



## Happy Independence Day.

The term "Fourth of July" sticks in your editor's craw. Not to be a prig about it, but it takes us away from the true meaning of the holiday.

But whatever you call it, the customary way of celebrating it sure does cost more. The American Farm Bureau Federation recruited 84 of its members to be volunteer shoppers across 25 states. They determined the cost of a picnic feeding 10 people has risen 5.4% in the last year.

### Nope, No Inflation Here!

#### Cost of an Independence Day cookout for 10

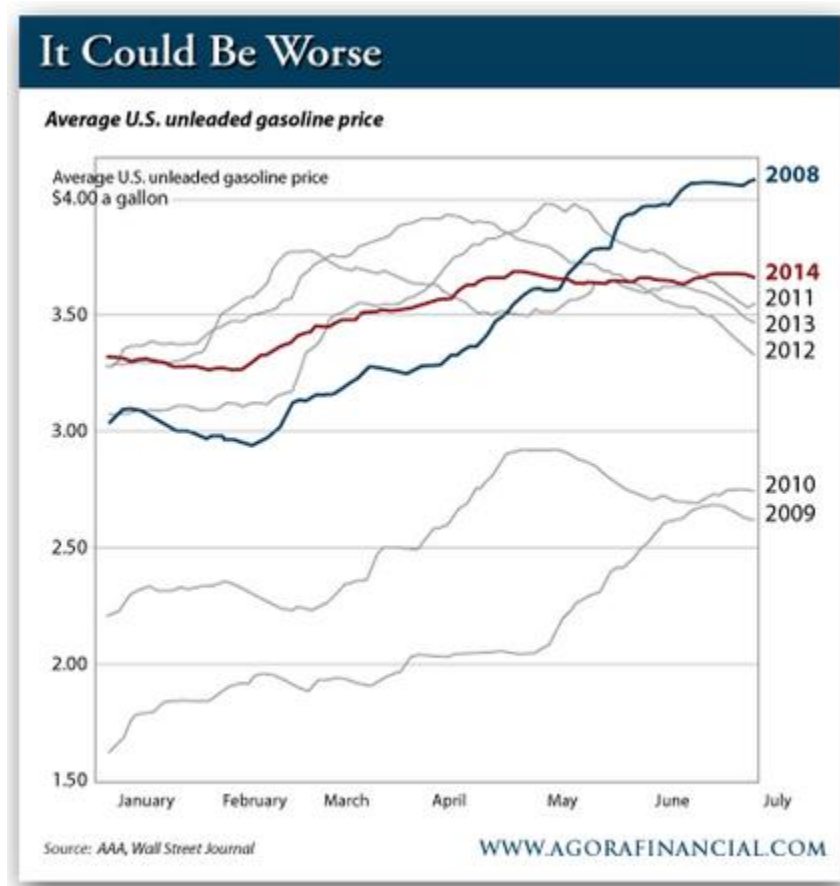
Ground Round	2	pounds	\$7.86	\$8.91	13.40%	
Pork Spare Ribs	4	pounds	\$12.29	\$13.91	13.20%	
Hot Dogs	1	pound	\$2.29	\$2.23	-2.60%	
Deli Potato Salad	3	pounds	\$8.77	\$8.80	0.30%	
Baked Beans	28	ounces	\$1.99	\$1.96	-1.50%	
Corn Chips	15	ounces	\$3.37	\$3.37	0.00%	
Lemonade	0.5	gallons	\$2.07	\$2.00	-3.40%	
Chocolate Milk	0.5	gallons	\$2.62	\$2.82	7.60%	
Watermelon	4	pounds	\$5.61	\$5.68	1.20%	
Hot Dog Buns	1	package	\$1.64	\$1.63	-0.60%	
Hamburger Buns	1	package	\$1.67	\$1.68	0.60%	
Ketchup	20	ounces	\$1.55	\$1.36	-12.30%	
Mustard	16	ounces	\$1.23	\$1.25	1.60%	
American Cheese	1	pound	\$2.73	\$3.12	14.30%	
Total			\$55.69	\$58.72	5.40%	
Per Person			10	\$5.57	\$5.87	5.40%

Source: American Farm Bureau Federation, CNBC

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Hmmm... So if you want quality protein, you pay through the nose. Crappy carbs and ketchup with high fructose corn syrup? Still affordable!

**00:25** Meanwhile, the cost of driving to the lake for Independence Day is its highest since 2008. AAA says the national average for a gallon of unleaded is \$3.67.



The price now is 20 cents higher than a year ago. The rule of thumb is that every penny increase in gas prices works out to \$1 billion American consumers can't spend on something else. Thus, they "might cut back on other things, like shopping or dining or going out," a AAA spokesman tells *The Wall Street Journal*.

Crude oil prices crested \$105 on June 10 when the ISIS beheaders and crucifiers took over Iraq's second city, Mosul. Only yesterday did it dip below that level, when Libya's government came to terms with rebels to resume some exports.

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**"We've got a major-league, religious civil war brewing,"** says our military affairs expert Byron King, assessing the situation in Iraq, Syria and the greater Middle East.

"One former U.S. Army intelligence officer wrote to say that, in her view, ISIS forces are biding time, building up supplies and stockpiles. ISIS is moving carefully into position. The ISIS goal is to stage a modern version of the 1968 Tet uprising, of Vietnam fame. Wreck Baghdad, shock the Iraqi state and -- a truly key goal -- stage a massive assault on the U.S. Embassy in the Green Zone. It'll be Saigon, 1975, to continue the Vietnam analogy, but on a much larger scale. That's the plan, anyhow."

An ambitious one, indeed. To wreck Baghdad, ISIS would first have to fight well-armed and trained Shia militias. And Shias make up 85% of Baghdad's population after the ethnic cleansing they carried out in 2005-07. The Iraqi army won't stand up and fight, but militias like the Mehdi Army will.

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**Meanwhile, U.S. contractors had to flee the key Iraqi air base at Balad this week --** stalling the delivery of F-16 fighter jets to the Iraqi military.

"We are very aware of the critical need that Iraq has for advanced weapons," says a Pentagon spokesman. "We are working as quickly as possible to ensure that they receive all the foreign military sales that they have requested and that they paid for."

Whatever Washington defines as "quickly," the Russians are quicker. "Last month, over a matter of days," says Byron, "the Russian government cobbled together a quick deal to supply ground attack combat aircraft to the Iraqi government. These are tough, powerful Su-25 'Frogfoot' attack aircraft -- similar to the U.S. A-10 'Warthog.' Here's a photo I took of a Su-25 a few years ago, during a trip to Russia.



*Su-25 (NATO "Frogfoot") attack aircraft at Monino, Russia*

"Apparently," Byron surmises, "the Russians simply commandeered jets straight from operational military units in Russia and Belorussia. Within hours, the Russians loaded the aircraft, spare parts, test equipment, ordnance and other support materials onto transport planes. All that, and there are -- reportedly -- 'retired' Russian pilots and techs who will initially do much of the flying and fixing."

Ditto with Iran. The London-based International Institute for Strategic Studies says Iraq took delivery on Tuesday of additional Su-25s. Video from the Iraqi Defense Ministry shows the aircraft plastered with Iranian flags. It's likely Iranian pilots are behind the controls, seeing as Iraq hasn't had Su-25s in its fleet for at least the last 11 years.

**[Ed. note:** "Nations across the world are arming up," says Byron as he surveys the Middle East, the former Soviet Union and the Pacific Rim.

"We have, and will continue to see, booming (sorry for the pun) demand for all manner of ships, aircraft, ground vehicles, comm systems, surveillance, software, cyberwar, remote sensing equipment and smart systems to help manage it all."

To say nothing of cyberdefenses and cyberoffenses. It's a world of conflict, and it yields all manner of investing possibilities... as Byron shows you right here.]

**01:40** **Traders have knocked off early for the long weekend,** but not before sending the Dow to its first close above 17,000.

Small caps made out even better, the Russell 2000 closing at 1,208.15 - fractionally below its record close four months ago.

Bonds sold off, as they have the last two days. The yield on a 10-year Treasury note is back up to 2.65%.

**01:55** **The official unemployment rate is now its lowest since September 2008 -- 6.1%.**

Alas, that was because still more working-age people dropped out of the workforce - 111,000 to be precise. The labor force participation rate remains near 36-year lows.

The report shows 288,000 new jobs last month. But more than one-third of them are attributable to the "birth-death model" -- jobs that Labor Department statisticians assume were created because owners of startup businesses are too busy to respond to Labor Department surveys.

The real-world unemployment rate calculated by John Williams at Shadow Government Statistics ticked down to 23.1%. That's the lowest since -- ummm -- last November.