

Don't ignore the warning signs: World War III is escalating!

by James DiGeorgia

Stocks could have a wonderful 2007. If oil holds below \$60 a barrel, I expect the Dow to jump 10-12% this year, better than most analysts' predictions of 8%.

But don't ignore warning signs World War III is escalating, representing a major threat to Wall Street.

President Bush's refusal to adopt the Baker-Hamilton commission recommendations to wind down the Iraq war/occupation is an important event in U.S. history.

President Bush moved another aircraft carrier into striking distance of Lebanon, Syria and Iran, to engage Iranian and Syrian targets, if only within Iraq. He's convinced a military solution is the only way to deal with our radical Islamic enemies.

Remember: I warned about Bush's intention to invade Iraq a year before it hit the media.

The worst case scenario in 2007 -- a full-fledged war with Iran, Syria and a Hezbollah dominated Lebanon while still fighting Al Qaeda -- would produce horrors. The consequences of a wider, even if limited, war could easily be \$100 oil, resulting in record gold prices.

Our best case scenario, of course, is for Iraqi forces to quell sectarian violence and for the United States not to take on Iran and Syria. If so, I'd expect oil to fall below \$50, perhaps around \$45, where there's technical long-term price support.

I urge you, however, to diversify your investments in preparation of the worst case. The chances for war are greater than most people expect. Iran wants limited war with us to harass the West and expand its regional influence.

A limited war with Syria and Iran means missiles, bombs and heavy artillery -- no land invasion, as we lack the needed manpower. Media coverage of bombed hospitals and schools would become standard fare, empowering the Iranian theocracy.

These shrewd enemies understand being painted daily as an aggressor against innocent Islamic women and children just to steal oil wealth, is a power drain on a democracy. Widening this war is a no-win situation.

Diversify your investment portfolio with gold, platinum, silver and the right oil sector investments. Pay attention to the warning signs and 2007 could be an enormous year for your portfolio even as chaos unfolds on the world stage.

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