

A Look Into Jim Rogers' Crystal Ball

By Lindsay Williams
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JOHANNESBURG ([Business Day](#)) -- Jim Rogers shoots to prominence as co-founder of Quantum with U.S. multi-billionaire George Soros. The international best-selling author more recently achieves investment cult status with prophetic views on commodities. Below is an interview with Classic Business Day on the current state of the market.

LINDSAY WILLIAMS: *Jim Rogers has been on Classic Business Day a few times, and his preference for commodities has proved spectacularly correct - maybe more correct than even Jim thought! Jim, as I said in my introduction, commodities continue moving up, but it seems to be gathering momentum - have these moves surprised you at all?*

JIM ROGERS: Not in general terms - it has more than tripled in the last seven-and-a-half years. As you may remember I started a commodities index fund on 1 August 1998 - it's up maybe 250% since then, which is a pretty hefty move - but it's seven-and-a-half-years. In the end - as with all bull markets - when we get to the end in five, 10 or 15 years it's going to startle everybody, including me, and I'm the bull. But that's the way bull markets are - who would've thought that the Nasdaq would have gone up 10 times, who would've thought that Cisco would've gone up 100 times in the stock bull market - but that's what happens in bull markets.

LINDSAY WILLIAMS: *The bull market in oil has continued to surprise people it got very close to \$75 a barrel the other day, maybe we could start with that - has it still got legs?*

JIM ROGERS: Sure, and how. There may well be some setbacks - there should be - but adjust it for inflation and oil should be over \$100 a barrel, and it's going to go there because nobody's discovered any giant oil fields in over 35 years. We just don't have any oil - maybe there's a lot of oil out there, but nobody knows where it is - so until somebody comes up with a lot of new supply of everything, the prices are going to be amazing.

LINDSAY WILLIAMS: *Talking about inflation-adjusted prices - somebody suggested that the gold price should be over \$2,000 an ounce. It's currently around \$650 - do you think there's any chance we could get anywhere near that number?*

JIM ROGERS: There's no question that in every bull market, and in any asset class throughout history - in the end nearly everything makes a new all-time high. Gold's old all-time high was \$875 - unadjusted for inflation - so we're certainly going to go to \$900 or \$1,000 and that's in the cards. I'm we will get to \$2,000 on an adjusted basis, but not this year or next year, but certainly in the next 10 years everything is going to go to astonishing levels. By the way, I'm probably less bullish on gold than I am on most things - but most mines are depleting, and every other kind of mine - so there are problems brewing in all raw materials.

LINDSAY WILLIAMS: *When you say that you're not as bullish on gold as others, that's all relative - what would be your chosen commodity if it's not gold?*

JIM ROGERS: I'm not smart enough to tell you which is the best one right now - I can tell you if I were looking for new opportunities, it would be looking in the agricultural area. Those are the places where they haven't moved up nearly as much on a historic basis, and where there are positive fundamental changes taking place - so that's where I would be looking.

LINDSAY WILLIAMS: *Sugar has done very well indeed -we spoke about that about six months ago. It has gone to about 18 cents per pound from its low not that long ago of 2.5 cents a pound. The corn market seems to have gone completely flat - maize as we call it in South Africa - is that one you'd pick?*

JIM ROGERS: Yes, I would definitely be looking at maize - there's no question about that, especially given that the US is about to throw huge amounts of money at maize to turn it into ethanol. It's absurd - because it's uneconomic, and it's just a huge subsidy to buy some votes from the Republicans - but who cares? They're going to throw the money whether I like it or not - so certainly there's going to be great opportunities in maize.

LINDSAY WILLIAMS: *Apart from the fundamentals that I know you've been very keen on - the Chinese economy, and the Indian economy - there other things out there as well. The last few days has seen a tumble in the U.S. dollar, also we've seen political considerations start to raise their head again with the Iran nuclear stand-off - are those things you watch very carefully?*

JIM ROGERS: I try to watch everything very carefully - if you're going to be an investor you'd better watch everything very carefully, and even then you're probably going to make mistakes, I certainly do. Yes, geopolitical considerations are major - whether we like or not the oil is in the Middle East, and that's where there are potential problems - but there are also potential problems in other oil countries. Equally important is that all the oil fields in the world are in decline because there haven't been any gigantic discoveries in over 35 years.

LINDSAY WILLIAMS: *Yes, and statistics from the U.S. government says there were 11,000 terror attacks last year - 14,600 people dying, more than 30 a day - and that doesn't look as though it's going to get any better. What's the general feeling from the American public about the situation with Iran? Do you think that Donald Rumsfeld and US president Bush might actually do something about this situation?*

JIM ROGERS: I would be dumbfounded, amazed if they did - because it would be such a foolhardy thing to do - but these guys have proven themselves very capable of doing foolhardy things, so I would not put it past them. It would be a major disaster for the world, for the rand, for the U.S. - for all of us - but that doesn't mean these guys won't do it, because they really believe that they've got the message and nobody else does.

LINDSAY WILLIAMS: *One thing that seems to surprise people over here is the resilience of the U.S. stock market - we've seen a little bit of a crack today with Microsoft coming down, but even then the major indices all hovering near multi-year highs - what's your view on U.S. equities?*

JIM ROGERS: First, let me just point out that the last couple of years they've been flat. They were very good in 2003 but in 2004 and 2005 they were essentially flat - they were up a bit this year, but

over the past two-and-a-half years they were not up very much. Maybe some are, but the general averages are not. I expect a U.S. general recession sometime later this year - or certainly within a year - and you're going to see bad things happening in the stock market as result. I would not be buying U.S. stocks.

LINDSAY WILLIAMS: *So we stick with commodities?*

JIM ROGERS: Yes, if you got to own something - and I guess we all do - one of the things that you should consider owning is commodities, especially agricultural commodities. If there is a recession commodities may go down, but they'll go down less than everything else - and they will be the first thing to start rising again, just as they have in the past seven-and-a-half years.