Jim Woods'
INTELLIGENCE REPORT®

Actionable Information for the Prudent Investor • August 2020

Do Stocks Go Down Anymore?

If you watched TV as a kid, or with your kids, back in the 1970s, you probably remember the following iconic commercial tagline for the breakfast cereal Trix: "Silly rabbit, Trix are for kids."

Well, I confess that I never liked Trix cereal, but even as a kid I liked the memorable turn of phrase. Interestingly, that commercial catch phrase came to mind this month when a friend asked me, somewhat facetiously, if the market will ever go down again.

So, I told him, "Silly rabbit, stocks don't go down anymore."

After exchanging some laughs, we did sit back and marvel on just how resilient this market has been in 2020, despite the worst global pandemic in more than a century and a virtual shutdown of the global economy. That shutdown really took its toll on the U.S. economy last quarter, as on Thursday, July 30, the Commerce Department announced gross domestic product (GDP), which measures the value of all goods and services produced across the economy, fell at a seasonally and inflation-adjusted 32.9% annual rate in the second quarter. That's a 9.5% drop compared with the prior quarter, and it's the steepest decline in more than 70 years of record keeping.

Now, all jesting aside, of course stocks can still go down, and we know that they are going to fall at some point, and perhaps sharply and perhaps sooner than we expect. I am not making that prediction, mind you, but I do think a pullback is way overdue. Yet if we look at stocks since the market's coronavirus-inspired March lows, we get a remarkable sense of just how powerful the buying has been.

Since March 23, the Dow Jones Industrial Average is up 41.5%, and it's the laggard of the big three domestic market measures. The S&P 500 is up 45.1%, while the NASDAQ Composite has led the charge with a remarkable 54.3% run higher since the March low. So, if you were looking at this market over just the past four months, you'd have to say, no, silly rabbit, stocks don't go down anymore.

Perhaps the most impressive aspect of this bull run in stocks is what has happened over the past month. Despite an alarming surge in the coronavirus case counts nationwide, as well as a new uptrend in hospitalizations and deaths due to the virus, stocks have largely shrugged off these concerns. The reason why markets have continued higher, despite the negative coronavirus metrics, is because traders still don't believe there's going to be a full-blown, nationwide lockdown of the sort imposed upon us earlier this year.

Yet if the coronavirus counts continue their disturbing rise, we will see more and more restrictions on economic activity. (We've already seen many states reimpose restrictions on bars, restaurants, gyms, hair salons, etc.)

But will even that cause stocks to go down again?

While I'm tempted to reply with "Silly rabbit," the real answer is that logically, stocks should go down. However, the conventional logic in this COVID-19 market doesn't really apply, and here's why:

Right now, there are two primary reasons why it seems like stocks are never going down again. The first reason is that markets are assuming that a vaccine (or a game-changing therapeutic) will come to market relatively soon. A vaccine and/or a pharmaceutical therapeutic will allow the world to go back to "normal." (Remember what that feels like?) Moreover, the encouraging vaccine headlines over the past several weeks from companies such as Moderna, Pfizer, BioNTech, Johnson & Johnson, Gilead Sciences and others have been fueling the bull run.

The second reason is something that market watcher Mohamed El-Erian of Allianz calls "socializing the downturn." This refers to governments around the world stepping in to ameliorate the financial pain of the coronavirus shutdowns, and they've done so via massive central bank intervention, stimulus checks, direct loans to businesses (Paycheck Protection Program), increased unemployment checks, lines of credit, etc.

As of this writing, the next phase of U.S. government stimulus is being debated in Congress. And while we don't yet have details on this plan, it is reportedly going to be at least $1 trillion worth of stimulus (and most probably more like $1.5 trillion). Assuming additional stimulus is doled out in roughly the $1-to-$1.5 trillion amount, that will continue to help the stock market look past the economic downturn — at least in the short and medium term.

The broadest measure of the domestic market, the S&P 500, now is positive on the year.

This is why stocks seemingly aren't going to go down anytime soon, and why they haven't gone down since the government began "socializing the downturn" in late March.

In the days leading up to this writing, the Federal Reserve reaffirmed its reassuring stance, which amounts to a commitment to do whatever it takes to support asset prices (i.e. rock-bottom interest rates for years to come). This is the third leg of the stocks-don't-go-down-anymore tripod, and it is yet another way government has socialized the downturn.

So, while stocks can and will go down again, as long as the progress continues to be positive on the vaccine front, and as long as government stimulus continues to prop up the economy, and as long as the Fed remains committed to its current stance, stocks are likely to hold up here despite their high valuations, and their overbought status.

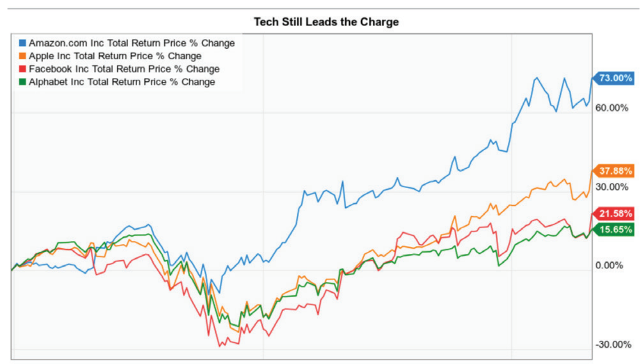
The 'Big 4' Tech Leaders Crush It

I purposely waited until after the closing bell on Thursday, July 30, to write this section, as that's when the "Big 4" tech and social media giants Amazon.com (AMZN), Apple (AAPL), Facebook (FB) and Alphabet/Google (GOOGL) all reported earnings results. Ironically, the results came the day after each company's CEO was grilled by a Congressional committee exploring "unfair" business practices.

Those who are aware of my extreme laissez-faire view of these matters will know that I fully support the productive leaders of these companies and the products they've created, and I'm completely against the second-handers in Congress who seek to make a name for themselves by trying to pull down these companies that got where they are because people freely chose to use their products. So, it gave me a sense of self-righteous pleasure to see that all four leaders reported excellent results for the latest quarter.

Amazon was the biggest winner, as it came in with blowout numbers, which is shocking given how high expectations were. The ecommerce and cloud computing giant saw revenue and earnings both beat estimates by wide margins. The same was true for Apple, which beat on the top and bottom lines. The company also announced a four-for-one stock split.

Facebook also handily beat estimates, with very solid performance, although the company offered guidance that its growth will level off in Q3. Apparently, Facebook had a surge of new users in Q2 due to coronavirus, but now that number is leveling off. Finally, GOOGL also beat earnings and posted overall solid numbers, although the numbers weren't really "blowout" compared to the others. All four stocks were up in after-hours trading, but GOOGL rose only slightly while AMZN, AAPL and FB all rallied big, up about 5%.



Jim Woods' *Intelligence Report* (ISSN 0884-3031), JimWoodsInvesting.com, is published monthly by Eagle Products LLC, 300 New Jersey Ave., NW, Washington, DC 20001. **Editor-in-Chief:** Jim Woods; **Editorial Director:** Paul Dykewicz; **Group Publisher:** Roger Michalski. **Subscriptions:** 1 year $249; **Customer Service:** 800-211-4766. Periodicals postage paid at Washington, D.C., and at additional mailing offices. Postmaster: Send address changes to: **Jim Woods' *Intelligence Report***, 300 New Jersey Avenue NW, Suite 500, Washington, DC, 20001.

Bottom line, expectations for these stocks were sky high and they still beat estimates. The only negative is that we're still not getting guidance, but then again, why would they give it in these circumstances? The chart of the Big 4 year to date on the prior page tells you all you need to know about this sector in 2020.

A Few Golden Reflections

There has been a very bright shine in gold and precious metals since our last issue. In fact, gold recently hit an all-time high while silver is at a seven-year high. Yet why are gold and silver shining so brilliantly of late? The answer is that there has been a confluence of bullish factors that have never been this powerful.

First, we now have ultralow interest rates nearly around the globe. Then we have governments "socializing the downturn" as El-Erian says, and that has essentially flooded the world's economy with stimulus. Those low interest rates make owning gold more attractive for yield-seeking investors (gold doesn't offer yields simply for holding it).

Moreover, gold traders expect all that government stimulus and spending to, at some point, provoke a big spike in consumer prices that outpaces any interest-rate increases. That means rising inflation, which hurts the U.S. dollar's purchasing power. That increases the value of gold and silver because that would require more dollars to purchase more bullion.

Then you have falling real interest rates (i.e. Nominal Interest Rate - Inflation (Expected or Actual)) as a result of firming inflationary expectations and steady bond yields, which are providing a key fundamental tailwind for both gold and silver. As long as that trend remains intact, precious metals should be able to continue higher. Moreover, when inflationary expectations pulled back in mid-April, gold fell into a sideways range for two months before new multi-month highs in the inflation outlook triggered the latest leg higher in the yellow metal.

Of course, one cannot ignore the elephant in the room when it comes to the underlying shine of gold and silver, and that is many people are looking at precious metals as a safe-haven trade in the face of the worst global pandemic in more than a century. This safe-haven appeal of gold and silver is definitely part of the core calculation when it comes to their appeal. Now, does anyone think the world is going to somehow magically not see a continued threat from coronavirus for many more months to come?

While there may be a few folks out there with their heads in the sand about the reality of this deadly menace, there is no wishing upon a star that this pandemic will magically disappear just because we wish for it to happen. Reality and existence are objective. And the threat of continued major damage wrought on our economy by this pandemic is very real, and it's a very real and logical reason to own gold and silver right now.

We own gold in our Protection Portfolio, but you don't have to be following that portfolio strictly in

Top 20 Income Multipliers YTD

Stock	Ticker	Total Return YTD
Lowe's	LOW	24.72%
McDonald's	MCD	0.57%
Procter & Gamble	PG	4.25%
Walmart Stores	WMT	11.78%
Exxon Mobil Corp.	XOM	-35.10%
Truist Financial Corp (Formerly BB&T)	TFC	-32.94%
PNC Financial	PNC	-32.17%
Johnson and Johnson	JNJ	2.00%
Medtronic Inc.	MDT	-14.09%
3M	MMM	-10.29%
Caterpillar	CAT	-4.44%
Cummins Inc.	CMI	10.44%
General Dynamics	GD	-13.93%
Union Pacific	UNP	-2.46%
Automatic Data Processing	ADP	-12.92%
Texas Instruments	TXN	2.84%
Albermarle Corp.	ALB	15.65%
American Tower REIT	AMT	17.04%
AT&T	T	-20.04%
Zimmer Biomet	ZBH	-10.05%
Average Return		**-4.96%**

order to add gold and/or silver to your holdings. The easiest way to own gold is to buy the SPDR Gold Shares (GLD), and the easiest way to own silver is to buy the iShares Silver Trust (SLV).

An Income Multipliers Update

The upside in our Income Multipliers continues, and though the total return on our 20 holdings remains in the red year to date, we continue to see the portfolio gain ground week to week. I expect those gains to continue, especially as we get more and more earnings reports from these dividend stalwarts. We've already seen strong earnings from Automatic Data Processing (ADP), Cummins Inc. (CMI), Johnson & Johnson (JNJ) and Procter & Gamble (PG). But we also saw somewhat disappointing earnings from 3M (MMM) and McDonald's (MCD).

Now, because of the diversified nature of our Income Multipliers portfolio, we hold leading stocks in several sectors hit hard by the pandemic. For example, we have energy sector exposure via Exxon Mobil Corp. (XOM), which has seen a big decline this year due to the global economic shutdown and the geopolitics in the oil patch. Then there are two financial stocks, Truist Financial (TFC) and PNC Financial (PNC), which have been pressured by low interest rates and the local business shutdowns in many of the states where these regional banks thrive.

If you are a long-term investor following the Income Multipliers, now is a good opportunity to add capital to these three (XOM, TFC and PNC) beaten-down stocks, as the reason they are lower is a direct result of the pandemic. Assuming the economy returns to "normal" at some point over the next year, accumulating shares of these three stocks right now should prove to be a rewarding decision down the road.

As for the big winners this year, well, there are quite a few. Leading the way higher is home-improvement retailer Lowe's (LOW), which has delivered a near-25% total return for us year to date. Given the shutdown and work-from-home protocols in place now, and for at least the next few months, it's safe to say that we are likely to see more upside in this stellar stock. That's also true of Walmart (WMT), as the company has proven it can sell groceries, clothes, hygiene products and just about everything else online and in its physical stores despite the pandemic.

Finally, we continue to see nice gains in real estate investment trust American Tower REIT (AMT) and lithium producer Albemarle Corp. (ALB). After suffering a big pullback during the March plunge, AMT now is up some 45.6%. Meanwhile, ALB has really seen a rebound from its March 23 low, surging some 65% since then.

Protection Portfolio							
Buy Date or 12/31/17 Close	Symbol	Stock	Buy Price	Current Price (7/28 Close)	Dividends	Total Return	Weighted Return
12/31/17	VFIIX	Vanguard GNMA	$10.46	$10.76	$0.68	9.35%	2.81%
12/31/17	VFSTX	Vanguard Short-Term Investment-Grade	$10.63	$10.98	$0.69	9.76%	2.44%
12/31/17	VFICX	Vanguard Intermediate-Term Investment-Grade	$9.75	$10.65	$0.78	17.22%	2.58%
12/31/17	VDC	Vanguard Consumer Staples ETF	$146.04	$159.63	$9.50	15.81%	1.98%
12/31/17	VDIGX	Vanguard Dividend Growth	$26.55	$29.55	$3.85	25.79%	3.22%
12/31/17	GLD	SPDR Gold Shares	$123.65	$183.75	$0.12	48.70%	2.44%
Average return on open positions						**21.11%**	**2.58%**

Tactical Trends Portfolio (TTP) Update

The tactical trade that is super-cap technology stocks is more than just a theoretical exercise for us in the Tactical Trends Portfolio (TTP). In fact, since our last issue we realized double-digit-percentage gains in two of the market's biggest tech leaders, Microsoft (MSFT) and Amazon.com (AMZN).

In MSFT, we saw the shares dip below our stop-loss at $205, hence we exited the position with a realized gain of 16.34%. That sale occurred about a week before the software giant reported earnings, which came in about as expected but also showed a slowing of growth in the cloud computing business. More importantly, from a tactical perspective, is that MSFT shares now trade at $204.60, still below our stop-loss price.

In the case of AMZN, shares were stopped out on July 24 at $2,900, for a realized gain of 24.17%. That's a robust realized win in just over three months, and if you can get results like that on a consistent basis with your trading capital, you are on your way to a whole lot of alpha.

After the stop outs in MSFT and AMZN, we are left with just one current TTP holding, and that is super-cap social media tech stock Facebook (FB).

Although many on Wall Street expected FB to have a tough time in the quarter due to advertising boycotts, which I consider mere virtue signaling on the part of some companies bowing to pressure from the "woke" left, FB had no such difficulty. In fact, the company generated some $18.7 billion in revenue, up from $16.9 billion a year earlier and above expectations of $17.34 billion.

As for profits, FB said it earned $5.8 billion in the quarter, or $1.80 per share, which also blasted through analysts' estimates. Perhaps most importantly, FB saw its monthly active users jump to 2.7 billion, also better than estimates of 2.6 billion. In after-hours trading on July 30, FB shares were up 6.5%, so by the time you read this, our FB position is likely to be up big.

What's Up & What's Down

In our last issue, I reported to you that year to date, the SPDR Gold Trust (GLD) was leading the way higher in our What's Up, What's Down table with what was then a year-to-date gain of 13.5%. Fast forward about five weeks and we see that GLD remains firmly atop the performance list, but this time it leads with a much more robust gain of 28.6%. As explained on page 3, gold is benefitting from a bullish confluence of tailwinds not seen in years, and the proof of that thesis is on full display here.

As for S&P 500 sectors, it's probably not a surprise to see Information Technology atop the leader board, as the segment is up 16.1% so far in 2020. While that's a solid performance, it's still nowhere near where things were in 2019, when we saw this sector up more than 50%. On the flipside, we continue to see a stunning loss in the Energy sector. Plunging gasoline demand worldwide due to COVID-19 has put a serious dent in the segment, which now is down 37% year to date. Can there be a rebound in Energy? Yes, but that's not likely to take place until we see the global economy open back up on a larger scale than it has thus far.

Total Return

	Ticker	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD
Dow Jones 30 Ind.	DJITR	1.7	19	8.9	-31.9	22.7	14.1	8.4	10.2	29.7	10	0.2	16.5	28.1	-3.5	25.3	-6.3
Dow Jones 15 Ut.	DJUTR	25.1	16.6	20.1	-27.8	12.5	6.5	19.7	1.6	12.7	30.7	-3.1	18.2	14.2	13.0	14.1	-4.6
Dow Jones Trans.	DJTTR	11.7	9.8	1.4	-21.4	18.6	26.7	0	7.5	41.4	25.1	-16.8	22.3	19.2	-12.4	20.8	-10.3
NASDAQ Comp.	XCMP	2.1	10.9	10.7	-40	45.3	18.1	-0.8	17.7	40.2	14.8	7.1	9	30.7	-3.6	36.7	16.5
Wellesley Income	VWINX	3.5	11.2	5.7	-9.8	16	10.6	9.6	10.1	9.2	8.1	13	8.1	7.4	-8.8	11.8	1.7
Wellington	VWELX	6.8	14.9	8.4	-22.3	22.2	10.9	3.9	12.6	19.7	9.8	0.1	11	14.2	-15.3	16.9	-1.2
VG Consumer Staples*	VDC	3.8	15.9	12.7	-16.6	16.6	14.6	13.6	11	28	16	5.8	6.3	10.9	-10.0	22.9	-1.0
Vanguard High Div. Yield	VYM	n/a	n/a	1.4	-31.9	17.2	14.2	10.5	12.7	30.1	13.5	0.3	17	16.3	-9.5	20.2	-13.0
Vanguard Div. Growth	VDIGX	4.2	19.6	7	-25.6	21.7	11.4	9.4	10.4	31.5	11.8	2.7	7.5	14.9	-7.7	24.9	-3.3
iShares Canada	EWC	27.5	16.9	28.4	-44.5	53.1	19.8	-12.4	9.1	5.3	1.1	-23.9	23.8	11.4	-17.1	24.7	-8.8
iShares Switzerland	EWL	13	30	5.5	-27.2	22.1	14.4	-7.9	21.9	25.7	-1.7	0.3	-2.5	21.2	-9.9	28.9	1.6
Vanguard Materials*	VAW	3.45	19.5	26.6	-46.5	51.4	24.5	-9.5	17.3	24.9	5.9	-10.2	21.5	22.1	-18.1	21.0	-2.8
PwrShrs High Div. Achievers	PEY	1	14	-15.3	-38.1	3.6	20.9	8.6	6.3	30.5	18	2.4	31.4	8.0	-10.8	19.9	-22.9
T.Rowe Price New Era	PRNEX	29.9	17	40.7	-50.2	49.4	21	-15.1	4	15.7	-7.8	-18.8	25	5.9	-15.5	14.3	-17.6
SPDR Gold Trust*	GLD	17.8	22.5	30.5	4.9	24	29.3	9.6	6.6	-28.3	-2.2	-10.7	8	9.6	0.9	17.9	28.6
VG ST Inv Grade	VFSTX	2.2	5	5.9	-4.7	14	5.2	1.9	4.5	1	1.8	1	2.7	1.7	-1.8	2.8	2.3
Vanguard GNMA	VFIIX	3.3	4.3	7	7.2	5.3	7	7.7	2.3	-2.2	6.7	1.3	1.8	1.0	-1.8	2.9	2.0
VG IT Inv Grade	VFICX	2	4.4	6.1	-6.2	17.7	10.6	7.4	9.1	-1.4	5.8	1.5	3.8	3.1	-3.3	7.0	6.0

*An appropriate benchmark is used prior to fund inception

S&P 500 Sector Indices

	Ticker	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD
S&P 500	GSPC	4.9	15.8	5.6	-37	26.4	15.1	2.1	16	32.4	13.7	1.4	12	19.4	-6.2	28.9	-0.4
Consumer Discretionary	SP500-25TR	-6.4	18.6	-13.2	-33.5	41.3	27.7	6.1	23.9	43.1	9.7	10.1	6	23.4	0.4	27.9	14.1
Consumer Staples	SP500-30TR	3.6	14.4	14.2	-15.4	14.9	14.1	14	10.8	26.1	16	6.6	5.4	19.7	-8.4	27.6	0.9
Energy	SP500-10TR	31.4	24.2	35.3	-34.9	13.8	20.4	4.7	4.6	25	-7.8	-21.1	27.4	-2.2	-17.1	11.8	-37.0
Financials	SP500-40TR	6.5	19.2	-18.6	-55.3	17.1	12.1	-17.1	28.7	35.6	15.2	-1.6	22.7	23.2	-13.7	32.1	-20.9
Healthcare	SP500-35TR	6.5	7.5	7.1	-22.8	19.7	2.9	12.7	17.9	41.5	25.3	6.9	-2.7	23.4	5.3	20.8	4.7
Industrials	SP500-20TR	2.3	13.2	12	-39.9	20.9	26.7	-0.6	15.3	40.6	9.8	-2.6	18.8	20.6	-13.0	29.4	-11.0
Information Technology	SP500-45TR	1	8.4	16.3	-43.1	61.7	10.2	2.4	14.8	28.4	20.1	5.9	13.8	41.0	-1.8	50.3	16.1
Materials	SP500-15TR	4.4	18.2	22.4	-45.7	48.6	22.2	-9.8	15	25.6	6.9	-8.4	16.7	22.9	-14.1	24.6	0.7
Telecommunications	SP500-50TR	-5.6	36.8	11.9	-30.5	8.9	19	6.3	18.3	11.5	3	3.4	23.5	-0.3	-13.4	32.7	4.5
Utilities	SP500-55TR	16.8	21	19.4	-29	11.9	5.5	19.9	1.3	13.2	29	-4.8	16.3	12.0	4.2	26.3	-4.8

Economic Breaker Panel Update: Better Than It Seems

By Tom Essaye, Sevens Report Research

The July update of the Sevens Report Economic Breaker Panel is actually better than it seems, because while we have six economic breakers "Tripped" (and at levels far below where they were in January), there was consistent improvement across all of our indicators in June, confirming that the economic recovery remains stronger than expected. Additionally, the macroeconomic indicators we follow, and these indicators tell us whether the economy has a tailwind or headwind, are still very favorable for a rebound in growth. In fact, one has become even more favorable since last month.

Unfortunately, while the data improved in June, we are still left wondering what will become of the economy now that coronavirus cases are surging again, and we won't know that until we get July and August data. But what is important about this update is that there remain a lot of powerful tailwinds on the economy from the Fed (and they're getting stronger), and prior to the surge in cases in July, the economic recovery was stronger than most thought possible.

***Macro indicators*: 10s-2s, Real Interest Rates.** For these two indicators, we're looking for outright inversion of the 10s-2s spread and positive real interest rates as conditions that would "trip" the economic breaker and serve as a warning. Update: The biggest change in the macro indicator in July was that Real Interest Rates got even more negative — in fact, they are now at the lowest level since I started the Breaker Panel two years ago. Real interest rates fell to -1.2%, as inflationary expectations rose back above 1% thanks mostly to the rally in oil. This tells us that interest rates are very accommodative to economic growth, which should continue to provide an important tailwind for the economy and stocks. The 10s-2s spread, meanwhile, is around 50 basis points, which is a solidly positive number (and also shows that interest rates are low enough to be a tailwind on the economy). **Takeaway: No Breakers Tripped.**

***Sevens Report* Economic Breaker Panel (July Update)**

Indicator	Slowdown Signal	Slowdown Indicated?
10s-2s Spread	Inverted?	No
Real Interest Rates	Positive?	No
Light Truck Sales	Declining?	Yes
12 Month Total Vehicle Miles Travelled	Declining?	Yes
Avg. Work Week	Declining?	No
Jobless Claims	Multi-Month Highs?	Yes
Building Permits	Declining?	Yes
New Orders NDCGXA	Declining?	Yes
Copper	Declining?	No
Crude Oil	Declining?	Yes

***Economic indicators*: Light Truck Sales, 12-Month Total Vehicle Miles Traveled, Avg. Work Week, Jobless Claims, Building Permits, New Orders for Non-Defense Capital Goods Ex Aircraft.** For these economic indicators, we're looking for multi-month declines to imply a rollover of the economic trend, or, for 12-month total vehicle miles traveled, a year-over-year decline. Update: The biggest changes in the data this month came from the economic indicators, and they reveal why it is so important to look past the headline readings. To that point, all but one of the economic indicators is still showing activity well below levels of January, so in absolute sense, the economy is still much worse than it was to start 2020. But importantly, almost all the economic indicators we track showed substantial improvement. As an example, Light Truck Sales came in at 9.56 million, down from 12 million earlier this year. But they surged higher from the prior month's reading of 6.7 million, so they showed material improvement. There were similar readings from Jobless Claims and Non-Defense Capital Goods ex-Aircraft and Building Permits.

This "hard" economic data confirmed what we saw from the ISM Manufacturing and Non-Manufacturing Surveys, namely that activity bounced back materially in June, and while there's still a long way to go to get to pre-coronavirus levels, progress is being made. **Takeaway: Five Breakers Tripped (Jobless Claims, Light Truck Sales, 12-Month Total Vehicle Miles, NDCGXA and Building Permits).**

***Market-based indicators*: Brent Crude & Copper.** "Dr. Copper" and crude oil can act as coincident or leading indicators of economic activity, and multi-month lows in both would trip this market-based indicator. To trip these market-based breakers, we'd need to see multi-month lows in both Brent crude and copper. Update: Both crude oil and copper continued their rebounds, and they reflect the fact that the rebound in economic activity has been material. Positively, copper has now recouped all of the coronavirus losses, which is a positive signal for global economic growth. WTI crude, meanwhile, oil has traded back into the low $40/bbl. range, also recouping much of what was lost during the coronavirus declines.

In May, we said that for these breakers to reset we need to see oil and copper trade back towards their pre-coronavirus levels, so in oil that's the mid-$40/bbl. that we saw back in February, and for copper that means a rally into the $2.50/$2.60 range. Copper has surpassed that target, while oil still has a bit to go. **Takeaway: One Breaker Tripped.**

The July Economic Breaker Panel is indeed better than the headline would imply, as the indicators, while still well below January levels, did show material improvement in June.

Now, does this improvement fundamentally justify nearly a 20X multiple in the S&P 500? No, not by itself, especially not when we consider future effects of the surge in coronavirus on the economic recovery. That said, the data does reveal that the U.S. economy is more resilient than most thought, and that before the uptick in cases in July, there was clearly positive momentum in the economic recovery. Finally, the July Breaker Panel does keep alive the possibility that we will see an economic "back to normal" by early 2021, assuming that the virus peaks sometime in the next few weeks.

Are You Tired of Overreach Yet?

I don't know about you, but I'm getting tired of government overreach. Shelter in place, keep six feet apart, no large assemblies and whatever other restrictions on our freedoms imposed to "save us" from coronavirus. Meanwhile, millions of people have lost their jobs, their businesses and even their freedom.

Take the case of New Jersey business owners Ian Smith and Frank Trumbetti of Atilis Gym in Bellmawr. The two were arrested recently because they kept their fitness facility open in defiance of statewide coronavirus mandates. So, if citizens don't comply with government edict, well, just put them in jail.

Then we witnessed another form of government overreach via targeting big-tech executives for "antitrust" abuses. Congress hauled up, virtually speaking, CEOs of the four biggest tech companies operating today to complain about how they run their businesses. Because, after all, everyone knows that politicians instinctively have the skills to lead a giant technology company better than the billionaires who run and who created these enterprises (insert sarcasm here).

The tech names included Jeff Bezos of Amazon.com, Tim Cook of Apple, Mark Zuckerberg of Facebook and Sundar Pichai of Google, all men who have done more good for society via creating products that nearly everyone uses and that nearly everyone finds value in than any member of Congress ever will.

Yet that doesn't matter to politicians. In fact, both sides want these companies to toe the line and do what they want them to do, or else they'll face fines, more regulations and even the possible breakup of their companies. Sadly, this is where we are in 2020 America, as we deal with a global pandemic and the accompanying government overreach.

If I could be granted just one wish that would make the world a better place, I would ask government to just stop. But reality doesn't care about my wishes. That means I'm going to have to continue speaking out against government overreach, because that's the only way I can make my wish come.

In the name of the best within us,

Jim Woods

Jim

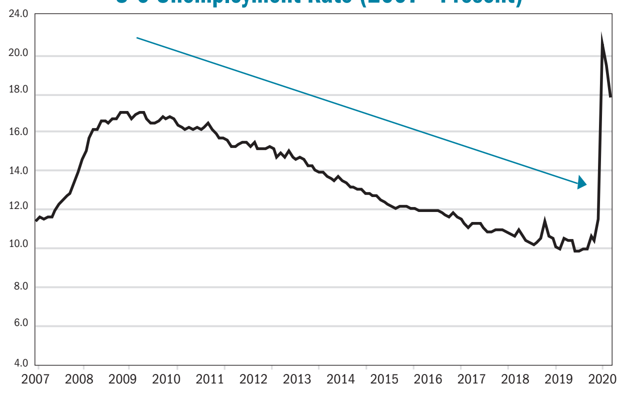
JIM WOODS is a 20-plus-year veteran of the markets with varied experience as a broker, hedge fund trader, financial writer, author and newsletter editor. His books include co-authoring, "Billion Dollar Green: Profit from the Eco Revolution," and "The Wealth Shield: How to Invest and Protect Your Money from Another Stock Market Crash, Financial Crisis or Global Economic Collapse." He also has ghostwritten books and articles, as well as edited the writing of the investment industry's biggest luminaries. His articles have appeared on financial websites that include InvestorPlace.com, Main Street Investor, MarketWatch, Street Authority, Human Events and others. Jim formerly worked with Investor's Business Daily founder William J. O'Neil to help author training courses in stock-picking methodology.

In the five-year period from 2009 to 2014, the independent firm TipRanks ranked Jim the No. 4 financial blogger in the world (out of more than 9,000). TipRanks calculates that during that period, Jim made 378 successful recommendations out of 506 total to earn a success rate of 75% and a 16.3% average return per recommendation. He is known in professional and personal circles as a "Renaissance Man," since his skills encompass composing and performing music, Western horsemanship, combat marksmanship, martial arts, auto racing and bodybuilding.

Economic Analysis

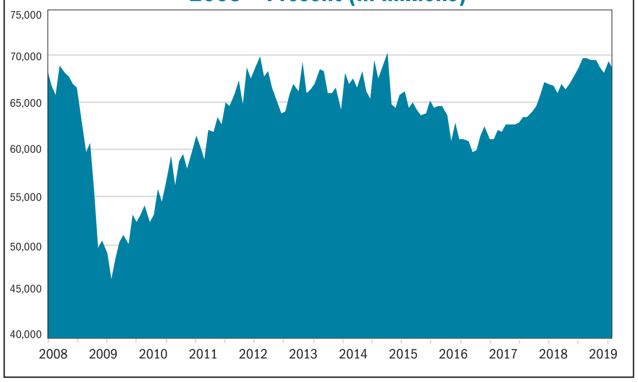
— REPORT —

U-6 Unemployment Rate (2007 - Present)



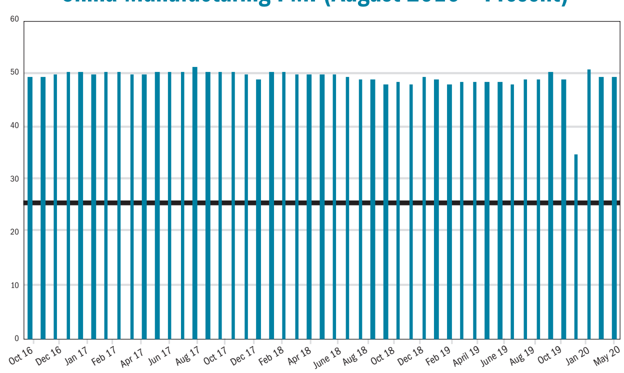
The total unemployment rate declined from the COVID-19 lockdown peak, but the metric remains historically elevated.

New Orders for Non-Defense Capital Goods ex-Aircraft 2008 – Present (in millions)



Business spending and investment has rebounded from the April lows, but it also still remains well below levels from earlier this year.

China Manufacturing PMI (August 2016 – Present)

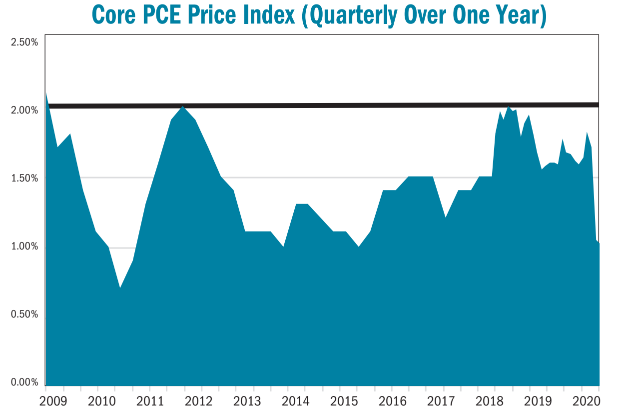


China's official manufacturing PMI continued to recover from the earlier slowdown, as the virus there remains generally under control.

10's – 2's Treasury Yield Spread

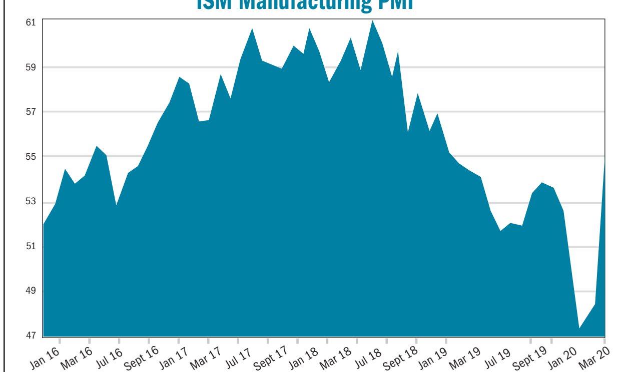
The benchmark Treasury yield curve spread continues to imply rates are low enough to stimulate economic growth if the virus can come under control.

Core PCE Price Index (Quarterly Over One Year)



The Fed's preferred measure of inflation remains just above 1%, and well below the central bank's 2% target.

ISM Manufacturing PMI



Manufacturing activity in the United States surged in June, reflecting that the economic rebound has been stronger than expected.

iShares Core U.S. Aggregate Bond ETF (AGG)

Bonds prices continued to grind higher amidst concerns about a global economic recovery and increased coronavirus case counts.

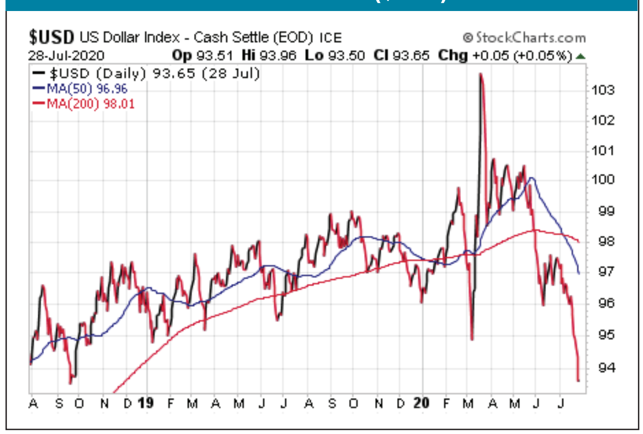
SPDR Gold Shares (GLD)

Gold prices exploded to new all-time highs following the drop in the U.S. dollar, and due to safety trade amidst the pandemic.

S&P 500 Index ($SPX)

The S&P 500 has rebounded sharply on vaccine and stimulus hopes, and we now are just about positive in the index year to date.

U.S. Dollar Index ($USD)

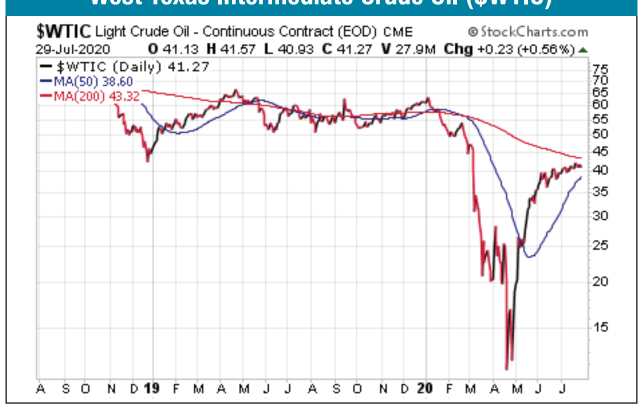


The value of the dollar vs. rival currencies has dropped to a two-year low as currency markets begin to become concerned about surging U.S. deficits.

Vanguard Total World Stock ETF (VT)

Global stocks have largely moved sideways as markets await any signs of a second round of global coronavirus cases.

West Texas Intermediate Crude Oil ($WTIC)



Oil has rebounded substantially, but the current low-$40 prices reflect mostly balanced supply and demand forces.

Data and chart analysis provided by Sevens Report Research, www.sevensreport.com.

Bill Gale
Founder, GovMint.com

SPECIAL MARKET OPPORTUNITY

EMERGENCY PRODUCTION!

Rush Production of U.S. Silver Dollars Creates Second Lowest Mintage in History, Sends Collectors Scrambling

Dear *Wood's Intelligence Report* Subscriber:

One of the most popular ways to buy silver comes in the form of American Eagle Silver Dollars. But when the COVID-19 pandemic first started sweeping the world, silver prices that had reached over $18 an ounce plummeted to near $12 an ounce. After the initial drop, prices started to rise, and so did demand for silver.

But at the time, you couldn't find any. At least, not at an affordable price. Premiums skyrocketed, with ungraded Brilliant Uncirculated (BU) Silver Eagles selling for upwards of $30 online. So where did all of the freshly struck silver go?

In a wave of Emergency Production, the U.S. Mint struck a series of U.S. Silver Dollars at the Philadelphia Mint

U.S. Mint Halts Production

The truth is, there wasn't that much to begin with. When the pandemic struck, the U.S. Mint branch responsible for striking bullion Silver Eagles, the West Point Mint, went into lockdown. Coins were not being struck to fulfill the surging demand. Distributor inventories depleted, forcing premiums higher. Even now, demand continues to push upward.

Realizing the increasing demand for Silver Eagles, the U.S. Mint knew it has to act—and act fast.

Philadelphia Steps Up

To address the growing demand, the U.S. Mint began temporary production of bullion Silver Eagles at the Philadelphia Mint. For just 13 days, an "Emergency Production" of one-ounce, 99.9% fine U.S. Silver Dollars was struck to meet the rising demand. It was great for silver buyers, but *really* great for collectors...

The Mystery of U.S. Silver Bullion

One of the most important factors that can impact a coin's popularity and value on the collector market is its mintage. Two coins with the same weight, denomination, design and even grade can be assigned drastically different values depending on where they were struck. This is because two mints striking the same coin almost never produce the same amount. If one mint strikes two million coins and another mint strikes only 10,000 of the *exact same coin*, that's most likely going to create a difference in how coins from each mintage are valued.

This is why, for collectors, the Silver Eagle can be frustrating. Since 1986, this one-ounce, 99.9% fine silver U.S. Dollar has been struck without a mintmark—a tiny letter "W," "S" or "D" that identifies its mint of origin. Since production typically happens only at one mint, this isn't normally an issue. But when production happens at multiple branches, like it did this year, collectors aren't able to deduce exactly how rare their coins are.

What collectors *do* know is that this Emergency Production from Philadelphia was a scant 240,000 coins. While that might seem like a lot to the average person, the record books tell a different story. When it comes to Silver Eagles, this Emergency Production run has just become the…

over, please

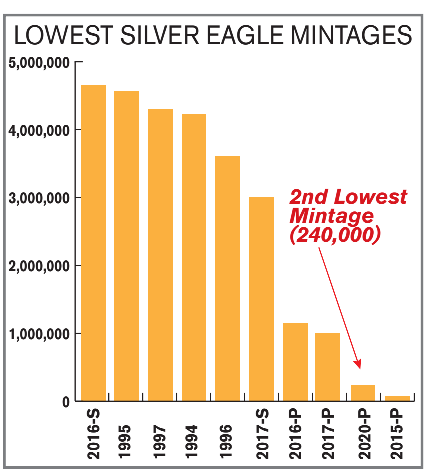
Actual size is 40.6 mm

Second Lowest Mintage Ever Produced

In 2015, the lowest-ever mintage of bullion Silver Eagles was produced—just 79,640 coins. The second lowest *used* to be from 2017, which jumps up to one million coins. But at just 240,000 coins, the new 2020 mintage has become the 2nd LOWEST mintage in the history of bullion Silver Eagles. Just look at the chart of the Top 10 Lowest Silver Eagle Mintages and you'll see exactly how low 240,000 can be! But there's still a problem…

Without a mintmark, there's no way to tell a Philadelphia Silver Eagle from a West Point Silver Eagle. That's where Numismatic Guaranty Corporation (NGC) and Professional Coin Grading Service (PCGS) come in. Based on specific details, their grading experts can determine the mint of origin for an unopened box of coins, then grade and "slab" each coin in a protective holder with a label identifying where it was struck. But it's doubtful that all 240,000 coins will be certified as "Struck at Philadelphia Mint." There's no telling how small that population will be!

Coins are graded on a scale of 1 to 70, with 70 representing perfection. I'm happy to report that a limited number of my 2020(P) Silver Eagles have returned in near-PERFECT Mint State-69 (MS69) condition!



Remember how I said mintage can impact popularity? The lowest-mintage 2015(P) Silver Eagles, graded MS69 by either NGC or PCGS, have recently sold for between $438 and $725!

Now, I'm not going to tell you that these 2020(P) MS69 Silver Eagles will sell for $725—they aren't from the lowest mintage. The 2015(P) has a population of 4,438 coins in MS69 condition, and the 2020(P) mintage has 81,985 MS69-grade coins at the time of this writing. No one knows how popular or valuable these 2020(P) Silver Eagles will eventually become. But they *are* the Second Lowest Mintage to date, and 240,000 is a lot closer to 79,640 than it is to 1,000,000.

Special Newsletter Subscribers Offer

As I said earlier, I've secured a small number of 2020(P) Emergency Production Silver Eagles, certified "Struck at Philadelphia Mint" by NGC and graded as near-flawless MS69 condition. Right now, I'm selling these coins to the general public for $79 each. But with this newsletter subscribers offer, that price drops to $69, and as low as $59 when you buy 20 or more.

Collectors crave low-mintage coins, especially when it comes to the Silver Eagle. Call **1-888-201-7636** and use offer code **UWR252** to secure your Emergency Production Silver Eagles now!

2020 Emergency Production American Eagle Silver Dollar
NGC MS69 Early Releases ~~$79~~

1-4 coins	—	$69 each + s/h
5-9 coins	—	$67 each
10-14 coins	—	$65 each
15-19 coins	—	$63 each
20+ coins	—	$59 each

FREE SHIPPING On 3 or More*

Sincerely,

Bill Gale, Founder

P.S. Your order comes protected by our 30-Day Return Privilege. Secure your 2020 Emergency Production Silver Eagles now!

Bill Gale is a professional numismatist, author, and TV host with more than 30 years of coin market experience. But first and foremost, Bill is an avid collector himself. GovMint.com is a distributor for most worldwide government mints and the Smithsonian®. Since 1985, hundreds of thousands of satisfied customers have acquired coins from GovMint.com: Your one best source for coins worldwide.

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