Jim Woods'
INTELLIGENCE REPORT®

Actionable Information for the Prudent Investor • August 2019

A New Paradigm for A New Market

"Actionable information for the prudent investor."

That's what my response was to a question from an acquaintance on what the *Intelligence Report* was all about. Interestingly, I hadn't really rehearsed that answer to any extent, and it really just came to me in the course of a normal discussion between two people chatting about what they do for a living.

Apparently, this description was enough to impress this acquaintance, as she then asked me for information about how to become a subscriber. Now, getting a new subscriber to this, or any of my newsletter advisory services is always gratifying, because it gives me a chance to show the reader how I can help him or her understand, navigate and profit from conditions in the financial markets.

It also is a chance for me to expose a new reader to deeper philosophic principles that effect our money. Principles such as the critical importance of free markets, the role of reason in human achievement and the importance of clear thinking on political issues that is devoid of the tribalism and collectivism operating so forcefully in society today.

Yet the real essence of this newsletter is to help prudent investors (hey, I already know your prudent if you're reading this) allocate their money to the best-of-breed income-oriented stocks with a stellar track record of growing their annual dividend payouts each year. That, of course, is the goal of our Income Multipliers portfolio.

In addition to that focus on prudent, long-term wealth building via the strongest dividend stocks, a dual goal of this service is to provide information to act upon stock opportunities, taking advantage of the transformational trends driving fundamental change in the economy and the markets.

Trends such as the rise of big tech, big data, cybersecurity, e-commerce, artificial intelligence, smart medical devices and the emergence of the digital consumer are just a smattering of the biggest change agents that will set the table for a new paradigm in markets. And because this paradigm seems to change faster than it ever has before, any investments in this arena also will likely require a faster, nimbler mindset.

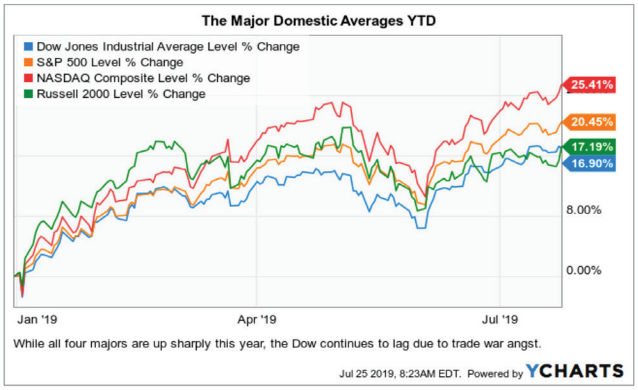
That means we will want to own stocks in this transformational change segment that are showing strong earnings per share growth and strong share price performance. In other words, this is the best-of-breed growth stocks that can provide us with that additional alpha that every prudent investor should seek out. This, of course, is the goal of our Tactical Trends Portfolio, or TTP.

Now, in this issue, I am happy to announce that I will be stepping up my coverage of the TTP stocks and I have added more new buys to this portfolio. The goal here is to ramp up our TTP holdings to a maximum of 10 positions. Doing so will allow us to own a diversified mix of stocks and/or exchange-traded funds (ETFs) designed to take advantage of the tactical money flows that are always operating in markets.

Given the continued focus on the Top 20 Income Multipliers and the renewed focus on the Tactical Trends Portfolio, this month we decided to change up the format of the newsletter and website slightly. The changes don't represent any kind of material shift in investment philosophy. Rather, they are more style and presentation changes within the pages of the newsletter.

As you will soon see, there will be several tables featuring the holdings and performance in each of our three portfolios: Income Multipliers, Tactical Trends Portfolio and the Protection Portfolio. I also will be providing relevant news on key holdings, including the latest earnings news. Indeed, we now are in the middle of Q2 earnings season, and that means we've already seen a slew of big names in our portfolio that have reported results.

And because assessing stocks via price charts is a great way to visually understand what the market thinks of a given company, I also will be including relevant price charts throughout the following pages. In general, Pages 2-4 will be the real estate where we recap the month's price action in the portfolios, and where we provide news about any portfolio alterations.



While all four majors are up sharply this year, the Dow continues to lag due to trade war angst.

In Pages 5-8, we will have a combination of investing advice, data for the markets at large cast in historical perspective, economic news and/or political or geopolitical news shaping markets. Then in Pages 9-10, we have our Economic Analysis, which is a complete list of charts and graphics along with expert commentary from macro-analyst extraordinaire Tom Essaye of Sevens Report Research.

Now, generally in Page 1, I will leadoff with a discussion of the macro environment of the market, with an analysis of the major factors driving stocks, bonds and commodities. This month, that analysis spills over slightly onto Page 2, as we see the chart here of the major domestic averages since the beginning of the year. As you can see, the Dow Jones Industrial Average is the laggard year to date, although it's still had a very good year.

The reason for the underperformance of industrials and multinationals in the Dow is largely due to trade war angst. Although the United States and China have announced another "trade truce" that includes suspending any new tariffs until the two sides can meet and try to hammer out a deal, there remains a very high level of uncertainty out there regarding trade. If a deal doesn't get done, and/or if further tariffs on Chinese goods go into effect after a failure to come to a trade agreement, then that will cast a pall on multinational earnings that is likely to pressure stocks mightily.

Now, the one saving grace of the markets here is the one big saving grace markets have enjoyed for most of the 10-plus-year bull run, and that is an accommodative Federal Reserve. During his Congressional testimony in July, Federal Reserve Chairman Jerome Powell gave the bulls the signal they were waiting for, as he basically told the world the central bank is willing to begin an interest rate cut cycle as early as the July 31 Federal Open Market Committee (FOMC) meeting.

That rather unambiguous signal allowed the bulls to push the major indices to new, all-time highs, with the Dow vaulting above 27,000 for the first time, and the S&P 500 breaching the 3,000 mark (and that is right where the averages sit as of this writing on July 25).

If we are at the beginning of a new rate cut cycle, then that will have profound implications for stocks going forward, and particularly for which sectors are likely to outperform. Next month, I'll have more on that issue, as it is interesting to see historically that the winners and losers during the last two protracted rate cutting cycles are not what we thought they would be. That means the areas to profit from, and the areas to stay away from, aren't as intuitive as you might suspect.

Again, I will offer more on this in next month's issue, but because of the new changes to our format, and the new additions to the TTP you're about to see, we need to jump right into it.

Top 20 Income Multipliers Update

The gains in the Top 20 Income Multipliers continue to build nicely so far in 2019. In fact, our year-to-date (YTD) portfolio performance is a total return gain of 18.83%. That bests the Dow's YTD gain of 17.19%, and it is just slightly below the stellar run in the S&P 500 of 20.45%, as of July 24.

Some of the big winners in the portfolio year to date include American Tower REIT (AMT), +30.61%, Cummins, Inc. (CMI), +32.93% and the biggest mover in 2019, Texas Instruments (TXN), +38.14%.

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The gains in TXN came after the semiconductor giant reported outstanding earnings, delivering an adjusted earnings per share (EPS) of $1.29, handily besting estimates for EPS of $1.21. The company also delivered on the top line, with revenues of $3.668 billion, again topping estimates. The gains in this bellwether semiconductor are symptomatic of the gains in the market this year, as semiconductors have led the charge higher on hopes of accommodative Fed policy and the signing of a trade deal between the United States and China.

Right now, those two eventualities are mostly priced into stocks, and hence the big gain in semiconductors. If, however, we fail to get a trade deal, and/or if the Fed fails to deliver on its rate cut signal, then semiconductors likely will pull back hard.

Of course, that doesn't mean we should alter our holding in TXN, as the company has proven its earnings mettle time and again, as have the other great companies in our Income Multipliers. The table here on Page 3 shows the current YTD performance of each holding, along with the YTD performance on the entire Top 20.

Top 20 Income Multipliers YTD

Stock	Total Return YTD
Lowe's	12.94%
McDonald's	21.14%
Procter & Gamble	24.90%
Walmart Stores	21.37%
Exxon Mobil Corp.	12.99%
BB&T	20.84%
PNC Financial	23.50%
Johnson and Johnson	2.00%
Medtronic Inc.	13.64%
3M	-4.32%
Caterpillar	5.97%
Cummins Inc.	32.93%
General Dynamics	21.25%
Union Pacific	27.42%
Automatic Data Processing	28.73%
Texas Instruments	38.14%
Albermarle Corp.	-1.04%
American Tower REIT	30.61%
AT&T	21.83%
Zimmer Biomet	21.78%
Average Return	**18.83%**

Tactical Trends Portfolio (TTP) Update

As mentioned at the outset of this issue, the TTP is going to be expanded in this service to get us to the ideal of about 10 holdings at all times. As of July 25, we only had three holdings in the portfolio. However, in the Friday, July 26 hotline, I detailed three new TTP positions to add to your holdings, including Mastercard (MA), Match Group (MTCH) and Microsoft (MSFT).

These new holdings, along with our current holdings in Amazon.com (AMZN), Edwards Life Sciences Corp (EW) and the Invesco QQQ Trust (QQQ), now give us six positions in the TTP, well on our way toward the goal of 10 holdings.

Now, as a review, the criteria for inclusion in the TTP is based on the thesis that within every market, and at any given period, there are stocks (and ETFs comprised of those stocks) that benefit mightily from the overarching trends in the world. These trends could be demographic, technologic, societal, lifestyle, etc. And within these larger trends there are companies leading the way forward.

Buy Date	Symbol	Stock	Buy Price	Current Price (7/24 close)	Dividends	Total Return	Exit Point
1/18/2019	EW	Edwards Life Sciences Corp	$167.85	$214.88	$0.00	28.02%	$141.53
1/18/2019	QQQ	Invesco QQQ Trust	$165.04	$195.15	$0.74	18.69%	$140.57
5/2/2019	AMZN	Amazon	$1,959.40	$2,000.81	$0.00	2.11%	$1,667.00
Average return on open positions						**16.27**	

Now, when I look for stocks and ETFs to include in the Tactical Trends Portfolio, I look for what I call the "best-of-breed" stocks and sectors moving the market right now. These will be the stocks and/or sector funds that are outpacing their peers, not just in terms of share price performance, but also in terms of the most important of fundamental metrics (earnings growth, revenue growth).

Perhaps the key concept here in the TTP selection is the stocks and sectors moving the market right now, and that I think will *continue to take advantage of the trends driving their prices higher over the medium term.*

By medium term, I mean the next three-to-12 months or longer. Now, keep in mind that when you are looking for stocks riding trends higher, those trends can and do tend to come under pressure at times. That pressure means that we may need to sell out of that trend (this is particularly true in individual stocks vs. sector ETFs) in a relatively short time.

It also means that we must be prepared to limit our downside in each position, and we will do that via setting a protective stop loss on any new position we own. Stop losses will be set at approximately 15% below our entry prices on any given position, although that could change based on how volatile the shares might be, and/or based on where technical support lies on the charts.

Additional trading rules in the TTP are as follows:

1) Only enter into TTP recommendations with a portion of your overall investment capital. The percentage here is up to you, and it varies depending on your risk tolerance and goals. Yet as a general guideline, you should have no more than about 35% of your money in the TTP.

2) Only enter into TTP recommendations if you are comfortable with making several trades in a given month (there may not be trades each month, but there may be several).

3) Only enter TTP recommendations if you plan to monitor the weekly hotline, and if you check your email on a regular basis (this is not a "set-and-forget" portfolio the way the Income Multipliers and Protection Portfolio mainly are). Buy and sell recommendations can and will come via the weekly hotline and, in some cases, via special alert. We also will add recommendations in the monthly newsletter.

4) Only enter TTP recommendations if you are psychologically suited to engage in relatively short-term trading. Based on a recent subscriber teleconference poll, a very large percentage of you have investment capital dedicated for short- to medium-term investments. We think the TTP recommendations will be a good use of that capital, as well as a good complement to overall wealth creation strategy.

Finally, our Protection Portfolio continues to perform as it was designed, i.e., we continue to get a balance of stable equity and bond performance from a simple mix of short and intermediate-term investment grade bonds, consumer staples stocks, dividend growth stocks and gold.

The table here shows the performance of each component of the Protection Portfolio since its inception in December 2017.

As you can see, the dividend growth component is what's really fueling the performance here. Yet recent gains in gold also have upped the performance of this largely capital preservation portfolio.

As of 7/24/19 Close	Symbol	Stock	Buy Price	Price (7/24 Close)	Dividends	Total Return	Allocation
12/31/2017	VFIIX	Vanguard GNMA	$10.46	$10.51	$0.40	4.31%	30.00%
12/31/2017	VFSTX	Vanguard Short-Term Investment-Grade	$10.63	$10.70	$0.38	4.24%	25.00%
12/31/2017	VFICX	Vanguard Intermediate-Term Investment-Grade	$9.75	$9.94	$0.41	6.11%	15.00%
12/31/2017	VDC	Vanguard Consumer Staples ETF	$146.04	$152.62	$5.44	8.23%	12.50%
12/31/2017	VDIGX	Vanguard Dividend Growth	$26.55	$30.03	$2.40	22.13%	12.50%
12/31/2017	GLD	SPDR Gold Shares	$123.65	$134.37	$0.12	8.77%	5.00%
Average return on open positions						**8.96%**	

The trends right now driving the yellow metal have never been more bullish, as a confluence of positives, including low bond yields, a Fed intent on beginning a new rate cut cycle and the downward pressure that is likely to apply to the value of the U.S. dollar are making gold more attractive than it's been in years. In fact, gold now has broken out of a multi-year trading range at the $1,400 mark, and the upside appears to be very strong all the way up to the $1,800 area (the last big spike higher in gold in 2011).

Back to Basics: 3 Simple Rules of Wealth Building

Contrary to what so many Wall Street professionals would have you believe, building real wealth really isn't that hard. In fact, it's theoretically very simple. I mean, consider that the compounding math is there for anyone to grasp, as are the basic concepts. The tough part comes when you deviate from these principles in search of a shortcut, or if you make one or two bad decisions that put you in a big financial hole.

Let's look at what I call the three simple rules for building wealth.

Rule No. 1 — Be Right More Often Than You're Wrong

Making decisions means taking action. But no matter how smart those decisions, and no matter how much thought or research or effort you put into those decisions, you are still likely going to be wrong many times. Think about this as it applies not just to your investment portfolio, but also to life in general.

If you're reading this, you're likely someone who has made many good, as well as many bad, decisions in life. Some of those decisions you are extremely thankful you made, and some you no doubt painfully regret. Hey, we all make mistakes, and that's because humans are fallible. Yet we don't have to be right all the time to be successful in life — or in our wealth building.

The key here is to be right more often than you're wrong. And, when you're wrong, minimize the damage. The latter part of this proscription leads us into our next rule of wealth building.

Rule No. 2 — Win Bigger Than You Lose

Win some, lose some.

This reality is just part of life. And try as we may to always win, we can't. Indeed, part of being a mature adult is understanding that life has its good days and its bad days. And while the big winning days are fantastic, the big losing days can really, really hurt.

The key here, both in life and in the money and investment realm, is to win bigger than you lose.

What I mean by that is you want to ride your stock, bond and commodities wins higher. Don't just bail out on a small gain because you have one, or because you want that shiny new car, boat, etc.

As for losing, most of us have been on the wrong side of an investment decision. The key is to not let those losses go from small to large. Just like one or two really bad decisions in life can end up being the difference between happiness and sorrow, one or two catastrophic losses in a portfolio can be the difference between retiring wealthy and living the rest of your life on Social Security.

Remember that investing (as opposed to short-term trading, which there definitely is a place for) means you build positions in strong assets likely to continue appreciating over time. And, you use the power of compounding and the requisite patience and time, to build your wealth.

Of course, to find those wins in the first place, you have to invest in the right picks from the beginning, and the details of how to do just that are contained within the pages of this newsletter.

Rule No. 3 — Seek Income and Capital Appreciation

When you're investing (as opposed to trading), you ideally want assets that pay you income AND that go up in value.

This may seem simple, but you would be surprised by the number of people I've spoken with in my career that think income and capital appreciation are two separate entities. The best long-term wealth-building assets are those that not only appreciate in value, but that also pay you to own them. This means owning a basket of the best, most stalwart dividend-paying stocks the market has to offer.

I'm referring here to stocks of companies that have consistently raised their annual dividends each year, and those who have done it for years, decades and, in some cases, more than a century. Companies of the sort we own in the Income Multipliers portfolio.

It is through investing consistently in the biggest, most profitable companies that have demonstrated they are committed to growing their business in the long term and increasing the wealth of their shareholders that you can build real, sustainable wealth.

So, when it comes to the rules of wealth building, simplicity really does reign supreme. Yet once you understand that, you then need to muster up the requisite courage, discipline and willpower to see those rules through to the end.

So, act in your own best interest, and be the hero of your own life.

Be courageous, be disciplined… and be free.

What's Up & What's Down

What is it that wine connoisseurs say about particular vintages, "That was a good year," or something to that effect? Well, for the equity markets, 2019 has so far been a very good year. Look at the market on a year-to-date (YTD) basis in the far-right column below. As you can see, without exception every major market we monitor is in positive territory. Moreover, many of these market segments are in seriously elevated territory, including stocks in the tech-heavy Nasdaq, and also stocks in the dividend growth segment. Not coincidentally, these are the stocks we target in the respective TTP and Income Multiplier portfolios.

Performance leaders in 2019 continue to include Canadian stocks via the iShares Canada (EWC), and Swiss stocks via the iShares Switzerland (EWL) and consumer staples via the Vanguard Consumer Staples (VDC). As for S&P sectors, the best performer continues to be information technology; followed by consumer discretionary, industrials, financials and staples. And, as impressive as these gains have been, if the Fed cooperates with the bulls and becomes very accommodative with one or more rate cuts this year, this stellar year-to-date performance is very likely to continue.

Total Return

	Ticker	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD
Dow Jones 30 Ind.	DJITR	5.3	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	18.4
Dow Jones 15 Ut.	DJUTR	30.2	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	1.3	16.2
Dow Jones Trans.	DJTTR	27.7	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	18.5
NASDAQ Comp.	XCMP	10.3	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	26.1
Wellesley Income	VWINX	7.6	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	9.9
Wellington	VWELX	11.2	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	13.1
VG Consumer Staples*	VDC	8.2	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	16.4
Vanguard High Div. Yield	VYM	n/a	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	14.3
Vanguard Div. Growth	VDIGX	11	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	22.8
iShares Canada	EWC	22.8	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	20.7
iShares Switzerland	EWL	17.3	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	19.0
Vanguard Materials*	VAW	13.2	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	17.5
PwrShrs High Div. Achievers	PEY	n/a	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	16.2
T.Rowe Price New Era	PRNEX	30.1	29.9	17	40.7	-50.2	49.4	21	-15.1	4	15.7	-7.8	-18.8	25	5.9	-15.5	13.0
SPDR Gold Trust*	GLD	5.5	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	10.8
VG ST Inv Grade	VFSTX	2.1	2.2	5	5.9	-4.7	14	5.2	1.9	4.5	1	1.8	1	2.7	1.7	-1.8	2.5
Vanguard GNMA	VFIIX	4.1	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	2.5
VG IT Inv Grade	VFICX	4.8	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	5.9

*An appropriate benchmark is used prior to fund inception

S&P 500 Sector Indices

S&P 500	SPXT	10.9	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	20.5
Consumer Discretionary	SP500-25TR	13.2	-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	26.6
Consumer Staples	SP500-30TR	8.2	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	19.6
Energy	SP500-10TR	31.5	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	12.7
Financials	SP500-40TR	10.9	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	21.3
Healthcare	SP500-35TR	1.7	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	7.6
Industrials	SP500-20TR	18	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	23.7
Information Technology	SP500-45TR	2.5	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	34.6
Materials	SP500-15TR	13.2	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	19.1
Telecommunications	SP500-50TR	19.8	-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	22.1
Utilities	SP500-55TR	24.3	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	15.1

Economic Breaker Panel Update: Weaker Than the Headline Implies

By Tom Essaye, Sevens Report Research

On the surface, the July Breaker Panel looks a lot like it did in June, with three breakers "tripped." In reality, the readings from last month were weaker than the headline implied, as two economic indicators were teetering on "tripping."

In reviewing the data this month, the weakness in Light Truck Sales and Building Permits reminded me of an old saying: "As cars and housing go, so goes the U.S. economy." I'm not sure it's as true now as it was back when I initially heard it some 20 years ago, but it's still at least partially true, especially if we are looking for leading indicators of growth.

***Macro Indicators*: 10's-2's, Real Interest Rates.** For these two indicators, we're looking for outright inversion of the 10's-2's spread and positive real interest rates as conditions that would "trip" the economic breaker and serve as a warning. *Update:* 10's-2's has been volatile. If I wrote this in early July (before the Powell testimony or bad 30-year Treasury auction), I would have said 10's-2's was getting close to inverting again. Since those events, it's widened back out. But, at around 30 basis points, it's still not a "strong" reading on future economic growth.

Real interest rates, meanwhile, again rose to the highest level since January of this year as TIPS/Treasuries inflation expectations dropped to fresh lows for the year. Real inflation rates remain an important barometer of whether interest rates are "too tight," and real interest rates and inflation expectations continue to give the answer — "Yes," although we expect that to change somewhat when the Fed cuts rates 25 basis points in two weeks. **Takeaway: One macro breaker tripped, but 10's-2's has still avoided inversion.**

***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:* New Orders for Non-Defense Capital Goods ex-Aircraft, which is essentially a measure of business spending and investment, remained underwhelming and that breaker is still tripped. Two other indicators, Building Permits and Light Truck Sales saw deterioration.

In Building Permits, the six-month moving average now is falling, while the three-month moving average is still slightly rising (we need both to be lower to trip the breaker). For Building Permits, the three-month moving average is heading lower, while the six-month moving average is flat. Another soft number this month from either category and we will have more tripped breakers in the August reading. **Takeaway: New Orders for Non-Defense Capital Goods Ex Aircraft are declining on a three- and six-month moving average. One Breaker Tripped.**

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

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

***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:* Copper dropped sharply and now sits not far from 2019 lows, which is a negative medium- and long-term omen for global growth, although copper will remain volatile depending on the level of Chinese economic stimulus (which is likely going up).

Oil also remains volatile and is still well off 2019 highs, but it has bounced on some positive supply data and it's not low enough that we'd say it's signaling something negative for the broader economy. **Takeaway: Copper is near multi-month lows. One Breaker Tripped.**

Finding the leading indicators of growth are what the Breaker Panel was created to do. We don't look at jobs reports or gross domestic product because they don't tell us anything about where the economy is going. Light Truck Sales and Building permits do, however, along with the other indicators in the Breaker Panel. And, as you can see, the readings we are getting are not especially positive and there is growing evidence that the economy is losing positive momentum, as some of the best leading indicators are threatening to roll over.

From a market standpoint, the takeaway is clear: Yes, the Fed is cutting, but there's reason for that. And whether that cut ends up boosting stocks or being too late for an economy losing momentum will be decided in the coming weeks/months.

The deciding factor will be economic growth, which is why monitoring the Economic Breaker Panel and other indicators is so important right now.

Finally, it is our opinion that there has not been a more critical period to keep a timely and accurate watch on economic data since this recovery started 10 years ago. The reason why is because we're as close as we've been to it ending; and keeping a close watch on the forward-looking data is exactly what we are going to do for you.

Freedom Is the Best Reason for Celebration

The Oxford English Dictionary defines "freedom" as "the power or right to act, speak, or think as one wants." I think that's a very good definition, as it encompasses the essence of what a human being does.

You see, as humans, we are beings that act, speak and think. Thus, any social system that stymies these attributes is inherently anathema to human life. Now, realize this is no simple task, since the presence of freedom isn't exactly ubiquitous in the history of civilization.

Yet in America, we are privileged to, for the most part, enjoy the greatest freedoms and the greatest fruits of economic prosperity the world has ever known. Today, we largely can act how we want, speak our minds and think basically whatever thoughts we want — and we can do so mostly free from coercive government.

Still, freedom, to borrow a cliché, isn't free.

To preserve the power and right to act, speak, or think as one wants, we have to make sure we reinforce the good ideas that buttress and extol freedom, while also combating the bad ideas that suppress, stifle and retard freedom's progress. And because there is perhaps no better idea than freedom, there also is no better idea worth defending, propagating and celebrating.

It is for this reason that I have been privileged for the past several years to be a part of what has been called "the world's largest gathering of free minds," the annual celebration of liberty known simply as FreedomFest.

This year, I had reveled in freedom alongside some 2,000 of my fellow liberty lovers, and I must tell you it was a glorious experience. For four days, I listened, spoke with, gave presentations to, and dined out with many of the liberty movement's brightest luminaries.

Dr. Mark Skousen, JoAnn Skousen, Penn Jillette, Kevin O'Leary, John Mackey and John Stossel were just some of the stars I enjoyed hearing from at this year's conference. I also appreciated some very in-depth conversations with those I interviewed for my podcast, Way of the Renaissance Man. In fact, this year my team helped me out do even last year's bountiful production, as I recorded 16 new podcast episodes for the upcoming Season Two of the lifestyle, ideas and personal empowerment show.

I would like to take the opportunity to thank the following guests who so generously gave me their time last week: Veronique de Rugy, Dr. Joel Wade, Stephen Hicks, Jay Lapeyre, Ed Hudgins, Stewart Margolis, Grover Norquist, Craig Huey, Michael Checkan, Tal Tsfany, Michael Shermer, Sabo, Nick Tomboulides, Sean Flynn, Mike Turner and Crosby Ruff.

I also would like to thank my production staff, producer extraordinaire Heather Wagenhals, and Emmy Award-winning sound engineer Michael Terry. I also want to thank my Eagle Financial Publications' colleagues, including Paul Dykewicz, John Phillips, Roger Michalski, Ned Piplovic, Hilary Kramer and, of course, Dr. Skousen, for helping bring attention to my newsletters.

It is funny how much spiritual and intellectual fuel one can drink down over the course of a few days. To me, there is nothing more exhilarating and life affirming than basking in intellectual pursuits that promote what could be deemed the master value: liberty.

If you have the chance to attend FreedomFest next year, I robustly recommend doing so.

In the name of the best within us,

Jim Woods

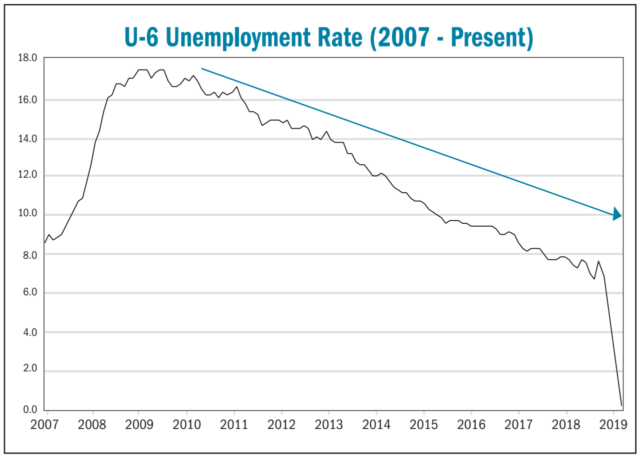
Jim

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.

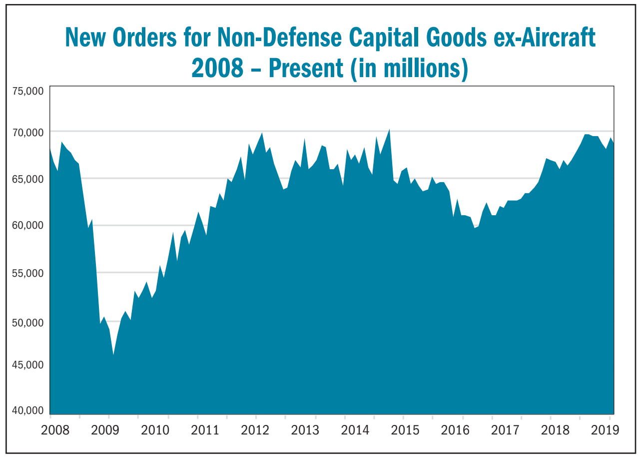
In the five-year period from 2009 to 2014, the independent firm TipRanks ranked Jim the No. 4 financial blogger in the world (out of more than 9,000). TipRanks calculates that during that period, Jim made 378 successful recommendations out of 506 total to earn a success rate of 75% and a 16.3% average 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.

Jim Woods'
INTELLIGENCE REPORT®

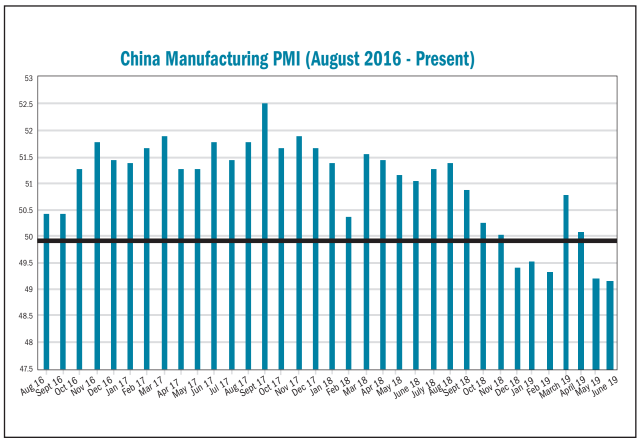
Economic Analysis
— REPORT —



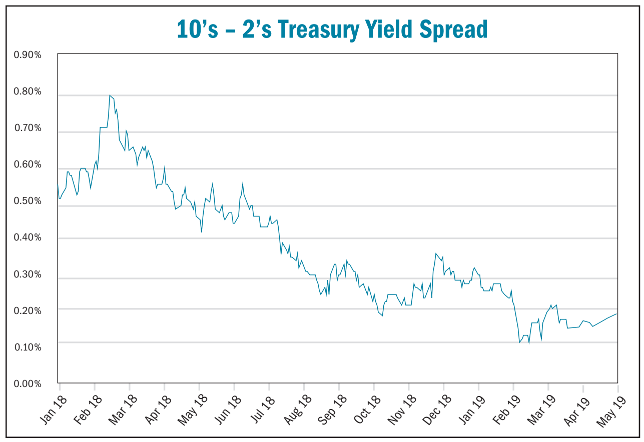
The total unemployment metric jumped in June, but despite that bump, the jobless rate remains historically low.



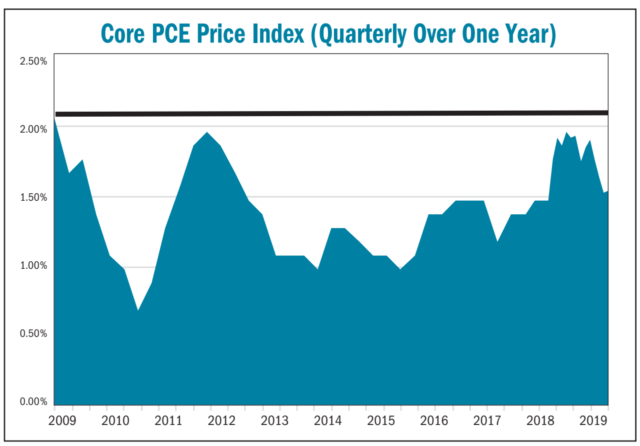
Business spending and investment bounced back in June, but more decent numbers are needed to fully reverse the negative trend.



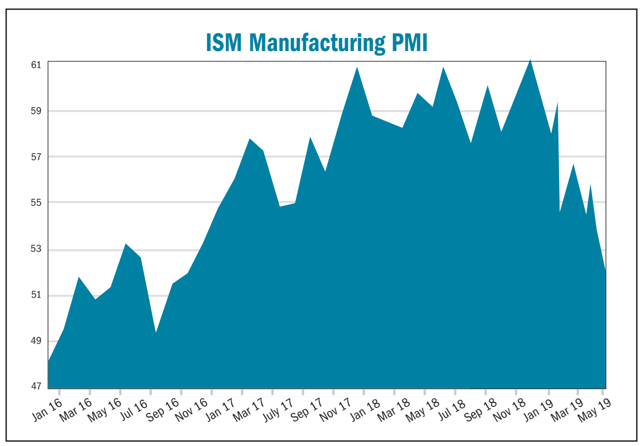
Manufacturing activity remains challenged, as the manufacturing sector in the world's second-largest economy continues to contract.



The 10's-2's Treasury spread remains uncomfortably flat, which is not a good sign for future economic growth.



The Core PCE Price Index, the Fed's preferred measure of inflation, continues to remain stubbornly below the Fed's 2.0% target.



The ISM Manufacturing activity remains sluggish, and that continues to be a headwind on the economy.

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

Bonds continue to remain near multi-year highs as worries about the global economy grow and as investors seek the safety of U.S. Treasuries.

SPDR Gold Shares (GLD)

Gold prices surged to multi-year highs this month, as gold bulls have high hopes for more global central bank stimulus.

S&P 500 Index ($SPX)

The S&P 500 has surged to a new, all-time high on the hopes of protracted central bank stimulus.

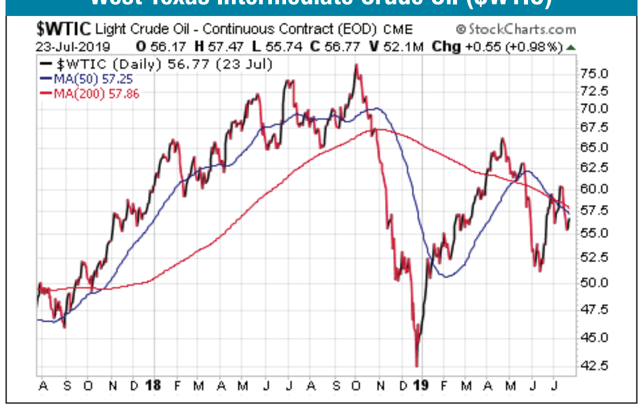
U.S. Dollar Index ($USD)

The U.S. dollar has remained stubbornly strong despite the impending move by the Fed to begin monetary easing.

Vanguard Total World Stock ETF (VT)

Global stock markets have surged to near new highs, as they too are betting on more global central bank easing.

West Texas Intermediate Crude Oil ($WTIC)



Crude oil prices continue to chop sideways amidst a background of growing global supply and concerns over geopolitical tensions.

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

Bill Gale
Founder, GovMint.com

SPECIAL MARKET OPPORTUNITY

I'll Let You In on a Secret.

Can one little letter turn a $2,000 coin into a $2,000,000 coin? It already has... and it may be happening again!

Dear *Wood's Intelligence Report* Subscriber:

I've been buying and selling precious metal coins for over 30 years, and if there's one thing I've learned in all that time, it's this: rarity drive collector's wild.

But don't take my word for it. Here's what legendary numismatist Jeff Garrett (former president of the American Numismatic Association and the expert the Smithsonian Institution® turns to when they need advice on coins) has to say on the subject:

"Collectors highly covet coins with low mintage figures. The simple initials or 'mint mark' designating where a coin was struck can add in some cases millions of dollars in value. One example is the 1927-D Double Eagle. The tiny 'D' mint mark on the 1927 Double Eagle increases the coin's value from $2,000 to $2,000,000 because only a handful of coins survive from the Denver mintage versus tens of thousands from the Philadelphia mintage."

A $1,998,000 difference, all because of a little "D" telling us which mint struck a coin (and how few were struck). But if you think that's big news, wait until you hear this...

China's Best-Kept Secret

While the use of mint marks is a tradition that goes back thousands of years, not every world mint uses them. For example, China's Silver Panda series is incredibly popular. The mintages have gone from 600,000 annually to 10,000,000. That's an increase of 1,567% in just eight years!

Year	Annual Mintage
2004-2009	600,000
2010	1,500,000
2011	6,000,000
2012-2016	8,000,000
2017-	10,000,000

Unlike most U.S. coins, though, the Silver Panda series doesn't utilize mint marks, so there's no way to tell one from another. **But what if we could?**

Here's what Peter Anthony, the foremost expert on Pandas and author of the ***Gold and Silver Panda Coin Buying Guide***, had this to say on the topic:

"The lack of information has frustrated collectors. It would be exciting news if the production mint could be identified. Instead of collecting only one coin each year, collectors will want to buy two or three Panda coins (from the three mints). As word of this spread in China and around the world, demand for Panda coins could be expected to reach new heights."

Clearly, deciphering which mint struck which Silver Panda would change the world of precious metal coins forever. And wouldn't you know it...that's exactly what I did.

The Coin World Will Never Be the Same

While doing my own research into this decades-old mystery, I finally discovered the clue that would change collecting forever. I brought my evidence to Numismatic Guarantee Corporation (NGC), one of the world's leading independent third party coin grading services, and they were so convinced that they certified my Silver Pandas as coming from the mint that produced them. And not just any mint, either.

The Rarest of Them All

Due to increased demand, China now strikes Silver Pandas at three different mints: Shenzhen, Shanghai, and Shenyang.

Our sources in China tell us that the Shanghai Mint strikes the fewest of these coins. Of the 10 million Silver Pandas struck in 2019, only 1.5 million (or 15%) of are estimated to have come from Shanghai. But that's not the end of the story.

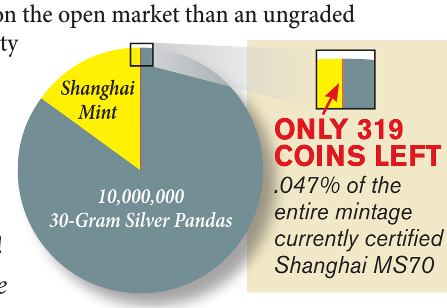
While 15% of 2019 30-Gram Silver Pandas were struck in Shanghai, I only managed to get my hands on a tiny amount of them. As of this writing, just 4,681 coins—out of 10 million 30-Gram Silver Pandas—have been certified as coming from the Shanghai Mint in 2019!

A Flawless Grade Adds Even More Value

I want the absolute best for my customers. So when I handed my Silver Pandas over to NGC for certification, I asked them to grade the coins as well. To my utter delight, they came back graded as flawless Mint State-70 (MS70) condition. Coins are graded on a scale of 1–70, with 70 representing perfection, even under magnification.

Here's why that matters: almost universally, a coin in perfect condition will command a higher price on the open market than an ungraded coin. And as we've seen, scarcity also plays a huge factor.

You want to talk about scarcity? These 4,681 coins represent just 0.047% of the entire mintage—and I only have 319 available in my vault!



over, please

Call Toll-FREE today **1-888-201-7636 or CLICK HERE**
to Secure Your Shanghai Mint 2019 China 30 Gram Silver Panda NGC MS70

Actual size is 40 mm

Once word gets out that I still have these perfect coins in stock, they'll sell out faster than you can say "Shanghai." That's why I'm making this special offer just for subscribers—I want you to be one of the lucky few collectors *in the entire world* to secure one of these flawless 2019 30-Gram Silver Panda coins certified as coming from the Shanghai Mint.

The Most Limited Version of the Hottest Coin in China—Identified for the First Time Ever

For the past 20 years, there's been no hotter coin market in the world than China. Why? Because in 2004 the Chinese government changed their laws to allow their own citizens to own precious metal coins like the Silver Panda. Combine that buying power with an exploding middle-class that has already grown to a population larger than the entire United States, and you have the makings of a buying frenzy on the open market.

Now take the hottest silver release in China—the Silver Panda—and identify its mint of origin. More than that, it comes from the Shanghai Mint—the mint striking fewer Silver Pandas than anyone. And for it to be in flawless Mint State-70 condition to boot? There's no way these coins would last long enough to get out of the country.

Did I mention that coins from the Shanghai Mint are usually only distributed domestically? That means that buyers outside China have an ever harder time getting their hands on these coins!

Buy Now, or Risk Missing Out Forever

Here's the good news: by reading this, you've become one of the first few people in the world to learn about the existence of these mint-identified Shanghai Silver Pandas. But that's not going to last. Word will get out soon, and then that's it. Production of the 2019 30-Gram Silver Panda has already ceased at the Shanghai Mint—the coins I have are all I have, and once they're gone, they're gone for good.

No one else knows the secret. No one else can secure 2019 Silver Pandas certified as being among the rarest of the rare—the .047% of the mintage. No one, that is, except for you—right here, right now.

Exclusive Offer

This is likely your last chance. Order now and secure your 2019 Silver Panda, struck in 30 grams of 99.9% pure silver, graded by one of the world's top third-party grading companies as flawless Mint State-70 condition, certified as being one of the scarce few Silver Pandas struck at the respected Shanghai Mint.

Your coins are guaranteed to come from the smallest mintage of 2019 Silver Panda coins. And you won't have to pay $2,000,000. Or $2,000. You won't have to pay even $500. You can secure a flawless Shanghai Mint 2019 Silver Panda for just $129. If you're not immediately diving for your phone, you haven't been reading carefully.

This coin is one of the rare 0.047% of 2018 Silver Pandas certified as coming from the Shanghai Mint. As of this writing, no one else has had their 2019 Silver Pandas certified as coming from Shanghai—and when my final 319 coins are gone, there's no going back. And they can be yours for just $129. That's chump change!

Buy More and SAVE

This offer is exclusive to newsletter subscribers. As soon as word of this deal gets out into the public, I'm expecting a wildfire of demand—especially when they learn that I'm reducing my already incredibly low price when you buy additional coins. When you call now and secure 10 or more of these coins, you can save $200 or more! Of course, that's only if my limited supply lasts—so you'd better hurry and get yours before time runs out. Call now!

2019 China 30 Gram Silver Panda Shanghai NGC MS70

1-4 coins -	$129 each	
5-9 coins -	$119 each	SAVE up to $90
10+ coins -	$109 each	SAVE $200 or more!

Don't let this exclusive and rare offer slip through your fingers. Call now at **1-888-201-7636** and mention Offer Code **UWR240** to secure yours today. DO NOT WAIT…get ahead of the curve before they're SOLD OUT! Call now!

Sincerely,

Bill Gale
Founder

FREE SHIPPING on every order!

P.S. This isn't an "Ancient Chinese Secret," it's a modern opportunity to get in on the ground floor when a new collecting craze hits millions of collectors. Because I know this deal is so hot, I've decided to offer FREE domestic shipping when you secure one or more of these special Silver Pandas. AND, if you're not 100% satisfied, you're protected by my 30-day Satisfaction Guarantee. Call now!

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