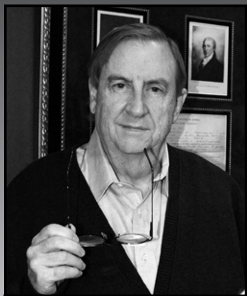


JIM POWELL'S

January 2016

GLOBAL CHANGES & OPPORTUNITIES REPORT

Information and insights about world events affecting your business, career, family and investments

Dear Reader,

Every December when I make my predictions for the new year, I'm reminded of how complex the world is becoming, and how many ways the changes may affect us. I'm always tempted to leave soothsaying alone and react to developments as they come. However, I know that investors who attempt to look into the future are almost always more successful than those who don't.

Our biggest challenge isn't dealing with the changes we know about. It's the unexpected events that can have the greatest impact on us.

Until early 2014, for example, ISIS was just one of many jihadi groups that was reaching for power. Within a few months, ISIS captured most of northern Iraq and eastern Syria. Now ISIS is starting to attack its enemies in the West. Part of that program is increasing the refugee crisis that is threatening to destabilize Europe. ISIS is clearly one of the most dangerous terrorist group the world has ever seen (see page 2).

In addition to the events that dominate the news, there are several major trends at work that are less responsive to current events. For example, the rapid introduction of "smart" machines is having a big impact on the economy, jobs, our investments, and our personal lives. The long-term trends are of great importance to all of us who are determined to provide safe, comfortable lives for our families.

Lastly, many big changes – such as plunging energy prices – are simply steps in long-term cycles that have been at work for decades (see page 3). Investors who understand cycles can earn outstanding returns.

With the challenges in mind, I polished up my crystal ball and identified many investments that seem likely to do well in 2016. First I'll present an overview of what I think will be the most important developments in the new year. My recommendations will follow.

The Biggest Issues

The Economy: Nothing is likely to have a bigger impact on our lives and investments in 2016 than the economy. For most of the past seven years, growth has been on life support from the Fed.

Several months ago Uncle Sam turned off the money pump and the economy was forced to survive on its own. It has not been an easy transition. The average growth rate has only been a whisker over 2%, and that's after the government did some creative arithmetic to improve the number. I think the weakness will continue throughout the new year.

That's if we're lucky. With the economy at such a low level, it would not take a very big shock to push the US into another recession. Although I don't think it will happen in 2016, we must keep the possibility in mind as we choose our investments.

The American Public: I am far more concerned about the deteriorating condition of our society than I am about the economy. Anger and discontent are rising to dangerous levels. So many marginalized people are turning to drugs and alcohol, the death rate is surging after declining for 60 years.[1]

Judging from the popularity of Donald Trump, I think the public is fed up with the status quo in many aspects of American life, including politics, the economy, public schools, and immigration – to name only a few. I expect disruptive backlashes to begin in 2016.

I am particularly concerned about our younger generations that are being subjected to increasing financial pressure and declining opportunities to improve their lives. Millions of young adults don't believe that America offers them the same chance to earn an abundant life as it did for earlier generations. The values and lifestyles of many younger citizens who don't feel part of mainstream America are reshaping our country in ways that most of us will not recognize.

Racial Tensions: America's racial divide is increasing after improving for decades. Extrajudicial killings and outright murders by some police officers[2] are bring-

[1] Sam Fleming, "Death Rate Surges Among Middle-Aged US Whites", *Financial Times*, December 4, 2015.

[2] For every killing where someone happened to be standing nearby with a video camera, there must have been dozens that went unrecorded.

ing many angry people back into the streets. This time there is no leader with the stature of Martin Luther King to keep the protests peaceful.

If the most serious grievances are not addressed soon, I think we may see another Black Panther movement. This time, the militants will include combat veterans who may be inclined to do more than hold a lighted candle and sing "We shall overcome." Our cities should be safe until warm weather returns. Then watch out.

Terrorism: One of the few things that Washington has done well in recent years is make millions of people in the Middle East and North Africa hate the US. However, when al-Qaeda faded from the scene, America's enemies had no effective means to strike back.

ISIS' Main Goals For Its Terrorist Attacks

1) Provoke anti-Muslim sentiment in the US that will radicalize more young believers who will become terrorists.
2) Create a public backlash that will force Washington to send troops back to the Middle East, where the jihadists can (in their opinion) defeat them, just as al-Qaeda and the Taliban did to the Russians.
3) Successful attacks against the Great Satan will attract many new recruits from the US and Europe.
4) The attacks – and the expensive programs to prevent them – will damage the US economy, which ISIS apparently believes is our Achilles heel.
5) The end goal is to force the west to leave the Islamic world alone while ISIS creates a new caliphate.

That respite ended with the rise of ISIS, a jihadi group that has a strong resemblance to the ultra-fundamentalist Wahhabi sect in Saudi Arabia, a country that Washington still insists is America's "great friend."[3] With friends like the Saudis, who needs enemies?

ISIS is much stronger than any terrorist organization the world has ever seen. Unlike al-Qaeda that was small and always on the run, ISIS has a defacto country where it can build chemical, biological, and perhaps even nuclear weapons using "missing" Soviet material (see the February 2008 GCOR). I think strikes will begin in 2016 and will forever change the nature of war and the future of our country.

For more information about the growing terrorism threat I urge you to read the January 2016 issue of the *Early Warning Report* written by Richard Maybury. His "big picture" analysis of global terrorism is insightful.[4]

Our most immediate challenge is to make good investment decisions for what promises to be a an unusually challenging year. Part I of my look ahead starts right now.

The 2016 Investment Outlook (Part I)

The Stock Market: An important development has been hiding behind the stock market averages that dominate the headlines.

The largest stocks in the top half of the **S&P 500 Index** moved ahead 4.7% in 2015.[5] However, smaller stocks that make up the bottom half of the index were down 5.7%. Overall, the market was largely flat for the year.

It is clear that investors have a strong preference for blue chips, a trend that I believe will continue in 2016. Fortunately, we already hold many of the leading companies in our five core Portfolios that should perform well again in the new year.

However, the stock market now faces some significant problems:

1) The slow US and global economies are taking a toll on corporate earnings. Our exporters are feeling an additional pinch because the strong US dollar is making their products more expensive overseas. Overall, the decline in earnings is expected to be just 4.4%, but that contrasts sharply with the double-digit gains we've seen in recent years.

   Fortunately, many companies are doing well, and so are their stocks. Their gains should increase as investors crowd into a shrinking number of promising issues. I think the concentration of money is one of the reasons that blue chips are already outperforming smaller issues.
2) The Fed's decision to raise interest rates will make money more expensive. Companies with a lot of debt – such as many shale energy producers – also have shrinking profits with which to make the payments.

   The result is likely to be higher bond default rates. To compensate for the increasing risks, I think the market will push interest rates well above

[3] Gideon Rachman, "Why The West's View Of The Saudis Is Shifting", *Financial Times*, December 8, 2015.
[4] The Early Warning Report is highly recommended. Single copies are $15. Subscriptions are $200 if you mention GCOR. 800-509-5400 or 602-252-4477 or www.RichardMaybury.com.
[5] As of mid-December. Year-end results will probably differ a bit.

the level set by the Fed.

3) Many companies have been buying back their own shares, which is pushing their prices up. That's all well and good, but it's not as bullish as seeing gains from increasing market demand. Other companies have been doing megamergers that give their stocks a boost. Higher borrowing costs will reduce both activities.
4) It is clear that the bull market is losing momentum – and this is making me nervous (see page 8). Once again, however, the behavior of the broad market is masking how well many large stocks are doing.

Happily, there is also quite a bit of good news about stocks:

1) Most blue chip values have not reached the levels seen during previous bull markets, which is one reason that conservative investors are buying them.
2) Stocks are still the only investments that are paying well. Even with the Fed's rate increase; bonds, CDs, and other fixed income investments yield very little. Retiring Baby Boomers, pension funds, and other investors are buying blue chip dividend stocks instead of bonds for the income they need.
3) Although the US economy is weak, the economies of Europe, Japan, and South America are even weaker. As a result, a great deal of offshore money is flowing into US stocks.
4) Although I am nervous about the declining momentum in the stock market, it happened many times in the past just before prices made another big upturn.
5) The six year run for this bull market is no impediment. It's declining health, not age, that kills expansions. Several bulls have lasted over a decade.
6) We are not yet seeing the buying frenzy that usually marks the end of a bull market.

What to do:

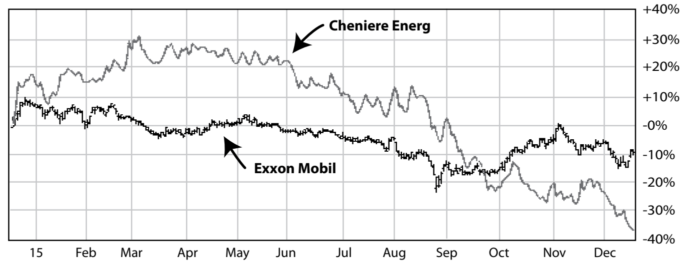
This month I will look at three investment groups that I believe offer excellent potential for growth in the new year:

1) Timely Cyclical Stocks: I've said it before, and I will say it again regarding stocks for the new year: The cyclical industry with the best track record for rewarding long-term investors is energy. Other cyclicals with great potential include agriculture and emerging markets, both of which I will discuss next month.

An Unusual Energy Opportunity

We are in the catbird's seat to make layup shots in the energy cycle. Oil prices are down from $100 in June 2014 to under $40 today. If that's not the bottom of the current cycle, it must certainly be close to it. Natural gas prices have also plummeted.

Combined Exxon Mobil and Cheniere Energy



In today's world where rising energy demand is the normal condition, it should not be long before prices start to move back up again. If the volatile Middle East explodes – which I think is very possible – we could see overnight energy profits that will make the history books. A *serious* decision by President Obama to destroy the oil facilities that ISIS uses to fund its mayhem should have a big impact on prices.

Among the energy stocks that I recommended in recent months, I think **Exxon Mobil** (XOM) and **Cheniere Energy** (LNG) offer conservative investors the most turnaround potential with the lowest risk.

More aggressive investors should consider **Kinder Morgan** (KMI). The stock tumbled in December after management reported lower quarterly results. KMI also had its debt downgraded by Moody, and the company slashed its dividend.

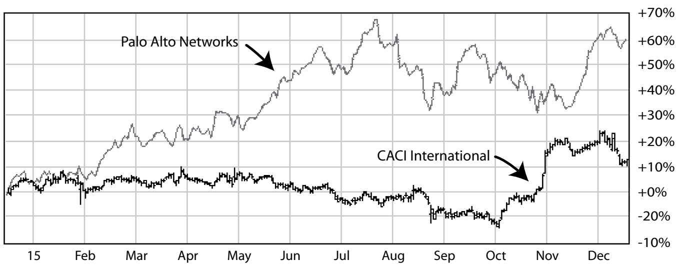
I don't believe any of the problems change the excellent long-term outlook for KMI that is now even more attractively priced. You will find reviews of these energy stocks in recent issues of GCOR.

2) Stocks That Are Largely Immune To Economic Changes: Some companies are profiting from trends and developments that have little connection to the business cycle. The list includes cybersecurity, anti-terrorism, the opening of Cuba, digital entertainment, military conflict, new cancer treatments, and small business formation – to name only a few.

Cybersecurity, anti-terrorism, and an increasing chance of military conflict should be first on our buy list this year.

The need to greatly increase our protection from cyberattacks and terrorism are rapidly becoming multibillion dollar efforts – and they have a lot further to go. My most conservative recommendation for cybersecurity is **CACI International** (CACI) that is winning many new government contracts. More aggressive investors should consider **Palo Alto Networks** (PANW) that just reported a 61% increase in billings. Reviews of both companies are in the January 2015 GCOR.

Combined CACI International and Palo Alto Networks



My leading anti-terrorism pick is **OSI Systems** (OSIS) that supplies scanners for America's many entry points. Some units can even inspect cargo containers. See the November/December 2014 GCOR for details.

3) Winners That Should Continue To Make Gains: Buying more of what investors already prefer should also be an excellent strategy in 2016. Happily, we already own many of the leading blue chips that are getting the most attention. I will make my recommendations starting on page 5.

Other 2016 Investments

Our Greek Speculations:

The outlook continues to improve for a gradual economic recovery in Greece. To help reduce the government's deficits, the Greek parliament just passed another round of spending cuts and tax increases. The privatization of many government assets was approved earlier.

I think the **Global X FTSE Greece 20 ETF** (GREK) remains an attractive turnaround speculation with excellent long-term potential (see the November/December 2015 GCOR). The fund is down from $9.30 on October 1, to $8.30.

The **National Bank of Greece** (NBG) has been performing poorly. The stock plunged from 80 cents in early November to 24 cents in early-December when investors learned that depositors were coming back more slowly than expected. The number of non-performing loans was also higher.

The sharp price decline put NBG below the minimum level for the NYSE, and the exchange decided to delist the stock. The news further alarmed investors who pushed NBG all the way down to 15 cents. The bank is now traded OTC under the symbol **NBGGY**. A reverse split moved its price up to $0.35.

IMPORTANT: *OTC stocks can vary a lot in price during the day. To prevent Murphy's Law from having your buy order arrive when the stock happens to be up sharply, you should always name the price that you are willing to pay. You should also name your price on a sale. Do not place a "market" or an "at the market" order.*

Although I'm disappointed by the performance of the bank, I am hanging onto the speculation. If I am correct that the EU, the European Central Bank, and the Greek government won't let the country's major banks fail, it won't make much difference for our returns whether we bought the stock for 80 cents, 18 cents, or any other price under a dollar.

Are Rising Rates A Threat?

The Fed's recent quarter point interest rate increase was widely anticipated, and is seen by many investors as an indication that government analysts believe the economy is growing.

However, the rate increase may indicate just the opposite economic outlook. If a decline is on the way, the Fed will want to fight it by cutting rates. That has not been possible for several years because rates were essentially zero. Fed chairperson Janet Yellen may have decided that having the ability to fight a recession outweighs the possible damage a rate hike may do nearer term.

Whatever a rate hike may say about the economic outlook, I don't expect it to do much damage to US growth. However, higher interest costs will hurt emerging nations that have large US debts to pay.

Fixed Income Investments

Since the Fed's rate hike may be followed by others over the next few years, I recommend choosing fixed income investments that mature in no more than six months.

Real Estate: Some analysts worry that the Fed's quarter point interest rate hike may kill the recovering housing market.

I don't agree. The last time that mortgage rates started to rise after a long quiet period, it triggered a flood of buyers who wanted to get in before rates jumped again. In any event, mortgage rates are still so low that most people who could afford to buy a home in 2015 will still be able to do so.

Currencies: The US dollar rose 9% in 2015, which was on top of an 11% rise in 2014. I think the greenback will give up some of its gains in 2016, but will still be the best currency to own.

The **US dollar** also has rivals – the most important of which is the **Chinese renminbi** that I think many investors should also own. The renminbi scored a big win in December when the International Monetary Fund (IMF) dubbed it a reserve currency.

I urge you to think of the dollar and the renminbi as an investment pair. When one goes down in value the other usually goes up, which can help preserve the purchasing power of your savings. (For the benefit of new subscribers, FDIC-insured renminbi accounts are available from www.EverBank.com.)[6]

Precious Metals: I see nothing on the horizon that will make **gold and silver** perform any better in 2016 than they did over the past 12 months, which was terrible. Gold is now only a few dollars above $1,000, a five year low. As I warned last month, if the price falls through the $1,000 resistance point, I think it could drop another $200 or so. Silver is in a similar position.

The fact that "I see nothing on the horizon" to push precious metal prices up doesn't mean we should not own them. On the contrary, if we are blindsided by an economic plunge, a currency shakeup, an unexpected war, a terrible terrorist attack, or other big shock, precious metals will be an important part of your safety net.

There are so many problems in the world that could become emergencies overnight, I think odds favor having at least one of them blow up in 2016. If you don't have all the precious metals you want, this should be a good time to buy them.

Tangibles: Prices for **fine art**, **antiques**, **rare cars**, and so on are behaving just like stocks: the best of everything is shooting up in value, but second best is going nowhere. This preference for "blue chips" in everything will almost certainly continue in 2016 – and should guide your investment decisions.

If you want to be successful long-term, add more tangible (real) assets than paper assets to your net worth.

Portfolio Review

Over the past six weeks, the stock market gave up some of the gains it made in recent months. Investors were worried about the Fed's interest rate increase, the slow economy, and lower corporate earnings. Of the 24 stocks in our five Portfolios, 7 made gains, 12 declined, and 5 were essentially flat.

Our core Portfolios are made up almost exclusively of the blue chip dividend stocks that investors favored during most of 2015. I think large stocks will continue to lead the market in the new year.

Accordingly, in the tables this month I will highlight in bold the stocks that seem most likely to do well in 2016. Most of them already have good momentum. However, a few are laggers that should mature in the coming months.

Portfolio #1: Blue Chip Food & Agriculture

Low food prices continue to depress most stocks in this portfolio. The sole exception was **General Mills** that rose from $50.33 to $58.43 (16.1%) when it beat its 4th quarter earnings estimates by 15%.

Archer Daniels dropped from $46.89 to $34.18 (-27.1%) due to a 9% earnings drop and the impact of low energy prices on ethanol demand. **ConAgra** dipped from $41.28 to $39.29 (-4.8%). **Hershey** fell from $95.67 to $89.91 (-6.0%); **Kraft** went from $77.98 to $70.97 (-9.0%); **McCormick** and **Coca-Cola** were essentially flat.

Company	Sym	Price 12/20/11	Price 12/14/15	Percent Change	P/E	Yield	Recommendation
Archer Daniels Mid.	ADM	$28.35	$34.18	20.6%	11.8	3.27%	Down. Hold now.
Coca-Cola	**KO**	**$34.20**	**$42.45**	**4.1%**	**27.1**	**3.12%**	**Flat. OK to buy.**
ConAgra	**CAG**	**$24.31**	**$39.29**	**61.6%**	**N/A**	**2.54%**	**Down. OK to buy.**
General Mills	**GIS**	**$39.27**	**$58.43**	**48.8%**	**27.7**	**3.00%**	**Up. OK to buy.**
Hershey	HSY	$59.57	$89.91	50.9%	39.7	2.69%	Down. Hold now.
Kraft Food Group	KHC	$36.91	$70.97	92.3%	N/A	3.30%	Down. Hold now
McCormick	**MKC**	**$49.56**	**$84.59**	**70.7%**	**27.4**	**2.05%**	**Flat. OK to buy.**

Portfolio 1 Average Since 12/20/11: 52.7%. Change since last month: -12.0%

Portfolio #2: Basic Needs Suppliers

Two of the three stocks in this portfolio made modest gains over the past six weeks. **Johnson & Johnson** inched ahead from $100.31 to $102.15 (1.6%). **Procter & Gamble** tied JNJ's 1.6% gain, from $77.03 to $78.29. **Colgate** declined from $68.94 to $65.85 (-4.5%). I think PG and JNJ will move higher in the new year.

Company	Sym	Price 12/20/11	Price 12/14/15	Percent Change	P/E	Yield	Recommendation
Colgate Palmolive	CL	$45.78	$65.85	43.8%	24.4	2.33%	Down. Hold now.
Johnson & Johnson	**JNJ**	**$64.52**	**$102.15**	**58.3%**	**19.6**	**2.95%**	**Up. OK to buy.**
Procter & Gamble	**PG**	**$65.79**	**$78.29**	**19.0%**	**29.5**	**3.41%**	**Up. OK to buy.**

Portfolio 2 Average Since 12/20/11: 40.4% Change from last month: -0.7%

Portfolio #3: Multinational Growth Stocks

The slow US and global economies are making investors nervous about growth stocks. However, **GE** managed to rise modestly from $29.51 to $30.26 (2.5%).

Ford fell from $15.57 to $13.62 (-12.5%) on

[6] I receive no compensation or other consideration from EverBank or anyone else that I recommend in GCOR.

worries that new car sales will soften in 2016. **Deere** declined from $80.26 to $78.94 (-1.6%) for similar reasons. **Alcoa** was essentially flat despite announcing its intention to split off its raw aluminum business from its much more promising specialty metals operations. It's a good plan for everyone. AA is a buy.

Company	Sym	Price 12/20/11	Price 12/14/15	Percent Change	P/E	Yield	Recommendation
Alcoa	**AA**	**$8.88**	**$9.00**	**1.4%**	**23.9**	**1.35%**	**Flat. OK to buy.**
Deere Co.	DE	$76.64	$78.94	3.0%	13.7	3.11%	Down. Holding.
Ford	F	$10.33	$13.62	31.8%	11.4	4.40%	Down. OK to buy.
General Electric	**GE**	**$17.28**	**$30.26**	**75.1%**	**N/A**	**3.04%**	**Up. OK to buy.**

Portfolio 3 Average Since 12/20/11: 27.8% Change since last month: -4.5%

Portfolio #4: Major Banking Companies

Over the past six weeks, investors became more cautious about the big banks. **JP Morgan** rose minutely from $63.87 to $64.27 (0.6%). **Goldman Sachs** dropped from $185.50 to $176.40 (-4.9%); **Citigroup** fell from $53.64 to $51.10 (-4.7%); and **Wells Fargo** went from $54.75 to $53.20 (-2.8%). **Bank of America** was flat.

The banks continue to innovate and adapt to new regulations and the changing economy. I remain optimistic about a continuing recovery for the group. I think **Bank of America** and **JPMorgan Chase** will lead the pack – but all the banks are okay to buy.

Company	Sym	Price 12/20/11	Price 12/14/15	Percent Change	P/E	Yield	Recommendation
Citigroup	C	$25.95	$51.10	96.9%	11.5	0.39%	Down. OK to buy.
Bank of America	**BAC**	**$5.17**	**$16.80**	**225.0%**	**12.4**	**1.20%**	**Flat. OK to buy.**
Goldman Sachs	GS	$90.98	$176.40	93.9%	11.6	1.47%	Down. OK to buy.
Wells Fargo	WFC	$26.50	$53.20	100.8%	12.9	2.81%	Down. OK to buy.
JPMorgan Chase	**JPM**	**$32.21**	**$64.27**	**99.5%**	**10.9**	**2.75%**	**Up. OK to buy.**

Portfolio 4 Average Since 12/20/11: 110.0% Change since last month: -17.0%

Portfolio #5: Blue Chip Income Plus Growth

The expected arrival of a Fed's rate hike made investors nervous about income stocks, most of which suffered price declines.

For reasons that I discussed on page 3, **Kinder Morgan** plunged from $29.23 to $16.00 (-45.3%). **TranCanada**, our other pipeline company, did much better as it eased down 1.1%, from $34.09 to $33.71.

Eli Lilly bucked the downturn and rose from $78.31 to $84.68 (8.1%). **GlaxoSmithKline** gave back some of its recent gains as it sagged from $42.11 to $39.10. **Merck** was nearly unchanged.

I think the economy isn't robust enough to sustain a series of rate hikes right away and the Fed will refrain from making them. If so, income stocks should begin to move back up as the new year gets underway.

Company	Sym	Price 12/20/11	Price 12/14/15	Percent Change	P/E	Yield	Recommendation
Kinder Morgan*	KMI	$39.70	$16.00	-59.7%	30.4	12.24%	Down. OK to buy.
TransCanada*	**TRP**	**$42.45**	**$33.71**	**-20.6%**	**19.4**	**4.75%**	**Down. OK to buy.**
Eli Lilly*	**LLY**	**$41.12**	**$84.68**	**105.9%**	**38.2**	**2.45%**	**Up. OK to buy.**
Merck*	MRK	$37.07	$52.20	40.8%	13.9	3.53%	Flat. OK to buy.
GlaxoSmithKline*	GSK	$45.23	$39.10	-13.6%	6.4	5.93%	Down. Hold now.

* These stocks were purchased at different times. See the website for details.

Portfolio 5 Average Since 12/20/11: 10.6% Change since last month: -5.4%

Personal Security

Lessons From Recent Disasters: Part II[7]

We have become so dependent upon electric lighting, most people don't know how dark it can be when the power is out – especially if the whole neighborhood is affected.

Emergency lighting proved to be essential for most victims of Hurricane Sandy, last winter's snow and ice storms, the summer floods, and many other shocks. Some people in damaged homes perished because they could not find their way out through the debris. Others could not find family members or retrieve possessions.

The best emergency lighting that can be used immediately is battery-powered. The newest lights use LEDs rather than conventional bulbs. LEDs are brighter, more shock resistant, and drain batteries much more slowly than older lights.

LED lighting is so much better than conventional lighting that I replaced all my outdated emergency lights with the new technology. I think you should do the same. Here is what I think most families should have:

1) A Powerful, Lightweight Lantern

The Siege LED Lantern

You should have a battery-powered LED lantern that will provide enough light to illuminate a whole room. I reviewed many products for my use and to recommend in this article. The best of the lot was clearly the **Streamlight Siege Lantern** (http://www.streamlight.com/en-us/product/product.html?pid=287).

The 8" Siege Lantern has three LEDs, and three power levels that will keep the lamp working for 30, 70, and 296 hours respectively.[8] A 4th LED puts out a steady or flashing red light that will preserve your night vision.

[7] Continued from the October 2015 GCOR.
[8] On its lowest setting, the lantern will produce 12 hours of light every day for 24 days.

The lantern comes apart for use as a hanging light (see photo). It is waterproof, and it will float with its three "D" cell batteries.

2) Headband Lights Beat Flashlights

In every situation where I try to do something in the dark, I need both hands. That isn't possible when I am holding a flashlight.

I solved the problem by replacing my emergency flashlights with versatile LED headband lights. The best of them have wide angle illumination plus a focused beam. A red filter can also be useful.

There are many excellent LED headband lights. I recommend the **Petzl TIKKA XP** with both spot and flood beams, a red light, and a boost feature that will deliver maximum brightness with the push of a button (http://www.petzl.com/en/Sport/ACTIVE-headlamps/TIKKA-XP?l=US#.VmT2pEX-iHg). I think all the adults in your family should have one.

Petzl TIKKA XP

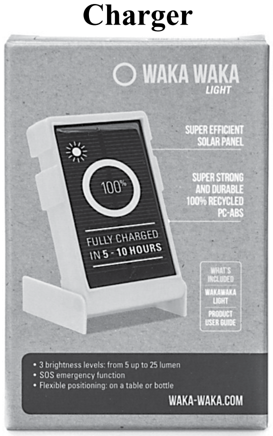
3) Have Lots Of Batteries

Because LED lights use very little power, their batteries last a long time. Nevertheless, it is good to have spares. All the top brands work well, and most of them can be stored for 10 years in a cool place. Avoid rechargeable batteries because they leak power over time and should not be relied upon for emergency use.

4) A Solar-Powered Lamp & Cellphone Charger

I believe the top solar charger for cellphones is still the **Suntactics sCharger-14** that I recommended in the October 2015 GCOR. An effective runner-up that also contains a useful LED light, is the creatively-named **WakaWaka** (http://us.waka-waka.com/products/). The large solar cell on the light will fully charge the internal battery in 12 hours and can recharge a smartphone in as little as two hours. The lamp has four light settings, the lowest of which will provide up to 150 hours of illumination. The WakaWaka is very popular in underdeveloped countries, which have similar conditions that we may encounter after a few days without electricity.

WakaWaka Lamp & Charger



To read about other emergency products that every family should have available, I will refer you to our special report, **GCOR Personal Security Articles From August 2006 to March 2015**. The report is back in print for $94 – or you can get an electronic version for $79. If you haven't done so already, call our office at 866-967-4267 to get your copy.

January Updates

Due to holiday closures, we are publishing this issue of GCOR earlier than usual. If an update should be necessary as the new year begins, I will send it to you in a special Subscriber Bulletin. If we don't have your email address on file to receive our Bulletins, please call our office (866-967-4267 or 602-445-2734.) to be put on our confidential list.

Increase Your Cash Reserves This Year

Lastly, <u>I urge you to increase your supply of cash in 2016</u> – the earlier the better. Cash will help carry you through any tough periods that we may encounter and allow you to take advantage of the opportunities they always create.

Banks Are Usually Safe

<u>Most of your cash can be safely kept in an FDIC-insured savings account, money market deposit account (MMDA), a checking account, or a Roth IRA</u>[9] – to name the most common places where money can be withdrawn quickly. Short-term Treasury bonds and FDIC-insured CDs can be used for cash that might not be needed for a few months.

To be fully insured by the FDIC, be certain to stay below the $250,000 limit per depositor for all accounts in the same bank, including its different branches.

Fortunately, there are many ways to get around the $250,000 ceiling. Joint accounts are automatically insured to $500,000. Each member of your family can have an individual insured account. In addition, you can have a business account and a Roth IRA – each of which will be insured to $250,000. You can also have accounts in different FDIC-insured banks.[10]

Also Have Cash At Home

Whether it is due to climate change or other causes, severe natural disasters are becoming more frequent – and they often shut down banks and ATMs.

I am also worried that ISIS may launch at least one big terrorist attack in 2016. A physical action that's accompanied by cyber attacks on our essential services

[9] Unlike most retirement accounts, money deposited in a Roth IRA can be withdrawn at any time without penalty.

[10] You can call a FDIC representative at (877)275-3342 to see if your accounts – especially multiple accounts — will be insured.

could be devastating. The best defense is to have a good supply of folding money at home – and a bulging pantry (see also the August 2012 GCOR).

Precious Metals Could Be "Cash" Again

I'm not predicting runaway inflation or a currency crisis this year. However, both are possible – and I think inevitable longer-term – due to the Fed's unprecedented creation of empty dollars, and Washington's soaring debts that can never be paid.

If anything shakes public confidence in the dollar, its value could plunge overnight. In that case, you will need gold and silver to get through the crisis.

Silver Outshines Gold In An Emergency

Of the two, I still consider silver to be superior to gold for everyday transactions. With the price of silver down from $42.50 an ounce in September 2011, to just $14.50 today (a 65.9% decline), this should be an excellent time to buy **90% US silver dimes**, **quarters**, and **half dollars** that were minted no later than 1964.

Most Americans recognize the real silver coins and are happy to accept them. If you don't already have a low-cost source, I can recommend Resource Consultants (800-494-4149 or 480-820-5877).

Final Thoughts

I am cautiously optimistic about the new year. However, for the first time since 2009 I think there is a significant risk of an economic downturn and a bear market in stocks. Particularly for short-term investors, <u>this would be a good time to do some selling</u>.

Even investors with long-term outlooks should take some profits off the table. Not only is it smart to reduce your exposure to bear market losses, taking profits also raises cash that you can use to pick up bargains after a decline.

For the stocks that you intend to keep, <u>I recommend the use of stop-loss orders</u>. I realize that stops aren't perfect. During short-term market scares, stops can take you out of stocks that will soon bounce back. Ouch! However in a big market downturn, stops can save your bacon.

The best way to increase our assets and protect ourselves at the same time is to remain informed about current affairs that might affect us. That strategy has been serving us well for many years. If we stick with the program, I think we will make additional gains in 2016.

No matter what should happen in the new year, I will be with you all the way.

Best wishes,

Jim Powell

Next Month:

- The February GCOR will feature Part II of my outlook for the new year. I will discuss several additional investments that should be profitable.
- Our poor public schools, overstressed families, toxic media, digital distractions, and poor job opportunities are leaving America's young people adrift and starving for guidance. I will have another article about how best to help them.
- Washington's continued attacks in the Middle East, terrorist attacks at home, police killings, on-demand abortions, and violent entertainment, are depreciating the value of human life – and it is taking a big toll on our society. I'll have some suggestions about how to deal with the changes.
- I will also have another Personal Security article to increase your family's safety during what could be a turbulent year.
- Held over from this month: I expect additional attempts by government officials to grab more of our hard-earned assets. I'll discuss how to help keep the jackals at bay.
- And much more…