THE National Investor

Nov. 5, 2015 *You can get information anywhere. Here, you get KNOWLEDGE.* **Special Issue**

BONUS COVERAGE: OBSERVATIONS FROM THE JUST-CONCLUDED NEW ORLEANS INVESTMENT CONFERENCE

(L to R), KER's Cory Fleck, Yours truly and Goldmoney's James Turk

Amid the growing activity in New Orleans several days ago leading up to their rain-shortened "voodoo festival" Halloween goings-on and the shootout Sunday between the Saints and Giants, a sizeable throng of people took part in this year's edition of the long-running New Orleans Investment Conference.

Though this *decades*-long franchise begun by the late Jim Blanchard -- and ably continued by my friend Brien Lundin, among other things the Editor of *Gold Newsletter* (you can check it out at https://jeffersoncompanies.com/) -- is often known as a haunt for "gold bugs," it's WAY more than that. Yours truly was duly impressed!

Among other old acquaintances, I was happy to get some time to visit with **James Turk**. He is truly one of the "deans" among precious metals gurus. Among other things, he was the founder back well over a decade ago of Gold Money (https://www.goldmoney.com/) More interesting to me in the recent past was its merging early this year with the digital gold storage *and payment/transactions* platform known as BitGold (https://www.bitgold.com/) This has re-introduced gold as a means of exchange and true MONEY; where it's approved for such purposes, it's as easy to use your BitGold debit card to effect transactions, transfer money to other members and the like and otherwise do business as it is with any existing bank card you have.

Truly impressive to me has been the acceptance of this platform by those who aren't necessarily "gold bugs." **As Mr. Turk discussed with the *Korelin Economics Report's* Cory Fleck and I, of the 300,000 people who have already joined, about half are people who have never previously had investment experience with gold!** He went on to describe how "millenials" in particular -- who are becoming ever more distrustful of the Establishment generally -- are embracing BitGold as an alternative store of value *and money*.

I'll have a lot more to say about BitGold and a variety of other examples of emerging, alternative money in my upcoming Special Issue entitled *Building an Economic Lifeboat*. For now, you can listen to our archived discussion about BitGold, et al, at http://www.kereport.com/2015/10/31/2015-orleans-investment-conference/.

JOUSTING OVER CHINA

As I have seen evidenced in other settings, opinions over China varied widely among the many well-known pundits in attendance. To a **Dennis Gartman**, for instance, the abandonment of the one-child policy just announced (the central planners now want *two* children in each family) will galvanize the inexorable move to a consumption-led economy and, overall, is a wildly bullish long-term development.

On the other side, there remain doubts as to whether China will safely arrive at its destination without first undergoing perhaps a *major* implosion. **Marc Faber**, for instance, reminded everyone that credit growth in China has actually *accelerated* in the recent past even as economic growth has been languishing somewhat. He is one of those more skeptical that China can long get by without a significant, 2008-style debt implosion which, for a while, would really throw a monkey wrench into the country's long-term plans, *not to mention deal a body blow to global markets.*

As have others, Faber points out that there are more honest measures of economic activity in China that arguably contradict the government's claim that economic growth continues at a near-7% overall pace. Raw numbers for *both* imports and exports are declining. Railroad freight traffic in the country, Faber says, is down a staggering 17% year-over-year. Electricity consumption has also declined. And as the country has admitted, its manufacturing PMI (Purchasing Managers' Index) numbers have for three months running now been in a *contraction* mode.

Some argue, though, that the overall picture in China is a bit *less bad* than the admittedly recession-like readings most related to its manufacturing and infrastructure building. Not long ago my friend and colleague **Glen Downs** visited the country, just before his official retirement after a 20+-year career in Washington (most recently as Chief of Staff for Rep. Walter Jones (R-NC.) **The picture Glen painted for me after he came back was not unlike my recent comments on the U.S. economy.** Consumers over there, he said, have throttled back expectations and some spending to acknowledge the economy's coming off the boil. No big deal for the average Chinese consumer/investor (especially for the latter now, given that the Powers that Be have stabilized the stock market.)

This does *not* solve the problem, though, of the monster debt bubbles. With the ability to "grow" sufficiently to service all this diminished, the government will have an even taller order to keep all the balls in the air. But as Yours truly has often pointed out, they have a built-in *systemic* advantage compared to virtually every other country. Here in the U.S. and most everywhere else, the central banks call the shots. *In China, the Peoples Bank of China is a tool of and answerable directly to the central government.* So theoretically at least, there is no limit to the extent of the government's ability to by decree or otherwise play "extend and pretend."

Whether China can pretty much forever get by with defying the laws of finance, mathematics and gravity will continue to be a subject of much debate. As Holmes added along the way of this discussion, it will be most important to **watch manufacturing PMI trends**--not only in China but elsewhere--to divine at what point the deflation risks are abating and raw materials might recover.

As I am compiling these thoughts, I'm watching an early morning segment on *CNBC* discussing **the deepening malaise in the shipping industry**. Just like a heart monitor for a patient in a hospital, there are few better barometers of *global* economic activity than shipping activity generally and shipping day rates in particular. Many bulk carriers are laying off workers and taking some ships out of service (or canceling orders for new ones) as global trade/shipping continues to *contract.*

It's not a pretty picture. And it ratifies the views of Faber and others that there is considerably more stress in economies--and thus in markets, especially debt ones--than most want to admit (especially the Federal Reserve, which continues to yammer on about a coming possible rate hike as it tries to tell us that all is well with the world again.)

For your further edification, here are a couple competing items. First, one from the *Economist* magazine here, http://www.economist.com/news/finance-and-economics/21676837-credit-growth-still-outstripping-economic-growth-deleveraging-delayed?fsrc=scn/tw/te/pe/ed/Deleveragingdelayed seconding Faber's point about China's still-rapid credit growth (which now, I'll add, is more like Q.E. has been here and elsewhere: a means to thwart a broader deflation/debt implosion rather than one to actually make the economy grow further.)

And on the other side of things, some are convinced that--with Chinese authorities having stabilized the Shanghai Index north of the 3,000 level, with additional rate cuts and other tinkering coming and with that apparent (?) ability to keep things propped up by decree--it's time to buy China anew; see http://www.bloomberg.com/news/articles/2015-11-03/money-manager-who-sold-chinese-stocks-in-june-is-buying-again

LOTS OF CHATTER RE: ENERGY

Appropriately, in my humble opinion, there was considerably more attention paid in New Orleans to **energy** than to just about anything else.

The most common view where **crude oil** was concerned is one I generally share and am espousing: that things will likely get worse for energy stocks (chiefly, the more leveraged/exposed E&P companies) before they get better later on. Major integrated companies and pipelines/MLP's in some cases look good about now; but the catharsis probably won't be over for another year or so, until there is more destruction of production/bankruptcies/consolidation. And even after the carnage is pretty much over with, there is little expectation for much more than a modest price recovery.

Perhaps the most popular of the booths/exhibits at the show was that of **Natcore Technology (TSXV-NXT; OTC-NTCXF)** the one **solar energy-related** company in attendance. As many of you already know (since I recently added Natcore to my list of speculative recommendations) the company is working on a next-generation solar cell that is 1. cheaper to manufacture while 2. being more efficient than what exists now.

Besides having many of its top people/management there (and the New Orleans show's "boss," Lundin, is Board Chairman and a significant shareholder) company President Chuck Provini (left in the nearby photo with me) brought along an example of one of the company's cells, which--on a contraption made by his son--*hovered in mid-air* on a display (which you can sort of see between us there.) There was a LOT of interest in this company and its technology!

Byron King from Agora Publishing was very enlightening particularly on the subject of **natural gas**. (*KER*'s Fleck and I interviewed him for last weekend's show; you can listen in on Segment 5 at http://www.kereport.com/2015/10/31/2015-orleans-investment-conference/. And our discussion with Natcore's Provini is right after in Segment 6.) I'll be having more to say about this; suffice it to say for now that it's my view that--after even lower prices still in the near term (well below $2/mcf) especially if the forecasts of a mild winter in the upper third of the continental U.S. are proven correct--we will in 18-24 months possibly see a far more significant rebound in the natural gas price than what is in store for oil.

On this subject of natural gas, I also ran across this item carried by *Motley Fool*; it's from Kinder Morgan (NYSE-KMI) Founder Richard Kinder's presentation on the gas market from his company's recent third quarter report; check it out at http://www.fool.com/investing/general/2015/11/03/4-things-kinder-morgan-inc-wants-you-to-know-about.aspx?source=eogyholnk0000001&utm_source=yahoo&utm_medium=feed&utm_campaign=article

I'm inexorably warming back up to the idea of starting to add back companies such as KMI to my recommendations as we near the end of what has been a brutal period for such companies. You'll want to stay tuned for "who" and "when!"

URANIUM BULLS ABOUND

Typically, it's a possible contrarian warning sign when so many are singing the same tune. But in the case of **the nearly unabashed bullishness over uranium and nuclear energy's future** exhibited by many in New Orleans, it is well founded.

Regular readers already know my take on the "stealth bull market" taking shape in this sector; if not--or as a refresher--you can read my recent report on the sector together with my profile of **Kivalliq Energy (TSXV-KIV; OTC-KVLQF)** on my site at http://nationalinvestor.com/request-sample/. Right now, Kivalliq is my only individual company in the uranium space among my recommendations. *But that will be changing imminently.* I've finished up my due diligence and am about to add another company in the sector to my list after meeting with management in New Orleans; and a couple others are also possible as I do additional homework on them.

Among the part-bullish and part-*astonishing* statistics in this industry is the fact that the United States of America--where 20% of our electricity comes from nuclear power--**gets the biggest share of the uranium to feed its reactors from (drum roll, please!) Kazakhstan!** As another noted energy expert, **Marin Katusa**, reminded us all, that's not exactly a comforting thought. The country's once-rapid development and production of uranium have recently hit a wall. Its infrastructure is "creaky," and the low price of crude oil on top of uranium's low price have about stopped further development.

In fact, that's the story all around: and especially with uranium, low prices are about to cure low prices. As I pointed out in my above-mentioned report, we're but a year or two away from a place where there won't be sufficient supply to feed *existing* reactor demand, let alone what's coming in the future.

GOLD PUNDITS STILL FAIRLY SUBDUED, BUT. . .

The usual suspects who can *always* be counted on being bullish on **precious metals** aside, I found it interesting that the majority view at the N.O.I.C. seemed to be continued ambivalence--if not bearishness--on metals prices and the broader mining sectors. Indeed, a couple of guys downright acted as if there was a funeral-like atmosphere for junior miners/explorers especially; one even called for the Toronto Venture Exchange to forcibly de-list companies that have the smallest market caps.

While I am also still ambivalent (and cautious near-term) I nevertheless am looking at this sector as *a glass partly full story*. I agree with an observation/opinion offered by **Mickey Fulp** ("The Mercenary Geologist") during one smaller presentation I was a part of. The view was expressed that the current resource bear market is the worst *ever*. Fulp disagreed (as do I) citing the aftermath of the Bre-X scandal in 1996 (I vividly remember this; for those who don't, a neat overall history of this fascinating story is at https://www.youtube.com/watch?v=KxX4niytWFU) After that, pretty much NOBODY could finance ANYTHING for some time until after the bull market in metals got underway several years later (and Canadian authorities had tightened up on regulations governing how mining companies are allowed to report their resources/reserves.)

But even with the **gold** price hitting a new low in this cyclical bear market in 2015, there have been enough examples of good companies--mostly producers, but even some explorers--being able to push ahead to be encouraging. **Claude Resources (TSX-CRJ; OTC-CLGRF)** as you know is perhaps my favorite example; **its share price has multiplied five-fold** from its low of a couple years ago as the company has gone from poor production and losses to record production, cash flow and earnings (and as I write this today on Guy Fawkes Day, it has come out with yet another boffo quarterly announcement which you can read at http://www.clauderesources.com/html/news/press-releases/index.cfm?ReportID=203358)

Klondex Mines (TSX-KDX; NYSE MKT-KDLX) is, like Claude, another organically-growing *producer*--represented at the N.O.I.C.--whose superior performance has been rewarded by investors even amid a lousy metals market.

Cory Fleck and I (L and R behind table) interview Avino's Andrew Kaplan and David Wolfin (L and R)

Yours truly confers with Alexandria's C.E.O. Dr. Eric Owens and Corp. Devel. V.P. Mary Vorvis

A *great* story I've been pounding the table on of late concerning a company that has not yet enjoyed a deserved recognition like Claude and Klondex have is **Avino Silver and Gold Mines, Ltd. (TSXV-ASM; NYSE MKT-ASM)** It's one thing to be able to dramatically increase production and cash flow--and log net earnings--in a weak metals environment. **But as I've reported to Members recently, its recent deal with technology giant Samsung is transformative.** That *a tech company* has seen it wise to invest directly in--and procure exclusive silver production from--Avino is something that I have NEVER seen. But this may become a pattern. (An interview with Avino's President David Wolfin can be heard at http://www.kereport.com/2015/10/31/coverage-orleans-investment-conference-avino-silver-gold-mines/ and some follow-up comments of mine at http://www.kereport.com/2015/11/04/stocks-interest-gold-space/ where I also mention another favorite company of mine in the space--**Seabridge Gold (TSX-SEA; NYSE-SA)**--that has often been able to raise exploration money when needed at prices well above the market.

This is an attribute that--on a smaller scale--**Alexandria Minerals (TSXV-AZX; OTC-ALXDF)** has enjoyed in the past as well. The company--whose management I also enjoyed visiting and sharing a nice French Quarter-area meal with--*recently received new cash infusions from both Sandstorm Gold and Agnico Eagle Mines.* As I'll be updating my Members on shortly, things continue to move forward for this company as well, even if--as with Avino and, frankly, most others--the market is still yawning.

Yet another of my current recommendations in this space in New Orleans was **GoGold Resources (TSX-GGD; OTC-GLGDF)** which is rapidly growing *very* low-cost production and cash flow. Cory Fleck and I were able as well to record an update on that company and some accompanying thoughts, which you can access at http://www.kereport.com/2015/10/31/coverage-orleans-investment-conference-gogold-resources/. The company's V.P. for Corporate Development Sean Tufford, Cory and I discussed, among other exciting things, the incredible "in" that the company has in Mexico.

In short, amid the part-resignation that the overall doldrums will continue, there are **good *individual* stories** in this space, many others of which I'll be checking out in the weeks and months ahead.

(**NOTE:** More comprehensive updates on some of these, and other, companies will be in the upcoming regular issue of *The National Investor*.)

GLOBAL Z.I.R.P., SOCIETAL CHANGES HELP *SOME* REAL ESTATE

Mary Ann and Pamela Aden are among those who many equate with gold/resources; but their overall take is always well-informed. And like Yours truly attempts to do, they will argue for asset classes/investment ideas on the merits, with no axes to grind for anything/anyone and no preconceived notions. They call things as they see them and are always thoughtful.

That said, I was able to toss a few "I told you so's" around after listening to some of their thoughts; especially, some specific investment themes they like. Believing as I do that we are headed to an environment of *global* Z.I.R.P. they think it wise to not fight this, and to be in **government bonds** of certain kinds. And by extension, they like some areas of **real estate**, which is likely to benefit still from continued rock bottom interest rates AND, later, from the broader price inflation that will come about due to global Z.I.R.P. until Kingdom come.

Even Marc Faber suggested -- are you ready for *this*? -- **some U.S. real estate** as presenting an attractive opportunity. He pointed out the transformation of some previously-dilapidated and abandoned cities (think of parts of Los Angeles, pretty much all of Detroit, Philadelphia and others) as presenting both public and private investment opportunities as those cities are reclaimed piece by piece. Think also of the move back out of suburbs and back into cities in many parts of the U.S., together with those ramifications and investment implications (not to mention the "Renter Nation" theme that I've been spouting about of late together with my growing list of recommendations based on that.)

SOME OTHER RANDOM, FINAL THOUGHTS

Indeed, it was good to hear a lot less of the "buy gold and sit around waiting for the end" and more of the kind of reasoned *overall* information I was hoping for. And as I have said many a time myself, it's not exactly rocket science to simply look around and see what is going on around you as you look for investment themes.

* I personally got a kick--and learned a lot--as Frank Holmes gave a presentation on U.S. Global's recent ETF creation: The U.S. Global JETS ETF (NYSE Arca-JETS.) It's an interesting sector-specific fund that seeks to capitalize on the growing usage of and increased profitability of **the airline industry and its various components.** Here again: is it that strange to those of you who have flown recently--and been added to a packed flight with an oversized shoe horn, get no perks, etc.--that maybe, just maybe, there's an opportunity in the airline stocks?

* There was a lot of talk about **populations aging**; and all that comes with that. Purportedly overvalued or not, there will continue to be monster profits from being in the right, breakthrough health care and biotech firms; as we've enjoyed a time or two with **Sarepta Therapeutics (Nasdaq-SRPT)** and most recently with **Anavex Life Sciences (Nasdaq-AVXL)** which just uplisted to Nasdaq (as you can see at http://business.nasdaq.com/discover/market-bell-ceremonies/detail.html#!/!?ceremonyId=4938) and whose shares at one point yesterday were **up 20-fold** from their level of early this year.

* **Financial warfare** and **cyber warfare** are quite likely to continue, especially as the U.S. continues to threaten both Russia and China. **Jim Rickards** gave an especially insightful presentation at the N.O.I.C. distinguishing between relatively harmless *currency wars* (which will go on in tag-team fashion as countries seek to prop up economies by cheapening their currencies) and potentially debilitating financial/cyber warfare.

Answering his own rhetorical question to the audience inquiring as to Russia's national sport, he answered "Chess." And he claimed that Russia alone has 6,000 of the top cyber warrior "chess players" in the world. Yes, the headlines today might suggest that this new warfare is off the boil somewhat as China supposedly is reining in its activity in this area. But long-term I have virtually no doubt this kind of activity will continue to grow. **And on that subject (more in the coming issue) FireEye (Nasdaq-FEYE) is back to a BUY.**

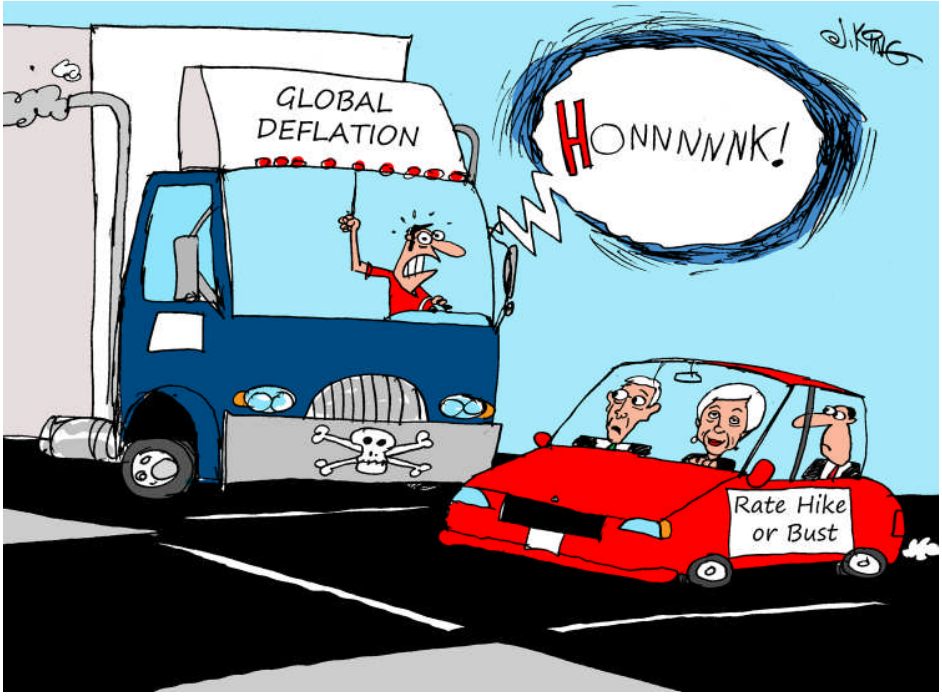
* **Doug Casey** underscored the idea that **political risks** in the world today are more of a danger and consideration than financial ones. On the positive side there's his home country these days of Argentina, which may enjoy some fruits of a positive political change (and is, Casey insists, the best country now in this hemisphere in which to live well for the least cost.) On the flip side, Europe will be fraying more politically; now with the added angst over the legions of refugees being forced on countries.

This is not to say that Casey's confidence in the financial policy makers is terribly high. He opined at one point -- and I am paraphrasing just a bit--that Fed officials particularly are people who have "...no essential understanding of economics."

* The subject of **India** didn't come up all that much, surprisingly. This country containing the largest single population on the planet now--and its lead over China in this regard is expected to widen--*could* be the next big driver in some areas as China was over the last dozen or so years. Prime Minister Modi is attempting to make the corporate sector more modern and transparent with a reliable rule of law. Building booms could come in dilapidated and outmoded cities.

The news from India is no fun near term if you are a gold bug. If the government has its way, the new regimen to gather some of its people's gold holdings and monetize them (I'll have more on this in a subsequent issue) may well lead to far less in the way of *new imports*. This will bear watching.

* Faber continues to extrapolate from the needs and economic realities in both China and India by touting **the investment opportunities in developing Asia.** China, he says, wants to especially "colonize" Viet Nam, Cambodia, Laos, etc.; pretty much all of Indochina. Among other things these countries are *already* becoming lower-labor cost areas for Chinese concerns (turnabout is fair play!)



* **On interest rates** -- the strong majority view was that the Federal Reserve is all talk and pretty much *can't* raise short term interest rates. **Holmes pointed out there has already been a de facto tightening for a good year now anyway.** The U.S. Dollar remains the world's reserve currency and by far and away the one in which most global trade is conducted. And that its "value" has soared has depressed activity everywhere. Further, with inflation readings slipping downward, *real interest rates have already risen.*

This morning I spent an especially long time on the podcast with my thoughts on this mess the Fed has gotten us all into; you can listen at http://www.kereport.com/2015/11/05/fed-debt-world/

* There were numerous opportunities in New Orleans not only of public companies, but **private ones** as well. You'll be hearing more about *some* of them after I am able to do some more homework.

A FEW QUICK COMMERCIAL MESSAGES. . .

* For *all* of the speakers/etc. from the N.O.I.C. visit their web site at https://jeffersoncompanies.com/new-orleans-investment-conference/home. I expect shortly to see that they have the **audio/video recordings from this year's show available.**

* Next stop for some of us--including Yours truly--will be **November 20 at the Chicago Natural Resource and Technology Expo.** For registration information (FREE admission for individual investors/attendees) visit http://www.chicagoresourceexpo.com/

* Last but not least, if you are NOT presently a full-service Member of *The National Investor*, you can sign up now before our re-pricing takes effect. **If you don't wait too long, you can lock in a rate as low as 26 cents per day**! Just visit me at **http://nationalinvestor.com/**

The National Investor is published and is e-mailed to subscribers from chris@nationalinvestor.com . The Editor/Publisher, Christopher L. Temple may be personally addressed at this address, or at our physical address, which is -- National Investor Publishing, 1020 Gregory Dr., Maitland, FL 32751. The Internet web site can be accessed at www.nationalinvestor.com . **Subscription Rates:** $195 for 1 year, $375 for two years for “full service” membership (twice-monthly newsletter, Special Reports and between-issues e-mail alerts and commentaries.) **Trial Rate:** $59 for a one-time, 3-month full-service trial. Current sample may be obtained upon request for first-time inquirers.

The information contained herein is conscientiously compiled and is correct and accurate to the best of the Editor’s knowledge. Commentary, opinion, suggestions and recommendations are of a general nature that are collectively deemed to be of potential interest and value to readers/investors. Opinions that are expressed herein are subject to change without notice, though our best efforts will be made to convey such changed opinions to then-current paid subscribers. We take due care to properly represent and to transcribe accurately any quotes, attributions or comments of others. No opinions or recommendations can be guaranteed. The Editor may have positions in some securities discussed. Subscribers are encouraged to investigate any situation or recommendation further before investing. The Editor receives no undisclosed kickbacks, fees, commissions, gratuities, honoraria or other emoluments from any companies, brokers or vendors discussed herein in exchange for his recommendation of them.

No Offers being made to sell securities: within the above context, we, in part, make suggestions to readers/investors regarding markets, sectors, stocks and other financial investments. These are to be deemed informational in purpose. None of the content of this newsletter is to be considered as an offer to sell or a solicitation of an offer to buy any security. Readers/investors should be aware that the securities, investments and/or strategies mentioned herein, if any, contain varying degrees of risk for loss of principal. Investors are devised to seek the counsel of a competent financial adviser or other professional for utilizing these or any other investment strategies or purchasing or selling any securities mentioned.

Notice regarding forward-looking statements: certain statements and commentary in this publication may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 or other applicable laws in the U.S. or Canada. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of a particular company or industry to be materially different from what may be suggested herein. We caution readers/investors that any forward-looking statements made herein are not guarantees of any future performance, and that actual results may differ materially from those in forward-looking statements made herein.

Copyright issues or unintentional/inadvertent infringement: In compiling information for this publication the Editor regularly uses, quotes or mentions research, graphics content or other material of others, whether supplied directly or indirectly. Additionally he makes use of the vast amount of such information available on the Internet or in the public domain. Proper care is exercised to not improperly use information protected by copyright, to use information without prior permission, to use information or work intended for a specific audience or to use others' information or work of a proprietary nature that was not intended to be already publicly disseminated. If you believe that your work has been used or copied in such a manner as to represent a copyright infringement, please notify the Editor at the contact information above so that the situation can be promptly addressed and resolved.