

The GLEASON REPORT

Market Timing for Investors Identify Turning Points in Asset Classes

April 2010

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Status of the TGR Timing Models



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S&P500 @ 1169 on 31 March 2010

Year to Date Asset Class Returns			
Symbol	Asset Class	YTD Return	Model Status
PCRIX	Commodities	-3.2	IN
VGSIX	REIT	10.1	OUT
VFINX	S&P500	5.4	OUT
VMFXX	Money Market	0.2	IN
VBMFX	Bond Index	1.7	OUT
VGTSX	Intern'l Stocks	1.5	OUT
VISVX	Sm Cap Value	10.2	OUT
VBISX	Short Term Bond	0.9	IN
GOLD	Gold	1.5	IN
BWZ	Currency	-3.5	OUT

Status of the Market Timing Models**Stocks**

The Value Timing Model remains out of the stock market. The market is ahead of earnings but not far from fair value. As long as D.C. spends, stocks will do ok. With our enormous deficit spending, it's difficult to have much faith in the lifespan of corporate earnings but they are rising. I expect this trend to continue until a bond market crisis arrives. I continue to prefer international dividend stocks with a yield at least as high as the 10 year treasury bond. Right now that's about 4%.

The Trend Timing Model remains out of the stock market.

Bonds

My Value Timing Model remains out of bonds. Short term bond funds remain a safe place to park money. Aggregate bond funds are ok if the duration is under five years. The yield on TIPS is at 1.6% and continues to move up towards my +2% target. I would avoid new TIPS purchases until the yield is more attractive. My email bag shows people are frustrated with low fixed

income returns and are reaching for yield into more risky investments. I understand the frustration but yield has been bid up. Good value is hard to find.

Some say bonds are in a low yield bubble and risk is high. There's a lot of sense to that argument. It's really a matter of international confidence and a belief that America will find a way out of its debt trap. Inflation is one way out and that's very bad for bonds. Another way out is to default on interest payments to foreigners. A third way is war where debt is repudiated. I don't rule out the more extreme options.

Commodities

The Trend Timing Model remains in commodities. I philosophically don't agree with deflationists who expect falling commodity prices. Oil prices are destined to move higher due to depletion and increased use by emerging markets. If oil was so abundant would nations be fighting wars over it? This is another case where understanding the political situation is important. I've said for years that Iraq was an oil war. Back then, I received angry emails from patriotic believers in imminent Muslim terrorist attacks in our cities. Few doubt my statements now. Many know they were lied to by Bush.

I believe commodities are in a long term uptrend that will continue for a long time. The problem is finding good investment vehicles to take advantage of it. I'd like to find good dividend paying stocks in the area but yields aren't attractive at this time. The commodity ETFs are ok and we've gone sideways since my Buy Alert. USO has done a bit better.

Gold

My gold model remains firmly in bullion. The metal has risen steadily since 2001 and remains a safe but volatile home for a portion of your cash. I'd be a strong buyer near \$1000. If I didn't own any, the current price is acceptable. Gold has

moved sideways since November. I said last month that I expected the price to be in a boring trend perhaps through summer.

Governments do manipulate the gold price. They don't want a gold to rise because it indicates weak confidence in central banks. At the same time, some countries now buy it if it goes low enough. That's a big change for the gold market. With sky high deficits in the West and negative interest rates and gold cultures like China and India growing their economies, this is a great time to be a gold owner. War and social welfare governments are gold's dear friends. I expect gold to at least track the price of oil in the years ahead.

I'm increasingly concerned about gold ETFs like GLD and IAU with unallocated storage. Large US banks serve as custodians. The banks are documented short sellers and you have to ask how they'll close their short positions.

According to testimony before the CFTC, the London Bullion Gold Market (LBMA) is leveraged 100:1 with paper gold.

This was the testimony I was able to deliver at the hearing while assisting Harvey Organ with his testimony. I was able to show that the London Bullion Market Association (LBMA) over-the-counter gold market is nothing but a massive "paper gold" Ponzi scheme. What was then astonishing is that the bullion bank apologist, Jeffrey Christian of CPM Group, who has always been staunchly against GATA, endorsed my comments as being "exactly right" and went on to confirm that the LBMA trades more than 100 times the gold it has to back the trades.

Source: <http://www.gata.org/node/8478>

The information presented shows that, if you own GLD/IAU/SLV as unallocated metal, you are an unsecured creditor of the banker custodians of the ETFs. These same bankers are alleged to be manipulating the ETF precious

metals markets using gold held in London and in collusion with major central banks.

If owners of gold (Chinese, Russians, bullion banks, central banks) demand metal, would the bankers be able to gather up enough gold? There are massive open short positions in gold and silver. Who is owed all that gold?

Some say it's owned to the US Treasury who's been leasing it to the bullion banks so banks don't have to buy it on the open market. Open market demand would cause the price to rise. Or maybe they owe it to GLD and have given them an IOU.

Why are there such massive numbers of open short positions that keep getting rolled forward? What happens if the price of gold spikes up in a currency crisis or because of war and bankers can't pay for the gold?

The big banks will have to cover their short positions. GATA says a run on the London physical gold market would cause the greatest Ponzi collapse in world history. The \$4 trillion dollar gold market will bring down the big banks. The US and Western governments will enact their currency control measures and trap money in dollar bills while they try to restore confidence.

[Listen to this stunning interview on King World News.](#)

Andrew Maguire & Adrian Douglas: Discuss What Could Be the Largest Fraud in History - Andrew is an independent metals trader turned whistleblower at the center of a storm for exposing what could be the largest fraud in history involving countries, banks and government leaders. Adrian Douglas Board of Director from GATA, the man who Andrew reached out to joins in this interview where they discuss a fraud so extraordinary and so unimaginable that it is the kind of thing that only

happens in hollywood thrillers. They also discuss the CFTC sponsored meeting on metals which was an unmitigated disaster because it additionally exposed the fraud on a grander scale.

[The day after Mr. Maguire went public about the silver market manipulation and the gold rigging, he was the target of a hit-and-run "accident" in London.](#) The story was snuffed. GATA, the Gold Anti-Trust Action Committee, had interviews set with the major media to expose the manipulation story. They were all snuffed within 24 hours.

I discussed my concerns in last month's newsletter and stated I preferred closed end funds in Canada for owning gold within an IRA. I like GTU and PHYS. They don't lease out their gold. In addition, profits are treated as capital gains for taxable accounts. The premium on GTU has dropped since last month from near 8% to 5.9% and that's a good trend for someone looking to invest. I'd like a premium even lower and we might see it later this summer. I'm not sure waiting is a good idea.

With the financial system manipulated by the Fed, Treasury and the bankers, I'm quite cautious. I sold my IRA holdings in GLD and moved to GTU.

Dollar

My trend model is out of the dollar. I've been avoiding foreign currency funds for the last couple months. That turned out to be the right decision as the dollar has risen against the Euro. It has fallen against the commodity countries of Canada and Australia. This shows that the dollar is preferred over debt laden Euroland but is inferior to nations with natural resources to sell.

President Obama is widely condemned in the conservative press. I think his hands are tied on massive social welfare expansions considering

the US debt burden. I think his health care plan is really an initiative to lower costs for the government. It will also shift more costs to the elderly able to pay.

The government only acts when things become a crisis and health care certainly qualifies. I'll delay judgment while acknowledging that I don't believe a word of his claims that insurance premiums will fall for the middle class. Deficit reduction attempts are good for the dollar but we'd need to see huge reductions in military spending too. That would cause a whole new set of problems.

China and America are sparring over Chinese currency manipulation. A re-peg by China would help US manufacturing but would cause rising prices on consumer goods here. America wants more inflation and that's bad for the buck. I'll stick with my dollar hedges.

The inclinations of Obama are very clear.

Any doubts about the future of the U.S. dollar should be laid to rest by today's announcement that San Francisco Federal Reserve President Janet Yellen has been nominated to be Vice Chair of the Fed's Board of Governors, and thereby a voter on the interest rate-setting, seven-member Open Markets Committee. Ms. Yellen has earned a reputation for being one of the biggest inflation doves among the Fed's top players.

Looking for an ally to paper over the administration's gaping fiscal holes, it is not surprising that president Obama made this selection. Yellen has consistently downplayed the dangers of inflation and has made statements that indicate she views the Fed as an extension of the Labor Department, rather than a guardian of our currency. Last month, in discussing what she saw as the Fed's obligation to promote employment, she said, "If it were possible to take interest rates into negative territory, I would be

voting for that." She may very well make Chairman Bernanke look like a tightwad by comparison.

-Source: Peter Schiff

<http://safehaven.com/article-16076.htm>

Government & Growth

The expansion of the stock market since March 2009 has been impressive. That can't be denied. The expansion of US public debt since 2008 has also been stunning. Deficit spending is at \$1.6 trillion for the 2009 fiscal year. The real number approaches \$2 trillion when the off-budget items (the wars) are added in. What can we say about the situation and its viability?

J. Anthony Boeckh, Ph.D. is the former Chief Executive & Editor of BCA Research. Bank Credit Analyst is a superb research firm that focuses on the economy. Mr. Boeckh concludes, "*The economic recovery is totally phony*". He repeated that statement twice during an interview with the Financial Sense News Hour on March 20th, 2010.

Of course it's phony. TGR has said that since it started. The stock market though doesn't care how earnings are pumped into the financial system. Money is money. The US economy will be propped up with government spending and without regard to deficits. If the spending stops the economy will collapse. It's that simple. The economy will collapse immediately if we stop spending or later if we keep spending.

There's not much inflation despite all the spending because the economy is trying to contract. We have two powerful forces in opposition - unlimited spending versus asset overvaluation. At some point, the inflation will overwhelm the forces of contraction. I'll explain how this will happen a bit later. Inflation will likely come from outside of America. We could experience a collapse of the dollar as investors

run from the money printing and high inflation that's ahead.

In the meantime, many people believe the good times are back in the stock market. If you look under the hood, you won't like what you see. The deficit spending is flowing into the financial sector and exaggerating profits. [In a November 2009 interview on BookTV, author Nomi Prins](#) said that Wall Street profits accounted for over 40% of all corporate income. Maybe now it's a bit lower but you see what's happening.

Prins is a former Goldman Sachs managing director and author of [It Takes a Pillage: Behind the Bonuses, Bailouts and Backroom Deals](#). She shed her black cape and wrote a book. She says firms like Goldman provide nothing of value to the economy. They take simple financial products and repackage them and resell it to the banks and investors. Trading in these products provides huge profits at low risk. She says this stuff isn't the work of genius. It's just convoluted and obtuse.

This is what the American economy has become. Profits are bloated by government spending and Wall Street toll collections on investors. It masquerades as economic growth.

Let's make one thing clear. There is no way the US economy will return any time soon to anything resembling the old growth rates. We continue to lose our productive capacity in manufacturing to Asia. The one dubious positive is that Europe is in the same boat with us and is unlikely to exert any political pressure on US economic policy. The new normal will be stupendous debt levels across the western economies. In America, they're moving to expand the social welfare state to bribe the masses and this will probably work to keep public anger at bay. Their mistake is believing they can bleed private wealth to do it. It won't work but spending and taxing is all they know.

The real question is how long can the spending and phony economy last? It will last until bond market fear sets in and begins to drive up long term treasury bond yields. It will last until there's a run on the dollar which will manifest as a skyrocketing gold price. I don't see any sign yet of a sustained move up in rates although recent Treasury auctions indicate the trend may be changing. China has made no secret of its concerns.

Interest rates are low because there's not much inflation. They'll prop up our bankrupt government with spending until foreigners pull the plug. In the meantime D.C. will manage a political shift to social spending under the guise of helping us.

This is why there's such rancor between the right and left in America. Both know that the other is a no-goodnik. The right wants continued war and the campaign cash flow from the military-corporate sector. The left wants the votes and power entrenchment from a social-welfare state. I don't hear any sensible proposals for sustainable growth, sound finance, energy independence or constraints on political corruption. The debates we have are not helpful.

Take your pick, readers. Both sides are irrational. You can't change the sociopathic psychology of these people. Your only hope is to safeguard your assets from their reckless agendas. My advice, stop worrying about who gets elected and start acting to protect yourself.

The Coming Inflation

Deflationists like Mish Shedlock like to discuss our debt problems and the deflationary implications. He doesn't believe the Fed can stop the asset price collapse. Thus, he believes holding dollars is a good idea. He may be right on the asset price part but he's wrong longer term about inflation.

Many countries around the world peg their currency to the dollar. Why? Because they export to the West and want the advantage that comes from a weak currency. It keeps their relative cost of labor low and attracts industry. They sell to America and receive dollars in payment. They reinvest the dollars in US bonds. This process creates a powerful demand for dollars and supports the US bond market. It keeps the price of products at Wal-Mart low, keeps Treasury bond rates low and US inflation low.

In America, real incomes have been stagnant or falling for many years. In emerging markets, real incomes are rising. Despite America's flat incomes, we've experienced continual price declines on imported goods. Everything in the financial world is cyclical and I'm afraid this cycle is coming to an end.

The downside for emerging markets is that this growth policy expands money and credit domestically and thus domestic inflation. China, too, pegs its currency to the dollar. Some experts expect China and other nations to re-peg their currencies higher, if inflation approaches 10% in the next few years.

If emerging markets had stronger currencies, the cost of commodity inputs would decline and their financial markets would stabilize. They could better develop the consumer side of their domestic economy to the benefit of their citizens. This is going to happen naturally over time or more quickly due to an exogenous shock.

The shock could come from a China bubble collapse forcing a change in currency policy. It will more likely come from the rising price of commodity inputs like oil. It will then make sense for emerging economies to let their currency appreciate against the dollar to make commodity costs cheaper.

When emerging market currencies rise in value relative to the dollar, then the cost of imports for Americans will rise dramatically. So, we could experience high inflation in America due to the rising price of imported products and raw commodities. US bond yields would rise rapidly and the stock market would struggle.

Some believe the US bond market is a huge bubble waiting to pop. They may be right. The pin will be the rising price of oil and it will probably be accompanied by currency revaluations in emerging markets. The inflation in America could hit suddenly and dramatically. We could experience falling domestic asset prices AND rising imported product prices.

The Debt Trap

Can the US escape the debt trap? Will the US attain liftoff from its debt problem? Possibly, given enough time, global cooperation and good luck. They'll try to reduce the debt load but it will require massive carnage to private sector wealth from taxation and dollar inflation. It will require a dramatic cut in military spending. In the end, how do you pay off \$20 trillion in public debt and \$60+ trillion in unfunded Medicare and welfare? It's impossible without a complete transformation of the economy. Doable or not,



they must make a show effort to appease the bond market.

Here is the key point to understand. The steps required to reduce the rate of US debt growth plays directly into the agenda of the Obama administration. The Fox News aligned conservatives can scream all they want about Comrade Obama but they are on the sinking ship not him. Be objective and consider these points.

- Medicare is the government's biggest money pit and is destined to balloon as baby boomers retire. Medicare cannot afford to pay out yearly double digit price increases to a private health care system. Impossible. The government will take over health care lock, stock and barrel to control costs if it must. The worst fears of the right wing are justified. Still, the right is way off base supporting the present system. The costs are killing the self-employed and even the insured. It's a failed health care system for most Americans unless you have great employer paid coverage. Even with coverage, most Americans have seen their benefits cut, their co-pays, prescriptions and premiums increased. The Republicans bash ObamaCare but offer no ideas on cost containment. They're doomed to lose the debate and I doubt they'll gain much ground in November on this issue.
- Taxation won't provide enough money to support Medicare and the new social-welfare society. If you have assets, you'll be means tested before receiving services. The unfortunate and the spendthrift will be damaged less than savers.
- Defense eats up 43% of every tax dollar and costs America \$1 trillion every year. Financial problems mean that US military has reached its apogee and will recede. It's going to be downsized

dramatically. Obama has to find a way out of our war quagmires first. The military-industrial complex managed to take the Iraqi oil fields and keep the area away from exclusive contracts with China. Ending the wars and the spending will have enormous implications for the projection of military power and world alliances.

Deficit spending and credit expansion artificially boosted our economy for 30 years. It enabled the expansion of a military-industrial empire. We had a good run while it lasted. In the last ten years we've had two stock market crashes, a housing bubble and a banking system failure. The empire is in collapse. Reckless warfare brought us to financial disaster and welfare will appease the masses on the way down.

You've probably saved and invested for many years only to see it stolen by market crashes. Now investors are chasing yields and rushing to the safety of government and municipal bonds. They're going to be hit again.

Many state and local governments in America are nearly bankrupt. They are cutting services and will have to lay off workers. Taxes are going up while the financial health of municipalities is in decline. I wouldn't invest in munis unless it was a revenue bond or had some guarantees. I wouldn't buy long Treasury bonds either. It's essential to protect our capital until we can get good, risk adjusted returns once again.

I find our national predicament hopeless and hilarious at the same time. With a funding shortfall at every level of government, you know what's coming next. Tax increases and reduced benefits. Only a fool will stand still while the politicians sharpen their knives. You must position your assets to avoid the debacle ahead.

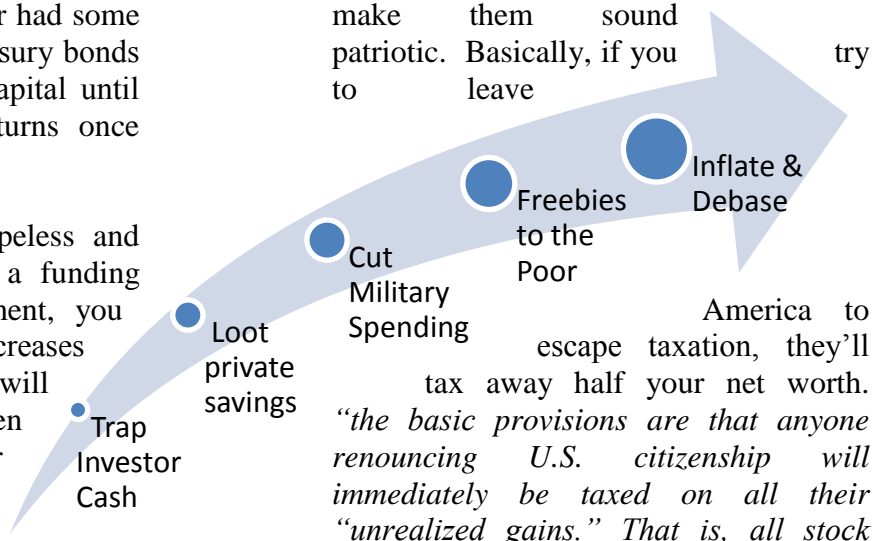
Let's see what they have planned for us.

Trap Investor Cash

I've been discussing the steps being taken to lock up your money during the next financial crash. The government will not be unprepared when the Obama financial collapse occurs. Some recent actions by the government are intended to prevent people moving their money out of America to avoid the coming tax slaughter. Others are intended to trap your money during a financial crisis. A huge problem is when they apply means testing to your assets to lower your medical reimbursement and social security payment. Note that the items below have all been enacted recently.

✚ Tax Confiscation of Assets from Americans Attempting to Emigrate:

Obama's socialized health care will pay medical services based on your age and "productive utility to society". Increasing numbers of people will attempt to exit America when tax rates become confiscatory – as if they aren't high already. Our debt loads will eventually also require a VAT tax. In 2008 the Bush Administration snuck through the The Heroes Earnings Assistance and Relief Tax Act of 2008. I love the way they name these laws to make them sound patriotic. Basically, if you try to leave



portfolios, real estate, art, and most other kinds of property and assets will be taxed as though they were immediately being sold at current market rates. What's more, anything given or left to any heirs by ex-U.S. citizens will immediately be taxed at U.S. gift rates, currently 45%. The tax not only applies to U.S. citizens renouncing citizenship but also to long-term foreign residents (green card holders) who give up their residency". Source: <http://www.internationalliving.com/Publications/il-news/03-10-renounce-citizenship>

- ✚ **Tighter Financial Controls Enacted:** A new law as of March 18th 2010 says foreign banks must withhold 30% of asset transfers for taxes if the receiving entity is not in compliance with IRS regulations. I wouldn't call this capital controls but it will limit options on moving assets overseas as people catch on to the tax and spending debacle ahead. It's possible this law may also apply to foreign holdings of gold. Source: <http://www.zerohedge.com/article/its-official-america-now-enforces-capital-controls>
- ✚ **Government Access to Your Account Balances:** In the original health care bill there was a provision that required all financial firms like mutual funds and banks to send the government your account balances each year. The only reason for this is to do means testing. If your assets exceed a threshold, you won't receive as much in social security as a spendthrift who never saved. If you've saved money, the moocher or wino will get their surgery paid in full but you'll have to spend down your assets.
- ✚ **Commodity Account Controls:** The Commodity Futures Trading Commission (CFTC) is planning actions to limit investment in oil and precious metal

ETFs during a financial crisis. You could be forced to sell your dollar protection investments if things get bad.

- ✚ **Freezing of Money Market Accounts:** I've previously discussed how the SEC approved a new rule that allows mutual funds to freeze your money market account during a dollar crisis. You won't be able to move your money to safety and will watch incapacitated as the dollar plummets.
- ✚ **Freeze on Bank Accounts:** The government has passed a new rule allowing banks to freeze your bank checking account at their whim or via a government directive. CitiBank sent out notices to that effect last month. Again, during a panic, your money will be locked up by Uncle Sam.
- ✚ **Force Savings into Treasury Bonds:** This one refuses to go away. A portion of your retirement savings may be forced into US bonds. Not yet law.

Loot Private Savings

The Obama health care plan, at first glance, sounds wonderful. Your premium will be no more than 9% of your income with the balance paid by the government. Here's a calculator to estimate your cost: <http://healthreform.kff.org/SubsidyCalculator.aspx> Sounds great.

Explain to me how bringing 32 million more uninsured people onto the plan is going to make lower insurance premiums possible. Many of these people can't afford to pay much of anything. Where will the money come from?

The Obamites say they'll enact a 5% tax on people making over \$250k yearly and that will cover the costs. What a joke.

The money will come from rationing services to those over age 65. It's possible we'll see means

testing of those who have saved money. If this happens, anyone showing significant assets will pay much more. The asset thresholds will be adjusted downward every year to tax more money once it's obvious the thing is a money pit.

[A gringo can move to Mexico and get health coverage for \\$250 per year.](#) You don't get the fancy hospital care like in America but it's generally quite good. How do they do it? Doctors don't become rich in Mexico and the legal system doesn't support lawyers and litigation like in America. Testing procedures are based on medical need and not a need for CYA.

What are the chances for Congress to sweep away those opposing cost cutting provisions. Not good and we all know it.

Cut Military Spending

The US military empire is destined to rapidly contract. As hedge fund manager David Murrin explains, the underclass has taken power. Money will be taken from the military and shifted to social welfare. Reducing the military is actually a good thing but it portends a shift in public policy to give-away politics and a weakened global position.

The passage of the health care law shows that the US empire is declining because it illustrates the fact that people expect the state to take care of them, David Murrin, the co-founder of Emergent Asset Management hedge fund manager, told CNBC.

In their expansionary phase, empires force people to go out, seek risks and fend for themselves, Murrin said, reminding of the dismantling of the British empire after the war, when the National Health Service, which ensures universal health coverage in Britain, was created.

"This (empire decline) is actually a dead-set course that societies get into and it will happen very quickly I'm afraid," he told "Squawk Box Europe."

Source: <http://www.cnbc.com/id/36013573>

We couldn't afford all these wars. It was stupidity on a grand scale and a failure path that all great empires take at their height. The end comes quickly for most.

Freebies to the Underclass

In their decline stage, empires give the public circuses and gifts from the public treasury. They enact laws against capital flight and will heavily tax the productive members of society. If you think that conservative Republicans will take back power, don't get your hopes up. Only 40% of Americans over the age of 50 have more than \$10,000 to their name. They'll vote for the candidate that promises them the most. Everyone wants a better life and they don't care who pays for it.

Inflate and Debase

As I've explained, only deficit spending on an inconceivable scale keeps the stock market and our phony economy from collapsing. The leading economic indicators can forecast the coming financial trends in a normal economy. In a debt distorted economy they may be prone to spectacular failure due to an external event.

The debt can never be paid off. The public wants their freebies. The government will institute a controlled inflation of about 5% per year. Once investors figure out the game, money will flood into gold rapidly. Once gold rises to a scary price, people will have limited options. The inflation will grind down their dollar savings. Taxes and means testing will take the rest.

You don't need to be an Einstein to see that the debt levels are impossible to manage. The smart

people are acting now. In politics, moderate politicians are giving up and are leaving D.C. and national politics. I'd leave too. Populist politics will rule Washington for years to come.

The Disappearance of an Honest Press

I was reading an article by Paul Craig Roberts called [Truth Has Fallen and Has Taken Liberty With It](#). Roberts is clear-headed writer and correctly warned since 2004 of the Iraq war folly and many other stupid actions taken by our government. In what appears to be his last article, Mr. Roberts has thrown in the towel seeing the situation in America as hopeless.

He used to be syndicated in the WSJ, Business Week and other national magazines and newspapers. Once he came out against the wars, he was dropped by all of them. His boss told him that his views angered powerful people in Washington and they pressured the news media to get rid of him.

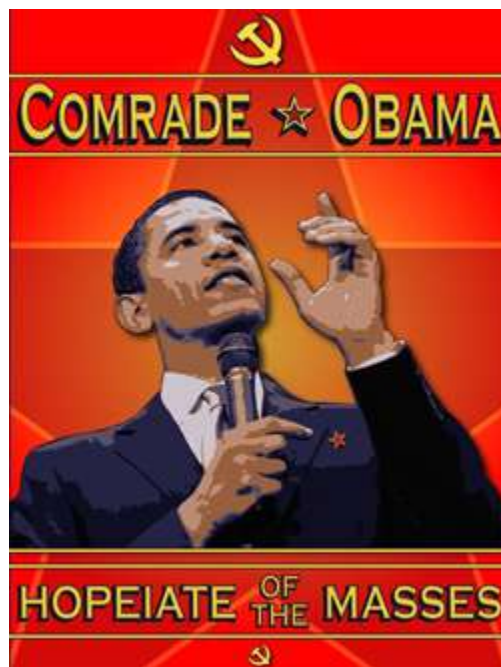
Newspapers used to have a spine and would buck political insiders, but no more. The Internet has ruined profits for the mainstream media. Many newspapers and magazines are going broke. Because they lack the staff to do investigations and research, their bread and butter is now spoon-fed information from politicians and the military. They pander to the insiders to get access, but the price they pay is they must avoid angering the politicos or challenging their agendas.

I remember seeing Katie Couric on The Tonight Show telling Jay Leno how her military chaperoned trip to the Middle East was so informative. She said something like, "We have

to support our troops and kill as many Afghan enemies as possible". I couldn't believe my ears hearing the propaganda squawked by the pixie parrot. Why couldn't she comment that our wars are about locking up oil supplies and keeping them away from competing power spheres? I think the American people could understand that. The woman is brainless without a script.

Truth is a casualty of the declining traditional media. On the positive side, well educated people increasingly ignore Brian Williams and the other Six PM propagandists and seek out information from the alternative media.

The rise of Fox News also offers an alternative to the mainstream propaganda by providing concentrated Republican propaganda. Large segments of the population now get their information from Rupert Murdoch's star employee - Glen Beck with his chalkboard and pointer. The craziness of Fox and its partisan rhetoric is a barometer for the decline of television news. I watch it now and then for humor. I especially like their telephone polling of Fox viewers and snide-with-a-smile analysis.



England's Mail Online reports on a recent Harris poll [where 25% of all Republicans believe Obama is the antichrist](#). I love

this kind of stuff! Some of my neighbors watch Fox all the time, hate Obama and own a lot of guns. One well-to-do couple is convinced Obama is out to destroy America. I was at their house. They have a gun in every room and fallback positions to be manned with a shotgun. No joke. I was hesitant to point out there was no crime in the area during the last five years. If they'd taken my advice and bought gold coins they could afford two Glocks in every room.

Is Obama a Muslim Communist? Obama is an American politician. He's as American as George Bush. Two sides of the same dirty coin.

The dispute over Obama's birth certificate has validity. He was born in America. His true father may not be a Kenyan diplomat like he claims. Or, it may say "unknown" – an embarrassment but not anything sinister. If so, he can concoct any paternal lineage that sounds good. Maybe he's telling the truth. Can't blame folks for being suspicious but does it matter?

I find it interesting that people are so emotionally involved with these politicians and their agendas. Who cares. Almost everything they've done for the last ten years was against our personal self interest. Why trust them to do the right thing now? Take your pick. Bush's wars bankrupted America and Obama's health care agenda will take money from anyone who can afford it.

Self Interest, Group Think and Your Money

If people viewed things with a clear eye and understood a bit about history, they'd see the folly of these fools far ahead of time. They'd act to protect their self-interest. I bought gold in 2003 when Bush went to war. I figured the guy was probably nuts and said so. I made a lot of money while speaking my mind. At the time, maybe 50% of Americans were driving around with pro-war bumper stickers on their cars. Some set up plastic anthrax shields in spare rooms as advised by the government fear mongers. Idiomatic.

“Naturally, the common people don't want war; neither in Russia nor in England nor in America, nor for that matter in Germany. That is understood. But, after all, it is the leaders of the country who determine the policy and it is always a simple matter to drag the people along ... the people can always be brought to the bidding of the leaders. That is easy. All you have to do is tell them they are being attacked and

denounce the pacifists for lack of patriotism and exposing the country to danger. It works the same way in any country.” - Hermann Goering as quoted in Nuremburg Diary

I listened to my common sense and did very well with gold. Keeping your head when others are losing theirs is good advice.

Now the debate is about ObamaCare. It's clear as day to me that this thing will be costly and intrusive. The only way to pay for it is to impose rationing and means testing.

They'll tax those with assets and peer into your bank accounts before paying for services. Social security checks will be reduced based on your wealth status by charging higher premiums for health care. Therefore, doesn't it make sense to own gold in your personal possession that Obama can't see? Of course. So, act on that foresight now!

Libertarian Harry Browne used to write about the wisdom of acting out of self interest. The idea being that if everyone did it, then the politicians would easily see the public view and align themselves with it. Browne was philosophically correct but that's not the way the world works, I'm afraid.

I receive emails from people very angry with how our country is governed and I agree with most of the comments. It's good to take a position but don't expect to convince others you're right. The correct approach is to understand the political agenda and refocus your outrage into productive personal action.

People create mental identifications on a level of Me, Tribe or Race. These can be restated as Individual; Group/Clan; and Nationality.

The modern person generally identifies with a political affiliation as their Group. By necessity, they act in daily life as Individuals out of self

interest. Many successful politicians are purely ME types to the point of being sociopaths but present themselves as part of a Group.

Politicians are experts at identifying social trends and aligning themselves with it. Things go wrong for society when the public supports an idea that's co-opted by mainstream politicians. An example is Republican Sarah Palin weaseling into a leadership role in the Tea Party movement and leading it astray. Palin is ignorant on major issues but shows an impressive ability to manipulate people. I underestimated her or I overestimated the common sense of the American people – probably the latter.

Bush did the same thing after 9/11. He used populist tactics to unite the patriotic public against their own self interest to support his costly wars. He took leadership of the group “American”. He defined the enemy as a Race “Muslim”. The enemy was out to kill everyone. This allowed him to expand the wars to any Muslim nation he wanted.

Obama will frame health care like a human rights issue. Fighting the Obama agenda is probably a waste of time because 80% of Americans have no money and will go after the free benefits he'll offer. The group called “the underclass” has more votes than the group called “conservatives”.

People with rigid political views tend to focus primarily at the Group/Tribe level to their personal detriment. They break things down into US/THEM partitions like Liberal/Conservative, Black/White, Muslim/Christian, etc. They get caught up in differences and believe their lot will improve if the right group takes power. America's political landscape is dominated by this sort of thinking. One mob or the other will eventually win but the individuals involved on the winning side usually lose.

For living a successful life we must act out of self-interest a large part of the time or risk going broke. If broke, we have no power to set our own course in life or provide for a family. An ability to understand the world but still take care of personal business in a harmonious manner requires detachment and independent thinking. That means spending little energy getting angry at others for identifying with a Group.

Business and financial decisions must be detached and based on facts and reality. These real decisions have nothing to do with what the Group/Tribe is thinking. In America, we're caught in a whirlwind of anger and debate on some big issues. Many people aren't taking actions to protect their self-interest. That's dangerous.

We know America's leadership is bought off by big money. The politicians manipulate the public through the feeble press. People align into groups led by politicians who believe in nothing other than self interest. The country is headed into bankruptcy and maybe more war. It's too late to change where things are going. It's time to look out for your personal self interest and let the crowd go where it will.

Implications for General Living

Inflation is coming. It's a tax on savings. It's financially disruptive and takes a social toll because traditional saving is punished and debtors think they'll be saved. The beneficiary is the government.

America's states are mostly broke. They will cut police and services. Prisoners will be released from jail. Drug laws will be relaxed because enforcement is too expensive. There's a November ballot measure in California to legalize marijuana and tax it.

The world is facing a severe oil crisis within three to five years. Oil depletion is real. Your

standard of living will be under pressure in a few years when emerging market economies encounter higher inflation and are forced to unpeg from the dollar. Rising import costs and oil prices will hit us hard. It's a time for practical action.

Many people are rightly hesitant to speculate on oil futures. Rather than trying to invest in oil, invest in saving money on your oil consumption. I'd suggest buying a pellet stove to supplement your home heating. Pellets won't rise in cost nearly as much as oil and are half the cost of propane at current prices. Plus you get a 30% federal tax credit. I purchased one in early winter and didn't use propane for heating for the next three months.

I'd own a fuel efficient car. Toyota intends to switch most its cars to hybrids by 2020. This isn't a tree hugger thing. They build cars in many countries and wouldn't be doing this unless they were certain fuel costs will become a big selling point. You can buy a mid-sized, feature loaded, Toyota Prius right now for about \$23k that delivers real-world 50mpg. It costs less than similar sized cars and gets 2.5 times the gas mileage. Corollas and other safe and economical cars are also good. When gas goes back over \$4/gallon, these vehicles will command big premiums on car lots and at resale. Large gas guzzler trucks will be hard to sell. Get rid of them.

To raise more cash, the feds and the states may increase gasoline taxes under the pretext of forcing a move to efficient cars and conservation. The tax would hit the employed harder rather than the poor thus making it easier to justify.

A simple analysis of our national debt, oil supply trends, and currency failures makes it easy to see where things are headed. Prices are going up. Most people will do nothing. The wise man and woman will act now. I'll bet that not 20% of

those reading TGR own any gold despite my constant warnings and the steadily rising price.

Summary

The Economic Cycle Research Institute this past week said industrialization and global job growth will continue. Advantage Asia. There is no indication of a recession in the near term but expect more frequent recessions in the years ahead. Bear in mind, forecasts based on leading indicators could be upset by a truth shock.

I believe trends will continue. China and Asia will advance while the Western nations deal with their financial problems.

I recommended Telefonica, S.A. (TEF) as a dividend stock last month and gave subscribers my reasoning. This will be a good stock for us, I believe. Value Line last week greatly moved up the five year price target after the company stated it would improve dividend payouts. The forward growth of the dividend was raised from 9% to 17%. I like it's world market diversification and dividend policy. I especially like that investors are so negative on Spain.

As discussed, I recently heard an audio interview on King World News with hedge fund manager and author David Murrin. He discusses the "fall of empire" and the downsizing of the military theme that I see ahead. He says the new underclass has taken power. The passage of the health care law shows that the US empire is declining because it illustrates that people expect the state to take care of them. Here's a very good audio interview you'll find entertaining and informative.

http://kingworldnews.com/kingworldnews/Broadcast/Entries/2010/3/27_David_Murrin.html

I'm especially concerned about the US media. Martin Luther King said in 1967, "*There comes a time when silence is betrayal*". US news is propaganda on important policy issues. How can

ABC call itself a news source when it has closed all its US offices except the one in DC? The media seldom challenges or investigates. They're afraid of losing access to the talking point masters in Washington.

The media are told that certain stories will get them in trouble so they don't report on those topics. Meanwhile, the blogs are the go-to for both "real news" and rumor. The Internet is why the networks have lost credibility. People know they're being lied to, have other choices and are rejecting propaganda.

The US economy is increasingly fueled by defense spending and social spending. I've presented evidence in past newsletters that the government is propping up the stock market. What is real? The real economy is contracting and soon won't be able to support even the military. Government is a bigger bubble than interest rates. The housing market has probably not seen its lows. Rising interest rates could cause another slide down.

"I am worried that [the financial crisis] is not over...I think there's a definite risk of a turn-down again in home prices, and if home prices decline 10 or 20 percent more, we are in big trouble. It's going to really throw off balance sheets. It's going to bring the economy down." - Yale Professor Robert Shiller

In reality, our economy is in serious trouble. Something will trigger a smash up. The structures are already in place to lock up your money so it can't find safety. This is documented in this newsletter. For what other reason would the government be planning to block the exits out of the dollar as I've described?

My advice: Watch Gold. There is no doubt whatsoever that the world gold market is rigged by criminal collusion between central bankers and the world's largest private banks. They act

to prop up the dollar by suppressing the price of gold using short selling leverage of 100:1. There will be a run on physical gold.

The dollar will tumble and nations will be forced to drop it as the reserve currency. It will happen suddenly when those with a claim on gold demand the physical metal. A stupendous short squeeze will result that will break the big banks.

The US Empire is sliding downhill rapidly. It's sustained by a belief system that can only persist in the absence of truth. The cowardly US media suppresses information on oil depletion, the wars, gold manipulation, political corruption. They pacify the public and appease the politicians.

People would take defensive action if they had confirmation of the lies they already suspect. For those with better information and the ability to think independently, this provides time to act.

The US economy will dramatically transform itself by necessity when the next crisis hits. I believe holding some gold and cash is smart. You can also own firms with international income sources, safe yields, and real businesses tied to the necessities of life. You can hedge oil prices with energy saving technology.

Readers generally prefer commentators who exude optimism and offer piles of 'buy now' picks. I'm defensive and have been for a few years. Considering the risks, that's what my common sense requires. My approach has been profitable. I recommend caution in 2010.

I view gold as less risky than currencies but we must hold currencies for everyday life. My plan is to gradually buy dividend stocks when excellent opportunities arise and to safeguard capital until then.

Q & A

Q. Last month I commented that people might want to stop contributing to employer 401k plans if they were stuck with high fees and no opportunity to buy gold. A subscriber suggested there might be a way out. Well worth researching!

A. Reading your Q&A. . .many 401k plans allow "in-service rollovers". People should check their Summary Plan Description (SPD). . .they can get from HR. Many people don't know that this is an option. Advisors know about this because they are looking to roll more money under their management.

Q. If someone wanted to follow your safety #1 [in my online book] portfolio, what would be an appropriate amount to allocate to dividend stocks, for example what would be a conservative % for Telefonica, S.A. I know you are not a financial advisor , this is just a general question about safety portfolio from you book.

A. Individual stocks can be substituted 1:1 for stock mutual funds in a portfolio. So, if the total stock allocation is \$100k then TEF could be maybe \$5k to \$10k if you think it's a good investment. Many advisors suggest to only invest about 5% in any one stock. Others believe only 10 stocks are needed if spread among different industries.

In the long run, stocks are essential to portfolio performance. I bought TEF because it has the potential for a solid dividend and some growth. I never bet the farm on anything because it can always go wrong. With dividend stocks, it's critical that the dividend can be supported. Dividend cuts can really slam a stock. When things go really bad, it often affects an entire industry and that's why the diversification is very helpful.

I bought TEF because it met my financial criteria and it had suffered a big drop. I like to buy a dividend payer after its banged up.

Q. Just finished reading your February '10 report and am looking to begin purchases of physical gold. You mention a preference for one ounce gold bars over coins due to the lower markup premium.

I wanted to see if you'd be willing to provide some of your knowledge of the bullion market. I don't understand the pricing differences between different types of 1 oz gold bars. I'm reviewing products on Kitco's web site for purchase and there are so many different types of gold bars I don't know what the implications are in purchasing different ones.

They also appear to be priced differently even though they are all 1 oz bars of gold. Any particular type of 1oz gold bar you would recommend ? I assume the higher priced 1 oz gold bars are more easily sold in the future ?

A. Many of the Kitco items are 1oz. Most are government coins. I buy the 1oz rectangular bars. For example, Kitco is selling a Perth Mint bar and a 1oz US Eagle coin.

<https://online.kitco.com/bullion/index.html>

The Perth Mint bar has a 2.2% premium whereas the Eagle is 8%. On resale, all bring about the same price. So, buy the cheapest gold bar offered.

Q. A few months ago I received a free newsletter from Martin Weiss (Safe money report) In it he recommended the following dividend stocks

MLP & Strategic Equity Fund (MTP)
CPFL Energia SA (CPL)

I didn't act on any of his recommendations for a few reasons

Reason 1: I hated the way his newsletter was written,

Reason 2 Price. The cost of his newsletter is outrageous and constant marketing of his products/

Now that you have started to recommend dividend stocks I thought that I would ask your opinion on MTP CPL and if you would add them to your buy list?

I love your newsletter... the way you write,, your clear thinking and I plan on always being a subscriber.

A. Thank you for the kind comments. MLP is a fund of Master-Limited-Partnerships. This is a good field of investment and some people specialize in these firms. I personally wouldn't buy MTP because it will return an average of the yields of the securities. That may be ok but why be average. Also the fund won't protect in downturns. Look at his chart of MTP compared to Kinder Morgan (KMP) <http://finance.yahoo.com/q/bc?s=MTP&t=5y&l=on&z=m&q=l&c=kmp>

I can't find good data on CPFL. It may be a very good company but I can't analyze it. I will say that the price has gone up too much. I like to buy after a large decline where I can get a higher dividend and maybe a rebound profit.

As for Weiss, I've read his newsletter. He's a good marketer but I have no opinion on his newsletter. I guess you have to continually do the hard-sell in this business to make big money. I'm not interested in getting rich off of writing newsletters. I'd rather make money on my investments.

I subscribed to Stephen Leeb's newsletter for a year and regret it. I receive at least one email

every day from this bozo despite requesting removal from his marketing list. It clogs up my junk mail folder. I suggest avoiding any communication with the Leeb organization or you'll be inundated with junk. I had the same experience with Zachs.

Q. The TEF recommendation looks good. I fully recognize that this is not a short term holding, but I was wondering if you were going to send an email with your recommendation to sell it if at some point you concluded that it should be sold?

A. I will hold this stock for a long time or until the dividend looks problematic. I'll accept volatility but not the risk of a dividend cut. I will send an email at that time. I own this stock and will track it and will advise of a sale on the same day I sell it. I bought TEF after I sent out the Buy Alert.

Q. I just renewed my subscription and want to thank-you for your thoughts and advice on personal investment and economic matters. Your response to a previous email on some questions on gold investing was very helpful so I thought I would run a few more questions by you.

You have mentioned Kitco as a good source for Bullion. I established a pool account at Kitco and have converted some of the pool into coins and put them in my bank deposit box. In your last newsletter you mentioned the best method as physical possession of the bullion which I have some and then discuss different funds CEF, GTU, GLD etc. How does the Kitco pool fit in with your plan and what is your opinion compared to the ETFs you discuss. The pool seems to be the lowest cost way to buy and sell , \$2.50/oz. over spot, and no storage fee. I guess the safety depends on how much Kitco can be trusted. What do you think? I have been

lightening up on my GLD in my IRAs and increasing my Kitco pool and coins and bars stored at the bank deposit box. Also, what do you think of gold stocks or an ETF like GDX?

I still have a large percent of my investments in bonds but none of long duration.

I made a big reduction in my stock funds in Fall 2008; wish I'd found your newsletter sooner. Since then, I have been slowly adding to a portfolio of dividend stocks. So, I was glad to hear you are adding this allocation to your newsletter. My general focus has been electric utilities, oil and gas pipelines, major oil companies, and Telecom. Some names I have purchased or are own my buy list are DUK, PGN, ED, KMP, PVX, BP, CVX, VZ, CTL, TEF, BMY.

I was wondering if you are tracking any of these besides TEF you just mentioned. Look forward to what you have to say on dividend stocks. Thanks again for publishing independent, insightful and hopefully very profitable advice.

A. The Kitco pool is unallocated and, you're right, it depends on the solvency of the firm. It is a convenient way to own gold, but taxable as regular income. The bullion spreads at Kitco are quite good compared to other firms; especially on the 1oz bars. For long term ownership, I prefer physical first. I like GTU but the premium has soared over the last 10 days up to 8%. It was about 6.4% when I wrote the newsletter. [Now at 5.9% on 3/31/2010]. The premium falls when the firm issues new shares.

I don't buy gold stocks because I don't understand them. Mark Twain said a gold mine

is a liar standing over a hole in the ground. Not for me.

Overall, I think short term bonds and gnma funds are probably fine, if the duration is reasonably short. It provides some income and a spike in rates shouldn't be too harmful.

As for dividend stocks, I prefer to buy high quality firms after a period of difficulty has slammed the stock price. I then wait for an uptrend in price for about 60 days or so. For example, look at the chart of TEF and you'll see the slight uptrend in price after it had a hard fall. I also like these firms when their yield is at the



high end of the historic range.

Warren Buffett has been divesting from the integrated oil companies. I think he knows that the volumes of oil processed are in decline. This do to national oil companies becoming larger. Also, war with Iran could slam oil firms hard if shipping lanes were blocked. So, I'd buy them after any war started.

The utility firms are interesting. I look for a yield plus the forward expected growth of yield to be over 10-12% per year. Example: a 6% yield plus at least a 4% expected annual increase in the dividend. Many don't have this +10% potential. PGN has as 6.3% yield but poor forward prospects for dividend increases - Value Lines estimates 1% per year. We need dividend growth to beat inflation and as a buffer against higher interest rates. Abbott Labs is a top notch

company. The yield is only 3.3% - it has improving margins and a remarkable consistency and div growth rate. I can't recommend it to others because the price hasn't slumped and the yield is below the 10 year tbond.

ATT and VZ have good yields and good div growth and would make the cut but are in price decline patterns. That is good news!!! At some point the prices will stop dropping and will trend up for 60 days and then I'll look again. ATT yields 6.8% today. It's payout ratio is too high at 77% and needs to be under 70% and preferably lower. I wish I had bought KMP - hope you got it early.

The best book I ever read on the subject of dividends is "The Single Best Investment" by Lowell Miller.

Q. I was wondering if you could help me understand something. I hear all the time to get out of debt, and generally I agree with that notion. However, with inflation coming, and in the case of a home mortgage, wouldn't it be to one's advantage to pay the mortgage later with dollars that are worth less than pre-inflation dollars. In other words, if you can put your dollars to work now, and pay your mortgage later, why is that a bad thing?

A. I agree that holding a fixed rate mortgage makes sense during inflation. If a person has adequate cash flow, then why pay it off. During inflation, incomes rise and debt burdens are reduced.

There's a couple ways to play this mortgage game. If I had a mortgage and was under water, I'd try to negotiate a better deal. If no cooperation and I lived in a non-recourse jurisdiction, I'd stop making payments and would wait for the bank to lower my principal. I know one guy who hasn't made a payment in 10 months and was offered a new deal. Some banks

will let folks not make payments and stay in the house plus give them \$1000 in move-out money if they won't trash the place. What a country!

Q. I was reading the link to the Washington Times article in your March 2010 newsletter. Below is a comment that somebody posted. I've not read extensively on the issue, but this is something I've never heard of, namely that as part of *Worst Case Contingency Planning* some buildings have built in demolition explosives but this will not be acknowledged. Could this be an explanation?

"in metropolitan areas where government agencies are held, buildings over X height must include built in demolition explosives to minimize collateral city damage in case of terrorist attack."

A. Built-in demolition devices ? - this sounds way out there, not to mention dangerous! All I can say is the government needs to check the WTC dust for nano-thermite. It's there or it isn't. Prove who's right and let the chips fall.

The press refuses to push for the truth despite claims by legitimate experts of scientific evidence of explosives. Add in all the other incongruities and problems with the government's story. How can any educated, open-minded person not question it? Plus, the official 9/11 commission members have rejected their own report almost to a man. Clearly, something is seriously wrong. Disinformation attempts by paid debunkers and ridicule by Glen Beck won't make this go away.

Americans don't trust the mainstream press to tell the whole truth anymore and that's why the major news firms are losing influence and going broke. Vast swaths of the population have lost faith in our political leadership. The government is concerned about extremist militias within America. They should be worried. It's a serious

and ominous situation! Their own actions have caused it. It's too bad off-limits subjects must be debated on blogs without any discussion in the "official" news. It does make it a lot easier for the government to pretend it's not an issue.

Q. I was interested in why you are using PCRIX for commodities. When I looked at the holdings, it seems to have 15% in some opaque Cayman commodity fund and 85% in treasury notes. DBC is a futures based vehicle hence it is subject to price decay when the commodities are trading in contango. Any thoughts?

A. The pcrix fund holds treasury notes, but invests in futures contracts. So, it's not really in treasuries but holds them as collateral. As for the Cayman fund, I suspect Pimco is using that offshore strategy to buy futures in anticipation of US regulations to limit contracts in oil and gold. That's a guess on my part. You'd have to ask them.

Here's more info:

http://www.allianzinvestors.com/mutualFunds/pr/ofile/PMCR/about_A.jsp

You are correct about the problems with rolling over futures contracts. In addition, holding commodity equities is not the same as holding commodities. Is there a better strategy?

The only real commodities an investor can own and hold in quantity and in their personal possession are precious metals. Gold moves based on real interest rates and inflation. Real rates are negative and inflation is heating up slowly. I believe a good proxy commodity strategy is to hold gold as a way to profit from rising oil prices (half the index) over the next ten years. That's what I'm doing. Based on the science of oil depletion and the impending inflationary cycle, I believe oil prices could double within five years - over \$150. A

worldwide depression would slow that process but not stop it.

Q. In the March report you answered a question about TIPS. Does your recommendation to wait for the better yield apply to individual TIPS or to ETFs/mutual funds also?

Another question is regarding overall suitability of TIPS for a portfolio: some people downplay TIPS importance due to the fact that

a) inflation premium is calculated based on government inflation data, which might be flawed; and

b) TIPS are fairly new and we don't know how they would perform in times of seriously high inflation.

A. I get frequent questions about TIPS. Their yield is now at 1.6%. I'd wait on both individual tips or funds. A yield spread closer to 2% or higher is better. A mutual funds' assets will be re-priced by the new yield just like tips you buy from the treasury.

Look at the graph:

<http://finance.yahoo.com/q/ta?s=TIP&t=1y&l=on&z=m&q=1&p=m200&a=&c=>

Then look at the TIPS rate for July 2009: <http://research.stlouisfed.org/fred2/data/DFII10.txt>

In July 2009, the TIPS rate hit 2% right at the bottom of the red moving average line. Between then and now, investors picked up a nice capital gain as the price of the TIP etf went up plus they got their yield. If you buy tips when the yield is low, you're more likely to suffer a capital loss, plus you're locked into a lower rate. These things go in a cycle so patience is important.

Unlike some, I don't think the gov't is lying too much about inflation. I think tips will do fine during inflation. They don't protect against rising interest rates caused by a declining dollar.

That's not a predictable or a cyclical event. Putting a portion of your money into a tips bond allocation is ok - if you buy them at the right time.

Bonds and gold have inverse correlation. So, owning some of both may be a good idea in my opinion. Check with a financial advisor to see what's right for you.

Q. When the next currency after the euro starts to fall I assume your logic is that MERKX will continue to go down since it's philosophy is to protect against depreciation of the dollar? Do you see any reason to hold any MERKX for the near term?

A. I believe the profit opportunity for holding a mix of currencies is largely exhausted for the time being. I don't think it's dangerous to hold merkx but it may not be profitable. Western economies most all share the same problems of social welfare states and weak financial systems. I believe gold is a better long term bet than currencies.

Q. If deflationists are correct....."stronger U.S dollar, rising bond yields, lower commodity prices and slower growth".....where does one hide?

A. Looking out a couple years I don't see lower commodity prices or gasoline falling. I do know \$20T in public debt by 2015 is not good. Strong dollar? I wouldn't take that bet. Our economy would be in the basement if not for near \$2T in gov't deficits this year and next and next. Much of corporate profits are from Wall Street - gov't money. We can hide in gold/silver and perhaps some int'l dividend stocks. I won't hold too much in dollars with negative interest rates. Making money on money is hard but preserving purchasing power is doable. It's not riskless. Situations like this precede epochal changes like

war and falling empires. Doing nothing is not a good idea.

Best Regards,
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Tom Gleason, Manager & Researcher

Author of: [How To Invest If You Can't Afford To Lose](#) (Free download on the website)

Tom Gleason has degrees in finance and information systems. He's worked as a bullion dealer, fraud investigator, real estate appraiser and financial analyst.

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