THE National Investor

June, 2020 *You can get information anywhere. Here, you get KNOWLEDGE*. COMPILATION

The below content is selected from both regular issues of *The National Investor* for June, 2020

FROM OUR AUDIENCE

UPDATED SHORT ETF STRATEGY? CHOICES?

Chris – I never did sell all of the short ETFs last go-round, though in hindsight should have for a while, anyhow. Now, though, I am thinking of REALLY loading up. You are treading carefully, though. Please enlighten me as far as your thoughts, and the specific choices and their rationale (SQQQ, FAZ and EDZ.) Were the first of those to avoid "wash sales?"

Yes, I am treading carefully! At any point at which I advocate directional trades, even if the evidence *to me* seems to strongly suggest the wisdom of putting on one or more short ETFs (in this case) I usually don't *rush* in. As I repeat often, I try to avoid ANY kind of moves/recommendations where—if I am wrong—it is debilitating to our entire portfolio. Even with the beatings we took on the short ETFs I threw the towel in on in late May, the end result was we gave back from 1/3 – 1/2 of the gains we'd previously logged on all the Odd Couple ETFs.

For present purposes—and for all the reasons I have been articulating, including most recently today at http://www.kereport.com/2020/06/23/us-china-trade-comments-and-pmi-data-markets-moving-with-an-inflationary-bias/ --**I believe strongly we should *at least* get a sharp pull back.**

Without question, the Fed has everyone feeling "bullet proof" again; and that is admittedly hard to fight. But that won't even be enough as 1. The wheels come off where China is concerned, ultimately 2. Renewed *localized* restrictions/lock downs due to the resurgence in cases of the Wuhan Virus throw cold water on the "recovery," 3. Any signs emerge that President Trump may *lose* in November, etc.


<u>These two have a LOT in common!</u>

But we remain for now in an environment where one utterance from the Fed can and will disembowel a few more bears. As we saw at the beginning of last week when the Fed announced its latest *fascist* intervention (for those who don't fall to pieces automatically over labels, **I clinically and historically explained this label** in a chat with Mining Stock Daily's Trevor Hall last week, after the latest bond market announcement by the Fed, at https://www.podbean.com/media/share/dir-6ne6g-933e2df?utm_campaign=w_share_ep&utm_medium=dlink&utm_source=w_share) it is resolved to keep markets levitated by hook or crook.

As there is a LOT of ground to cover in this issue, I'm not going to go over *all* the many details/thoughts I share several times/week on forums such as the above. Suffice it to say I don't see that it will take much longer before this struggle between deteriorated fundamentals on one side—and the interventionist Fed on the other—tilt for a while in favor of the former.

As for the latest short ETF choices:

* A disproportionate part of the rally of late going back into the tech and momentum-fueled Nasdaq, any broad reversal should see this Index hit as well. Thus, SQQQ.

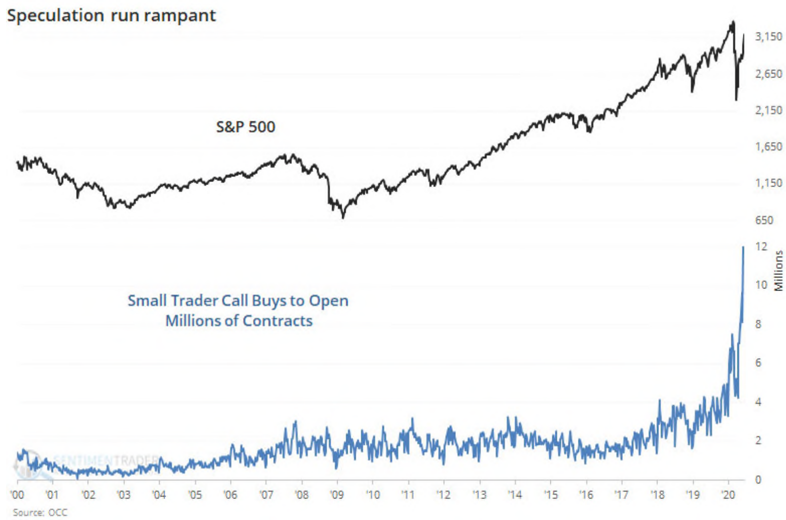
* As for FAZ, I think what little bullish move banks, etc. were going to have from long-term yields rising again and the overall curve steepening is already baked in. Notably, banks have underperformed (as usual) even in this rally: but I think if we do get a sharp correction—which would compress the yield curve anew—they will get hit as hard as anything else.

* Finally, where EDZ goes, I am not yet convinced the U.S. dollar is rolling over for good. If I am correct in that we'll see risk assets bog down/correct anew, it will rally. That—and the more subdued forward-looking expectations as the Wuhan Virus lingers/rebounds—will take air back out of emerging market paper of pretty much all kinds.

"Wash sale" comment:

While the rationale for each of those above is as stated, *yes*, one consideration where SQQQ and

FAZ go is that we *didn't* just get out of those. But EDZ *was* sold within the last 30 days prior; so those of you who owned that before, sold and bought back in in a taxable account *cannot* take the prior loss on your tax return. For more on how the rule works, check out this helpful primer at https://www.investopedia.com/terms/w/washsalerule.asp.



This is not to say I would not add back some of the others if I thought it was the right thing to do. *I am especially tempted where the rally in energy stocks is concerned and mulling over getting into ERY again (more thoughts on energy below.)*

For the moment we'll stay as-is. Inevitably, I think a riper time to be short virtually ALL risk assets at least for trades will reward us, especially since the recent past finally HAS seen more evidence of 1. Massive bear capitulation and 2. Downright Looney-tunes speculation.

STRATEGY FOR OMINECA, 49 NORTH?

Hi Chris, I'm an investor in both OMM and 49 North Resources. I just listened to your conversation with Cory Fleck at kereport.com (NOTE: at http://www.kereport.com/2020/06/19/metals-commentary-and-comments-on-omineca-mining-and-metals/) and was wondering if you had any comment on 49 North Resources, as I didn't hear a mention in this interview.

My understanding is that FNR are a very large chunk of that 75% insider stock ownership you mentioned. FNR currently has a share price of $0.06 CDN which is way below OMM's $0.36 CDN. If FNR owns 40% of OMM would you also be heavily invested in FNR? I'm considering tripling my stake in FNR tomorrow morning when the market opens. I thought OMM might come down a bit when the market shifted last week but it was one of the only stocks I was watching that actually went up and FNR held steady. Hoping to get into OMM at a slight discount via FNR ownership.

ALSO – Chris, do you think Omineca approaching C40 cents is overbought? Any views on profit-taking knocking this back down some, up as much as it is…or when/whether YOU would advocate cashing in some chips?

If one considers *only* the chart above—**and knew nothing about Omineca's story**—a first impression *would* definitely be it is due for a pause/correction. At least, you would think we'd get a new plateau and "chop around" for a while before forging higher.

But this, as I have made very clear, is a case where the last thing I plan to do is advocate taking ANY money off the table yet. Nor would I try to be "cute" and think selling after such a run is smart, as long as we got back in at a lower price. I'm not confident such a chance would present itself. Even after the latest financing has taken the share count close to 100 million now, the overwhelming majority is still in the hands of insiders, related parties and some of the rest of us who know the potential here and are not about to pull the plug prematurely. *This of all "story stocks" is where we let profits run.*

I understand some who are more conservative will deem it appropriate to take *at least some* money off the table; and I won't fault you. But as we have seen more than once this year, *any* selling is quickly scarfed up. I believe that will continue.

Following the latest financing, 49 North now owns roughly 45% of Omineca. So I agree that it is decidedly undervalued; and a good way to get OMM "at a discount" all else being equal. Keep in mind, though, that **said 45% present level will be diluted somewhat further** by coming warrant exercises and any fresh financings that may come (though I don't expect anything new on the latter now for some time, as this year's drilling plans are now paid for.)

PIEDMONT LITHIUM ON SALE?

Good morning Chris! Just noticed Piedmont plunged. -22% almost. Is this a great buying opportunity? The peace of the Lord be with you. . .

"On sale" is a relative term, since—as I have expressed for a while—Piedmont based on its growing resource, progress and price *was* already CHEAP. But primarily pushing the price down as sharply as you saw was a financing that raised a total of about US$20 million in a two-part raise; see https://d1io3yog0oux5.cloudfront.net/_f3bde1e4f686299b973a78fbb6c3211c/piedmontlithium/db/336/2599/pdf/ASX+Announcement_FINAL.pdf.

Yet when you consider that PLL prior to this significant financing was *already* selling for a small fraction of its growing resource's NPV (Net Present Value) the selling I.M.O. is **a gift to those who**

don't already have a position here. And that's especially true as the company (strengthened by this financing further) is aggressively positioning itself as one of THE go-to companies in the U.S. in its sector.

Make no mistake: the lithium space, together with base/industrial metals and cyclical ones generally, is still on the back foot as the broad economy deals with choking debt levels and the renewed angst over just how hobbled the economy will be for the foreseeable future. Yet there is no question that Piedmont is out in front as we move towards a bigger representation of EV's (Electric Vehicles) in our future **and especially look to *domestic* sources/plants for the entirety of the battery food chain**. Piedmont's story was already compelling; see https://nationalinvestor.com/2225/company-profile-piedmont-lithium-nasd-pll-asx-pll/ for a Profile of the company from earlier this year, *which you will see an update of in the near future*. For now, you should just out the company's newest Presentation, at https://d1io3yog0oux5.cloudfront.net/_f3bde1e4f686299b973a78fbb6c3211c/piedmontlithium/db/336/2600/pdf/Corporate+Presentation+for+U.S.+Public+Offering.pdf.

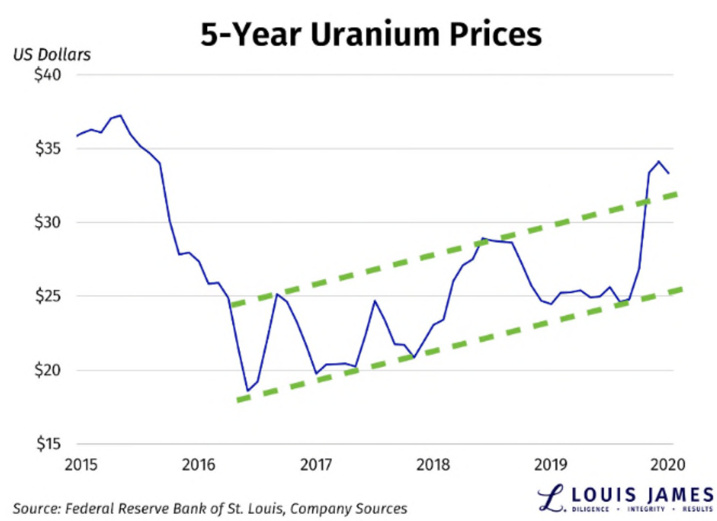
URANIUM AND SILVER QUESTIONS

Chris, thank you for the emails and the information. At this point, and please do correct me if I am mistaken, but I seem to think that silver or uranium story/narrative seem to have better upside than gold at this point. Do you agree? If so, do you have a company or two that have most upside potential? Or do you prefer to wait until more consolidation takes place and then buy at a certain price? Thank you in advance for your time and advice.

On uranium generally, if you haven't already, listen to my recent comments on *Palisade Radio* at https://palisaderadio.com/chris-temple-roaring-uranium-market-and-silver-acceleration-imminent/

Also on the *KE Report* at http://www.kereport.com/2020/06/01/exclusive-insights-on-the-us-nuclear-industry-and-changes-underway/

Aside from gold, I have been most bullish of late on uranium, yes. The GOOD news here is that (unlike with gold for a while now) generalist investors by and large still have little idea of this story and *haven't* participated. It's a story you hear virtually nothing about even in the financial media. Once critical mass IS reached, though, and the cat is out of the bag, I think the reaction of the relatively tiny universe of viable companies in the uranium sector will be STUNNING.

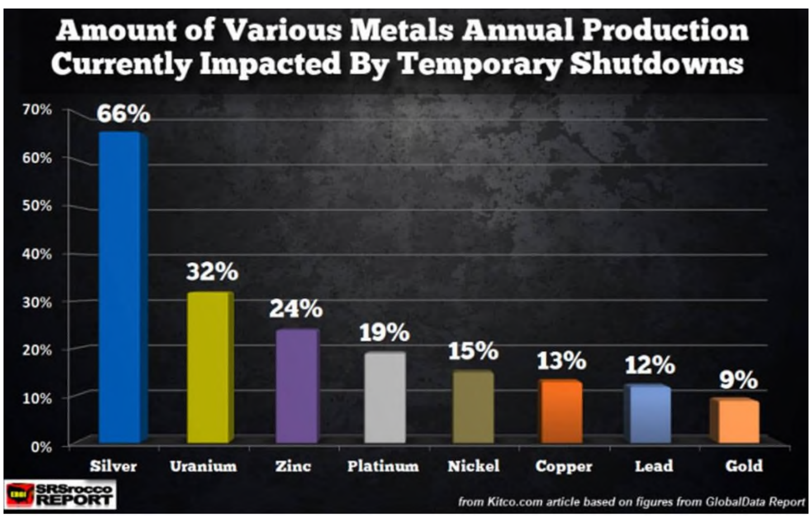


Seeing you are a new Member, I suggest for ALL of my recommended companies you refer back to the first regular issue for May, where I have profiles of each of them as of that date. Summing up more succinctly for now in answer to your query, keep in mind that companies like **Cameco** will be among the first to get buying from generalists, due to its being one of the industry giants (one of *precious few*, that is!) After that—uniquely, as those various recommendations of President Trump's Nuclear Fuel Working Group ultimately get enacted/funded—domestic U.S. producers like **Energy Fuels** and **UEC (Uranium Energy Corp.)** will see attention, too.

As I explained during those above-linked interviews, the funding for much of what the NFWG has recommended is not in place; nor will it be, most likely, until after the upcoming election. What Trump can do himself ahead of that remains to be seen. Right or wrong, other issues have displaced this in the news / attention spans. **But this story evolving is just a matter of time.** And as I'll repeat anew shortly in a stand-alone issue on the uranium space, it is NOT all just about the US / NFWG, but a bubbling *global* bullish story.

Aside from the producers out there, a feeding frenzy will come later as well in the explorers. Of the few on my list, the longest-tenured *and broadest* story is **ValOre Metals**: as you'll read both in the next regular issue and in that uranium sector report, these days it is actually spending most of its time/attention on its Pedra Branca PGE Project in Brazil. Its 40+ million pound uranium resource in Nunavut is considerable; and will mean something again once the uranium/nuclear energy space is off to the races. . .

. . .I am looking at some possible shuffling/addition of companies also. But with actual funding of the NFWG recommendations and the likelihood of another "risk off" bout unfolding for the markets generally, I am not in a rush.



Silver—as I explained in the Palisade discussion *and since* a few times elsewhere—needs more help still from events before I can be bullish on it. I remain correct in shunning silver, in favor of the gold space, for all the reasons I've given. And at the present time I have NO silver-centric companies on my recommended list.

I have suggested that—if we do at some point see a meaningful price breakout *in the context of a benign/inflationary overall environment*—I'd get on board the silver train. But I have to state *again* that—the hopium-fueled screeds, claims and excited predictions of "silver bugs" notwithstanding—**there are numerous very good reasons why silver continues to be such a pitiful laggard**: while gold as of this writing is a mere 9% or so below its 2011 all-time high, silver is 65% or so below its all-time high.

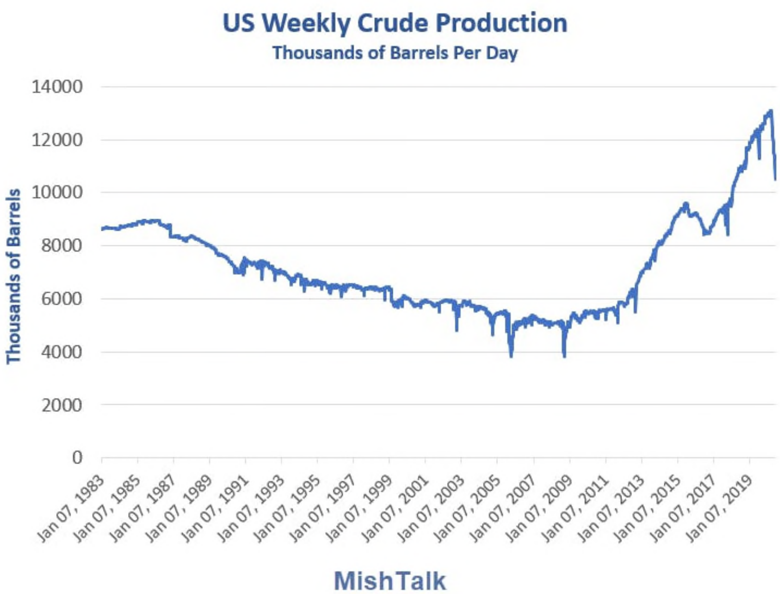
And that is *especially* notable given the fact that—as you see in the above chart—silver by far has seen its supplies from new mining hit harder than most anything else due to virus-related shut-ins, etc.

In the end, though a few of you reading this may think that silver in the year 2020 is a *precious* metal and/or monetary asset, you are in such a small minority as to require an electron microscope to be seen. **Like it or not, the FACT is that pretty much nobody else sees things that way**: and there is NO argument right now that has persuaded *generalist investors* that there are any good reasons to buy silver, whereas some DO get their head around the arguments for gold, which *THEY* DO SEE as a monetary asset/crisis hedge/monetary alternative.

That will change: either if gold REALLY takes off and drags silver with it more meaningfully, or such overwhelming added money printing *definitively* vanquishes deflation and debt service considerations. But we're not at either place quite yet. And as I have said, until we see a breach in what has become an ever-more-intractable ceiling for the silver price with sufficient momentum to compel generalist investors to jump on, I'm advocating staying on the sidelines.

TIME TO GET BACK *INTO* ENERGY AT ALL?

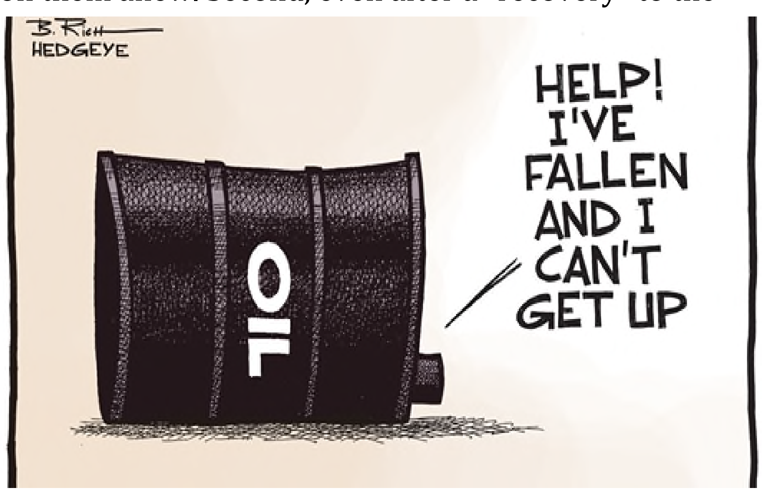
Even as you deservedly crowed lately about calling for negative pricing, most oil related stocks have bounced. Do you think that WON'T last? The economy starting to reopen at least a little soon should help, shouldn't it? Some of the stocks you advocated selling during the "panic" are up a fair bit. I'm curious why you continue to avoid getting back into some.



(And then there's this): *To me, I would never have got out of ERY as I think the rally for energy stocks is built on sand. What are YOUR thoughts?*

Generally, my view of *this industry* is every bit as dire as it's been all along. True, the crude oil price moving back up to the $40/barrel level of late *looks* good. And that has been helped along to a great extent by the sharp fall of about three million barrels/day in U.S. production, together with enough traction from ongoing production cutbacks by OPEC+ to firm things up *somewhat*.

There are still two problems. First, as we are seeing unfold as I write this, expectations for a recovery in *demand* are having cold water thrown on them anew. Second, even after a "recovery" to the $40 area, the majority of U.S. production remains unprofitable.



Indeed, it remains one of the single-biggest individual horror stories *and financial scandals* of American capitalism that the shale industry has managed to LOSE $300 billion over the last 15 years; see https://oilprice.com/Energy/Energy-General/US-Shale-Has-Lost-300-Billion-In-15-Years.html. While the Federal Reserve has once again pushed off the inevitable in a few various ways, the fact remains that **we are only at the beginning of a MAJOR wave of bankruptcies and restructurings in the energy industry.**

BP, plc is a microcosm of what even the relatively more stable integrated companies are dealing with: massive layoffs, billions in write-downs, etc. "We are spending much, much more than we make," pointed out C.E.O. Bernard Looney recently.

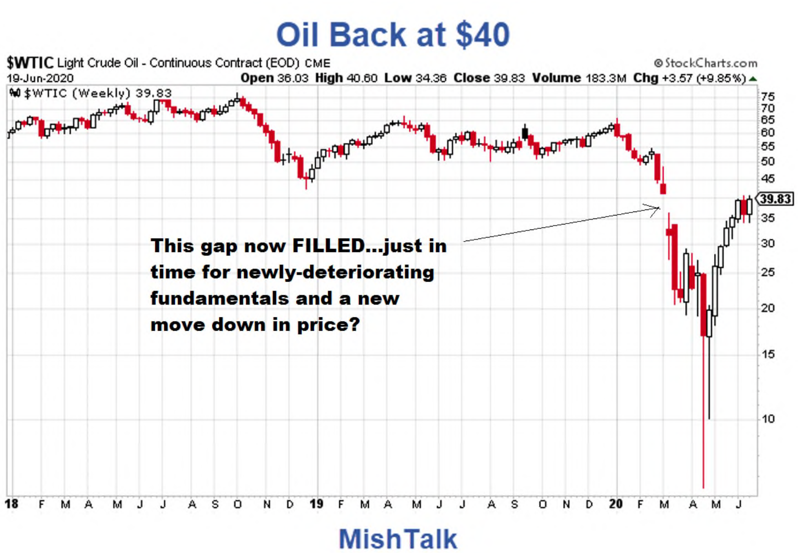
One element of the "hunkering down" mode that pretty much the whole industry is going to be facing in greater measure ahead is *exactly how two "themes" will play out*:

1. **How will ongoing *demand destruction* affect the entire food chain?** – There have already been force majeure actions from Mexico (in not taking deliveries of refined products recently from the U.S.) and from several global LNG customers in refusing shipments, including from major U.S. export hubs in the Gulf. Markets and broader trade agreements on all this are in jeopardy; something that will have repurcussions going forward, especially if the global economy/growth *and travel* remain constricted.

And that is all *on top of* how much more untenable for many marginal companies things are about to get, **as some $150 billion in mostly junk debt is due *in the next two years* in the shale patch**.

2. **What opportunities will there be to go more safely "long" at some point? –** Yes, I do kick myself to some extent in missing nice rebounds in the likes of Kinder, EPD, ONEOK and others. But I am of a mind that we'll get *a more reliable* entry point again down the road. Bear in mind that waves of distribution cuts, renegotiated contracts and a whole lot more will continue to come as the industry fights for survival.

One part of this subject, too, is trying to ascertain just what kinds of assets and even entire companies are going to be essentially *lost*. What opportunities will there be to pick up some DIRT-CHEAP assets as the "enema" this industry receives goes on? It's being debated within the industry just how willing "Big Oil" will be to step in and buy acreage/projects lost by others; they are stressed enough already, and without much incentive in a world where 1. Demand will remain under pressure and 2. The future still seems to be more EV's, even if things will be dragged out. See https://finance.yahoo.com/news/why-big-oil-won-t-230000738.html



At some point, though, I suspect there will be some well-capitalized "vulture" companies in the space, though, that can and do put together a strategy for buying good assets for pennies on the dollar. I'm starting to look at a few, in fact.

But for now, I'm more in a mind set to wonder if we *should* get back into ERY or a similar ETF that shorts oil/energy. Similar to my views on silver above and "risk-on" assets generally, I see things getting worse before they get better.

There *will* be a case *down the road* where there has been so much more *supply destruction* as to set the table for a more sustained rally in crude oil especially—and the best companies—**when *shortages* become the story even in a punk economy**. We have a ways to get there.

NEW URANIUM ETF; SPROTT

Hi Chris, I hope you are well. I was wondering about your thoughts on this new uranium ETF as an alternative to individual stocks. It's at https://urnmetf.com/urnm; The North Shore Global Uranium ETF. Their top holdings include at least three of your individual recommendations.

PS. Nice call on Sprott. I already held a position when you mentioned it and I doubled down. With the recent run is it still a Buy?

I am indeed taking a look at the North Shore Fund. To me, it would be a nice option, replacing the Global X Uranium ETF (NYSE Arca-URA) which got somewhat "neutered" a while back. Unlike the North Shore Global Uranium ETF (NYSE Arca-URNM) which is more a "pure play" on uranium-centric companies, URA is in broader base metals, infrastructure and utilities (and even has Barrick Gold as a holding.)

One cautionary note about URNM is that it has but $6 million or so in assets; so remains tiny. The flip side, once things get cranked up and generalist investors want some broad, easy exposure to the sector, is that it (and most everything) could REALLY go crazy!

As for Sprott, yes, it is still a BUY *as of now*. Even if gold will continue to have a bit of trouble breaking to new highs, the long-term story in my mind is without question. As I have said in contrasting the gold story with silver, the latter needs a lot of help from circumstances, etc. to be investable. Yet gold is bound to be a winner in pretty much any scenario.

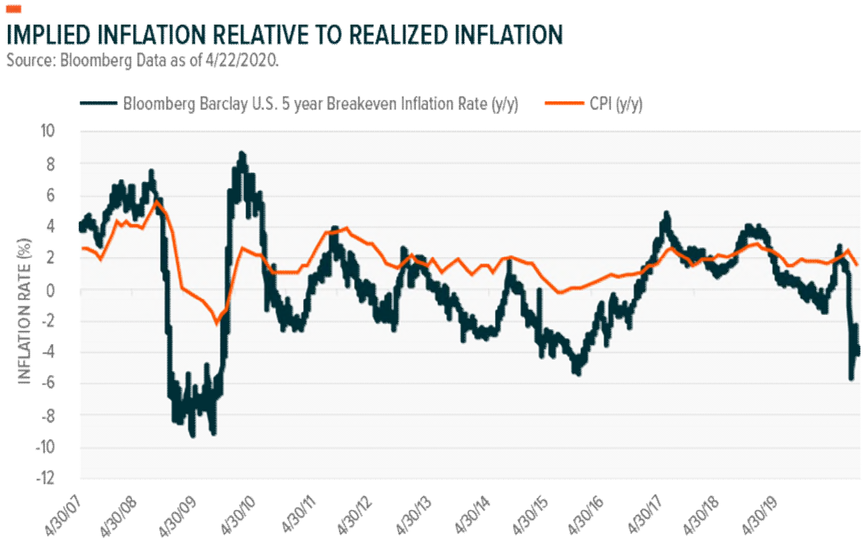
Sprott as some of you may have already seen (and is reflected in the updated price/information at the end of this issue) just effected a 1-for-10 "reverse split" **simultaneous with announcing it is in the process of listing on the New York Stock Exchange**; see https://sprott.com/investor-relations/press-releases/sprott-inc-announces-share-consolidation-and-application-to-list-on-new-york-stock-exchange/. This will bolster its visibility to more generalist investors/institutions.

INFLATION-INDEXED BONDS?

Hi Chris, Thanks for all the updates. Nice call on the sales of GDX and GDXJ a while back, and other successes!

I was hoping you might give me your thoughts on one security. I have a position in STIP (Short term government inflation protected bonds). This ETF has been dropping unlike other treasury bonds. I guess that is due to the lack of inflation and negative real return. Do you think this position is worth holding?

Thanks for any input you might provide.



The **iShares 0-5 Year TIPS Bond ETF (NYSE Arca-STIP)** actually held up much better during 2020's darkest days than the average Treasury-oriented ETF. I suspect its short duration, which mitigates that lack of inflation expectations you correctly point out, helps.

Frankly, it is a "cash alternative" I am looking at recommending *after* the systemic issues in the Treasury/commercial paper markets generally seem to have been dealt with. Also, I think we may be on the edge of another "hit" to economic/market—**and thus inflation**—expectations for a spell, *despite the Fed's best efforts*. Here, too, the *best* environment for inflation-protected offerings of most kinds may well be *after* 1. Another downgrade to economic expectations and market/risk assets correction and 2. Ever more Fed and fiscal tinkering to push back on those.

GOLD'S "PERFECT STORM" SET UP?

Would appreciate your opinion if you feel that as a result of the recent and proposed future actions by the Fed and central banks around the globe with respect to the unlimited printing of monopoly money…if this is now not one of the rare times in history that the general investing public looks to invest in gold.

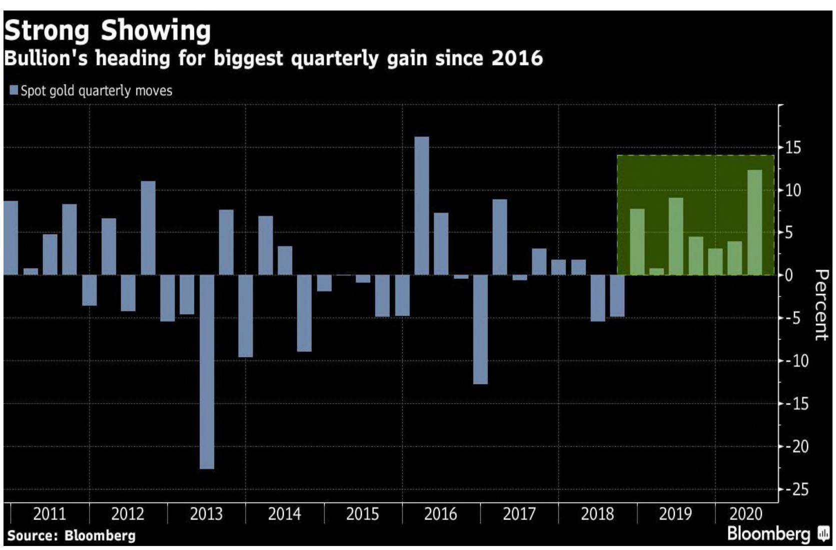
After listening to all the gold bugs complain about manipulation and how the price should be in the thousands of dollars, this is the first time in the 18 years I have followed the gold market that this may be as close as we get to a perfect storm for this sector for the next year or two. Thoughts? As always, be well.

The key phrase in your question is "the investing public." As I have said countless times—especially in recent months—**we need to see how generalist investors and *non*-"Gold Bugs" view the gold space.** It doesn't matter if you or I think that gold is in a "Perfect Storm" set-up. Do *they*?

As in 2011, the Pied Pipers of the Gold Bug Echo Chamber are beyond giddy with things; and so they should be. The quarter just ending has been the best one for gold in four years.

But also as in 2011, a smugness is creeping into many of these sorts—and their ever-loyal and impressionable (albeit steadily dwindling) audiences— that what we have seen recently is but the beginning of the long-awaited moved to $5000 per ounce or higher for the yellow metal. And it may well be; time will tell.

Back in 2011, the powerful move for gold from the bottom in 2008—about **tripling in price in under three years** (I guess we should have had those "manipulators" and "Cartel members" on milk cartons back then, eh?)—looked like it would not end. **But it did.** And it ended *not* because Gold Bugs lost faith; they and their gurus were tripping over one another with prognostications of how long it would take to reach $5,000, $10,000 or higher. It was because *everyone else* lost faith in the narrative that had moved gold higher, as I recapped/explained in "This is NOT Your father's Gold Market" early this year (**NOTE**: An updated version of this will be out immediately following this issue!)



Near-term—as I have discussed a few times of late—gold's fate in the eyes of these generalist investors will be determined by the fate of the chart you see above. It has been trying valiantly to pull more decidedly free from that $1,775 or so level on the spot price that has provided a LOT of "gravitational pull." One of these days it will; and it helps that gold of late has received not one but two increasingly bullish analyst calls from Goldman Sachs and—most recently—Citi. Both are calling for a new nominal all-time high of $2,000/ounce; and we may get there in a BIG hurry if that current ceiling is *decisively* broken with some momentum.

As I have said during a couple recent podcasts, if/when this breakout comes, we will most certainly want to jump in even more. I've quipped in the past that when the investing masses start to jump into the gold sector, it's like a 300-pound man jumping into a kiddie-sized wading pool. **We will see more of that again, no doubt**.

But—as in 2011 when I started telling people to *sell* the huge rip in the PM's from late 2008—I, at least, will be looking for danger signs anew that those piling-on generalist investors may be done with the move. And once again—*whenever that point comes*—I'll once more protect you folks as best as I can from the kinds of devastating losses that most religious gold bugs *still* have not recovered from, even now.

ODD COUPLE "DIVORCE" – THOUGHTS NOW? TREASURIES A TRADE AGAIN YET *EITHER WAY*?

1. Chris – I thought it was clever a while back when you said that The Odd Couple would end up getting divorced. But I have been reading that it's only a matter of time before Treasury yields are negative in the U.S., too, like elsewhere. Thus, those bonds may still have some life left in them, even as gold continues to rise. After the move a bit higher for yields lately, might it not be time to get back into TLT or TMF again? I realize the bigger gains before probably won't happen, though at least there'd be some better return than "cash."

2. I don't remember exactly when but once I followed your trades into TBT (shorting long-term Treasury paper) and did well. With the HUGE debt/borrowings now due to coronavirus, etc. don't you think this flood of new paper will cause yields to soar? Thus, shouldn't we get into TBT (or TMV) again?

As those two above representative questions (of several others) suggest, trying to make any kind of directional bet one way or the other on Treasuries is problematic these days. **Basically, I view fixed income pretty well across the board as uninvestable.**

I take the Federal Reserve at face value at least as far as Chairman Powell and *most* of the rest insisting that they will *not* take short-term interest rates into nominal negative territory. I have explained before that—given the U.S.

dollar's global reserve status and all that entails—the odds are against negative rates for U.S. paper. With dollar-denominated assets the basis for much of the *global* financial system, there needs to be at least some meat on the bone so that things don't completely seize up.

Indeed, the Fed has gone to great pains to *steepen* the yield curve anew; albeit with limited success. Even with the recent surprisingly strong surge for the stock market—and even recently, for commodities—long-term yields are still pretty much stuck in place. That, of course, is not only *despite* all the "money printing" but also *because of* it. Those who continue to forecast a debacle for either the U.S. dollar or the Treasury market do so in the face of overwhelming if not universal evidence of *the last decade* or so that *soaring* yields absolutely *do not* go hand-in-hand with soaring debt levels. Quite the contrary.

At about 70 basis points as I write this, the yield on the bellwether 10-year Treasury note is *roughly* in the middle of its recent narrowed range. The 30-year Treasury *bond* yield is about double that; near the upper end of its own. *From here*—especially given my belief that there are growing reasons why the stock market will *at least* bog down for a while—I just can't see them going much higher. So in my view, *shorting* Treasuries with a mindset of either 1. A rebellion against U.S. paper that causes *a lot* of net selling for Treasuries or 2. A *lot* faster move toward full-on, broad-based inflation is not a wise move.

Likewise, I simply don't see enough potential to go to the trouble of going *long* Treasury ETFs either. At this point, we will get more bang for our buck betting on falling long-term interest rates/renewed stock market or deflation worries via **FAZ**, which we have a bit of. That Direxion fund which shorts financial stocks would go up *much* more amid renewed market, geopolitical or whatever fears, I believe, than what we would see from TLT or even TMF.

Whereas what cases *can* be made either bullish or bearish for Treasuries simply are not compelling *today*, **for gold by and large the story is one of two possible degrees of bullishness.** We have already seen along the way of gold's surge of the last year and a half or so that it has responded positively (during its "happy marriage" to Treasuries) to falling yields and *deflation* fears. **Likewise, it still catches a bid when markets sniff out currency debasement and either stagflation or outright broader inflation**. In that latter case—especially if the case for broadening inflation strengthens—the gold space will still be attractive; the only *relative* caveat being that we would enter a point of time where other metals/commodities would outperform it.

So, I guess to be cute and use my previous analogy, maybe we can say for now that The Odd Couple is going through *a trial separation*. The fate of this relationship from here will be determined largely by the Fed's continued success in keeping renewed *deflation* at bay. But as we have seen starkly in the crazy year of 2020 already, things always have the potential to change dramatically; so who knows how we would answer these questions a few months from now/after whatever outcome we are in store for here in the U.S. following November's elections.

WARRANTS

Hi Chris, I am trying to find some information about warrants. Seems like it is a good product to purchase. Can anybody purchase warrants? How do you go about it? Do you have a website to research this?

Thanks, any help would be appreciated!

Yes, warrants if one knows what he/she is doing can be great wealth builders—or even trading vehicles—depending on the context. As we just saw (and a few of us are now enjoying) via the latest

Omineca private placement, **warrants can multiply returns further with a winning stock.** In that offering, shares themselves were sold at C12 cents (not bad now, up more than FIVE-FOLD just in the weeks since the offering closed!) and a full warrant with each share is exercisable at C20 cents. So holders have prospective instant profits waiting even more, being able to exercise those warrants with the company at C20 cents/share and have an immediate profit.

In some cases where the amount in question/size of the company is substantial enough, warrants themselves trade on an exchange as securities, just like the underlying stock. Though *technically* a different animal somewhat, the idea of a warrant is the same as with a call option: *leveraged* bets can be placed on the underlying stock. Warrants that are "out of the money"—the exercise price is below the market price—can be *dirt cheap*. If you bet that some "Company A" is going to do better and it does, and you buy the warrant, a move higher in the share price of the company's stock can be magnified *exponentially* via the warrant.

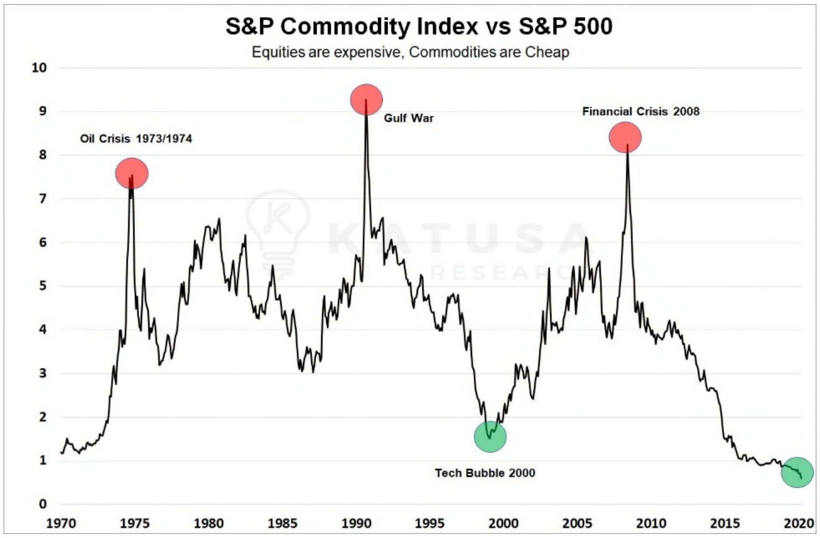
Though I have never met him nor had any hands-on experience with his service/site, you might want to check out a guy named Dudley Baker at https://commonstockwarrants.com/. I have seen a fair bit of his stuff on and off over the years; he seems to have carved out a niche for himself RE: warrants.

Baker was just a guest recently, too, on my friend Bill Powers' *MiningStockEducation.com* show on this subject: check out https://www.miningstockeducation.com/2020/06/100-fold-gain-possibilities-via-warrants-in-blank-check-companies-with-dudley-baker/.

COMMODITIES FINALLY DUE FOR A SUSTAINED MOVE?

Chris—As all of us, I know you are trying to make sense of our changed/changing world. It won't be easy, but I am confident in you that you at least look at things clearly and w/o any agenda, biases (that I know of!) etc.

That said, I can't help but think that maybe FINALLY this accompanying chart (I have even seen YOU use it) will get some vindication and see commodities rebound. I of course agree with what you've been saying on oil. And grudgingly on silver. But won't those new bazookas of the Fed you just spoke of be so much that commodities will finally benefit from this "inflation?"



Yes: the ever-bigger chasm between financial asset valuations and commodities *seems* to scream for some snap-back. Yet, as I have said repeatedly of late—and despite the significant bounces we have seen for some commodities along with the stock market—I remain wary.

I'll have more to say in the coming weeks as circumstances and market moves warrant. **But for now, there are three *general* themes I want to share explaining my continued caution:**

1. Most rallies of the recent past in base metals especially appear to me to be one-off ones. China, for example, has been stocking up on low prices on copper, iron ore and even crude oil for a while. Those *specific* influences seem to be waning. Price spurts in some areas have also been due to supply curtailment due to some renewing strike actions (copper mines in South America as one example) or shutdowns due to the Wuhan Virus. *Neither of those things* at this point seem the stuff on which to base long-term renewed investment decisions.

2. *Just* central bank money printing *alone* is not enough in my own estimation to get bullish on basic commodities, metals, etc. **There needs to be some *legitimate growth driver* that will cause enough of this money printing to matter to find its way into these basic materials**. As I have explained a few times—including on some recent podcasts—were we to see passed a broad, genuine measure in Washington to build/repair the nation's infrastructure, that might be a sufficient "needle mover." Barring that, debt-choked state and local *municipalities* sure as heck aren't going to be stepping up on such things. Nor will a skittish private sector do very much.

3. Last but not least, **the U.S. dollar** has "bent" a bit again on and off lately; *but it hasn't broken*. Unless and until it does, this is a weight on commodity prices, all else being equal. And DON'T lose sight of the fact that—again, contrary to the usual suspects regularly predicting the dollar's imminent demise in some "reset," move to an I.M.F. currency or whatever malarkey they're peddling this week—the dollar will SOAR (and commodities plunge) if renewed, substantial fears enter back into presently-complacent markets.