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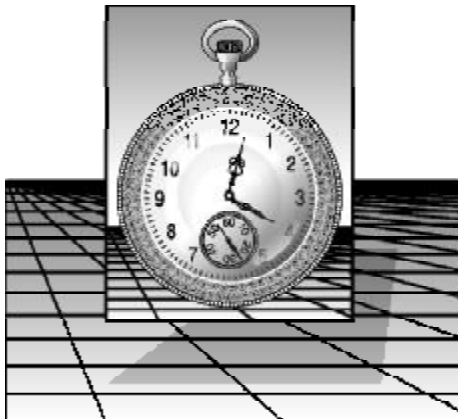
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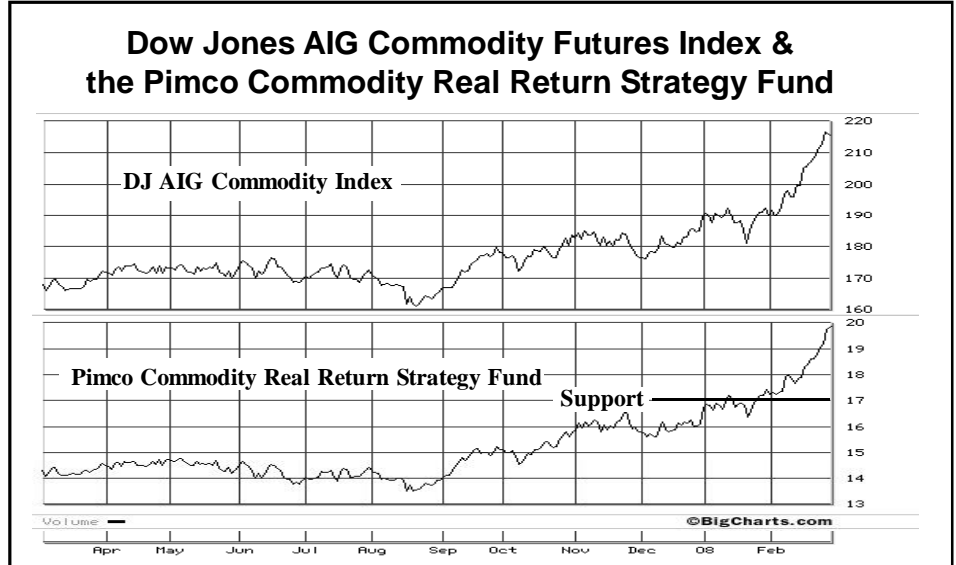
THE COMMODITY BULL WAKES UP

The next issue will be published March 19.

- **Nova Gold has some interesting projects** Page 3
- **Crude oil is right on the mark.** Page 4
- **Note: If you haven't done so, be sure to maintain sell stops on indicated issues.** Page 6



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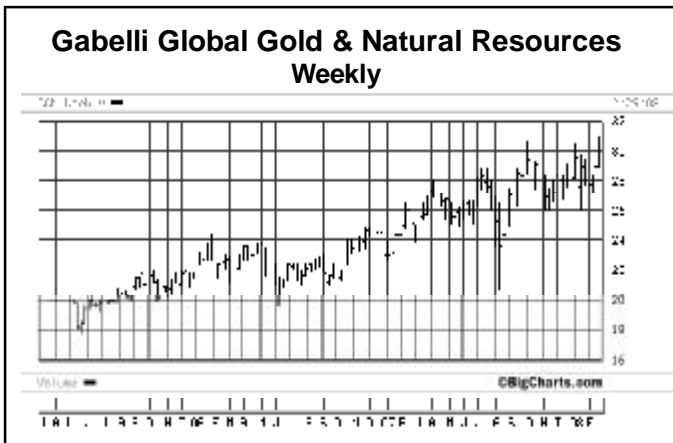
Finally, we are getting our due from our position in the **Pimco Commodity Real Return Strategy Fund** (PCRAX-\$20.14). I originally recommended PCRAX three years ago (in March 2005); and although there have been some ups and downs along the way, the problematic issues have been resolved. The fund is doing very well now.

The concept is for the fund to track the Dow Jones AIG Commodity Futures Index, which you can bring up at bigcharts.com with the arcane symbol of 26099104. They do this by buying a portfolio of futures and commodity swaps to mirror the makeup in the index and by fully backing the positions with government income securities, typically TIPs. It's the leverage, after all, that makes futures dangerous. By putting up the full value of the contract in interest-paying instruments and eliminating the leverage, one can create a sweet deal in a market that is bullish for commodities.

After a slow start, the DJ AIG Index is beginning to show its strength and reflect the inflation that the Fed is fueling with their low interest rate policies. As long as interest rates remain below the true rate of inflation (currently about 7.5% and rising according to Shadowstats.com and pre-Clinton era CPI math), the dollar will fall. Gold and other commodities will rise.

Hang on to your PCRAX. We originally paid \$13.97 for the fund, and we are now seeing a nice 6.4% yield on our original shares plus a 44% appreciation in the value of the original fund shares. As you can see on the chart above, the DJ AIG Index has run a little hard here. It should settle

It should not be assumed that the recommendations made in the future will be profitable or will equal past performance. A list of all recommendations made by this advisor within the past 17 months will be furnished upon request. Professional Timing Service and/or associated individuals will from time to time have positions in the investments mentioned and recommended in this newsletter. All rights reserved - copyright © 2008 by Professional Timing Service.



back at some point. The next level of support in the fund is \$17.00, which may seem a little low due to the recent up side. Nevertheless, I am raising the buy price to \$17.00, but I will be watching this one closely during its next correction. In the meantime, hang on to your positions and reinvest your dividends. This one is a dandy, especially for tax-sheltered accounts.

There are two other diversified, income-producing, commodity-advantaged issues on our list that also warrant your close attention. **Gabelli Global Gold Natural Resources and Income Fund (GGN-**

AMEX-\$30.67) is an old friend, and it's doing quite well for us overall. This is a closed-end fund that we originally bought for \$22.10 in January 2005. As the chart shows, it has worked its way higher since. I am raising the downside buy price to \$28.00. That will give you a nice position with a 6% yield. By the way, GGN pays monthly as well.

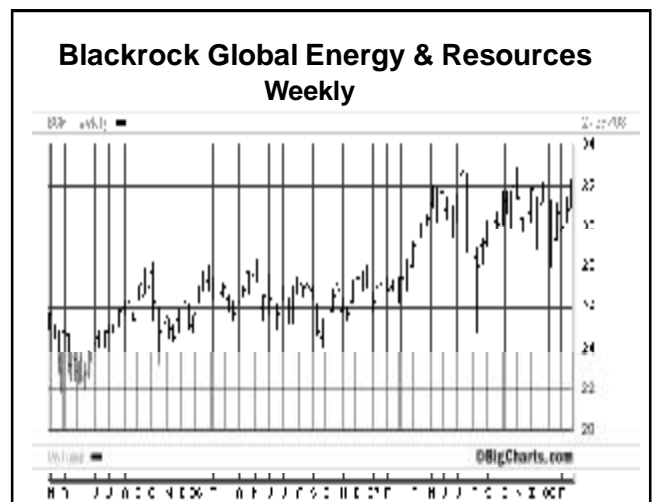
The second broad-based, commodity-advantaged fund on our list is **Blackrock Global Energy and Resources (BGR-NYSE-\$31.46)**. This one pays quarterly; and at \$29.50, you should get a little over 5%. If you pull BGR up on bigcharts.com, you will see the dividend listed as 29%. That includes a year-end distribution that was just shy of \$2.00. That is money in our pocket, of course; and it does bring our return up for 2007. Any way you look at it, we originally paid \$25.99, we received \$3.41 in dividends and distributions last year, and the stock is selling for \$31.46. That's not all bad in my book.

Note we have raised the downside buy price a little to \$29.50. Hold your Blackrock Global Energy Fund and accumulate during weakness. I also suggest that you reinvest the distributions. BGR, GGN, and PCRA will all give you a very nice shot at profiting from rising commodity prices as well as decent income opportunities at a time that income is hard to come by.

The commodity complex as evidenced by the DJ AIG Commodity Futures Index may be due for a technical cooling off soon. It seems a bit overdone, but this hinges on the dollar as well. If the dollar can come off the mat and kick in with a technical rally, all the commodities will encounter some short term profit-taking. Nevertheless, we have not seen the end of the commodity bull or the ultimate lows in the dollar. Bull markets take breathers from time to time, and that is when longer term investors need to accumulate shares.

The only reason to buy gold or silver at this point is emotional. You can buy high and sell higher, but I think the same emotions that force one into buying strength will tear them up during the next inevitable correction. Hang on to your precious metals' positions and wait for low risk opportunities. Simplicity dipped to about 4.80, and it is now heading back up to 5.00. If gold corrects, Simplicity will go significantly over 5.00 on its next run. Caution is advised.

With that said - I introduced **Nova Gold (NG-AMEX-\$11.32)** in the February 28 Web site report. Nova is an





old friend that we bought in December 2004 for \$6.50. **Barrick** (ABX-NYSE) made a hostile bid to take them over for \$16.00 in 2006, and we sold our shares for \$17.00 soon after, taking a nice 161% gain.

Nova has some interesting projects - one is in Galore Creek. As the name implies, it contains copper galore. It is estimated to contain as much as 13 billion pounds of copper; and at today's price of \$3.90, that is not a small deal. They teamed up with a larger mining company, Teck Cominco, to develop the property, but

Galore Creek is about as remote as you can get. It sits just south of the Yukon Territory in northern British Columbia, and there is virtually no infrastructure, power, or anything else. The original development cost was estimated at \$2.2 billion, but it has since jumped to over \$5.0 billion. This prompted Teck and Nova to announce that they were halting construction and were delaying development until a future time. Both companies still hold their interests in the project; and with the price of copper pushing toward \$4.00 and inevitable new highs, this asset will eventually come back to the front burner. When the announcement that Galore Creek was being shelved hit the Street last October, Nova's stock plummeted. The combination of general market weakness and disappointing news pushed Nova below \$6.00 in December.

Now, the good news. Nova has several projects in the works, including one at Donlin Creek. The Donlin Creek project is a 50-50 partnership with none else than their old nemesis, Barrick - the guys that tried to buy them out in 2006. It appears that Donlin Creek is one of the largest unexploited gold bodies in the world with an estimated 29.4 million of gold reserves (and that estimate may be on the low side). Now that Barrick and Nova are pals again, this property is going to move rapidly toward production.

From a technical perspective, Nova has recovered since its December lows, but the stock is still under pressure (as you can see on its chart). With the Galore Creek project on hold, they have the resources to exploit Donlin Creek. Nova has a decent cash flow from their stone and gravel business, and they expect to produce 100,000 ounces of gold at their Nome property (Rock Creek) this year. They have money in the bank, and they are well managed. There would seem to be more value here than the \$11.32 price would indicate.

Remember, Barrick was willing to pay \$16.00 for Nova in 2006 when gold was only \$650/ounce; and back then, the Donlin Creek project looked like it only held 7 million ounces rather than the 29 million plus ounces it appears to have today. To me, Nova looks like it is worth much more than the \$16.00 offered by Barrick two years ago. As Nova's properties continue to develop, it is a likely buyout candidate again in the future.

When copper breaks over \$4.00 and moves toward \$5.00, the Galore Creek property will come back into the limelight. Of more near term importance is the exploitation of Donlin Creek. Nova is not a major producer yet, but it may well become one if they can avoid acquisition. Consequently, I am putting them on the list of juniors. There is some risk, but the potential is for at least a double.

I hold to my caution regarding new purchases in the precious metals. If the stock market dives further - which is not out of the question - and/or if the metals correct, Nova is going to pull back. The Street is not favoring Nova these days. Those who couldn't stand watching Nova go over \$20.00 last November and jumped in at that point are disappointed, to say the least. Some of them have not sold yet, but they will if the stock weakens. They are the weak hands, and they are your opportunity. I don't expect to see Nova back at \$6.00, but it could

come off to \$9.50. The way to approach this is to buy a pilot position at \$12.00 or less, and then keep some of your powder dry and buy again under \$10.00 if given the chance.

Crude oil is right on the mark. It has made its way over \$100.00, and it will struggle higher this summer. I continue to advise that a U.S. recession will not dampen global demand for crude or other commodities on a global basis. Furthermore, Americans will not give up their energy easily. There are plenty of other expenses that will go by the wayside first.

It is amazing how American consumers want their private cars and are willing to suffer lengthy delays and inconveniences for the privilege. Americans will not be quick to park the SUV or turn down the AC. Energy demand - especially fuel demand growth - may flatten out, but I look for domestic fuel demand in 2008 to be higher than it was in 2007.

China is a big factor in this. The March 2008 *Smithsonian Magazine* stated, "the (Chinese) government has targeted the economy (theirs) to quadruple by 2020." That is only 12 years away. That is a double and another double. The only impediment to this goal that I can see is limited resources. China is, in the *Smithsonian's* words, an "economic colossus." Well said - and their growth is more and more internally generated as time moves on. Forget thinking a U.S. recession will bring crude oil back to \$50.00 or anything near that - back to \$100.00 maybe. Chinese demand growth alone will more than make up for any lack of growth in the U.S.

The U.S. House is working overtime to push the price of oil up. They just approved an \$18 billion tax bill that will roll back two tax breaks that will directly affect the five largest oil companies in the U.S. The problem is that corporations don't pay taxes. They push taxes on to consumers in the form of higher prices. If this bill passes the Senate and the White House, you can count on higher energy costs and a more insecure supply.

Furthermore, the Democrat-controlled House and Senate means less drilling, more taxes on big oil, and less production. That all equates to higher prices. Couple this with the negative effect on production due to the new Canadian tax on energy trusts, and supply is bound to suffer in North America. These are very good reasons to focus your investments outside of the producers themselves and outside the Canadian trusts. It doesn't make any difference what crude sells for if you don't have any to sell, but the refiners will refine, the transporters will transport, the drillers will drill, and everyone will want help from the oil service companies.

The exception to my ban on major producers is **Apache** (APA-NYSE-\$116.42). They hold their own proprietary technologies, and no one is as good as exploiting "worked out" fields like Apache. It is a bit on the run here, so I wouldn't chase it. It fell back to our buy price of \$90.00 in January, so it is now time to hang on and wait.

Take a look at the refiners on our list. Refineries are heavily regulated, and that all but eliminates competition. Gasoline demand has been up every year for 58 years. **Valero** (VLO-NYSE-\$57.89) and **Frontier** (FTO-NYSE-\$36.00) are the only domestic refiners that I know of that can process sour crude; and as light sweet crude prices grab the headlines, sour crude is the star in the wings. Nearly all new production coming on line around the world is sour crude. This is the case, even in Saudi Arabia. Some of this stuff is worse than others; but the more sour crude is, the more difficult it is to process and refine. This gives Frontier and Valero an advantage. Sour crude is more available and cheaper, which gives these refiners a distinct profit advantage.

Recession fears have depressed the refiners, but I don't think they will be having any problems with profitability. Regardless of a recession, gasoline will likely threaten the \$4.00 a gallon level this summer, and that is big money in the bank for sour crude refiners. Hedge your summer gasoline bill, and pick up a few shares of these

if you don't have them already. If you do, heed balance and diversification in your portfolios. They look like great buys now at \$51.50 and \$32.00, respectively, which I am posting as new downside buy prices.

Many of the Canadian trusts have recovered to some extent with crude moving to \$100, but few are approaching new highs as they would be had the Canadian government not decided to tax them. We have **Baytex** (BTE-NYSE-\$21.05) on our list, and it has recovered quite well. **Peyto** (PEYUN-TSX-C\$19.43) is doing well for us also. Nevertheless, I consider both as holds at this point. These two should appreciate some as crude approaches its next target of \$114.00, but we will want to reassess whether to keep them or not at that point.

There is a reason that some of the Canadian trusts yield 14% to 20% and are barely off their lows with crude oil breaking over \$100.00. The reason is that their future is bleak. The weakest ones do not hold any promise. There are a few that can be held, but they have to be able to stand on their own as corporations. You will be much better off with money in other energy sectors. If you want yield, look at PCRAX, BGR, and GGN.

I'm also removing the buy recommendation for **Enerplus** (ERF-NYSE) that we added to our list as a potential special situation buy in the January 2008 mid-month letter. It was a long shot, but it didn't drop to our price.

The stock market (paper/financial assets which our Annual Asset Allocation Model and the Dow/gold ratio recommends against holding) does not look good overall, and it is struggling with sub prime debt problems, housing issues, and an ensuing recession. However, the root of its problem is that S&P 500 profits are going to come in much less than forecast, which means that current PE's are way higher than are justified. The adjustment will be lower values for the popular averages. The S&P will eventually fall to 800 and the Nasdaq to 1,000. Near term, there is support for the S&P at 1,200, the Nasdaq at 2,000, and the Dow Industrials at 10,000. Bottom line, paper assets are on a slippery slope.

Bonds (also financial/paper assets) have been all over the place lately. The current strength is clearly a flight to quality out of the stock market and into Treasuries, but these moves are short term in nature. I don't see anything but future grief in investing in bonds at today's yields. That leaves you with fixed income money in money markets, CD's, or Treasury bills. I am not as concerned about CD's as long as you mind the FDIC coverage levels. You are covered for \$100,000 per individual per bank - not necessarily per account. In some cases, retirement accounts are covered for \$250,000, but you should go over the details with your banker or broker if you are not clear on what your coverage is.

I am quite concerned about money market funds. They are, of course, prolific, and their safety is taken for granted. The competition is fierce, so shopping for a money market fund on the basis of yield is not wise. Three-month T-bills pay about 2.2%. If your money market fund held only three-month bills, your yield would be less than 2.2% because of operational expenses and management fees. There can be a lag between current rates and the yield on your fund due to older paper that was purchased when short term rates were higher. However, if your fund is paying significantly higher than 2.2%, you should ask why. What does the fund hold to get the higher rate, and how dangerous is that paper?

In the past, money market funds have suffered defaults on paper they were holding. In all cases, the company running the fund has stepped in and made the losses good in order to maintain confidence in the fund. However, it will only take one fund with a major default that the manager cannot make good to initiate a run on money market funds. It's definitely something to think about. You are not necessarily *guaranteed* your money back from your money market fund. Everyone needs some liquidity; so some money in a money market fund is likely going to be hard to avoid. Just be careful about the fund you hold. Although the yield is only 2% and is certain to go lower, T-bills are as safe a bet as you will find for your liquid assets in a very uncertain market.

Recommended Stocks For Buy And Hold

Note: You can get quotes on Canadian stocks in Canadian dollars by using the symbols we have listed at www.bigcharts.com. Thus, if you want a quote for Peyto Energy, go to www.bigcharts.com and type in CA:PEYUN. You can approximate the price in U.S. dollars by multiplying the Canadian dollar quote by .99. You should buy at or below the posted downside buy price. The downside buy price does not imply that this level will necessarily be reached, but that this is the maximum price we recommend that you pay for the issue. Changes since our last posting are in bold letters.

Company	Symbol	Exchange	Initial Recom. Date and	Price	Price 3/03/08	Downside Buy Price	Div 3/03/08	Target-T Stop-S	Web Site
U.S. \$									
Agnico-Eagle	AEM	NYSE	1/10/2007	36.00	71.51	50.00	0.26%		agnico-eagle.com
Alliance Res	ARLP	OTC	9/29/2004	27.98	37.95	34.00	6.26%		arlp.com
Apache Corp	APA	NYSE	3/5/2007	68.00	116.42	90.00	0.52%		apachecorp.com
ASA (1)	ASA	NYSE	11/19/2002	31.00	88.56	70.00	4.54%	S = 69.90	asaltd.com
Baker Hughes	BHI	NYSE	2/5/2008	64.63	67.35	65.00	0.76%	S = 62.50	bakerhughes.com
Barrick Gold	ABX	NYSE	1/5/2003	22.85	53.55	38.00	0.57%	S = 44.95	barrick.com
Baytex Energy	BTE	NYSE	5/18/2004	9.00	21.05	HOLD	10.24%		www.baytex.ab.ca
Blackrock	BGR	NYSE	8/3/2005	25.99	31.46	29.50	4.77%		blackrock.com
Fording Coal	FDG	NYSE	11/16/2004	22.74	50.53	HOLD	4.16%		fording.ca
Frontline Ltd. (2)	FRO	NYSE	1/4/2007	31.00	44.28	40.00	5.63%	S = 27.70	frontline.bm
Frontier Oil	FTO	NYSE	8/3/2005	14.38	36.00	32.00	0.57%		frontieroil.com
Gabelli Glob. Gld.	GGN	AMEX	1/3/2005	22.10	30.67	28.00	5.49%		gabelli.com
Headwaters	HW	NYSE	3/10/2006	36.30	13.41	10.00	n/a		headwaters.com
Kinder Morgan LP	KMP	NYSE	6/8/2007	52.50	57.57	HOLD	6.40%	S = 48.40	kindermorgan.com
Kinross Gold (3)	KGC	NYSE	6/6/2002	2.39	26.20	17.00	n/a		kinross.com
Kinross Gold	KGC	NYSE	1/4/2007	11.00	26.20	17.00	n/a		kinross.com
Mkt. Vectors, ETF (4)	GDX	AMEX	9/11/2006	37.00	54.62	42.10	5.54%		n/a
Pimco Com. Fund	PCRAX		3/2/2005	13.97	20.14	17.00	4.49%		pimcofunds.com
Schlumberger	SLB	NYSE	1/18/2008	75.00	86.98	75.00	0.98%	S = 72.10	nat.bm
Ship Finance (5)	SFL	NYSE	3/6/2007	0.00##	25.93	HOLD	8.65%		www.shipfinance.org
Silver Standard	SSRI	OTC	1/4/2007	30.00	38.46	34.00	n/a		silverstandard.com
Silver Wheaton	SLW	NYSE	3/10/2006	8.40	17.74	15.00	n/a		silverwheaton.com
St. Trs. Gold, ETF	GLD	NYSE	9/11/2006	58.85	97.24	78.00	n/a		n/a
Transocean (6)	RIG	NYSE	1/4/2007	75.00	139.25	120.00	n/a	S = 119.05	deepwater.com
Yamana	AUY	NYSE	4/14/2005	2.90	19.19	11.50	0.21%		yamana.com
Valero	VLO	NYSE	4/26/2005	36.63	57.89	51.50	0.84%		valero.com
Canadian Dollars									
Altius Minerals	CA:ALS	TSX	8/9/2007	17.88	19.50	24.00	n/a		altiusminerals.com
Energy Split II	CA:EN	TSX	9/11/2006	17.00	10.25	HOLD			scotiamanagedcompanies.com
Peyto Energy	CA:PEY.UN	TSX	7/18/2003	8.75	19.43	HOLD	8.58%		peyto.com
Silvercorp Minerals	CA:SVM	TSX	1/21/2008	8.00	10.45	8.00	1.45%		silvercorp.ca

(1) ASA dividend includes year-end distribution.

(2) Frontline dividend based on regular payment of \$0.625 per quarter. Extras have been paid, bringing the dividend on past 12 months' payments to 13.38%.

(3) On 2/27/07, Kinross acquired by exchange for Bema, originally purchased at \$1.06 on 6/6/02.

(4) Market Vectors dividend was an annual distribution, not a regular dividend

(5) Ship Finance Intl. was acquired as a spinoff from Frontline on 3/6/07.

(6) Transocean merged with Global Santa Fe on 11/27/07 receiving .6996 shares in the new Transocean plus \$33.03 in cash.

Buy And Hold Junior Gold & Silver Stocks - The Option Alternative

Company	Symbol	Exchange	Initial Recom. Date and	Price	Price 3/03/08	Downside Buy Price	Div	Target-T/ Stop-S	Web Site
U.S. \$									
Coeur d'Alene	CDE	NYSE	9/2/2003	3.19	5.16	3.80	n/a		coeur.com
Endeavor Silver	EXK	AMEX	7/26/2007	4.60	4.42	4.00	n/a		edrsilver.com
Great Basin Gold	GBN	AMEX	12/21/2007	2.45	3.45	2.45	n/a		greatbasingold.com
Nova Gold	NG	AMEX	2/29/2008	11.50	11.32	12.00	n/a		novagold.com
Taseko Mines	TGB	AMEX	7/24/2006	2.40	5.40	4.50	n/a		tasekominer.com
US Gold Corp	UXG	AMEX	9/9/2005	1.70	3.57	3.00	n/a		usgold.com
Canadian Dollars									
Everton Res.	CA:EVR	TSX	1/4/2007	1.30	0.63	0.80	n/a		evertonresources.com
Golden Valley	CA:GZZ	TSX	2/20/2007	0.50	0.34	0.50	n/a		goldenvalleymines.com
Laramide Res.	CA:LAM	TSX	3/16/2006	5.20	4.92	8.00	n/a		laramide.com
Mega Uranium	CA:MGA	TSX	5/1/2007	6.75	3.15	3.00	n/a		megauranium.com
UTS Energy	CA:UTS	TSX	5/15/2006	6.50	5.76	Hold	n/a		uts.ca
Minera Andes	CA:MAI	TSX	9/11/2006	1.20	1.65	1.60	n/a		minandes.com

C\$ Denotes Canadian dollar. Quotes for Canadian stocks can be obtained on the U.S. OTC Bulletin Board (pink sheets) with the following symbols. I want to caution you, however, that OTCBB quotes are not always current. They can be a day or more old at times. You should take the quote in Canadian dollars (as described above) times .99 to see if the OTC quote looks correct. You can access these OTCBB quotes by using www.barchart.com.

Peyto Energy-PEYUF Laramide-LMRXF UTS Energy-UEYCF Minera Andes - MNEAF

Target-T A price in this column preceded by "T" represents the price at which you should liquidate the position and take profits. **Stop-S** A price in this column preceded by "S" represents the price at which you should place a sell/stop. Do not short on the target price or the stop price. There will not always be a target or stop price listed. For a further definition of a sell/stop, see the Welcome Letter.