The Absolutely Guaranteed, Locked-In, Vanishing Commodity

By Stephen Leeb, Ph.D.

One investment is guaranteed to rise long term—for the rest of your life. It's a vanishing commodity so important that every nation's economy hinges on it. *Buy it intelligently, and you will make millions.*

In the next one to four years, half the earth's oil will be gone. And IF we were to keep sucking it up at the present rate, every drop would vanish by about 2029.

It won't happen quite that way, of course. Long before 2029, the quality of crude oil will go from fair to terrible, the extraction costs will become crippling, and you will be paying $12 to $15 a gallon at the gas pump.

Life will revolve around oil—or the lack of it. The government will be forced to spend horrendous amounts on frantic research to find ways to replace oil—with wind, coal, solar, ethanol, tidal, geothermal, and the ultimate energy source, hydrogen.

Please keep in mind: I'm an optimist. I truly believe we will have breakthroughs in energy and move into a post-oil era of peace and plenty. But I'm also a realist. So I have to tell you that we've started thirty years too late on our search for energy alternatives, and *we're facing about 20 years of very upsetting shortages* during this transition time.

$200 a Barrel Oil: It will make you rich, or it will make you poor.

Oil production will begin to decline worldwide by 2010 or even before. Permanently.

As investors figure out what's happening, they will panic. (Surprise, surprise.) Prices will take off again. By 2015, oil will cost $200 a barrel. Oil at $90 a barrel will sound like a dream from long ago.

Your lifestyle will begin to adjust to the new reality of a world with less and less oil. (Think mopeds, moving closer to work, wearing two sweaters in winter, etc.) Without these adjustments, we could soon be facing a threat to capitalism itself.

The runout date of 2029 assumes just a nice, solid growth in the world economy, about 4% a year, nothing more. *So this is not a radical projection, not scare tactics.* If it begins to sound like a doomsday fantasy to you, let me give you some numbers:

If we continue to use oil at the world's present rate of consumption, every drop would vanish by about 2029.

- Right now, the world uses up <u>86</u> million barrels of oil a day. The Department of Energy says that will reach <u>97</u> million by 2015. And by 2030, demand will reach <u>118</u> million. But that's *demand,* not production.

And what about production? Hang onto your aorta. A reputable Wall Street firm (UBS) estimates that production will inch up from today's 86 million barrels a day to just 118 million within a decade **and then stop growing. Forever!**

Friend, <u>there is an awesome gap between 86 and 118</u>. Where will those extra millions of barrels come from ... *day after day?*

- Because the world oil pool is drying up, most OPEC countries have been unable to increase their production in recent years. Even Saudi Arabia has been trying without success to raise production for 20 years.

We can't solve the demand problem by slowing global growth.

◆ There are **no more** huge untapped pools waiting to be discovered. In fact, many of the officially listed pools don't even exist. Owing to Near-East politics and OPEC rules, world oil reserves have been insanely exaggerated to comical levels. In actual fact, we're now sometimes having to drill down as much as four miles to find any oil!

◆ You can't say, "Well, if there is a global shortage, I guess all those poor Chinese and Indians will have to suffer." No, we'll suffer right along with them. Their money is as good as ours. In fact, *by 2020 or 2025, China expects to be importing twice as much oil as the U.S.—to feed the 170 million new cars they'll be putting on the road by then. And just in the last year, China used 15% more oil than the year before!* (Yes, this should worry you if you're not solidly invested in Chindia.)

◆ We can't solve the demand problem by slowing down global growth. Americans are in a very bad position to do that sort of trick. A few decades ago, Paul Volcker pulled it off in the U.S. in order to cool inflation. But back then, we had a nice savings rate cushion. Today we have the opposite, a horrendous debt burden, so we *have* to keep the economy moving. Any attempt to cool things down would kick us into a vicious depression by denying corporations the cash flow they need.

◆ You can't shrug this off with, "Oh, I heard all this stuff back in the oil crises of the '70s." Those crises were political. The world actually had the production capacity to meet 130% of our needs in those days. Now it's about 102%, and that 2% "excess capacity" is hardly enough to get us through a cold winter.

◆ Conservation won't do it. We've already gone to smaller cars, double-pane windows, solar panel tax writeoffs, etc. Further conservation will come ever harder.

By 2015, oil will hit

$200 a barrel, pushing inflation well into double digits. Windmill farms will sprout like spring corn all across the land. The U.S. government and the American press will finally admit that we must begin spending hundreds of billions—perhaps a trillion—dollars in a crash program of energy research, focusing on the wave of the future, *hydrogen fuel.*

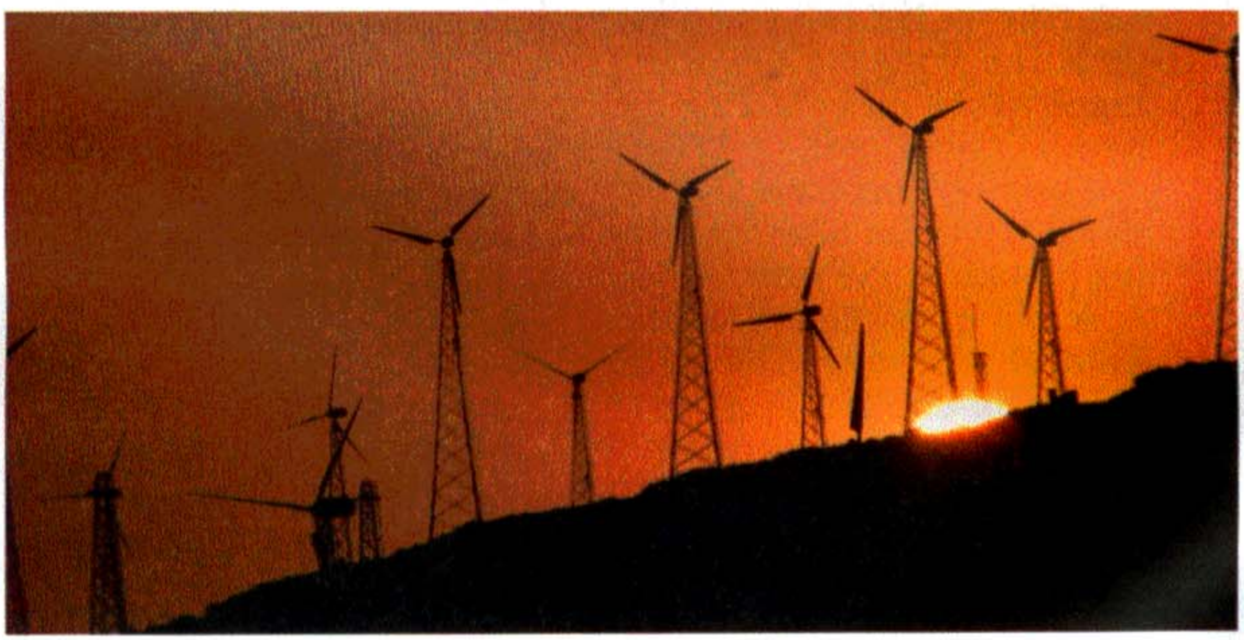
The Best of Times, the Worst of Times

It's going to be a golden future—if we can reach it alive and solvent.

But as you can see, you can bet your life we'll face a ton of change and turmoil no matter what we do.

I'm confident that the powers that be will eventually wake up and starting pouring tens of billions into energy research, especially hydrogen. But they can't do it fast enough. (They should have begun by 1970.) Knowing governments, they'll drag their feet awhile longer, which will prolong the painful transition to a sustainable energy system.

The resulting squeezes and panics in the markets can bring you the



By 2015, with oil hitting $200 a barrel, windmill farms will sprout like spring corn all across the land

The Wall Street Wonder

By Stephen Perkins
Publisher, TCI Enterprises

We are introducing something new to the planet: a package of investor services that gives you more benefits than you've ever seen before, and at far less cost.

But on this page I want to summarize for you the track record of the distinguished financial mind who has made it all possible.

Dr. Stephen Leeb has been rated for the last two-year period as one of the top 3 market timers by the major U.S. rating service, *Timer Digest.*

These services have also given him other awards covering periods of *five years,* which puts him in a different league from advisors who shine in the #1 slot for one year at most. The awards include performance in both bull and bear markets.

He was editor of *Personal Finance* for over 13 years; in the last eight of those, *Personal Finance* rose to become one of the largest newsletters in the financial world, ranking from third to first in circulation.

At the Top of the Pile in Good Times and Bad

Every decent investment advisor makes nice profits in fat years. During most of the '90s, you could throw a dart at the stock pages and make 20% a year. Yet Dr. Leeb was ahead of the herd even in those days.

But I know you'll be especially interested to hear exactly where he was during the Grand Blowoff from March 31, 1999 (when we began tracking), until today.

In that time, he has had a track record that would turn Warren Buffett chartreuse with envy: up **127.9%**, compared to Buffett's **66%**. This has kept him safely in the top echelon of all growth stock analysts.

By the way, in that same period the S&P 500 has been up only 36.1%.

Put another way: He beat

greatest profits of your life by far. While most investors get blindsided and perhaps drowned by wave after wave of distortions, you will be surfing on them. I have strong hopes that you

TCI senior editor Stephen Leeb and executive editor Donna Leeb. They have teamed up to write four widely quoted books on investing.

Buffett's Berkshire Hathaway by 61.9%, and he trounced the general market by 91.9%. During some bad times.

Does that sound like we might be worth $72 of your money?

Dr. Speed

For 28 years, Dr. Stephen Leeb has been calling the major swings and trends in the markets ahead of time, giving investors advance notice of danger and opportunity.

Even if you track a dozen financial authorities, you will eventually find yourself checking out Leeb's forecasts to ascertain what the future *really* holds.

His talent for mental gymnastics first showed up at the University of Illinois, where he still holds the record for academic speed, having earned an M.S. in math, an M.A. in psychology, *and* a Ph.D. in psychology in three years (after switching majors from economics).

Over the years, his advice has been frequently quoted in *The Wall Street Journal, Investor's Business Daily, USA Today, Forbes,* and *Business Week*.

He has appeared on the CNN, CNBC, and Fox News television networks, *Louis Rukeyser's Wall Street Week, Business Insiders,* and *PBS's Nightly Business Report,* plus Bloomberg radio and TV.

Also Dr. Leeb authored in 1999, with his wife Donna, the widely-acclaimed investment book, *Defying the Market*. In 2004 they wrote *The Oil Factor* (Time Warner).

will be able to multiply your money thirtyfold, sixtyfold, even a hundredfold—while your golf buddies may fight bankruptcy. It will truly be the best of times and the worst of times. ■