
September 30, 2005

A View From Burgundy... A must read

No Good Deed Goes Unpunished

September 30, 2005

John Mauldin's ... Thoughts From The Frontline

Solving An Old Age Problem

September 30, 2005

Gibson Leaves Clipper Fund

September 30, 2005

A Meeting With Jim Rogers..

September 30, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 29, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 30, 2005

Compliments of The Daily Reckoning....

Reality Bites by Puru Saxena

September 28, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 28, 2005

A Look at German Inflation 1914 -1924

September 28, 2005

I gleaned this interesting snippet form ChinaDaily.com...

BEIJING -- China should invest its foreign-exchange reserves, the world's largest after Japan's, in overseas energy resources rather than U.S. Treasuries, an official at a Communist Party-backed research group said. "Rather than using the money to buy U.S. Treasuries, why not consider buying energy stocks instead," Zheng Xinli, deputy director of China's Central Policy Research Office, said yesterday in a speech to an energy conference in Beijing.

September 28, 2005

"As far as diversification, you should probably own some utilities, some oil or energy ETFs, some gold and if only one gold stock I'd own Newmont and own a lot of cash in either T-bills or money market funds. I guess the surprise of the third quarter has been the strength in the dollar. Why the strength? Maybe it's the Fed's steady rising of short rates. Maybe it's the German election mess, maybe it's a coming slowdown in Asia -- who the heck knows. All I do know is that the dollar has been strong against the euro and the yen. The only better currency is the Canadian dollar, which is now considered a "commodity currency," since Canada is the home of a huge amount of oil and other commodities. Nobody's laughing at Canada's dear old "Loonie" any more -- it's a strong currency."

Richard Russell the wise publisher of the Dow Theory Letters

September 28, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 27, 2005

As always, thanks to Dr. Bob..

Double Daily Dose

September 27, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 27, 2005

John Mauldin's ... Thoughts From The Frontline

Where Should We Put The Greenspan Put?

September 26, 2005

"We expect global demand for all forms of energy to grow at about 1.7% per year on average, rising more than 50% from about 220 million oil-equivalent barrels per day currently to 335 million oil-equivalent barrels daily by 2030," **Rex W. Tillerson**, President of ExxonMobil, recently told the Brigham Young Alumni Association.

ExxonMobil's Energy Outlook projects spiraling demand in developing regions: Latin America, up 85%; China, up 100%; and India, up 164%

September 26, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 21, 2005

Markets At A Glance... Another One Bites The Dust by Eric Sprott, CA and Sasha Solunac, CFA

September 21, 2005

John, here's a terrific interview with Pierre Lassonde of Newmont. You know that I'm pretty agnostic on gold and see it only as "insurance" but Lassonde is a not only a good CEO but has a terrific track record as a money manager. He talks about oil, diamonds and of course gold.

GMSR Interview: **Pierre Lassonde** by Bob Bishop

September 21, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 21, 2005

As always, thanks to Dr. Bob.. John, Jim Willie's latest talks about gold in Euros and Yen (the key charts to follow on gold price):

GOLD IN 3-PART HARMONY !!!

September 20, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 17, 2005

John Mauldin's ... Thoughts From The Frontline

A Few Good Money Managers

September 17, 2005

The Daily Reckoning's Weekend Edition - Every Cloud Has a Gold Lining

Baltimore, Maryland

by Kate Incontrera

MARKET REVIEW: EVERY CLOUD HAS A GOLD LINING

Uncertainty shrouds the situation on the Gulf Coast. So many questions have been raised in the last few weeks that have no clear-cut answers. Did the federal government act too late? Is the state government at fault? Or does the blame lie squarely on the shoulders of American societal standards as a whole? Who knows? Who will ever know?

There is one absolute certainty in this mess - the U.S. economy will take a beating in the wake of Hurricane Katrina. Consumer confidence is at an all-time low, energy prices are skyrocketing, and global inflation concerns are pushing down Treasury bonds.

However, there is one winner in all of this - gold.

This week, gold rose in New York and London, hitting a 17-year high as investors bought the yellow metal as a hedge against financial assets that could be eroded by inflation.

"People look at gold these days as part of the protection for the inflation that they see coming into the economy," said Stuart Flerlage, managing principle at Patronus Capital in New York. "Consumers are starting to see it hit their wallets."

The 48 percent jump in oil prices has caused manufacturers to pass those high costs onto consumers. DuPont Co., the third biggest chemical maker in the United States, said on September 12 that it will have to raise prices on 35,000 products.

Government spending on the clean-up of Katrina, which has been predicted to cost around \$200 billion, will certainly add to inflationary pressures that have already been fueled by record-high energy prices.

"The Bush administration's response to the hurricane stoked investors' anxiety about the government's ability to fight the deficit," said our own Addison Wiggin, in a Bloomberg.com interview.

"Never has a reserve currency faced fighting such a huge debt and spending problem," Wiggin continued. "Gold is trading as a counterweight to fiat currency and that's why we've seen this steady climb recently."

Gold is definitely the "asset to own," as Brian Garvey, senior currency strategist for State Street Corp., put it. The metal has outperformed the world's eight major currencies since Katrina hit on August 29.

Many investors are viewing their gold holdings as insurance policies from the inflation that is showing up in prices all over the retail market. If the precious metal breaks last December's high, it will be the longest bull market since it was freely floated in 1968.

This is the good news that we, at The Daily Reckoning, and goldbugs everywhere, have been waiting for.

Kate Incontrera
The Daily Reckoning

September 15, 2005

As always, thanks to Dr. Bob... John, a great letter from Faber,

“What I am thinking is that while the early 1980s represented a lifetime buying opportunity for financial assets and real estate, today, we may be at a lifetime selling opportunities for financial assets and real estate, though not necessarily in Asia.”

“In addition, it has been my observation that board members and the funds' investment managers become very optimistic after an extended period of stock market strength and very pessimistic after a period of extended weakness. When the market has been strong for a while these 'experts' will find hundreds of fundamental reasons why the market is strong whereas when the markets has (sic) declined for a while they will list hundreds of reasons for caution and for reducing the exposure to the market.”

Boy ain't that the truth!

Is This A Lifetime Selling Opportunity by Dr. Marc Faber

September 15, 2005

As always, thanks to Dr. Bob.. John, here's a good piece about current issues facing the US:

Merk Insights

“There is a saying that if the United States sneezes, the rest of the world catches a cold. Much of the world has oriented itself to sell to the US consumer. The question is where you can hide or seek to profit from a situation where decreased consumption in the US will be a drag on the economy; where consumers will have to pay down their debt;

where inflationary pressures will continue to build and be a threat to the bond market; where the dollar is at risk because of an enormous current account deficit and the risk of lower investments into the US should the US economy slow; and the risk to numerous international companies and countries that are highly dependent on selling to the US consumer. There will always be select opportunities, both domestically and internationally. Personally, we are biased and favor a basket of hard currencies with a gold component as part of a diversified portfolio.”

September 15, 2005

As always, thanks to Dr. Bob.. John, as we talked about today, here’s an article about value coming into large cap:

SunAmerica Fund Moves To Big Caps

““This is the largest valuation disparity we've seen in many years," Neimeth said. "Historically, when you come to a period where the Fed is coming to the end of a tightening cycle, large-cap will outperform.”

He points out that large-cap stocks are trading at around an average 15 times forward earnings, while small and mid caps are near 17 times.”

September 15, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 14, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 10, 2005

John Mauldin's ... Thoughts From The Frontline

A Critical Juncture

September 9, 2005

As always, thanks to Dr. Bob..

The Daily Dose

September 9, 2005

As always, thanks to Dr. Bob..John, here's the latest from Bill Fleckenstein:

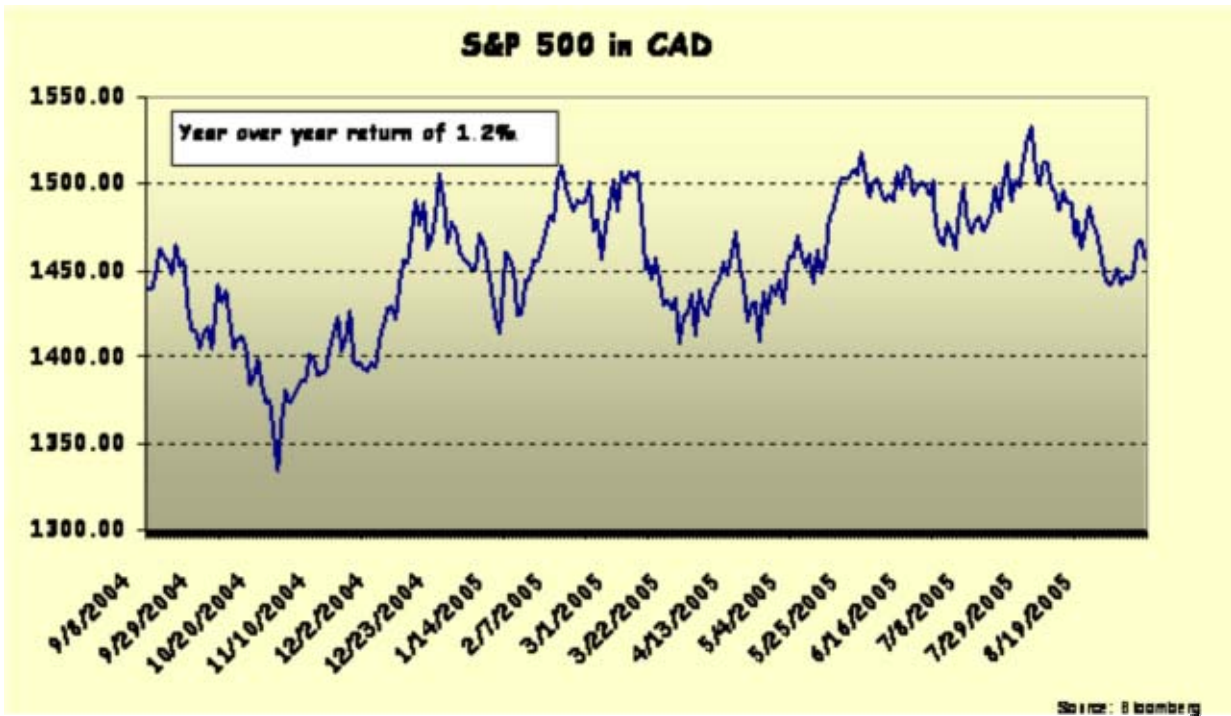
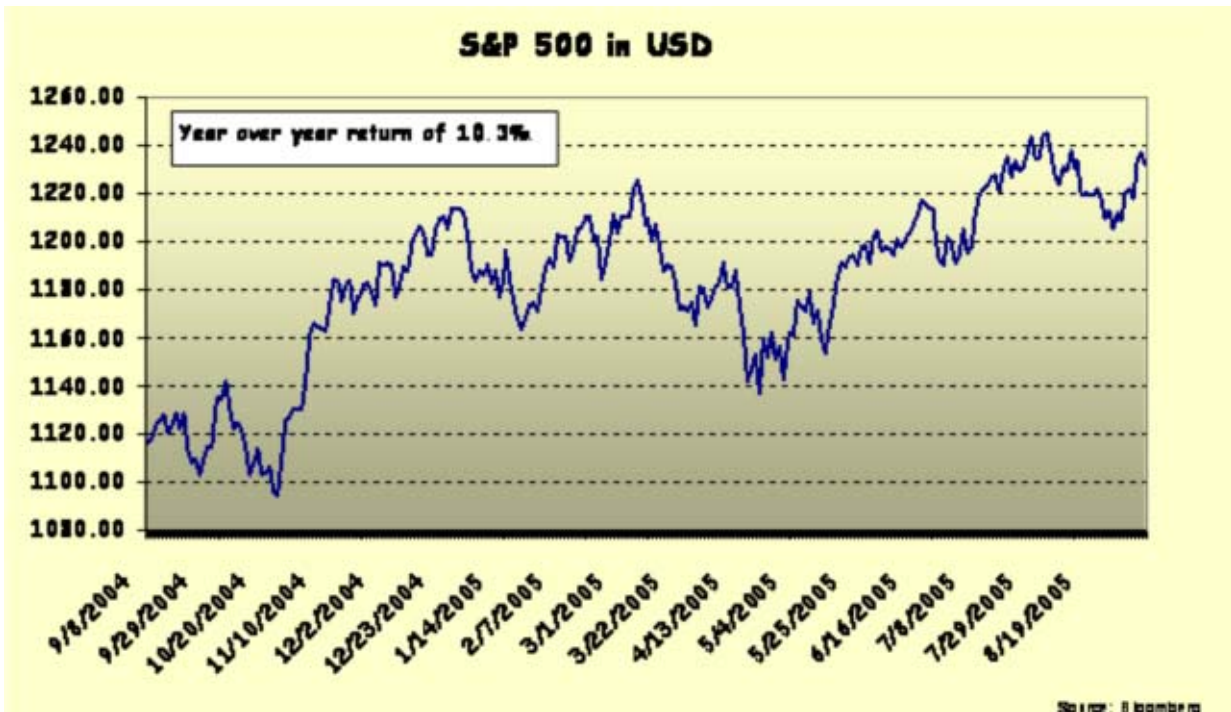
Contrarian Chronicles...

Katrina's fallout: good for gold, OK for stocks by Bill Fleckenstein

"The longer the market can seemingly surmount or shrug off all obstacles, such that the storm "veers away before it hits us," the more risk people take (while not necessarily understanding that they are accepting more risk) and the more dangerous the financial landscape becomes. For the time being, the market appears to have concluded that all is well. However, I don't believe that for a minute."

September 8, 2005

As always, thanks to Dr. Bob.. John, I thought I'd forward you in graph-form the comparison of the S&P 500 return over the past year in USD versus CAD as you and Rob discussed last night:



Just goes to show how important currencies are these days with respect to returns

September 8, 2005

As always, thanks to Dr. Bob..John, here's a good article from Tilson. He even shows that chart I sent you awhile back from GMO:

Blue Chip Bargain

Interesting quote:

"Is Google a threat to Microsoft? Taking nothing away from Google's remarkable growth, Microsoft's operating system remains mission critical to the PC and is the control center that enables the Google experience. Google can be displaced as the search leader, as were Yahoo and Alta Vista, but operating systems and application programs are different and more enduring animals than Web sites."

September 8, 2005

As always, thanks to Dr. Bob.. John, here's more detail on individual companies from Jim Gipson:

Clipper Fund Second Quarter by Jim Gipson**September 8, 2005**

As always, thanks to Dr. Bob.. John, here's the letter to unitholders of the Clipper Fund:

"Wal-Mart is a particular example of the general situation facing investors today. There simply are not many cheap stocks, particularly when allowing for reasonable risks such as a decline in today's record high profit margins. There probably will be periods of better opportunity. In that respect we are basing our expectations for the future on our experience of the past. Neither we nor anyone else can predict when the market will provide us with better opportunities, but we will remain patient until that day arrives."

Clipper Fund Semi - Annual Report June 30, 2005 by Jim Gipson**September 7, 2005**

As always, thanks to Dr. Bob.. John, here's a great piece from Hussman:

"Grab a pair of scissors.

I'll wait.

OK, now open the scissors slightly. You'll notice that the left arm slopes down to from left to right. That's your demand curve. You'll also see that the right arm slopes up as you go from left to right. That's your supply curve. Notice where they meet. Now close the scissors just slightly. **Do you see how quickly the intersection rises between the arms of the scissors? Those are gas prices. With both demand and supply curves very steep and inelastic, it takes very small disruptions to produce profound changes in prices.** More importantly, the higher prices are an equilibrium. Once you shift supply and demand curves, the new price is the new price, and changes only if you shift the curves again. **In other words, it's a vapid, non-equilibrium argument to say that high gas prices will reduce demand, thereby lowering gas prices.** If you follow that sort of logic, you're forced to then conclude that the lower prices will raise demand, resulting in higher prices, which will lower demand... ad infinitum."

We Could Get A Recession Out Of This by John P. Hussman, Ph.D

September 7, 2005

As always, thanks to Dr. Bob.. John, I had no idea that the Chinese President was visiting Canada!

Chinese President to visit Canada in September Mon Aug 29, 5:50 PM ET

Canadian Prime Minister Paul Martin and his cabinet will meet with Chinese President Hu Jintao on September 9 during his first state visit to Canada next month, officials said.

"I look forward to welcoming President Hu to Canada to continue our ongoing dialogue as our two countries prepare to mark 35 years of diplomatic relations," Martin said in a statement. "This visit is an opportunity to strengthen our personal relationship and our commitment to forming strategic partnerships between our two countries."

The leaders will discuss the environment, including climate change, energy, science and technology, investment, trade, human rights and tourism.

Hu will also attend a state dinner and meet with Canada's Governor General Adrienne Clarkson in Ottawa, and travel to Toronto, Niagara Falls and Vancouver between September 8 and 17 to meet with provincial government representatives, business leaders and members of the Chinese-Canadian community.

Hmmm, Canada is on the radar screen big time. When was the last time an American President spent 5 days in Canada?

September 6, 2005

Thanks to our musical friend Greg in New York...Thought you'd be interested

Hedge Funds Start Selling Record Holdings in Gold

By Chidem Kurdas, New York Bureau Chief
Tuesday, September 06, 2005

NEW YORK (HedgeWorld.com)—Over the past month or so hedge funds have acquired a large net long position in gold, which they are now starting to unwind, according to research from Merrill Lynch.

Tracking positions in gold futures held by large speculators, Merrill Lynch analysts Mary Ann Bartels and Cam Hui found that during August this group increased its net position as a percentage of total open interest. Large speculators are known to include many hedge funds.

By the middle of the month, the net long position in gold futures as a percentage of open interest reached a historical high. Hedge funds continued to add to the holdings in late August.

As of Sept. 2nd, they were still holding a record position but had started to sell. This makes gold vulnerable, the Merrill report points out. Unwinding of sizable holdings can mean near-term weakness for the metal.

The research does not indicate large-scale hedge fund participation in two other major commodities, oil and copper, during recent weeks, despite rallies in these markets. That is a striking contrast to the big interest in gold.

If hedge funds decide to become more active in oil and copper, it could have a significant short-run impact on the prices of those commodities.

The Merrill analysis uses Commodity Futures Trading Commission and Bloomberg LP data.

September 6, 2005

As always, thanks to Dr. Bob.. John, here's Bill Gross' latest and he talks about the housing market and Greenspan:

That means a focus on high-quality investments with anticipation

for an eventual Fed easing at some point in 2006. I believe that 4% will cap

this Fed Chairman's last bear market tightening and that his successor will

quickly be confronted with the necessity to lower rates once again. A bullish orientation

towards the front-end of the curve therefore should begin to dominate bond strategies, combined with an avoidance of anything that carries those low-risk premiums that Greenspan finally diagnosed. Those assets include real estate, equities, high yield, corporate, and some areas of emerging market debt. They also include, by the way, long-term Treasuries or any longer-dated government paper that has been lowered in yield in the past by Greenspan's own "measured" transparency over the past 16 months.

"Lunch" Time

I also like his 2 charts:

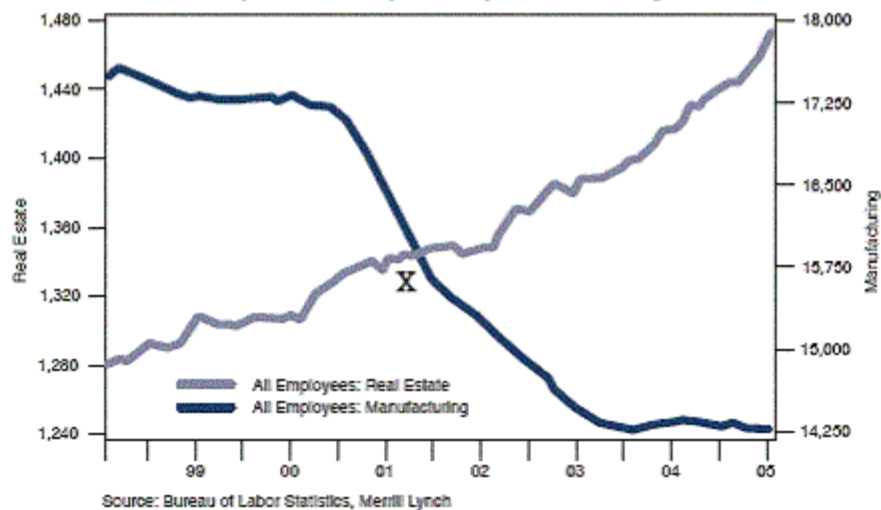
Chart I

Revolving Home Equity Loans: Domestically Chartered
Commercial banks
SA, Bil. \$



Chart II

X Marks the Spot:
Factory Workers Replaced by Real Estate Agents



Best, Bob

P.S.

Interesting also: *Next month, look for the IO available*

as a "podcast" on both pimco.com and

on itunes.com. Now I must be honest,

*for someone who has written every IO,
including this one, using pencil and paper,
the thought of "podcasting" baffles me...I
mean, why would you spend time listening
to me instead of the new U2 album? But
my son, Nick, insists "it'll be cool Dad."
So I told him I'd give it "a try."*

Podcasting is now mainstream when it gets to someone like Bill Gross!

September 3, 2005

As always, thanks to Dr. Bob.. A Special Report by Sprott Asset Management's John Embry...
Move Over Adam Smith: [The Visible Hand Of Uncle Sam](#)

September 3, 2005

Compliments of PIMCO

[Pyrrhic Victory?](#) by Paul McCulley

September 3, 2005

Thanks to Michael our erudite friend in Montreal...John. There's a good article on Kitco's website called "[The Bell Tolls For The Dollar](#)" by Alf Field (South African now living in Oz). I know he is preaching to the converted but quoting from Russell, he makes some very interesting and valid comments. Worth a read.

[The Bell Tolls For The Dollar](#)

September 3, 2005

[John Mauldin's ... Thoughts From The Frontline](#)

[Time To Call An Audible](#)

Greenspan: Time to Call an Audible
1,000,000 Temporarily Lost Jobs
\$100 Billion Here, \$100 Billion There
Time Inconsistency and the Greenspan Put
To the Moon, Alan?
Palo Alto, San Diego, Toronto, Houston and Europe

September 2, 2005

Thanks to our good friend Mark Hugh Sam with Sellers Capital in Chicago...

Dear Investor:

The Sellers Capital Fund did well in August, rising 3% gross and 2.4% net, vs. -1% for the S&P 500 and -1.5% for the Nasdaq. For the year to date, the fund is up 29.5% (23.6% net) vs. 1.9% for the S&P 500 index and -1% for the Nasdaq. Since inception on August 1, 2003, the Fund has returned 31.8% annualized (28.3% net) compared with 12.5% annually for the S&P 500 and 10.9% for the Nasdaq.

For details on the performance of the Fund, please read the attached PDF file.

Sellers Capital August 2005 Letter To Investors

In this month's letter, I also briefly discuss my thoughts on the devastation caused by Hurricane Katrina.

Nine new investors joined the Fund on September 1, bringing the total to 74 investors and approximately \$22 million in assets.

Sincerely,

Mark

P.S. If you really want to get a sense of what's going on in New Orleans right now, click on the following link. These are real-time Internet postings by New Orleans residents who are trapped in the city with dwindling food, water, and medical supplies. I wish I could do something to help them.

<http://www.nola.com/weblogs/nola/>

September 2, 2005

As always, thanks to Dr. Bob.. John, here's this month's monthly observations talking about foreigners and their sudden lack of interest in Treasuries.....may have resulted in the sell off that pushed 10 year yields to 4.4% (since fallen to 4% today

[That's The Way Love Goes](#) compliments of [ContraryInvestor.com](#)