

KEEP YOUR POWDER DRY, BOYS !

With the price of crude oil, being above the \$US100-mark, with chaotic political conditions, prevalent in the Middle East, with Japan's problems in respect of the Fukushima Daiichi nuclear power plant, being unlikely to be resolved in the short term, with the prices of homes in the US, continuing to fall (in fact, it could take up to 3 years before the inventory level of existing homes is depleted), and with economies of Greece, Spain, Portugal and Italy, being sick and becoming worse as the months roll on, how in the world can share prices be expected to rise, materially.

Some share prices will rise, however, and the smart alec Wall Street gurus, no doubt, will claim that they saw it, all, coming.

Always, after the event, it is easy to be correct.

TARGET (), however, continues to state that one would need goolies of cast iron in order to consider, seriously, taking material positions in equities in these troubled times.

Looking only at the situation in the Middle East, the entire region could be likened to one, large tinder box which, on any one day, could catch fire and cause a firestorm of unprecedented proportions.

Iran has yet to receive sufficient attention from its 78 million human population, attention, that is, that it so richly deserves.

But it will come in due course; it is just a matter of time.

Whenever the president of a country stands up and proclaims that there is no homosexuality in his country, then, that president is out of his mind.

Such a man is President Mahmud Ahmadi-nejad of Iran, who made this stupid claim, publicly, while on a visit to the United States in September of 2007.

In a speech at Columbia University, he asserted, inter alia:

'<In Iran, we don't have homosexuals like in your country (meaning the United States of America) ... In Iran, we do not have this phenomenon. I don't know who has told you that we have it. '

Iran is a theocratic republic and many of its peoples are unhappy with their lot: One day, they will have the courage to voice their discontent, openly, and in defiance of the government of the day.

Egypt was once considered a solid government, a friend of the United States and of Israel, but its government fell in a revolution when the 82 million human population called for the end of the 30-year reign of President Mohamed Hosni Mubarak in February 2011.

With the fall of President Mohamed Hosni Mubarak, it was discovered he and many government officials were corrupt, right down to their proverbial bootstraps.

It has been proved, over and over again, that '*Power tends to corrupt; absolute power corrupts absolutely.*' (The Lord Action, April 5, 1887) .

In the case of Egypt, with about 20 percent of its population, that is not less than 16 million people, living below the poverty line, it was just a matter of time before something had to give.

The rumbling of hunger in one's stomach is a strong incentive for insurrection.

As has been reported, over the past 6 months or so, many Middle Eastern despots had been enjoying many decades of power, but, today, they are having a very difficult time in maintaining their respective power bases; and, it is almost a guarantee that wide-ranging political changes will take place in this part of the world.

With these radical changes, taking place in Middle Eastern politics, there will, undoubtedly, come chaotic times, with tugs of war, taking place among the various factions, all of which are vying for power and/or the establishment of altruistic political concepts, many of which, being completely unworkable, impractical and ineffectual in the coming scheme of things.

Such situations are unlikely to be resolved quickly.

From the carcasses of past, corrupt political regimes, however, will come a new and, hopefully, a better tomorrow.

But it will take time.

Some new governments of the Middle East will be almost immediately successful, but not all: Wisdom will not enter a deceitful soul, nor dwell in a body, enslaved to sin.

The Oil Problem

With crude oil, stubbornly staying at and above the \$US100 per-barrel level, it is going to cause huge problems to many economies of the West.

High inflation levels are likely to become only too evident in due course; and, the governments of the US and of the various governments of the member states of the European Union will do their best to try to contain such attacks of inflation on their respective economies, but the historical methods in respect of control of inflation may not be as successful as in days of yore because that could result in some of the economies, being driven back into recession.

Inflation is like a wild animal and, once it is let loose, it is difficult to tame.

One of the many problems, associated with higher oil prices, is that there is a limit that allows companies to pass on the additional costs, the direct result of higher production costs, to customers, especially customers who are having trouble making ends meet.

Galloping inflation has a tendency to lead an economy into the loving arms of recession, more often than not.

With many of the major, oil-producing countries of the world, being located in the Middle East, and with many of these countries, suffering severe political turmoil in these worrying times, it is likely that many an oil tap will be shut down.

Libya, for instance, used to export about 2 million barrels of crude oil per day: Today, it is exporting less than 500,000 barrels of crude oil per day.

Hence, the price of crude oil on international commodity exchanges remains, hovering at the \$US100 per-

barrel level.

Iran is, currently, exporting about 2.40 million barrels of crude oil per day, but, with an unemployment rate of about 15 percent, and with inflation, running at about 12 percent, the country is rife for civil disobedience.

The theocracy of the country has proved ineffective: It could fall at any time.

If there is widespread unrest in this country, with material large pockets of the human population, calling for radical changes in government, followed by the country's oil taps, being turned off, there will be repercussions, round the world, without question.

The Economy of the United States

In last Friday's Intelligence Report, Volume XIII, Number 58, **TARGET** reported that, in [The Land of The Free and The Home of The Brave](#), it is not all beer and skittles.

The situation with regard to housing market in the US remains critical; insufficient jobs are being created, sufficient to absorb the numbers of people, entering the workplace on a weekly basis; the unemployment rate is totally unacceptable, at between 9.70 percent and 10 percent, depending on monthly estimates and modifications, being made to original estimates, from time to time; and, the Government of President Barack Hussein Obama is having trouble, employing soothing rhetoric that can continue to pacify the majority of the 313 million human population.

There is about 12 percent of the population, that is about 37.56 million people, living below the poverty line in the country.

That is a great number of hungry people out there.

The US is the largest importer of crude oil in the world, estimated to be about 12 million barrels per day. Oil consumption per day is about 19 million barrels per day, with domestic oil production, being about 9 million barrels per day.

The cost of energy to the US is vitally important to the economy and the current high cost of crude oil, greater than \$US100 per barrel, must be biting.

The current rate of inflation in the country is said to be about 1.40 percent.

How long can this figure of 1.40 percent be maintained?

Conclusion: There are so many negatives in trying to make reasonably accurate determinations in respect of the decision-making process with regard to considerations as to whether or not to engage in fresh financial commitments in equities, at this time, that logic dictates that it would be best to keep one's money in one's pocket.

It is highly unlikely that any investor could be successful more than 50 percent of the time in selecting the correct, stock-market counter at the correct time in these worrying times of uncertainty.

Put another way: It is likely that an investor would get his investment decisions wrong about 50 percent of the time.

The situation is just not good enough to risk, hard-earned money on a gamble where the odds are stacked against one.

As the foot soldiers of the Continental (revolutionary) Army of the Americas of June 17, 1775, were told by Colonel William Prescott:

'Keep your powder dry and don't fire until I tell you! Don't fire till you see the whites of their eyes!'

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