

Dinner With the Legendary Jim Rogers

by Dr. Steve Sjuggedrud

I remember the first time I met Jim Rogers. It was probably a decade ago...

We were both speakers at the New Orleans Investment Conference. At 6:00 in the morning, I went to the hotel gym for a workout. When I arrived, there was a guy already in there, pedaling on a stationary bike like he was fleeing a crime scene.

He was working hard, but somehow trying to read the Financial Times (the world's best newspaper) at the same time. I completed my workout and noticed the guy, who was maybe 20 years older than me, hadn't stopped pedaling or reading. He was committed.

That night, we had a black-tie speaker's dinner. I sat next to Jim – it turns out he was the guy on the bike. Fortunately, he was between girlfriends and apparently not too interested in his date. We talked all through dinner about commodities and international stocks and bonds. I left thinking: **This guy is one of the few original investment thinkers in the world.**

That's why I always listen to what Jim has to say on anything related to investments... especially commodities.

A recent Barron's article cited Jim's views on commodity cycles. Commodity price booms, he explained, are *"typically the product of years of underinvestment... Meanwhile, demand creeps up all but unnoticed until imbalances suddenly erupt and prices surge. Producers... can't respond quickly because of the long lead times required to finance and build capacity."*

Whenever Jim speaks, he invariably reminds the audience that there's just no new great commodity supplies out there... that no major oil fields have been discovered in more than 35 years. And no major new metal-mine shafts have been sunk in 20 years.

While we don't have the supply right now, demand continues, whether it's Americans guzzling gas or the Chinese consuming raw materials to grow (China is now the world's No. 1 consumer of copper, steel, and iron ore, and the No. 2 user of oil).

Rogers reminds us that there will be nasty corrections, like gold's correction from \$200 to \$100 an ounce in the mid-1970s. Although it's extremely hard to pull the trigger during those corrections, Rogers sees them as buying opportunities.

And here's what may be my favorite Jim Rogers theory on the commodity bull market: *"The commodity boom, like all bull markets, eventually will end in a crescendo of hysteria. The public will feel an overwhelming desire to invest in raw materials rather than stocks or bonds."*

We are a long way from there yet. Jim Rogers – and I – think we have about decade to go.

By 2016, we hope to be selling our commodities close to the top... and then we'll buy stocks. By then, stocks should be cheap, hated, and out of favor... so chances are we'll be heavy buyers.

Good investing,

Steve

Past performance is not necessarily indicative of future results. The risk of substantial loss exists in futures trading.