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This Will Destroy Western Civilization as We Know It

I don't speak a word of Hungarian. The picture of George Soros on this billboard is what caught my attention.

After we drove past a dozen of them, I asked for the translation.

Last month these anti-Soros migration billboards covered Budapest / Source: Getty Images

The Hungarian text on the billboard translates into something close to, "Don't let Soros have the last laugh."

I saw it this past month on a trip to Budapest. The trip was supposed to be a vacation. We booked a room at a quiet hotel in Pest, within the walls of the old castle. Before we got out of the taxi, I realized Budapest was defending itself against a powerful external threat.

If this were just one billboard, it wouldn't mean much. But, I saw so many of the same billboards placed repeatedly around the city.

Over the next few days, I saw hundreds of copies of the same image in poster size, plastered on the walls of metro stations and bus stops.

IN THIS MONTH'S ISSUE

THE CASEY REPORT TEAM

Doug Casey | Founder
E.B. Tucker | Senior Analyst
Chad Champion | Lead Analyst
Chris Reilly | Managing Editor

PRICES

Gold	$1,272.90
Silver	$16.87
Copper	$2.93
Oil WTI	$49.56
S&P 500	2,474.02
Dollar Index	93.55
10-Year Yield	2.25%

Doug Casey: So, what is Soros really like as a man? What does he really believe? At Freedom Fest in Las Vegas I spent the better part of a day with my old friend Jim Rogers. I asked him about Soros, since they were partners in the Quantum Fund, which they founded in 1970, and went up 4,200% by 1980, when Jim retired to pursue his current lifestyle (a good move, I'd say). He said he's had zero contact with Soros for the last 37 years, so didn't feel he was in a position to comment. Their relationship was purely business. Jim is a sound libertarian. But, again, what about Soros?

You can pursue the answer in his several books, or (much quicker and less boring) his lectures on YouTube.

Here is a brief paper he wrote a few months ago which succinctly explains his world view. To the casual reader he sounds like a decent and thoughtful guy. If you read it critically, however, you'll find it's a masterpiece of rhetoric. Every sentence (beyond those recounting well-acknowledged facts) contains a lie, a misdirection, a misdefinition, or a smokescreen.

I could agree with about 5% of what he seems to propose. As I read it I thought of writing a commentary debunking it. But it would take a day of my time. And who really cares what Soros thinks? We mainly care what he pays other people to do.

I suggest you read it closely. It's something of a philosophical litmus test.

The more I talked to locals, the more I realized that Budapest is ground zero in the fight for the survival of Western Civilization. Hungarians seem to know that outside forces threaten their entire way of life.

The future doesn't look good…

Naively, they think they can resist a tidal wave of migration set to destroy an otherwise pleasant society. The rest of Europe—and the U.S. more and more—somehow thinks it can absorb the migration wave. As I'll show you in this month's issue of *The Casey Report*, both societies are wrong.

This crisis, fueled by one big lie, will be the death knell for the already weak Western economy.

A Relentless and Destructive Flood

I asked my cab driver why thousands of posters and billboards with a message to one of the most well-known investors of our time dotted the city.

He reminded me that Soros is Hungarian…or, was Hungarian.

These days, he's a citizen of the world intent on flooding productive society with millions of homeless migrants.

"Our Prime Minister, Orban, he's at war with Brussels," my driver said.

That's an understatement. As it stands, the European Union (E.U.) has a migration quota for all member states. Hungary, Poland, Austria, and, to a lesser degree, the Czech Republic are the only countries resisting the quota. That's mostly due to the migrant-caused chaos plaguing the rest of the E.U.

Victor Orban, the Hungarian Prime Minister, is the target of harsh media criticism for resisting the wave of migrants he knows he can't afford to take. He's no match for the E.U., Soros, and a media onslaught that will certainly take him down.

> **Doug Casey:** A bit more on Soros. Last year I was (against all odds) invited to Concordia, a Bilderberg, CFR, Davos lookalike. Soros was a speaker. I think you'll be amused by my take on it.

The Orban government paid for the billboards I saw with a message to Soros. The media called him an anti-Semite for doing it. Next came demands for the "anti-Semitic" propaganda to come down…and it worked. Hundreds of posters and billboards dotting Budapest were taken down due to outside pressure from the Hungarian government.

Orban's opposition to housing millions of migrants is not anti-Semitic. He represents the people who elected him. Average Hungarians don't want a flood of migrants. They're not insensitive, they're simply realistic.

My cab driver is a good example. He spoke decent English, clearly self-taught. He told me he spoke enough French and German to get by too.

On Sundays, he and his wife would speak only in English at home the whole day. This way, the kids would pick up enough English basics to get by if an opportunity presented itself. He was proud to tell me about it.

The Hungarian work ethic is strong. But it's not strong enough to support a million unemployed African men. That's the truth about the Soros migrant wave.

Millions of Unemployed African Men

Last year, Pew Research reported that 73% of the refugees hitting European soil were men. Take out Syrian war refugees and the number of women dropped close to 0%.

Most of the "refugees" are single African men

The migrants in question aren't running from the same threats Soros saw during his childhood in World War II. Back then, innocent families, rooted out by a barbarous Nazi regime, fled with nothing but the clothes on their backs. Once to safety, they typically became the underpinning of a vibrant community.

The immigrant communities of the late 19th and early 20th centuries added tremendous value to the societies they joined. In many cases, they were more productive and thrifty than the populations they joined.

That's not the case with the crop of migrants Soros wants the West to absorb today. **They typically do not come as a family unit. They do not apply for entry through lawful channels. And they do not intend to create anything of value.**

They hit the shore on boats packed two to three times the suggested capacity. Pictures of these migrants flood the media.

Italy, already struggling economically, just last month came out with new rules for receiving migrants. It can't afford the 500,000 that arrived by boat over the past three years alone.

The numbers are staggering. During the last week of June, a record 12,000 migrants required emergency rescue services at sea. Italian taxpayers foot the bill for rescuing, housing, feeding, and integrating incoming migrants.

It's fair to call these "Soros migrants." Through a complex network of non-governmental organizations (NGOs), Soros funds their transport from Northern Africa to the European coastline.

In September of last year, he wrote an opinion piece in *The Wall Street Journal* explaining his $500 million pledge to help the world's migrant population.

The Soros-sponsored Open Society Foundation supports a web of charities transporting migrants by boat from Northern Africa to E.U. soil. The names of these charities, Save the Children, for example, are above reproach.

The premise he lays out in the opinion piece is that governments need to do more for migrants. It's a noble mission statement from a man who doesn't carry the burden of supporting the flood of migrants he's delivering. He leaves that to average working-class people like my cab driver in Budapest.

This Will End in Disaster

The E.U. has five times the gross domestic product (GDP) of Africa…and half the people.

That's because the E.U., for all its faults, is a well-organized, lawful society. Africa is a chaotic, lawless war zone where money goes to die.

The native E.U. population is barely growing. According to Eurostat, it expands by less than 0.25% per year.

The number of Africans, on the other hand, grows by 80 per minute, according to the U.N. By 2050, its population will double. We think those estimates are conservative.

Doug Casey: Nothing personal against young African males. If I was one, I'd be on a raft to Europe tomorrow morning. But one thing they all possess is a cell phone. And it's used to tell their compatriots something like the following: "Get up here! These idiotic Europeans will give you a place to live, free clothing, free food, and money. We're going to own this place!" The cat's out of the bag. I don't doubt that in the coming years there will be millions—tens of millions—of young African men mobbing Europe. And what are the Europeans going to do? Machine gun them?

EB is totally correct in his take. I explore this in more detail here—especially the un-PC hot-button subject of racism.

Shipping a few million African men to Europe will not solve Africa's problems. It will however destroy Europe, as we know it.

Only 13% of migrants entering Germany found work, according to a 2016 report cited by Reuters. The German government offers paid "internships" and training programs for migrants. When those run out, the migrants look for the next handout, or turn to crime.

Looking for handouts is a best-case scenario… Last month a 26-year-old migrant in Hamburg, Germany walked into a grocery store, shouted "Allahu Akbar" ("God is great" in Arabic) at the top of his lungs before stabbing seven strangers. One of them died.

Adding insult to injury, Bloomberg reports the attacker was ordered to leave Germany but lacked the needed travel documents.

Last month in Siena, Italy, a migrant got into a dispute with a bus driver, stabbing him twice in the stomach. When police chased him, he ducked into a restaurant and hurled wine bottles at them before they shot him in the leg.

Similar to the Hamburg attack, this young male from the Ivory Coast was still in Italy after being officially expelled for aggressive behavior. Overwhelmed European governments can't pay for the wave of migrants. They also can't police them.

It's not just Europe. The same guilty sense of duty plaguing Western Europe is working in the U.S.

Sheriff Mike Reese in ultra-liberal Portland, Oregon refuses to comply with Immigration and Customs Enforcement and Homeland Security orders. The feds asked him to detain 31-year-old Sergio Martinez, an illegal immigrant and violent methamphetamine user. He refused.

Doug Casey: London is on its way to becoming a New Karachi, Paris to becoming Kinshasa North, and Rome a clone of Lagos. I like to joke with Canadians that there's nothing wrong with Canada that 30 million migrants from Nigeria can't cure. There are several hundred thousand Somalis now in the US. It appears that almost all of them were flown over by the US Government. Apparently under the auspices of the CIA for assistance in our adventures in their country. I'd love specific details about this if anyone has them. There appears to be a news blackout on this item—among others.

That refusal allowed Martinez's string of violent crimes to continue in Portland. Last month he sexually assaulted a 65-year-old woman then stole her Prius.

The migrant crisis is fueled by one big lie. Repeating the lie keeps people distracted from the truth. It convinced taxpaying residents of Germany, Italy, and soon the U.S. that they're responsible for the problems in Gabon or the Ivory Coast.

The truth is, an endless stream of unproductive dependents will break Europe and destroy its middle class.

With nothing to lose, migrants break the law tying up police, emergency services, and coastal rescue assets at the expense of taxpayers. They abuse a social welfare system designed to help the taxpayers who funded it.

Unlike my cab driver in Budapest, today's migrants do not intend to go the extra mile to create anything. It's not in their nature.

Look at a satellite photo of the world at night. Notice the areas powered by electricity. Those are the advanced economies of the world. It's not an accident that the lights are on…

Western economics brought the world out of the Dark Ages. Rule of law, profit incentives and protection from rampant theft all give innovators room to advance mankind.

The industrial revolution, the computer age, the automobile, and so on were all Western innovations. The emerging East might lead us into tomorrow, but only time will tell.

In between the East and West (the area that's still mostly dark at night) is Africa. A continent that's growing faster than any other area of the world. This is where East and West take a different course.

The Chinese are turning Africa into a colony. They send unwanted Chinese derelicts and prisoners to Africa to start a new life supporting Chinese business development. *China's Second Continent* by Howard W. French goes into fascinating detail of how this works and where it's heading.

The E.U. and the U.S. are doing the exact opposite. They're importing Africa's massive population of single 25- to 40-year-old men. It's a recipe for disaster.

This endless flow of African migrants will ultimately lead to the destruction of Western Civilization.

A Casey Empire Stock to Own While Society Smolders

There's never been a more critical time to pay attention to your money.

Over the next few years in investing there will be a lot of losers and few winners. Shorting stocks is more dangerous than most people realize.

The smart money gets long and stays long on a certain class of stocks. We're recommending one of those stocks today.

The world's most successful investors have something in common. They own powerful name brands. Brands that people from New York to Dar es Salaam recognize.

Take Warren Buffett, for example. He bought shares of The Coca-Cola Company (KO) 30 years ago when he thought they were cheap. He still owns the stock today. In fact, he's the company's largest shareholder.

Two years ago, he bought Duracell, one of the two most recognized battery producers. The Proctor & Gamble Company (PG) sold it to Buffett in 2015 for $2.9 billion.

All over the world people recognize the name Duracell. They also recognize the company's main competitor, **Energizer Holdings (ENR)**. We're buying that company today.

A Business That Booms When the Lights Go Out

Energizer dates back more than 120 years. The company created the first commercially produced "dry cell" battery in 1896. Two years later, it created a use for that battery…the electric hand torch. Today we call it a flashlight.

While modern life has little in common with the 1890s, Energizer still sells batteries. Those batteries still go in flashlights. They also make smoke alarms, remote controls and lots of other devices work.

That's the enviable value of owning a durable brand that produces a premium product. **It stands the test of time.** With the stock market at all-time highs, Energizer is a true value stock.

Right now shares of Energizer are cheaper than the S&P 500 Index by almost every measure.

Take the price-to-earnings (P/E) ratio for example. One share of the S&P 500 Index will run you $2,500 today. That's more than 21 times the earnings of that one share. Energizer shares sell for only 14 times earnings.

ENERGIZER HOLDINGS (ENR) VS. S&P 500 INDEX

	ENR	S&P 500
P/E Ratio	14	21
Gross Profit	46%	34%
Operating Profit	18%	13%
EV/EBITDA	9	13
YTD Return	-8%	10.58%
Dividend	2.67%	1.97%

The company also earns more profit per dollar of sales than the average company in the index…38% more to be exact.

More importantly, it gives that profit to shareholders. In its last fiscal year the company paid $63 million in dividends to shareholders. It also bought back 832,971 shares of stock.

Energizer is not in the S&P 500 Index. The index consists of simply the largest 500 companies by market capitalization. Smaller companies like Energizer don't make the cut.

Exclusion from the index means missing billions of dollars in blind buying of index funds. People feel safe in index funds. Vanguard, one of the largest index fund managers, just reported assets now top $4.4 trillion.

The market capitalization of the entire U.S. stock market is only $27.4 trillion. That means Vanguard alone, who blindly buys whatever is in the index, holds 16% of the entire stock market.

While everyone these days seems to feel safe blindly buying the world's largest stock index, we'll take a company like Energizer.

Safety on Sale

Energizer shares just got cheap last week. We think within weeks that could change, meaning right now is the time to buy.

The company announced quarterly results. Earnings per share were higher, but sales growth missed Wall Street expectations. Its shares tumbled more than 10% in one day. We're buying…

Doug Casey: This impresses me as a good solid recommendation for a number of reasons. I'd only mention that—although relatively cheap already—it seems to be sliding lower. Consider selling out-of-the-money naked puts against the stock. That way you'll collect the premium while waiting for a bargain price—and might get in a few bucks lower than the current market. Then, once you own the stock, sell covered calls to increase your yield, and decrease your risk. Don't go overboard—the general market is very expensive, and unstable.

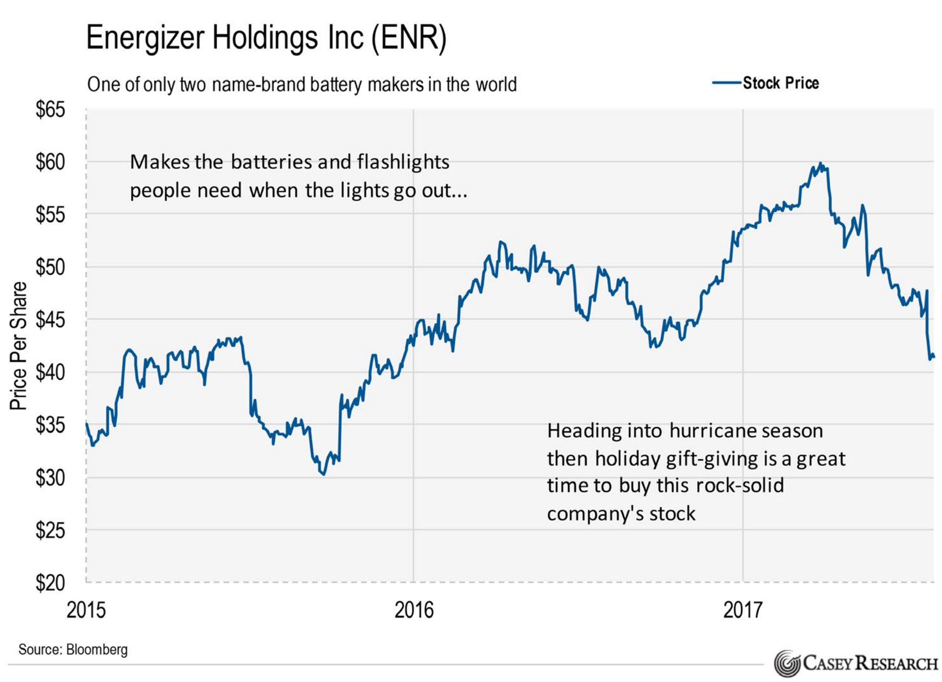
If you're not familiar with the use of stock options, please read this [Guide to Option Trading] by my colleague Jeff Clark.

Until 2015, Energizer was a subsidiary of Edgewell Personal Care (EPC). Edgewell spun the battery producer out as a dividend to its shareholders. This is a common way to separate a business. In the wake of Buffett buying Duracell, the spinout into an independent company makes sense.

As a standalone company, Energizer could be valued independently. That value would be higher than when commingled with Edgewell's other businesses. Issuing shares in Energizer to holders of Edgewell's stock meant they could capture the full value of Energizer without the tax consequences that come along with an outright sale.

Batteries still account for 92% of Energizer's annual revenue. The remaining balance is flashlights and now a new segment, auto care products. The company decided to diversify its business into other products that complement batteries.

Premium batteries typically sit on the rack together in a store, usually near the register. The company figures it can distribute other high-margin products that tend to sit next to batteries. It has the sales and logistical staff needed to add these products to its existing mix.



As it stands, the business produces 18% net operating profit margins. Buying related businesses should boost that number.

Last quarter the company credited its new auto care segment with $25.9 million worth of its overall sales increase. Over time, it expects that to continue.

Doug Casey: Battery technology has been more or less stagnant for many years. But that's changing rapidly with the evolution of nanotech, carbon fibers, and other new materials. We'll endeavor to keep you abreast of developments as they affect Energizer.

On its quarterly earnings conference call last week, legendary investor Mario Gabelli of GAMCO Investors pressed management on further acquisitions. It said it plans to continue adding related, "cash-generating businesses" which seemed to please Gabelli.

It certainly pleases us. As it stands today, Energizer makes plenty of money. Eighteen cents of every dollar is operating profit. Ten cents of every dollar of sales turns into free cash flow. Free cash flow is the bottom line less capital expenditures or, business reinvestment. For investors, it's the most important measure of health.

Adding profitable business segments that complement its legacy battery business will only make the company stronger.

ENERGIZER HOLDINGS (ENR)	
Share Price	$41.44
Market Cap	$2.6 billion
Annual Sales	$1.7 billion
Free Cash Flow	$170 million
Total Debt	$1.09 billion
Dividend	2.67%

The company's 2.65% dividend seems safe in our view. It's on track to pay out $68 million in dividends this year. Combined with the $54.3 million it spent servicing its debt last year, Energizer still has plenty of net income left over.

Last year it raised its dividend payout by 10%. We think it has room to do the same again this year. If it does, our yield on today's purchase price will rise to 2.9%.

Energizer is a world-class brand. The company's stock price was $60 in April. Today it's $41. That's a decline of 31% while the rest of the market hits new highs.

We don't think sales growth slightly below expectations justifies the company's current share price. We're going to take Wall Street's selling as our chance to buy an irreplaceable brand at a fair price.

BUY shares of Energizer Holdings (ENR) up to $55. Use a 25% trailing stop loss on the position.

If you're not familiar with trailing stop loss orders, they're an easy to use method of protecting profits and limiting losses on individual stocks. Click here to learn more about how they work.

Regards,

E.B.

E.B. Tucker with Chad Champion

An Invitation You Don't Want To Pass Up

Over ten years ago, Doug Casey and a few close friends were frustrated.

As freethinking libertarians, they didn't have a common meeting place…so they built one. It's called La Estancia de Cafayate.

Located in northwestern Argentina, Cafayate is a high-desert getaway for freedom-seekers from all over the world. It's no rustic camp. Cafayate has everything from one of the best gym/spa setups anywhere to an award-winning golf course. Any given morning the clubhouse could have members from California to Singapore.

The property also has a working vineyard. It produces some of the finest full-bodied wine in Argentina. The kind that perfectly complements a great steak.

Every November Doug hosts members to take part in the wine harvest. The weeklong event is something you don't want to miss. As a subscriber to *The Casey Report*, we'd like to invite you to join us at this normally exclusive event.

This year's harvest is November 7-11. If you'd like more information, email joindoug@laest.com. I hope to see you there.

***THE CASEY REPORT* TOP THEMES**
Government cybersecurity spending is exploding: "Digital bandits" lurk in the shadows. This threat is real…and new threats emerge every day. We can profit by buying the best cybersecurity firm. (6/8/17)
A new war spending boom starts now: We're setting ourselves up to book enormous gains during what promises to be one of the largest increases of defense spending in history. Own smaller defense stocks for more upside. (4/13/17)
Take advantage of the upcoming energy boom: Trump will instruct his energy-friendly cabinet to extend tax incentives for the U.S. energy business. That's on top of lower regulation, lower taxes, and a generally more business-friendly environment. This is all good news for our three recommendations. (3/9/17)
Profiting during "The Trump Years": During Trump's presidency, the companies that fix and repair America's hollowed-out core will boom. We'll own the top companies to profit from this important trend. (12/8/16)
Our financial system is rotten to the core: More and more evidence proves that our banking system is deeply corrupt. Avoid major bank stocks. (11/10/16)
The "basics" are more important than ever: We own them for safe, steady profits. (2/9/17) (1/14/16) (10/13/16)
Own physical gold and silver: These precious metals are the ultimate safe-haven assets. We hold them for the long term. (4/14/16) (6/9/16)

Interesting Speculations

Earlier this year we introduced a new component to *The Casey Report*: Interesting Speculations.

As we said, these stocks are not appropriate for our core portfolio. But, for those inclined to speculate, they may be worth checking out.

The Casey Report core portfolio gives us the best chance at beating the return of the S&P 500 Index year in and year out. Speculating and investing are two different things. That's why we think they deserve two unique portfolios.

A speculation only deserves a small amount of money. That amount differs for each person and situation. A good speculation has the power to turn a small stake into something meaningful.

This month we're adding two companies to our list of interesting speculations. Both companies deal with cobalt, a key resource needed to meet surging demand for lithium-ion batteries.

Ardea Resources, (ARL.AU) in Australia and (ARRRF) in the US, sits on a large cobalt deposit in Western Australia. It's called the Kalgoorlie Nickel Project, or KNP for short.

Ardea will wisely focus on a high-grade portion of the project. High-grade means a section where cobalt is especially plentiful. This rich section of KNP holds more than twice as much cobalt as the entire project.

That zone could produce 59,640 tonnes of cobalt. That's 60% of last year's world supply.

KNP's past owners spent $50 million drilling holes in the project and studying the results. Vale did exclusive work at the site. Of course, all of this work happened at a time when electric cars and solar-powered homes were merely a good idea.

Shares of Ardea are a speculation on higher cobalt prices. That's a bet worth taking in our view.

BUY shares of Ardea Resources (ARL.AU) up to A$2 or (ARRRF) up to US$1.60.

The second new speculation we're adding this month doesn't mine anything. It simply holds a giant stockpile of physical cobalt… 2,160 tonnes, to be exact.

Cobalt 27 Capital, (KBLT.V) in Canada and (CBLLF) in the US, keeps its cobalt hoard on safe ground far away from the Democratic Republic of Congo, which produces more than 60% of the world's annual cobalt.

With the current price of cobalt already up 100% this year, and likely heading much higher, Cobalt 27 Capital is a simple way to start investing in the massive increase in batteries the world must fill.

The company's shares only recently started trading. We think it's a great time to own a warehouse full of cobalt.

BUY shares of Cobalt 27 Capital (KBLT.V) up to C$15 or (CBLLF) up to US$12.

Interesting Speculations

Investment	Ref. Date	Current Price	Buy Up To	Risk	Current Rec	Reason
Almadex Minerals Ltd. (AMZ.V) or (AXDDF)	2/9/17	C$1.08 (US$0.85)	C$2.00 (US$1.57)	High	**Buy**	Gold Explorer
Atico Mining Corp. (ATY.V) or (ATCMF)	2/9/17	C$0.77 (US$0.61)	C$1.10 (US$0.87)	High	**Buy**	Gold Producer
SilverCrest Metals Inc. (SIL.V) or (SVCMF)	2/9/17	C$1.90 (US$1.50)	C$3.00 (US$2.36)	High	**Buy**	Silver Explorer
Silver One Resources Inc. (SVE.V) or (SLVRF)	2/9/17	C$0.41 (US$0.32)	C$1.25 (US$0.98)	High	**Buy**	Silver Explorer
Morien Resources Corp. (MOX.V) or (APMCF)	2/9/17	C$0.65 (US$0.51)	C$0.75 ($0.59)	High	**Buy**	Coal Royalty
Aurania Resources Ltd. (ARU.V) or (AUIAF)	3/9/17	C$2.30 (US$1.81)	C$3.00 (US$2.36)	High	**Buy**	Lost City of Gold
Aerojet Rocketdyne Holdings Inc. (AJRD)	4/13/17	$27.30	$30.00	High	**Buy**	Space Travel
Kratos Defense & Security Solutions Inc. (KTOS)	4/13/17	$12.39	$15.00	High	**Buy**	War Drums
Targa Resource Partners LP (NGLS.PA)	5/11/17	$26.36	$28.00	Moderate	**Buy**	Monthly Income

Ardea Resources (ARL.AU) or (ARRRF)	8/10/17	A$0.89 (US$0.70)	A$2.00 (US$1.60)	High	**Buy**	Surging Battery Demand
Cobalt 27 Capital (KBLT.V) or (CBLLF)	8/10/17	C$8.69 (US$6.84)	C$15.00 (US$12.00)	High	**Buy**	Warehouse Full of Cobalt

Portfolio Review

First Majestic Silver (AG)

Hammered…

That's the only fair way to describe what happened to shares of First Majestic Silver (AG) last week. AG is a Canadian miner focused on production in Mexico.

The stock fell 25% on the week, most of that coming in a single day.

We like the company because of its focus. Its motto is, "One metal, one country." Neither helped it this month.

As for the country, the Mexican peso's slow rise against the Canadian dollar this year raises the real cost of the company's local expenses. The metal part hurt, too. Silver is on the ropes. It hit a low of $15.74 in mid-July. That's barely above First Majestic's all-in cost per ounce produced.

That production cost number rose slightly. The increase relates to development expenses at several of its six active Mexican mining operations. As work progresses, it needs to spend more money to expand each operation underground. It's called "development capex" and this quarter it came in higher than the market expected, but not high enough to cause concern.

To make things worse, it had several worker disputes at its mines. Similar to a strike… workers collectively demanded more money—slowing or stopping work in the process. Strangely, this wasn't new information. The strikes were common knowledge within the industry far before the company discussed it on its earnings call.

Investors fear the bad news will keep coming. Shares of First Majestic Silver were $20.60 a year ago. They barely clear $6 today.

While it's true higher production costs, a lower silver price, and ongoing worker strikes would be unmanageable for the company long term, we think the worst is over.

Silver mining stocks are the most volatile stocks we know. When they're down, the down never seems to end. When they're up, they make you feel like a genius. We're sticking with silver and with First Majestic. In fact, we're adjusting our wider-than-usual trailing stop loss to 57% from 50%.

Our trailing stop software, Tradestops.com, calculates the appropriate stop loss for each individual position. In this case, we hope to hold on to shares of AG until the price of silver kicks back into gear.

Continue to BUY shares of First Majestic Silver Corp (AG) up to $15. Use a 57% trailing stop loss on the position. Click here to learn more about the importance of trailing stop losses.

IAMGOLD (IAG)

Precious metal mining companies tend to move like a marching band. It's hard to find one that breaks from the pack.

Shares of IAMGOLD (IAG) moved up a modest 3% last month while most miners floundered. The company is one of the best mid-tier gold miners we follow. In a gold bull market, a mid-tier company tends to move higher faster than the largest firms, known as "majors."

IAG is the best of both worlds. A premier mid-tier company has its sights on becoming a major in the next few years. To do that it needs to expand production from its current 813,000 ounces a year. CEO Stephen Letwin says it can and will do that organically, without spending billions buying competitors…

We agree and we'll be watching. **BUY shares of IAMGOLD (IAG) up to $7.50 per share. Use a 50% trailing stop loss on the position.**

Gazprom (OGZPY)

The resource business is cyclical. That means the whole industry trends up or down as a group. Even the best stocks struggle when that trend is down.

As investors, we want to own resource stocks when they're heading up to the high portion of the cycle, not the low one.

Stock and bond prices are sitting at all-time highs today. Resources are not.

Gold is off 34% from its high. The Bloomberg Commodity Index is off 48%. Oil is off 54%. Compared to all-time highs for stocks, these market sectors are cheap. That's part of the reason we own shares of selected energy companies in the portfolio.

Take Gazprom (OGZPY), for example. The company holds the world's largest proven reserves of natural gas. According to data released late last year, the company has five times the energy equivalent reserves of Exxon…but trades at one-seventh the price.

Most of Gazprom's market troubles tie back to its location, Russia. The company is so large it's effectively an arm of the state. With a new made-up story designed to convince Americans Russia is a boogieman every day, Russian stocks don't stand a chance.

In our view, that's not a reason to ditch Gazprom. Russia is a resource economy. That means it depends on income from selling resources. Gazprom is its primary gas producer… we'll be shocked if it betrays outside investors. After all, from time to time it needs their capital. Burning outside investors would isolate Russia.

BUY shares of Gazprom (OGZPY) up to $7.50. Use a 35% trailing stop loss on the trade.

Kinder Morgan (KMI)

We also like the business of moving oil. Kinder Morgan (KMI) is a blue chip in the business. We recommended its shares this spring by citing that lower oil prices mean more oil production. All that oil has to flow somewhere. Chances are, KMI's massive 80,000-mile pipeline and storage network will help move it.

We also said the company would increase its dividend over time. After all, founder Richard Kinder owns a staggering 246 million shares of the company's stock.

KMI pays $0.50 per year, or about 2.5%. Last month it announced the intention to pay $0.80 per share in 2018. That's a 60% increase over this year's payout. Further, it plans to pay $1 per share in 2019 and $1.25 per share in 2020.

That means, each share of KMI stock bought today for less than $20 should collect $3.18 between today and the end of 2020. The company also authorized $2 billion in share buybacks.

BUY Kinder Morgan (KMI) up to $30 per share. Use a 25% trailing stop loss on the position.

<u>Sanchez Midstream Partners (SNMP)</u>

When we recommended buying Kinder Morgan shares, we also recommended buying units of Sanchez Midstream Partners (SNMP).

The partnership handles oil and gas for Sanchez Energy and another one of our portfolio companies, Targa Resources (TRGP). Shares of Sanchez Energy tumbled recently on news of lower production. Less energy means less income for the partnership units we own.

SNMP units fell 18% this month. Tuesday's closing price triggered our trailing stop loss on the position.

SELL units of Sanchez Midstream Partners LP (SNMP) if you have not already.

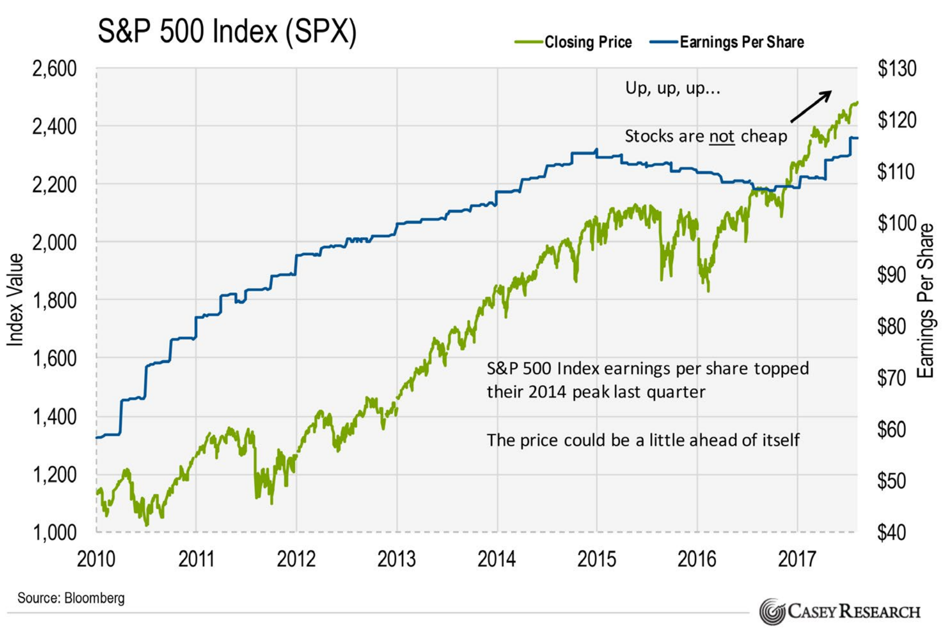
With our trailing stop loss triggered on Tuesday's close, we recognize Wednesday's closing price as our exit from the trade. Including the $0.44 dividend we received in May, we record a 21% loss on the position.

Market Update

The overall stock market hit all-time highs this month. Monday's closing price of 2,480.91 marks a record high for the S&P 500 Index (SPX).

While stocks are expensive, we don't think they're in a "bubble" like some do.

Expensive and bubble are two different conditions. When stocks are expensive, other assets are cheap.



The incredible strength of US technology companies like Facebook, Alphabet, and Amazon, just to name a few, is lifting the entire S&P 500 Index to new highs.

The S&P 500 is a market-weighted index. That means the larger Apple gets, the larger the portion of the S&P 500 it represents. Right now the tech giant represents 3.9% of the index.

That leaves 96.1% of the index for the other 499 companies. As goes Apple, so goes the index.

That's why we favor stocks like Energizer, a simple and profitable battery maker. Or the energy names we've covered here. A large portion of our portfolio is not in the S&P 500 Index.

Over the coming months, we think good stock picking will become more important than the handful of US technology companies driving the overall market.

Model Portfolio

Investment	Ref. Date	Ref. Price	Current Price	Dividends	Total Return	Stop Loss	Risk	Current Rec
Core Positions - Gold & Silver								
Physical Gold		$937.50	**$1,272.90**		36%		Low	**Buy**
Physical Silver		$17.56	**$16.87**		-4%		Low	**Buy**
Central Fund of Canada (CEF)	10/5/09	$12.98	**$12.56**	$0.08	-3%		Low	**Buy**
Central Fund of Canada (T.CEF.A)	10/5/09	$13.92	**$15.93**	$0.08	15%		Low	**Buy**
The Casey Empire								
Archer Daniels Midland (ADM)	1/15/16	$31.51	**$42.49**	$1.84	41%	20%	Moderate	**HOLD**
LKQ (LKQ)	7/13/16	$33.16	**$34.47**	$0.00	4%	25%	Moderate	**Buy up to $35.00**
Dollar General (DG)	10/12/16	$69.06	**$77.15**	$0.51	12%	25%	Moderate	**Buy up to $85.00**
First Majestic Silver (AG)	11/9/16	$9.38	**$6.22**	$0.00	-34%	57%	High	**Buy up to $15.00**
IAMGOLD (IAG)	11/9/16	$4.35	**$5.28**	$0.00	21%	50%	High	**Buy up to $6.00**
Berry Plastics Group (BERY)	2/8/17	$49.42	**$57.06**	$0.00	15%	25%	Moderate	**Buy up to $70.00**
Energizer Holdings (ENR)	8/9/17	$41.35	**$41.35**	$0.00	0%	25%	Moderate	**Buy up to $55.00**
The Trump Years								
General Electric (GE)	12/7/16	$31.60	**$25.71**	$0.72	-16%	25%	Moderate	**Buy up to $35.00**
Jacobs Engineering Group (JEC)	12/7/16	$60.30	**$54.22**	$0.30	-10%	25%	Moderate	**Buy up to $70.00**

Model Portfolio

Investment	Ref. Date	Ref. Price	Current Price	Dividends	Total Return	Stop Loss	Risk	Current Rec
Rockwell Automation (ROK)	12/7/16	$138.93	**$165.64**	$1.52	20%	25%	Moderate	**Buy up to $175.00**
Cognex (CGNX)	12/7/16	$59.40	**$102.71**	$0.16	73%	25%	Moderate	**Buy up to $100.00**
Gazprom PJSC (OGZPY)	1/11/17	$5.27	**$3.92**	$0.00	-26%	35%	High	**Buy up to $7.50**
Kinder Morgan (KMI)	3/8/17	$21.29	**$19.75**	$0.13	-7%	25%	Moderate	**Buy up to $30.00**
Targa Resources (TRGP)	3/8/17	$56.81	**$44.86**	$0.91	-19%	40%	Moderate	**Buy up to $80.00**
Teledyne Technologies (TDY)	4/12/17	$124.12	**$147.12**	$0.00	19%	20%	Moderate	**Buy up to $175.00**
BWX Technologies Inc. (BWXT)	4/12/17	$47.88	**$53.99**	$0.11	13%	20%	Moderate	**Buy up to $75.00**
CSRA (CSRA)	6/7/17	$31.13	**$32.19**	$0.10	4%	25%	Moderate	**Buy up to $50.00**
Cameco (CCJ)	7/12/17	$9.61	**$10.15**	$0.00	6%	30%	Moderate	**Buy up to $15.00**
Special Situations								
Sanchez Midstream Partners (SNMP)	3/8/17	$13.10	**$9.90**	$0.44	-21%	35%	Moderate	**SELL**

This sheet represents our current portfolio recommendations and is not a comprehensive track record.
Reference date is the release date of the publication when the recommendation was originally made in *The Casey Report*.

End Notes With Doug Casey

In this month's End Notes, Doug provides an important update on the financial hurricane—and what you should be doing now to prepare. He also shares his top speculations to consider today…

Get the Big Picture Right and the Details Take Care of Themselves

It's a good idea to keep the Big Picture in mind, even while going about business as usual. Here's a very brief overview, going from 30,000 feet right down into the trenches.

My view of the economy has always been long term—perhaps overly so. The Ascent of Man started about 14,000 years ago at the end of the last Ice Age; it's going to continue for two reasons: One, science and technology have been compounding at an accelerating rate since Day One, and that will likely continue. Two, the average human is genetically programmed to produce more than he consumes. And that builds capital. So the world naturally tends to get richer.

That said, if the biotech revolution allows you to live a very long time, things look rosy on all fronts.

On the other hand, Western Civilization has been in decline since about 1913, and its descent is accelerating. The US peaked in the mid-50's, started declining in the early 70's, and is moving into an existential crisis. So maybe the long term isn't so rosy after all. The rising tides that have floated all ships for the past few centuries appear to be going out.

Even though that's the case, we're in a financial bubble of historic proportions. Far bigger than the bubble that burst in 1929. And because every State in the world is vastly more powerful than it was in those days, and the public has learned to demand far more from them, the Greater Depression will be far worse, far different, and far longer lasting than the unpleasantness of 1929-1946. The bad news? The Greater Depression is long overdue. The good news? We'll get to find out the details quite soon, and get to live in even more interesting times.

Keep the analogy I've made about an economic hurricane in mind. We entered the leading edge of the storm in 2007, went through it in 08 and 09, and have been in the eye since 2010. Governments have papered over the problem by reducing interest rates, creating boatloads of new credit and debt, and bailing out financial dinosaurs. But as we go into the trailing edge those gimmicks have been exhausted. The whole system will have a complete reset.

What should you do now to prepare for this eventuality—assuming you accept my reasoning (which is explained in detail in past issues)? Let me sum it up in the briefest, broadest way possible.

Here's the general situation with what can be considered the six main asset classes. All of them have significant risks today. I don't say that as a wishy-washy disclaimer. I say it because the whole financial and economic edifice is built on quicksand. There are very serious systemic risks. I'm not talking about minor fluctuations, or a passing bear market in one thing or another.

1. Bonds—The biggest bubble in financial history. A triple threat to your capital—interest rate risk, credit risk, and currency risk. The great bull market that started in the early 80's is over. Bonds are now the worst single place for your capital.

2. Stocks—Quite overpriced but—if only due to the trillions of new currency units being created worldwide—they're likely going higher. Since they represent real wealth and production, a much better choice for capital than bonds. But the possibility of a major meltdown exists.

3. Real Estate—It's been very good to me for many years. But I believe the great post WW2 property boom is over. This asset class is floating on a sea of debt. Property taxes can only rise as governments go bust. And demographics are solidly against it. Houses are not investments; they're costly depreciating consumer goods.

4. Commodities—They've been in steep decline since the last peak, in 2011. But because of all the new currency creation, and the fact most are selling at very close to the cost of production, I suspect the next major move is up. Unless, of course, we have a deflationary credit collapse.

5. Gold—Its current price is reasonable, and it's going to be a big beneficiary of the next financial panic. You can keep buying coins (and selected gold shares) with confidence.

6. Cash—Most banks are illiquid, and many are bankrupt. Which makes it dangerous to keep cash in them. Governments, meanwhile, are trying to eliminate the use of physical cash. And what you do hold onto—in or out of banks—is being eroded by significant inflation. This is a huge problem that's not often discussed.

Here are a few thoughts on specific investments and speculations within the above context. EB and I have commented on some already in past issues of TCR. Most of the following are high potential speculations. I'm involved in most personally. In today's world, "investment" is increasingly risky. Speculation is becoming increasingly necessary.

1. Cryptocurrencies—As I pointed out in a promotional video I did about a year ago, cryptos are the biggest thing since the Internet itself. I didn't feel I had the technical knowledge to recommend Bitcoin or any of its many hundreds of relatives. But I'm personally digging into them. It's no longer early days. The market is bubbly, like Internet stocks in, say, 1998. The bubble, however, has far further to expand, because the technology is very young and very important. Cryptos are not within the context of TCR. But my colleague Teeka Tiwari covers them extensively in his newsletter, *The Palm Beach Letter*.

2. Marijuana Stocks—Pot is going to become a big business in the years to come as this useful plant is commercialized in many different ways. Nick Giambruno covers opportunities in *Crisis Investing*.

3. Uranium—The cheapest of commodities, and probably the most political.

4. Greek and Cypriot stocks—Nick and I did a study on Cyprus in 2013. By the same token Greece is probably the most hated market in the world. These markets are both down something like 95%.

5. Shipping stocks—A horrible performing industry, but a necessary one. See what EB says about it in TCR.

6. Commodities—See previous comments.

7. Puts—With low interest rates, many overpriced stocks, and a bull market, puts are at about the lowest price and highest potential in history. Buying the right ones, about 18 months out, might offer returns of 10 to 100 to one. Protagonist Charles Knight in my novel *Speculator* shows how these returns are possible.

8. Solar stocks have pretty well melted down with the price of energy in general. But the technology is the wave of the future. Now is a great time to look at them, as per EB's article last month.

This list of do's and dont's might seem too general to offer a real edge in the markets. But, it's far more important than fleeting details about the latest fad.

This is the fifth decade I've been actively investing. Through the ups and downs of many different markets one thing is clear. Being in the sectors that are rising while they're rising is the key to consistently making money.

Likewise sectors in decline, like bonds today for example, make it hard for even the brightest investor to consistently make money. So, stick with the winners.

With that in mind, keep your investment decisions focused on the big picture. You'll avoid a lot of stress and over time probably make a lot more money.