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Chris Temple
Editor/Publisher

Dear Chris,

The busy process of catching up from 3+ weeks away--among other things, taking in this year's versions of the Chicago Resource Expo and New Orleans Investment Conference--is underway. Over the next several days I'll have an assortment of recommendation updates. . .a few changes. . .and at least one meaty new issue for our Members.

For now, I want to share a variety of random thoughts on the conferences as well as the markets and our strategy generally.

*** Majority are accepting--albeit grudgingly, for some--of Wall Street's melt-up.**

I do my best to distinguish between the perma-bear types (who are *always* calling for an imminent crash on Wall Street) and those more reasoned pundits who will tell you all the reasons why there should be at least a meaningful correction; but why we haven't had one, and may not for a while. When *both* of groups are tilting toward that "Godfather 3" rally as I have described it, it means either that most everyone is moving into the "Throw in the Towel Rally."

And they may be right. Sure, some will say this dynamic marks an important top, when the bears throw in the towel *and* previously-sidelined retail investors with them. We'll see (and, of course, I'll have more specific thoughts in the upcoming issue.)

And this morning's economic news underscores the possibility that "animal spirits" are *growing,* if anything--and this DESPITE the reasons I added on YESTERDAY'S PODCAST why we still need to be wary. At a fresh reading of 66.2, Chicago PMI was its best since 2011. *And at an even bigger blowout marker of 125.9, the Consumer Confidence Index was its highest in 17 years.*

*** HUGE divergences on crude oil's rally**

Though--as I mentioned on yesterday's recording--the Saudis are voting that their production cuts and rising global demand mean "Mission Accomplished," a *lot* of skepticism remains over crude oil's nearly 30% rise since Summer. **Add my own to that.**

If you look at **oil service stocks**, that skepticism is reflected *still*. As a group, they remain almost 30% lower than when they started the year. That means one of two things: Either crude is again repelled at the $55/barrel area, vindicating that sub-sector's still-queasy outlook, or crude breaks that resistance **and oil service stocks SCREAM higher to catch up with the pack.**

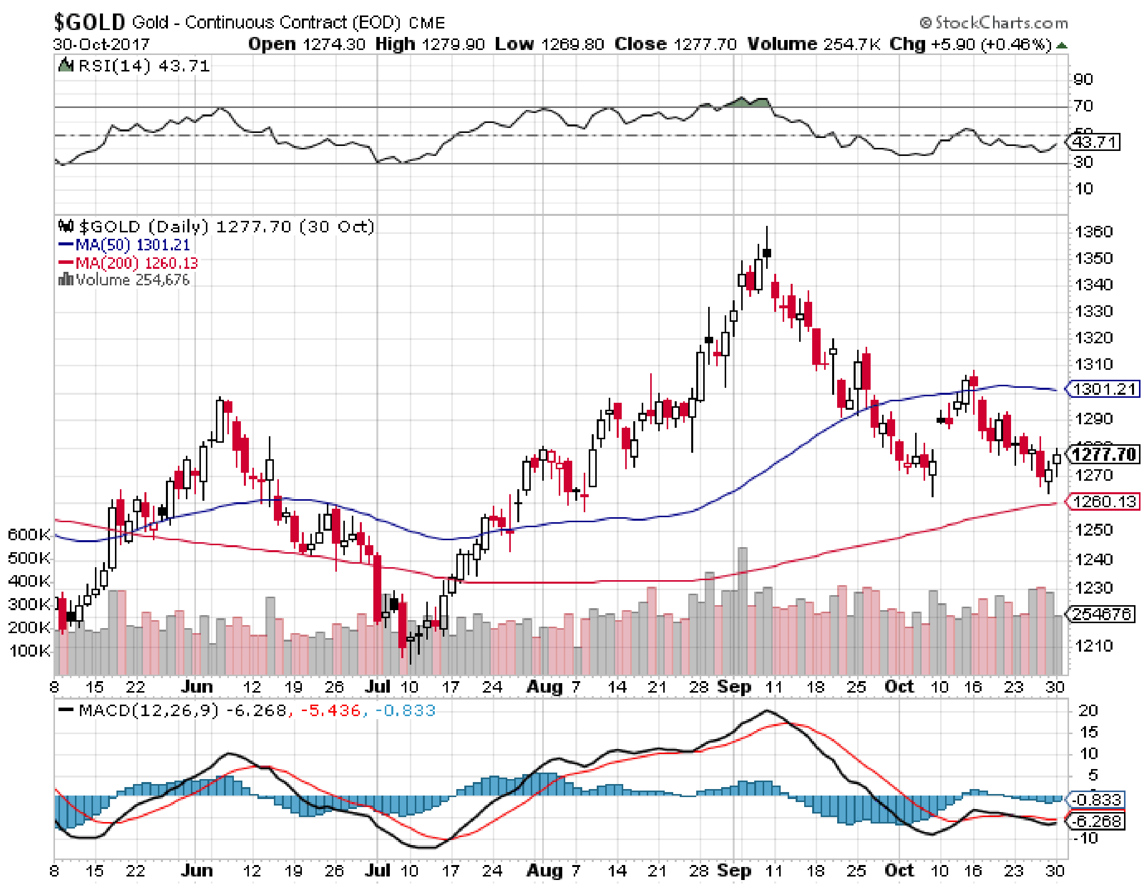
I have been whittling down my list of such companies to add to our still-low energy weighting. Further, many a mid-sized E&P company has yet to catch up with the better rallies of the majors; one or two of them are on my short list also (though truth be told, I'd rather see first a pull-back and THEN a move back to and above $55/barrel.)

*** A transforming retail market for gold and *especially* junior mining shares.**

One of the common "woe is us" themes in New Orleans especially was that so many good companies have made a lot of operational, exploration and other headway since last year's NOIC but are *lower* in price today (or, at best, no higher.) And that is even AFTER the decent performance in 2017 of metals prices themselves.

As I suggested in *The National Investor* several weeks back, this late-year lethargy was to be expected for numerous reasons. And it's why I have done my best to be SO selective, sticking only with those stories where there are sufficient catalysts to keep investors engaged (I'll have updates on many of these companies starting with the next issue.)

That said, there will be both trading and even some nice longer-term entry positions opening up from the late December - January time frame. This will necessarily hinge on metals prices holding their gains; for the yellow metal specifically, this means it MUST hold the $1,250-$1,260/ounce area.)



So, of course, among the main tasks for Yours truly in New Orleans especially was learning--or in some cases revisiting--numerous juniors in anticipation of some coming portfolio changes/realignment.

And that cause might be furthered--and open up even more attractive, discounted opportunities--if gold breaks below its support. Note above that $1260 is now the 200-day moving average; a breach of this could cause a "waterfall" decline for a while, especially if the news elsewhere for the economy, etc. remains encouraging. *Worst case, we could revisit the area of the July low.*

*** Time for agriculture?**

Over the last couple years there was a LOT of excited bullish sentiment on a coming turn in **uranium**; one which has not *yet* materialized. The story is still legit, even if it has been painfully slow in developing (though as I'll report in the next issue, GOOD news is looming.)

This time around, to the extent that there was a "story" among the usual content/presentations/sales pitches, it was that some think that now **agricultural commodities and farm land** are finally going to get more love.

*** Two of this year's NOIC "stars"**

Showing that even among a predominantly gold bug audience there is some understanding that the world doesn't revolve only around gold (and neither should your portfolio) two first-time company attendees garnered some healthy interest. I'm proud to say Yours truly encouraged both of them to come, and they are happy they did!

1. On that agriculture theme, Farmfolio was on hand and received a HUGE amount of attention. You'll be hearing more about them from me *soon*.

I first met founder J. Dax Cooke and his dad Bill a while back at the Money Show in Orlando. Their regimen of putting together investment packages to buy up and grow organic farms of a growing variety is extremely attractive; and the company has already had a lot of success.

2. As was the case with Yours truly, a great many have STILL been asleep where the story of **the privatization of Mexico's energy industry** is concerned.

Thus, International Frontier Resources received a good amount of interest; importantly, by some of my fellow newsletter writers and analysts there.

A few more quick things. . .

*** Getting ready for Chairman Powell** --

It's overwhelmingly expected that current Fed Governor Jerome "Jay" Powell will be named by President Trump on Thursday to succeed Janet Yellen as Fed Chair.

An Obama appointee back in 2011, Powell (not an economist by training, but a lawyer; and with no identifiable time served with Goldman Sachs) is widely viewed as indistinguishable from Yellen. And he's viewed as the most "dovish" of the non-Yellen candidates Trump has interviewed.

Barring any last minute surprise, he'll be picked Thursday. Nothing of substance will change (as we'll learn tomorrow when the F.O.M.C.'s 2-day confab concludes and points to a December rate hike.)

*** Mannafort indictment nothing to threaten Trump's agenda-- *so far* --**

As I opined on YESTERDAY'S SHOW, the first (?) indictments in the Mueller investigation *seem* of no immediate threat to the president. Right or wrong, the brief chairman of the Trump 2016 campaign is the easiest to throw under the bus, as well as about the easiest for Trump to distance himself from as he needs to.

So *for now*, the first (?) shoe to drop here isn't upsetting traders at all. Quite the contrary, in fact.

*** What still COULD go wrong with the Trump agenda? --**

Being from the U.S. and a journalist, etc. who follows such things, my view is asked for by the many Canadian attendees to the NOIC especially. After all, that resource-dependent economy (much more so then the U.S.A., as you know) does not drive itself, but is usually hostage to things down here.

Even more so than the average American being besieged by both the "Fake News" Establishment and the usual diversionary political rhetoric from *everybody*, Canadians have a skewed view of things here.

My answer was that Trump *should* get most of the tax bill he wants. **But the big danger remains where Republicans are concerned.** As I mentioned yesterday, a handful of Tea Party Republicans almost killed the budget in the House several days ago. For taxes, he is going to need them *AND a handful of moderate G.O.P. Senators.*

That latter group will jump ship if Trump vetoes a compromise on health insurance subsidy funding reached by Sen. Lamar Alexander (R-TN) and Sen. Patty Murray (D-WA.) That, I said to those who asked, is what will kill *any* chance for progress on tax reform.

As it is, the reports yesterday of a "phase in" of a corporate tax rate cut show that the House G.O.P. doesn't have all its needed troops rallied yet. So this whole situation *remains* more precarious, I think, than a still-complacent market realizes.

Some are "rooting" for the Trump agenda to implode, if not for The Donald to crash and burn politically. For some it's a personal, visceral hatred. For the perma-bears it would lead us to that place where their stopped clock is correct.

For me, as always, I'll continue to call things as I see them, with little or nothing in the way of preconceived notions.

*** Looking for value -- even some trades -- elsewhere** --

With interest rates still rising only at the pace of an old, arthritic turtle, investors generally have stuck with the FAANG-centric passive strategies. With some exceptions, value stocks--augmented by that equally-slow to show up rotation--have been getting relatively little attention still.

One reason I have advocated keeping a pretty high cash position--and in turn, no major exposure to any one sector--is that I continue to believe more sustainable long-term entry points for many companies may still be *coming*.

And I am not discussing JUST metals and conventional energy.

Tantalizing among value companies (but MAYBE value traps?) are some of the most beaten up among **retailers**. Food for thought; especially after yesterday's tax news as well as this morning's stinker report from Under Armor are making a few companies in this sector that much more appealing.

Stay tuned!

All the best,

Chris Temple -- Editor/Publisher
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