

Jack Adamo's Insiders Plus

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Dear Friend & Client,

It was another quiet week for news. The market did well when, presumably, Wall Street traders came back to their desks. We got beaten up on our hedges; other than that we did okay. In the gold space, my timing was unfortunate in switching from Agnico-Eagle Mines to Eldorado Gold Corp. call options. The former rebounded this week, while the latter fell. I have no regrets about the move, only the timing of it. I saw no significant news on AEM, but EGO was downgraded by some brokerage firm. There was actually good news on the company, which I'll cover in the update section.

You're probably ready to jump out the window from hearing me say it, but I am still very torn about this market, as economic data continue to be outright schizophrenic. Car sales are through the roof, (maybe they're all convertibles) while retail sales in general remain punk, GDP is still sub-par, and although Non-farm Payrolls came in at a decent 179,000 in August, July's number was revised all the way down from 162,000 to 104,000, and June posted its second downward revision to 172,000 from its original 195,000.

Throwing grease on the fire, employers announced 50,462 planned layoffs last month, up 33.8% from July and 57% percent year-over-year.

On the other hand, looking back a few months, the early part of the year had some pretty good *upward* revisions in the Non-farm Payroll Report. This is the same pattern we saw in 2012, but how the heck can we even think of placing any significance on such unreliable numbers. Traders use them as fodder, but to investors, they're useless.

Meanwhile, earnings over the last year are virtually flat, as is revenue growth, and the stock market is up nearly 40%. For Q3, 85 companies have issued negative EPS guidance and 18 have issued positive guidance. Of course, they'll revise the numbers even lower in coming weeks and then magically beat them at earnings time.

Okay, I won't wear you out with more of the same. Next week will be the first full week after the summer. We'll have a better feel for the market at that time. I may add a small position in Peabody Energy by mid-week, and I may add to our ProShares Short 20+ Year Treasury and recommend a new preferred, as well. The market looks very unstable lately. Some technicians are calling the sharp rallies short-covering. That's above my pay grade, so I'll just watch. All I can say is that what I look at from a technical point of view is as dichotomous as the economic data.

PORTFOLIO UPDATES

Eldorado Gold Corp Ltd (NYSE: EGO) reported excellent test drilling results this week. Most of the assays revealed gold content between 9 and 17 grams per ton. One vein showed over 183 g/t, (No, I didn't leave out a decimal point.) which is a new record for what I've seen. That one is a very small vein, and the others aren't huge either, but the find will be profitable, and in-drilling may reveal extensions of high quality as well.

You can make money mining ore with less than 1 g/t, but it depends on the cost of lifting in that particular field. However, there's no way you don't make good money on these 9-17 concentrations, unless they're on the moon. Buy the Eldorado Gold Corp \$10 Jan 2015 call options up to \$1.75. Take a 2% position in the Main Portfolio.

Please note I've changed the password on the portfolio page. The new password is: **MarkTwain** (NO SPACES) in honor of one of the greatest Americans in our great history. The password is *not* case-sensitive.

You can view all of our holdings with their current advice by going to:
http://www.jackadamo.com/main.asp?fn=portfolio_view.asp

The password is: **MarkTwain**

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Please see the important legal notice at the end of this letter.

That's it for today. I look forward to talking with you again soon.

Jack

Questions? Write to Jack at: jack@jackadamo.com

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