The Bull & Bear FINANCIAL REPORT

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Is A Global Financial Collapse Underway?

By Patrick Heller
Liberty's Outlook

What would you do and how could you get by if, with no advance warning, your banks were closed for twelve consecutive days?

This is no longer a theoretical question. Just ask the citizens of Cyprus who suffered this very problem in March (except for the 132 government officials, individuals, and businesses who suddenly transferred their funds to safety just before the bank holiday was announced – purely coincidental, of course).

Then, what would you do if your government or your banks confiscated some of your balances in savings and checking accounts?

Again, Cypriot citizens are finding out now.

On top of this, the countries using the Euro, Canada, and New Zealand are in the process of planning to do similar confiscations of bank accounts (deceptively described as "bail-ins") should a major bank get into severe financial trouble.

How would you react if the bank where you stored physical precious metals that you owned sent you a letter saying that you could no longer take possession of these assets?

Customers of the huge Dutch bank ING are dealing with this right now.

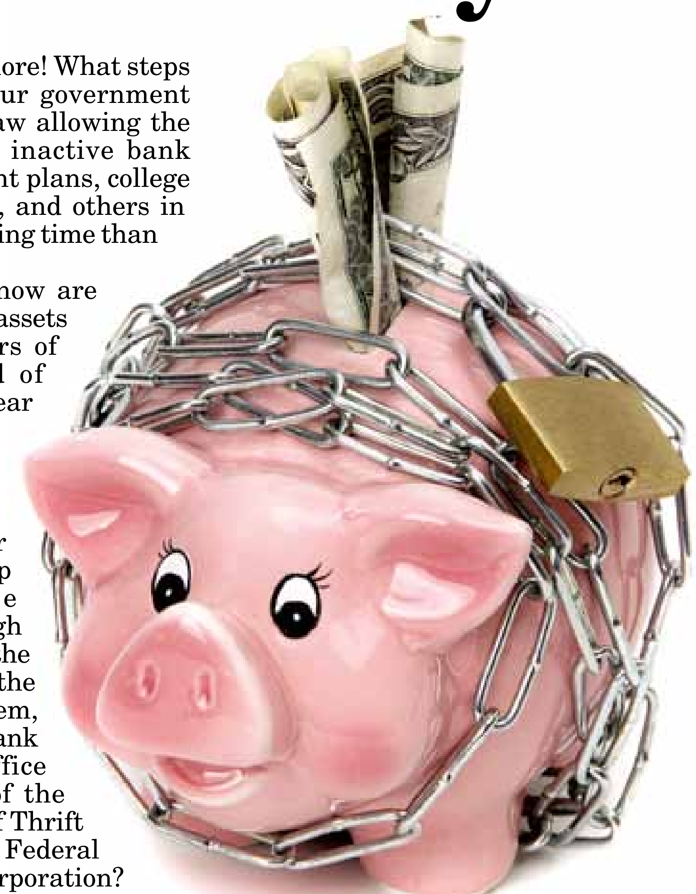
But wait! There's more! What steps would you take if your government suddenly enacted a law allowing the government to seize inactive bank accounts for retirement plans, college funds, trust accounts, and others in less than half the waiting time than used to be the case?

Well, Australians now are subject to losing those assets after only three years of "inactivity" instead of the previous seven year grace period.

Finally, how would you feel to know that seven of the 37 members of Crossborder Bank Resolution Group that helped enable such actions were high ranking officials from the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Federal Deposit Insurance Corporation?

Would you now be as frightened of leaving assets with banks as I am?

After seeing these events come to pass thus far in 2013, wouldn't you think it was long past time to stock up an extra couple weeks worth of groceries and other household supplies, reduce the amount of funds you kept in bank accounts, and finally got around to acquiring some physical gold and silver that you hold in direct custody?



This isn't even the entire list of major financial crises popping up around the globe in the past month. Here's a few more:

- Japan announced that it will initiate a program of inflation of its money supply that will be the greatest in world history. The plan calls for roughly a doubling of the money supply within two years. This is a scale larger in absolute terms than the $1.02+ trillion annual inflation of the money supply promised by the Federal Reserve, euphemistically called "quantitative easing." In the past five weeks, the Japanese yen has fallen 6% against the US dollar.
- US hedge funds as a group acquired a net short position in the silver market at the same time that Japanese citizens are waiting in line at bullion dealers as long as three hours to get rid of their yen in return for tangible physical assets like gold and silver.
- Last Friday, the US Bureau of Labor Statistics issued one of its worst Non-Farm Payroll and Unemployment reports in years. Despite the headlines, the information about the household survey, where the number of people with jobs are actually counted, there were 206,000 fewer job holders in March than in February. Beyond that, the percentage of age-available people who had jobs fell to its lowest level since 1979 – 34 years ago!
- Saber-rattling by North Korea is a military and political problem rather

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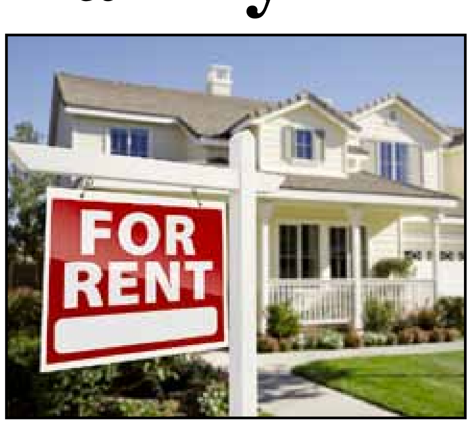
The New Game in Town: Single-Family REITs



The U.S. housing market's continuing recovery has spurred the formation of real estate investment trusts (REITS) that buy, renovate and rent out large numbers of distressed single-family homes, opening the housing market to investors who have no interest in becoming landlords themselves.

REITs were unheard of until recently in the single-family market, having traditionally focused on multi-family housing complexes and commercial real estate. But the housing crisis lowered single-family home values across the country, making purchase prices attractive to large-scale investors. With credit tight, many people who may have once been potential homebuyers are interested in renting.

REITs earn income from monthly rental payments, part of which is redistributed to shareholders as dividends. At this point, the idea is not to sell the homes, but to offer investors a play on the recovery in house prices, say senior members of Credit Suisse's Equity Capital Markets team.

"A lot of the returns here are going to come in increases in the value of the underlying assets," said Stephanie Ruiz, a Managing Director on the Bank's ECM team.

There is currently only one single-family REIT, Silver Bay Realty Trust Corp., which went public in December. But another real estate company, American Residential Properties, announced last month an initial public offering of a single-family REIT with more than 2,300 homes. More offerings are expected to follow.

"This is going to be a very real and substantial asset class," said David Hermer, Credit Suisse's Head of ECM in the Americas region.

Both the housing market and the role institutional investors play in it

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Being Street Smart

Did Your Market Come Back?

By Sy Harding
Street Smart Report

The bull market that began in early 2009 has finally returned the Dow and S&P 500 to their previous peaks, creating confidence, with investors who had been pulling money out of mutual funds for several years finally beginning to come back to the market.

It allows Wall Street to revive its long-time mantra that supports 'buy and hold' as a viable strategy, "The market always comes back".

But what market always comes back, the market that investors were invested in and have been waiting to come back to recover their bear market losses? Or a newly designed market that has little resemblance to the market that went away?

The claim that the market always comes back is based on the fact that the indexes eventually come back (even though that has sometimes taken 15 to 20 years, as in the 1930's and 1970's).

However, the real problem for investors in the recovery of the indexes is that the stocks that make up those indexes are changed so significantly as to make their eventual comeback meaningless as to whether an investor's portfolio has come back.

For instance, 23% of the stocks that were in the DJIA in 1999 were no longer in that index by 2004, just five years later. They were replaced a few at a time by stocks of newer, stronger companies that were more representative of the changing economy. Chevron, Goodyear Tire, Union Carbide and Sears Roebuck were replaced by Microsoft, Intel, SBC Communications and Home Depot. AT&T was replaced by Verizon. Eastman Kodak was replaced by Pfizer. International Paper was replaced by AIG Group.

So what does it really mean to investors that the market always comes back if the make-up of the indexes by which the market is measured is changed so that it's not the same market that went away?

Don't get me wrong. It's not a conspiracy but a necessity, since the indexes were developed to best represent the overall U.S. economy at any given time. So changes have often been required since the Dow Jones Industrial Average was first developed in 1896.

I hope no one's heirs are still waiting for Distilling & Cattle Feeding Inc., or U.S. Leather Inc. to come back. They were once components of the DJIA, as in later periods were American Cotton Oil, Baldwin Locomotive, and Victor Talking Machines Inc. As time passed and other industries became more representative of the nation's economy, more companies fell out of the indexes, replaced by names like Nash Motors, Mack Trucks, Remington Typewriter, Woolworth, and dozens of others, now also forgotten, but once among the 30 stocks that made up the DJIA, and once prominent in investors' portfolios.

It's been the same with the newer stock indexes, like the S&P 500, introduced in 1957, the Nasdaq, introduced in 1971, and the Nasdaq 100, introduced in 1985.

In just the seven years from 1999 to 2006 there were 109 changes in the stocks that comprise the Nasdaq 100, an index that only contains 100 stocks.

In just 11 years from 1988 to 1999 there were 256 changes made in the stocks that comprise the S&P 500, an index of only 500 stocks. More recently, in the 3 years from 2010 to 2012 there were 40 more changes made in that index.

So you have to wonder which stocks currently in the indexes won't be the next time the market declines and investors wait for *them* to 'come back'.

Even worse, many of the stocks that remain in the indexes do not necessarily 'come back' just because the indexes do.

For instance, the market indexes have currently come back to previous peaks. However, of the 30 stocks currently in the Dow eleven of them (more than 30%) are still down hugely, *an average of 61.2%*, from their levels in 2000.

They include some of the best known and popular holdings of investors; Alcoa, Bank of America, Cisco Systems, Dupont, General Electric, Hewlett-Packard, Intel, JP Morgan Chase, Merck, Microsoft, and AT&T.

The situation is even more dramatic with indexes like the small-cap Russell 2000 and Nasdaq, where many investors have, or had, their holdings.

So is the statement that 'the market has come back to its previous peaks' not more than slightly deceptive in the way that it implies that if only investors would learn to buy and hold all would be well for them?

Editor's Note: Sy Harding is editor of the Street Smart Report, www.streetsmartreport.com, published by Asset Management Corp., 505 East New York Ave., Ste. 3, DeLand, FL 32724, 1 year, 17 issues, $275. Mr. Harding also publishes the *free* daily market blog, www.StreetSmartPost.com. You can follow him on Twitter @streetsmartpost.

Sy Harding has been ranked in Timer Digest's Top-10 Market Timers almost every year since 1990. #1 Gold Timer last year (Gold Timer of the Year), and #2 Long-Term Stock Market Timer (#1 so far this year). www.streetsmartreport.com

Warning Signs For Market Are Becoming Ominous!

By Sy Harding
Street Smart Report

As the potential Sell in May and Go Away influence approaches, problems for the stock market are stacking up from both the fundamental and technical sides.

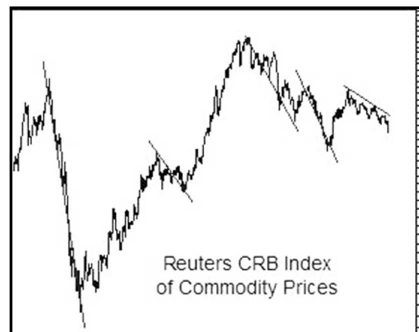
On the fundamental side;

- New home sales fell 4.6% in February, the biggest decline in two years.
- Durable Goods Orders ex-aircraft orders fell 2.7% in February.
- The Conference Board's Consumer Confidence Index unexpectedly plunged from 68.0 in February to 59.7 in March.
- The Thomson Reuters/University of Michigan Consumer Sentiment Index plunged to a nine-month low in April.
- The ISM Mfg Index unexpectedly dropped from 54.2 in February to 51.3 in March, its third straight monthly decline. The ISM Non-Mfg Index, covering the services sector, also declined in March.
- Retail Sales fell 0.4% in March, the biggest decline in 9 months.
- Only 88,000 new jobs were created in March, much worse than the forecast for 200,000 jobs.

We learned recently that the Conference Board's Leading Economic Indicators fell 0.1% in March versus the consensus forecast for an increase of 0.2%.

And while overall housing starts were up in March, single-family home starts fell 5.0%, and permits for futures starts fell 3.9%.

Meanwhile, the economic problems are being confirmed by commodity prices, including the price of oil. Declining commodity prices usually indicate demand for goods is dropping and the economy is in trouble.



For instance, the CRB Index of Commodity Prices fell 15% in the summer of 2010 and the S&P 500 fell 15% in that summer's correction. In 2011, the CRB Index fell 15% and the S&P declined 19.5% in that summer correction. Last year the CRB Index fell again, and the S&P 500 fell 11% in its correction to the early June low.

So it's not comforting that even as the Dow and S&P 500 have been making new highs this spring, the CRB Index is already down 11.5% from its last peak and making lower highs on its rally attempts and lower lows on the pullbacks, no bottom in sight yet.

On the technical side there is a negative divergence shaping up between the Dow and the DJ Transportation Average, and between the blue chips of the S&P 500 and the small stock Russell 2000 Index. The Dow and S&P 500 remain near recent highs and comfortably above their 50-day moving averages, while the Transportation Index and Russell 2000 Index have both come down from their March highs and broken beneath the previous support at their 50-day moving averages.

Meanwhile global markets tend to move pretty much in tandem with each other, and an even more ominous divergence has been in place for a while between the resilient U.S. market and numerous important global markets, on which technical indicators triggered sell signals a month or more ago. They include Brazil, China, Hong Kong, India and Russia, which are already down an average of 12% from their recent peaks.

Even the largest and strongest stock market of Europe, Germany, which had been making new highs right along with the Dow, has been in a correction over the last few weeks, now down 7%, with short-term support levels broken and looking like more downside ahead.

As the old saying goes, the market does like to climb a wall of worry.

But with the economy stumbling again as it has in each of the last three summers, commodity prices tumbling, and important global markets giving up, it's no time to be made complacent about the U.S. market by its continuing resilience, which seems to now be on shaky underpinnings.

In fact, investors should be preparing for the potential that downside positioning may become the way to go before long.

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An Aggressive Approach to Stock Investing

By Elizabeth Ody

As anyone who has ever bought even one stock knows, getting rich fast in the market isn't easy. But over the long term – a decade or longer – if you invest in a well-diversified bundle of stocks, throw in a smattering of well-priced bonds and save regularly, you will almost certainly see your money grow. By contrast, the high-risk approach we describe below – buying a small number of aggressive stocks in hopes that some or all of them will become runaway winners – carries with it a real possibility of large losses as well as outsize gains. With this aggressive approach, you invest in a small number of stocks that you hope can double, triple or even quadruple in relatively short order. Risky? Absolutely. You might even call this a shoot-the-lights-out strategy.

Nobody knows for certain which stocks will surge and which will sink. But if you are hoping to achieve big gains, you'll need to look beyond large, steady-Eddie types of companies. Small companies that are poised for rapid expansion and firms that serve emerging markets, which are growing more rapidly than developed nations, make for fertile hunting ground for potential winners.

For example, you could invest 10 percent of your portfolio in each of the following companies, all of which have strong growth prospects:

• **Exelixis** (EXEL; $5), a small biotechnology firm developing drugs to treat thyroid and prostate cancers.

• **Myriad Genetics** (MYGN, $27), which develops gene-based tests to determine whether patients are at increased risk for certain cancers.

• **C&J Energy Services** (CJES, $20), a provider of services for the hydraulic fracturing industry.

• **Ormat Technologies** (ORA, $21), which harvests geothermal energy.

• **Entegris** (ENTG, $10), a provider of services and products to protect against contamination in the semiconductor-making business.

• **Millennial Media** (MM, $6), which partners with mobile-application makers to deliver advertisements on phones and tablets.

• **Nationstar Mortgage Holdings** (NSM, $34), a mortgage servicer that has benefited from turmoil in the banking sector.

• **Encore Capital Group** (ECPG, $28), a fast-growing debt-collection company.

• **Baidu** (BIDU, $89), the top Internet search engine in China.

• **New Oriental Education & Technology Group** (EDU, $17), the largest private education provider in China.

If you follow this route, you'll need to monitor these companies carefully to determine whether to hold them or replace them with better opportunities.

Editor's Note: Elizabeth Ody is a contributing editor to Kiplinger's Personal Finance magazine.

Can I Still Fix A Mistake On My Tax Return?

By Kimberly Lankford

Q. When I was doing my 2012 tax return this year, I realized that I could have claimed the child-care credit for my son's summer camp expenses in 2011, but I didn't know I qualified then. Is it too late to get the money?

A. It's not too late. You have up to three years after the due date of your return to file an amended return and claim the credit. The child-care credit is a frequently overlooked tax break for people who have kids under age 13 and pay for child care so they can work or look for work. The cost of a nanny, babysitter, day care, preschool, before-school and after-school care, and day camp during summer and school vacations can all count. The credit can be worth $600 to $1,050 if you have one child, or $1,200 to $2,100 if you have two or more children. The lower your income, the larger the credit, but many people don't realize that there's no income cutoff to qualify.

File an amended return by submitting Form 1040X. You don't need to refile your whole return; you just need to mark the year of the return you're amending at the top of the form, note the changes you're making, and include revised copies of any supplemental forms that are affected (such as Form 2441 for the child-care credit, or Schedule A for changes to itemized deductions; go to www.IRS.gov for the forms and for instructions on how to fill them out). If the change lowers your tax liability, the IRS will send you a refund with interest (the current rate is 3 percent) back to the original due date of the return.

It usually takes up to 12 weeks for the IRS to process amended returns. You can check on the status of your amended return after you file using the "Where's My Amended Return?" tool on the IRS's website starting three weeks after you file the Form 1040X.

Reducing your federal income tax could also lower your state income tax liability. File your amended return first, then get a copy of the transcript of your account from the IRS (confirming that you amended your federal return) and file an amended state return, with a copy of your Form 1040X.

Editor's Note: Kimberly Lankford is a contributing editor to Kiplinger's Personal Finance magazine and the author of Ask Kim for Money Smart Solutions (Kaplan, $18.95).

How to Pick a Financial Planner

By Susannah Snider

Picking an adviser is like choosing a mate. Here's how to find the right match:

1. Do some serious self-examination. Identify why you think you need a financial planner. Perhaps you're going through a transition – say, you have a new baby or you're recently divorced. Maybe you need to update your retirement plan or get a reality check on saving for college. Do you require frequent contact with your adviser, or are you okay with annual updates? What is your tolerance for risk?

2. Master the alphabet soup. If you're looking for broad-based advice about various aspects of your financial life, hire a certified financial planner, or CFP. A registered investment adviser, or RIA, is registered with the Securities and Exchange Commission or a state securities regulator and can manage your investment portfolio. A chartered financial consultant (ChFC) specializes in insurance and estate planning. A certified public accountant (CPA) can help with tax planning.

3. A good man (or woman) is easy to find. We recommend fee-only advisers because they are unlikely to sell you inappropriate financial products. Many charge per visit; expect to pay $100 to $300 an hour. When you sit down for the initial interview, establish upfront how much you'll pay. To find a certified financial planner in your area, go to the Financial Planning Association (www.fpanet.org/findaplanner) or the National Association of Personal Financial Advisors (http://findanadvisor.napfa.org). The Garrett Planning Network (http://garrettplanningnetwork.com) is a network of fee-only advisers.

4. Make sure you're on the same page. One way to ensure that your adviser's interests align with yours is by asking the right questions. Some basic queries include: What can you offer me? Are you conservative or aggressive? What do I do if I have a question? Look for someone whose clients are in situations similar to yours and who is available as often as you need him.

5. Nobody's perfect. Conflicts may be unavoidable, but awareness will help you stay a step ahead. If you're worried about potential fraud, a quick Google search should unearth the worst abuses. For a deeper look, check out an adviser's Form ADV at www.sec.gov. If the adviser is also a registered broker, you can get a free report at www.finra.org/investors/toolscalculators/brokercheck.

6. Breaking up is hard ... and expensive. If your adviser isn't listening to you or taking your goals into consideration, it's time to split up. But unlinking your finances can be expensive; prepare to shell out termination and transfer fees. If it's an amicable breakup, however, your old and new advisers can get together to make the transition smoother.

Editor's Note: Susannah Snider is a staff writer at Kiplinger's Personal Finance magazine.

Cheapest 2013 Cars to Own

By Jessica Anderson

Kiplinger's asked Vincentric, an automotive-data firm, for the 2013 models in four categories with the lowest five-year ownership costs. In each category, we note the cheapest vehicle overall as well as the one that we think represents the best value, based on our annual rankings (see http://kiplinger.com/links/carguide). Each vehicle named is a Top Safety Pick of the Insurance Institute for Highway Safety.

• Compact cars. The Nissan Versa S (with a sticker price of $12,780) is the cheapest car sold in the U.S., plus, it gets 36 miles per gallon on the highway. Total ownership cost over five years: $27,405. But we think the Kia Forte LX ($16,175) is a better value. Its 2.0-liter engine puts out 156 horsepower (compared with 109 hp for the Versa's engine) and delivers 34 mpg on the highway. Its interior and cargo space are competitive with larger cars, and the Forte's standard features include USB and Bluetooth. Five-year cost: $29,769.

• Family sedans. The midsize car with the lowest ownership costs is Nissan's Altima Base ($22,550). It gets 38 mpg on the highway, and it received a Top Safety Pick + award from the IIHS. Over five years, the Altima's ownership costs total $34,404. The redesigned Ford Fusion S ($22,495) is our midsize value pick. It has killer new style, offers generous passenger and cargo space, and is great to drive. It also gets a Top Safety Pick + designation. Ford's voice-activated SYNC infotainment system comes standard. The standard 2.5-liter engine delivers 170 hp and 34 mpg on the highway. Over five years, ownership costs for the Fusion S are $37,005.

• Luxury sedans. The Buick Regal 2.4L ($29,910) slides into the cheapest slot for luxury sedans. Standard eAssist technology (think hybrid lite) helps keep fuel economy up (31 mpg highway) and costs down. Its five-year cost is $43,493. Our value pick, the all-new Lexus ES 300h ($39,745), is $10,000 more than the Regal but costs only about $3,500 more to own for five years ($46,976). The 300h puts out 200 hp; combined city and highway fuel economy is 40 mpg.

• Family crossovers. The Dodge Journey SE ($19,990) is the cheapest midsize crossover. But you'll pay extra for options other brands include as standard equipment, such as Bluetooth and a power driver's seat. Total five-year cost without options: $37,849. The better-equipped Toyota Highlander Plus ($31,170) is our value pick, despite its $11,000 higher sticker price. In addition to a comfortable ride for seven, the Highlander's standard features include a backup camera, Bluetooth, a power driver's seat and one-touch, fold-flat levers for the second row. Over five years, you'll pay $42,232.

Editor's Note: Jessica Anderson is an associate editor at Kiplinger's Personal Finance magazine.

Bull & Bear's Digest of Investment Newsletters

Stocks to Watch

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Great companies are always a good buy

Joseph Shaefer: "They're an even better buy when their stock price is depressed as a result of some temporary setback. And/or when no one has a buy recommendation on them. (Presuming, of course, that their underlying business model is solid, their balance sheet sparkles, and their earnings look "destined" to increase based upon some favorable social, business, political or demographic trend. And it doesn't hurt if they have a pretty good moat around the business.)

Travel and Leisure

Right now I think the above factors describe very well the ocean-going cruise industry. They are not yet screaming buys but if **Carnival Corp.** (CCL) sees one more piece of bad news, the last hedge fund will bail, leaving the stock short-term friendless. **Carnival PLC ADS** (CUK being the old Pacific & Orient / Princess brand but really both share classes share the same management and the same share of profits.)

Pardoning the pun of CCL having a very big moat, it not only has a physical moat called the world's oceans but is far and away the biggest of the cruise companies. While everyone is focused on the problems "Carnival" is having, few realize that CCL's "other" company-owned brands include Costa, Princess, AIDA, Holland America, P&O, Ibero, Seabourn, and Cunard, each with their own subtly different marketing and demographic target audience. Between them these lines owned a 48% share of world wide passengers in 2012. Want to talk moats? Eat your heart out, Apple and McDonalds.

The next biggest carrier is RCL, which owns Royal Caribbean, Celebrity, Pullmantur, CDF and river cruise company Azamera, which enjoys a 23% market share. The rest of the cruise companies vie for the remains in a crowded field at the bottom – Norwegian Cruise Lines (NLCH) gets 7.6%, Disney has a 2.5% share, Norway's fabulous Hurtigruten 1.3%, and most of the rest all less than a singe percent.

In a nutshell, my case for CCL rests upon precisely the factors I discussed above. Their well-publicized problems of late have dropped the stock from 39 to 33, at which price it sells at a PE of 17 and pays a 2.9% yield. At this price, it sells at an eminently reasonable Price: Book ratio of 1.15 and a PEG ratio (Price/Earnings Growth) of 1.34. Like all cruise lines, CCL carries a lot of debt; it isn't cheap to build ocean-going palaces. In fact, it typically costs about a half-billion dollars per ship with a wait time of three years or so to get the job done. Another reason why the moat around the biggest carrier seems pretty strong. Plus, even with this high debt they get a lot of years' revenue from each new build and the assets themselves have continuing value.

They operate in what is currently a $36 billion dollar industry, but ask yourself this: with the Baby Boomer generation, the largest demographic segment in US history, now retiring in huge numbers, what does the future look like for this business? More cruisers or fewer?

Cruising takes chunks of wonderful time. Will today's Boomers have more time when they retire or less? Only in North America do we have a relatively mature and knowledgeable base of cruisers; last year 3 out of every 100 Americans took a cruise. In Europe, that was just 1 in 100. In the emerging markets, it is infinitesimal. So is cruising something for poor people or the middle class? Are the emerging markets descending into poverty or moving up in huge numbers into the middle class? I'm not saying you need to go out and buy shares today. But we will be accumulating on any weakness. And there is one reason to buy right away — if you plan to take a cruise in the near future on any CCL or RCL line, they both give you a shipboard credit of $250 toward booze, professional photos, fine dining or whatever discretionary items you choose to spend it on if you are the owner of 100 shares or more. If you're planning a cruise anytime soon, the shares just got cheaper..."

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SPAR: 11 consecutive quarters of year-over-year revenue growth

Cynthia Bowser: "This is not **SPAR Group, Inc.'s** (Nasdaq: SGRP) first time in the newsletter. We recommended the company in May 2005, when it was trading around $1.30/share. After out first recommendation, the company did climb to a high of $2.89 (more than doubled), but failed to maintain a higher price.

Now, we are turning back to SPAR Group because of its most recent financial performance, which includes 11 consecutive quarters of year-over-year revenue growth and four consecutive quarters of year-over-year earnings growth.

Business

SPAR Group operates within the merchandising and marketing industry, which generates an estimated $2 billion in revenue each year.

As a merchandising and marketing specialist, SGRP assists retailers by restocking and adding new products, removing spoiled or outdated products, resetting categories "on the shelf" in accordance with client or store schematics, confirming and replacing shelf tags, setting new sale or promotional product displays and advertising, replenishing kiosks, providing in-store event staffing and providing assembly services in stores, homes and offices (putting together furniture, etc).

By outsourcing their merchandising needs, SGRP believes that retailers will improve their sales, operating efficiency and profits at retail locations. Sales improve through enhanced product placements and in-store marketing; operating efficiency improves as regular retail staff can focus on clients and sales; and profits improve as the outsourced services are provided at a lower cost than that of using existing retail employees.

SPAR Group began operating exclusively in the United States in 1979, but expanded internationally in 2001 to Japan. Since 2001, the company has added subsidiaries in nine other countries: Canada, South Africa, India, Lithuania, Australia, Romania, China, Mexico and Turkey. SGRP is a 100% owner of its Japanese and Canadian subsidiaries and a 51% owner in all of its other foreign subsidiaries.

The company's operations have been expanding both domestically and internationally. In Fiscal 2012, domestic revenues increased 14%, while international revenues increased 67%. This growth is occurring both organically and through acquisitions. Organic growth rates were 10% domestically and 13% internationally; and acquisition growth rates were 4% domestically and 54% internationally.

Financials

As we mentioned above, the reason that we are giving this company a second try is because of its recent financial performance. For the full year ended December 31, 2012, SPAR Group reported a 39.8% increase in revenues, alongside a 47.7% increase in earnings. The company has reported revenue increases each quarter since the second quarter or 2010. Earnings increased each quarter in fiscal 2012.

We tend to not put too much value in company estimates. However, SGRP's $102.8 million in revenues far exceeded the company's initial guidance of $90 million. For 2013, SGRP estimates $115 million in sales.

In 2011, foreign sales accounted for 48.6% of SGRP's total revenues. This past year, however, foreign sales took over the majority share of the revenues, accounting for 58.1%. Although the company reported a new profit from foreign sales in 2012, foreign gross profit margins remain much lower than domestic gross profit margins – 22.3% foreign versus 32.4% domestic. Gross profit margins decreased slightly in both categories in 2012 for a number of small reasons.

SGRP maintains a decent balance sheet, growing its assets by 36% in 2012. The company has $9,728,000 in working capital. It also has minimal long-term debt, which decreased 19.8% in 2012 – from $334,000 to $268,000.

A book value of around $0.63/share and a current assets-to-liabilities ratio of 1.7 – below our preferred 1.8 – do leave room for improvement on the balance sheet.

Management

Gary S. Raymond serves as SPAR Group's president and chief executive office-positions that he has held since July 2007. Prior to joining SGAR, he held management positions at Procter and Gamble, the Gillette Company, Duracell, the White Rain Company and Revlon. Currently, Mr. Raymond owns 159,600 shares of common stock.

Robert G. Brown is the company's chairman of the board and largest shareholder with 5,863,944 shares. Mr. Brown is SGRP's former president and CEO. He has been the chairman since 1999.

William H. Bartels is SPAR Group's second largest shareholder with 5,379,488 shares. He is currently the company's vice chairman, and has been since 1999.

Altogether, insiders own 70.9% of the common stock and institutions own 5.6%. As we said in previous issues of the newsletter, insider ownership is positive. After all, it shows belief in the company.

Address: 333 Westchester Ave., Ste. 204, White Plains, NY 10604, Tel: 914-332-4100, Fax: 914-332-0741, http://www.sparinc.com."

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INVESTMENT QUALITY TRENDS, 2888 Loker Ave. East, Ste. 116, Carlsbad, CA 92010. 1 year, 24 issues, $310. Online, $265. www.iqtrends.com.

Ten undervalued stocks

Kelley Wright: "The Timely Ten is not just another "best of, right now" list. It is our reasoned expectation based on our methodology and experience for what we believe will perform best over the next five years.

Do we believe that all 10 will go up simultaneously or immediately? Of course not. Our four decades of research and experience, however, leads us to believe that these stocks, purchased at current Undervalued levels, are well positioned for both growth of capital and income.

The Timely Ten consists of Undervalued stocks that generally have a S&P Dividend & Earnings Quality rating of A- or better, a "G" designation for exemplary long-term dividend growth, a P/E ratio of 15 or less, a payout ratio of 50% or less (75% for Utilities), debt of 50% or less (75% for Utilities), and technical characteristics on the daily and weekly charts that suggests the potential for imminent capital appreciation.

The current 10 selections and their yields are: **CVS Caremark** (CVS) yielding 1.6%; **Coca-Cola Co.** (KO) yielding 2.7%; **TJX Companies** (TJX) yielding 1.2%; **Walgreen Company** (WAG) yielding 2.3%; **Air Products & Chemicals** (APD) yielding 3.3%; **PepsiCo Inc.** (PEP) yielding 2.7%; **Becton, Dickinson** (BDX) yielding 2.1%; **Wal-Mart Stores** (WMT) yielding 2.4%; **ConocoPhillips** (COP) yielding 4.5%; %; **Reliance Steel** (RS) yielding 1.8%."

NATE'S NOTES, P.O. Box 667, Healdsburg, CA 95448. Monthly, 1 year, $289. www.NatesNotes.com.

Top Picks: Celgene, Illumina, Walt Disney

Nate Pile's top picks for the month are: Celgene, Illumina and Walt Disney.

"**Celgene** (CELG) at some point, the stock will cool off a bit… but for now, both the company and the stock are firing on all cylinders! CELG is a strong buy under $110 and a buy under $130.

Illumina (ILMN) – biotech stocks are continuing to act well, and Illumina is continuing to run circles around most of its competitors in the marketplace. ILMN is a strong buy under $54 and a buy under $60.

Walt Disney (DIS) – the stock is getting "less cheap" than it used to be, but it has a ton of momentum and, at least for now, it looks like it wants to keep heading higher! DIS is now considered a strong buy under $58 and a buy under $63."

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THE COMPLETE INVESTOR, P.O. Box 248, Williamsport, PA 17703. Monthly, 1 year, $199. www.completeinvestor.com.

HomeAway, Sweet HomeAway

Gregory Dorsey: "For the few companies that have successfully managed to carve out a dominant niche on the Internet, the rewards have been massive. **HomeAway** (AWAY), which joins Small Cap Portfolio this month, is a rapidly growing company that's well on its way to joining this elite group.

HomeAway, www.homeaway.com, operates the leading global Internet platform allowing users to search and book vacation rental homes and apartments directly with the owners. For travelers, renting through HomeAway offers the opportunity to find a spacious place to stay for typically less money than a hotel. Users get detailed descriptions, photos, and reviews and can contact the owners with questions. Property owners, meanwhile, gain access to a huge pool of potential renters.

Today, HomeAway boasts more than 720,000 listings in 165 countries. Listings have grown by more than 37 percent a year over the last five years and are now hosted on 32 Web sites in 16 languages. HomeAway users come primarily from the U.S., Canada, Western Europe, and Australia.

Despite its rapid growth, HomeAway has still tapped into only a small slice of a highly fragmented $85 billion market. The company estimates there are 21 million vacation homes in the U.S. and Europe – most of which are used fewer than 30 days out of the year. HomeAway provides owners with a simple way to monetize these assets.

The company collects an annual fee, averaging close to $1,500, for each listing. The high level of recurring listings has translated into steady cash flow production. It's also moving to offer a pay-per-booking option, which should appeal to both professional property managers and individual owners and help to further drive revenue and additional listings.

HomeAway isn't the only company serving the home rental market, but it is by far the biggest. Much like **Amazon** (Growth Portfolio), its size gives the company the pull of gravity that its competitors can't come close to matching, which attracts incremental listings that in turn draw more users in the proverbial virtuous circle.

Trading at 38 times projected 2013 profits, the shares aren't cheap. But with earnings likely to rise at 30 percent a year over the next five years, the premium price tag becomes more palatable. And while we like HomeAway on its own merits, we also see it as a potential takeover candidate by the like of Priceline.com, Google, Microsoft, or eBay. HomeAway is a new buy up to $32."

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THE MAJOR TRENDS, published for clients of Sadoff Investment Management LLC, 250 West Coventry Ct., Ste. 109, Milwaukee, 53217. www.sadoffinvestments.com.

Adds Band of America and Citigroup to clients' accounts

Ronald Sadoff has added two large financial companies to clients' accounts: **Citigroup** (C) and **Bank of America** (BAC). The financial stocks are a key component in the overall stock market. When they break out of downtrends it is a key signal that the overall market is likely to advance. Both Citigroup and Bank of America continue to benefit from the improvement in the economy and the housing market. Both stocks have recently broken above their sharp downtrends. This suggests a mega-turnaround.

Citigroup is a $140 billion company with over 200 million customers in 160 countries. They have over 266,000 employees in a variety of fields including banking, insurance, investment banking and asset management. Citigroup stock is still down more than 90% off its 2007 high from just prior to the financial crisis. The company and industry are in turnaround mode from the depths of the financial crisis. New CEO, Michael Corbat, recently took over from Vikram Pandit who was fired from the company in 2012. Citigroup is slashing 4% of its workforce and is cutting back some operations in Turkey, Pakistan and Uruguay. The cuts are expected to save approximately $2 billion over the next two years.

The company is also repairing its balance sheet from the peak of the crisis. "Toxic" assets are now $156 billion at year end compared to $730 billion in 2008. Allowances from loan losses are down to $25.5 billion from $30.1 billion the prior year. Citigroup has slashed its dividend from over a 4% yield in 2007 to a 0.1% current yield. The company recently passed the Federal Reserve 'stress test' and requested approval to buy back $1.2 billion worth of shares, but has not yet asked to increase its dividend.

Bank of America is a $130 billion company, with 57 million customers in the United States. During the financial crisis, they acquired mortgage lender Countrywide and investment bank Merrill Lynch. The company has over 267,000 employees worldwide. Shares are still off more than 75% from their pre-crisis peak. Like Citigroup, Bank of America cut their dividend yield dramatically from over 4% pre-crisis to 0.3% today.

Bank of America is in cost-cutting mode as well and they are about 50% of the way through with an $8 billion expense saving program. The bank also passed their latest Federal reserve 'stress test' and announced it will buy back $5 billion worth of shares and redeem about $5.5 billion worth of preferred shares.

We expect to add additional financial stocks as they appear to be in the early stage of a major turnaround."

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THE TURNAROUND LETTER, 1212 Hancock St., Ste. LL-15, Quincy, MA 02169. Monthly, 1 year, $195. www.TurnaroundLetter.com.

Chiquita Brands well into turnaround

George Putnam, III: "**Chiquita Brands International** (NYSE: CQB) traces its history back to a ship captain who in 1870 sailed 160 bunches of bananas from Jamaica to New Jersey and sold them for a profit. In 1899 the ship captain's company merged with another banana company to become the United Fruit Company. United Fruit dominated the banana business for many decades, and is alleged to have controlled several Central American countries as well.

During the latter decades of the 20th century, Chiquita made various attempts to diversify into other food products, and it also took on a substantial amount of debt. When the company was hurt by a "banana war" in Europe around the turn of the century, it could no longer service its debt and was forced into Chapter 11. The company emerged from bankruptcy in 2002 with an improved balance sheet. In 2005 it acquired Fresh Express, a large producer of packaged salads. Results were variable for several years, but then began to steadily decline in the latter half of 2011.

Chiquita has many of the features that we like to see in a turnaround candidate. First and foremost, it has a powerful brand. The Chiquita brand dominates the banana market, and it is probably the most widely-recognized name in any form of fresh produce. Moreover the banana and fresh produce markets are likely to remain strong as consumers around the globe become more health conscious.

Second, Chiquita has a new CEO. In late 2012 the company brought in Edward Lonergan. Prior to coming to Chiquita, Lonergan led the turnaround of a cleaning products company. Before that he had a distinguished career in branded consumer products with Gillette and Procter & Gamble.

Even before Lonergan arrived, the company had begun to restructure its operations. It sold off a number of non-core businesses – another thing we like to see – to focus on bananas and salads & healthy snacks. It moved its headquarters, reduced headcount realigned management to reduce costs and improve efficiencies.

In February of this year Chiquita refinanced much of its balance sheet, pushing the bulk of its debt maturities out to 2021. This gives the company plenty of breathing room to carry out its restructuring plans.

While there is risk in any agricultural product business, we believe that the current stock price represents an attractive level to get into a company with dominant brand that appears to be well into a turnaround. We recommend buying Chiquita up to 12."

INCOME PERFORMANCE LETTER, P.O. Box 383, Williamsport, PA 17703. Monthly, 1 year, $199. www.leebincomeperformance.com.

For utilities, it's all about quality and growth

Genia Turanova: "We expect utilities to out yield U.S. treasuries in the foreseeable future. This justifies our commitment to the sector; we retain our recommendations, and in this issue add to them.

Our newest recommendation, **Duke Energy** (DUK), formed by a merger of Duke Power with Progress Energy, now stands as the largest U.S. electric power holding company, with about $114 billion in total assets. Its regulated utility serves upward of 7.2 million electric customers in six southeast and Midwest states; its U.S. and international business segments own and operate diverse power generation assets in North and Latin America, including a growing portfolio of U.S. renewable energy assets. With market capitalization of nearly $49 billion, 58,000 GW of generating capacity, 32,000 miles of electric transmission, and 250,000 miles of electric distribution lines – and a gas service and distribution in Ohio and Kentucky, to boot – Duke represents the kind of strong, yet adequately diversified utility we admire. Its 10.5 GW of nuclear generation capability sports a best-in-class performance record.

Duke implements excellent diversification of fuel mix. Here, over the last few years, the company invested about $9 billion in some 6,600 MW of new capacity that has replaced up to $6,800 MW of old coal and oil capacity. The company is also well positioned to address current environmental standards, having invested over $7 billion in air emission controls since 1999. Duke, moreover, is poised to recover its fleet modernization investments as its current rate cases are resolved.

Naturally, we also like Duke for its solid balance sheet, growth prospects and above-average dividend yield of 4.4 percent. Buy up to 74.

Over the last few years we have been happy with performance from **NextEra Energy** (NEE), a utility that serves as something of a growth engine, while providing a healthy 3.6 percent yield. Indeed, the company in February raised its dividend to 66 cents per share, in line with a plan announced in 2012 to pay out 55 percent of adjusted earnings by 2014.

The company consists of a regulated utility, Florida Power & Light, one of the largest U.S. electric utilities, serving some 4.6 million customers, and NextEra Energy Resources, which is the largest generator in North America of renewable wind and sun energy. In fact, NextEra is now developing 600 MWs of wind power in Canada and also plans to bring 900 MWs of solar power on line by 2016 – a big factor behind the expected and continuing shift in NextEra Energy's portfolio mix.

But developing alternative energy is only part of NextEra's upside. The company is actively involved in a plan to attract more businesses to Florida, a state which itself is amidst a turnaround. Rates in its regulated business are set through 2016, and there is further potential for its unregulated arm, NextEra Energy Resources, to outgrow expectations. NextEra is a buy up to 80.

Southern Company (SO) is the Southeast's premier energy company and also one of the largest U.S. utilities by market capitalization. It was a weaker performer over the last year-but has easily beaten the S&P 500 since we first recommended the shares. The stock has returned a total of 54.9 percent since we added it to our portfolio in 2007, and yields a healthy, safe 4.3 percent. In 2012 the company raised its dividend for the eleventh time in as many years.

From headquarters in Atlanta, Southern operates chiefly in Alabama, Florida, Georgia and Mississippi – all business-friendly states, with above-average long-term population and economic growth. It helps, as well, that regulatory environment in these states is traditionally friendly to utilities.

The company maintains 43,000 megawatts of generating capacity – from coal, oil, gas and nuclear resources. In February 2012, the Nuclear Regulatory Commission approved plans to build two new nuclear reactors at its Vogtle site south of Augusta, Georgia – the first new U.S. plants approved since 1978. These mega-projects will determine, in no small measure, future growth prospects of the company. Construction for the first unit is expected to start in 2016.

But power is not everything: Southern Co. also operates a budding telecommunications with a valuable fiber optic network. Southern therefore successfully weathered the economic storm and increased earnings at a steady single-digit rate. We expect Southern to continue to benefit from the continuing low interest rate environment, which allows it to efficiently refinance and invest in capital infrastructure.

Southern has grown its dividend 4 percent annually for the last five years. The company has strong traditions favorable to stockholders and we think that will continue. Southern offers a solid package of low-risk income, growth and capital preservation. It remains a buy up to 54.

The weakest-performing utility in the group has been **FirstEnergy Corp.** (FE). The company has been impacted by plant closings and lower power pricing; superstorm Sandy was a negative factor as well. However, we retain our recommendation. At current levels, and with dividend yield of 5.6 percent, it's hard not to count the company's many positives.

First, indeed, the income this stock generates. Second, the utility holds leverage to power prices. And, finally, First Energy's commitment to debt reduction and new growth projects (future transmission projects and nuclear upgrades) via asset sales and plans for $300 million or more in equity sales. The announced equity sales are dilutive, however, and the company lowered its guidance somewhat. Consequently, this issue we lower out buy – up – to price on FirstEnergy, to 42.

What to do now: For income and further price appreciation, buy Duke Energy Corp. and NextEra Energy. For reliable income, buy FirstEnergy Corp. and Southern Company."

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THE KONLIN LETTER, 5 Water Rd., Rocky Point, NY 11778. Monthly, 1 year, $95. www.konlin.com.

Retractable Technologies, Inc. Featured Stock of the Month

Konrad Kuhn: "Accidental needlestick injuries (NSI) to frontline healthcare workers are estimated to occur at a rate of about 800,000 a year in the U.S. alone, and they often transmit bloodborne diseases from patient to caregiver. There are more than 20 bloodborne pathogens that can be transmitted by an accidental NSI or syringe reuse, which includes HIV/AIDS, hepatitis B, and hepatitis C. Federal regulation now requires the use of safe needle devices. **Retractable Technologies, Inc.** (NYSE: RVP; $1.06) designs, develops, manufacturers and markets safety needle devices for the healthcare industry.

RVP's VanishPoint® safety needle products are designed specifically to prevent NSI and to prevent reuse. The friction ring mechanism permits the automated retraction of the needle into the barrel of the syringe, directly from the patient, after delivery of the medication is completed. The VanishPoint® blood collection tube holder utilizes the same mechanism to retract the needle after blood has been drawn from the patient. Closure of an attached end cap of the blood collection tube holder causes the needle to retract directly from the patient into the closed blood collection tube holder. The IV safety catheter also operates with a friction ring mechanism whereby the needle is retracted after insertion of the catheter into the patient. RVP also has a Patient Safe® syringe which is uniquely designed to reduce the risk of blood stream infections resulting from catheter hub contamination.

Advantages of RVP's products include protection from NSI, prevention of cross contamination through reuse, and reduction of disposal and other associated costs. RVP's products have been and continue to be distributed nationally through numerous distributors. However, they have been blocked from access to the market by exclusive marketing practices engaged in by Becton, Dickinson and Company ("BD") which dominates the market. On July 22,'04 RVP received approx.. $65.1 mil. net of attorney fees and expenses cash settlement of its federal antitrust lawsuit against BD. In '07, RVP initiated a lawsuit against BD for patent infringement, antitrust practices and false advertising, which is ongoing.

Sales for FY'11 were $32.1 mil., with net income of .02 per share. Sales for the 1st 9 mos. of FY'12 were $25.6 mil., with a loss per share of (.09), due primarily to lower average sales prices, vs. .13 for the same period in the prior year. Litigation settlements, net reflects cash proceeds of $6 mil. from Hospira, less royalty expense of $300,000. RVP's balance sheet is extremely strong, with cash making up 51.8% of total assets. Working capital was $30 mil. at Sept. 30, '12, RVP purchased 38,315 shares pursuant to the common stock repurchase plan as of 9/30/12. Of the 27,273,164 shares outstanding, about 67.5% are held by insiders and approx.. 2.2% by institutions. While the stock is in the process of breaking out, we would use weakness in the 1.00-1.10 area to accumulate shares for a 1st target of 5-6, especially since their VanishPoint® syringes have been called "the gold standard for retractable needle syringes." Also, RVP recently launched its new, innovative product, the VanishPoint® Blood Collection Set (BCS), a novel, safety blood collection device for diagnostic purposes that provides the ease of a shorter blood collection needle with preattached tubing. The needle retraction automatically clamps the tubing, reducing the risk of exposure of blood.

The World Health Organization (WHO) has estimated that worldwide over 3 mil. people suffer accidental NSI each year. The U.S. Centers for Disease Control and Prevention (CDC) estimates that of the NSI that occur in the U.S. annually, approx.. 1,000 per day occur in hospitals. NSI's are not limited to nurses and doctors, but also affect paramedics, ambulance drivers, law enforcement officers, correctional facility personnel, firefighters, sanitation workers and others. Such injuries continue to be a serious problem in the U.S. and in other developed countries, as well as throughout the rest of the world, because effective safety-engineered syringes, which protect healthcare workers (and everyone else who might come in contact with contaminated syringes) from accidental NSI, are not universally used. Most alarming, research shows that as much as 60% of incidents remain unreported. RVP's cost-effective, state-of-the-art VanishPoint® syringes virtually eliminate NSI. RVP stands to gain a substantial share of the yearly $5 bil. global syringe market. Ultimate target 8-9."

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HENDERSHOT INVESTMENTS, 11321 Trenton Ct., Bristow, VA 20136. 1 year, 4 issues, $50. www.hendershotinvestments.com.

Opening our wallet and adding to our position in Coach

Ingrid Hendershot: "**Coach** (NYSE: COH; $48.22) is a leading American marketer of fine accessories and gifts for women and men, including handbags, men's bags, women's and men's small leathergoods, weekend and travel accessories, footwear, watches, outerwear, scarves, sunwear, fragrance, jewelry and related accessories. Coach is sold worldwide through Coach stores, select department and specialty stores, and through Coach's website.

Durable Brand

Coach, founded in 1941, has grown from a family-run workshop in a Manhattan loft to a leading American marketer of fine accessories and gifts for women and men. Coach products are renowned for their distinctive design, quality, function and durability. In 1985, Coach was acquired by Sara Lee and then spun off in 2000 as a publicly-traded company at a split-adjusted price of $2.00 per share.

Second Quarter Results

Coach reported sales of $1.5 billion for its second fiscal quarter, an increase of 4%, compared with the prior year period. North American direct sales rose 2% for the quarter with comparable store sales down 2%. The North American holiday season proved challenging for Coach with a muted macroeconomic environment and Hurricane Sandy causing caution among consumers. While competition intensified and promotional activity increased in the women's handbag category, which grew about 10% during the quarter, Coach maintained its pricing strategies to protect its brand.

International sales increased 12% from last year to $411 million. China results continued very strong, with total sales growing 40% and comparable store sales rising at a double-digit rate. The Men's business growth was also robust and is on track to generate $600 million of sales in fiscal 2013, up about 50%. During the quarter, gross profit increased 4% to $1.1 billion and gross margin remained strong at 72.2%. Net income for the period totaled $353 million with EPS of $1.23, increases over the prior year of 2% and 5%, respectively.

Share Buybacks

During the second quarter, Coach repurchased nearly four million shares at an average cost of $56.63 per share, spending a total of $225 million. Year-to-date, share buybacks total $400 million. Coach has $1.4 billion remaining authorized for future share repurchases. As of 12/29/2012, Coach held more than $858 million of cash in its handbag.

Attractive Valuation

The company's highly profitable business model generated an outstanding 52% return on shareholders' equity during fiscal 2012. Coach's stock appears attractively valued trading for 13 times trailing earnings with the dividend yielding 2.5%. We are opening our wallet and adding to our position in Coach, a *HI-* quality company with a durable brand, a highly profitable business model and outstanding cash flows, which enable growing dividends and substantial share repurchases. Buy."

GLOBAL DYNAMICS LETTER, 19 Adams Pt. Rd., Barrington, RI 02806. 1 year, 4 issues, $100.

Favored ETFs

R. K. Matthews: "Our major investment concern for Q1, 2, '13 is getting more cash into dividend-paying ETFs. We prefer EGF and PTY. Yes, there is risk. EGF pays ~5%/yr and has a two year price range ~ 4%. PTY pays ~8%/yr but has a two year price range ~ 17%. We treat these as 'cash or equivalent' for our book-keeping purposes. Current thinking is to hold (at least some of these!) for 2 to 6 years."

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INVESTOR ADVISORY SERVICE, 711 W. 13 Mile Rd., Madison Heights, MI 48071. Monthly, 1 year, $399. E-subscription, $299. www.iclub.com/IAS.

Bio-Reference Laboratories, Inc. Earnings growth of about 20% forecast

Douglas Gerlach: "It looked for a little while like the market was finally rewarding the superior growth and consistency of results from **Bio-Reference Laboratories, Inc.** (Nasdaq: BRLI) Shares climbed into the low 30's early this year, only to pull back to the upper 20's. As we look forward, we see good potential for earnings leverage growth.

During the first fiscal quarter, Bio-Reference changed its method of recording sales due to Accounting Standards Update 2011-7 under Topic 954 of FASB codification. Basically, the company started recording a portion of its provision for doubtful accounts as a deduction from sales. This change is expected to reduce full year Fiscal 2013 total sales by roughly 7% but will have no impact whatsoever on profits. This explains why Bio-Reference's first quarter sales grew only 8%. Had the same accounting treatment been used in both years, sales would have grown 16%. EPS rose 19% to $0.31, as this change had no impact on profitability. Once the new accounting standard passes its one year anniversary, reported sales growth rate should resume double-digit increases.

The company has been benefitting from the introduction of two new esoteric tests during Fiscal Year 2012. OnkoMatch, introduced in January 2012, is a specialized test that looks at 14 different oncology markers for solid cancer tumors. It combines many different tests into one, saving the patient valuable time in the diagnosis and helping to determine an appropriate treatment path, including experimental drugs. The test is reimbursed at $1,000, about the same price as tests that only look at a subset of these cancer markers.

In April 2012, Bio-Reference introduced InHerigen, a pre-natal test that looks at the entire universe of genetic diseases across all different ethnicities. The test follows a similar pricing model, charging about the same as a common screening panel that picks up only about 10% of genetic diseases. The company is seeing orders come from the women's health practices it serves with its GeneDx genetic-testing laboratory.

Bio-Reference's growth metrics in the first fiscal quarter were strong, even in the face of some lost business due to Superstorm Sandy. The number of patients served grew 9% and revenue per patient was $18.13, an increase of 7%. Esoteric testing, which is more attractive due to higher profit margins, increased to 62% of sales, up from 59% last year. Now that much of the launch expense for the firm's new esoteric tests are behind it, the company expects slower expense growth and faster profit growth.

One negative for the testing industry is the adoption of the Affordable Care Act, as it implements slight cuts to Medicare reimbursement levels. The Sequester will further modestly reduce reimbursement. During the firm's second quarter conference call, management indicated these should not be material to Bio-Reference's outlook, which calls for earnings growth of roughly 20%.

A continuing area of concern for investors is the firm's weak corporate governance. Bio-Reference continues to be the target of short-selling firms like TheStreetSweeper that periodically issue reports that mainly criticize the firm's board, auditor, and sales practices. We believe many of these claims are baseless, but also believe that the negative attention has held the stock back.

Industry analysts expect 18% per-year earnings growth over the next five years. We are projecting the same. Five years of this growth would generate EPS of $3.55. Combined with an average high P/E ratio of 22.9, the price could appreciate to 81, a potential 24% annual return. The downside price of 18, a loss of 34%, was calculated using the average low P/E of 12.1, and Fiscal Year 2012 EPS of $1.52."

DOW THEORY FORECASTS, 7412 Calumet Ave., Hammond, IN 46324. 1 year, 52 issues, $279. www.dowtheory.com.

Comcast shares bound to new highs

Richrad Moroney: "Undaunted by the spectacular failures of media conglomerates in the past 15 years, investors keep rallying around **Comcast** (CMCSa: $41) and its acquisition of NBC Universal.

Comcast shares have soared 76% since it closed on its initial 51% stake of NBC Universal in January 2011, outpacing the 40% gain of the S&P 1500 Consumer Discretionary Sector Index and the broader index's 21% rise. Shares set an all-time high following Comcast's announcement last month that it will accelerate the purchase of the remaining stake from **General Electric** (GE: $23).

Comcast shares trade at 21 times trailing earnings, a 20% premium to their five-year average. But Comcast's trailing P/E and forward P/E fall in line with medians for S&P 1500 cable and satellite stocks. Given Comcast's growth prospects, the shares warrant a premium to their peers. Comcast is a Long-Term Buy.

Comcast's New Look

NBC Universal lets the company straddle both sides of the divide between cable operator and broadcast network.

The traditional cable business (62% of total sales and 80% of profits last year) increased revenue 6% in 2012, with NBC Universal (38%, 20%) generating 13% growth.

Within the cable unit, high-speed Internet (24% of cable revenue) grew 9%, while video (51%) crept up 2%.

On the NBC Universal side, cable networks (36% of segment revenue) increased sales 3%, while broadcast TV (34%) jumped 27% on strong advertising. Sales rose 5% at theme parks (9%) and 12% for film entertainment (21%).

The video unit continues to shed customers – Comcast hasn't reported a rise in subscribers since the March 2007 quarter. But the year-over-year decline has moderated in nine straight quarters, and management claims net subscriber additions would have been positive in the December quarter without Hurricane Sandy.

The cable business has struggled with cord cutters – those who eschew traditional pay-TV service in favor of such products as online streaming video. Their numbers currently stand at 5 million, says Nielsen, up two-thirds from 2007. The soft economy has contributed to the shift, but new technologies should encourage further migration. Content licensing represented less than 5% of Comcast's revenue last year. But with consumers viewing shows on more and different screens, licensing could become a growth driver in coming years.

Comcast expects a low-double-digit increase in programming costs this year, driven up by new contracts with ESPN and Fox. Cost growth should moderate in 2014, potentially slowing to match the 7% rise in 2012.

Of course, on-demand viewing presents fresh challenges for marketers, which could temporarily pressure ad revenues. Moreover, a ratings slump at NBC and the cable networks also threatens to drag on advertising.

Conclusion

Rising analyst estimates call for per-share profits to advance 23% to $2.38 this year on 3% sales growth. A 20% hike to the quarterly dividend, announced in February, pushes the yield to 1.9%. An annual report for Comcast Corp. is available at 1 Comcast Center, Philadelphia, PA 19103, (888) 883-8903, www.comcast.com."

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LOOKING FORWARD, published for clients of Friess Associates and Brandywine Funds shareholders, P.O. Box 576, Jackson, WY 83001.

Hertz forecast earnings growth of 42%

Chris Aregood: "Our initial research led us to believe that the initial estimates on cost synergies Hertz would enjoy via its acquisition of Dollar Thrifty were low, but the only way to know for sure was to hear it from the source. Your team was on the call when Hertz Chief Executive Mark Frissora announced that savings were likely to exceed previous forecasts – by about 88 percent, based on initial company estimates.

Hertz Global Holdings Inc. (NYSE: HTZ) operates a car rental business through the Hertz and Dollar Thrifty brands. Hertz is the largest airport-based car rental brand in the world, with 8,860 locations in 150 countries. Dollar Thrifty does business through 1,410 locations in 83 countries.

About 90 percent of the company's revenue, which topped $9 billion in 2012, is generated through car rental operations. While it accounts for a much smaller percentage of Hertz's overall revenue, the company's Hertz Equipment Rental Corp. is one of world's largest equipment rental businesses in the world.

We believe the additional cost synergies Hertz expects to realize positions the company well to enjoy earnings leverage amid the kind of increased demand that was evident in the December quarter. Revenue grew 15 percent from the year-ago period to a December-quarter record $4.3 billion on strong car rental growth and, at 13.4 percent, the biggest jump in same-store-sales for the rental equipment business in more than six years. The company's pretax profit margin reached a record level for the quarter as well.

Hertz grew earnings 38 percent in the December quarter, exceeding the consensus estimate.

The Friess Associates team bought Hertz at about 10 times current 2013 earnings estimates. Based on the consensus estimate, Wall Street predicts Hertz will grow earnings 42 percent this year.

TripAdvisor Well Positioned to Capitalize on Travel Market's Continue Shift Online

Few factors are more influential in discretionary travel decisions than feedback from travelers with first-hand experience. TripAdvisor offers more than 75 million user-generated reviews free online, making it an exceptionally popular destination for people with places to go.

TripAdvisor Inc. (Nasdaq: TRIP) is an online travel company that operates the website tripadvisor.com in the United States and separate localized versions of it in 29 other countries. The company collects ratings and reviews on travel destinations, accommodations, restaurants and attractions. It also helps facilitate travel plans that users choose to make based on them. TripAdvisor attracts 60 million unique monthly visitors.

Revenue, which is primarily generated through advertising by online travel agents, hotels and similar sources, totaled $763 million in the 12 months through December. Expedia and The Priceline Group are TripAdvisor's biggest customers.

With the industry's largest collection of listed accommodations and the highest number of website visitors, we believe TripAdvisor is well-positioned to capitalize on the travel market's continue shift online. Online bookings represent 50 percent of the U.S. market, 40 percent of the European market and 25 percent of the Asian market, according to the most recent industry estimates.

The Friess Associates team spoke with Chief Financial Officer Julie Bradley about TripAdvisor's efforts to increase its use of meta-search technology on its website. Meta-search aggregates results and allows users to compare them on the company's website rather than immediately redirecting users to customer sites. The process simplifies the user experience and enables TripAdvisor to send higher-quality traffic to its partners, with potential positive implications for brand loyalty and pricing.

TripAdvisor grew earnings 26 percent in the December quarter, exceeding the consensus estimate. Revenue grew 23 percent versus the year-ago period."

Henning: The Musings of a Stock Market Curmudgeon

Game Over

By Thomas Henning

Game over. Ignore the blather spewed forth by the various political and banking bozos. It's game over. To operate on any other premise would be folly. The One-World-Order is imploding from the internal rot of Keynesian-induced fiat garbage and the overload of unserviceable debt. I do not give credit to the idea that the Bilderboyz have set up this Ponzi hustle only to have it fail. After it fails, a viable banking system is still needed for the functioning of the hustle. In addition, a cohesive force is needed to control the hustle, and cohesiveness is the last thing that has evolved. The usual suspects have invested too much into the hustle and they are directing all of their energy in the form of massive money printing to maintain it as it is presently imploding. In other words, they believe their own bull manure and are acting accordingly.

It is important to note that the previous paragraph does not excuse the savvy player from operating within the hard discipline of the markets, but the aforementioned concept of the implosion gives perspective to the ultimate buy/sell activity.

The bond market is topping out with busted internals needing a close below 140 confirming the start of a cyclic bear market, cranking up interest rates, and busting balance sheets. The purged-out gold complex has been in a primary corrective wave with bullish internals. The metals need an upside external goose to turn the various Hard Momentums bullish. The stock market has legged up off of the November low and has confirmed above the 2007 high, but has waved out and has set up a probable near-term top.

Let's put together the components to try to come to a cohesive picture. Keep in mind that we're in a transitional situation at the terminal end of a century-long thieving Keynesian epoch, which is beginning to implode. Given these concepts, the established century-long relationships may be still valid, but are indeed questionable.

The Razbucknic is in a cyclic bear market having moved into a probable IV correction since 2008 when Benny and his boyz started cranking the printing presses into overdrive. The overall count looks semi-complete and waved out with the Monthly internals moving into bearish divergences on the recent strength.

The Daily Studies are now overbought and are just beginning to flash early mechanical sell signals. The Weekly Studies are failing. Overall this rules out upside sustainability.

A close at 81 or lower would bust the Daily Hard Momentum downward. A close at 78 or lower, as marked on the chart, would suggest the start of the next major downleg which would confirm the tentative wave count suggesting a broad downside target area of about 50.

The bond market has been in a bull cycle since 1984, has waved out (as diagrammed on the chart) and has broken down after the usual internal deterioration as indicated at the bottom of the chart.

Near term, an upleg is evolving that I suspect is still part of the uptrend. When done, a close below 140 would confirm the top and a financial disaster.

With the break in bonds below 140, every financial balance sheet in the world will approach insolvency, the Fed included. Higher rates will make the Everestian mountain of both public and private debt unsustainable. In addition, the municipal bond market is leaking a lot of oil. Message: The markets are acknowledging the insolvency of the states and cities. Detroit is a preview of coming attractions.

Gold is in a cyclic bull market, having waved up to the 2011 peak at a little under 2000 and has been correcting downward, digesting the previous ten-year upleg. The correction has assumed the usual A,B,C, down, up, down configuration. The internal wave structure of this correction looks fairly clean. I've labeled the count as shown. It is still tentative and will remain so until Hard Momentum external buy signals flash. If this count is right, we're looking at a th. . .the. . .three (III) wave of a major degree.

Near term, gold is extremely oversold on both a Daily and Weekly basis. The On-Balance-Volume studies are also bullish. The Daily Slow Stochastics, as well as the Weekly Stochastics have flashed solid buy signals and are presently in bullish divergences. Sentiment measures suggest that the whole world hates gold as the COT numbers have turned bullish.

Ultra-near term, the complex looks waved and purged out.

To start to convert all of this hot air into happy times, the gold has to close above 1600/XAU 131 to turn the Daily Hard Momentums bullish. These closes would suggest that the external markets are beginning to respond to the bullish internals.

Interestingly, the Asian boys are buying real gold big time. They're not doing this to be nice guys to go to the Happy Land of the One-World-Order. My hunch is that they're doing it because they are fed up with being stiffed with bonds backed up with fiat Razbudknics and propped up with worthless derivatives, not to mention the phony action by the Comex clowns as the Comex inventory takes a swan dive.

Assuming gold does break upward, keep an eye on the bank stocks because this gang, which has been pounding the gold, is no doubt up to their noses in funny gold paper, afraid that some counter party – like Germany – will wake up and ask for their gold. Recently Germany did ask for its gold. They're getting it back in the small dribbles. That rumble you hear is Otto Von Bismarck turning in his grave.

Interestingly, one must appreciate that, given the propensity to directly steal bank deposits, can one assume that the banker boyz would look at the stacks of gold bars and not steal them? Maybe so. Maybe not. But one must always pay homage to H.L. Mencken who suggested: "Always think the worst of people. You will almost always be right."

The stock market bottomed in August of 1982 and has waved up a bull cycle that is presently terminal. A bear cycle having a life expectancy of possibly a decade is implied. The bull cycle looks complete, or nearly so, but needing external signals to confirm the premise.

As shown on the Monthly Dow chart, the market bottomed in 2009 and waved up a primary move to present levels, the waves illustrated on the chart. For you hard-core wave buffs, the V wave has an alternate internal count but either way, the 5 of the V that started last November still looks valid. The Dow did take out the 2007 high diagrammed in my last article.

I do believe that the 5 of the V is labeled correctly. The negative volume since late December has been in an uptrend, suggesting internal distribution. The positive volume has been failing since mid-March. This is symptomatic of a 5 of V wave.

In favor of the bull case is the upside confirmation of the Dow above the 2007 high as well as the confirmation of the Advance/Decline Line.

However, near term internal indicators such as Daily and Weekly Stochastics, RSIs, as well as a myriad of other Sherman tank indicators, are in failure mode. In addition, the external market has evolved a potential top (not shown). The Transport Average has not confirmed a recent Dow high. To do so requires a close above the April 14, 2013 close of 6281.24. If the Transports do not confirm upward, a bear alert will be sounded. Subsequent closes below Dow 14,500/Transports 5875, would constitute an intermediate breakdown, which would also lock intermediate internals to the downside, suggesting downside sustainability and would strongly validate the suggested overall wave model.

Overall, we have a semi-completed move, with a potential Dow's Theory breakdown with indicators in failure mode. However, the Advance/Decline Line and Dow have both bullishly taken out key highs. Where is the harmony? I suspect that the 5 of V is not quite complete and if so, a corrective 4 of a 5 is due, which will probably be severe and last a few weeks. If this count evolves, then a final upleg will occur after the shakeout, setting up

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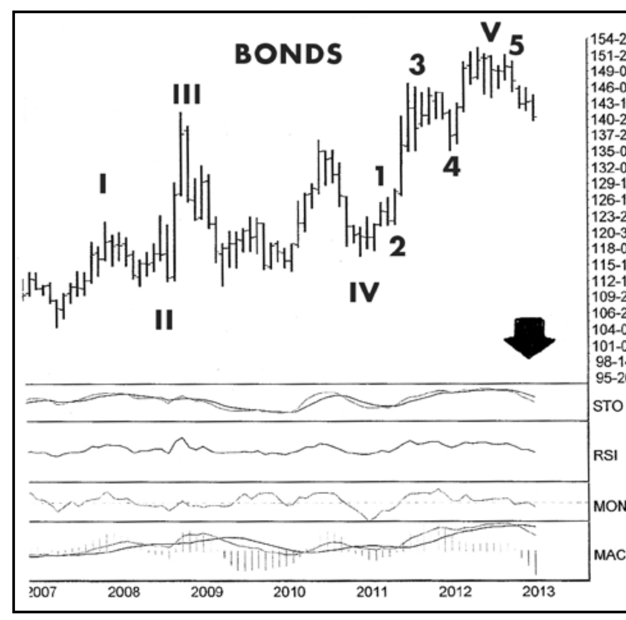

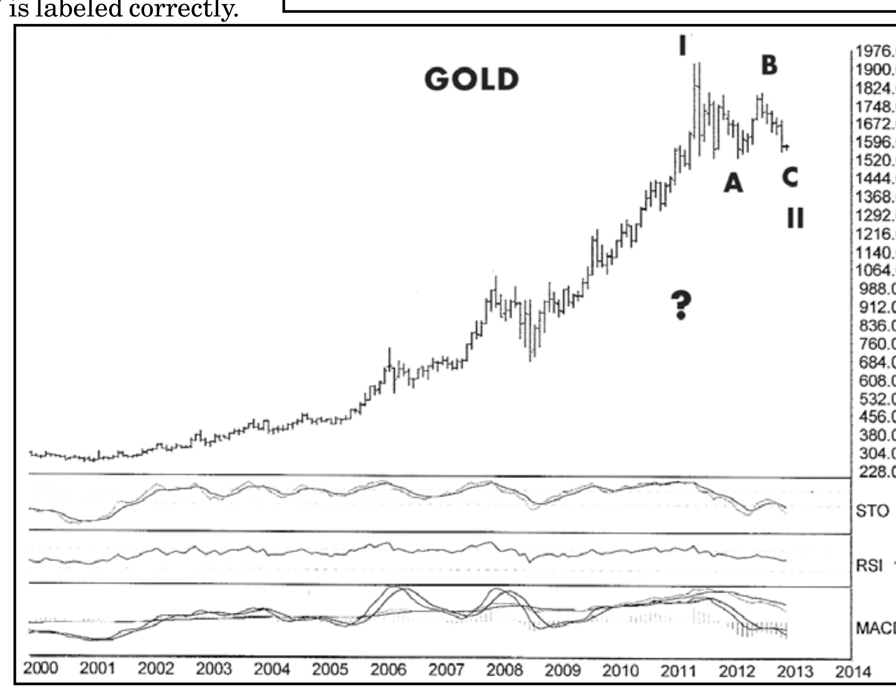

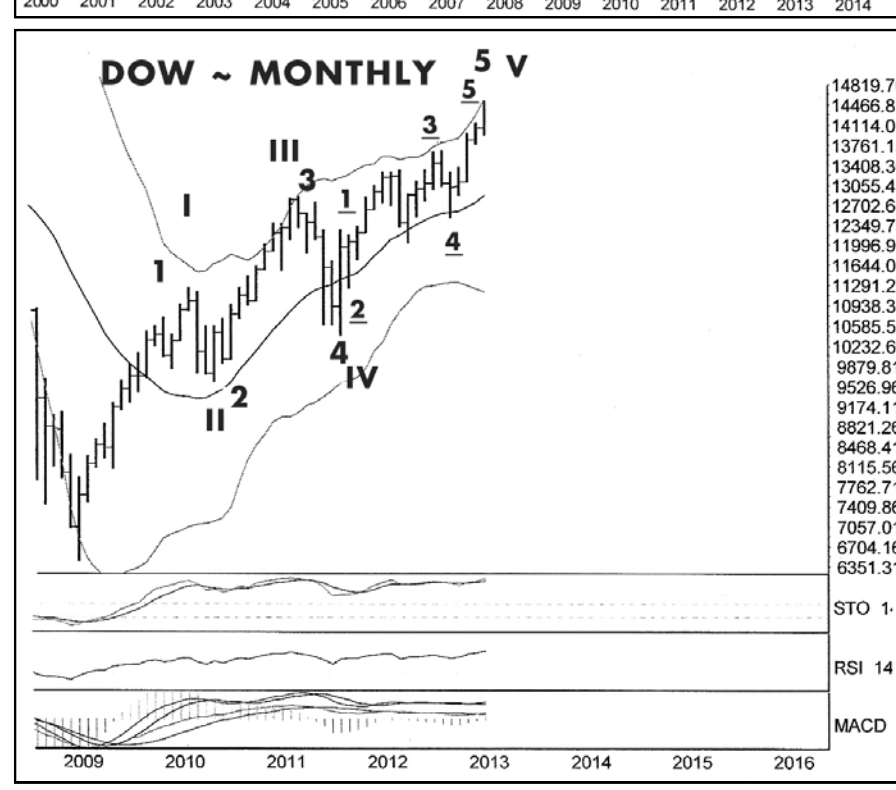

Usage of Photovoltaic Electricity Growing Rapidly

When the sun is directly overhead on a clear day, it casts about 1,000 watts of energy per square meter. Across the earth, in about one hour the sun provides as much energy as mankind uses from all sources during an entire year.

Photovoltaic (PV) energy, electricity generated directly from sunlight, was discovered in 1839 by Edmund Becquerel. In 1873, Willoughby Smith observed that selenium became conductive when exposed to light. Selenium photovoltaic cells, which convert sunlight directly into electricity, were first made in the 1870s and were later used as light meters for photography. But selenium cells converted at best 1% of sun power into electricity and were expensive, so their uses were limited.

In the 1950s, Bell Laboratories began developing silicon photovoltaic cells, and succeeded in creating cells capable of converting 6% of solar power into energy. Cells were combined together into PV modules, and were originally used to recharge batteries that powered remote transmitters. PV modules using more expensive and efficient gallium arsenide were also invented, and almost immediately began to be used in space. The Vanguard I satellite in 1958 had solar capacity well under a watt. Capacity on satellites grew rapidly, to 1962's Telstar at 14 watts, to the early 1970's Skylab at 16,000 watts, and to today's International Space Station at more than 100,000 watts.

In 1960, silicon solar modules were handmade and cost about $1,000 per peak watt. The cost of modules has declined in accordance with learning curve theory. For each doubling of cumulative production, prices generally dropped about 20% through the year 2000. The price fell to about $300 per peak watt in 1970, and then to about $3.50 in 2000. Module costs fell as sunlight conversion efficiency was enhanced, materials requirements were reduced and manufacturing processes were mechanized and streamlined. Other costs of PV systems, including electronics, cabling, racks, mounting hardware and installation expenses, have also been dropping, but not as quickly.

As prices fell, mass market applications developed. In the 1980s, PV systems were most often used to provide power to areas without electrical infrastructure to run irrigation pumps, illuminate schools and refrigerate medicine, for example. In the 1990s, PV systems began to be connected to electric grids in the developed world in order to utilize essentially pollution-free energy. Governments created incentives for installing and producing PV electricity in order to reduce carbon dioxide emissions and slow global warming.

In 2000, Germany passed legislation that guarantees high, 20-year payments to producers for PV-produced electricity. Payment rates on new projects decline along with the costs of photovoltaic systems. Utilities in Germany currently pay about $0.35 per kilowatt hour (kWh) for home rooftop produced PV electricity. As of the end of 2011, Germany was the world leader in PV energy investment with 24.8 billion peak watts of installed PV capacity, about 35% of the world total. Italy, which also adopted high payments for PV electricity, was second, at about 17% of world PV capacity. The United States, in comparison, accounted for only 5% of installed worldwide PV capacity.

As a result of the incentives in Germany and Italy, demand for photovoltaic systems surged. A shortage of polysilicon, the primary raw material for silicon solar cells, also developed. Module prices were stuck between $3 and $4 from 2000 until the second half of 2008, and profits boomed for both solar module and polysilicon makers. Manufacturing capacity consequently jumped, boosted at first by attractive profits and then by Chinese efforts to dominate world PV module production. Module prices then fell to $2 in 2009 and collapsed to as low as $0.70 by September 2012, when global manufacturing capacity equaled nearly double worldwide demand. Extremely competitive pricing, plus the lack of apparent technology or cost advantages, have caused losses, an industry shakeout, and poor stock performance for PV module producers.

According to the World Research Institute, by 2011 the average installed price for complete photovoltaic systems fell to $4.75 per peak watt of energy generated. Meanwhile, the price of utility-generated electricity has been rising. According to the U.S. Energy Information Administration, the average residential electricity price in the United States rose from $0.02 per kWh in 1970 to $0.08 in the year 2000 and $0.12 in 2011. The falling price of PV systems and the rising price of electricity have made PV electricity more competitive.

In the United States, 44 states have adopted net metering policies. These policies make it possible for consumers to buy PV systems, produce their own PV electricity by day and provide what they don't use into the electric grid. By night, they get electricity from the grid. Consumers are generally billed for the net amount they use. Given that solar electric production varies by hour of the day and cloud cover, and utilities need reliable supplies, utility obligations to purchase such power are capped state by state. PV electricity production, however, tends to match peak load needs, so utilities are generally buying what would otherwise be expensive peak-load power and selling cheaper off-peak power to owners of PV systems at average retail rates.

PV electricity is now competitive in areas with high electric rates, especially in places with lots of sunshine. Household electricity rates vary tremendously by location. As examples, Honolulu rates recently hit $0.34 per kWh, and the New York City area, $0.20. Worldwide electric rates vary tremendously as well, with Denmark at nearly $0.40 and Italy at about $0.30 per kWh. These prices contrast to electric rates ranging from $0.05 to $0.10 per kWh in some energy-rich states and countries.

Peak sunshine varies by location; solar modules in Honolulu receive an average of 5.7 hours of peak sunshine per day, so each peak watt of installed solar module would generate about 1.87 kWh yearly. Assuming that a PV system costs $4.75 per peak watt installed, it would pay for itself in about 7.5 years based on Honolulu's electricity rates. Utilizing the current 30% federal tax credit reduces the payback period to 5.2 years. After the PV system pays for itself, it should provide more than 20 years of nearly free energy to its owner, as modules are designed to last 30 years, though electronics associated with them will likely need to be replaced once or twice during that period.

Honolulu is an extreme example in the United States because of its high electricity costs and its abundant sunshine. Tucson receives even more sunshine, but with approximately $0.10 kWh power prices, PV systems there have after-tax credit paybacks of nearly 16 years. New York receives about one-third less sunshine than Tucson, but due to its higher power rates, PV systems there have about 11 year paybacks.

As of early 2012, 30 states had renewable portfolio standards, which mandate certain percentages of electricity production to be from renewable sources such as PV. Solar renewable energy credits and tax credits have also incentivized purchases of PV systems in many of those states. As a result, large, non-residential PV installations jumped, and recently accounted for 84% of nationwide PV capacity. Total new installations in the United States surged over 15-fold from 2007 to 2012, to about 3.2 billion peak watts.

Although PV installations in the United States are rising sharply, relatively low net metered electricity prices in most of the United States makes PV electricity less competitive compared to high payment rates in other countries. Abundant and cheap shale natural gas in the United States will likely keep domestic electric rates low. With these factors in mind, despite tax incentives and renewable portfolio standards, the United States seems unlikely to become the world leader in PV electricity production.

Photovoltaic electricity production is instead more economically attractive in areas with high electricity costs. PV electricity should displace a lot of the 5% of worldwide electricity that is generated by burning costly petroleum. Also, the World Bank estimates that 1.4 billion people do not have access to electricity, and is funding billions of dollars to provide electricity to them. PV electricity seems like a good choice to provide power to third world locations currently lacking electricity.

Usage of photovoltaic electricity is growing rapidly from a very low base. Worldwide PV power production jumped about 86% in 2012, but accounted for just 0.25% of electric power. As photovoltaic costs continue to drop, fossil fuel prices rise, and concerns about carbon emissions grow, PV seems poised to achieve substantially greater shares of electricity production, helping to change the world in a favorable way.

Source: Charles P. McQuaid, President and Chief Investment Officer, Columbia Wanger Asset Management, LLC. Writing in the Annual Report for Columbia Acorn Family of Funds.

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Henning...

Continued from previous page

external breadth divergences which should be the final top.

In sum, we have a mature semi-waved out uptrend with failing indicators with a probable Dow's Theory intermediate breakdown in the offing. This is balanced against a bullish confirmation by the Advance/Decline breadth. The slightly-favored wave count (the 5 of the V) suggests a severe correction followed by another upleg, which will set up the A/D breadth to fail. However, it's not wise to stand in front of this type of potential Dow's Theory breakdown, with the slightly-favored count having a 51% probability.

Admittedly, the previous analysis has a lot of necessary contingencies, but we have a fluid and dynamic situation here, and I'm trying to cover all of the bases.

In sum, the Razbucknic looks tired. A breakdown would be bearish. Bonds have been in a topping mode with a close below 140 needed to signal a cave-in. Gold has been in a primary correction consolidating the upleg off of the 2000 low with a downside purge looking terminal. The next upside Hard Momentum buy signals as specified should be the "real thing." The stock market is semi-waved out with a probable top forming. The slightly-favored, near-term count (51%) suggests another upleg after a severe correction.

Be very careful here. We're talking about the form of the substance, which is that we are in the final phases of a cyclic bull market preparatory to a cyclic bear market with a life expectancy of about a decade. Keep perspective here.

Ten years ago, when I turned bullish on gold, I suggested that somehow, some way, the gold standard would emerge, not having any idea of how this would come about. It is happening now as the Asians are beginning to use various gold certificates to facilitate trade. Gresham's Law is also arising as they are beginning to float U.S. Bonds for payment in an effort to get rid of the garbage.

Blackbeard Benny and his boyz live in abject terror of a bond breakdown and gold breakout. One knows this because of the extreme efforts to prop up bonds and pound down gold using phony derivative paper.

A bond breakdown and gold breakout will bust the fiat central bank Ponzi scheme and then it's game over.

Editor's Note: Thomas Henning, the "Curmudgeon" was raised on Chicago's South Side. After attending grad school at the University of Chicago, he started in the brokerage business in 1963 and later became an SEC-registered investment advisor and a CFTC commodity trading advisor. Henning is an ardent jazz fan, navy history buff and, as a movie fan, is President of the Russell Hicks Fan Club.

Thomas Henning's column, *"Musings of a Stock Market Curmudgeon,"* appears regularly in The Bull & Bear Financial Report, in both *print* and *online* editions.

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Intel and Phillip Morris recommended value stocks

Donald Pearson's two recommended value stocks are Intel Corp. and Philip Morris International, Inc.

"**Intel Corporations** (Nasdaq: INTC; $21.84) designs and manufactures integrated digital technology platforms. A platform consists of a microprocessor and chipset. The Company sells these platforms primarily to original equipment manufacturers (OEMs), original design manufacturers (ODMs), and industrial and communications equipment manufacturers in the computing and communications industries. The Company's platforms are used in a range of applications, such as personal computers (PCs) (including Ultrabook systems), data centers, tablets, smartphones, automobiles, automated factory systems and medical devices. On February 2012, QLogic Corp. sold the product lines and certain assets associated with its InfiniBand business to the Company. In May 2012, Cray Inc. completed the sale of its interconnect hardware development program and related intellectual property to the Company. In September 2012, InterDigital, Inc.'s subsidiaries sold around 1,700 patents and patent applications to the Company. Institutional Holdings: 3325, Annual Yield: 4.1%, Annual Dividend: $0.90.

Philip Morris International, Inc. (NYSE: PM; $91.58) is a holding company. PMI's subsidiaries and affiliates and their licenses are engaged in the manufacture and sale of cigarettes and other tobacco products in markets outside of the United States of America. Its products are solid in approximately 180 countries. The Company divides its markets into four geographic segments: The European Union (EU) Region, The Eastern Europe, Middle East & Africa (EEMA) Region, The Asia Region and The Latin America & Canada Region. In June 2011, it completed the acquisition of a cigarette business in Jordan, consisting primarily of cigarette manufacturing assets and inventories. January 1 2011, it established a business structure with Vietnam National Tobacco Corporation (Vinataba) in Vietnam, further developing its joint venture with Vinataba through the licensing of Marlboro and establishing a PMI-controlled branch for the building of its brands. Institutional Holdings: 3098, Annual Yield: 3.7%, Annual Dividend: $1.72."

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Louis Navellier's BLUE CHIP GROWTH, published by InvestorPlace Media, 9201 Corporate Blvd., Rockville, MD 20850. Monthly, 1 year, $299. Includes Weekly Updates.

Google earnings: No fireworks, but still plenty to like

Louis Navellier: "Some of the biggest technology names have reported earnings this week, and the message is clear: Thin corporate spending and a weaker market for PCs and laptops are still plaguing the sector's heavyweights.

Intel (Nasdaq: INTC) reported revenues declines and thinning profit margins earlier this week. **Microsoft** (Nasdaq: MSFT) did a little better than the analysts' expectations but also fell short on the top line. The results are not horrible given the overall economic backdrop … but they're not exciting enough to qualify these stocks as buy candidates, either.

Investors had high expectations for **Google** (Nasdaq: GOOG) ahead of last night's earnings report, as the tech company has consistently outperformed its peers. And while Google's profits did beat expectations, the company fell short in revenues as mobile ad sales continue to be a weak spot.

Google reported earnings per share of $11.58 on total revenues of $13.97 billion, vs. $10.08 on revenues of $8.14 billion in the year-ago period. Still, even though revenues fell short of analyst expectations, the company clearly still has impressive sales and earnings momentum.

Also, there were a number of other positives in the report.

Goggle reported that its core business, including advertising revenues, jumped by more than 22% on a year-over-year basis, and paid clicks on advertisers' sites rose by about 20% in the quarter. However, some analysts expressed concern this morning at the fact that cost per click paid by advertisers fell 4%, marking the fourth straight quarter that metric has declined.

The company has struggled to gain market share in the smartphone business, but there is some evidence that its products are starting to see a stronger reception from consumers. Motorola Mobility's quarterly loss fell to $179 million – the lowest since Google purchased the phone division. Google has been moving to cut the loss by reducing Motorola's headcount, and has eliminated its cable TV set-top box product.

On the conference call, CEO Larry Page addressed the focus on non-core initiatives like Google Class and Google X that could provide additional revenue and profit growth for the company in the next year or two. He told investors that incremental improvement was a path to obsolescence, and Google needs to avoid complacency and continue to innovate and improve.

Unlike the fireworks that have surrounded the release of earnings in the past, GOOG shares are up a little more than 2% as investors and traders digest the news."

Editor's Note: Editor Louis Navellier is one of Wall Street's most renowned growth investors. Over the past 13 years from 1998 to 2010, the *Blue Chip Growth* has returned profits of 179%, beating the S&P 500's 63% gain by a margin of more than 3-to-1. For more information and Special Offer, visit www.investorplace.com.

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Stalking America's 'most exciting bank'

Igor GreenWald: "**Berkshire Hills Bancorp** (NYSE: BHLB) is my hometown bank and my Peter Lynch stock.

The great fund manager famously counseled Baby Boomers to "invest in what you know," and sold them on the notion that they could "beat the Street" by deploying personal experience and local knowledge as investing tools.

The rest is some pretty unhappy history, so that just 15 years after Lynch's heyday we find his ideas, if not exactly discredited, certainly marginalized by fears of insider trading, attention-deficit-disorder algorithms and other chicanery.

Yet it's worth remembering that, throughout the 17-year bull market that Lynch rode to fame and fortune, his ideas worked out quite well for many. And even if the current four-year bull doesn't live as long, investing in what you know beats investing in what you don't any day.

So here's what I can share about Berkshire Hills Bancorp after a couple of years of close observation:

• That it's a highly successful lender strengthened by several well-timed, craftily selected and successfully integrated acquisitions, with a cohesive culture and devotion to rigorous performance tracking

• That in the tumult of the recent recession and its aftermath it went out and poached experienced, profitable commercial lending teams in some of Northeast's most promising markets from bigger but less attentive and aggressive rivals

• That it's headquartered in Pittsfield, Mass., a recovering company town painfully abandoned by **General Electric** (NYSE: GE), which has found salvation if not quite a cure in medicine, tourism and the arts while retaining a decent industrial base

• That the local economy is gradually but steadily improving, with unemployment down, home prices up and plans afoot for new hotels

• That Berkshire's expansion into the Albany, NY and Hartford, Conn., markets places it in two state capitals with many relatively secure white-collar jobs and businesses, while the bank's growing presence in central and eastern Massachusetts gives it access to another rich, dynamic region

• That the bank's culture has been heavily influenced by Larry Bossidy, the respected former **Honeywell** (NYSE: HON) and Allied Signal CEO and Pittsfield native who spent a decade as Berkshire's chairman before conceding that title to CEO Michael Daly but staying on as the lead director. Bossidy knows a thing or two about banking, after running GE Credit as chief operating officer, and he preaches the importance on finding and keeping the right people.

Daly is also a Pittsfield native who cut his teeth in commercial lending at the old Bank of Boston. He's been with Berkshire since 1986 and the CEO since 2002, overseeing the transformation of a sleepy local thrift into a regional player with an enviable franchise. Berkshire markets itself as "America's Most Exciting Bank" in a reflection of its leader's relentless optimism.

Berkshire's attractive financials are, of course, freely available online and don't require venturing into the scenic Berkshires. But the bank is followed by just three Wall Street analysts and remains relatively unknown.

There's a lot to like in the numbers:

• Nonperforming loans amounted to just 0.64 percent of the lending portfolio at the end of 2012, versus 3.07 percent for **Wells Fargo** (NYSE: WFC) and 4.29 percent at **Hudson City Bancorp** (Nasdaq: HCBK), the big East Coast thrift being taken over by **M&T Bank** (NYSE: MTB) at a roughly 50 percent premium to Berkshire's current valuation, based on estimated 2013 earnings per share

• et charge-offs were 0.28 percent of average losses in 2012, versus 1.17 percent of average loans for Wells Fargo

• Net interest margin, the spread between the interest a bank earns and the interest it pays, widened from 3.50 percent to 3.67 percent in the fourth quarter of 2012, while at Wells Fargo it was narrowing from 3.66 percent to 3.56 percent

• Fourth-quarter revenue rose 20 percent, aided by acquisitions, while on an organic basis excluding the empire-building deposits and loans grew 5 percent year-over-year. On an organic basis, loans have grown more than 20 percent over three years, while deposits have jumped nearly 25 percent over that span.

The stock now yields 2.8 percent annually based on the recently increased dividend, is trading near a four-year high and held up very well during the recent market pullback.

Daly is an ambitious man, and now that so many of the deals he's made in recent years have come up roses, the question is whether he'll continue acquiring or possibly consider selling the franchise he's built. Its footprint might look particularly attractive to a Wells Fargo, which gained a strong mid-Atlantic base as a result of the Wachovia takeover, but doesn't have a lot of branches in New England and upstate New York.

In any case, Berkshire Hills Bancorp seems to have been following the Peter Lynch game plan by seeking out local expertise, be it in retail banking or commercial lending. One of these days, the strategy could pay off big. And in the meantime the dividend is nothing to sneeze at."

Editor's Note: Igor Greenwald is an investment analyst with *The Energy Strategist*, visit the website at www.energystrategist.com.

Mutual Funds

MONEYLETTER.com, 479 Washington St., P.O. Box 6020, Holliston, MA 01746. 1 year, 24 issues, $180.

Increase your domestic equity allocation

Walter Frank: "We have decided that now is the time to increase our domestic equity allocation. Of course, in order to accomplish that, we will be reducing other allocations, including our international commitment.

As readers know we are not newcomers to advocating domestic equities in this investment climate. We have been strong advocates of domestic equities for a very long time, even when the asset class was considered toxic. And we have maintained a significant commitment to equities once we concluded the Great Recession was waning.

However this issue's makeover of our allocations is more than the usual tactical move. We are revising our allocations now because we believe that the stock market has entered a new phase going forward, leaving much of the aftermath of the Great Recession behind.

A new phase

As we see it, investors were traumatized by the stock market's losses ever since the Great Recession. Until recently, the public had sworn off equities as an asset class in which one could invest one's savings as part of creating a nest egg for the future. The unprecedented spastic movements of the market of 2011, up and down by 1% or more daily, only reinforced the public's belief that the market was a casino, and the public was not interested.

Of course, the market's wildly erratic behavior had its effects not only on the stock market but also on consumer confidence, retail sales and the economy in general. It took a long while for things to calm down.

Happily they did over the course of 2012, thanks to the persistent efforts of the Federal Reserve. The Federal Reserve set up conditions – zero short-term rates, low, low bond yields, almost zero returns from money-market funds – that virtually cried, "buy equities." The public resisted, still the wall of resistance started to crack this year. This is where we are now. The trauma is wearing off.

We see the new market phase, and it has only recently begun, as implying that we are returning to an investment environment similar to the one we had prior to the Great Recession. We are returning to a world where stockpicking will once more make a difference in the performance of individual funds. It is not only stockpicking that will make a difference in the world we have now entered but also the ability to sport industrial trends and other market forces at work. These are all skills that have grown rusty in recent years. In the risk-on, risk-off world we have lived in for too long, the only thing that mattered was the decision to increase or decrease the equity allocation. We see that world slowly vanishing.

As we increase our equity allocations – at a time when the market has had a rousing quarter – we can hear someone ask whether we are not late to the party. Clearly we do not think so. We believe that stocks have further to go over the course of the next months, and beyond. We are not making a short-term move. Our investment horizon is normally nine months or so, and it still is. When we give advice that is how far we are looking ahead. That holds for these allocations. We would like to add, though, that our deepdown view is that the market has further to go, extending beyond this year. We see further economic growth ahead over the next few years.

In some literal sense, we are a few percentage points late, but not to the party itself. We have been there all along. All we are doing is stepping up our participation.

As a result of our new allocations, you will notice that the international allocations have been cut back sharply. We are advocates of the diversification benefits of international allocations. However, right now, the international markets are as unattractive as we have seen them in some time.

Where can we responsibly diversify? Europe? We have just pulled out of Europe as the result of the Italian election. We will not rehash Italy here, but Europe is not a place to diversify.

How about China? The more we see of China this year, the more we know that China is in the midst of fundamental change. The new government is making some profound changes. At this time the world is unsure how far the changes will go and what implications they have for the economy. As we have said before, China as the factory of the world is no longer there today. We doubt that it will return. We are not certain what will take its place. The uncertainty alone causes us not to diversify by investing in China.

That really does not leave much for diversification. We can put it another way. The only truly attractive asset available now is domestic equities.

The Market Now

There is one question today in every investor's mind, and that is: Is this market for real, or is it a mirage that will disappear in a blizzard of selling? Our new allocations give you our answer.

One or two other market observers have taken a try at answering the question in a more quantitative way. Gavin Davies answered the question in an article in the *Financial Times* on March 30. The article was titled, "Do Economic Fundamentals Underpin Peak Equities?"

One consideration to dismiss, as Davies points out, is GDP growth. We all like to think that GDP growth is one driver of the markets, but as Davies writes, "over the longer term, equity markets do not seem to have been driven mainly by GDP growth differentials." This view is backed up by academic studies.

If not the economy's improving growth, then what is driving the market?

There are two fundamentals that Davies cites. One is the rise in profits as a share GDP. "U.S. equity prices have risen far more rapidly than nominal GDP since 1990." The other fundamental is the "extremely low level of risk free interest rates. Recent work by economists at Goldman Sachs concludes that QE1, 2, and 3 have depressed bond yields by about 100-125 basis points."

In other words, according to Davies, low interest rates and growing profits (versus GDP) underpin the rally we are enjoying. They are fundamentals. In that case the answer is yes, economic fundamentals do justify the rally we have been enjoying.

Why does this matter? Because, it investment fundamentals justify the rally then it is likely we have established a new platform around which future markets will fluctuate. It is, as wrote earlier, a new phase of the market.

Meanwhile, the economy continues remarkably resistance to the normal downward pressures. For that we can thank the drive for housing, in our opinion. We see housing now as almost a noncyclical factor in the economy. Of course, this not so. If nothing else, the dwindling supply of houses for sales is holding housing back. There is little that can be done to alleviate the condition.

It is difficult now just to evaluate how strong the economy is. An example is durable goods new orders. February durable new orders at face value were very good, jumping 5.7%. The difficulty is that a large part of the gain came from a huge increase in orders for Boeing. Excluding transportation, orders actually fell.

In the same vein, overall investment orders fell in February. Weakness? Well, they increased 6.7% in January. Taking the first two months together, orders did well.

The new month started off with a mixed message again. The manufacturing monthly report was positive, but it had been stronger. We are not completely disappointed by these results. The economy is now moving against a headwind that is going to pick up strength as this quarter moves on.

Overall, though, as we look at the market we see it behaving solidly. Most important: We are encouraged by the return of the public to the market. It took a long time to bring the public back. Now that it has returned, there is room for stocks to advance – if not immediately, then as the years goes on.

At the moment, we are sticking with our original outlook for first half. The sequester is bound to have more effect than we have seen so far. We expect that the economic numbers will soon reflect a slowing if they have not done so already. It is the last half of the year we are looking forward to. We should then see growth we have not seen for some years."

Resource Stocks

INVESTINGDAILY.com, a free website maintained by KCI Publishing, 7600A Leesburg Pike, West Bldg., Ste. 300, Falls Church, VA 22043.

Super miners slouch toward bargain bin

David Dittman: "A deterioration global macro-economic sentiment, the threat of weaker commodity prices, unfavorable weather, the impact of past management missteps and shakeups in top leadership have combined to act like kryptonite to global natural resource giants and *AE* Portfolio Aggressive Holdings **BHP Billiton Ltd** (ASX: BHP, NYSE: BHP) **Rio Tinto Ltd** (ASX: RIO, NYSE: RIO).

BHP's share price has declined 15.36 percent on the Australian Securities Exchange (ASX) this year. Including dividends the stock has generated a negative total return of 14.03 percent through the close of trading Down Under on Apr. 19, 2013. In US dollar terms the price drop is 15.99 percent, the overall loss 14.67 percent.

The company's American Depositary Receipt (ADR), which is listed on the New York Stock Exchange (NYSE) and represents two ASX-listed shares, is off 18.17 percent in price-only terms, with a total return of negative 16.91 percent.

Rio has generated a negative total return of 16.52 percent in 2013, on a 17.71 share-price decline on the ASX. In US dollar terms Rio's ASX listing is off 17.1, 18.29 percent in price-only terms.

Rio's NYSE-listed ADR, which represents one share of the company's London Stock Exchange listing, is off 21.94 percent including dividends, 23.31 percent based on its price decline.

This still-kicking stock market rally has shown signs of wear of late, due at least in some part to China's worse-than-expected 7.7 percent first-quarter gross domestic product (GDP) growth number. That's combined with ongoing worries about US fiscal policy and turmoil in peripheral euro zone-weakling-du jour Cyprus to stir angst about demand and growth in a stagnant economy.

It must be noted, however, that this rally has always been flying in the face of underwhelming economic growth--even during the best periods of these post-Great Financial Crisis/Great Recession times. As history reveals, however, the stock market often moves independent of economic conditions.

According to the Reserve Bank of Australia's Index of Commodity Prices for March, prices ticked up by 0.2 percent after a 2.6 percent gain in February. The largest contributors to last month's increase were higher prices for iron ore and coking coal. The prices of rural commodities overall also increased, while the prices of crude oil and base metals declined.

But over the past year the index has declined by 7.5 percent, much of the slide due to softer prices for coking coal and thermal coal. Prices for iron ore, the key driver of profits for both BHP and, to an even greater extent, Rio, peaked at USD158.90 per ton in February, up 80 percent from September 2012 near-term lows, but by March 14, 2013, had declined to USD144.10 per ton.

And metals and minerals data and research firm Roskill Information Services forecasts that prices will drop to below USD100, possibly south of USD90, as global output rises.

Meanwhile, the price of copper for May delivery, the most actively traded contract, was down 2.1 percent at USD3.137 per pound on Friday on the COMEX division of the New York Mercantile Exchange. The front-month April contract was down 1.8 percent to USD3.148.

A closing price below USD3.1828 for the May contract would satisfy the traditional definition of a bear market, as copper would at that point be 20 percent below its February 2012 high of USD3.9785. The red metal is often referred to as "Dr. Copper," described as "the only metal with a PhD in economics," because of its predictive quality *vis-à-vis* economic activity.

New projects due to generate first output in 2013 and shortly thereafter will put downward pressure on prices. Although levels forecast by Roskill point to an ominous future for BHP's and Rio's iron ore operations, these companies – with large-scale, low-cost projects – will be in good position to satisfy demand as smaller, less diversified miners struggle to make the economics work.

Base metals, including copper, account for approximately 19 percent of BHP's earnings, while Rio's Oyu Tolgoi copper-gold mine is one of its primary growth projects. But petroleum has surpassed base metals to rank second to iron ore for BHP, and iron ore makes up more than 80 percent of Rio's profit.

BHP and Rio both combine sufficient diversification with unbeatable scale in packages that suggest they'll be able to overcome short- and medium-term economic and commodity-price turbulence.

Adverse weather hurt BHP during the first quarter of 2013, as management reported a 5 percent sequential decline in iron ore output due mainly to a cyclone in the Pilbara region of Western Australia, though the result was in line with analysts' estimates. Management also noted that Pilbara production and sales were running at approximately 177 metric tons per annum.

Petroleum volumes came in below the consensus forecast due to extended maintenance as well as cyclone interruptions. Copper production, however, was on target, as were aluminum and nickel output. Thermal coal, a relatively minor part of the earnings equation, disappointed.

Management reiterated output and sales guidance for BHP key divisions.

Rio reported a 7 percent decline in Pilbara iron ore production due to cyclones, as sales lagged 5 percent behind production due to port disruptions as well as a build-up of stocks ahead of expansion efforts.

Mined copper output fell 8 percent on a sequential basis, due mostly to a significant decline in grades from the Bingham Canyon mine in Utah. Escondida grades picked up, but mined copper output was flat overall, due to a lower contribution from ore stacked for leaching.

Management also reported weak alumina output due to a partial shutdown of a key asset and weather and weaker coking coal volumes compared to the fourth quarter of 2012.

Rio cut its 2013 production guidance by 125 kilotons of mined and 100 kilotons of refined copper to the wall slide at Bingham Canyon. This is roughly equivalent to a six-month outage, probably a better outcome than the market expected.

It's hard to point to any clear catalyst that will energize BHP's and Rio's share prices. But long-term production growth is assured, their respective scale allows them to limit costs in ways other miners simply can't match and their streamlining asset bases will remain chock-full of "tier-one" projects.

In addition, recognition by boards of directors at both behemoths of serious misallocations of capital resources in recent years has resulted in the appointment of new CEOs, as Andrew MacKenzie has replaced Marius Kloppers in charge of BHP and Sam Walsh is in for Tom Albanese at Rio.

Both new honchos have committed to more discipline when it comes to new projects as well as to finding cost savings at existing ones. The prospect of scaled-back capital expenditures holds out the potential for rising free cash flow, and that means dividend increases and/or share buybacks."

Editor's Note: David Dittman is co-Strategist of *Australian Edge* and *MLP Profits*. He also serves as co-Strategist of *Big Yield Hunting*, a service for aggressive investors that guides its subscribers to high-risk, high-return dividend plays each month, and associate Strategist of *Personal Finance*, Investing Daily's flagship newsletter. To sign up for free reports and E-mail alerts visit www.InvestingDaily.com.

BI RESEARCH, P.O. Box 133, Redding, CT 06875. 1 year, every 6 weeks, $120. www.biresearch.com.

Increasing demand for palladium can only mean higher prices

Thomas Bishop: "Palladium, most famous for its use in catalytic converters, is actually used in the manufacture of nearly 25% of all goods sold. But the truth be told, the world has not been producing and recycling enough palladium to satisfy demand for years. So how can that be? Well, it turns out that Russia had built up quite a stockpile during the Cold War era. Back in the 80's Russia believed that cold fusion was the future and for this it needed a lot of palladium. Indeed it stock piled nearly 20 million ounces. However, cold fusion turned out to be a pipe dream. It didn't really work and in time Russia gave up on it and began feeding out up to 1 million ounces a year into the market as use of palladium caught on increasingly for use in catalytic converters (as well as electronics, jewelry and dental work). But this stockpile has now about run out. In fact, only 250,000 ounces were sold into the market last year, and next to nothing is expected this year. This alone should result in considerable upward pressure on palladium prices.

Meanwhile there are more reasons, on both the demand side and supply side, why the price of palladium should keep climbing than you can shake a stick at. So here we go. I started with the supply side so let me stick with that starting with the supply landscape. In 2012 it is estimated that global new production of palladium was about 6.3 million ounces (per Johnson Matthey). Of this roughly 41% comes from Russia, 38% from South Africa, (so about 80% from those two), 14% from North America and 7% from everywhere else. However, with global demand more like 9 million ounces that leaves quite a shortfall. In addition to about 250,000 ounces kicked in from Russian stockpiles, another 2.2 million ounces is estimated to have come from recycling (primarily of old catalytic converters). This still comes up a little short, but remember anybody making something with palladium has some inventory and fluctuations in these various inventory levels can make up the difference, up to a point…in the short term. Another source of supply in a year when investor interest in owning physical palladium is low comes from investors reducing positions in physical, hard metal palladium ETFs like this one. While in a year of rising expectations for palladium these same hard metal palladium funds would add to the demand equation. Note that due to the high price of an ounce of this stuff it doesn't take much room to store it, so PALL actually buys the palladium, stores it and moves with the price of palladium. No contracts or "contango" to worry about here.

So with that background let's look at South Africa where palladium primarily comes from Platinum group metal (PGM) mines often more focused on platinum, with palladium and rhodium as by-products. South African mines have been plagued by all sorts of problems lately. Chief among them is labor/rising labor costs. Specifically, workers are underpaid there and working conditions are poor. So mines have been hit with protests, strikes… and worse. Last year riots by striking miners at the Mirikana platinum mine got out of hand… resulting in 34 striking miners being killed by police. It's been pretty bad over there and so there is upward pressure on cost per ounce due to rising labor costs and mines that are closed due to strikes. In addition, electricity costs are on the rise and there are issues with getting enough water. Now many of these mines are already bumping up against not being profitable due to lower grade, depleting resources and what have you, causing pressure on both ends of the cost per ounce calculation. For these reasons, one mine that had had been producing 260,000 ounces per year has closed. So have other smaller mines there. So let's see, there goes that and there goes the 250,000 (that used to be 1 million per year) from the now exhausted Russian stockpile… and the supply side is starting to get ugly, just with those two biggies. But the problem is there just aren't any new palladium mines of any significance coming on to offset this… and that's a big supply issue. Depletion is normal…not bringing any new production on stream, not good. Now, Russia also gets most of its palladium as a by-product from mining nickel. So only if more nickel mines are opened can it produce more palladium. In other words there is no palladium pedal to step on to drive supply. In fact, there are only two mines in the world where the primary output is palladium. As a result of all this, HSBC has projected a whopping 932,000 ounce (10%) supply deficit in 2013. But enough on supply, let's move on to the demand side.

In 2012 it is estimated that 70% of palladium demand (exclusive of investment demand) went to catalytic converters for the automotive industry worldwide, another 12% went into electronics, with about 5% each for jewelry, chemical and dental. So let's start with catalytic converters. Raise your hand if you think demand for these isn't going to be increasing around the globe. Raise you had if you recall the stories out of China during the Olympics about having to shut down various activities/vehicles so that the air would not look so polluted during the games… or the stories a few months ago about the horrible smog that darkened the sky in Beijing. As China sees the dirty downside to emerging it is increasingly introducing stiffer anti-pollution measures. Costly or not, they have reached a tipping point. Trucks are a big culprit, but with so many more automobiles clearly so are they. Gasoline engines (most cars and smaller trucks) use 90%+ palladium in their catalytic converters. Diesel engines have historically used platinum, but due to the lower price of palladium ($1,535 vs. $727 per ounce), palladium now makes up 30% of diesel catalytic converters as well and this is heading towards 50% due to the advent of low sulfur diesel fuels.

So, in addition to increasing demand from developing nations that are increasingly requiring the use of catalytic converters, you have increasing amounts of palladium being used in the converters as compared to platinum. And on top of that you have just plain old increasing demand for autos and light vehicles around the globe, again primarily due to emerging nations. A triple dipper. Global production was about 81 million vehicles in 2012 and is projected to be 4 million more in 2013 and to generally grow about 4% a year to about 104 million by 2018. More demand for palladium. Where's it going to come from? Note that almost the entire increase vs. 2012 will come from emerging economies.

Now, how many of you knew there was palladium in your smart phone? There is. Laptops…computer? There is. In fact many of our high tech electronic devices use some palladium in them. Indeed this accounts for 12% of global palladium demand. What if there isn't enough palladium to go around? Throw in growth in demand from the chemical sector, jewelry and dental work and the 932,000 ounce deficit HSBC predicted for 2013 isn't going away anytime soon. Hey, you may have some in your mouth or on your finger right now.

A couple more things. Demand from Japan should be on the rise this year after being more than a little distracted last year in the aftermath of the tsunami. Also, there were slowdowns in a variety of countries around the globe and frankly palladium prices weren't that strong last year, even spending some time below $600 an ounce. But this year, as HSBC has predicted, is another story, which I don't see improving anytime soon especially with no new mines coming on stream anytime soon and the Russian stock piles exhausted. So while palladium supply is stagnant to declining, demand for palladium is only going to increase. Therefore the palladium market is expected to remain in deficit for the foreseeable future. And in my economics book, as this story plays out, this can only mean higher palladium prices. Note the price peaked in 2001 at $1,100 an ounce and in today's dollars that would be more like $1,350, but with the palladium market badly out of balance who knows where the price could go. It will be interesting, especially if you have some **ETFS Physical Palladium Shares** (NYSEArca: PALL; $71) – Buy."

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THE PRIMARY TREND, 3960 Hillside Dr., Ste. 204, Delafield, WI 53018. 1 year, 12 issues, $80. www.primarytrendfunds.com.

Schlumberger carving out a two-year rounding bottom

Barry Arnold: "Houston, Texas-based **Schlumberger, Ltd.** (SLB: $74.89; 1.6%) is a leading oil-field service company, providing technology, project management and information services to the global oil and gas industry. With a market cap of $104 billion, SLB ranks as the #1 oilfield services company, ahead of Halliburton and Baker Hughes. We believe SLB's position as the industry leader, coupled with its stock price-basing pattern over the past two years, is creating both an undervalued and timely opportunity at current prices. We initiated positions in SLB common in the low-70s for clients and the Primary Trend Fund for the following reasons:

1. SLB is the preeminent player in this group, and its services are sought after by the Big Oils. We have owned it in the past, and we want our initial investment in this industry to be in the leader.

2. As the leader, SLB commands a slightly higher valuation than both Halliburton and Baker Hughes. However, SLB is still trading at the low end of its historical valuation range. SLB trades at 15.4x its 2013 earning's estimates of $4.74 per share and only 12.6x its 2014 EPS of $5.80… both in the bottom quartile. SLB's price-to-cash flow multiple is also cheap to 10.9x.

3. As of 12/31/12, SLB had $6.3 billion of cash on the books, yet long-term debt totaling only $9.5 billion. This equates to a debt-to-cap ratio of only 21.9%, down from 50% 10 years ago. SLB is in great financial shape.

4. SLB is a technology leader in the shale fracking segment as well as deepwater seismic characterization. It spent $1.2 billion last year alone on its research and development budget and just purchased Norwegian exploration software specialist Geo Knowledge.

SLB is down from its high of $115 five years ago and is slowly carving out a two-year rounding bottom. With a recently hiked dividend that yields 1.6% annually and cheap valuations, we recommend SLB to long-term investors for its 50% upside potential. Buy SLB common up to $77."

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UTILITY FORECASTER, 7600A Leesburg Pike, West Building, Ste. 300, Falls Church, VA 22043. Monthly, 1 year, $149.

Energen: Takeover talk gives boost to share price

Roger Conrad: "A steadily growing natural gas distribution utility attached to a rapidly growing oil and gas producer: That's the formula longtime Growth Portfolio Holding **Energen Corp** (NYSE: EGN) has followed to generate outsized total returns since my initial recommendation in March 1995.

Energy production rose by 18 percent in 2012 to a company record, paced by 40 percent higher oil output. Energen now has 65 percent of reserves in the liquids-rich Permian Basin, and management will expand further with a $900 million capital budget this year.

The Alabama utility, meanwhile, boosted earnings by 6 percent (9 percent during the fourth quarter), thanks to successful system investment.

Energen has consistently tied dividend growth to the utility alone. That operation contributed just 19.5 percent of overall 2012 net income but still covered the payout by a solid 1.18-to-1 ratio. The unit has also financed remarkably steady dividend growth, with a 3.6 percent boost declared in January.

That's allowed Energen to consistently plow back oil and gas earnings into growing reserves and output. And management has further stabilized profits through effective hedging, locking down well above-market prices for 70 percent of projected 2013 production.

The company's demonstrated acumen growing its position in the increasingly popular Permian Basin has stirred potential takeover rumors. And given its small size and huge development potential, it may indeed look for a larger partner.

More important, however, Energen meets my first rule for any takeover target: I want to own it with or without a deal. Buy Energen up to 55 if you haven't yet."

Editor's Note: Roger is editor of *Utility Forecaster*, the nation's leading advisory on essential services stocks, bonds and preferred stocks. *Utility Forecaster* was named the top-performing investment newsletter with a 12.2% annual return during the past ten years by *The Hulbert Financial Digest* who tracked 109 newsletters. For more information on this top-ranked newsletter visit www.UtilityForecaster.com.

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Richard Band's PROFITABLE INVESTING, published by InvestorPlace Media, 9201 Corporate Blvd., Rockville, MD 20850. Monthly, 1 year, $249. www.rband.com

Gold gives a warning shot to the market

Richard Band: "Is the gold holocaust over? Better hope so, whoever you are – gold investor or not — because gold is one of the most sensitive "stress gauges" for the global banking and credit system.

Looking back at my gold charts, I was struck (spooked might be a better word) by the Midas metal's prescience in the summer of 2008. In the second half of July that year, and right through August, the stock market tried to rally on assurances from various government officials that the subprime mortgage crisis was "contained."

Fed chair Ben Bernanke told Congress on July 16 that mortgage giants **Fannie Mae** (OTC: FNMA) and **Freddie Mac** (OTC: FMCC) were "in no danger of failing" (less than two months before both institutions were put into conservatorship).

Gold was buying none of it, though. Starting July 15, the price of gold plunged 20% over the next month, briefly stabilized, then sank again in September as Fannie, Freddie and Lehman Brothers all failed.

The credit crisis was on.

I don't want to overstate the significance of this precedent. We aren't in 2008, and investor confidence appears to be a good deal stronger today than it was then.

Still, I think gold's collapse earlier this week was a warning shot. The stock market can't keep rising indefinitely on the back of utilities, healthcare and consumer staples. We've got to see meaningful participation, soon, from economically sensitive sectors like technology, energy and, yes, mining.

If not, the bull will be in trouble."

Editor's Note: Editor Richard Band is the newsletter world's #1 authority on investing for low-risk growth. His Total Return Portfolio has quadrupled investors' money since inception in 1990. The newsletter is ideal for investors who want high income from their portfolio. For more information visit www.investorplace.com

Maderas Futuro Plants New Fast Growing Hardwood For Direct Ownership in 2013

Adding Timber to Your Investment Portfolio Provides Access to the Best Performing Risk-Adverse Asset Class of Past 30 Years

The next seven years will see timber outperform all other asset classes, forecasts Jeremy Grantham, chief investment strategist for Grantham Mayo Van Otterloo, which currently has $106-billion under management.

Timber has produced annual returns that have often matched or outpaced the S&P 500 over the long term, but with notably less risk. Between 1971 and 2010, timber boasted average annual returns above 14%. In 2008, while the S&P fell 38%, the value of timberland rose 9.5%. When timber is compared to gold over the past dozen years (1991 thru 2010), timber wins by a wide margin of 11.6% annual gains, to gold's 7%, according to a Bank of America report.

Maderas Futuro: A Way to Invest in Timber

So why is it then that most average investors own no timber?

The answer to that, historically, has been access. There are publicly traded shares investors can buy, exchange-traded funds (EFT's) and timberland real estate investment trusts (REITs), but they're by no means a pure play on timber. Ideally, you want to own timber outright.

This is where **Maderas Futuro, S.A.** can help. With a significant sawn lumber purchase contract in hand, the company is perfectly positioned to become one of Central Americas leading hardwood growers.

Maderas Futuro, a privately owned Central American company headquartered in Southern Nicaragua, specializes in the managed growth of precious tropical hardwoods for local and worldwide export markets.

The company follows strict reforestation practices that not only save and protect endangered flora and fauna, but also the wildlife and habitat they support. The company works closely with the National Forestry Institute of Nicaragua (INAFOR) and is committed to helping the country with its avoided deforestation and bio-fuel projects.

While most of the timber grown on Maderas Futuro's plantations is corporately owned, a few years ago the company began growing hardwoods on behalf of private owners. This approach affords average investors direct timber ownership, and, with it, access to the above-average risk-adverse returns timber has historically produced.

Timber is a longtime favorite of some of the top investors in the world. Ted Turner and Jon Malone own millions of acres of timberland; Harvard University's Endowment holds as much as 10% ($3 Billion) of their portfolio in timber, and Boston-Based John Hancock owns 5.3 million acres on behalf of its institutional and rich clients. The wealth creation and wealth preservation attributes of timber have long been a defensive investment decision shared by the wealthy; and now the average Joe can buy in, too. Average investors have been hunting for the riches of the forests for years, and now they can find the financial shelter it provides there, too. The correlation between timber and other assets is low, which means timber is not very likely to lose money when say, stocks are tumbling. After all, trees grow through bear markets, they grow through bull markets, they grow when the economy is good, they do the same when the economy is bad, and they keep on growing through everything.

High-demand tropical hardwords grown and harvested by Nicaragua-based Maderas Futuro, S.A. offer a high-return vehicle for resource and commodity investors.

Not Your Typical Timber Play

Unlike much of the timber that is grown in North America that ends up as pulp or standard building material, the precious hardwoods grown by Maderas Futuro are virtually immune to price fluctuations. Whereas North American timber prices are correlated to the housing market and the economy, worldwide demand for tropical hardwood is constantly greater than the supply.

"We have a very unique set of natural characteristics that cause our hardwoods to grow very fast," Alex Wilson, Maderas Futuro's head of marketing explains. "The trees we are planting in 2013 will grow to 40 feet in five years and will be ready to harvest at the end of their fifth year. Growing under the intense Central American sunshine; and in fertile volcanic soils with tropical rains that average 60 inches a year, our return on investment timeline is greatly reduced."

Maderas Futuro has secured a guaranteed purchase contract for all sawn lumber—which each direct owner has the option of selecting. Timber harvested by Maderas Futuro is used for high quality doors, window frames, conference tables, high-end residential furniture, to musical instruments, designer coffins, and more recently, iPad cases.

Hassle-Free Pure Play Direct Ownership

Maderas Futuro has designed the most straight-forward way for investors to own the risk-adverse profit potential of timber. The company offers a free report that outlines several ways investors can learn more. For example, the company's **College Bound Plan** is designed for investors searching for ways to offset future higher education expenses for their children or grandchildren. For those investors seeking a sustainable income during retirement, the **Millionaire Retirement Plan** is the best fit. And if an investor wants to pass money on to family members, taking advantage of the current annual IRS gifting allowances is another consideration.

The company offers entry level programs below $10,000 and works individually with clients to personalize programs that fit every aspect of someone's financial goals.

"I have always been interested in hard assets and timber was something I wanted to diversify into," says a direct timber owner from California. "The direct owner programs Maderas Futuro offer are a perfect fit for me."

Community Focused

Maderas Futuro's core principal is to support the communities where their plantations are located—and to do so in more ways than one.

"This year we are making a difference in local schools," explains Ken Ross, plantation manager. "We learned that most classrooms don't have enough chairs for each student to sit on, so we are making chairs and getting them delivered to schools so that every child has a seat. Alcoholism can be a big problem for unemployed men, so we started and fund the local AA program and have seen tremendous positive results."

Direct timber owners who work with Maderas Futuro will find the company is committed to the local community and is working to create as many local jobs as possible over the next ten years.

Today's Nicaragua: A Vibrant Global Business Environment

Today, Nicaragua is a globally recognized and expanding international business center that boasts one of the fastest growing economies in Central America. From 1989 onwards, the country has focused on providing attractive foreign business incentives while ensuring excellent political stability. Nicaragua has Bilateral Trade Agreements with over 15 countries globally and has taken steps to ensure that the current trends of economic growth and stability continue. Nicaragua has also become a popular tourist destination with visitors now in excess of 1 million annually.

Investment Considerations

With the recent acquisition of a guaranteed lumber purchase contract in place, plus government forestry approvals, and exponentially expanding supply and demand factors, the future prospects at Maderas Futuro are impressive. Add to this the obvious environmental benefits, employment creation possibilities, and community focused programs, Maderas Futuro's management team is more than excited about the future.

"Timber has been described as a low risk, high return asset which has outperformed stocks, bonds and other commodities for the last 30 years," says founder, Hugo Rodriguez. "The track record of early investors and a surge in modern academic research have shown that timber is a near-perfect asset. We are looking forward to helping Nicaragua forge its way forward as a major hardwood producer, and at the same time help direct owner clients earn better than average returns."

There seems to be little question that Maderas Futuro offers the average investor an intriguing entré to the high-performing timber sector.

"This year we are ready to welcome any investor who has been hit hard by recent portfolio losses," says Wilson. "Our direct ownership programs come with projected returns in the middle teens. This is unique in an asset class that has such a low risk correlation."

Wilson urges investors to contact him directly for a free personalized consultation on the pluses of investing in timber. He stresses that speculating where gold and silver prices will be five years from now is virtually impossible, and that investors should not have to just hope stocks will be higher or that inflation will not drastically reduce buying power. Timber is different.

"If timber prices continue to do what they have done for more than a century, then prices will be higher next year, five years from now, and every year thereafter," Wilson says. "Simple supply and demand factors are on our side and direct timber owners will be able to enjoy these returns for years to come."

To learn more about direct timber ownership contact Alex Wilson at (949) 204–3404 ext: 101, email him at awilson@maderasfuturosa.com and be sure to visit Maderas Futuro's website: www.MaderasFuturosa.com

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Demand for This Commodity is Still Soaring – It's Time to Buy Coffee

Dominic Frisby: "After oil, it's the most widely traded commodity in the world by volume.

Global consumption is growing at a rate of 2-3% a year. But in China it's growing by 40% a year, according to some analysts.

It's produced in hot countries, but in chilly Scandinavia, they drink about three times as much of it as anyone else.

In 2010-11 the price more than doubled. In 2011-12 it halved.

China – A Nation of Potential Coffee Converts

Some 2.25 billion cups of coffee are drunk daily. With a global population of nearly seven billion, that's almost one cup for every three people.

The average Brit drinks about 2.8kg a year. And we're only 45th in the consumption league. The average American drinks about 4.2kg (more than 18 gallons) a year, which still only puts the US in 26th place. Top place goes to Finland, where some 12kg of coffee (over four times as much per person as in the UK) per head is consumed each year. Second-placed Iceland only manages 9kg per head.

But the real growth story for coffee is not in the developed world, where consumption has remained fairly steady over the past decade. For growth, we have to look to emerging markets, and China in particular.

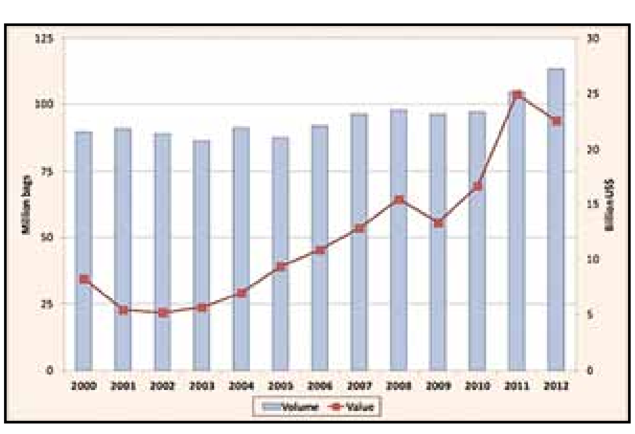
At present, China doesn't even make the top 50, in terms of coffee consumption per head. Yet this traditionally tea-drinking nation is catching the coffee bug. Starbucks now has more than 90 outlets in Beijing alone, and 600 across 48 Chinese cities. The target is 1,500 by 2015. You can see why the company is keen – in the U.S., Starbucks' operating profit margin is about 22%. In China, it's 35%. It's 22% in the US.

I've seen different projections for Chinese coffee consumption growth to 2015, ranging from 15% a year to 40% a year. Whichever estimate you take, it's big. Why such huge numbers? Simply put, there's lots of room for growth.

"China's average coffee consumption is three cups per person per year, while the world's average is 240 cups," as Ji Ming, chief of the Beijing Coffee Industry Association, said in 2011. And at 120,000 tons last year, China's coffee consumption was only 6% that of the US. Meanwhile, about a million tons of tea was consumed in China last year.

There is a similar dynamic occurring in India, though not quite so breath-taking. In short, there is no shortage of demand for coffee. Globally, consumption has grown rapidly over the last couple of years, as the chart below from the International Coffee Organisation (ICO) shows.

2011-12 saw a large spike in price, as we'll see shortly, which explains the decline in the value consumed.



So What About the Supply Side?

Brazil is the largest coffee exporter, with 32% of global production. Vietnam, the second largest, has 18%. Indonesia had a 6.4% share in 2011/12. And Colombia slipped from 3rd to 4th place, on 5.7%, after being hit by bad weather and disease problems.

South American production fell by 6.4% in 2011-13 to 58.9 million bags, or 44% of global production. Production in Asia and Oceania grew by 13% to 41 million bags, or 30% of global production.

There are, for our purposes, two types of bean: Arabica and Robusta. Arabica, which accounts for about 60% of world production, is harder to grow, but its flavour is considered richer. It's the premium bean and the benchmark for coffee prices. Robusta is less expensive, easier to grow and less flavoursome.

The biggest driver of coffee prices – as with many 'soft' commodities – is the weather. Coffee needs quite specific conditions: a warm climate and about 70 inches of rain per year, ideally towards the start of the growing season. As a result, extreme weather can send the price soaring, as in 2010-11.

Geopolitics has also hit prices in the past. For example, in 1994, when the US lifted its embargo against Vietnam – the world's second-largest producer – prices quickly fell with the increased supply.

However, (and please correct me if I'm wrong in the comment section below), the only country in the table below (from the ICO), where I see any significant short-term geopolitical risk, is Guatemala.

And maybe I'm biased against it because of the various problems in mining that have gone on there of late. And how much is 2.9% of world supply going to affect things anyway?

Ten Leading Producing Countries in Crop Year 2011-12

Production	% share of world	total
Brazil	43,484	32.4
Vietnam	24,058	17.9
Indonesia	8,620	6.4
Colombia	7,653	5.7
Ethiopia	6,008	4.5
Honduras	5,705	4.2
Peru	5,581	4.2
India	5,233	3.9
Mexico	4,546	3.4
Guatemala	3,840	2.9

So while a couple of those countries might raise eyebrows, I don't see geopolitical risk as a major factor in the coffee price in the short-term.

A higher oil price, however, would have an effect, because of the impact on both production and transportation costs. On top of that, other input costs such as labour and fertilizer, are not getting any cheaper.

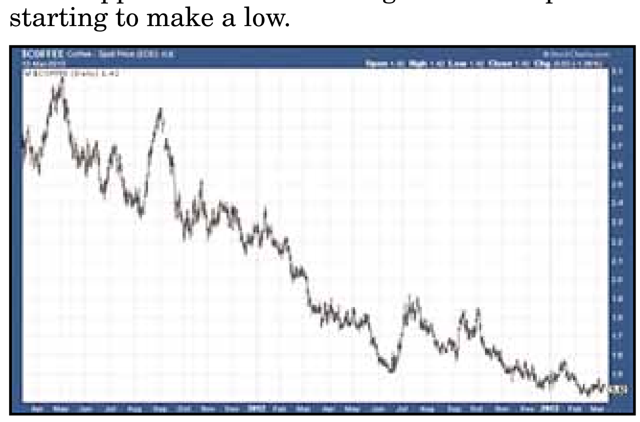
Why Now Could Be a Good Time to Bet on Coffee

The chart below shows the coffee price since 2002, which is when its bull market began. You can see the huge spike it enjoyed in 2010-11, when adverse weather hit production. (It's small wonder investment and trading houses are prepared to spend such fortunes on accurate weather forecasting. If you fancy a punt on the weather, coffee futures are one way to do it).

But all those gains have been given back now and coffee is back in the support zone, which I have drawn in red. The dotted blue line shows another line of support.

Zooming into a short-term chart, you can see the inexorable decline that has taken place over the last two years. The trend is very much down.

Now, it's well said that you should "never catch a falling knife" and all that. But the descent of that knife appears to be flattening out. Perhaps it is starting to make a low.



Demand, as we have seen, is strong. So for this market to move much lower from here, there needs to be a rise in supply. Much depends on the weather of course, but with input costs up and prices down 50%, producers are not exactly incentivized to dramatically increase production as in 2010-11. There could be a huge fall in discretionary income, of course, particularly in China, but don't hold your breath.

Another bullish point is that in seasonal terms (see the chart below, courtesy of Dimitri Speck), you can see that April and May is typically a good time of year for the coffee price.

To me, the risk/reward of a bet on coffee in the 1.30 – 1.40 area, with a stop-loss placed a few percent below 1.30, looks reasonable. Particularly if the market gives us another pullback in the coming fortnight.

If you want to play coffee, the simplest way is via a spreadbet. But if you'd rather invest in companies that could profit from growing demand for the beverage, you could opt for **Starbucks** (Nasdaq: SBUX) or **Whitbread** (LSE: WTB), which owns the Costa Coffee chain, the second-largest coffee retailer in the world after Starbucks.

Editor's Note: Dominic Frisby is MoneyWeek's commentator on commodities and *Money Morning* offers a market summary, investment opportunities and insights, economic and political developments affecting your wealth. To receive the free daily e-mail, Money Morning, sign up at http://www.moneyweek.com/shop/free-emails/money-morning-signup

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WYATT INVESTMENT RESEARCH, 65 Railroad St., P.O. Box 790, Richmond, VT 05477, www.wyattresearch.com.

How to spin gold into cash

Ian Wyatt: "For the past couple of months, I've been writing about the difficulty in finding new quality income recommendations. The run-up in stock prices has wrung yield and value out of most quality issues.

I believe I've found a solution to the dearth of income opportunities.

This solution – straightforward and easy to implement – can take a solid, blue-chip stock and double its income and yield. What's more, it can do it safely and repeatedly.

In fact, one investment in the *High Yield Wealth* portfolio uses this solution to create income and yield in a market sector that's not known for producing income and yield – gold. Read on to find out how…

As I'm sure you know, gold was pummeled earlier this week.

OK, that's putting it mildly. Gold actually posted its largest two-day dollar drop ever, and its biggest percentage drop since 1980. Gold has subsequently rebounded, but prices are still down 26% from the 2011 highs.

So what happened?

I've heard various explanations. Central banks were liquidating gold. ETFs were liquidating gold. Hedge funds leveraged on gold were receiving margin calls. Deflation, not inflation, is the concern du jour. The weakening yen is making the dollar attractive again…

Perhaps one, none or maybe all of the aforementioned explanations were a factor.

The takeaway is that gold really trades much more like stocks than most investors realize. What I mean is that gold prices are set on the margin by the last buyer and seller. Unlike with commodities, new supply and consumption has little impact on gold's price.

Like stocks, gold is also impacted by rumor, sentiment change, technical breakdown and sector rotation, all of which influence perceived value.

But there is a significant difference between stocks and gold. Gold doesn't generate or pay cash. Stocks do. Indeed, stocks are valued on their ability to generate cash – namely in the form of dividends.

Despite the hard sell-off and the fact it doesn't pay dividends, I still like gold. It has merit. Consumer-price inflation appears subdued, I'll grant you that. But let's not forget the Federal Reserve has tripled the monetary based over the past five years and continues to pump new money into the banking system at a rate of $85 billion each month.

The Fed's money creation is unprecedented, so how its easy-money policy will play out is yet to be determined. In short, gold is a hedge against monetary risk and is still an important portfolio component.

With that said, gold really isn't an appropriate investment from an income investor's perspective and doesn't really fit the mandate of the High Yield Wealth portfolio.

But I've found a way around this shortcomings.

Continued on page 20

Shanghai waking up to the smell and taste of “DTS8 Coffee”

DTS8 Coffee Co. Ltd. now licensed to roast and sell “Don Manuel” brand premium Colombian coffee in China Market.

DTS8 Coffee Company Ltd, (formerly Berkeley Coffee & Tea, Inc.) (OTC BB: BKCT) is a coffee roaster, marketer and seller of premium roasted coffee in Shanghai and other parts of China. Customers include multi-location coffee shops, offices and restaurants.

Operating through its Shanghai-based subsidiary, DTS8 Coffee (Shanghai) Co. Ltd., DTS8 offers three signature coffees, as well as other blends under in-house “DTS8 Coffee” labels. These coffees are marketed as gourmet whole bean coffees. Specially roasted blends are packaged and marketed under private labels for individual customers.

According to a T. Rowe Price report, China is considered the “largest potential market” for coffee consumption. As evidence, the report points out that in 2012 Starbucks opened an average of one new store every four days in China. The significant growth in the Chinese specialty coffee market throughout 2012 has created a need for high quality coffee that is sold at premium prices.

“Sale of premium, quality DTS8 coffee ensures that DTS8 has access to all key segments of the coffee market,” says Sean Tan, CEO of DTS8 Coffee Co. Ltd.

DTS8 Coffee Company Ltd. specializes in high quality coffee roasts created to provide the long lasting aroma and alluring taste sought by the ever-demanding Chinese coffee drinkers, a market projected to grow exponentially in the coming decade.

DTS8 Adds Famed Colombian Coffee Brand to Product Mix in Bid for China’s Coffee Market

DTS8 holds an exclusive license to roast, market and sell the Don Manuel Brand 100% Colombian Coffee in China, as well as in Taiwan, Thailand, Vietnam, Cambodia, Laos, Philippines, Myanmar, Indonesia, East Timor, Hong Kong, Macau, Malaysia, Singapore and Brunei. The license, obtained from Coffee Holding Company, Inc. in November 2012, is valid for five years.

“The Don Manuel Brand is widely distributed and sold in United States, and its addition to our portfolio complements our unique DTS8 Coffee brand,” says Tan. “The combination of the Don Manuel and DTS8 Coffee brands provides significant growth opportunities for DTS8 within select distribution channels in China and different geographic territories.”

Don Manuel Brand 100% Colombian Coffee beans are grown at higher elevations and are artisan roasted to give a rich smooth bodied coffee with sweet-toned syrupy notes and chocolate. The coffee has a balanced acidity and a smooth, clean finish.

“Don Manuel is a leading coffee brand in U.S., the world’s largest coffee consumer,” says Tan. “Don Manuel coffee is an upscale quality product produced from the finest 100% Colombian coffee beans–the coffee of Juan Valdez. Now, DTS8 offers coffee drinkers in China a superior choice in premium coffee.”

China: the World’s Fastest Growing Coffee Market

China’s coffee market experienced strong volume growth in fresh roasted coffee in 2011, according to research firm Euromonitor International. Retail coffee shops in China are gaining popularity, particularly in major cities. The rising young urban population’s disposal income, changing lifestyle choices, and consumer spending are driving coffee demand and growth.

Coffee drinkers in China consider it a fashionable drink that reflects modernization and adoption of Western lifestyles. Coffee is seen as a drink of choice for the adventurous, liberal, young, affluent and urban consumers.

Consider that on average, Europeans and North Americans consume about 400 cups of coffee each year, while average coffee consumption in China is less than five cups per person per year. Then compare the 2% world wide annual growth in coffee consumption to the 20% annual growth of China’s coffee market.

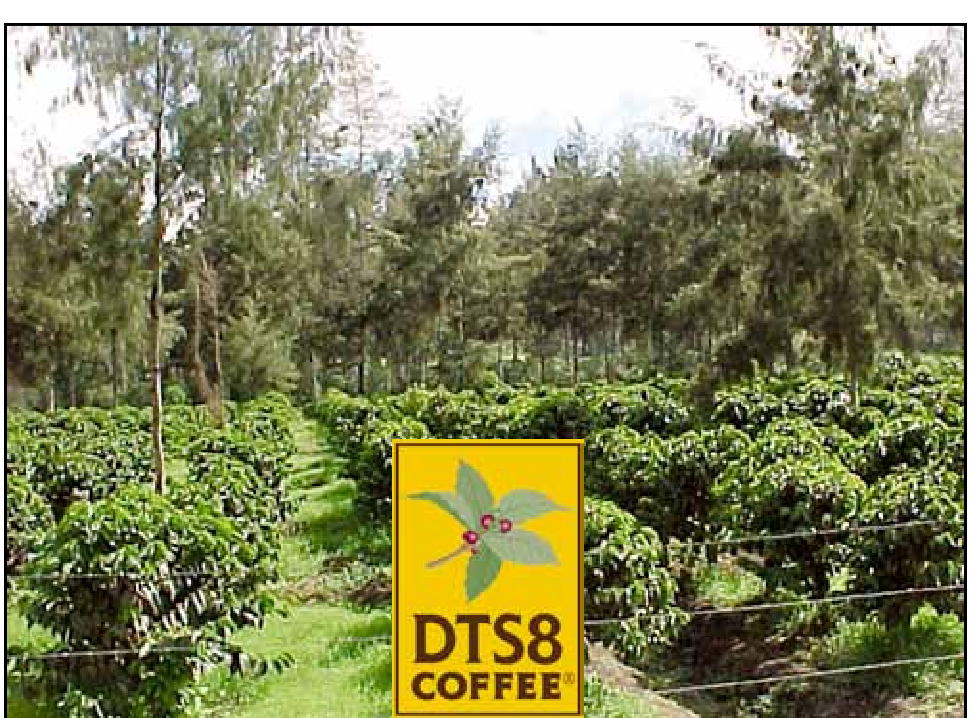
Currently, coffee accounts for an estimated 20% of the hot drinks market in China, with instant coffee comprising the bulk of coffee sales in China to date. Coffee consumption in metropolitan areas of Beijing, Shanghai, and Guangzhou now totals around 20 cups per person a year.

Until now, fresh coffee has only been available at a limited number of stores and premium food service establishments and hotels.

However, a new trend in China is emerging with the opening of coffee cafes, Internet cafes and fast food restaurants, which are further boosting coffee sales. Coffee chains, such as Starbucks have witnessed spectacular growth rates and are a statement of modern lifestyles and affluence in the country.

Evolution in the taste and buying habits of Chinese consumers is expected to lead to substantial growth of the coffee market in China. Starbucks has indicated that it will have 1,500 stores in more than 70 cities in China by 2015, and estimates that China will be its second largest market by 2014.

Coffee consumption could grow by an average rate of almost 40% a year by 2015, according to Barclay’s Capital. The bottom line for DTS8 Coffee is China, with a population of over one billion people, is a wide-open market with absolutely huge potential.



DTS8 Coffee Company’s high quality coffees are sold in coffee shops, restaurants and specialty gourmet food stores in China.

Aggressive Marketing Plan Fuels Growth of DTS8 Coffee Operations in China

In China, DTS8’s gourmet roasted coffees compete directly against local and imported coffees and a growing number of coffee stores operated by companies like Starbucks, Costa, Illy, Coffee Beanery and Tea, as well as against large multi-national consumer product companies like Kraft Foods and Nestle who sell instant coffee.

DTS8’s headquarters, roasting and distribution facility is strategically located in Shanghai which has one of the largest concentrations of coffee consumers in China.

“Competition is good for growth of the coffee market in China as customers have more choice,” says Tan. “Our DTS8 coffees provide flavor and characteristics particularly suited for Chinese consumers.”

DTS8 sells only high quality roasted Arabica coffee beans, selected for their rich aroma and flavor, from leading coffee producers around the world. DTS8’s Espresso Classic brand was rated 92 (out of 100) points by *Coffee Review*.

Locals who frequently travel abroad or are returning from abroad after completing their education comprise another large market sector for coffee products in China.

“Rigorous marketing efforts and growth of specialist coffee chains is further expected to build the sales momentum of fresh roasted coffee–all of which bodes well for DTS8 Coffee,” says Tan.

Investment Considerations

DTS8 is not new to China. The company has operated a gourmet coffee roasting factory in Shanghai since 2008. DTS8 with its unique flavor and superior quality roasted coffee is aggressively and progressively positioning itself to capture a share of China’s burgeoning coffee market.

Broad distribution channels already in place ensure that DTS8 has access to all key segments of China’s coffee market. DTS8’s management team and consultants, solidly experienced in the coffee industry, are putting plans in place to improve efficiency, customer service and green bean inventory management–efforts expected to significantly improve DTS8’s margins and profitability.

Revenues in the company’s fiscal year ending in April, 2012–the first full year of operations–increased an impressive 412%, compared to the previous year. Tan attributed the 2012 increase to growth in sales to both existing and new wholesale customers.

DTS8 expects revenues will continue to increase, largely from marketing to retail distribution channels, specialty gourmet coffee shops, and online, as well as to hotel, office and restaurant accounts. Strong employee and community relationships enable the company to attract quality employees, which also will contribute to the DTS8’s future growth in the dynamic Chinese coffee market.

“We have few significant competitors focusing on custom roasting and product freshness in the same manner as DTS8,” says Tan. “I am confident DTS8 is well positioned in China’s gourmet coffee market.”

DTS8 Coffee Co. Ltd.

DTS8 COFFEE COMPANY, LTD.

OTC BB: BKCT

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Web Site: www.dts8coffee.com

Shares Outstanding: 25.4 million

52 Week Trading Range:
Hi: $0.50 Low: $0.10

Can Equities Cushion the Blow of Falling Gold Prices?

The recent fall in precious metals prices has investors on edge. Many precious metals equities were hurting even before the latest precious metals drop. In this interview with *The Gold Report,* theaureport.com, Peter Rose, head of mining research with Fox-Davies Capital Ltd. in London, provides a European perspective on mining and advises looking at under-appreciated jurisdictions (think Europe) and neglected metals like tin, lead and zinc.

The Gold Report: Peter, can you give us your long-term view of the Eurozone as it lurches from bailout to bailout?

Peter Rose: Some major things have to happen in Europe and the sooner, the better. Unfortunately, I think it will get worse in the short term.

But from the mining industry perspective, these crises are bringing a lot of realism to certain governments. Greece has opposed mining, despite having quite good ore bodies, as do Portugal, Spain and Cyprus. Mining companies can generate real revenues, exports and jobs and contribute to the financial coffers.

In addition, the European Union has good rules of law. The tenures are pretty safe, there are pro-mining interests and there are deposits of strategic elements. If you compare the operating costs with Australia, the European infrastructure tends to be better; wage rates are significantly lower. It makes for a pretty compelling story.

TGR: You deal with many junior mining companies. In 2004, the junior mining companies listed on the TSX Venture Exchange (TSX.V) averaged 27 million (27M) shares outstanding. Today, the average is 73M shares. Why have share floats risen so dramatically?

PR: I put it down to the euphoria about rising metal prices. There was a long period when it was very easy to raise money due to rising metal prices. On the TSX.V there was always a bigger focus on exploration companies. I believe these to be the major reasons, although sentiment is very different today compared with even two years ago.

A lot of exploration companies had no hope of bringing a mine into production, but it was very easy to raise money in 2004, so they did. Today, the writing is on the wall for quite a few of them. It is exceptionally hard for an exploration company with no near-term development potential to raise money.

From what I understand of the Canadian market, it is easier to raise money for exploration than development. On this side of the Atlantic, it has been easier to raise money for development because you get something at the end, even if it may not be much.

TGR: Your firm, Fox-Davies, helps public companies raise money. Which mine commodities and which types of projects are consistently getting funded now?

PR: It is easier to raise money for oil and gas companies. People like gold and copper, and while the outlook for tin is as good as for any other metal, it is has some in-built resistance.

The funds do not like obscure commodities. As long as you stick to the main London Metal Exchange-traded metals – copper, lead, zinc, gold, silver, and less so, nickel – the funds tend to be content with that.

TGR: But gold and silver don't trade on the London Metal Exchange.

PR: No, but there is a good market for them, and they make the headlines quite often. Tin does not make headlines and nickel is in oversupply at the moment.

TGR: Have there been initial public offerings for tin juniors?

PR: A number of them are trying. We are looking at off-market financing for them. There are private tin companies out there.

TGR: What is your outlook for gold this year and beyond?

"If you think that your currency is going to be devalued dramatically, you are better off buying gold or silver."

PR: I am not positive over the next three months. India has raised import duties to slow down the rate of imports and help with its balance-of-payments deficit. In addition, too many gold companies have chased production instead of profits, and people are a bit fed up, especially fund managers.

Longer term, I am not optimistic. When interest rates return to more normal levels, as they must do eventually, the gold price will come way down. Prices will overreact before stabilizing well off the bottom. However, I am surprised with the speed in which the market turned.

TGR: What is your timeframe for that?

PR: About five or six years.

TGR: What is your outlook for silver?

PR: In the short term, silver will track the gold price. However, given that silver is an industrial metal and that a lot of it is a byproduct of lead-zinc mining, I think there will be a disconnect between the gold and silver prices in 2014 and 2015. A number of lead-zinc mines will be nearing the end of their lives over the next couple of years. That will remove a lot of silver from the market, tightening up the supply side considerably.

TGR: Is silver's recent price weakness an early indicator of global economic weakness?

PR: No, it is more of a sympathy move with the gold market.

While global industrial production is not exactly brilliant at the moment, certain pockets are performing very well. The British automobile industry, for example, is performing as well as it has in the last 20 years. The aerospace industry is going really well, too. These are sectors that use quite a bit of silver, regardless of price.

TGR: Should precious metals investors buy select equities for growth, protection or both?

PR: I think it is probably better to buy equities than the metal, quite honestly. I think you get better leverage.

If you think that your currency is going to be devalued dramatically, you are better off buying gold or silver, depending on what you can afford. But generally, you have more liquidity and better leverage if you buy the correct stocks.

TGR: Should investors be more optimistic than they are right now?

PR: Yes. You can make a valid argument that precious metal mining companies are finally listening to the fund managers and starting to think of profit and returns rather than ounces of production. I think that is a positive development.

TGR: What silver names can you tell our readers about?

Continued on page 27

U.S. Silver & Gold: Low Risk, Low Capital Needs, High Growth

Targeting 5 Million Ounces of Silver Production by 2015

Silver production at U.S. Silver & Gold's flagship Galena Mine Complex is expected to increase by up to 15% in 2013, setting the stage for impressive revenue growth as average grades improve and cash costs drop by up to 15%.

U.S. Silver & Gold (TSX: USA; OTCQX: USGIF) had a strong fourth quarter in 2012, following a busy year, highlighted by a merger with RX Gold & Silver, defeat of a hostile takeover, a new name and a new, highly experienced management team.

The merger with RX Gold & Silver contributed a producing gold property in Montana and a new heavy-hitter president – Darren Blasutti, who formerly was Barrick Gold's senior VP of corporate development, leading Barrick's strategic development and executing more than 25 gold mining transactions, including Sutton Resources, Homestake Mining, Placer Dome and consolidation of the Cortez gold property.

Under his leadership this year, U.S. Silver & Gold expects to further increase production and reduce mining costs. The company is projecting producing between 2.7 and 3.0 million ounces of silver and up to 18,000 ounces of gold. Cash costs for silver are forecast to drop about 10%-15% to between $17 and $19 an ounce.

"Our goal is to increase production, reduce costs and raise the profitability of the ounces we mine. We expect to do better each quarter," says Blasutti. "U.S. Silver & Gold's internal dynamics are very impressive and will drive our production growth."

Caladay Zone Discovery Points to Long-Term Growth in Silver Production

U.S. Silver & Gold's consolidated, 100%-owned property portfolio includes the Galena, Coeur, Caladay and Dayrock silver-lead-copper mines, part of a 14,000-acre land package in the heart of Idaho's Silver Valley/Coeur d'Alene Mining District. As well as the Drumlummon high grade gold and silver mine in Montana, which has produced historically over 1 million ounces of gold and 12 million ounces of silver. Ore from the mine will be processed at the Galena mill in 2013 and the recently acquired Belmont Mine is being reviewed for development late 2013. This year's production at Drumlummon is projected to reach up to 18,000 ounces of gold.

The operating Galena Mine complex has over 23 million ounces of silver reserves (proven and probable) and an additional 12-million-ounce measured and indicated resource. A new silver-copper vein system has been traced to within 150 feet of existing workings and offers the potential for near-term production opportunities.

The adjacent Coeur Mine began production in late 2012 and will be ramped up this year and is expected to produce about 300,000 ounces of silver in 2014, and 500,000 ounces in 2015. The Coeur currently contains a measured and indicated resource of 3.3 million ounces of silver. Drilling underway is expected to identify a 6.0 million ounce resource by the end of 2014.

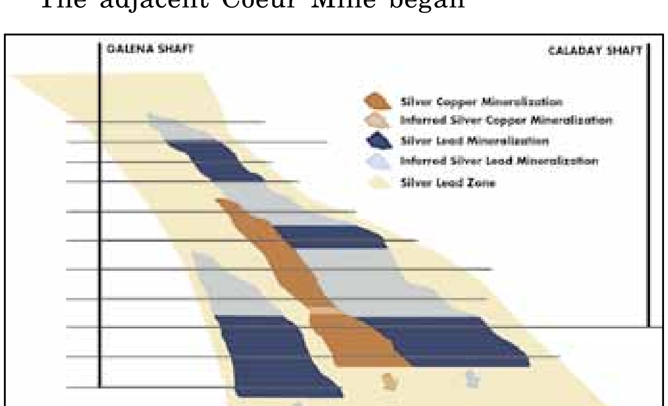
But it is high grade mineralization recently discovered at Galena's Caladay silver-lead zone. In late 2012 and early 2013, the company began a review of historic data from the Caladay Zone. That, along with continued exploration, also identified an area of high grade silver-copper mineralization.

There are almost 1,200 drills into the Caladay Zone , but the data had never been put together digitally to show the block model," says Blasutti. "We have been fast-tracking it ever since. Caladay is going to be a great mine and the future of the company."

The semi-continuous mineralized zone extends from the Galena Mine into the Caladay Mine at depth. The zone contains broad areas of both higher and lower grades of silver and lead, as well as areas of high grade silver-copper. The company is preparing a preliminary analysis of the Caladay lead-silver zone for future low-cost bulk mining development. The scoping study, expected to be completed by mid-year, will determine the timing and the most profitable approach to integrating the zone into existing mine plans.

"These new areas will enable us to take advantage of our additional hoisting and milling capacity to increase production in 2014 and beyond with modest capital outlays," says Blasutti. The complex has two operating mills that currently are operating at about half their 1,500-ton/day capacity.

Test mining in recently identified high grade areas is expected to begin in the third quarter 2013. The company has a global tonnage target of 60-70 million tons and potential silver resource of 150-200 million ounces at 3-4 oz/ton silver and 4% lead. Higher grades range to 40% with continuous widths of 15-30 feet ranging from 5-10 oz/ton silver and 5-11% lead.



New high grade discoveries at the Caladay Zone expected to significantly boost silver production.

New Management Policies Lead to Increased Efficiency, Lower Costs

A new management team took over U.S. Silver & Gold operations in August 2012 and the results of their ideas and efforts are already evident. One important part of Blasutti's management strategy has been to engage all employees in strategic planning by educating its employees about the business rationale for operational improvements . By altering shift operations, instituting work-sharing policies, creating more flexible schedules, and increasing both the number of employees and time worked per shift, the company is transforming operations from 5-days-a-week to a 24-hours-a-day, 7-days-a-week in order to produce silver more efficiently and cost effectively.

The company's two mills, which now run well below capacity, are now within sight of full 1500-tpd production. Planning is in place to cut costs at the rate of 15%, year over year, while development of additional resources will replenish and increase the company's production pipeline.

"Producing 1500 tons a day doesn't happen overnight. We have highly skilled underground employees vital to accomplishing this goal," says Blasutti. "They are starting to act with a sense of urgency and like business owners. I am very proud and happy they are buying into what we are trying to create. Mining can be a boom and bust industry, but as long as we focus on the bottom line, we will be there to prosper in better equity markets.

U.S. SILVER & GOLD:

- 2nd largest primary silver producer in the U.S.
- Strong operating and market fundamentals
- Executing on brownfield expansion opportunities
- Disciplined strategy for targeted acquisitions
- Large land package with significant organic upside
- Experienced management team
- Catalysts in place for improved valuation

Pending Resource Updates To Affirm Extended Mine Life, Profitability

This year , U.S. Silver & Gold expects to announce a significant increase to its resource base, potentially doubling the number of measured and indicated and inferred ounces from the Caladay Zone alone – setting the stage for significant long-term production growth.

The company believes it will produce 5 million ounces of silver annually by the end of 2015. The new resource estimate will demonstrate this ambitious production level can be achieved completely organically from present holdings rather than from future acquisitions.

"We have to ramp up development to ramp up production, but we can do this without issuing any more shares," says Blasutti. "With the new discoveries at the Caladay Zone, we easily can produce 5 million ounces of silver from the Galena Complex.

Investment Considerations

U.S. Silver & Gold has a long and impressive list of assets, both tangible and intangible – operating mines, significant brownfield expansion, a dominant land position in the prolific Silver Valley, a proven management team, highly trained and skilled mine workers, and a favorable environment for strategic accretive acquisitions. The company also is in an enviable financial position with $19 million in cash, $7 million in receivables and a quickly diminishing $7.9 million in debt, and substantial revenues from ongoing silver production – in fact, more than enough to fund its expansion plans well into the future. Blasutti, however, is a fiscally conservative accountant at heart, and determined not to eat into U.S. Silver & Gold's cash balance to fund expansion. He is planning to put a three-year term line of credit in place that would provide guaranteed development capital even if silver prices fall.

As a result, U.S. Silver & Gold is solidifying its status as a reliable, mid-tier silver producer poised to significantly expand its resource base, and is well-endowed with development and exploration properties that will fuel its growing production profile.

Forecasters polled by the London Bullion Market Association predict an increase in the price of silver, gold, platinum and palladium in 2013 _ and are particularly bullish about silver prices, citing limited supply growth, increased industrial and investor demand, strong coin and silver bar purchases, and a bottoming out of jewelry demand. A Silver Institute Silver study estimates industrial demand will rise 6% to a record high in 2014. These factors, along with the U.S. Silver & Gold's future silver production potential, mining-friendly jurisdiction, solid valuation metrics, and proven management team make a compelling investment case for investors in what is the second most prolific silver mine in U.S. history.

"We believe we are attractively positioned amongst our mid-tier silver producer peers and with a 5 million ounce production level we could experience a significant re-rating," says Blasutti. "U.S. Silver & Gold is built for low risk, low capital growth."

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Web Site: www.us-silver.com

Shares Outstanding: 59.9 million

52 Week Trading Range:
(as of Feb. 15, 2013)
Canada: Hi: C$2.74 • Low: C$1.10

Continued from page 16

Gold-mining stocks are a good proxy for gold, because their fortunes are obviously tethered to gold.

Many gold-mining stocks have dropped with the price of gold, and a couple – **Barrick Gold** (NYSE: ABX) and **Newmont Mining** (NYSE: NEM) – offer superior yields. Barrick yields over 4% and Newmont yields over 5%.

But there is even a higher-yield, higher-income alternative in another gold-centric investment.

I'm speaking of **GAMCO Global Gold, Natural Resources & Income Trust** (NYSE: GGN). This closed-end fund invests in a plethora of gold mining and natural resource stocks. The focus, though, is on gold: nine of GAMCO's top 10 holdings are gold miners.

So while Barrick and Newmont yield 4% and 5%, respectively, GAMCO yields close to 14%. This is the upside of a market sell-off: it offers the opportunity to lower your cost basis and to capture additional yield and income.

So how is GAMCO able to generate a yield two to three times the yield of the gold-mining stocks it owns? Simple, by implementing the solution I refer to above, GAMCO is able to generate superior income and yield.

The good news for investors is that GAMCO's income and yield are on sale.

Over the life of the fund, which dates back to 2005, GAMCO shares have historically traded at a 2.7% premium to net asset value (NAV). The recent sell-off has dropped the share price far below NAV. Today, GAMCO trades at a 15% discount to NAV, an all-time discount."

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KITCO NEWS, Market Nuggets, a daily column providing up to the minute coverage on the precious metals sector at www.kitco.com.

Barclays looks for gold to average $1,483/oz in 2013

Allen Sykora: "Barclays Capital says it now looks for gold to average $1,483 an ounce in 2013, describing the macroeconomic backdrop as still supportive but the near-term outlook as fragile.

The bank's other current 2013 precious-metals forecasts include silver, $26; platinum, $1,687; and palladium, $748.

Central banks are likely to remain net buyers, unlike the 1990s when they were net sellers, Barclays said. However, there is potential for continued selling of exchange-traded products.

The supportive macroeconomic backdrop includes ongoing global central-bank balance sheet expansion, negative real interest rates, loose monetary policy and risk of longer-term inflation, Barclays said.

"Indeed our economists expect most major central banks to remain in easing mode throughout 2013," Barclays said. "Despite the heightened uncertainty across Europe, gold has been focused upon the U.S. market and the better-than-expected macro data has weighed upon prices. Indeed, hawkish Fed minutes have been interpreted as suggesting that quantitative easing will be curtailed sooner than expected. However, our economists see the FOMC (Federal Open Market Committee) voting lineup for 2013 as having a more dovish tilt than the full group of FOMC participants."

Barclays said it does not feel market dynamics have switched to the low gold-price environment of the 1990s, when gross shorts hit record highs, central banks were net sellers and producers were hedging with prices testing the cost of production.

"Prices are currently closing in on the marginal cost of production plus sustaining capex, but hedging activity predominantly relates to project-related financing," Barclays said. "Gross shorts are elevated, but central banks remain on the buy side and, despite the Cyprus news, we expect official sector activity to remain on the demand side."

Barclays later adds: "We now expect prices to average $1,483/oz in 2013 and $1,450/oz in 2014. Gold will need to find support from the physical market in the near term, but investor interest continuing to unravel poses the largest downside risk we see for prices in the forthcoming weeks."

Meanwhile, Barclays said it looks for the platinum market to be in a supply deficit this year. "Despite the weak demand backdrop, we expect supply to underperform, keeping the market in deficit," Barclays said.

Prices may have rallied too quickly early in the year before the recent pullback, the bank said. However, Barclays looks for sustained support above $1,700 an ounce in the second half as the market tightens. "In particular, the biennial wage negotiations (for South Africa producers) take place in mid-year, speculative positioning was elevated in early 2013, and there is scope for some improvement in the demand picture given the weak start to the year," the bank said.

Barclays said it looks for a "sizeable" deficit in palladium for the second year in a row due to the combination of constrained supplies and healthy demand growth. The key catalysts for palladium, Barclays said, are likely to be confirmation of reduced Russian state stockpile shipments, recovery in demand and faster-than-expected substitution of palladium for more-expensive platinum in auto catalysts.

A downside risk for palladium, however, is already elevated investor positioning, Barclays cautioned. This in turn means potential for selling whenever investors opt to exit positions."

Market Nuggets

Barclays: Copper Market 'To Be In Surplus Over The Next Few Years'

The copper market has entered a period where supply is beginning to exceed demand, says Barclays Capital, saying "we expect the market to be in surplus over the next few years." This will cap the upside for prices, the bank says. "The recovery in copper mine supply began back in the middle of 2012 and has continued to gather momentum since. It has been impressive for both the sheer strength of growth and the continuity of that growth – two trends that have been missing for some time. We expect this to continue through 2013." With miners increasing output, the wild card for prices this year will be demand, which "so far in 2013 has got off to a slow start but is showing signs of improvement," Barclays says. The bank looks for copper production of 20.784 million metric tons this year, up from 20.133 million last year, with demand forecast for this year at 20.687 million. Barclays looks for the ratio of copper stocks to consumption to rise to 4.4 weeks this year from 3.7 last year, then increase further to five weeks in 2014.

TDS: Disappointing U.S., Chinese Data Bog Down Commodities Lately

Disappointing economic data from China and the U.S., along with continued crisis conditions in Europe, have taken a toll on a range of industrial commodities lately, says TD Securities. Copper, oil and platinum all hit longtime lows this week. "Even the previously uber bullish U.S. equity market is starting to signal economic trouble ahead," TDS says. A muted demand outlook means the market balances for a number of industrial commodities likely will remain tilted toward oversupply for now, TDS says. "A poor demand outlook in the coming months also had a negative impact on platinum and palladium, metals which are likely to have long-term structural deficits," TDS says. "The PGMs group should have a speedier recovery when the demand conditions do eventually improve, but there will be a short-term price to pay nonetheless. In addition, the growing likelihood that supply will grow at a faster pace than demand for industrial commodities like copper, aluminum and oil have contributed to the industrial commodity slide of late. The fundamental change in the long-term supply/demand balance expectation has been the greatest for copper, which has moved from a deficit to a surplus outlook. This suggests that copper should no longer trade significantly above the cost structure."

Azerbaijani State Oil Fund Planned Gold Buy Reinforces Metal's Portfolio Role – HSBC

A story from Reuters says that the state oil fund of Azerbaijan plans to buy 12 metric tons of gold in 2013 as it seeks to diversify its portfolio holdings, says HSBC. "This reinforces our view that gold plays an important role for portfolio diversification to investors that may be weary of currencies such as the USD, EUR and JPY or risk-on assets such as equities," the bank says. HSBC notes that the Azerbaijani planned purchase would be 1.4 tons more than the potential sale of 10.6 tons of gold by Cyprus. The "Azerbaijani plan barely raised an eyebrow in the bullion market, however, as the Cyprus plan was blamed in part of the recent gold sell-off," HBSC says.

Editor's Note: Market Nuggets by Allen Sykora and Debbie Carlson of Kitco News. For charts and data, all metal quotes, news and reports, video interviews, technical and fundamental analysis on the metals visit www.kitco.com.

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HACKETT MONEY FLOW COMMODITY REPORT, 9259 Equus Cir., Boynton Beach, FL 33472. 1 year, 24 issues, $300. www.HackettAdvisors.com.

Commodities continue to languish

Shawn Hackett: "Overall commodities continue to languish as deflationary forces continue to gain traction. Money supply growth year over year continues to decline globally and the velocity of money remains shackled in the basement near all time lows. On top of this, a rising U.S. Dollar in response to a capital flight out of Europe and Japan keeps inflationary expectations in the market very low at the moment.

It will take a renewed crisis in the U.S. to augur in a more aggressive monetary growth trajectory. This will likely be triggered by a crash in the stock market which by each passing day looks more likely the higher it defies economic reality and gravity.

This has kept and continues to keep speculators from buying commodities and in fact has continues to make them net sellers. Without speculative demand to prop up overall commodities, real micro supply/demand forces take the dominant role in price discovery. Many commodity markets have experienced historic net speculative shorting that has depressed prices in many instances below the cost of production.

Just because an asset is cheap does not mean it cannot stay cheap or even go lower on a short-term basis. I see long side opportunities in coffee, Class III Milk, rice and Orange Juice. I see short side opportunities in cotton and lumber.

Grains should rally into the summer months (current forecast are calling for a hot/dry June and July) but ultimately should make new lows into the late summer and fall. How low prices go and for how long they stay there will be largely based on China's stockpiling intentions and on yield prospects. If cotton is any example of China's stockpiling playbook, the lows in grain prices this fall may be higher and may last for a much shorter duration of time than current expectations.

The livestock sector is suffering from weakening demand and this supports the idea of lower prices heading into the fall despite constrained domestic supplies."

Aurizon Mines Expanding Mining to New Areas at Casa Berardi

$5.5 Million in Net Profits, $199 Million in Cash and No Debt for Q3

The next 18 months will be a transitional period for Aurizon Mines Ltd. (NYSE MKT: AZK; TSX: ARZ) as it completes infrastructure expansion at its flagship Casa Berardi gold mine in anticipation of new mining areas east of the production shaft, as well as advancing exploration and development of its other mining properties in Canada's mineral-rich Abitibi region of northwestern Quebec – one of the world's most prolific areas for gold and base metals.

Aurizon Mines' property portfolio includes 8 projects in Quebec, led by its operating Casa Berardi gold mine. The company budgeted $96 million in capital spending for 2012, mostly to support and expand production capabilities at Casa Berardi and will continue to invest in infrastructure development and exploration in 2013.

Casa Berardi is now in its sixth year of commercial operations. Record gold production from Aurizon's 100% owned Casa Berardi mine for the year ended December 31, 2011, totalled 163,845 ounces from the processing of 698,123 tonnes at an average grade of 8.0 grams of gold per tonne. Recoveries for the year averaged 91.3%.

"Casa Berardi is a long-life asset in a favorable mining jurisdiction with ongoing excellent exploration potential," says Aurizon President and CEO George Paspalas.

3rd Quarter Results Begin Transition to Larger Mining Operations

Aurizon Mines posted a $5.5 million net profit ($0.03 per share) in its third quarter, ending Sept. 30. 2012, based on gold production of 29,913 ounces of gold and an operating profit margin of $894 per ounce of gold. The company's EBITDA was $18.9 million. At the end of the quarter, the company had $199.2 million in cash and no debt, an enviable position for any company. Significantly, the $50 million credit facility the company negotiated in January 2011, remains untapped.

Aurizon successfully transitioned the Casa Berardi Mine from contractor-managed operations to owner-operated mining during the quarter. The change is expected to enhance mining productivity, as well as the company's ability to recruit, attract and retain experienced minors.

Aurizon also reported encouraging exploration results on the Heva and Hosco West Extension areas, as well as resource updates for its Marban and Fayolle properties. Exploration activities also focused on the Marban and Opinaca-Wildcat projects.

Quarterly results were slightly below those of the previous quarter, largely because of temporary lower ore grades and several days of production delays during a scheduled shaft hoist cable replacement. In the second quarter, Aurizon posted a net profit of $8.6 million, or $0.05 per share, 29% higher than second quarter in 2011.

"We are currently in a transition phase at Casa Berardi while we install the required infrastructure to commence mining new areas east of the production shaft," explained Paspalas.

An approximate two-week shutdown is planned during 2013, particularly in the first quarter, as the company switches over to the deepened shaft and incorporates new infrastructure into its mining schedule. Following the transition period, Casa Berardi is expected to return to historical production levels."

Also at Casa Berardi, an evaluation of it's three open pit opportunities has resulted in a decision to secure the necessary permits required to initially develop the East Mine open pit that is situated in close proximity to the mill facility. The East Mine open pit contains mineral reserves of 81,000 ounces at an average gold grade of 4.0 grams of gold per tonne and 66,000 ounces of gold mineral resources at an average grade of 2.9 grams per tonne. Permitting is expected to take six months, followed by overburden stripping and waste removal. Subject to any unforeseen challenges in excavating the top soil and soft clay layers, mining of the orebody is expected in early 2014.

Casa Berardi Production 130,000 Oz. of Gold in 2013

Aurizon Mines believes Casa Berardi produced about 137,000 ounces of gold in 2012, at a full year cash cost of $695 an ounce, while 2013 production will be slightly lower (125,000 to 130,000 ounces of gold) as upgrades accelerate to incorporate the deepened shaft and new infrastructure into the mining schedule.

The company spent $21 million in Q3 alone at Casa Berardi for mine development, shaft deepening, infrastructure, machinery and equipment and exploration. Year to date, Aurizon produced 101,221 ounces of gold, generated a $37 million cash flow, spent $57.1 million, of which $54.9 was spent at Casa Berardi.

Deepening of the West Mine shaft continued during the third quarter. The shaft is presently at the 888 meter level with a planned 1,100 meter final depth. The project is expected to be completed in the second half of 2013 and operational by the end of the year. The shaft will provide access to the lower portion of Zones 113, 118 and 123 from a drift at the 1,010 meter level.

Gold production at Aurizon's Casa Berardi Mine is expected to reach 137,000 ounces in 2012 and between 125,000 to 130,000 ounces of gold in 2013 as infrastructure development projects continues to ensure a solid future production profile.

Planned permitting and accelerated construction of the paste backfill plant will maximize the extraction of high grade ore from Zone 113 and provide greater mining flexibility.

Meanwhile, three surface drill rigs and eight underground drill rigs are focusing on infill and step-out exploration of the upper extensions of Zones 118 and 123 from the 550 meter drift as well as depth extensions of Zones 118 and 123. Drilling from the 810 meter drift has confirmed new mineralized lenses outside of the known resource block.

The Aurizon Mines Advantage:

• *Excellent location* in a politically stable, pro-mining area • *Good Geology* and *infrastructure* •

• *Attractive gold production profile* of about 137,000 ounces in 2012 from Casa Berardi •

• *Proven Management* • *Highly Qualified Miners* •

• *Exploration Success* at Casa Berardi, Heva, Hosco West Extension •

• *Significant Exploration Potential*, large prospective land positions and untested depth potential •

Aurizon Mines is planning to invest an additional $2 million on exploration at Casa Berardi, including about 20,000 meters of surface and underground diamond drilling. Up to three surface and five to seven underground drill rigs will be active throughout the balance of the year.

Exploration Programs Yield Encouraging Results

In addition to Casa Berardi, Aurizon Mines owns the Heva and Hosco West Extension areas, Duverny and the Kipawa Exploration Properties, and holds earn-in joint venture agreements on the Fayolle, Marban, Opinaca, Wildcat, and Duvay-Fontana, all in the prolific Abitibi area of Quebec.

Aurizon Mines completed its 2012 drill program at the Heva and Hosco West Extension areas during the third quarter. From results received from 110 drill holes, 69 holes returned up to six mineralized intersections with a minimum cutoff of 0.5 grams of gold per tonne over five meters above a vertical depth of 200 meters. The exploration program indicates the potential for both surface and underground production targets.

The company now plans to complete an in-pit resource by the first half of 2013. Initial testing indicates the Heva could potentially deliver high recoveries through direct cyanidation of the ore. Further test work will be performed in 2013.

Other development and exploration programs conducted during the third quarter include:

- **Marban Property** – Updated resource estimate of 20.7 million tonnes at 1.58 grams of gold per tonne or 1,053,000 ounces of gold (measured and indicated), as well as 3.78 million tonnes at 1.6 grams of gold per tonne for an additional 194,000 ounces of gold inferred.
- **Fayolle Property** – Updated mineral resource estimated at 1,814,000 tonnes at 2.7 grams of gold per tonne, or 156,000 ounces of gold at a cut-off grade of 0.8 grams of gold per tonne (indicated). A process recovery between 94% and 97% is projected.
- **Duverny Property** – A 15-square mile kilometer drill program tested a series of geophysical and soil anomaly targets. Of 21 holes drilled, two intersected gold mineralization: 8.4 gold grams per tonne over 3.5 meters and 11.7 grams gold per tonne over 1.5 meters in one hole, and 17.8 old grams per tonne over 1.0 meters in the other hole.
- **Opinaca-Wildcat Property** – Field exploration work included property scale till sampling and airborne geophysics to secure the entire land package and allow an evaluation of the project. Additionally, work focused on particular anomalies and trends with exploration, trenching and channel sampling to identify future targets along the geological structure that also hosts the Eleonore deposit.
- **Duvay-Fontana Project** – Combined exploration and compilation of historical drill results.

Investment Considerations

The next 18 months will clearly be a transitional period for Aurizon Mines as the company completes major capital projects designed to ensure continued and growing gold production levels.

"Until these projects are completed, operational flexibility will be constrained," says Paspalas. "Preliminary 2013 Casa Berardi plans indicate that production this year will be in the range of 125,000 to 130,000 ounces of gold as the shaft sinking and lateral development continue."

Casa Berardi's three open pit opportunities led the company to seek permits to initially develop the East Mine open pit that is in close proximity to the mill facility. The process is expected to take about six months. The East Mine contains mineral reserves of 81,000 ounces of gold at an average grade of 4.0 grams per tonne and a further 66,000 ounces of gold mineral resources averaging 2.9 grams per tonne. Mining of the orebody, which will supplement the ore from underground West Mine operations, is expected to begin in early 2014.

Aurizon Mines is also planning to contract for rehabilitation and development of the Principal Zone in early 2013, with initial development ore available toward the end of 2013 and production from stopes in 2014.

"We continue to focus on Aurizon Mines' organic growth in the Abitibi area," says Paspalas. "We also continue to evaluate accretive opportunities within the Americas to enhance our reserve and production profile."

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NYSE Mkt: Hi: $6.29 Low: $3.64
TSX: Hi: C$6.38 Low: C$3.66

The New Game in Town: Single-Family REITs

Continued from page 1

are gaining traction. The median price of a single-family home increased in February by more than 11 percent over last year to $173,800, according to recent National Association of Realtors (NAR) data. Foreclosures and short sales made up one-fourth of February sales, and sales to investors rose to 22 percent of the market from 19 percent in January, NAR data showed.

"The combination of a low purchase price, a possible steady stream of rental income, and the potential for significant capital gains has attracted considerable interest from large institutional investors as well as from the mom-and-pop investors who have historically dominated this market," Elizabeth Duke, a member of the Federal Reserve's Board of Governors, said in a speech earlier this month at the Mortgage Bankers Association Mid-Winter Housing Finance Conference in Colorado.

Competition for homes is growing fierce, especially in cities such as Phoenix and Atlanta.

In its most recent monthly survey of real estate agents, Credit Suisse noted an "unprecedented breadth of strength in both pricing and traffic," and a shorter lag time to finalize sales. Realtors in all 40 surveyed markets reported rising home prices, and agents said inventory shortages are making buyers more eager to close deals.

Still, there are potential risks. In a note entitled "Buying Homes at the Bottom" published shortly after Silver Bay's public offering, Daniel Oppenheim, homebuilder and building products analyst at Credit Suisse, said that the $380 billion market of distressed homes offers plenty of buying opportunities. But he cautioned that companies like Silver Bay may find it increasingly difficult to get homes as cheaply as their business models require, if competition drives prices up too rapidly in distressed markets.

On the other hand, if the housing market sputters unexpectedly, the trusts could miss out on appreciation, and possibly the ability to charge higher rents.

Large investors like Silver Bay look for specific features that indicate future appreciation potential or low renovation costs to keep profits up. Potential buyers are not always allowed inside homes being sold at auction, so they often rely on detailed photos and publicly available information.

A roof that needs work is a red flag for expensive renovations, for example, while a home in a good public school system may stand a better chance of increasing in value. American Residential explicitly touted the information technology systems it uses to cherry-pick properties in a filing with the Securities & Exchange Commission.

But what if people sour on renting and start buying homes again? The concern is real, Oppenheim wrote in the Silver Bay note, but tight access to mortgages still makes it difficult for young people or people with tarnished credit to get a loan.

"Rents in Silver Bay's current markets exceed the total cost of owning a home, and may lead tenants to look to purchase a home," Oppenheim wrote. "However, understandably, the downturn in housing hurt credit scores for many households, especially in Silver Bay's markets due to the significant price decline and resulting foreclosures."

Duke, the Federal Reserve Board Governor, noted in her speech that a precipitous drop in mortgage originations for borrowers with low credit scores could keep single-family rentals popular for some time. Between 2007 and 2012, she said, originations fell 90 percent for borrowers with scores between 620 and 680. Borrowers with scores below 620 rarely get loans at all.

But the biggest test for single-family REITs may come in properly maintaining huge numbers of single-family homes spread out across the country.

"If you have a regular company – a non-REIT – you go to an (IPO) roadshow, and it's all about the CEO and the CFO," Hermer said. "In these companies, the critical people are the property management people and the acquisitions people."

Housing Markets Coming Back to Life

The demand for single-family homes is lifting housing markets in many of the cities that were hardest-hit by the housing crisis. The latest data from the Case-Shiller Home Price Index shows that housing prices in January rose over the previous year in every one of the 20 metropolitan areas the index tracks, and average home prices went up 8.1 percent overall. In the slideshow below, The five markets that saw the largest year-over-year increase in housing prices were Phoenix, San Francisco, Las Vegas, Detroit, and Atlanta.

- The recession hit Phoenix's housing market particularly hard, but the city was also one of the first to show signs of recovery. Home prices in Phoenix experienced the strongest rebound of any major metropolitan area the Case-Shiller Home Price Index tracks, with January prices up 23 percent over the previous year.
- San Francisco is one of the country's hottest housing markets right now. The Case-Shiller data shows that prices went up 17.5 percent year over year in January. Tight inventories are even driving bidding wars.
- The housing market in Las Vegas, one of the cities that suffered most in the Great Recession, is gathering steam. Investors and individual homebuyers have crowded into the city, and prices were up 15 percent year over year in January, according to the latest Case-Shiller numbers.
- Detroit certainly has its challenges, from high unemployment to fiscal troubles so dire that the state tapped an emergency manager to turn the Motor City around. But the housing market is recovering from the nadir of the Great Recession, with January housing prices up 14 percent from the previous year.
- Atlanta is not a poster child for the housing crisis in the same way that Phoenix or Las Vegas are, but the city has suffered from consistently high foreclosure rates over the last several years. The real estate market has turned upward, however, and prices in The Big Peach were up 13 percent year over year in January.

Source: *The Financialist*, presented by Credit Suisse, www.thefinancialist.com.

VR SILVER newsletter, a daily update, published pre-market and post market from VRTRADER.com. Monthly, $55; Quarterly, $145/quarter. P.O. Box 1451, Sedona, AZ 86339.

Gold washout 'intentional' price destruction

Mark Leibovit: "Long-term investors can begin accumulating more physical gold here with the understanding downside risk could be toward or under 1100 if we equal the 1975 45% correction seen at that time. Another theoretical downside target would be 1000 points off the top or 922. Keep these in mind as you accumulate gold. *We could have also seen the lows. We will only know in the fullness of time!* This entire washout was, in my view, 'intentional' price destruction to discourage buyers as the risk of a default at the COMEX and elsewhere drew close. Too many investors demanding physical delivery and with the inability to deliver, the 'powers that be' had to drive 'paper' prices lower to discourage those wishing to take delivery – in the hope they could also replenish their dwindling stockpile of needed physical. Resistance above 1520.00 is 1618.50, 1663.20, 1698.80 and 1796.70 from October 4, 2011 to make a call for a breakout above the September, 2011 peak at 1922.

About $773 billion was wiped from the value of all Gold holdings globally on April 15th alone, to about $7.5-trillion from $8.3-trillion, based on a 2011 estimate by the World Gold Council that 171,300-tons of the metal have been mined. The amount erased is greater than the market capitalization of all the stocks trading in Singapore. Worldwide holdings of Gold in ETF's have fallen by 9-million ounces to 67-million ounces, as reported on Friday. That's still far higher than the 21.6-million that was held worldwide in ETF's in April of 2008. So there is a lot of overhead supply that could hit the market, whenever Gold tries to manage a decent sized rally, and help to put a lid on the market at around $1,450 /oz. There is reason for optimism for Gold Bugs however. On April 18th, the US Mint said it sold 153,000 oz's of American Eagle Gold coins in the first 17-days of April, the highest in almost 3-years. Already, sales of Gold coins have more than doubled from March and surged sevenfold from a year earlier. The amount for all of May 2010 was 190,000 ounces. The China Gold Association said that retail sales soared on April 15th and April 16th, and the All India Gems & Jewelry Trade Federation said that demand climbed to the highest this year.

Gold miners have been tumbling for the past 1-½ years, as speculators turned to exchange traded funds that track bullion. The Toronto Gold Miners index, which tracks 27 of the largest producers, has plunged -58%, while losing $170-billion in value since Gold hit a record $1,920 /oz on Sept 6, 2011. Gold miners are now trading at the lowest level relative to Gold in at least 20 years. Over the same period, the MSCI All Country World Index, which tracks 2,431 global stocks, - rallied +22% higher. Despite 12 consecutive years of rising gold prices, traders lost faith in Gold-miners, which are plagued by higher energy and labor costs, higher royalty taxes, and lower grades of ore, all chipping away at their profitability. This month's price drop to $1,400 ounce brings Gold closer to the global average production cost of about $1,200 /oz, according to Nomura. That puts 15% of Gold miners at risk of mine closures or "financial distress" if prices fall to that level. Among the miners that would remain the most profitable even if Gold prices tumble to $1,000 /oz are **Goldcorp** (GG.N) **Yamana Gold** and **Agnico-Eagle Mines** – according to analysts at RBC Capital Markets. Instead, traders have flocked to ETF's that are backed by gold bullion and track the price of the yellow metal.

Next support for Silver is 19.00 with downside potential even to 14.00 if JP Morgan and the U.S. Government have their way. To re-establish the uptrend we need to clear 28.20, 29.48, 32.58 and then 35.32.

Jim Sinclair on King World News "The U.S. is Going to Get Cyprused"

Jim Sinclair was off last month on his short term projection of gold, but to his credit, he has been long gold since $275/oz and hasn't waivered once. His 50 years of understanding gold and its role in the international monetary system gives him the right to be taken seriously. More important than short term market wiggles and ultimate price projections are the underlying fundamentals. Whether reflected in current prices or not, the fundamentals get more bullish everyday. Mr Sinclair wants you to know that *right now* is the time to take action, before it's too late.

Jim Sinclair spoke with *King World News* about the ongoing chaos and told KWN the world is witnessing something that has never been seen in history. Sinclair also warned that "the US is going to get Cyprused." Below is what Sinclair, who was once called on by former Fed Chairman Paul Volcker to assist during a Wall Street crisis, had to say in this remarkable and exclusive interview.

Eric King: "This was from Fed Governor Jeremy Stein's speech, "If systemically important financial institution or SIFI, does fail, the losses would fall on its shareholders and creditors, and taxpayers would have no exposure ... Perhaps more to the point for TBTF (too big to fail), if SIFI does fail, I have little doubt that private investors will, in fact, bear the losses – even if this leads to an outcome that is messier and more costly to society than we would ideally like."

Sinclair: "What he is saying is that the potential losses are so large, and he is referring to the more than one quadrillion dollars in legacy over-the-counter market for derivatives, that nobody could create that much money.

So what's pending now is so large, and these statements from Stein are confirmation that Cyprus is in fact the blueprint in the United States for coming financial failures...."Recent events have also revealed that the paper gold market is in failure right now."

Eric King: "So their intention is to 'Cyprus' the United States?"

Sinclair: "Yes. No question about it. It's the legacy over-the-counter derivatives that are coming in for some adjustment that can't be made, and the fractional reserve gold system has failed.

There is no gold there to deliver. What first gave rise to this was the German situation, but then when ABN AMRO shut gold deliveries down it accelerated. The reason they blasted the gold market was to camouflage the fact that the fractional reserve gold system, which is very important to financing and to the government, failed.

The truth is that when we take out these futures markets on a failure, gold is going to $50,000. Not $3,500. $50,000. We are in the midst of a failure right here, right now. That's what this is all about. This takedown has been the ultimate can-kick.

This has been to stop the revelation of what the central planners are so panicked about, and the fact that the US is going to get Cyprused. They have now manufactured a situation right here at this point in time where it is almost impossible to save yourself."

Editor's Note: Mark Leibovit is Chief Market Strategist for VRTrader.com. His technical expertise is in volume analysis, providing short-term, high performance stock trades and market timing based upon his proprietary Volume Reversal trading program. Highly recommended, **The Trader's Book of Volume – *The Definitive Guide to Volume Trading*** by Mark Leibovit. For more information on the book and Leibovit's service visit www.vrtrader.com.

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OIL & GAS INVESTMENTS BULLETIN, 660 Queens Rd., N. Vancouver, BC V7N 1H3. 1 year, 10 issues, $499. Includes Interim Bulletins, 24/7 Members-Only Web Access.

A new "National Interest" idea for getting Canada's oil to market

Keith Schaefer: "The energy sector is such a typical American-Canadian contrast. It's like the Americans love to shoot guns, and the Canadians love to dodge bullets.

In the USA, the Shale Revolution has turned the American energy industry upside down with huge new supplies of natural gas and light oil.

They have reversed a 40-year decline in oil production in a stunningly short four years. Their entrepreneurial system made it happen; it couldn't have happened anywhere else in the world. Kudos to them.

The Yanks have built drill rigs, oil pipelines, water pipelines, and brought back billions of dollars of petrochemical plants; secured rail to transport their crude all over the country – the American industry has shown itself to be remarkably agile and responsive.

The world's oil has been getting heavier for years – and so has the infrastructure to transport and refine it. So the fact that US production increases are in *light oil* make theirs an even bigger transformation.

Now, look at Canada trying to get its heavy oil to market – but only if you want to laugh.

In Canada, investors have been able to predict our rising heavy oil production for years – think of the old joke where in Regina Saskatchewan, you can see your dog run away for three days, the land is so flat – investors have had that kind of visibility on this issue.

And here we are still beholden to the same *one* customer, and now we can't even get all of our product down to them! Canada has actually gone backwards in that respect. That's why we're price takers and they're not, and why Canada is vulnerable to the low oil prices seen at Christmas 2012.

Now, despite all our bumbling, Canadian heavy oil discounts are now quite low, meaning the price of our heavy oil is quite high – it was $80.95 in early April, a big jump from the $48 it was getting last Christmas.

This is a GREAT price, and makes this drama mere entertainment, not a national tragedy anymore. This is because Canada has adapted at least one way, and found a way to rail oil down to the US refineries – but it's still going to only US refineries.

But I can't help thinking...the US has gone through a much greater upheaval, socially and economically, from the Shale Revolution than Canada has.

They have adapted better, adapted more quickly, than Canada has...at every turn. And there has been a lot of turns! And they keep coming! Horizontal drilling, hydraulic fracturing over 300 feet, then 1000 feet, then half a mile, one mile, now two miles.

Suddenly full oil refineries, suddenly empty gas pipelines (it's everywhere now, who needs gas pipelines?) – billions were spent on gas pipelines only a few years ago are now well under capacity.

In the US, business just moves on, recognizing the new business reality. Canadians use the National Energy Board to decide the best way to keep everyone from losing money. It's like Americans love to brag about how much they spent and Canadians brag about how much they saved.

And almost all Canadian oil pricing problems would be solved by getting one, just one, 1200 mile pipeline from the Alberta oilsands to the British Columbia west coast; from Fort McMurray to Prince Rupert.

But it has created a family feud in Canada that has dominated news headlines for well over a year. Opposition against this west coast pipeline has drawn protests from environmentalists and First Nations, and even left-wing Canadian politicians.

In the US, build it, and they will come. In Canada, build it, and they will protest. Of course Uncle Sam agitating the locals under the guise of environmentalism doesn't help, either.

And don't kid yourself, they are actively trying to keep Canadian oil for themselves; it's well documented (stand by for a full feature story or three on that in the coming weeks).

But oil is a global product, and it flows from areas of low price to areas of high price.

That's the whole point of pipelines – to get it to higher-priced markets. If the differentials remain wide enough for long enough, that oil WILL find its way to market – even if it has to be pulled by wagon.

I don't think Canada is going to get backed out of the market, because somehow somewhere somebody is going to find a way to get that cheap oil.

For example, I think we will get Canadian oil to Asia – but it will likely go through the Gulf Coast to get there, and get exported from there. When I look at a map, I don't know whether to laugh or cry.

But it's interesting that a "national interest" seems to be building around the idea of – instead of doing a simple 1200 mile pipeline west – reverse an existing gas line that crosses two thirds of the continent to get western Canadian heavy oil to eastern Canada and refine it there.

Hey, that *could* work, and make more of Canada feel part of the oil wealth that has such a huge impact on our country. Quebec and New Brunswick refineries would finally get western Canadian crude, instead of from Venezuela.

The refineries would have to be expanded to handle our growing crude supply, as would port facilities. It would involve huge infrastructure spending and create thousands of jobs in Atlantic Canada.

It's already well known that many of the oilsands workers are Maritimers, but it's also true that the jobs in "Fort Mac" have saved rural areas across ALL of western Canada from big unemployment.

But that pipeline reversal won't be ready until 2017 at the earliest—four years from now. 2017 is the best case scenario.

America's gun culture is famous for the phrase, "Shoot first, ask questions later." Canadians are more prone to the phrase, "Ask questions first. Shoot, we're too late."

How typical."

Editor's Note: Keith Schaefer writes on energy and junior energy stocks in a simple, easy-to-read manner. In his newsletter, he finds the fastest growing producers and energy service companies for his subscribers. Bull & Bear readers can get a *free* report on Master Limited Partnerships (MLPs) which covers important facts about MLPs, and how to invest in them. To get the report visit www.OilandGas-Investments.com/MLP.

THE PERSONAL CAPITALIST, 9524 East 81st Street Ste. B #1715, Tulsa, OK 74133. 1 year, 24 issues, $195.

Continues to hold gold shares

Sean Christian: "The positive factors that have been in place for gold are now going in reverse. On the basis that the global economy is slowly getting better, that's a negative for gold, and the Fed may be stepping off the pedal.

Goldman Sachs recently said that the turn in the gold price is accelerating after the 12-year rally as the U.S. economy gains momentum. Deutsche Bank cut its 2013 gold outlook by 12% citing a strengthening dollar and a lack of haven buying. Societe General said in an April 2nd report that gold is in a bubble. Central Banks, however, are reluctant to sell in the face of falling prices and in such significant amounts that would drive prices lower. It devalues their holdings and makes their currency weaker.

The overall size of gold sales is pretty minor, considering China continues to import upwards of 100 tons of gold a month through Hong Kong.

Demand remains strong overseas and Japanese investors are thrilled to own gold rather than the yen.

Tocqueville Funds' John Hathaway contends that the selloff was "a contrarian's dream scenario." He sees positive fundamentals for it: negative real interest rates, worldwide quantitative easing, and governments' new confiscatory inclinations (as demonstrated in Cyprus).

We will always hold gold in our portfolio primarily as a haven. We own two of the largest gold miners. **Newmont Mining** (NEM) gets 90% of its revenues from gold mines in the U.S., Australia and Peru. NEM plummeted to lows not seen since 2008, as did our other holding, **Barrick Gold** (ABX). We believe the current stock price for these two companies do not reflect the fundamental strengths of ABX and NEM. For now, gold is no longer loved, which, to an independent-minded contrarian investor, only adds to its allure. All of this being said we will continue to hold our gold shares."

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U.S. Global Investors, INVESTOR ALERT, 7900 Callaghan Road, San Antonio, TX 78229. www.usfunds.com.

Gold: Strengths, Weaknesses, & Threats

Frank Holmes, CEO and Chief Investment Officer for U.S. Global Investors comments on Gold's Strengths, Weaknesses, Opportunities and Threats.

Strengths: You were wrong if you thought the drop in gold prices reflected lower consumer demand. The fact is the U.S. Mint's sales of gold coins has soared following the price plunge. On April 18th, the Mint reported sales of 153,000 ounces of gold coins, the highest in nearly three years, twice as much as sold in March, and seven times the volume sold this same week last year.

• The price drop also provoked clamor in the love trade countries. In the Zaveri Bazaar in Mumbai, India's largest bullion market, demand in recent days was the most this year according to the All India Gems & Jewellery Trade Federation. Further east, Hong Kong and Macau gold merchants saw a 150 percent increase in sales last weekend, while consumer traffic rose 40 percent from a week earlier.

• The buying through the week of April 19th was not only reserved to consumers in Asia. John Paulson reaffirmed his belief in gold and reiterated his commitment to his gold holdings. From Manila, Christopher Wood noted on his latest *Greed & Fear* report that he is personally taking the opportunity to increase bullion holdings in his pension portfolio. He is reportedly adding another 5 percentage points to his physical gold holdings and suggests adding more if there is another dip.

Weaknesses: The "tax" attack on gold companies continues. Following the Canaccord Genuity report criticizing the increase in bureaucracy and significant permitting delays mining companies have faced in Mexico since President Pena Nieto took office in December last year, the country's lawmakers expeditiously approved a new 4 percent mining royalty tax on net profits. It is clear the proponents of the law have not been watching the news recently since they argue mining companies are highly profitable and have been reaping all the benefits for years. We believe the move will only serve to hurt Mexico's hard-earned reputation as a friendly mining jurisdiction.

• Macquarie's Equity Research continued the trend of stress testing gold producers' balance sheets with ever lower gold price forecasts. The conclusion is that most companies that are currently engaged in the development of uber-large projects will likely be forced to defer capital expenditures or abandon projects altogether. Smaller caps without significant current production will likely bear the biggest burden as they likely have less flexibility to defer capital expenditures and some will unequivocally go out of business. However, Macquarie notes fully funded growth names such as *Alamos Gold* will continue to be profitable even in a sustained $1,200 per ounce gold environment.

• In 2004, gold ETFs held 0.5 million ounces. This number rose to a peak of 84.6 million ounces in December 2012. Since then, gold ETFs have liquidated 8.6 million ounces or roughly 10.2 percent of their holdings. The speculative short positions on Comex gold have receded from their February peak; however, they still stand just under 10 million ounces, levels not seen for nearly a decade. We believe it is important for investors to understand the volume of speculative flows in the gold market that create unwarranted volatility and, at times, hide the fact that gold fundamentals remain unchanged.

• Following Monday's (Apl. 15) price action on gold our team analyzed the recent moves from a statistical perspective. Year-over-year going back 10 years, gold's move is a -2.6 standard deviation (sigma) change. This price action puts the price of gold in uncharted territory because out of a total of 2,610 trading days, there has only been one such occurrence and that was precisely on Monday. The likelihood of such an event happening is 0.04 percent of the time (1/2610 = 0.04 percent). On a 60-day basis going back 10 years, gold is down 3.2 sigma. By applying the concept of mean reversion, it is quite likely that gold will rebound strongly from these levels.

• Further to our analysis, Nick Pocrnic of Stifel Nicolaus reported on the unprecedented price action of gold as measured by the SPDR Gold Shares ETF (GLD). The two-day (Friday and Monday) move in GLD was -16.65 at the time of his writing, which can be converted to over 8 standard deviations. He strongly believes we will not see a similar trading action in our lifetime, based on statistical analysis. He states this fall will go down in history as an aberration of truly historic proportions. As Gartman noted to put it into perspective: the sun is expected to burn out first before we see a move like that again.

• The news that Cyprus would sell a part of its gold reserves as part of the bail-out process made many rounds around the world. What didn't make as many rounds in the news were the comments by the South Korean and South African central banks stating gold is a key part of their international reserves they are not willing to forgo. The Sri Lankan central bank went further and declared it was looking at the price action as an opportunity to increase its bullion reserves. We are of the opinion that Sri Lanka is only one out of a large number of nations looking at buying the dip to add gold reserves.

Threats: The recent fall in bullion prices can only be described as panic selling according to Sprott Group. Money managers and veteran traders know that when panic sets in, investing logic drops by the wayside and money begins to flow one direction only. This selling in turn acts to drive prices lower, which in turn forces those holders on margin to liquidate their positions. This process leads to even more selling as the pain of holding levered "under water" positions becomes too great, causing traders to liquidate their positions. Despite the risk that this type of selling represents to the gold industry, unlevered long term fundamental investors should not be directly affected as the panic selling cannot last forever. We believe once the panic selling is over, gold will begin a slow but strong upward trend to levels that reflect its fundamental value.

• Never has it been more clear that "paper" gold and physical gold are two different assets, and rarely do we get the opportunity of demonstrating that physical gold is effectively a currency, a relatively safe currency, while paper gold is a financial asset subject to market speculation. As Jim Rickards noted on Friday, if you were a holder of physical gold on Monday, you saw the quotes falling on your screen, but when you turned around to your vault you held the same number of ounces of gold. If you owned the GLD ETF over the same trading day you would have seen your dollar trading account decreasing every minute. We are of the opinion investors are being misled into purchasing paper gold such as futures or ETFs thinking they offer the same inflation protection as bullion purchases; these behave like financial assets and pose a threat to physical gold's claim as a safe heaven.

• Given the increasing talk of paper gold and physical gold, we would like to revisit recent news by ABN AMRO bank. As we reported, the largest Dutch bank sent a letter to customers stating the bank would be unable to deliver physical gold on customers' gold claims and would instead offer a paper gold claim to its customers. The bank made the paper gold claim appear as valuable as the physical gold claim without telling investors the new "product" was subject to the bank's credit risk, as well as to market speculation. We continue to believe this in just one of the many deliberate actions to make paper and physical gold appear like one and the same, something that mistakenly puts physical gold's safe heaven credibility in doubt.

Market Outlook

THE DINES LETTER, P.O. Box 22, Belvedere, CA 94920. 1 year, 14 issues, $295. www.dinesletter.com.

TDL's Seasonalities: May

James Dines: "**Stocks:** The month of May used to be an inauspicious month for new buying, but it has been improving. Despite many years of rising markets, May has seen the DJI decline in 27 of the last 48 years, 56% of the time, and has been the prelude to the significant declines in Junes or Julys that subsequently paved the way for the traditional "Summer Rally." Since 1965, the period 1 May to 30 June has been a loser 60% of the time (29 out of 48 years). But, 16 of the 19 exceptions (84%) occurred in the last 30 years, so the period has been getting less negative.

The first-quarter of 2013 had an 11.25% DJI gain. Only 12 first quarters since 1950 have risen by more than 8%, and 10 of them (83%) finished the year strongly, with double-digit advances that averaged 25%. This one factor alone thus suggests a statistical prospect of the Dow ending this year around 16,400.

Memorial Week Rally: Traders who want to buy anyway might consider doing so in the week before Memorial Day (May 20-24). Memorial Day itself falls on May 27. All told, the "Memorial Day Rally" has come true 69% of the time (20 times in the last 29 years). The DJI rose during the Memorial Day week 12 years in a row (from 1984-1995) – also 1999, 2000, 2003, 2004, 2007, 2008, 2009 and 2012. Downers during the Memorial Day holiday week included 1996, 1997, 1998, 2001, 2002, 2005, 2006, 2010 and 2011.

Precious Metals: The Dines Gold Stock Average (DIGSA) has risen 25 times and declined 19 times (neutral once) in the past 45 Mays, for a somewhat bullish record of 57%. The Dines Silver Stock Average (DISSA) has risen 22 times and declined 22 times in the last 45 Mays (neutral once), neutral, so there are no useful odds to play silver this May."

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The Peter Dag PORTFOLIO STRATEGY & MANAGEMENT, 65 Lakefront Dr., Akron, OH 44319. 1 year, 24 issues, $389. www.peterdag.com.

Cautious outlook

George Dagnino: "Our long-term outlook (next 12 months), based on our indicators, is cautious.

We are living in a world of complete uncertainty. Market pricing has been destroyed. For the time being. Business people understand it all to well. Business sentiment is sinking. And they do not know what the sequence will be when finally the markets take over again. Because they will. They always do. The issue is what kind of transition we are going to endure. No one knows because the markets are being manipulated by the same people who brought us the past two bubbles. Totally ignoring the unintended consequences.

Technical indicators. Our indicators continue to show underlying loss of momentum and they are still suggesting to remain cautious.

Sentiment – Bullish sentiment has increased to extreme levels typically found near market tops.

Outlook. What will happen to the market when the Fed slows down the printing press? No one know. They are beginning to suggest the time is coming. They do not even know. Time to be cautious. A difficult feat when the market seems to defeat gravity."

Steven Halpern's TheStockAdvisors.com

Steven Halpern's THESTOCKADVISORS.COM, a free website featuring daily stock picks and market commentary.

Top Stock Picks

TheStockAdvisors.com provides a daily overview of the latest stock, mutual fund, resource industry and ETF recommendations, investment ideas and stock commentary of the nation's leading financial advisors. Edited by Steven Halpern, here are a few recent postings:

Piedmont: A natural for DRIP investors

Vita Nelson, editor *Moneypaper*, www.directinvesting.com: "Our latest featured dividend reinvestment stock is **Piedmont Natural Gas** (PNY), which serves more than one million retail customers in North Carolina, South Carolina, and Tennessee, including wholesale distribution to municipalities serving 52,000 customers.

It also transports, stores, and markets natural gas, propane, and related appliances. Revenues for the fiscal year that ends in October are expected to top $1.2 billion, up from about $1.12 billion in fiscal 2012.

Consensus estimates call for the company to earn about $1.73 per share in fiscal 2013 and $1.81 in fiscal 2014, compared with $1.66 last year.

The annual dividend, which has been increased for 35 straight years, now stands at $1.24 per share, providing a 3.6% yield, and the DRIP offers a 5% discount on reinvestment.

Ironically, many investors who say that they are looking for a big down days to buy (because stocks have 'gotten expensive') will react to such a day differently than they planned to do.

Instead of buying stocks on sale, they let declines translate into fear and end up avoiding the very opportunity that they said they were looking for.

This is one area where dollar-cost averaging really helps to take the emotion out of buying stocks. It would help many to recognize their own tendency to react emotionally to both fear and greed."

National Grid: Power buyback

David Fried, editor of *The Buyback Letter*, www.buybackletter.com: "**National Grid PLC** (NGG) – a new addition to our model buyback portfolio – is an electric utility provider that operates electric and gas transmission lines in Great Britain, New York, and throughout New England.

In the northeast U.S., it has more than 7 million gas and electric customers, delivering electricity to more than 3 million customers in Massachusetts, New York and Rhode Island.

It manages the electricity network on Long Island under an agreement with the Long Island Power Authority (LIPA), and owns over 4,000 megawatts of contracted electricity generation, providing power to over one million LIPA customers.

It is the largest distributor of natural gas in the northeastern U.S., serving more than 3 million customers in New York, Massachusetts and Rhode Island.

National Grid runs many of the networks that deliver gas and electricity across the U.K., almost as a near-monopoly. In Great Britain, the company delivers gas and electricity with a monopoly on the U.K.'s gas pipelines and electricity wires.

The U.K./U.S. split of total group revenue is about 50/50, which means that investors are essentially buying into two companies, since each operates under a different set of regulators.

Analysts think of NGG as a cash cow, with a long-term track record of yielding big dividends – and dividend growth – year after year, which is why it's popular with income investors. Management has reduced shares outstanding by 12.5% in the last 12 months."

MEMC: Bright light in solar power

Angelo Zino, *S&P Capital IQ equity analyst*, The Outlook, www.standardandpoors.com: "Our latest Focus Stock **MEMC Electronic Materials** (WFR), which carries S&P Capital IQ's highest investment recommendation of 5- STARS or "strong buy."

MEMC, which is changing its name to SunEdison, manufactures silicon wafers, which are used for the production of almost all semiconductor-based devices and develops and owns solar power generating facilities.

We think earnings will grow at an annual compounded growth rate of more than 40% over the next three years aided by sequential margin expansion, as volume rises and cost cut benefits are recognized.

After two years of slowing sales growth, we think the semiconductor industry is near a cyclical trough. For MEMC, we see good execution and increased market share helping to lift profits in the future.

MEMC has improved its share of the wafer market in recent quarters. We believe sales of the company's higher margin "Epi" – for epitaxial deposition – wafers will witness particularly strong growth.

Following recent cost-cutting efforts, we think this business is now better aligned to take advantage of an industry recovery and will experience wider profit margins in the future. We also think MEMC may eventually spin off its semiconductor business, which could unlock significant value to shareholders.

MEMC's existing SunEdison business, which the company acquired in 2009, is a leading installer of photovoltaic solar energy equipment in North America with significant overseas sales as well.

SunEdison uses a unique financing model in which customers pay only for the electricity output generated by the solar system installed. That avoids the significant upfront capital costs of buying a system while also lowering power costs.

We note that current prices for photovoltaic solar panels, a business that MEMC does not engage in, are far below production costs.

We think MEMC has taken the right steps by expanding its SunEdison solar project business using an "asset-light" strategy. We believe this strategy, along with efficiency improvements, should result in lower system costs going forward.

We think the MEMC's solar energy business possesses a robust pipeline and backlog, but now has a better risk profile. Importantly, MEMC has significantly reduced its exposure to the Europe market, where demand growth is slowing.

MEMC makes use of innovative financing structures such as sale leasebacks in order to grow its solar systems business. It recently formed SunEdison Capital, a joint venture with Everstream, an investor in solar power infrastructure. The initial funding of this joint venture is $300 million, with the potential to grow substantially.

Also, we see new types of investment structures such as master limited partnerships and real estate investment trusts on the horizon for renewable energy products. We think MEMC will be one of the biggest beneficiaries of these developments."

2 plays on cybersecurity

John Persinos, editor *Personal Finance*, www.pfnewsletter.com: "**Cisco Systems** (CSCO) and **Intel Corp.** (INTC) are positioned to reap the spoils from this intensifying war against hacking; each boasts a portfolio of cybersecurity products, strong balance sheets, diversified and reliable revenue streams, and strong earnings prospects.

The biggest beneficiary of the cybercrime wave is Cisco, the pioneer and undisputed leader in protecting both civilian and military organizations from hostile digital attack.

Cisco commands 45 percent of the global market for corporate security, making it the biggest player in the field. The company's routers and switches are pervasive in corporations, schools and government agencies worldwide, giving it a ready-made customer base for security products.

Intel is another "go to" technology company for commercial and military leaders who are intent on bolstering their IT defenses. In late 2012, Intel announced a technology sharing partnership with four other US-based companies to devise computer security solutions.

The consortium, dubbed the Cyber Security Research Alliance (CSRA), includes Honeywell, Lockheed Martin, Advanced Micro Devices and EMC Corp.

Intel also owns computer and software security company McAfee, one of the biggest security technology companies in the world. McAfee also offers smartphone security software, demand for which will explode as the smartphone market grows exponentially over the next decade."

Apple: 3 reasons to expect a bottom

Ian Wyatt, editor *Top Stock Insights*, www.topstockinsights.com: "I want to go on the record that I think this is a bottom for **Apple** (AAPL) and that now is perhaps the best time in recent years to buy the stock.

There are three reasons that Apple stock is attractive today – the firm's upcoming quarterly earnings, new products on the horizon, and the company's pro-shareholder philosophy. Plus, the shares are cheap.

Reason #1: Earnings

On April 23, Apple will report earnings for the fiscal second quarter. I believe expectations are low for Apple. Four out of the last six times that Apple has reported earnings, the company's performance has fallen short of analyst expectations, and the stock has been punished.

This past performance means that many investors expect Apple will not perform well when Q2 earnings are reported – setting a low bar – and potentially making it easy for Apple to exceed those expectations.

Reason #2: New Products

While Apple doesn't pre-announce product launches, there is reason to believe that a new version of the iPhone is coming this summer and a lower-priced iPhone for international markets may out soon too. Additionally, there is speculation about an iWatch and the long awaited iTV in 2013.

While the launch of the iPhone 5 and iPad mini were disappointing to many observers, these new products could breathe some life and excitement back into Apple, bringing investors back into the stock in a big way.

Reason #3: Pro-Shareholder

Earlier this year, hedge fund manager David Einhorn proposed a new class of Apple shares in an effort to get the company to return its cash hoard to shareholders.

Apple CEO Tim Cook didn't want to be told how to run his company by a NYC hedge fund manager. But now that the dust has settled, Cook may announce "pro-shareholder" steps including a larger share buyback or an increase in the dividend. These actions could send the shares higher.

Finally, the best reason to buy Apple is that with the stock trading at 6.4-times expected 2013 earnings, the shares are cheap. It is one of the least expensive stocks in the S&P 500 index on a price-to-earnings basis.

The market is pricing Apple as though it's one of the least desirable companies one could own. My experience as an Apple customer makes me believe that the low valuation isn't justified.

If you don't own Apple, buying the stock before April 23 when earnings are released could be a great investment. Many investors were willing to pony up $700 for the stock seven months ago ... now, nobody wants it.

This doesn't make much sense. My personal view is that Apple shares could return to $700 within the next two or three years, making the risk-reward opportunity extremely attractive right now."

Hanesbrands: A good fit

Chuck Carlson, editor *DRIP Investor*, www.dripinvestor.com: "One attractive mid-cap stock is **Hanesbrands** (HBI); this apparel company, with a market cap of $4 billion, has nice operating momentum, having beaten earnings estimates in each of the last four quarters.

Hanesbrands was saddled with a lot of debt when it was spun off from Sara Lee in 2006, but the firm has done a good job of reducing its debt load in recent years. Long-term debt at the end of 2012 was $1.3 billion, down from almost $2.5 billion in 2006.

The continued deleveraging of the balance sheet provides a nice kicker to profitability as interest expense is reduced. Also, a lower debt load should improve the firm's ability to pay dividends.

Hanesbrands does not yet pay a dividend, but I wouldn't be surprised to see the firm initiate a dividend within the next 18 months.

For 2013, the company expects net sales of roughly $4.6 billion, earnings per share of $3.25 to $3.40, free cash flow of $350 million to $450 million, and further debt reduction of $250 million. The consensus analysts' earnings estimate for 2013 is $3.35, a nearly 28% increase from 2012.

The stock's recent strength – the shares are trading around their all-time high – reflects the strong profit growth expectations. The share strength also probably reflects the firm's takeover appeal. The good news is that Hanesbrands is worth owning regardless of its takeover appeal.

The shares are not cheap; however, for long-term investors, the current price represents a reasonable entry point, and pullbacks to the mid-$30s would offer a price level for more aggressive purchases."

Two top buys in natural gas

Jim Powell, editor *Global Changes & Opportunities*, www.powellreport.com: "The outlook for natural gas (NG) producers is improving much faster than expected. Energy consumers of every type are switching to natural gas in record numbers.

Given the changing outlook for natural gas, weak profits and low stock prices for the leading producers are unlikely to last much longer. I believe investors who want to capture the lion's share of the rebound should act soon.

New uses for NG are also being found, particularly in transportation. At the same time, there is a huge shift away from using coal in power plants.

The extreme weather patterns we are having are also boosting the demand for natural gas. The cold winter was a big drain on supplies.

Warmer summers should be even more taxing because air conditioners draw a great deal of power that many electric companies produce with natural gas. The rapid increase in new home construction will further increase the demand for NG.

Do to the exploding use of natural gas, prices rose 9% from January 1 to March 15. Shell Oil believes prices will be twice as high by 2015.

EnCana Company (ECA): For an opportunity to get into the NG industry at an attractive price, I continue to recommend EnCana, a leading North American producer. EnCana has more natural gas deposits than either Chesapeake Energy or EOG Resources, two companies that get more media attention.

More importantly, EnCana is already making good use of the improving outlook for NG. In Mid-March the company announced it is resuming drilling in Texas and Louisiana and is seeing "solid returns at current natural gas prices."

EnCana was hammered by the cheap natural gas that started to flood the market three years ago. At its current beaten down level, I think the stock is very attractive. And since its price is already on the floor, there should be little chance of a big loss.

I think EnCana will perform very well for long-term investors. The forward P/E for the stock is 15.9 and it has an attractive 4.2% dividend yield.

Anadarko Petroleum (APC): Another way to play the prosperous future of natural gas is to invest in a high-volume offshore producer, particularly one that operates in ultra-deep water where some of the greatest reserves are located.

I think the best of that group is Anadarko Petroleum. Two weeks ago the company drilled into what may be the largest discovery ever made in the Gulf of Mexico. I think the extraordinary find will boost the company's profits for many years.

Anadarko should appeal to readers who would like an energy investment that is not totally dependent on rising natural gas prices. The company is also an important producer of oil that's already very profitable.

Even with the global economy in low gear, oil is still priced at about $100 a barrel. As a result, the company should have a bright future even if it didn't own enough natural gas to fill a balloon. Anadarko has a 17.2 forward P/E and it pays a small dividend.

We will be double dippers with Anadarko. We first purchased the company in May 2007 when it was $44.73. The stock has since nearly doubled to $88.02. I expect continued growth from this successful energy producer.

To sum up: Anadarko is both an oil and a natural gas producer whose success can be seen in its stock price. I think Anadarko will continue to reward investors, but from this level it is unlikely to be a blockbuster.

EnCana's success is totally tied to the price of natural gas, and its stock has been pushed very low. If demand for NG continues to rise, as I expect, EnCana should deliver outstanding profits."

A six-pack with 'unusual promise'

Stephen Quickel, editor *US Investment Report*, www.usinvestmentreport.com: "Finding fresh stock selections is no easy task in a market that's been rallying for three months. Investors eventually tend to overbuy when stocks are rising – and oversell when the market heads down.

Today, the pickings have proved thin as we screen hundreds of stocks for superior growth potential at reasonable prices. That said, we've still found stocks with unusual promise. Here's an overview of 6 of our new buys.

Alexion Pharmaceutical (ALXN): This is a comeback stock that was previously a big winner of ours but tumbled from $115 to $90 last fall. Now it is breaking back above its 10-week moving average with 33% a year expected earnings growth and Strong Buy ratings from 14 of the 19 analysts covering it.

Allegiant Travel (ALGT): Serving small-city U.S. travel destinations with planes and travel services, ALGT shares have been on the rise from $40 to $90 over the past 18 months, yet trade at just 14 times earnings that are estimated to grow 22% a year. Its PEG ratio is 0.62.

CVS Caremark (CVS): A giant pharmacy healthcare provider whose shares have doubled almost non-stop since August 2010, CVS trades at 12 times forward earnings that are growing at a moderate but steady 14% a year.

D.R. Horton (DHI) and **Ryland Group** (RYL): Homebuilding stocks came back last fall and winter only to tumble anew in March. The nascent upturn in housing has not yet reached their bottom lines, but some analysts' five-year earnings projections run as high as 30% to 40% a year. Yet their P/E and PEG valuations are quite modest in view of their long-run potential.

Radian Group (RDN): This small-cap provides mortgage insurance and financial guaranty services to mortgage lenders. The stock has run from 7 to 10-plus, but if it breaks upside resistance at 10.95 RDN could go to 14 or higher. At just 7 its P/E could be upgraded."

Scholastic: Digital education

Charles Mizrahi, editor *Hidden Values Alert*, www.hiddenvaluesalert.com: "**Scholastic Corporation** (SCHL) is a global children's publishing, education and media company. Since it's founding in 1920, Scholastic has emphasized quality products and a dedication to reading and learning.

The company is the world's largest publisher and distributor of children's books and a leading developer of educational technology products.

SCHL is undoubtedly a book-publishing wizard – evident by their exclusive publishing rights to both the *Harry Potter* (US) and *Hunger Games* (Global) series.

However, the recent move to reading on tablets and smartphones, has forced the company to adapt to a changing world.

SCHL has taken on this challenge by producing several different platforms and education technologies built to sustain future growth. Read 180, Math 180, and iRead are several of their services catering to the needs of a new generation of readers.

SCHL's "Storia" consistently ranks among the highest of all free iPad Book Apps. Since launching it in late 2012, the app has cemented itself in the top 10.

Its expanding library consists of many popular titles of interest to all ages. By bringing books to life, SCH has made the reading experience more interactive and enjoyable.

SCHL's Children's Book Publishing and Distribution segment is easily the company's most successful division – revenues topped $1 billion in revenue in 2012. However revenue comparisons to earlier periods showed a sharp drop.

Those comparisons were bound to disappoint because they were compared to the blockbuster movie the Hunger Games – which greatly boosted sales during that period.

Earnings also took a hit as SCHL continued to invest in eBooks and digital technology. Over time, these investments will pay off. Long-term prospects remain positive as the publishing giant continues to spread its global reach to emerging markets."

JPMorgan Chase: Book value buy

Geoffrey Seiler, editor *BullMarket.com*, www.bullmarket.com: "Recommended List member **JPMorgan Chase** (JPM) kicked off earnings season for the nation's big banks. Trading at 1.25x trailing book value, JPMorgan Chase isn't the cheapest of the big banks, but we think it offers some of the best balance of risk versus reward among its peers.

Low rates, more regulation, and a drop in mortgage loan demand were offset by reduced expenses, continued improvement in credit quality, and a good performance by the investment banking unit.

The firm posted a record quarter, but the 33% increase in reported profit was largely driven by lower costs and improved credit quality as revenue dipped by -3% amid weak loan volumes. Tangible book value improved to $39.54 per share from $38.75 at the end of Q4 2012.

Last year's first quarter was when news of the failed "whale trade" broke and bank booked an initial charge of -$2.2 billion to cover its estimate of the losses at the time. (The loss would later balloon up to more than $8 billion.)

There was a lot less noise for a change, which was good after the whale trade fiasco. The weak loan demand, especially from businesses, is a concern for the larger economy if the trend continues.

Obviously, the planned dividend hike and the planned share repurchases are beneficial to shareholders following the Fed's Comprehensive Capital Analysis and Review, aka the "stress test."

We continue to rate the stock a "Buy" and will boost our target from $57 to $59 to reflect the strong book value creation in the quarter, increased dividend payout, and generally solid outlook."

Tech expert's transportation buys

Bernie Schaeffer, editor *Schaeffer's Investment Research*, www.schaeffersresearch.com: "Our stock picks are based on a proprietary strategy known as "expectational analysis" which combines fundamental, technical and contrarian-based sentiment metrics.

Based on this approach, I initiated a long position in two stocks in the recently-strong transportation sector: **Union Pacific Corp.** (UNP) and **United Continental Holdings** (UAL).

Union Pacific has been an outperformer, posting a year-to-date gain of 11 percent and a 52 week return of 32 percent. Despite this outperformance, and the continued strength in the transportation sector, skepticism toward UNP remains.

The Schaeffer's put/call open interest ratio (SOIR), which measures the front three months of open interest for UNP, currently stands at 1.78.

This ratio is in the 87th percentile of all ratios within the last 52 weeks, and indicates a high number of bearish bets toward the equity.

Short interest, as a percentage of the stock's float, has also increased over 44 percent in the past month.

Finally, while there are currently 17 buy ratings, 8 analysts maintain a hold rating. Any future strength from UNP could lead to upgrades, thus driving the shares higher.

Meanwhile, airlines have been very strong and United Continental Holdings is certainly no exception, and has posted a year-to-date gain of 28 percent. Short interest, as a percentage of the stock's float, is over 7 percent.

Additionally, the Schaeffer's put/call open interest ratio (SOIR), which measures the front three months of open interest for an optionable equity, currently stands at 1.85.

This heavy bias of puts could lead to an unwinding of these bearish bets, which could then act as a tailwind toward the equity."

QTEC: Tap into tech

Doug Fabian, editor *Making Money Alert*, www.fabian.com: "More and more, technology is becoming part of our daily lives and ordinary activities. How do you tap into the boundless potential of this sector? One way is by investing in the **First Trust NASDAQ-100-Tech Index** (QTEC).

This non-diversified exchange-traded fund (ETF) seeks results which, before fees and expenses, correspond generally to the performance of an index which is based on technology companies in the NASDAQ-100.

Following a solid rise in 2012, QTEC is up 7.5% so far this year. The fund offers a yield of 0.90%. Although it had a bit of a dip last November, QTEC has recovered nicely and looks to continue its growth as technology becomes more pervasive in society and in people's lives.

QTEC's holdings demonstrate a clear commitment to technology, since 100% of its holdings are in that sector. Its top 10 individually held companies comprise 25.45% of the ETF's total assets.

The top five holdings are: Dell, 2.87%; Micron Technology, 2.85%; Symantec, 2.71%; Applied Materials, 2.55%; and SanDisk, 2.44%.

The technology sector is poised for tremendous growth in the near future, as currently hot technologies such as tablets and smartphones get even more popular and widely adopted.

Also consider that newer technologies, such as speech recognition and 3-D printing, will become increasingly common in the years ahead. To tap these technology trends, now may prove to be a great time to invest in the sector's ascent."

Pacific Coast Oil: Under the radar

Elliott Gue, editor *Energy & Income Advisor*, www.energyandincomeadvisor.com: "Among royalty trusts, one high-quality name continues to fly under most investors' radars. **Pacific Coast Oil Trust** (ROYT); the outfit stands to benefit from the unique dynamics of California's oil market.

To summarize, a lack of incoming pipelines connecting California to major onshore production and refining centers means that the state relies heavily on waterborne shipments of crude oil from foreign countries.

For this reason, oil prices in California tend to track Brent crude oil, an international benchmark that reflects global supply-demand conditions. In contrast, West Texas Intermediate crude trades at a significant discount. This differential favor producers with acreage in California.

Pacific Coast Oil Trust owns an interest in several fields located in the Santa Maria and Los Angeles basins of Southern California. Crude oil accounts for about 98 percent of the hydrocarbons produced from this acreage, limiting the trust's exposure to depressed NGL and natural gas prices.

Unitholders are entitled to receive 80 percent of net profits from the sale of oil and gas production from "the developed properties," which consist of the proved, developed reserves throughout area of mutual interest.

Unlike some trusts, Pacific Coast Oil Trust does not have a predetermined termination date: The trust will cease to exist when 75 percent of unitholders vote for its dissolution or when its distributable cash flow drops to less than $2 million for two consecutive years. Neither scenario is likely over the next 20 years.

Like most trusts, Pacific Coast Oil Trust distributes virtually of its cash flow to unitholders. However, unlike the majority of its peers, this trust pays a monthly distribution – an appealing feature for investors seeking regular income.

Management estimates that output from its older wells will contract at an average annual rate of 3.4 percent between 2012 and 2016.

Meanwhile, producing oil from the trust's undeveloped properties will require significant investment in drilling and production infrastructure.

These high costs should prevent wells in the remaining properties from generating much in the way of profits during first few years of the trust's existence.

To compensate, unitholders will receive 7.5 percent of the net proceeds from the sale of oil and gas from Pacific Coast Oil Trust's Orcutt properties when developmental costs exceed the proceeds from hydrocarbon sales. When the Diatomite project yields a profit, the trust is entitled to 25 percent of the net profits.

In short, the trust generates a slowly declining stream of cash flow from a mature set of wells and offers potential upside from the development of one of Southern California's most exciting oil plays.

Thus far, the trust's wellhead economics and production have exceeded expectations. Production from the Diatomite play also remains ahead of the schedule outlined in the trust's prospectus.

At this rate, the development should turn a profit over the next two to three years – well before 2020, the target envisaged in the prospectus. The achievement of this milestone should dramatically increase the amount of cash flow distributed to unitholders.

Yielding about 10 percent, Pacific Coast Oil Trust rates a buy up to $20.00 per unit, with the caveat that prospective investors should use a limit order – not a market order – to establish a position."

Japan Steps into the Void

By Peter Schiff
Euro Pacific Capital

In the years following the global financial crisis, economists and investors have gotten very comfortable with very high, and seemingly persistent, government debt. The nonchalance may be underpinned by the assumption that globally significant countries that can print their own currencies can't get trapped in a sovereign debt crisis. However, it now appears that Japan is preparing to put this confidence to the ultimate stress test.

For the better part of 20 years, successive Japanese governments and central bankers have been trying, unsuccessfully, to use quantitative easing strategies to pump up a deflated asset bubble. The economy has by and large not responded. The sustained and impressive growth that Japan delivered during the 45 years following the Second World War (which had made the country one of the most successful economic stories in world history), has never returned. For the last 20 years Japan has offered a "zombie" economy characterized by low growth, stagnation, and exploding government debt. The Japanese government now owes approximately $12 trillion, a figure representing more than 200% of GDP. The IMF expects that this figure will reach 245% by the end of this year. This gives Japan the unenviable title of having the world's highest government debt-to-GDP ratio. But Shinzo Abe, the newly elected Prime Minister of Japan, and Haruhiko Kuroda, his newly-appointed Governor of the Bank of Japan, feel much, much more debt needs to be issued to turn the economy around.

The hope that Abe would be a new kind of prime minister with a bold economic formula helped revive the long dead Japanese stock market. Between May and November of 2012, the Nikkei traded within a range of 8200-9400. As Abe's victory began to be expected, the Nikkei started moving up, reaching 10,000 by the time he was sworn in on December 26 of last year. The euphoria continued throughout the spring and by April 2 the Nikkei stood at 12,003 points. Then on April 4, BOJ Governor Kuroda made good on Abe's dovish rhetoric and announced a plan to end years of mildly declining prices by doing whatever necessary to create 2% inflation (in reality these price declines have been one of the few consolations to Japanese consumers). To achieve its goals, the government is prepared to double the amount of Yen in circulation. Stocks immediately rallied, and in less than a week the Nikkei had breached 13,000 points, taking the index to a 4 1/2-year high. It is rare that any major stock market can achieve a 50% rally in less than a year. But the rally will be costly.

The Japanese government already spends 25% of tax revenue to service outstanding debt (compared to 6% in the US). These costs become even more astonishing when one considers the extremely low rates Japan pays. Ten-year Japanese government bonds now pay less than 0.6%, and five-year yields are now a little more than 0.20%. How much will debt service costs increase if Abe succeeds in pushing inflation to 2.0%? Two percent rates would triple long term borrowing costs. Given the size of its debts, increases of such magnitude could hit Japan with the force of 10 Godzillas.

Japan has an aging demographic and as more time goes by, the pool of potential bond buyers continues to shrink. Unlike the United States, where individual savers are mostly irrelevant in the sovereign debt market, Japanese investors have largely set the market in their own country. There is evidence to suggest that Japanese savers are increasingly considering overseas sources of yield for protection from the inflation that Abe is so determined to create.

As the Nikkei has moved upward, the Japanese Yen has taken the opposite trajectory, falling more than 20% against the U.S. Dollar since the beginning of 2012, and nearly 12% since the beginning of this year (the decline has been even greater in terms of several other currencies). This steep drop, which has taken a huge bite out of the nominal gains in Japanese stocks is unusual in the foreign exchange markets, and has threatened to destabilize an already weak global financial system.

Earlier this year the falling yen issue sparked a full-fledged headline war. On February 16th, participating members of the G20 issued a statement, clearly aimed at Japan, warning against competitive devaluations and currency wars. A day later, Japan's Finance Minister stated flatly that Japan was not attempting to manipulate its currency. After some hesitation, the G20 seemed to accept this statement. For now it seems the international powers have fallen in behind Japan. Both IMF Chief Christine Lagarde and Ben Bernanke have praised Abe's policies. The prevailing opinion seems to be that weakening a currency should not be considered manipulation as long as it's done to revive a domestic economy, not specifically to harm competitors. Such an opinion qualifies as a great moment in rhetorical shamelessness.

In addition to his plans for inflationary monetary policy, Abe is also attempting to wage war from the fiscal side as well. His Liberal Democratic Party has called for over $2.4 trillion USD worth of public works stimulus over the next 10 years. This spending represents approximately 40% of Japan's current GDP and, adjusted for population, would be the equivalent of nearly $600 billion USD annually in the United States.

It should be obvious to anyone with

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Seizures of Checking and Savings Accounts

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than financial. However, the South Korea won has dropped 6% versus the US dollar in the past five weeks, even as the dollar itself was falling against almost every other currency during that time other than the yen and the Euro.

If you were a top U.S. government official taking note of all these events, what would you do? Well, we know for sure what one of the actions was –

Suppress Gold and Silver Prices

Over the past several years, standard times for the US government's trading partners and allies to slam precious metals prices were at 3:00 AM Eastern when the London market opened, at 8:30 AM when the *Comex* opened in New York, at 10:00 AM before the London PM fix, at noon, going into the *Comex* closes about 1:30 PM, then after the *Access* market opened at 2:00 PM.

Price suppression was also evident upon three-day holiday weekends (like Easter) the release of terrible financial news (such as the monthly jobs reports), and of important statements made by the Federal Open Market Committee or by the president, Secretary of the Treasury, or Federal Reserve chair.

In the past few weeks, price suppression tactics have come out almost around the clock, right from when Asian markets open about 6 PM Eastern time to any time when the gold or silver spot prices are threatening to pass technical buying point prices. For instance, yesterday the price of silver ranged 4% just during US market hours. We did have some customers who heard that the price of silver had fallen to near $27, but found it to be over $28 an hour later when they contacted us to buy.

As I warned last month, with the extreme amount of terrible financial crises looming, expect gold and silver prices to be extremely volatile. Rather than being frustrated by the difficulty of being able to purchase near the bottom of a short-lived price dip, realize that such volatility almost certainly bodes well for much higher prices in the not-too-distant-future.

An Urgent Action Plan

The possibility of a bank holiday affecting some or all of the US is now much greater than before that event hit Cyprus. Unfortunately, for a short-term bank holiday, owning physical gold or silver isn't that practical.

Think of what you would need if you could not access your bank accounts, write a check, or use a credit or debit card for a week or two. Those who could best manage such a crisis would be those holding some quantity of the local spending currency. In America, that means having physical custody of paper US dollars. The idea leaves a bad taste in my mouth, but it is a practical survival asset.

Next, think about stockpiling non-perishable food as it goes on sale in the grocery stores. You don't have to go for freeze-dried foods, which cost much more. Instead, get canned and packaged products that will last a year or so that you can rotate by consuming them as you obtain more replacements.

With food and other household goods, don't just think about having enough for your immediate family for two weeks. Think of all the nearby relatives, co-workers, and neighbors that don't prepare for a bank holiday. Being able to help them out will pay dividends in the future in terms of mutual cooperation in any future crises.

Since you will never know when your paper assets like bank accounts, retirement accounts, and the like might be seized by the government or banks, I highly recommend a minimum of 10% or your investment portfolio or net worth be held in the form of physical gold and silver held in your direct custody. Any long-term financial catastrophe would likely result in the failure of the US dollar, so a credible medium of exchange would be needed.

The important point is to start making these preparations today, unless you are already taking action. As we saw in Cyprus, disaster can strike without any advance notice.

Editor's Note: Patrick Heller owns Liberty Coin Service in Lansing, MI 400 Frandor Ave., Lansing, MI 48912, and writes *Liberty's Outlook*, 1 year, 12 issues, $149 that evaluates trends in the rare coins and precious metals marketplace and provides advice on buying and selling rare coins. For more information visit the website at www.libertycoinservice.com.

Can Equities Cushion the Blow of Falling Gold Prices?

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PR: The sole silver company I cover is **Hochschild Mining Plc** (LSE: HOC). While I do not like it in the short term, toward the end of 2014 the company will have two or three mines coming into production. I think Immaculada in Peru will be a cracker of a mine. The gold grades there are better than at Hochschild's other Peruvian operations, and it has good silver grades. At that point, its production will shoot up 50%. You will have to weather some hardships in the short term, but if you were to start buying 12 months from now, you could make some serious money.

TGR: In 2012, Hochschild posted earnings of $0.19/share. How long will it take to get back there?

"We are bullish on lead and zinc because a number of mines will close over the next two years, and the zinc price will remain very firm."

PR: I am not optimistic that 2013 will be as good as 2012. Production measured in silver equivalents will be flat. Peru's currency, the nuevo sol, has been strengthening against the U.S. dollar for about five years, resulting in some imported wage inflation. There also is inflation at San José in Argentina. Profits will probably be down a little bit. It has spent a lot of its cash, so interest income will be down as well. It will struggle this year, but 2014 looks better.

TGR: Hochschild has been something of an acquirer. Given the prices of juniors, might it use some of its cash for acquisitions?

PR: It made a big acquisition late last year. Hochschild also has been putting large amounts of money into exploration with a twofold aim. One was to extend the mine lives of its existing operations and the other was to find more company makers. I think it has 13 company makers in its exploration portfolio right now. My instinct says Hochschild will be more inclined to develop its own properties rather than buy more. However, with the recent dramatic decline in share prices, this may now change.

Editor's Note: Peter Rose has 26 years of experience in equities as a resources analyst; he has been at Fox-Davies Capital for six years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent three years with Prudential Bache and five years with James Capel. Rose's industry experience includes 16 years as a metallurgist, three years with De Beers in South Africa and eight years in the uranium industry, five of which were spent at the Ranger uranium mine.

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Bull & Bear's Mining Stock Updates

Argonaut Gold Inc.

Argonaut Gold Announces Q1 Gold Production of 28,907 Ounces

Veta Madre Deposit Adds 110,000 Inferred Gold Ounces at La Colorada, with potential for additional growth

Argonaut Gold Inc. ("Argonaut Gold" or the "Company"; TSX: AR), announced that the Company had gold production of 28,907 ounces during the 1st quarter ended March 31, 2013. This included 23,125 ounces at its 100% owned El Castillo Mine ("El Castillo") located in Durango, Mexico and 5,782 ounces of gold at its 100% owned La Colorada Mine ("La Colorada") located in Hermosillo, Mexico. Argonaut Gold is continuing its ramp up of production at both operations and we expect production increases as the year progresses. The Company is also pleased to announce an updated resource for the Veta Madre deposit at La Colorada with good expansion potential within the surrounding geologic environment.

First Quarter 2013 Highlights

El Castillo

- Production of 23,125 gold ounces, representing a 30% improvement over Q1 2012.
- 36,023 gold ounces loaded on the pad, a 2% improvement over Q1 2012.
- West Side Pad 8 construction continues to make good progress and we have now begun loading and leaching.
- Argonaut now operating all mining at El Castillo, having assumed contractor activities in March.

La Colorada

- Production of 5,782 gold ounces, an 87% improvement over Q1 2012.
- Production of 44,879 silver ounces, a 161% improvement over Q1 2012.
- 3,763 gold ounces and 70,694 silver ounces loaded on the pad.

Richard Rhoades, Chief Operating Officer of Argonaut Gold said "2013 will be an important year at El Castillo. The Company is moving forward its expansion programs this year. Nearly 30 million tonnes of pad capacity will be built on the west side pad #8. Our goal is to achieve our production targets while concurrently building for the future. In addition, capital expenditures for a west side crusher/overland conveyor, aimed at reducing costs, will be completed and fully operational in the third quarter." Mr. Rhoades added, "The grade this quarter was due to higher than anticipated grades mined on the north side of the pit".

Commenting on La Colorada production, Mr. Rhoades said, "Mining during the first half of the year will be of lower grade with a higher strip ratio. During the second half of the year, the tonnes processed are expected to increase, along with the overall grade".

Veta Madre Deposit Adds 110,000 Inferred Gold Ounces at La Colorada, Surrounding mineralized envelope provides potential growth in ounces.

The Company reported an updated NI 43-101 compliant mineral resource from SRK Consulting of Denver, CO ("SRK") showing an inferred resource of 110,145 gold ounces and 701,908 silver ounces at the Veta Madre deposit, which forms part of the La Colorada mineral system. The resource contained within an optimized Whittle-Pit consists of 6.7 million tonnes of material at an average grade of 0.51 g /t of gold and 3.25 g/t silver. There is no assurance that any part of the inferred resources will ultimately be converted to mineral reserves.

First Quarter Highlights

Pete Dougherty, President and CEO of Argonaut Gold said "The Veta Madre resource is an exciting addition which could add near term production at La Colorada. The Company aims to permit this area for production within the next year. The production is anticipated to add approximately 10-20,000 ounces annually, with minimal capital requirements. This would be built as a heap leach operation with solution pumped to the La Colorada plant."

Mr. Dougherty added, "During the first half of 2013, production expectations are for 46,000 ounces of gold at El Castillo and 9,000 ounces of gold at La Colorada. We anticipate that production will increase in the second half of 2013, with 49,000 gold ounces at El Castillo and 27,000 gold ounces at La Colorada. We are excited by the accomplishments at both mines and look forward to how capex invested through 2013 will lead to production growth and cash cost decreases at both operations."

About Argonaut Gold Inc.

Argonaut Gold is a Canadian gold company engaged in exploration, mine development and production activities. Its primary assets are the production stage El Castillo Mine in Durango, Mexico and, the La Colorada Mine in Sonora, Mexico, the advanced exploration stage San Antonio project in Baja California Sur, Mexico, the recently acquired advanced exploration stage Magino project in Ontario, Canada and several exploration stage projects, all of which are located in North America.

For more information about Argonaut Gold Inc. contact Nichole Cowles, Investor Relations Manager, at (775) 284-4422 x 101. Email: nichole.cowles@argonautgold.com or visit the website at www.argonautgold.com.

Atna Resources Ltd.

Atna Resources Reports Fourth Quarter and 2012 Fiscal Year Results and Highlights

Atna Resources Ltd. ("Atna" or the "Company") (TSX: ATN; OTCQB: ATNAF) reported audited financial and operating results for the Company's year ended December 31, 2012. Unless otherwise designated, all amounts are in U.S. dollars.

Here are Highlights for Fourth Quarter 2012 and Subsequent Events through the Report Date:

- Atna generated net income of $2.3 million, $0.02 per basic share, in the Fourth Quarter 2012 net of an income tax benefit. Income before income tax was $1.7 million.
- Net cash provided by operating activities in the Fourth Quarter 2012 was $5.0 million. Cash provided by operating activities before working capital adjustments was $3.6 million. As of quarter-end, cash and cash equivalents were $19.3 million.
- Gold sales for the Fourth Quarter 2012 from Briggs and Pinson totaled 10,003 ounces, 16 percent higher than in Third Quarter 2012 and 19 percent higher than in Fourth Quarter 2011. Briggs sold 9,600 ounces in Fourth Quarter 2012 and 8,400 ounces in Fourth Quarter 2011.
- Briggs produced $7.2 million in operating cash flow and $3.8 million of income before tax and intercompany allocations in the Fourth Quarter 2012. Pinson remains in development.
- Construction of surface facilities at Pinson including an assay lab, backfill facilities, expanded surface stockpile areas and dewatering capacity were completed in the fourth quarter 2012.

A total of 894 feet of development was completed, and 4,187 tons of oxide and sulfide ores were mined and stockpiled in Fourth Quarter 2012 at Pinson. Approximately 3,400 tons of oxide ore were sold in the quarter resulting in receipt of $0.8 million.

- In February 2013, Pinson received its major permit modification to allow the expansion of production to 400,000 tons of ore per year.

To date, four stopes have been developed at the Pinson Mine, with underhand mining below concrete rock fill being employed in two of these stopes.

- Four operating crews are presently employed at Pinson working on a 24-hour per day, 7 day per week schedule.
- In March of 2013, the remaining credit facility of C$17.5 million with Sprott Resource Lending was extended with C$1.46 million due each month commencing September 30, 2013 and ending on August 29, 2014.

Full Year Highlights, December 31, 2012:

- Atna generated net income of $6.9 million, $0.05 per basic share in 2012. Income before income tax was $7.1 million, an increase of 18 percent relative to 2011.
- Net cash provided by operating activities in 2012 was $13.6 million.
- Gold sales totaled 36,454 ounces from Briggs and Pinson in 2012, an increase of 13% over 2011. Revenues increased in 2012 by 15% to $59.8 million from $51.8 million in 2011.
- Briggs produced $23.1 million in operating cash flow and $15.4 million of income before tax and intercompany allocations in 2012.
- New NI 43-101 compliant technical reports were filed for the Pinson-underground, Reward and Briggs gold properties during Second Quarter 2012, updating resources, reserves, economics and mine plan outlooks.
- A proven and probable ore reserve of 1.7 million tons at an average grade of 0.369 ounces per ton, containing 644,600 ounces of gold was declared for the Pinson-underground project.
- The Technical Report for Reward filed in Second Quarter 2012 increased mine life by two years over the prior estimate. This Report indicated the project is expected to have a six year life producing at an average annual rate of approximately 35,000 ounces, producing a projected net present value (NPV) of $100 million, using a gold price of $1,500 and a discount rate of 5%.
- Development of Pinson was significantly advanced in 2012 and two shipments of oxide ore mined during development were completed prior to year-end.
- A seven-hole metallurgical drilling program was completed at the Columbia gold project with positive results indicating continuity and good grades. An environmental and technical baseline study was also conducted.
- Final top soil placement was completed at the Kendall mine closure site in Montana.
- In September 2012, the Company issued 17,250,000 shares and 1,035,000 warrants netting approximately $16.3 million.
- A total of 8.5 million C$0.70 warrants were exercised in 2012 for net proceeds of $6.0 million. Approximately 4.5 million warrants were exercised in the fourth quarter.

Additional details may be found in the MD&A and Financials filed on SEDAR and EDGAR or on the Company's website at www.atna.com.

Atna Cuts 120 feet Grading 0.057 oz/ton Gold at Reward Gold Project

Atna Resources Ltd. ("Atna" or the "Company") (TSX: ATN; OTCQB: ATNAF) recently provided results from the remaining drill holes in the recently completed Reward gold project drilling program near Beatty, NV. The drilling program is designed to expand the existing resource and reserves at Reward. Fourteen holes were completed in the program for a total footage of 9,013 feet (2,747 m). Assays have been received on all holes with continued promising results in the new zone announced last month (February 25th, 2013 press release).

Highlights from the new drill results include:

- 145 feet (44.2 m) grading 0.020 oz/ton gold (0.68 g/t gold) in hole RW13-038
- 115 feet (35.1 m) grading 0.020 oz/ton gold (0.68 g/t gold) in hole RW13-042
- 80 feet (24.4 m) grading 0.041 oz/ton gold (1.42 g/t gold) and 50 feet (15.2 m) grading 0.016 oz/ton gold (0.55 g/t gold) in hole RW13-049
- 120 feet (36.6 m) grading 0.057 oz/ton gold (1.95 g/t gold) which includes 45 feet (13.7 m) grading 0.109 oz/ton gold (3.73 g/t gold) in hole RW13-050.

"The second round of results along the eastern and southeastern flank of the main Reward gold deposit has confirmed the presence of a new gold zone at Reward. The zone has now been traced for over 800 feet (240 m) along strike and remains open to the north, south and down dip to the east. An additional drilling program is being designed to follow-up on these promising results," states Atna's President & CEO, James Hesketh.

To view the complete Reward Drilling Assay Results visit the Company's website at www.atna.com.

About Atna Resources

Atna Resources is a gold production and development company with a focus in the western US. Atna is producing gold at its Briggs mine located in Inyo County, California and is currently in early production stage at the Pinson underground gold mine near Winnemucca, Nevada. Infrastructure development has been substantially completed at the permitted Reward gold mine near Beatty, Nevada and early feasibility study work is being conducted at the Pinson open pit project and at the Columbia gold project located near Lincoln, Montana.

For additional information on Atna Resources, its mining, development and exploration projects contact James Hesketh, President at (303) 278-8464 or Valerie Kimball, Investor Relations, toll-free (877) 692-8182 Email: vkimball@atna.com or visit the website at www.atna.com.

Bull & Bear's Mining Stock Updates

BacTech Environmental Corp.

BacTech Receives Water Use Authorization for Proposed Bioleach Plant in Snow Lake, Manitoba

BacTech Environmental Corporation ("BacTech" or the "Company", CNSX: BAC, OTC PINK: BCCEF, WKN: A1H4TY) announced that it has received a Development Authorization for its application to divert and use water from Snow Lake for industrial purposes.

The Water Use Licensing Section of Manitoba Conservation and Water Stewardship has granted BacTech the rights to construct a pipeline from Snow Lake to the bioleach plant site for use in its operations. BacTech will be responsible for negotiating all legal rights, by ownership, lease rental or other agreement, for the proposed pipeline route.

The authorization allows BacTech to proceed with construction of the proposed water diversion and to operate it until the expiry of the date of the permit, March 31, 2014. At that time, a license can be issued for a longer period of time if the Licensing Section has confirmed that BacTech has complied with the conditions of the Development Authorization.

BacTech also reports that it is making progress in arranging a suitable financing for the proposed bioleach plant.

"It's a tough market for capital raising. Developments such as this approval help push the project forward as we move toward financing and construction", said Ross Orr, President and CEO of BacTech.

About BacTech Environmental Corp.

BacTech Environmental Corporation holds the perpetual, exclusive, royalty-free rights to use the patented BACOX bioleaching technology for the reclamation of tailings and mining waste materials. In December 2011, BacTech signed a contract with the Mines Branch of the Manitoba Department of Innovation, Energy and Mines to remediate an Arsenopyrite Residue Stockpile ("ARS") situated at the Snow Lake Mine in Snow Lake, Manitoba, to eliminate further leaching of arsenic generated within the ARS into the surrounding watershed. The Company continues to field enquiries globally with respect to additional opportunities for remediation.

For further information on BacTech Environmental Corporation contact Ross Orr, President and CEO at (416) 813-0303 ext 222. E-mail: info@bactechgreen.com or Bill Mitoulas, Investor Relations, at (416) 479-9547, E-mail: billm@bactechgreen.com or visit the website at www.bactechgreen.com.

Puma Exploration

Puma Exploration Drills 0.41% Copper Equivalent (CuEq*) Over 60.5 Meters in Hole FM12-01 at Nicholas-Denys Project, New Brunswick

Puma Exploration (TSX.V: PUM) has announced the results of hole FM12-01 drilled at the Millstream Iron Skarn Deposit and grading 0.41% CuEq over 60.5 meters. The hole was collared to drill test the depth extension of the Millstream Iron Skarn Deposit outcropping at surface. Hole FM12-01 encountered 94.8 meters of skarn horizon showing distinct metal zonation including copper, gold, silver and speciality metals as bismuth (Bi), molybdenum (Mo) and tungsten (W).

Prior hole FM12-01, Puma drilled three (3) shallow holes in 2007 to better locate and define the surface expression of the Millstream Iron Skarn Deposit. Similar copper grade and thickness were observed in the holes as hole F07-04 grades 0.50% Cu, 0.15 g/t Au and 6.6 g/t Ag over 29.3m, hole F07-05 grades 0.46% Cu, 7.4 g/t Ag over 4.7m and hole F07-06 grades 0.42% Cu, 0.10 g/t Au and 4.3 g/t Ag over 26.7m.

Highlights include:

- Intersection of 94.8 meters of the favourable skarn horizon in hole FM12-01 grading 0.28% CuEq*;
- Continuous copper mineralization over 60.5 meters grading 0.41% CuEq*;
- Speciality metals encounters: Bismuth, Molybdenum and Tungsten;
- A new 3D mag inversion shows a potential source (feeder) of the skarn horizon and porphyry deposits

To view complete drill results of the Nicholas-Denys Project visit the Company's website at www.explorationpuma.com.

About Nicholas-Denys Project

Puma Exploration has conducted extensive exploration program at Nicholas-Denys in 2012 with 22 holes for 3,970 meters of drilling, 25 trenches for 3,100 meters of trenching and stripping of about 9,600 m2 were directed on the two main structures which are the Rocky-Brook-Millstream and Main Fault Zones.

The 2012 exploration results indicated that the Nicholas-Denys property contains a significant polymetallic mineralization system that is open for extension. The area explored to date represents only 20% of the total length of the favourable corridor which extends over more than 10 km. The discovery of new silver-gold structures and lenses along the Rocky-Brook-Millstream Fault and the northern second main fault with newly proved skarn horizon represent a key step toward the definition of an economic deposit.

About Puma Exploration

Puma Exploration is a Canadian mineral exploration company with advanced precious and base metals projects in Canada. The Company's major assets are the Nicholas-Denys Silver Project and Turgeon Copper Project in New Brunswick and the Little Stull Lake Gold Project in Manitoba. Puma is focusing its exploration efforts in New Brunswick, Canada, which has been ranked the best place in the world to conduct mining exploration by the 2012 Fraser Institute Survey.

For more information of Puma Exploration contact Marcel Robillard, President at (418) 724-0901 or Shawn Khunkhun, Corporate Development at (604) 602-1440, toll free, 1-800-321-8564. Email: info@explorationpuma.com or visit the website, www.explorationpuma.com.

Torex Gold Resources Inc.

Torex Intersects Au-Ag-Cu Mineralization Outside Media Luna Magnetic Anomaly

Torex Gold Resources Inc. (the "Company" or "Torex") (TSX: TXG; TXG.W.A.) reported that two boreholes located approximately 100 metres southwest of the Media Luna magnetic anomaly, intersected mineralization in a non magnetic area. Borehole WZML-30 encountered 5.4 g/t Au eq. over 11.7m and borehole WZML-26 encountered 3.9 g/t Au eq. over 4.6m. In addition, the inferred resource drilling program continues to intersect high grade mineralization over significant widths within the Media Luna magnetic anomaly target at the Company's Morelos Gold Project in Mexico. Highlighted intercepts from the three known mineralized zones reported today, include borehole NEZML-22, which intersected 8.81 g/t Au eq. over 38.2m; borehole WZML-31, which intersected 5.34 g/t Au eq. over 29.9m; borehole WZML-35, which intersected 4.09 g/t Au eq. over 37.3m; borehole CZML-03, which intersected 20.66 g/t Au eq. over 6.0m; and borehole NEZML-24, which intersected 8.49 g/t Au eq. over 13.7m.

Fred Stanford, President & CEO of Torex stated: "The gold mineralization in the known deposits north of the Balsas River are not associated with strong magnetic anomalies so we are intrigued by the discovery of gold-silver-copper mineralization south of the Balsas River outside the Media Luna magnetic anomaly. However, the significance of these new results is unknown at this time and will be followed up as part of our ongoing exploration program. We have 12 drill rigs that are aggressively advancing a resource drilling program that has a goal of delivering a maiden inferred level resource in Q1/2014. The resource program is focused on three areas in the center of the Media Luna target where we have optimal drilling access with the current road network. The three areas are outlined on the maps (to view visit www.torexgold.com) and are named the West, Central, and North East zones. All of the drill results reported are associated with the resource drilling program and continue the encouraging pattern of demonstrating a large mineralizing system that now appears to extend beyond the magnetic footprint." He added "An additional two drill rigs are testing targets outside of the resource area, exploring for new discoveries. These rigs will continue to operate from existing roads until we receive permits that will allow us to build new access roads into our high priority target area. As results become available, they will be reported separately from the resource program."

One hundred one drill holes have been completed at Media Luna over a strike length of approximately 1.85 km and a width of 1 km. Gold-copper-silver mineralization is associated with skarn alteration (pyroxene-garnet-magnetite) and later sulfides, which developed at the contact of granodiorite with marble. There is a clear association of gold, copper and silver with retrograde amphibole, phlogopite, chlorite, calcite ± quartz ± epidote alteration of exoskarn. This mineral assemblage can occur as pervasive replacement of skarn minerals, sometimes preserving garnet and pyroxene outlines, or as veinlets with black chlorite or phlogopite halos cutting across massive skarn bands. Sulfidation of skarn assemblages is closely related to retrograde alteration and is extensively developed at Media Luna.

Within the sectors currently undergoing in-fill drilling, the granodiorite-marble contact dips at roughly 35 degrees to the southwest and is locally disrupted by apparent structural zones. The skarn is thicker and the grade and thickness of gold-copper-silver mineralization appears to increase in proximity to these irregular contact zones, especially where the contact steepens or forms a trough. A ZTEM survey is planned to help highlight significant structural zones that may have been critical mineralizing fluid conduits.

The focus of on-going exploration is to complete a resource drill program focused on the three sectors in the central portion of Media Luna, continue to drill test the length and width of the Media Luna and Media Luna West magnetic anomalies, and advance testing of additional highly prospective magnetic anomalies in the area. Additional target generation work is planned when ZTEM survey results and interpretation are received.

The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

To view highlights of resource drilling at Media Luna and to view maps named the West, Central, and North East zones visit www.torexgold.com.

About Torex Gold Resources

Torex Gold Resources is a growth-oriented, Canadian-based resource company engaged in the exploration and development of precious metal resources with a focus on gold. It owns 100% of the Morelos Gold Project, a development stage project, located 180 kilometres southwest of Mexico City in the highly prospective Morelos Gold Belt. Torex is aggressively exploring within its property to identify a pipeline of additional future economic deposits. The project covers an area of 29,000 hectares of which more than 75% remain unexplored.

For further information on Torex Gold Resources Inc. contact Fred Stanford, President and CEO, (647) 260-1502 or Gabriela Sanchez, VP Investor Relations, (647) 260-1503. Email: gabriela.sanchez@torexgold.com or visit the website at www.torexgold.com.

Merrex Gold Inc.

Merrex Gold – Siribaya Project Update – Exploration to Continue

Gregory Isenor, P.Geo., President and CEO of Merrex Gold Inc. ("Merrex") (TSX.V: MXI) announced that discussions with project operator IAMGOLD Corporation ("IAMGOLD") have confirmed that exploration will continue at Siribaya during 2013. The extent to which IAMGOLD's recently announced cost savings including exploration cutbacks might have impacted future exploration progress on the Siribaya Project has been a concern to the Merrex shareholders. We are pleased to report that exploration on the Siribaya Project will continue notwithstanding IAMGOLD's overall exploration cutbacks.

About Merrex Gold Inc.

Merrex is primarily a West African focused gold exploration company with experienced management, a solid exploration team, a prominent gold-producer as a partner and an expanding gold resource... a winning combination offering investors an extraordinary opportunity.

For more information on Merrex Gold Inc. and the Siribaya Gold Project contact Laurie Vaughan, Corporate Affairs, Tel: (902) 832-5555, Fax: (902) 832-2223, Email: info@merrexgold.com or visit the website at www.merrexgold.com.

Bull & Bear's Mining Stock Updates

U.S. Silver & Gold Inc.

U.S. Silver & Gold Reports Fourth Quarter and Year-End 2012 Financial Results

U.S. Silver & Gold Inc. (TSX: USA) (OTCQX: USGIF) ("U.S. Silver & Gold" or the "Company") recently reported year-end financial and operational results for 2012. All figures are in U.S. dollars unless otherwise noted.

Financial Highlights

For the fourth quarter of 2012, the Company reported the following results from continuing operations:

- Revenues of $25.5 million
- Adjusted net income of $0.3 million or $0.01 per share prior to a $14.4 million non-cash impairment charge related to the Drumlummon Mine and one-time, merger-related expenses
- Net loss of $16.6 million or $0.27 per share
- Strong production of 661,000 silver ounces at cash costs of $17.65 per silver ounce
- Cash balance of $18.9 million at December 31, 2012

For the full year 2012, the Company reported the following results from continuing operations:

- Revenues of $94.9 million
- Adjusted net income of $4.7 million or $0.08 per share prior to a $14.4 million non-cash impairment charge related to the Drumlummon Mine and one-time, merger-related expenses
- Net loss of $17.8 million, or $0.29 per share
- Production of 2.57 million silver ounces at cash costs of $18.33 per ounce with the Drumlummon Mine consolidated for the full fiscal year 2012

Earnings for the quarter and full year were impacted by non-cash impairment charges related to the Drumlummon mine. These non-cash charges were identified as part of the Company's normal course value impairment testing and were due to a number of factors, including a capital allocation decision to focus exploration spending in 2013 on the Caladay Zone at the Galena Complex, a year-over-year reduction in measured, indicated and inferred resources, an industry-wide reduction in precious metal valuations and increases in operating costs.

"The Caladay Zone has the potential to double the Company's silver production and significantly reduce operating costs without the need to issue equity to fund its development at current silver prices," commented Darren Blasutti , President and CEO of U.S. Silver and Gold. "The close proximity of the Caladay Zone to our existing infrastructure, coupled with spare hoisting and milling capacity should position us for strong production growth and operating cost leverage, thereby enhancing future profitability."

Corporate Highlights

- In 2012, the Company replaced proven and probable reserves of 23.2 million ounces and reported measured and indicated resources of 13.0 million ounces (an increase of 8 percent) and inferred resources of 14.4 million ounces as at December 31, 2012 and an additional 4.0 million ounces of inferred resources as at March 19, 2013 (versus 13.1 million ounces as at December 31, 2011). Please see SEDAR or www.us-silver.com for the Company's independent NI 43-101 compliant technical report in respect of the Galena Complex dated March 22, 2013 (the "Galena Technical Report") prepared by Chlumsky, Armbrust & Meyer, LLC ("CAM").
- Drilling continues to identify significant mineralization in the Caladay Zone since the January 30, 2013 press release including 20 feet of 15.9 ounce per ton (544 grams per tonne) silver equivalent, 23.9 feet of 12.3 ounces per ton (422 grams per tonne) silver equivalent and 1.9 feet of 100.4 ounces per ton (3,443 grams per tonne) silver equivalent. For additional results, see Tables posted on the Company's website www.us-silver.com.
- Silver production in 2013 is forecast to grow approximately 10 – 15 percent to 2.7 – 3.0 million ounces with projected silver cash costs of $17.00 to $19.00 per ounce.

Consolidated Mine Production and Operating Costs

As previously announced in the press release of January 30, 2013, the Company had strong fourth quarter consolidated silver production totalling 661,337 ounces along with gold production of 3,832 ounces. Consolidated silver cash costs decreased from $18.72 in the third quarter of 2012 to $17.65 per ounce in the fourth quarter.

In 2012, the Company produced 2.31 million ounces of silver and 5,691 ounces of gold at a by-product cash cost of $18.33 per ounce silver, compared to 2.32 million ounces of silver and cash costs of $15.82 per ounce in 2011. Had RX Gold been consolidated with U.S. Silver & Gold for the entire fiscal year, annual silver production would have been 2.57 million ounces, representing an increase of 11 percent over 2011. Consolidated annual gold production would have been 20,432 ounces.

The Company recorded a net loss of $17.8 million for the year ended December 31, 2012 compared to net income of $12.4 million for the year ended 2011. The decrease in earnings was primarily attributable to impairment charges at the Drumlummon Mine, higher depreciation, depletion and amortization, lower realized silver prices as well as higher cost of sales, higher general and administration expenses, higher exploration costs, higher stock-based compensation expense and lower income tax expense for 2012 compared to 2011.

The full earnings release is available on the Company's website and should be read in conjunction with the Company's MD&A, Financial Statements and Notes to Financial Statements for the corresponding period, which have been posted on SEDAR at www.sedar.com and are also available on the Company's website at www.us-silver.com.

About U.S. Silver & Gold Inc.

U.S. Silver & Gold Inc. is a newly formed silver and gold mining company focused on growth from its existing asset base and the execution of targeted accretive acquisitions. U.S. Silver & Gold owns and operates the Galena Mine Complex in the heart of the Silver Valley/Coeur d'Alene Mining District, Shoshone County, Idaho and the Drumlummon Mine Complex in Lewis and Clark County, Montana. Within the Galena Mine Complex, the Galena Mine produces high-grade silver and is the second most prolific silver mine in U.S. history, delivering over 200 million ounces to date, the Coeur Mine is under re-development with first production having been achieved in late 2012 and the Caladay Zone is being evaluated for bulk mining development. The Drumlummon Mine currently produces high-grade gold and silver with historical production of 1 million ounces of gold and 12 million ounces of silver and has never been fully exploited or explored.

For more information on U.S. Silver & Gold Inc., In the United States contact Heather Bailey, Manager Investor Relations at Phone: 208-556-1535 Ext. 1002. In Canada contact Nicole Richard, Investor Relations, at 416-848-9503, Email: info@us-silver.com or visit the website at www.us-silver.com.

Endeavour Silver Corp.

Endeavour Silver Reports Record production in First Quarter, 2013; Produces 1,489,746 oz Silver (Up 39%) and 15,032 oz Gold (Up 138%)

Endeavour Silver Corp. (TSX: EDR, NYSE: EXK) announced that the Company set new records for silver and gold production in the First Quarter, 2013 from the Company's three operating silver mines in Mexico, the Guanacevi Mine in Durango State and the Bolanitos and El Cubo Mines in Guanajuato State.

Silver production in the First Quarter, 2013 was up 39% to 1,489,746 ounces (oz) and gold production was up 138% to 15,032 oz compared to the First Quarter, 2012. Revenues were up 42% to US$69.9 million thanks to the increased metal production and some sales of accumulated concentrate, partly offset by lower metal prices.

Production Highlights for First Quarter, 2013 (Compared to First Quarter, 2012)

- Silver production increased 39% to 1,489,746 oz
- Gold production rose 138% to 15,032 oz
- Silver and equivalents production escalated 63% to 2.32 million oz (at a 55:1 silver: gold ratio)
- Revenues jumped 42% to $69.9 million on 1,515,077 silver oz sold and 15,724 gold oz sold
- Realized silver price fell 11% to $29.38 per oz sold (2% below average price for Q1/13)
- Realized gold price fell 4% to $1,686 per oz sold (1% below average price for Q1/13)
- Bullion inventory at quarter-end included 234,970 oz silver and 2,091 oz gold
- Concentrate inventory at quarter-end included 321,487 oz silver and 5,589 oz gold
- Signed two new concentrate sales contracts for Bolanitos cons to facilitate higher production

Godfrey Walton, President and COO, commented, "Endeavour's mining operations enjoyed a good start to 2013 with record quarterly silver and gold production in the First Quarter, 2013. Guanacevi rebounded from a slow start with better than planned silver grades and recoveries thanks to the commencement of production at the Porvenir Cuatro mine. Bolanitos continued to exceed expectations with higher than planned mine output, the extra ore being processed at the leased Las Torres plant near El Cubo and the extra concentrates being sold thanks to two new concentrate sales contracts. El Cubo continued to improve with higher production tonnes and grades compared to Q4, 2012."

The Company did plan on strong Q1 production to compensate for a possible dip in Q2 production related to the plant and surface infrastructure rebuilding programs at El Cubo. The reconstruction of the El Cubo plant remains on time and budget but some lost production days are anticipated in Q2 for both El Cubo and Bolanitos ores during the re-commissioning of the El Cubo plant. Revenue from the sale of concentrates in Q1 is subject to adjustment upon final settlement in Q2 including metal prices.

About Endeavour Silver Corp.

Endeavour Silver is a mid-cap silver mining company focused on the growth of its silver production, reserves and resources in Mexico. Since start-up in 2004, Endeavour has posted eight consecutive years of growing silver production, reserves and resources. The organic expansion programs now underway at Endeavour's three operating silver mines in Mexico combined with its strategic acquisition and exploration programs should facilitate Endeavour's goal to become the next premier senior silver mining company.

For more information on Endeavour Silver Corp. please contact Meghan Brown, Director Investor Relations or Lana McCray, Corporate Communications Co-Ordinator, Toll free: (877) 685-9775, Tel: (604) 685-9775, Fax: (604) 685-9744, Email: mbrown@edrsilver.com or lmccray@edrsilver.com, or visit the website: www.edrsilver.com.

The Resource Investor

Batero Gold's Colombia Project Resource Estimate Shows More Than 6 Million Oz of Gold...and Growing

Batero Gold Corp. is focused on exploration and development of Batero-Quinchia gold project located within the Middle Cauca Belt in Colombia. The Batero-Quinchia project is 100% owned with no NSR or back-in rights and 100% ownership of surface rights above the La Cumbre deposit where the company is evaluating a mine development plan for the higher grade oxidized gold mineralization. A strategic alliance with Consorcio Minero Horizonte provides a $20 million financing and an experienced mining partner as Batero advances La Cumbre toward a development decision. Batero continues to make measurable progress towards a development decision at its 100% owned Batero-Quinchia Project. Well-funded and aligned with the right partners, Batero is anticipating delivery of a Preliminary Economic Assessment in the second quarter of 2013. Progress to date includes infill drilling of the high grade core, geotechnical drilling to assess pit wall slope angles and stability, metallurgical bottle roll and column tests on a matrix of mineralized units, and an infrastructure assessment. Geotechnical engineering is ongoing. Local partners and supporters share the company's vision, have vested interests in the company, and are committed to the project's success. Batero is evaluating the most efficient and cost effective mine scenario, including a leach processing circuit and the optimum starter pit production rate from the near and at surface higher grade oxidized gold mineralization at the La Cumbre deposit, one of three porphyry deposits at the Batero-Quinchia project. The development of a prospective starter pit at La Cumbre could potentially serve as the first phase of a larger staged mine development. The Project has further exploration potential as more than 60% of the project area is unexplored.

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Teryl Resources Intent on Replicating Strategy of $15 Million Sale of the Gil Venture to Kinross Gold

Teryl Resources Corp. has several gold prospects in Alaska near the Kinross Fort Knox Mine, a 10% net profit interest in the Stepovich claims. A 100% interest in the Westridge property and a 50% option on the Fish Creek property, adjacent to the Gil property. Teryl sold its 20% interest in the Gil property in Fairbanks, Alaska to Fairbanks Gold Mining Corp. to date $2.5 million dollars has been received and an additional $1.5 million payment upon production; $15 million (less advanced payments) from the 1% NSR of the property, thereafter Teryl retains a 1/2 of 1% royalty for the life of the mine. Teryl owns a 30% working interest and a 10% NPI interest in the Silverknife property, a silver/lead/zinc prospect located in Northern B.C. adjacent to Silvercorp's silver/lead/zinc discovery. A re-sampling program at Silverknife in 2012 confirmed the presence of high grade silver, lead and zinc. Teryl intends to model and define the extent of the Silverknife mineralization in order to target 2013 drill holes. Teryl recently announced that Teryl, Inc., a division of Teryl Resources Corp., has appointed Pete Rutledge, Geologist, as an independent contractor to supervise the drilling on the Fish Creek property, and to evaluate the Westridge claims. Lode and Placer drilling on the Fish Creek property is to commence this spring. The Westridge Property is a road accessible Gold property situated due south of Kinross' True North gold deposit. Gold disposition in the area appears to be controlled by a series of NW/SE fault systems such as the Eldorado fault. The Eldorado fault, which cuts through the West Ridge property, is the best documented of these district scale northeast structures and appears to control both the Ryan Lode (2.4 million ounces) and the True North. The Westridge property is located approximately 16 km north of Fairbanks, Alaska. The claims cover approximately 1,749 acres on the north flank of the main ridge between Pedro Creek and upper Dome Creek; both of these drainages were significant historic placer gold producers.

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Lithium Americas Feasibility Study Confirms Cauchari-Olaroz Project as World's 3rd Largest Lithium Brine Resource

Lithium Americas Corp. is developing one of the world's largest and lowest cost lithium operations. The company currently has rights over approximately 165,000 hectares in five salt lakes in the Jujuy and Salta Provinces of Argentina. Main Property Package (Cauchari and Olaroz) – 3rd Largest Lithium Brine Resource in the World. The company's main property (approximately 83,000 ha) comprises a significant portion of two adjacent salt lakes, Cauchari and Olaroz, located in Jujuy, Argentina. Based on a 43-101 Technical Report, the Company's main property hosts the third largest known lithium brine resource in the world. As the resource estimate was based on exploration results obtained from only approximately one-third of the main property, with all drill holes still open at depth, there is the potential to significantly increase the size of the resource estimate in the future. A definitive Feasibilty Study has been completed on this project by the independent engineering firm ARA WorleyParsons. ARAWP has a significant amount of experience in lithium brine processing, having designed and participated in building the world's largest and lowest cost lithium brine processing facility in Chile. The Feasibility Study concludes that the company's lithium project has favourable economic potential. The Feasibility Study's base case NPV, assuming an 8% discount rate, is US$738million pre-tax, and US$464million post-tax. Lithium Americas expects to achieve significant upside on the Feasibility Study financial results through the execution of its business plan to build Stage 2 of the project. Revenue generation from Stage 2 production is expected to commence in 2020, and is expected to be approximately equal to Stage 1. The company holds additional exploration prospects within 3 other salt lakes in the Puna Plateau, aggregating to approximately 82,200 ha.

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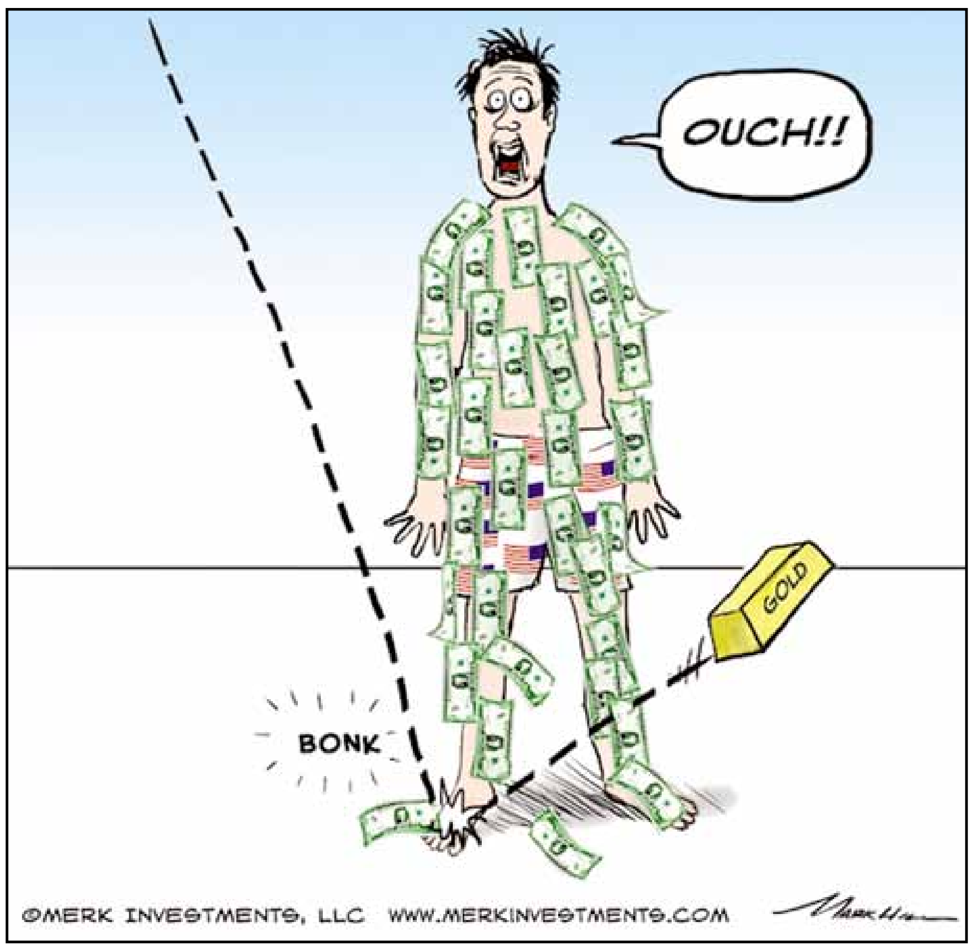
Gold and Currency Outlook

By Axel Merk
Merk Investments



Anyone who's ever had a brick fall on one's feet knows how much it can hurt. It's little consolation if that brick is made of gold. What's happening to the price of gold? And has our outlook changed, be that for gold, the U.S. dollar or currencies more broadly?

With regard to gold, the primary change is in its price. That's not a very good reason to be more positive or negative on the fundamentals of the yellow metal. Since the market appears to be in a "glass half-empty mood", let's list some of the negatives:

• China's GDP growth has slowed to 7.7%, ushering in an era of more modest growth. In the past, disappointing growth numbers out of China have, on occasion, been a negative for the price of gold, as well as broader "risk sentiment".

• Indeed, as European Central Bank (ECB) President Draghi has recently pointed out, the reason the ECB isn't printing more money is because other central banks have shown that it doesn't work. For the time being, the market appears to agree: the printing presses have not achieved a great deal, as exemplified by lackluster growth in the developed world. Indeed, we have pointed out many times that the biggest threat we might be facing is economic growth. That's because once the money that's been "printed" starts to "stick", then deficits start to matter as bond markets throughout the world might sell off.

• The Eurozone has not fallen apart, and rampant inflation has not taken hold. Sure, certain prices have skyrocketed, but overall, the market as a whole is rather complacent. As such, it's only reasonable for gold to take a breather.

• There's a lot of "exit" talk at the Federal Reserve (Fed) with even doves calling for a phasing out of purchases towards the end of the year. Never mind that a "phasing out of purchases" is not an exit. As we discussed in our recent analysis "Fed Exit – What Exit?", much of this talk might be wishful thinking. Surely the Fed would like to go back to a more normal environment, but recent disappointing data, such as disappointing nonfarm payroll and retail sales reports show that such talk might be premature. Still, forward looking markets might start to price in that "at some point" there may be an exit from the highly accommodative monetary policy.

In the past, we have cynically indicated that there's never been a Eurozone crisis; instead, there's a global crisis. It is naïve to think that Japan's problems are all solved with the one time salvo of the Bank of Japan. Similarly, the Bank of England is about to get Mark Carney as their governor, suggesting that a higher inflation target and/or nominal GDP targeting is in the cards. And in the U.S., Bernanke's term is ending early next year; the last time we checked, Paul Volcker was not the most likely candidate to succeed Bernanke, but super-dovish Janet Yellen was the frontrunner. Taken together, there are plenty of reasons to believe that we haven't seen anything yet with regard to the price of gold – and with that, we mean on the upside. However, investors were reminded of the fact that gold is historically rather volatile, even if recent volatility is on the high side even by historic standards. We also have to keep in mind that a lot of technical damage has taken place: many investors that bought gold in the past 2 years have paper losses and might be eager to sell on rallies. From our point of view, volatility is your friend, as it shakes out weak holders of gold, making price appreciation ultimately more sustainable.

The recent volatility in gold does raise a broader concern: it appears there are fewer and fewer actors in the markets, with trading ever more driven by computer models and hedge funds. When the going gets tough, few bids are in the markets. That's a challenge going far beyond the yellow metal, extending to stocks and other markets. Reduced liquidity makes for rocky markets. On that note, don't think for a moment that there is a place to hide: as we have indicated many times in the past, there may be no such thing as a safe haven anymore; in holding U.S. dollar cash, one's purchasing power may be at risk. But holding gold is certainly not "safe" either if you value your holdings in dollar terms rather than by the amount of troy ounces held. Central banks have addressed this challenge by diversifying to baskets of currencies, including gold. Investors should not trust that their government will preserve the purchasing power of their currencies for them, but may want to take a more active approach. We happen to like currencies - and I shall group gold into this as the ultimate hard currency, as they carry no equity risk and typically low interest and credit risk; as such, in a volatile world, currencies and gold allow one to take a direct position on what we call the 'mania' of policy makers. We may not like what policy makers are up to, but we think that they are rather predictable.

Moving beyond gold, here's a brief update on our *Merk 2013 Dollar, Gold & Currency Outlook* we published earlier this year:

• Japan. In line with our forecast, the yen has weakened rather dramatically in recent months. In days of extreme risk aversion, such as this past Monday, the yen continues to be a beneficiary. But our analysis has shown that its status as a beneficiary of the "flight to safety" has continued to erode. Nothing goes down in a straight line, and the yen is no exception. Our medium term view on the yen is unchanged. With Japan's current account deficit eroding, Japan's massive debt burden is going to matter. Japan will, in our assessment, get more than it is bargaining for. Our outlook for the yen continues to be grim, as in worthless. Keep in mind, though, that Japan is large enough to matter for the rest of the world, fostering not just liquidity, but also volatility that may well be exported as Japan morphs into new stages. The one thing more dangerous than a determined politician is a determined politician with a two-thirds majority in parliament.

• We called the euro the potential rock star for 2013. But have since indicated that it may be a rocky ride to rock stardom. While it's become clear by now that policy makers in the Eurozone are more willing to tax widows and widowers than cede sovereign control over their budgets, we are encouraged by the fact that the market is ever more differentiating, targeting pockets in the Eurozone, such as a national banking system or select sovereign bonds, rather than selling of the euro as a whole whenever a crisis flares up in the Eurozone.

• With regard to the British pound sterling, we continue to await the arrival of Mark Carney, the current head of the Bank of Canada, to steer the Bank of England (BoE). In the meantime, however, as the BoE is in a holding pattern, the sterling is a beneficiary while the market focuses on crises elsewhere.

• Canada's economy is weakening, but here too we await the announcement of the successor to Carney. As we have previously indicated, if Macklem, his current deputy, is appointed, we may get a real hawk at the helm of the BoC.

• Similarly, the Australian economy is weakening, with the commodity sector possibly hit particularly hard in the second half of the year. What holds up the Australian dollar is the massive money "printing" in Japan. That has left us cautiously optimistic, but - just like any investment - it's not a risk free proposition. Early this year, we indicated that the New Zealand dollar is our favorite in the region; we continue to like the kiwi, as the currency is also called, but it's not immune from a broad-based selloff in the markets.

• The Chinese yuan has done quite well, in line with our expectations. China is likely the most prudent player in Asia, as other countries get ever more nervous about Japan's activist approach to the yen. In that context, our more cautious view on the Korean won has also shown to be prudent, as Korea has most to lose when the Japanese yen is weak, as the country sees its car export market threatened. Clearly, there's added volatility in the Korean won based on the tensions with the North.

With regard to the U.S. dollar, as we indicated, some Fed officials might have gotten ahead of themselves. It's almost as if they listen to staffers at the Federal Reserve Open Market Committee (FOMC) give their predictions, then carry that word to the street, without them actually paying attention to the interim news flow. Much of this is also a symptom of the times that the Fed might be "flying blind" as it controls the entire yield curve, robbing policy makers of feedback from the markets necessary to conduct prudent policy.

Editor's Note: Axel Merk is the President and Chief Investment Officer of Merk Investments, manager of the Merk Funds, www.merkinvestments.com. Follow Axel Merk on Twitter to receive real-time updates on the economy, currencies, and global dynamics at @AxelMerk.

Japan Steps into the Void

Continued from page 27

even half a brain that Japan's prior experiments with ever larger doses of quantitative easing have failed. Leaders in both Japan and the United States, however, are following this path with reckless abandon. According to Abe, the entirety of Japan's economic problems can be blamed on the fact that consumer prices have been declining by one tenth of one percent per year. If only Japanese consumers were forced to pay two percent more per year for the things they need or desire, all would be well.

Abe's wish may already be coming true. McDonald's announced this morning that, for the first time in 5 years, the price of hamburgers and cheeseburgers in Japan will be rising by 20% and 25% respectively. No doubt the Japanese will be so excited by this development that they'll rush to the stores to consume all the burgers they were planning on eating in 2014 before prices go up again. Of course there is no official concern that low-income Japanese will now have to pay more for low cost food.

The idea that informs Abe's plan, that rising prices entice consumers to buy before the prices go up, is clearly suspect as economic law dictates that demand increases when prices fall. Any store owner will tell you that cutting prices is the best way to move merchandise. Apart from this problem, how does Abe expect consumers to buy more when their currency is losing purchasing power and more of their incomes will be needed to pay interest on the national debt?

The boldness of Abe's plans should provide the rest of the world with a crash course in the ability of debt accumulation to jumpstart an economy. The good news is that the effects should not take too long to be seen. I believe that we will be treated with a stark lesson on the limitations of inflation as an economic panacea.

Hopefully, failure of this latest Japanese experiment will help convince leaders in the U.S. and Japan that the only true path to prosperity is free market capitalism. Rather than trying to reflate busted bubbles and micro-manage Keynesian style recoveries, politicians and central bankers should recognize their respective roles in creating the problems and get out of the way.

Editor's Note: Peter Schiff is the CEO and Chief Global Strategist of Euro Pacific Capital, best-selling author and host of syndicated Peter Schiff Show, www.schiffradio.com.

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Atna Resources Producing Gold at the Pinson Underground Mine, the Company's 2nd Mine in Its Western U.S. Development Portfolio

Targeting Annual Gold Production of 300,000 Ounces

2013 is shaping up to be a major expansion year for Atna Resources Ltd. (TSX: ATN; US OTC QB: ATNAF), as the company advances development at multiple mines and puts itself firmly on track to triple its gold production profile.

Gold production in 2012 at its flagship Briggs Mine in California totaled nearly 37,000 ounces of gold, virtually all of which were sold at record high prices for the company. In addition, the company made its first commercial gold shipment in December 2012 from its Pinson Mine in Nevada. Expanded operations at both Briggs and Pinson are expected to lift Atna's annual gold production to between 102,000 and 115,000 ounces of gold in 2013.

"We expect 2013 will see a substantial increase in Atna's gold production as Pinson transitions from development to gold production," says Atna Resources President and CEO James Hesketh. "Once this is completed we plan to accelerate development at our Reward Gold Mine, which will further increase Atna's gold production and financial strength."

Atna Resources has set itself an aggressive goal of producing upwards of 300,000 ounces of gold annually from four operating mines. The Briggs and Pinson mines alone have the potential to produce up to 200,000 ounces a year. Once the Reward Mine in Nevada comes on line in 2014, Pinson's production is expanded to include open pit operations, and production begins at the company's Columbia Project in Montana, Atna will be well within range of meeting its 300,000 ounce goal.

"Our primary focus this year is to get the Pinson Mine fully operating, to develop a solid cash flow, reduce our debt and start development at the Reward Mine," says Hesketh. "We have a fairly ambitious game plan for the next two years. We are building a real mining company."

Growing Gold Production at Briggs, Pinson Resulted in Record Year for Atna

2012 was a banner year for Atna Resources – a strong performance amply reflected by a 30 percent hike in the company's share price and a 60% increase in overall market capitalization.

The year was marked by a 14% increase in gold sales and a 20% increase in sales revenues boosted by a 5% increase in gold sale prices. Market confidence in the company's strategic plans resulted in a mid-year $17.25 million over-subscribed bought deal financing led by Canaccord Genuity Corp. and including NCP Northland Capital Partners Inc. By the end of 2012, Atna had $19.3 million in cash, most of which will be used to further development at the Pinson and Reward projects. Full financials can be viewed on the company's website.

"We are in good shape financially," says Hesketh. "We own all of our projects and are building a true mining company the old fashioned way – with a long-term strategy that ensures that we do not get over-extended, builds our gold production incrementally and focuses on maintaining a clean balance sheet with growing cash flow."

Pinson Gold Mine to Become a Significant Gold Producer for Atna

Atna Resources' Pinson Gold Mine, located in a gold-rich area of Nevada, has the potential to become a major gold producer. With commercial production initiated, the company recently received a crucial permit that will allow it to construct and operate an underground mine. The permit authorizes Atna to construct, operate and extract up to 400,000 tons of ore a year for offsite gold processing. Previously, Atna was only allowed to mine up to 36,500 tons of ore a year at the Pinson Mine.

"This is a major development for Atna's future growth and profitability," says Hesketh. "We expect production at Pinson to steadily increase through the year with significantly higher levels of gold production in the second half of 2013."

Exploration drilling at Pinson continues to confirm high gold grades within the underground mine. In December 2012, drill results included up to 45 feet grading at 0.911 oz/ton gold (31.2 g/t gold). A technical, NI 43-101-compliant study conducted in 2012 projects a minimum six-year mine life at Pinson, recovering about 550,000 ounces of gold at a rate of about 90,000 ounces a year from current proven and probably mineral reserves.

During 2013, underground mine expansion at Pinson will include development of spiral ramp access and multiple laterals to ore stoping areas, along with development of underground infrastructure including ventilating, water compressed air, maintenance facilities and ground support, as well as completion of surface infrastructure and dewatering wells. In 2012, Atna drove 1,192 feet of new ramp access and 2,140 feet of spiral, laterals and underground development work. An onsite assay lab is now in operation.

"The goal for 2013 is to end the year with a total of nine operating ore stoping areas with additional stopes continuously developed to replace depleting stopes," Hesketh says. "With underground truck haulage, the number of working faces should achieve a daily production rate of 800 to 1,000 tons of ore."

In addition, the Pinson project actually hosts a second mine – an open pittable source of gold where drilling has revealed up to 238 feet grading at 0.041 oz/ton gold (1.40 g/t gold). Pinson previously operated as an open pit mine, shutting down in 1999 due to low gold prices. Now that prices have risen substantially, Atna is considering reopening the pit, which it believes has the potential to produce up to 100,000 ounces of gold annually.

Commercial gold production at Atna Resources' Pinson Mine's underground and open pit operations in Nevada expected to reach nearly 200,000 oz/year by 2016.

Atna Resources' Pinson Underground Mine in Nevada expected to produce 550,000 ounces of gold over the next six years from current reserves.

One major advantage for Atna is that it does not have to build a processing plant at Pinson. The mine is located on Nevada's prolific Getchell gold belt and Atna will be hauling its ore to nearby processing facilities operated by Barrick Gold Corp. and Newmont Mining.

"Pinson is on fast-track development, particularly because of third party processing," says Hesketh.

Reward, Colombia Mines Lead Strong Portfolio of Development Projects

2013 will be an important year as well at Atna's open pit heap leach Reward Project in Nevada. Atna is planning to jump start development of that mine once solid cash flow from production is established at Pinson which will enable the company to also reduce debt – perhaps as soon as mid-year.

A technical report produced in 2012 extended the Reward mine life span by two years and it now has a projected six-year life span, projected to produce gold at an annual rate of about 35,000 ounces – equivalent to an NPV of $100 million (at a gold price of $1,500 and a discount rate of 5%). The company commenced a drill program in February 2013 to further expand the mine life.

Once Reward is in production, Atna's will turn its attention to its Columbia Gold Mine Project in Montana, which it would become the company's fourth operating mine. Atna is planning a feasibility study at Columbia later this year, and will seek expanded permitting for further development and operations. Columbia has a solid resource base: 741,000 ounces of gold (measured and indicated) plus and additional 453,570 ounces inferred. Once in operation, Columbia is expected to produce about 70,000 oz. of gold annually.

"We have a very large pipeline of development projects that we plan to bring in sequentially over the next four to five years," says Hesketh. "At that point, we will have four complete units producing between 250,000 and 300,000 ounces of gold a year."

Investment Considerations

Atna Resources is an impressive mining company poised to enter the ranks of mid-tier producers – its assets include two operating mines, two advanced properties nearing production, an impressive portfolio of exploration properties, significant reserves (1.2 million oz/Au) and resources (3.9 million oz/Au), a swiftly diminishing debt load, and most importantly operations in one of the lowest geopolitical risk areas of the world, the Western U.S.

Given the current price of gold and Atna's full production cost (including direct costs, royalties, depreciation and taxes) of about $1,100/ounce and basic cash cost of about $930/ounce, there is ample room for profit as Atna expands production at its Briggs and Pinson Mines – money the company intends to put right back in to developing its third and fourth gold mines.

"We have maintained a pretty consistent financial focus since we began mining operations in 2009," says Hesketh. "We are building a truly sustainable, mid-tier gold production company with the potential for half a billion dollars a year in revenues."

ATNA

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