

# The Oxford Report

ENTREPRENEURIAL FORECASTS AND FUTURES FOR LEADERS  
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Dear Member,

## ECONOMICS

Stock Market - Don't touch it with a 10 foot pole because as it sits now, it could go up some but down a lot more. Cash is king and you can buy hard assets at discounts of 40-50%. If you want to invest in equities, buy cash rich minimum to no debt companies that make and sell tangible goods like cell phones, computers, etc. When the U. S. stock market does come back, it will likely go up 30-60% in one year. I would forecast 2011.

With the forecasted GDP #s for 2009, the market should be selling at a 10-11% future Price to Earnings (P/E) ratio. It is selling closer to a 13-14% ratio at this time. See Exhibit A.

Banks are not out of the woods by a long shot. The bottom line is they don't know how to make money other than splitting money on top of money and that money is no longer to be found. During the banking pyramid schemes, we forgot that banks are generally bureaucratic and overstaffed. They will struggle until the next bubble. There is a 15% chance that the government will nationalize banks in the next 5 years. The bailouts were essentially nationalization of banks without shareholder and ownership consequences. Next time there will be consequences.

## LIFESTYLE

The Mediterranean diet of abundant olive oil, nuts, vegetables and fish has proven to be the superior diet to all others including low fat, Atkins, South Beach, etc. Good news - you can generally eat all you want and it improves your circulation system which many other diets actually harm. Bottom line - while Mediterranean women and men are known to be refined, their food is not - no sugar and no flour help a lot. What is a southerner to do - eat lots of salt, fish, nuts and salad? Please remember it takes an average of 5.7 miles to work off a modest dessert.

## RELIGION

While there are many cases where churches and charities do a lot of good, both are ripe for the next big unraveling. During the boom, some have become big businesses with big salaries and big perks. The outgoing economic tide will expose all. In the next 2 years, look for a reform movement in churches and charities. People are going to ask - specifically how is my money making a

Exhibit A

GLOBAL FORECASTS		
GDP GROWTH		
(Descending Rank by GDP Size)	2008	2009
World	2.8%	0.0%
United States	1.5%	-1.8%
Euro Zone	1.1%	-2.0%
Japan	0.3%	-2.0%
China	9.0%	6.9%
United Kingdom	0.8%	-2.3%
Russia	6.6%	2.0%
Brazil	5.1%	2.0%
Canada	0.6%	-0.6%
India	6.8%	4.8%
Mexico	1.8%	-0.8%
South Korea	4.0%	1.0%

difference? Churches and charities must have a good answer or else their donations will drop.

**OIL/NATURAL  
RESOURCES**

Ethanol is a dead product. It takes more energy, water and money to produce one barrel of ethanol than it does one barrel of crude. It was never an economic product. It was a political product. Crude will be replaced by electricity generated from coal, solar and wind. The bottom line - in the short to mid-term, a lot more coal will be used than solar and wind. Well run coal companies will be a great investment over the next 5 years.

**ENTREPRENEURS**

Everett Kircher was the pioneer of ski resorts. His first ski mountain was a 500 ft vertical mountain in Michigan. Kircher would take his three person ski staff on trips to visit larger resorts where they would bond while learning about the industry. He would not steal the big resorts' ideas, just improve them. Kircher was a great example of why you should do what you love. His Michigan mountain had little snow so Kircher invented and patented the snow making machine that is used all over the world today.

**SCIENCE**

Check out this company - Torrey Pines Logic. They created Light Speed enhanced binoculars that transmit untappable voice and video signals - this is better than Star Wars. Their first two customers - the US government and foreign special operations. The president of the company is Dr. Leo Volfson.

**INTERNATIONAL**

Thomas Friedman recently wrote in the NY Times that China is the country that will be our largest future problem since they will be a key creditor in financing the debt to buy our way out of the financial crisis. He thinks the Chinese will use financial leverage in political areas that could cause us problems. I disagree. The Chinese do not like problems. They like money. As long as we pay them, they will not stir things up. If oil prices are high or low, Russia will be the surprise country to cause the headaches for President-elect Obama.

**FORECASTS**

Pharmaceutical and medical companies have suffered in the perception that the new administration will hold the industry more accountable on costs. For example, will the Obama administration enforce the common sense idea that the same drugs should not be 40% higher in the U.S. than Canada? In response to that perception, the pharmaceutical industry has hired all the skilled and connected lobbyists in Washington. That means things may not get worse but not much better. Also, demand for medical services and products tend to be inelastic. Bottom line - When you find a well run pharmaceutical company, buy stock in it. The industry will weather Obama and the economic downturn very well.

**SAVE MONEY**

1-800-GOOG-411. Put it in your cell phone. With GOOG-411, you can find local business information completely free, directly from your phone. You can access 1-800-466-4411 from any phone, anywhere, at anytime.