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Good morning, Chris

Chris Temple -- Editor/Publisher

If you can keep your head when all about you; Are losing theirs and blaming it on you, If you can trust yourself when all men doubt you, But make allowance for their doubting too.

-- Rudyard Kipling

At 2017's halfway point, as I wrote at the time, things *seemed* to be fairly understandable. An environment of modest--even accelerating--global growth was being embraced.

Here in the U.S., despite the never-a-dull-moment political circus, investors were nevertheless comfortable with the idea that things were looking up. Eventually, they felt, at least some of the Trump agenda being enacted would make us all richer. Things were solid enough that the Federal Reserve in June signaled it remains firmly on course to "normalize" monetary policy.

In this final week of "unofficial" Summer, though, it's anybody's guess what happens next!

Yesterday's report of the launch of a North Korean missile over Japanese territory has again ratcheted up war fears. That event has served to take simmering **gold**--and even **Treasury bond**--prices higher, *in both cases blowing through key technical levels.*

That both of these moves are arguably otherwise at odds with underlying economic *fundamentals* doesn't matter right now.

Incredibly, **the U.S. dollar** has been no refuge. It is getting clocked again today, now blowing below 92 on the U.S. Dollar Index ***and breaking its long-established trading range.*** Even more than with

"The Odd Couple" of Treasuries and gold, this particular momentum trade is even more aggressively feeding on itself.

While--as some of you recall--I warned that the dollar's strong post-election move wouldn't last **(in part because our new mercantilist president wants a cheaper dollar)** THIS IS GETTING CRAZY. By virtually every *fundamental* measure, the dollar should not be breaking down this way; most certainly, not against the euro.

But it is. . .and the question is--given this breakdown and myriad other crazy (or maybe not so crazy in some cases) moves going on in the markets . . .***What should we do?***

JOB ONE -- Primum non nocere

A potential shooting war with North Korea is but one market storm we are having to reckon with at a time when there are more cross-currents. . .confusion. . .and RISKS than at any time in recent memory.

We also have the natural disaster unfolding of Tropical Storm Harvey. I spoke late last night with one of my oldest and dearest friends who is with his family in the Houston area. **What he described--and what we can see on our TV screens--makes Hurricane Matthew we experienced here in Florida last October seem like a passing shower in comparison.**

Naturally--as with any of us who have friends and family in this area being ravaged by one of the most devastating natural disasters **ever**--we worry about and pray for everyone there.

As *investors*, we have the challenge of determining what *if anything* to do with our portfolios generally, and what opportunities specifically there will be later as the Herculean cleaning up and rebuilding commences.

And there is also--as I alluded to in the second issue of *The National Investor* this month--the looming "storm" of a fight over the debt ceiling and the various issues that will be debated with it. How these battles unfold--or perhaps don't--over the coming weeks will also play a big role in whether recent moves are extended. . .*or abruptly reversed.*

It's especially at confusing times like this when I repeat Chris' First Rule of Portfolio Management: *First, do no harm*.

Or, as my Dad always said when I wanted to sneak into his tool room and "fix" something, *"When you don't know what you're doing, don't do it."*

As I will be sharing further with our Members in the coming days, there are indeed some moves we may need to make *even if they are merely trades*.

But by and large, the risk of getting caught up in moves without thinking things through and then getting "whipsawed" is higher at crazy times like this, when things could move BIG one way or another.

Thus, to a great extent, we need to have the discipline to do *nothing* and wait for *clearer* opportunities.

A FEW COUNTERINTUITIVE THOUGHTS. . .

While Members, as always, will be getting some *specific* portfolio instructions as necessary I want to share with you--indeed, *challenge* you--with **just a few "what ifs" to ponder:**

* *What* energy investments? -- Historically, oil and natural gas prices would spike in light of the kind of storm that is hitting the Gulf Coast.

This time they are weak; and for reasons I explained, in part, on yesterday's podcast.

Instead of chasing energy prices or trying to figure them out, **look for those *companies* that provide infrastructure services to the industry in that region.**

Two such companies on our recommended list were up 5% and 10%, respectively, yesterday, despite the lethargic market. *And I'm looking at adding other such companies.*

* Will Harvey *lessen* the chances for a shutdown? -- Especially with the dollar's swoon, the usual suspects are flogging you with predictions of the dollar's imminent demise (including one "expert" who told us that LAST September 30 the dollar would be no more, and we'd all be using some newfangled I.M.F. global currency to buy our groceries!)

Make no mistake: There is indeed a risk of market upset in the coming weeks if its looks as if things will hit a road block.

BUT consider--*and watch this narrative develop*--the chance that Congress and the White House come together because of this devastating storm. *Massive* amounts of money will be needed; and this spending (well, ok, borrowing) will NOT be argued over. Indeed, it could well become an anchor of a broad deal to raise the debt ceiling AND give Democrats and moderate Republicans those health care funding stop-gap measures they are demanding.

* SHOULD base metals and precious metals be rising in unison? -- Though precious metals have broken out more recently thanks to the dollar's swoon and both political and geopolitical fears, base metals were moving first.

That they continue to do so despite the fears now in the market is curious.

***Longer-term*, the picture for many is indeed encouraging.**

But ask yourself why--if war may be more likely, trade wars are something President Trump is still pining for (specifically, imposition of tariffs on Chinese imports) and the rest, *won't weaker growth that results hit demand for these metals for a while and gut their recent rallies?*

The base metals -- and energy markets outlook -- will be discussed in some detail in the first September issue of *The National Investor*, together with yet more updates on our recommended companies.

If your own Membership is not active, VISIT ME HERE NOW to fix that so you won't miss these CRITICAL insights and recommendations.

And as always, I'll welcome your questions.

All the best,

Chris Temple -- Editor/Publisher
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