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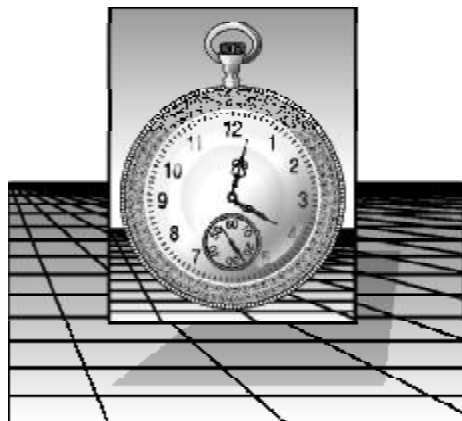
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The next issue will be published December 20.

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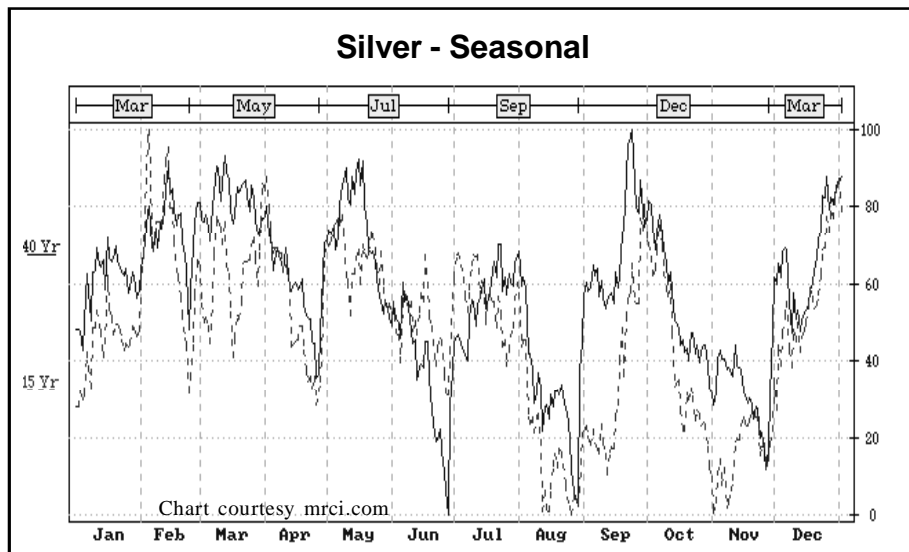
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Dollar Damage To Benefit Gold



The precious metals have been performing on cue for the most part. We experienced the November weakness so typical at this time of year, but the decline was milder than I had expected. That, in itself, is a bullish sign.

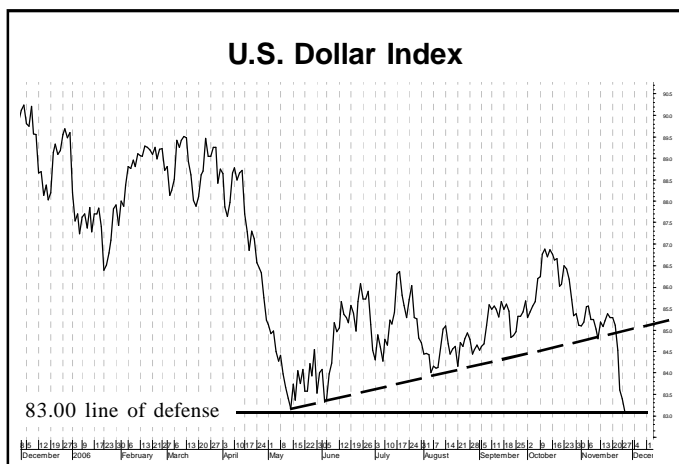
I thought you might like to have this seasonal chart of silver for your files. You can compare it to the one we published for gold in the last monthly letter. The seasonal tendencies are similar, with silver typically putting in a low in November.

All in all, I am suspicious that we might see one more dip going into December in gold, silver, and the mining stocks. I don't look for anything all that dynamic - just a late buying opportunity before the next rally.

The key longer term element is the technical sell signals we are getting in the dollar. Our Rydex strong dollar versus weak dollar trading program switched into the Weakening Dollar Fund on November 21 when the December dollar index futures hit 84.50. The Fed had been defending 85.00 for some time, but it appears that this line in the sand has been abandoned.

The next line of defense will form at 83.00 December basis, which is the next level of technical support. Once below that level, there is no support until 80.00, where lows formed three times during the 1990's. Once through 80.00, it will be on to 60.00, and possibly 40.00 over the next several years. A dollar collapse here would, indeed, be interesting. If the Fed comes in to defend the dollar's decline at 83.00, as I expect they will, silver and gold will dip temporarily ... but that would only present another buying opportunity in the metals.

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 © 2006 by Professional Timing Service.



Bottom line, it looks like the dollar “rally” - such as it has been off of lows last May - is rolling over. If the dollar gains downside momentum from here, it will benefit our gold positions as well as our energy holdings. Gold and silver look bullish. I have adjusted some of the buy prices on Page 6 in the event we see a dip due to Fed intervention in the dollar this month, but most of our stocks hit their respective published downside buy prices over the last few months. You should be well-positioned by now.

If you are looking for some late buys, consider my old favorite **U.S. Gold Corporation** (USGL-AMEX-\$4.66).

Their site is in Nevada, so it is a domestic operation (which I like). They intend to acquire four companies and thus consolidate their holdings in the Cortez trend in Nevada. You can get full particulars at their Web site usgold.com. There have been some snags in getting the acquisitions put together, but the principal problems have been legal hurdles.

The delays are likely the reason the stock has not done better of late, although it is up from a low of \$3.95 in September, or 18% in this rally. Keep in mind that USGL hit \$10.00 in the last rally and that Nevada is the world’s third largest gold producer behind South Africa and Australia. Buy up to \$5.00.

Here is an interesting new recommendation. Admittedly, it is a long shot, but it’s a cheapie - **Everton Resources** (EVR-TSX-C\$1.33). I would buy some here under C\$1.30, and buy some more if it dips to C\$1.10. Their principal properties are in the Dominican Republic and Quebec. You can check them out at www.evertonresources.com. All of these inexpensive juniors carry their own share of risk, but they are definitely better than buying call options on gold or gold stocks. Everton at C\$1.30 is about \$1.15 U.S. Don’t get carried away, but a few shares should make you some money as gold moves higher into next year.

Here is a strategy I want to share with you. Concentrate some speculative money in the junior mining stocks. We saw our Western Silver bought out last year, and the Goldcorp/Glamis deal took place recently. Merger activity is heating up, and a strategy you should consider is to exploit this tendency. The profit potential in the juniors is many times that in the majors. I have always billed the juniors as the option alternative, and they are. You can buy some of these with less money than a call option, and your deal won’t expire.

I expect to see merger and acquisition activity increase in the next few years as the industry consolidates. Cash rich miners are finding it cheaper and less risky to buy their competitor’s production and reserves rather than explore for new reserves on their own. My expectation is to see the juniors eventually reach a frenzy, much like the dot-com’s did in the late 1990’s. Now is the time to plant a few seeds for that eventuality. All the seeds will not grow, but those that do will produce magnificent returns. Diversify.

Another company I would like to bring to light here is **Yamana** (AUY-AMEX-\$12.01). Yamana is really a mid-size producer now- no longer a junior - and I am going to move it up on our list to the group of larger producers. We originally bought it at \$2.90 in April, 2005. It was a bit of a long shot then. However, it is maturing, and they expect their gold production to hit 1 million ounces by 2008. If you have this one in your portfolio already, you might add some at \$11.00 or less. I doubt it will fall as low as \$10.00, but that would be ideal.

Bema (BGO-AMEX-\$5.26) is probably going to merge with **Kinross** (KGC-NYSE-\$12.02). Kinross is offering .441 shares of Kinross for each share of Bema. For now, I am leaving Bema on our list, but with a “hold” rating. I am

not opposed to the merger. If it goes through, we will own Kinross for about \$2.40. If you want to position Kinross ahead of the merger or fill out your position after the exchange, buy some at \$11.00 or less.

Silver held up very well in November considering its propensity to set lows in late month. The best we saw was a sideways consolidation. **Silver Wheaton** (SLW-AMEX-\$11.56) looks good at \$10.00 or less.

Another silver company that I like - but we have not seen it drop to our initial buy price - is **Silver Standard** (SSRI-OTC-\$29.35). I'm raising my buy price to \$24.00, but I just cannot get myself to chase this stock. At the \$29.00 level, it is a bit overdone. The RSI is over 70, and MACD is setting up a second sell signal, which portends at least a consolidation in price. If it backs off some and we can buy it right, it will make a great addition to our buy-and-hold list.



We took profits on **Goldcorp**, and it is now off our buy-and-hold list. However, I have added Goldcorp to our *trading* list, which you will find on Page 2 of the Tuesday and Thursday online updates. We will buy Goldcorp as a trading position if it falls back to \$24.00, and we will put a sell/stop on that position if it fills at \$21.00. Again, if you take any of the trading positions, it is important that you keep up with the online updates for continuing changes.

On November 21, we increased our position in the **Rydex Precious Metals Fund** to 50%. If we see a decent pullback – say, due to the Fed supporting the dollar - we will increase the position again. If you are trading this program, the instructions will be on the Tuesday and Thursday updates, which are accessible on the Web site.

Crude oil continues to consolidate at the \$60.00 level. There was some weakness around the November option expirations, and the excuse is that there are ample supplies. I am not sure I put any more faith in energy inventory numbers than I do in the CPI or employment figures. OPEC, as flaky as they are, has little interest in selling crude for less than \$60, and they would rather see it at \$70. As it is, the technical picture continues to improve, but I do think we will see crude continue to consolidate at roughly the \$60 level for a few more weeks and then begin to move higher.

Keep in mind that nothing fundamental has changed in the oil industry. The Middle East is as crazy and unpredictable as ever. Iraq looks to be in total civil war, but the news media and Washington prefers the ostrich approach to the problem. A nuclear powered Iran is going to attempt to be the key player in the Middle East, if not the ruler of a new Moslem empire there. They are behind the Iraqi “insurgency,” they are supporting Hezbollah in Lebanon, and they are organizing and arming the Taliban in Afghanistan ... and they have the money to do it.

There is a mind set that the U.S. is going to experience a recession and that this will, in turn, cause a downturn in Asia's economy, but this doesn't hold much water. *The Economist* in late October commented that “A sharp slowdown in the American economy could be offset by the growing and largely unrecognized power of Asia's consumers.” They argue that the U.S. consumer makes up only 13% of global real GDP. The bulk of Asia's growth is now domestically driven, and the American share of total Asian exports has fallen since 1999 from 34% to 20%.

Another result of a recession in the U.S. will very likely be an increase in business for Asia as a renewed impetus for cost cutting drives more manufacturing and services to China and India. In other words, outsourcing will accelerate if times get tough for business in the U.S. Perhaps this process has already begun. China's oil imports are going strong; and in September, 2006, they were up a whopping 24% over September, 2005.

Natural gas continues to consolidate at the \$8.00 level – but, remember, it was only a couple of months ago that prices were under \$6.00. We should see a test of the old highs at \$15.00 during the next rally. Technically, I need to see March crude, now selling at \$61.85, break over \$65.35 and for December natural gas, selling currently for \$8.00, break over \$8.50. Those levels will trigger technical buy signals.

The dust is beginning to settle regarding the Canadian income trust tax issue. The tax has not been passed into law as yet, but chances are it will be. At any rate, this is the best assumption for us to make concerning our holdings. This is a negative development, for sure; but it is not the end of the world that some have been forecasting. We are told that there will be four years before a tax goes into effect. At current prices, some yields are 18% or more. That is a huge payback, and we stand to recover a good deal from dividends alone.

How each trust will adjust to the new law remains to be seen as each one has a different financial structure. I have mentioned the possibility that some of these trusts - depressed due to the panic caused by the Canadian Finance Minister - are now very enticing takeover candidates. There is also the issue of whether the trusts can continue to make acquisitions, and to what extent.

The official word is that the trusts can continue to make acquisitions during the four year hiatus, but they will be limited to “normal growth” - and any “undue expansion of an existing trust” could “cause the matter to be revisited.” Terms like “undue expansion” and “normal growth” have yet to be clarified. The Finance Minister says that the guidelines have not been finalized, but they will be in the “near future” ... whatever that means. Nevertheless, the “worst case scenario” should be fully discounted in the market by now.

I also expect to see crude and natural gas much higher over the next four years. I have no doubt that we will see \$100 crude oil, most likely by the end of next year. Institutional investors that missed the last oil rally should see the trusts as attractive here since they can buy them at prices more in line with \$30 oil than \$60. This should also protect our downside to some extent.

What should you do? The dust is finally settling, and I think the market has “over discounted” this situation. Consequently, I have put new downside buy prices on most of the Canadian trust issues listed on Page 6. I realize that some of you are primarily interested in gaining back your losses, and I believe we will do that in time. However, if I had first discovered the trusts after the tax announcement, they would look extremely attractive at current levels.

If you are looking for some sort of ranking, it is interesting that the lower yielding issues held up better during the November selloff than the higher payers. **Baytex** (BTE-NYSE-\$19.32) looks attractive at \$17.00 or better, and **Enerplus** (ERF-NYSE-\$45.41) looks like a good buy at \$40.00 or less. **Peyto** (PEYUN-TSX-C\$17.64) also looks attractive now at C\$16.00. Of the higher yielding issues, **Shiningbank** (SHNUN-TSX-\$C\$15.00) is still on my list, especially if it can be bought at C\$12.90 or better.

I believe there is a strong likelihood that the trusts will again sell off to some extent this month, perhaps testing their recent lows due to tax loss selling we typically see during December. Our downside buy prices stand a good chance of being reached during this adjustment.

Some years back, I recommended a couple of tanker companies, and we did well with them. I have a suggestion for you - **Frontline** (FRO-NYSE-\$35.01). You need to go deep and buy this at \$31.00 or less. Although this is not a trading recommendation, I am putting a stop on the position at \$28.70. Dividends are not as steady as with the trusts. They are only paid quarterly, and they will fluctuate with the price of oil to some extent. However, over the last 12 months, Frontline paid close to 17% on today's price. Frontline has 28 mid-size tankers and 25 larger VLCC's (very

large crude carriers), so there is some built-in diversification. The other tanker companies we have owned in the past had much smaller fleets. You can get the full story on Frontline at their Web site www.frontline.ba.

Don't forget the refiners on our list. **Valero** (VLO-NYSE-\$53.11) looks good under \$50.00, and **Frontier** (FTO-NYSE-\$30.63) - which is holding up better - looks good for accumulation under \$28.00.

Another interesting idea if we can pick some shares up at a decent price is **Transocean, Inc.** (RIG-NYSE-\$75.48). Transocean drills offshore for hire, and their services are in big demand. The number of drilling rigs available in the world is severely limited these days, and new rigs take up to three years to construct. Transocean's Web site is www.deepwater.com. The trick is to buy right if we can. You need to buy under \$70.00. Like the Frontline recommendation, this one is not meant as a short term trade. I will put a stop on this at \$64.50 if we get a fill.

In early November, six more Arab countries announced that they would seek to master atomic power. This is likely because the West has been so mamby-pamby toward Iran and their push to develop nuclear technologies. These six countries are Algeria, Egypt, Morocco, Saudi Arabia, Tunisia, and the United Arab Emirates (UAE). It is permissible for countries to build civilian nuclear energy programs under international law, but I think these folks are getting nervous about each other having the bomb.

The demand for uranium should increase in the future, and the price will be going higher. I have a company on our junior buy-and-hold list - **Laramide** (LAM-TSX-C\$7.48). Their main project is in Australia, but they also have some old Homestake projects in the U.S. that they purchased from Barrick. There are other projects across the globe as well. Visit www.laramide.com for details.

The stock has been on the run lately, but keep an eye on it. If it sells back a bit, it looks like a great uranium play. Anything under C\$6.50 will serve you well in the longer run. These Canadian dollar prices equate to about \$5.75 and \$5.30 in U.S. dollars. You can get quotes on the OTCBB with the symbol LMRXF, which is in U.S. dollars. I encourage you to read the paragraph at the bottom of the buy-and-hold list page about this. I have a few more uranium stocks that I am keeping my eye on, but Laramide is my current pick - especially if you can buy on a dip.

The stock market. The rally from the July lows looked contrived. Prices would nudge higher day after day, but without conviction. The move has not been strong, but it has been persistent. Even if this rally were the beginning of something sustainable, this would not be the place to buy the popular averages.

The housing numbers look dismal, but the Nasdaq continues to advance little by little. The cost of the Iraqi and Afghan war are poised to explode, along with everything else over there. Evaluations are such that some folks calculate that the S&P 500 earnings will have to increase up to 35% next year to justify current prices.

The best thing to do when the news is noisy is to fall back on technical analysis. My Annual Asset Allocation Model continues to point to commodities and real assets as the investment avenue with the lowest risk and highest potential reward. The RSI oscillator on the Nasdaq is breaking down from overbought readings, telling us that even in a bull market, this would not be a good place to be long - and certainly not the place one would want to be a buyer in the tech stocks. MACD has issued second sell signals in the S&P 500, Nasdaq, Dow Industrials, NYSE, Russell 2000, etc. Virtually every popular average looks like a better sell than a buy.

I think the rally off the July, 2006 lows has been a case of buying begetting buying, albeit with little conviction. Consequently, my best six month/worst six month positions remain in the **Rydex Inverse OTC and Inverse S&P 500 Funds**, which are short. There will be a better place to reverse these positions down the road. The next interesting point for a seasonal low in stocks will be just prior to Christmas.

Recommended Stocks For Buy And Hold

Note: If you go to www.bigcharts.com, you can get quotes on Canadian stocks in Canadian dollars by using the symbols we have listed, preceded by CA: For example, if you want a quote for Shiningbank, go to www.bigcharts.com and type in CA:SHNUN. You can approximate the price in U.S. dollars by multiplying the Canadian dollar quote by .89. 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 11/28/06 U.S. \$	Downside Buy Price	Div 11/28/06	Target/ Stop	Web Site
Agnico-Eagle	AEM	NYSE	Buy at	36.00	42.65	36.00	0.07%		agnico-eagle.com
Alliance Res	ARLP	OTC	9/29/2004	27.98	34.47	34.00	5.80%		arlp.com
ASA	ASA	NYSE	11/19/2002	31.00	62.33	55.00	2.25%		asaltd.com
Barrick Gold	ABX	NYSE	1/5/2003	22.85	30.16	28.00	0.73%		barrick.com
Baytex Energy	BTE	NYSE	5/18/2004	9.00	19.32	17.00	9.76%		www.baytex.ab.ca
Black Rock	BGR	NYSE	8/3/2005	25.99	26.50	25.00	5.66%		blackrock.com
Canetic Energy	CNE	NYSE	4/19/2006	22.25	15.02	12.00	16.16%		canetictrust.com
Enerplus	ERF	NYSE	4/20/2001	18.00	45.41	40.00	9.67%		enerplus.com
Fording Coal	FDG	NYSE	11/16/2004	22.74	20.02	18.00	8.00%*		fording.ca
Frontline Ltd.##	FRO	NYSE	Buy at	31.00	35.01	31.00	17.14	S=28.70	frontline.com
Frontier Oil	FTO	NYSE	8/3/2005	14.38	30.63	28.00	0.39%		frontieroil.com
Gabelli Glob. Gld.	GGN	AMEX	1/3/2005	22.10	24.05	22.00	6.99%		gabelli.com
Headwaters	HW	NYSE	3/10/2006	36.30	23.23	18.00	n/a		headwaters.com
Mkt. Vect. ETF	GDX	NYSE	9/11/2006	37.00	40.40	34.00	n/a		n/a
Pimco Cmd Fnd	PCRAX		3/2/2005	13.97	14.97	HOLD	1.20%		pimcofunds.com
Primewest	PWI	NYSE	2/7/2003	17.00	21.12	18.65	12.57%		primewestenergy.com
Provident En.	PVX	AMEX	6/16/2003	7.50	10.80	10.00	11.81%		providentenergy.com
Silver Standard	SSRI	OTC	Buy at	24.00	29.35	24.00	n/a		silverstandard.com
Silver Wheaton	SLW	NYSE	3/10/2006	8.40	11.56	10.00	n/a		silverwheaton.com
St. Trs. Gld, ETF	GLD	NYSE	9/11/2006	58.85	63.57	61.00	n/a		n/a
Transocean !!!	RIG	NYSE	Buy at	70.00	75.48	70.00	n/a	S=64.50	deepwater.com
Yamana	AUY	AMEX	4/14/2005	2.90	12.01	11.00	n/a		yamana.com
Valero	VLO	NYSE	4/26/2005	36.63	53.11	50.00	0.60%		valero.com

!!!We are going to carry a stop on Transocean at \$64.50 ## We are going to carry a stop on Frontline at \$28.70

Canadian Dollars

Energy Split II	CA:EN	TSX	9/11/2006	17.00	13.00	10.50	20.00%		scotiamanagedcompanies.com
Paramnt.En. Tr	CA:PMT.UN	TSX	12/20/2004	16.44	13.94	11.30	17.22%		paramountenergy.com
Peyto Energy	CA:PEY.UN	TSX	7/18/2003	8.75	17.64	16.00	9.52%		peyto.com
Shiningbank	CA:SHN.UN	TSX	1/2/2003	15.15	15.04	12.90	18.35%		shiningbank.com

**The dividends for the coal trusts depend on cash flow and the price of coal in the preceding quarter. I have listed these with a dividend of 8% since I feel that that is a likely minimum you might expect. For further details on their past dividend histories, you should visit www.fording.ca, and www.arlp.com.

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

Company	Symbol	Exchange	Initial Recom. Date and	Price	Price 11/28/06 U.S. \$	Downside Buy Price	Div 11/28/06	Target	Web Site
Bema Gold	BGO	AMEX	6/6/2002	1.06	5.26	HOLD	n/a		bema.com
Coeur d'Alene	CDE	NYSE	9/2/2003	3.19	5.22	4.50	n/a		coeur.com
Kinross Gold	KGC	NYSE	Buy at	11.00	12.02	11.00	n/a		kinross.com
Mines Mgmt	MGN	AMEX	5/13/2005	4.50	5.60	5.00	n/a		minesmanagement.com
Taseko Mines	TGB	AMEX	7/24/2006	2.40	2.39	2.40	n/a		tasekomines.com
US Gold Corp	USGL	OTCBB	9/9/2005	1.70	4.66	5.00	n/a		usgold.com

Canadian Dollars

Everton Res.	CA:EVR	TSX	Buy at	1.30	1.33	1.30	n/a		evertonresources.com
Laramide Res.	CA:LAM	TSX	3/16/2006	5.20	7.48	6.50	n/a		laramide.com
UTS Energy	CA:UTS	TSX	5/15/2006	6.50	4.19	Hold	n/a		uts.ca
Minera Andes	CA:MAI	TSX	9/11/2006	1.20	1.50	1.20	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 .89 to see if the OTC quote looks correct. You can access these OTCBB quotes by using www.barchart.com. Shiningbank SBKEF Peyto Energy PEYUF Paramount Energy PMGYF

Minera Andes MNEAF Laramide Res. LMRXF

Target The "Target" column represents the price at which you should liquidate the position and take profits. Do not reverse on the target price. There will not always be a target price. You should only reverse on the reversal stop price, even if there is no current open position.