.64 yield 11.30%
- Banco Bradesco (BBD)(Brazil, banking,) div \$3.47 yield 9.60%
- Frontline (FRO)(Bermuda, tankers & at-sea shipping) div \$6.00 yield 16.50%
- Reynolds American (RAI) (USA, tobacco) div \$6.00 yield 9.80%
- Fording Canadian Coal (FDG)(Canada, minerals) dividend \$2.88 yield 11.50%
- Southern Peru Copper (PCU)(USA, metals) div \$4.00 yield 7.80%
- Ship Finance Ltd (SFL)(Bermuda, tankers & ocean freight) div \$1.80 yield 9.30%
- Realty Income (O)(USA, REIT) div \$1.51 yield 5.70%
- Alaska Communications Systems Group (ALSK) (Alaska, wilderness telecom) div 86 cents yield 6.0%

Full Disclosure

We currently hold shares of Rio Tinto, Rio Vale (CVRD), Southern Peru Copper, Anglo-American, Anglo-Gold Ashanti, GoldCorp, Aber Diamonds, Yamana Gold, BHP Billiton, Titanium Metals, Mittal Steel, Banco Bradesco, Klondike Star Minerals, Corning, Nvidia, Greif, JDSU, Krispy Kreme, Avanex, Daimler-Chrysler, Home Depot, Taser, Krispy Kreme, Johnson & Johnson, Merrill Lynch, Dupont, Altria, FedEx, Targeted Genetics, Applied Digital Solutions, Monsanto, SID, and Goldman Sachs resources ETF fund IGE. We've begun a position in Euro-asset management co ING. Our largest positions are Corning, Rio Tinto, Merrill Lynch, AAUK, PCU and NVDA; we opened a position in MSFT around October 15th. We would be buyers right now of Klondike Star, Corning, GoldCorp, Yamana Gold, Harley, Microsoft, Nvidia, PCU, TIE, NUE, AAUK, SID, Alcan, Alcoa, and Garmin. We do not understand why aluminum is so cheap.

Best Wishes from

Chip Elliott, Bart MacLean, E,

And the *MW* group

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