

## >: Will \$80 Oil Kill Us All?

Friday, September 14, 2007 / Teeka Tiwari

OK, oil's eighty bucks. What does this mean?

Not as much as you think, believe it or not.

Don't get me wrong: \$80 oil hurts everybody, from major corporations down to everyday consumers. But let me put this in perspective: on an inflation-adjusted basis, we are only just beginning to approach the prices seen in the energy crisis of the 1970's.

That's the good news.

The bad news is that oil prices will probably go much, much higher from here.

Every bull market takes prices way beyond where they ever were before, and this energy bull market will not be an exception. If you do not have any energy exposure in your portfolio, you must make sure you get some, and quick!

I still love the major oil service players and the exploration and production guys. For long-term investors, these sectors still have many more years of growth left in them.

The other saving grace at work here (*at least for non-US consumers*)

is that oil is priced in US dollars. As we all know, the US Dollar has been in a bear market for years now. What this has done is that it has lessened the overall impact of oil's rise in price upon the rest of the world.

A weaker US dollar is actually acting as an oil subsidy for the rest of the planet! Continued weakness in the US Dollar will actually help keep the global economy afloat and will minimize the pain felt by the rest of the world due to spiraling energy costs.

On the broad back of these American shoulders, the rest of the world will rise in economic prominence. Taking the long view, this is not a bad deal for us. Global prosperity reduces the need for wars, it strengthens demand for our service-driven products (*which we excel at, by the way*), and paves the way for smoother economic cycles.

This type of shift, though, is never pleasant for the folks caught up under the grinding wheels of change. You must take charge here and refuse to be a victim. The world as we know it is undergoing a massive change. As investors, we must embrace the reality of China's and India's economic ascendancy.

You've got to keep an open mind about investing outside of the United States, or at least in companies that get a good deal of their profit from outside of the United States.

Why?

Because we very well could experience a situation where the US underperforms the rest of the world.

This is exactly what happened to Japanese investors throughout the entire 1990s.

I'm not saying that we are going into some draconian bear market; far from it. What I am suggesting is that our own markets could seriously lag behind the performance of other markets. If our markets are moving along at 6% - 9% a year, and world markets are in the 30% growth range, those stuck in US-centric businesses sure will feel like they are in a bear market.

That's why at [Point and Profit](#) (*my newsletter service*)

we are focusing so heavily on foreign companies and American companies that receive much of their business from overseas. Our goal at PNP right now is to position ourselves to take advantage of the HUGE spending that will be coming out of the developing world.

So, in closing, my conclusion is that whether we have \$80 oil or \$120 oil, the industrialization of the third world is going to continue unabated. The stocks you are going to want to own are the companies that serve global industrial needs, because these will be the ones generating the fantastic rates of return that every investor craves.



Teeka Tiwari  
Chief Investment Officer

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