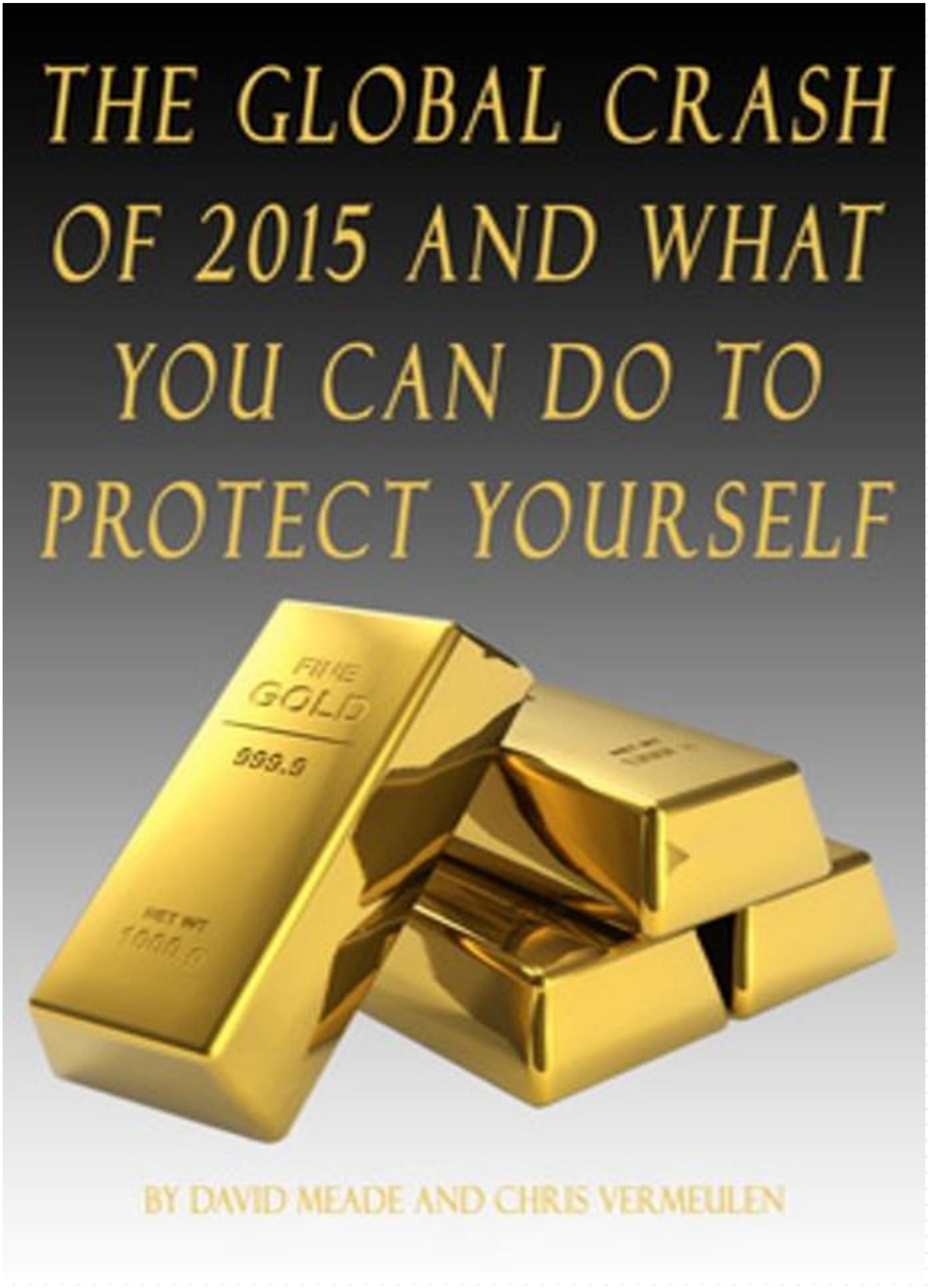
THE GLOBAL CRASH
OF 2015 AND WHAT
YOU CAN DO TO
PROTECT YOURSELF
FINE
GOLD
999.9
BY DAVID MEADE AND CHRIS VERMEULEN

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THE GREAT DEPRESSION OF 2015

The Great Depression of 2015 is going to happen, but you can profit from it. In this book Investigative Journalist David Meade and Chris Vermeulen explain how. A chilling look at the facts, graphs and cycles behind America's next economic collapse.

There is a pattern of economic crashes occurring every seven years dating back to the Great Depression. The Great Depression suffered its worst year in 1931, then later we have the Arab Oil Embargo, the S&L crisis, Black Monday, the 1994 Bond Massacre, the 2001 NASDAQ crash, and the 2008 Financial Collapse. Each occurred at the very end of a 7-year economic cycle.

There is an additional mystery to this cycle which makes it absolutely extraordinary. This seven year cycle also lines up with the 7 and 49 year cycles of land rest and jubilee debt forgiveness that God commanded the Israelites. The super cycle, the 49-year cycle ends - you guessed it - in September of 2015. This is called the Schmita Cycle. We'll cover this. It is the "cycle of cycles" that economists have been looking for. We are on the verge of the greatest depression in history, and with it the most opportunity to profit.

There is a plan to destroy the US Dollar and not to pay back the 100 Trillion in unfunded liabilities. The elite would prefer to simply transfer their personal holdings to Euros and gold. Their plan is to divest American assets, sell the dollar, renege on all debts and start with a brand new currency. That plan is revealed here.

This book will show you the cycles, analyze the inevitable outcome and give you the information you need to profit from the coming economic collapse. Get ready for the most amazing buying opportunity of your lifetime. Gold strategies, Silver strategies, gold stock strategies and much more are covered in this one-of-a-kind manual.

Jim Rickards, a CIA consultant and Investment Banker, states in his best-selling book *The Death of Money* that the United States will enter into an Economic Depression of over 10 years duration in 2015. It is inevitable, he says. His book has the flashpoints and the analysis. It will begin with a 70-80% stock market decline. What's unusual about my book is that it reflects the timing, precisely to the month. One of the flashpoints is that Russia and China have stopped buying and started liquidating treasuries, and they are no longer trading in petrodollars. This is major and hardly reported by the news media. A wide variety of flashpoints will create the crisis. A $100 Trillion dollar liquidation is right before us.

Source - You must go to this link and read this in its entirety before you continue:http://moneymorning.com/jim-rickards-coming-great-depression/

I recommend one primary investment medium. That is silver, in the form of U.S. Mint-produced American Silver Eagle coins.

Silver: From $20/oz. to over $500. It's going to happen for three main reasons, and it will happen in 2015. First, for decades there was a 10 Billion ounce government surplus of silver. It is now entirely depleted.

Second, the price of silver has been manipulated for years. It's called the "London Silver Fix" by some analysts. Several international banks in London teleconference on a daily basis, every day at noon London time, and benchmark the price of silver. Bids are exchanged and the price is fixed at an equilibrium point. This practice officially ended August 14, 2014.

Third, when the economic collapse of 2015 occurs in the autumn of this year, let's look at the amount of funds held in US Banks. It's 18 trillion. 1% of that is $180 billion. Since most silver is consumed for industrial purposes, the above-ground supply has been variously estimated at 700 million ounces (new mine supply) to one billion ounces. Let's use the new mine supply. Divide that into the 180 billion of new money seeking silver and you have a price of $257. per ounce. But that excludes non-U.S. purchases and industrial use. These forces will be buying silver, and that differential should take the price up to the $500 range. If 2% of the public wakes up, then you have a $1,000 price.

Source of silver calculations:

Hommel, J. (2011, January 13). Silver: From $30/oz to over $500 by 2020 - SilverSeek.com. Retrieved from http://news.silverseek.com/GoldIsMoney/1294902060.php

American Silver Eagle Quick Facts and Brief History

Type	Silver Bullion (Investment), uncirculated or proof sets
Mintage	Each year since 1986 by the U.S. Mint
Weights / Denominations	1 Troy Ounce of 99.9% pure silver bullion ($1 face value).
Front Design	"Walking Liberty" featuring Lady Liberty gliding confidently toward the sun. Design originally from the 90% silver Walking Liberty Half Dollar issued in the United States from 1916-1947.
Rear Design	Features a heraldic silver eagle behind a shield, grasping an olive branch in one talon and arrows in the other. Above it sits 13 stars representing the original thirteen colonies. Designed by sculptor John Mercanti.
Brief History	American Eagle silver bullion coins were first released by the U.S. Mint in November 1986 under the Liberty Coin Act, passed the year before. Minted each year since, the American Silver Eagle coin was first created in the San Francisco Mint, then the Philadelphia Mint and now West Point. The U.S. Mint also produces proof sets each year.
Why buy?	American Eagle silver bullion coins are one of the easiest and affordable ways to invest in precious metals. U.S. law allows these silver bullion coins to be included in an IRA retirement account, presenting additional tax benefits as well. Investors can buy American Eagle silver bullion coins individually or in a Box of 500 (bulk pricing applies for most dealers).

What is the maximum price of silver I project? It's really simple and based on supply and demand. As Bix Wier states (Road to Roota website and book), you have:

1 Billion Ounces of above-ground silver available for investment purposes

5 billion Ounces of above-ground gold available for investment purposes

The scarcity factor is 5/1 in favor of silver. With $1200 gold (presently), that equates to a price when monetary or investment demand enters the equation (this autumn) of 5 times $1200 or $6,000 per ounce. It's very realistic in my opinion.

Russia Abandons the Dollar

The Russians have made an unprecedented move against the petrodollar. Russia owns Gazprom, the largest natural gas producer in the world. They have signed agreements with their customers to move payments from dollars to euros. The Russian government owns the majority stake, so this was done with Putin's approval in a plan to destroy the dollar.

The mainstream media hasn't issued a word about this. But it is huge news. Gazprom is a massive operation, one of the largest corporations in the world – it constitutes 8% of the Russian GDP, and it is responsible for 18% of the natural gas reserves of this planet. And it represents a sudden, striking departure from the use of the dollar as a reserve currency.

Why did the Russians do this? It happened shortly after our President slapped some sanctions on Russia due to their invasion of the Ukraine. The Russians, however, have not forgotten.

Source: Snyder, Michael. "Russia Is Doing It - Russia Is Actually Abandoning The Dollar." The Economic Collapse. Last modified June 10, 2014. http://theeconomiccollapseblog.com/archives/russia-is-doing-it-russia-is-actually-abandoning-the-dollar.

Is Global Economic Collapse Unavoidable? Yes, According to the Bank of International Settlements (BIS)

"The Bank for International Settlements (BIS), describes the current situation at the world´s financial markets as worse than before the crash of Lehmann Brothers. In its quarterly report, the BIS described the situation as critical and directly mentioned the possible end of the deluge of paper money. Experts imply the risk of a sudden, overnight financial crash in 2015.

The situation now is worse than prior to the Lehmann Brothers crash, said White to the British newspaper The Telegraph. White points out that:

All the previous imbalances are still there. Total public and private debt levels are 30pc higher as a share of GDP in the advanced economies than they were then, and we have added a whole new problem with bubbles in emerging markets that are ending in a boom-bust cycle".

Source:

Lehmann, C. (2013, September 25). Global Economic Crash has become Unavoidable | nsnbc international. Retrieved from http://nsnbc.me/2013/09/25/global-economic-crash-become-unavoidable/

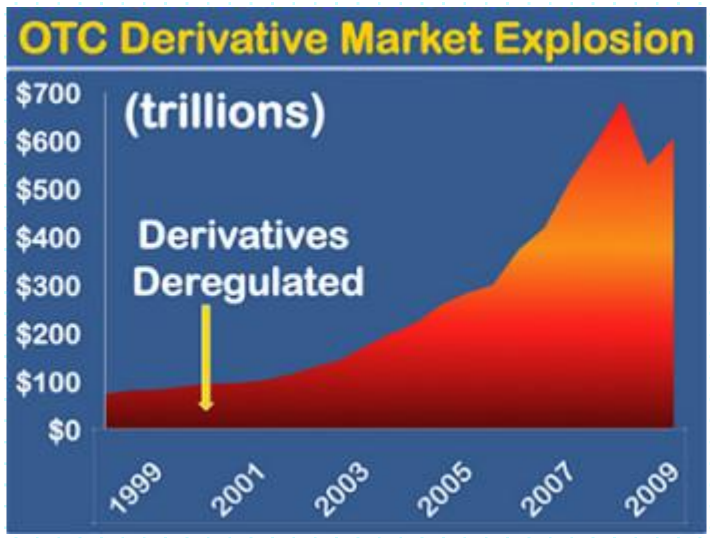
Among other peculiarities in the news, the U.S. recently denied Germany an audit of the gold reserves. And a shipment of gold from Ft. Knox to China was tested at the Chinese border. They chose 4 400-ounce bars and drilled into them. They found that the bars were gold-plated, and there was a tungsten core.

I hate to tell you this – it may come as news – but you cannot trust the government.

On top of all of this, the World Bank's Chief Economist, Kaushik Basu, recently stated a "wall of debt is coming at us." That's very sportsmanlike to let us know.

Derivatives Panic Coming to Global Markets

By James Bailey



OTC Derivatives Market Explosion

Prophetic minister John Paul Jackson saw news headlines from the future. The headlines revealed many coming events. One of the headlines said, "**Derivatives Panic Hits Global Markets**."

WHAT ARE DERIVATIVES?

Derivatives are financial products or securities that derive their value from the value of an underlying asset. The most common underlying assets include stocks, bonds, commodities, interest rates, and currencies. Examples are interest rate swaps, options contracts, insurance contracts, futures contracts, credit default swaps, and structured debt contracts.

The derivatives market is ten times bigger than the annual GDP of the entire world! The Bank for International Settlements reported that the over-the-counter derivatives market amounted to about $638 trillion in 2012. Author Paul Wilmott, who has written several books on this topic, estimates the global derivatives market to be much larger, $1.2 quadrillion. By comparison, the annual Gross Domestic Product of the entire world is only $65 trillion, and the total value of the United States stock market is estimated at $23 trillion (Source: The Economist magazine).

The staggering size of the derivatives market explains why billionaire investor Warren Buffet has called them “weapons of financial mass destruction.” Derivatives can result in large losses because they use leverage, which allows investors to earn large profits or losses based on small changes in the price of the underlying asset. Leverage makes it possible to earn very large profits or losses from relatively small investments.

WHY DERIVATIVES ARE DANGEROUS

Derivatives pose a serious threat to the entire worldwide financial system because large losses coming from these leveraged investments could quickly become too large for financial institutions to cover. The failure of any financial institutions would be painful, but the failure of very large financial institutions, often referred to as “too big to fail”, could take down the entire world financial system. The collapse of any of these institutions could start a domino-like collapse of other institutions until the entire system is destroyed.

Amazingly, derivatives products are almost totally unregulated. One reason for that is they are so complex that lawmakers and judges have a hard time drawing boundaries around them. As a result, derivatives allow financial institutions to circumvent the political and judicial and regulatory systems. Derivatives allow financial institutions to rig the market with highly leveraged deals to rape and pillage equity markets with zero accountability.

After the 1929 stock market crash, the Banking Act of 1933 was passed to prevent financial institutions from operating commercial banks and investment banks under the same corporation. That act, also known as Glass-Steagall, successfully restrained the derivatives market until it was replaced by the Gramm-Leach-Bliley Act, which was signed into law by President Bill Clinton in 1999. The new act removed Glass-Steagall's protective wall of separation between commercial and investment banking. Since then the over-the-counter (OTC) derivatives market exploded from about $30 trillion in 1999 to over $638 trillion in 2012 (Source: BIS.org). That is how we got to into the dangerous mess we are in today.

With an economic collapse coming this year, the dangers of the derivatives market pose a very real threat in the near future. This threat is not limited to the United States, but spans the global economy. One of the most highly leveraged financial institutions is Germany's Deutsche Bank. Their derivatives exposure is 96 times the value of their total assets. There is no way they could cover losses that large. However, many U.S. institutions are also highly leveraged and therefore at great risk. Consider the current derivatives exposure of some of the "too big to fail" financial institutions.

- **Deutsche Bank** – $55.6 trillion in derivatives exposure as of April 2013 backed by only $575 billion in assets. So their derivatives exposure is 96 times larger than their assets.
- **JP Morgan** – $72 trillion in derivatives exposure compared to only $2.3 trillion in total assets. Their derivatives exposure is 31 times larger than their assets.
- **Goldman Sachs** – $41 trillion in derivatives exposure compared to only $938 billion in total assets. Their derivatives exposure is 43 times larger than their assets.
- **Citigroup Inc** – $57 trillion in derivatives exposure compared to only $1.9 trillion in total assets. Their derivatives exposure is 30 times larger than their assets.
- **Bank of America** – $44 trillion in derivatives exposure compared to only $2.2 trillion in total assets. Their derivatives exposure is 20 times larger than their assets.
- **Wells Fargo** – $44 trillion in derivatives exposure compared to only $1.3 trillion in total assets. Their derivatives exposure is 33 times larger than their assets.

(Source: FDIC and SNL Financial for US institutions, Zerohedge.com for Deutsche Bank)

There is no way these institutions could cover the potential losses that could come from derivatives contracts. They just don't have enough assets, which means an economic collapse could cause any or all of these institutions to fail. The failure of any of these "too big to fail" institutions could cause the entire global financial system to fail.

DERIVATIVES PANIC

A worldwide panic among investors could be triggered by lots of things, including rising interest rates, war, China unloading their holdings of U.S. treasuries, a major terrorist attack, a natural disaster, renewed trouble in European economies, or a meltdown of the Japanese economy. The threat of losses from derivatives could cause investors to panic, which would cause the crisis to accelerate, thus bringing upon them the very thing they hoped to avoid. Unfortunately, that is exactly what John Paul Jackson saw hitting global markets in the news headline from the future.

When the United States stock market crashed in October 1929 there was no such thing as derivatives and the national debt was only 16% of the annual GDP. In 2013 the national debt is over 100% of annual GDP. Both of these factors combined together could make the coming economic collapse far worse than the 1929 stock market crash.

Maybe that is why billionaire investors Warren Buffet and George Soros have both recently divested nearly all of their stock holdings. Could they possibly know something the rest of us don't? Investors have good reasons to be concerned.

Source:

http://z3news.com/w/derivative-panic-coming-global-markets/

INTRODUCTION – FROM THE AUTHORS

“There’s no shortcut to any destination worth going.” UNKNOWN

This book covers:

- Oil & Geopolitics
- The Timing and Cause of the 2015 Global Economic Crash
- World Gold Shares
- The Mystery of the Ft. Knox Gold
- The History of Gold
- How to Develop a Gold and Silver Portfolio
- Silver Investing
- Creative Non-Paradigm Planning and Thinking

I have not found any other books that allow the investor to safely re-balance their portfolio from their home office, without leaving there. It is written as an eBook, for ease of search ability (just enter Ctrl F and you can find any search term or topic you want), and for ease of research ability.

The Schmita cycle is awesome and amazing. It has affected your life since you were born. It has validated when Wall Street rises and falls. It provides the dates down to the hour of the greatest crashes of the market. Elul 29 is the reset date (on the Hebrew calendar). The cycle is a 7-year cycle and the super cycle is 49 years, ending in 2015.

David Meade and Chris Vermeulen

YOU MUST BUY GOLD

"I believe that banking institutions are more dangerous to our liberties than standing armies. If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and corporations that will grow up around the banks will deprive the people of all property until their children wake up homeless on the continent their fathers conquered. The issuing power should be taken from the banks and restored to the people, to whom it properly belongs."

Thomas Jefferson
3rd president of US (1743 - 1826)

In 2013 the German Bundesbank demanded the repatriation of a large part of its gold reserves which were held abroad. By the year 2020, Germany wants half of its total physical gold reserves back in the Frankfurt vault. This includes a demand on the Federal Reserve for 300 tons. The Federal Reserve has not permitted an audit of its gold holdings as requested by the German government. The dollar is no longer a safe haven currency. This German demand for the gold, if immediately granted, would have in effect been a run on the Federal Reserve. This cannot be allowed to happen by insiders.

To date there have been LIBOR (London Interbank interest rate) scandals, an energy price scandal and a credit default swap scandal. Do you really believe that the price of gold and silver are not artificially held down way, way below their true market values? How long can this continue? How can increasing demand by central banks and investors lead to a price which doesn't escalate dramatically?

This whole scenario is nonsensical. It's an attempt to keep the global bond market stable, and this plan is failing. Whistleblowers tell us that manipulation is taking place. JP Morgan shorted 3.3 billion ounces of silver some years ago. These large investment houses are constantly sued for fraud, and in other countries for corruption. Do you really believe their forecasts?

The Federal Reserve is clearly out of its depth. It's the "greatest hedge fund in history." Once gold breaks $2,000., the average investor will realize the Federal Reserve's control is broken, and world traders could see $10,000. - $15,000. gold and $500 silver.

Gold is the only true value of wealth. The elite buy it. There are in excess of 55 paper gold contracts to every 1 physical gold contract. That's why it is important to buy gold - physical gold and silver. Even the producers around the world that spend up to the maximum – say $1,000 an ounce – to bring gold out of the ground will shortly see the price increase by a manifold amount, but their cost to produce will remain virtually the same. Thus the leverage of the gold stock investment. It could reach 10 or 15 to 1, or even more.

Paper investments are just that – paper. Retirement funds are often held in paper. You'll need a significant amount of your personal assets invested in precious metals to survive what is coming. Exchange Traded Funds (ETFs) are good to hedge and move counter to the market with leverage. But you need core holdings in real assets.

Fiat paper currency has gone down in country after country. Gerald Celente, in his *Trends Journal,* states that gold is being manipulated by the U.S. central bank and also by the European central bank. They rig the game buying bonds and treasuries. Celente says he buys precious metals, and he is "not a speculator." They are for his retirement. He also says about the central governments: "they are never going to solve this problem." It is unsolvable. The only solution is a major devaluation or crash, or a combination. Germany years ago experienced a hyperinflationary crash which left its currency worthless. It was transported in wheelbarrows.

U.S. inflationary policy has accomplished much the same, but we're not there yet. Still, $1 in 1913 compared to the current status of the dollar is an interesting comparison. It requires close to $24.00 to buy what that one dollar bought then. On the other hand, gold has increased from about $20. an ounce in 1913, to more than 60 times that rate in recent years. Which is the better investment?

The Federal Reserve is so leveraged it is technically bankrupt, as we'll discuss in the chapter about the U.S. Research Project. The U.S. is borrowing trillions annually to "balance" its budget. Read about the currency crash in Zimbabwe and you'll get an education of what may happen right here. Zimbabwe faced 231 million percent hyperinflation and crashed its own currency.

The dollar is no longer the petrodollar king. All oil transactions used to be carried out with the dollar. China now trades its own currency, the Yuan, for oil purchases. Russia is backing them. The former respect for the dollar as an international reserve currency simply no longer exists. China may stop buying U.S. debt entirely. China, Russia, Brazil, and South Africa have the largest gold and silver reserves in the world.

Banks in the U.S. trade in derivatives, and that market is approaching $1000 Trillion dollars. Back at the last economic crisis it was only $500 Trillion. It just takes a small correction to crash this market. The interest on U.S. debt is now unsustainable. All the while there is betting going on through the derivatives market.

Banks are in a peculiar position. They can borrow from the Fed at .25% and buy government-backed treasuries that pay a large multiple of this. Why do they have any interest at all in backing small businesses with the attendant risk?

The Fed can make one remark and cause the market to go to a standstill position and crash. When the Fed said it was going to "taper off" qualitative easing, or buy less open market positions, back in June of 2013, this one remark caused the market to drop. The 7-day repo benchmark (interbank) went from 3.3% to 8.26% in one day! The following day it was 12.33% in China, and one major Chinese bank ran out of liquidity. An interest rate climb can crash the currency and the economy. It's that simple. Banks can close just like they have in the past.

The derivatives market may be used to crash the economy. If interest rates increase and stay up, $400 Trillion or more in derivative value will be lost. The Bank of International Settlements (BIS) has stated that the current scenario is worse than the status quo before Lehman went bankrupt. Global credit excesses are much, much worse. 2007 and 2008 will not be repeated, accorded to BIS. It will be much worse.

The list is too long to mention, but other governments during monetary crises have liquidated excess savings from their citizens through their own banking systems. Check out Cyprus, among others. There's a Mexican billionaire named Hugo Salinas Price. He says that the rise in interest rates may be what is used to precipitate the next crash, and we'll have in my opinion only days or hours of notice. The derivatives market will fail.

Here is an excerpt from a recent interview with Mr. Price:

> "Last year the Bundesbank reported that it would repatriate all of its gold reserves from Paris and part of them supposedly located in New York, in the 2013 – 2020 period. Nevertheless, last year they repatriated merely 37 tons and only five tons from the NY Fed. In your opinion, what would be the reason for this delay?
>
> The reason is crystal clear: the US does not have the gold is says it has. The US was the custodian of a gold cookie-jar, and the US government simply ate up the cookies. They have no gold left." (1)

Gold and silver remain at true value among all other failing options. If you have assets when no one else does, you can buy what you need and want for pennies on the dollar. Bernard Baruch did. You can, also. Remember, those who stay in dollars and paper will lose the vast majority of their assets. If you have liquidity when no one else does, this is the key.

(1) Source: http://www.silverdoctors.com/billionaire-hugo-salinas-price-gold-is-the-feds-enemy/

SEVEN EXPERTS WHO AGREE WITH ME

From around the world…

The Jerome Levy Forecast: "Clearly the direction of most of the recent global economic news suggests movement toward a 2015 downturn."

John Ing: "The 2008 collapse was just a dress rehearsal compared to what the world is going to face this time around. This time we have governments which are even more highly leveraged than the private sector was."

Bill Fleckenstein: "They are trying to make the stock market go up and drag the economy along with it. It's not going to work. There's going to be a big accident. When people realize that it's all a charade, the dollar will tank, the stock market will tank, and hopefully bond markets will tank. Gold will rally in that period of time because it's done what it's done because people have assumed complete infallibility on the part of the central bankers."

Paul C. Roberts: "At any time the Western house of cards could collapse. It (the financial system) is a house of cards. There are no economic fundamentals that support stock prices — the Dow Jones. There are no economic fundamentals that support the strong dollar…"

Phoenix Capital: "Just about everything will be hit as well. Most of the 'recovery' of the last five years has been fueled by cheap borrowed Dollars. Now that the US Dollar has broken out of a multi-year range, you're going to see more and more 'risk assets' (read: projects or investments fueled by borrowed Dollars) blow up. Oil is just the beginning, not a standalone story.

If things really pick up steam, there's over $9 TRILLION worth of potential explosions waiting in the wings. Imagine if the entire economies of both Germany and Japan exploded and you've got a decent idea of the size of the potential impact on the financial system."

Gerald Celente: "What are they going to do? They can't raise interest rates. We saw what happened in the beginning of December when the equity markets started to unravel. So it will be a loss of confidence in the con game and the con game is soon coming to an end. That is when you are going to see panic on Wall Street and around the world."

Rob Kirby: "What this breakdown in the crude oil price is going to do is spawn another financial crisis. It will be tied to the junk debt that has been issued to finance the shale oil plays in North America. It is reported to be in the area of half a trillion dollars worth of junk debt that is held largely on the books of large financial institutions in the western world. When these bonds start to fail, they will jeopardize the future of these financial institutions. I do believe that will be the signal for the Fed to come riding to the rescue with QE4. I also think QE4 is likely going to be accompanied by bank bail-ins because we all know all western world countries have adopted bail-in legislation in their most recent budgets. The financial elites are engineering the excuse for their next round of money printing . . . and they will be confiscating money out of savings accounts and pension accounts. That's what I think is coming in the very near future."

THE CYCLE - THE SHMITA (SHEMITTAH)

"When the solution is simple, God is answering." – ALBERT EINSTEIN

It doesn't matter what economist or forecaster you speak with, but they all know that the END is coming. The collapse of the Petrodollar, and the wipe-out of the U.S. stock and bond market. It's a given. There's too much evidence to dispute it. A lot of forecasters, for example Harry Dent, wrote a book entitled "The Great Depression Ahead." The evidence is absolutely incontrovertible. The problem is in knowing the timing and what to do about it. **I have a theory which has proof of concept unlike anything the routine forecasters have.** After all, they admit they don't know. But I believe I do.

A seven-year cycle of crashes extends all the way back into the last Depression. We can go all the way back to 1931. This is the year the U.S. stock market dropped 30.7%, the largest loss in its history. And unlike the 1929 crash, the 1931 crash included the bond markets, with a decline of over 10% in one month alone. The capital structure collapsed. England went off the gold standard, and stock market crashes and bank closings occurred throughout the world. Let's fast-forward a number of 7-year cycles into the future.

In 1987 we all remember Black Monday, when on October 19th stock markets around the world collapsed. The collapse began in Hong Kong and spread to Europe and the U.S. The DJIA dropped 508 points. In 1994 the bond market experienced jumps in 30-year Treasuries of 200 basis points. Mexico was catapulted into crisis. Orange County California was bankrupted.

You may be familiar with the Shmita. It was recently popularized in a NY Times Bestseller. This is a Sabbath year, observed every 7 years in Israel. The land is not cultivated and debts are cancelled in the Old Testament. In the year 2001 that date fell the week after

9/11, and on the day US stock markets reopened they experienced a loss of 684 points. The stock market plunged to a 3-year low, and the DJIA had its worst point-loss in history.

In 2008, the last day of Shmita was September 29, 2008. This day the markets fell 9% or 777 points. The largest drop in history. ON THIS EXACT DAY. This is the only known day in history when the opening bell of the NYSE would not ring. It's called Elul 29 on the Hebrew calendar. It's the last day of their civil year. The reset point is called Rosh HaShana. Why is this happening? The odds are incalculable, in the area of trillions to one. It's a major cycle that has gone undiscovered and unexplored. In 7 more years, ending in the Fall of 2015, there will be a "Collision of the Worlds" as the global economy implodes. It's interesting to note that the current Tetrad of Blood Red Moons ends this fall of 2015.

The blood-red moons, also called a Tetrad, have a precise schedule:

- **Passover: April 15, 2014** | Total eclipse visible in Australia, Pacific, Americas
- **Tabernacles: October 9, 2014** | October 8, 2014 Total eclipse visible in Asia, Australia, Pacific, Americas
- **Passover: April 4, 2015** | Total eclipse visible in Asia, Australia, Pacific, Americas
- **Tabernacles: September 28, 2015** | Total eclipse visible in East Pacific, Americas, Europe, Africa, West Asia (**This is the only one visible from Jerusalem at moon-set**)

Four total blood-red moons back-to-back are rare, and the only time it happens on four Biblical holidays in our generation is in 2014/2015. The only times last century these occurred together was in the years 1967/1968 as Jerusalem was recaptured.

Observations

- From Sep 17, 2001 Rosh HaShana crash to Sep 29, 2008 Rosh HaShana is 7 years + 11 days (a 7-11 code) the day of the 777 point drop in the Dow Economic Crash.

- From Sep 29, 2008 Rosh HaShana date to Rosh HaShana date in 2015 is 6 years 11 months or a (9-11) code.

-On Sep 13, 2015 you will have a Partial Solar Eclipse on Rosh HaShana. Of course in Hebrew thought, Lunar Eclipses are harbingers of evil to Israel, and solar eclipses are harbingers of evil to the nations.

- On Sep 28, 2015 that is on Sukkot is the 4th and last Blood Moon of the Tetrad of 2014-2015. It is 7 years exactly from Sep 29, 2008 Rosh HaShana crash of 777 points.

- 2008 is a Sabbatical year. A new Sabbatical 7-Year cycle will began on Sep 29, 2008. The year 2015 will also be a Sabbatical year.

7 years later The Shmita takes us to 2015, which may well be the most momentous year in history. And the most momentous month and day – Elul 29, or September 13, 2015. It begins Sunday evening and into sunset Monday, September 14, 2015. This is one day I would not recommend you be in the stock market. Or any market, for that matter – except the gold and silver markets. It's the day of a global financial meltdown by all indications and massive odds. In this first chapter of this book we'll tell you why, from a government insider who is ex-CIA and an economist. The next meltdown will make 1929 and 2008 look like picnics. Read on.

THE U.S. RESEARCH PROJECT

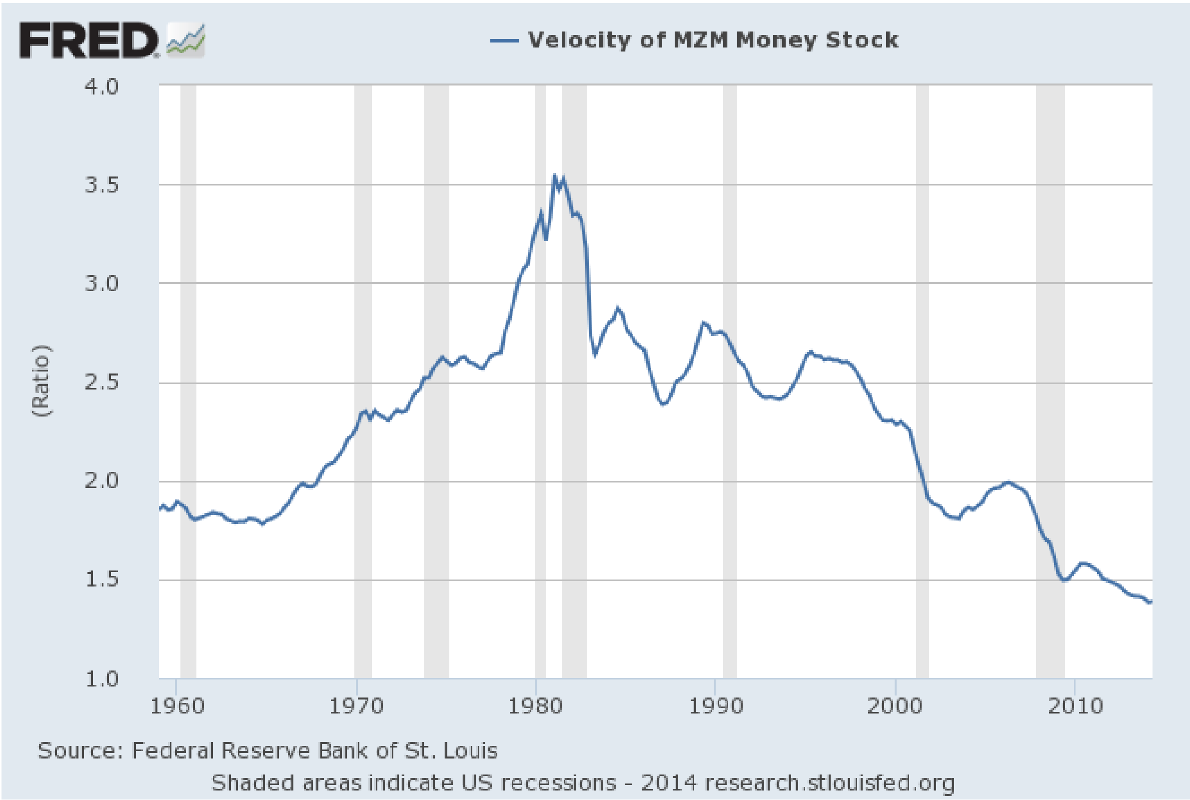
“Cheer up, comrades. Things will get worse.” – RUSSIAN SAYING

U.S. macroeconomic policy and current status are probably the most important topic one can study. A variety of scholars, government specialists and think tanks concentrate on this field of study. One of them is Jim Rickards, a veteran (three decades) with Wall Street’s largest investment firms. He helped build the technology of the NASDAQ. He has testified before Congressional committees. He is the CIA’s Financial Threat and Asymmetric Warfare Advisor. He and other academics have noted a series of highly dangerous economic flashpoints that will affect the U.S. markets momentarily. Just as Dr. Nouriel Roubini testified before Congress just before the 2008 economic meltdown, and very few listened, these individuals have accumulated large amounts of macroeconomic data which should be of concern to every one of us. This section will investigate the current status of the U.S. economy.

Over the last six years, over $3.1 trillion has flooded our economy. U.S. total debt now stands at close to $17.5 trillion. In addition, there are $126 trillion in unfunded liabilities. These are Medicaid, Medicare, social security, student loans and Freddie Mac and Fannie Mae liabilities.

The U.S. is experiencing a vast decrease in the velocity of money. In 1970, for every dollar of debt created there was $2.41 of economic growth. In 1980 this velocity was at $3.50 in growth. Today that number has exponentially decreased to $1.45 in growth for each dollar of debt.

Table 1 – Velocity of Money Stock (Hansen, 2014)



Inflation rates constitute another critical economic metric. Combined with high unemployment rates these continuing inflation rates lead to social instability. A 29% decrease in value of one's dollar holdings over the period January of 2004 to October of 2014 is illustrated by this government chart. To obtain the percentage, we simply deduct the beginning balance (188.5) from the ending balance of value (243.34), and divide the significant difference by the beginning value to obtain the percentage decline.

Table 2 - Inflation Rates by Month and Year (2000-2014)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	188.5	190.1	191.5	191.9	193.3	193.7	193.4	193.1	194.5	196.3	196.9	195.2
2005	195.4	197.4	199.2	201.1	201.5	200.7	201.4	203.1	205.8	206.9	205.6	203.9

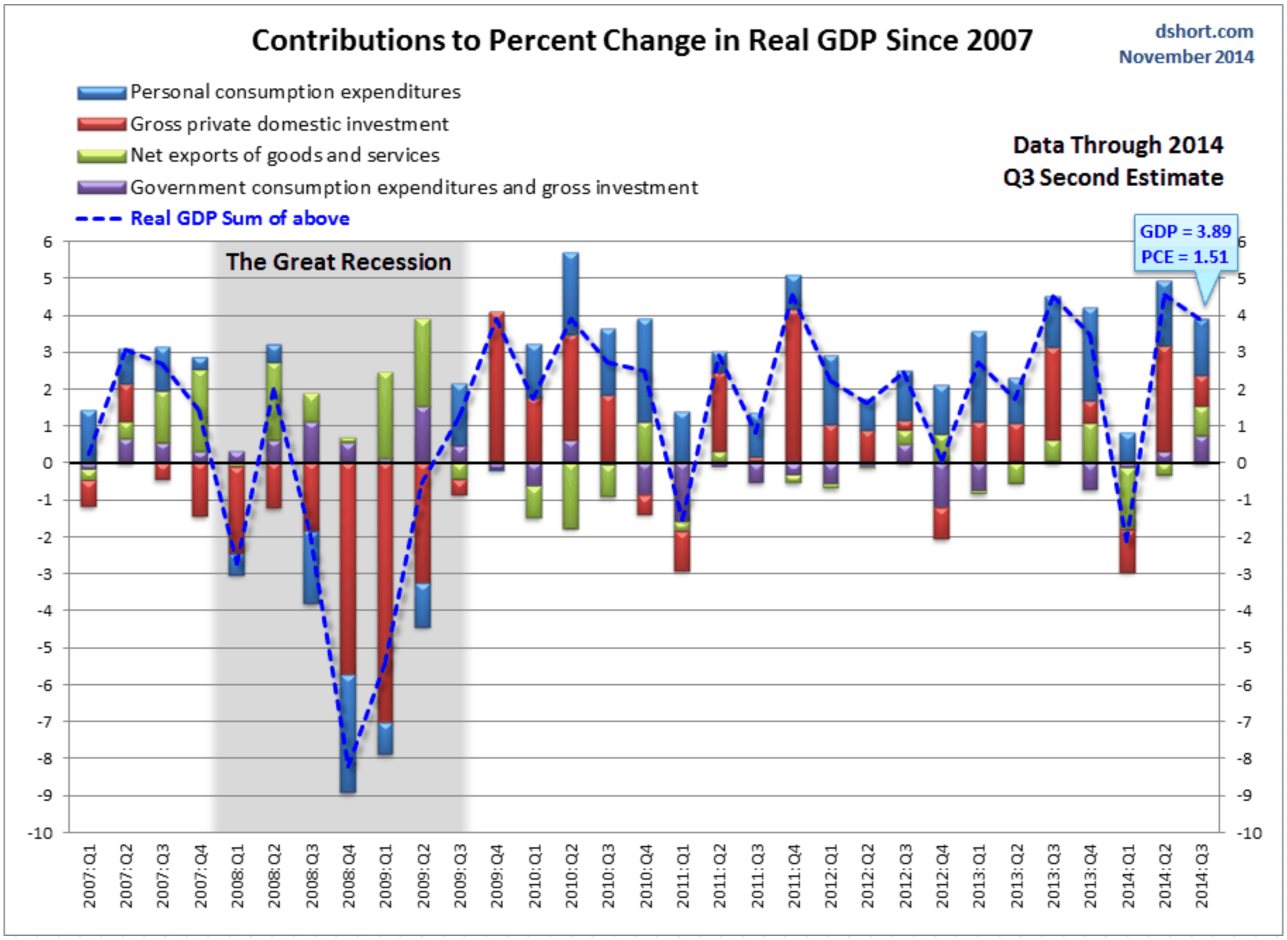
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	206.0	207.5	208.5	210.5	212.4	211.1	211.4	211.9	212.9	211.4	211.1	210.6
2007	212.584	214.760	216.500	217.845	218.596	217.273	217.454	217.330	217.697	218.696	219.943	219.373
2008	220.918	221.431	223.606	224.625	226.651	229.033	229.886	228.484	227.449	226.159	222.229	219.620
2009	220.719	221.439	221.376	221.693	222.522	223.906	224.010	224.507	225.226	225.264	224.317	223.643
2010	224.610	224.620	225.483	225.916	226.438	225.877	225.991	226.373	226.048	226.794	225.941	226.639
2011	228.652	229.729	232.241	233.319	233.367	232.328	231.303	231.833	233.022	233.049	232.731	231.567
2012	233.441	234.537	236.941	236.866	237.032	236.025	235.776	237.222	238.104	240.111	237.675	236.042
2013	238.015	239.753	239.995	239.043	239.346	239.223	238.920	239.219	239.611	239.940	238.677	238.742
2014	239.857	241.059	242.491	242.437	243.362	243.528	243.727	243.556	243.623	243.341		

Source: U.S. Government, 2014

Gross Domestic Product (GDP) is the market value of goods and services produced by the United States during a time frame. It measures wealth and indicates an expected return on invested capital. It is an excellent gauge of the health of an economy. The Federal Reserve uses these statistics to fine tune its view of society's needs.

Over the time frame illustrated below, the Personal Consumption Expenditures (PCE) component has allied itself with the real GDP. When PCE is positive, GDP is similarly positive, showing that this is the prime driver of the GDP.

Table 3 – Contributions to Percent Change in Real GDP



Source: Short, 2014

The history of the GDP tells us a lot if we analyze it. In 2003 the growth rate was 2.8%. That year unemployment held steady at 6%. The Federal Reserve lowered its interest rate to 1%. That was the year the Iraq War began.

In 2004 we saw a growth rate of 3.8%. The Federal Reserve began raising rates.

In 2005 the growth rate was 3.3%. Hurricane Katrina caused $250 Billion in damage to the U.S. infrastructure.

In 2006 a 2.7% growth rate exists. The Federal funds rate was raised to 6.75%.

In 2007 a 1.8% growth rate existed. The Dow reached a new high of 14,164. Inflation was at 4.1%. The Federal Reserve dropped the rate three times, finally to 4.25%. The London Interbank (LIBOR) rate rose to 5.6%.

In 2008, not surprisingly, the growth rate was a negative .3%. The stock market crash led to a global liquidity crisis. $350 Billion was spent just on bank bailouts. The Federal Reserve lowered the rate 7 times, and finally to 0%.

In 2009 a negative 2.8% growth rate exists. The Dow dropped to 6,594. An additional stimulus of $400 million stopped the downward spiral.

In 2010 the growth rate was 2.5%. This was the year of the BP oil spill, and tax cuts were continued.

In 2011 the growth rate is 1.6%. The ten-year Treasury yield hit a 200-year low point in its index.

In 2012 the growth rate is 2.3%, and in 2013 2.2%.

A major decline in the Baltic Dry Index portended the 2008 crash.

The Baltic Dry Index is a measure of the cost of shipping dry goods such as the cost of shipping iron ore from South Africa to Tokyo. In 2008, the Index triggered a warning signal for the meltdown that was imminent. It is a totally independent measure and not subject to market manipulation by anyone. Brokers in London set the Index based on the daily fluctuations in the cost of moving wheat, oil and commodities around the world. Falling, it indicates a slackening of demand on a global scale. When the Index fell by 66 percent in 2008, it provided an independent benchmark for investors who were watching.

The Federal Reserve responded to the 2007 – 2008 financial collapse. It rapidly reduced the targeted federal funds rate from 5 ¼% to zero. This represented an extraordinary ease in the U.S. monetary policy. The Federal Reserve provides short-term liquidity to banks and does so through its Term Auction Facility, Primary Dealer Credit and

Term Securities Lending Departments. Bilateral currency swaps occurred with a variety of foreign banks. They eased dollar liquidity with the Central Banks.

In addition in responding to the economics of 2007-2008, the Federal Reserve expanded open market operations to the credit markets. They placed downward pressure on longer interest rates, and purchased agency-guaranteed mortgage-backed bonds to support recovery.

Economic data indicates that the vast majority of U.S. workers, including both white and blue-collar workers, endured a period of wage stagnation from 2003 to 2013. Wage growth has underperformed productivity growth.

Between 2007 and 2012 wages fell for the lowest 70 percentile of the wage distribution while at the same time productivity increased 7.7%, an anomaly and an indicator of a systemic problem with U.S. economic policy.

Wage growth in the earlier years of 2000 – 2012 was propelled by a momentum of the late 1990s, the Internet boom period. But between 2002 and 2012 a period of wage stagnation was observed. This amounts to a *lost decade* for most wage earners.

The Recession of 2008 offered evidence that global securitization was a false premise. Large banks were buying hundreds of thousands of packages of mortgages known as Collateralized Debt Obligations (CDOs). These were marketed to pensions and other accredited purchasers, who were incorrect in assuming they were buying AAA or investment quality debt. The sub-prime factor was not disclosed. The risk model was ignored.

In 2008 the major Investment Banks took on risks for which they had no capital base to allow. The leverage was astronomical. Looking back to the fall of Long Term Capital

Management in 1998, the 2008 Recession was a duplicate of this event on a major scale. If a bank leverages 10:1, which is not unusual, and then it collapses, that causes a $2 Trillion credit contraction. The major Investment Banks were leveraging 30:1 and even higher, and off-balance sheet risks were at 100:1.

The Federal Reserve's current capital is estimated at $56.2 billion. That sounds very substantial, but in comparison to the total balance sheet, how significant is it? How much in the way of liabilities is that amount of capital supporting?

Senator Paul Rand stated in recent congressional testimony, made official as a Capitol transcript, that we learned this year that the Federal Reserve's balance sheet has reached to the level of over $4 trillion in liabilities. In perspective, this is larger than the entire economy of Germany (U.S. Capitol Transcript, 2014). The Federal Reserve had a leverage of 22 to 1 prior to 2008 ($22 in debt for every $1 in capital). The leverage today is 77 to 1.

Senator Rand stated on the floor of the Senate that he has repeatedly called for transparency at the Federal Reserve. The Investigator General (who is responsible for auditing the Federal Reserve) in public testimony stated that she did not have jurisdiction to audit the Reserve Bank. There is no audit of the Reserve Bank (U.S. Capitol Transcript, 2014).

At a minimum, aren't American taxpayers entitled to know what is happening behind the curtain?

Dollars were historically backed by gold but they are now backed by promises. How long the international community, which is now buying that very commodity through its Central Banks, will allow the dollar to remain king and the petrodollar to rule in world markets is questionable. The gold window was closed by President Nixon in 1971, ending the value derived from the dollar by its tie to that metal and standard.

The Federal Reserve is leveraged 77 to 1, with about $55 billion in equity and $4 Trillion in obligations. This is higher leverage than was experienced by Lehman Brothers or Bear Stearns before they failed.

Jim Rickards is an economist, lawyer, former Wall Street Banker and also headed a CIA Task Force (after 9/11) on who profited from the event. He has written several best sellers, including *Currency Wars*. He has often noted that the Federal Reserve is insolvent on a mark-to-market basis. However, the Reserve carries its notes at cost and therefore avoids the technical definition of bankruptcy.

Was the panic of 2008 a harbinger of a far worse event that has not yet transpired? Nobel Prize winner Robert Schiller (Yale) has indicated that the 12% rise in housing prices last year is extremely rapid and probably indicates another bubble (U.S. Capitol Transcript, 2014).

China has downgraded U.S. debt, and some believe the debt level is only manageable with the Federal Reserve buying it. China has stated that our government borrowing has outpaced all realistic economic growth. At current levels, we are paying $ 237 billion in interest payments, so if interest rates rise by only 1%, then spending will go up $1.2 trillion. What will happen if interest rates quadruple?

A bipartisan bill has been introduced, the Federal Reserve Transparency Act, known by its name as Audit the Fed. This would eliminate the restrictions on the General Accounting Office (GAO) audits of the Reserve Bank. This would also bring their activities under congressional oversight. Their current level of privacy and some say secrecy would have to become transparent.

One of the signs that are really fundamental, and really important, is the ratio of the value of the stock market to the Gross Domestic Product (GDP). Currently the ratio is 203%. In 2008 the number was 183%. In 2004 it was 110%. Just prior to the Great Depression it was 87%. In other words, the same metric is more than twice as high today as it was in 1929. This is compounded by the Gross Notional Value of Derivatives in the world today, over $700 trillion. This is a factor of more than ten times the global GDP.

The inherent macroeconomic risk is that foreign nations, including China and Russia, are engaged in a sell-off of treasuries. If no one buys them, then interest rates will go up. High interest rates will depress, very substantially, the U.S. stock market.

One other flashpoint which will have global macroeconomic repercussions is the replacement of the dollar as the world reserve currency. The International Monetary Fund actually has a public plan to replace the dollar, and it has been published as a report *The Dollar Reigns Supreme by Default* (Prasad, 2014). The plan is scheduled to take effect over a ten-year period but it may occur at any time. The report states that the status of the dollar is in peril due to the largely increased supply. If enough governments sell off enough dollars (that is, their Central Banks) and diversify into the Euro, perhaps the Swiss Franc and precious metals to diversify and protect their holdings and investments, then this would represent even another flashpoint for a macroeconomic crisis.

In 2008, the Federal Reserve bailed out the U.S. institutions that were headed into default. The International Monetary Fund (IMF) is minimally leveraged and could bail out the Federal Reserve in another crisis. The IMF is populated for the most part by the non-elected, including Communists, dictators and New World Order advocates, including representatives of the Rothschild family. Could this be who takes over the world monetary system and could this become the central bank of the world? Their currency is called Special Drawing Rights. It's the currency of the New World Order.

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ETF – EXCHANGE TRADED FUNDS

Contributed by Chris Vermeulen

ETFs are available to trade on nearly every major stock exchange around the world. These funds allow investors to invest in various types of investments ranging from major indices around the world, sectors, stock groups, commodities, currencies and much more. You name something you want to invest in there is likely an ETF that will provide exposure to it.

Investors large and small know how a large number of choices within the ETF arena allow one to build some of the finest trading and investment portfolios in the world. The choices and opportunities available have most self-directed investors feeling like a kid in a candy store.

Exchange traded funds have exploded in popularity and many of them are consistently the most traded investment vehicles on the exchanges. Some of the reasons that ETFs have captured so many assets in so little time are:

- Easy to understand
- Can be traded during intraday
- Useful to institutions as well as individuals
- Provide unique exposure to various opportunities
- Low management cost
- Liquidity
- No short selling restrictions
- Trading on regulated exchanges
- Tax advantages

Comparing ETFs and Mutual Funds

	Exchange Traded Funds	**Mutual Funds**
Intraday Trading	Trades like a stock and can use market, limit, stop etc...	Can be purchased only at 4pm EST.
Fees	Annual expenses range from 0.9 – 99 percent.	Annual fees usually from 0.10 – 2.5 percent
Commissions	Some are commission free but most have a standard fee when bought or sold, just as stocks do.	No commissions are charged but there can be other fees.
Tax Advantages	Structure and low turnover results in lower taxes in general.	Actively managed funds have dramatically higher turnover

Short Selling	Short selling is allowed to profit from falling prices.	Most funds are not allowed to short sell
Redemption	Most ETFs do not have a taxable event when sold.	When funds sell holdings a taxable event is created, and gains or losses are reported.

Conclusion

Exchange traded funds are attractive for a number of reasons, but the real drivers to their popularity are a combination of having very low costs, high liquidity, and making investing simpler to manage with fewer tax related events.

To learn more about ETFs visit www.ETFDB.com

WHAT YOU CAN DO TO PROTECT YOURSELF -INDEX, GOLD AND OIL ETFs

In 2009 a technical analyst by the name of Chris Vermeulen shared his analysis, investment forecast and strategy in a book called "NEW WORLD ORDER ECONOMICS – What you can do to protect yourself". In January 2009 he forecasted that the Dow Jones Industrial Average was going to make a bottom within a couple months which it did. He also predicted the price of gold to start another major rally, and for crude oil to bottom and rally for years, which he was 100% correct.

So I caught up with Mr. Vermeulen and asked if he would share his analysis and forecast for 2015 and 2016. So here it is – ENJOY!

Chris Vermeulen, founder of *AlgoTrades Systems*., is an internationally recognized market technical analyst and trader. Involved in the markets since 1997, Chris' mission is to help his clients boost their investment performance while reducing market exposure and portfolio volatility.

Chris is also the founder of *TheGoldAndOilGuy.com*, a financial education and investment newsletter service. Chris is responsible for market research and trade alerts for multiple newsletter publications. Through years of research, trading and helping thousands of individual investors around the world, he designed an automated algorithmic trading software for the S&P500 index, which solves his client's biggest problem related to investing in the stock market: the ability to profit in both a rising and falling market. He is the author of the popular book "*Technical Trading Mastery – 7 Steps To Win With Logic*". He has also been featured on the cover of AmalgaTrader Magazine, Futures Magazine, Gold-Eagle, Safe Haven, The Street, Kitco, Financial Sense, Dick Davis Investment Digest and dozens of other financial websites.

US EQUITIES BULL MARKET IS ABOUT TO END

2014 was a tough year for small cap stocks. The Russell 2000 index is a great barometer of what speculative money is doing as a whole. History has shown that small capitalization stocks are the first group to show weakness after a multi-year bull market.

For all of 2014 this group of stocks has been struggling to hold up. Each time it nears a previous high, sellers come out of the woodwork and unload shares in large volume. This was the first tell-tale sign that institutions are starting to rotate their positions out of these high beta stocks.

Later last year in October 2014 the S&P 500 fell 10% in just a few weeks. The speed of the selloff and the heavy volume that accompanied it are yet another warning sign that the underlying strength of the stock market is weakening. This broad market selloff included the large capitalization stocks, which means the end is nearing.

If we turn our focus to the Dow Jones Industrial Average and look at the chart below you will see my prediction for 2015/2016.

I should be clear on what to expect during market tops because they differ than market bottoms. Most bottoms that occur are powered by fear. And fear has a price pattern on the chart that is much different than what we see during market tops when optimism is high.

Bottoms tend to be more violent with large range bars and the process happens in half of the time than what a bull market top requires.

Bull market tops take longer to form and for prices to actually breakdown and confirm it's headed lower. My thinking is that a market top may have already started. The underlying metrics are eroding and the heavy volume selloff in Oct 2014 was the first major signal that big money is selling.

I do feel the market as a whole can and will make some minor new highs, but will have strong bouts of selling shortly after. Late 2015 and going into 2016 is when the US stock market will likely start to get volatile and we will see the first MAJOR drop in value. It will be similar to the first breakdown bar that took place Jan 2008. A 15-20% drop that breaks the Oct 2014 low is going to be the straw that breaks the camel's back.

Once we get the initial break in price the market should pause or bounce for a few months as investors are still overly bullish at these BARGAIN prices "they think" and buy more shares. In reality it's the worst thing an investor can do at this stage of the stock market life cycle.

Once the bear market starts investors should expect 12-24 months of lower and sideways price action.

So How Do We Take Advantage Of This?

There are two ways to play the next bear market. First is to simply move your money out of stocks. This means sell long positions, pull money out of mutual funds etc… and just hold your money in cash. Cash is king and by doing this you will retain your current level of wealth and be ready to invest when the time comes later in 2016/2017.

The second option is to do the same as above but to put a portion of your money to work in a way that will allow you to profit from a falling stock market. That is to invest in ETFs, specifically inverse funds.

Inverse funds rise in value as the stock market price falls. For example if the Dow Jones Industrial Average drops 35% over the next 24 months, your investment would rise 35%, 70% or even 105% depending on the type of fund purchased.

Below are some ETFs that can be used to take advantage of the next bear market

ETF Overview

This is a list of all of the Inverse Equity ETFs traded in the USA which are currently tagged by ETF Database. Please note that the list may not contain newly issued ETFs. If you're looking for a more simplified way to browse and compare ETFs, you may want to visit our ETFdb Categories, which categorize every ETF in a single "best fit" category.

* Assets in thousands of U.S. Dollars. Assets and Average Volume as of 03/06/2015

Symbol	Name	Price	Change	Assets * ▼	Avg Vol	YTD
SH	ProShares Short S&P500	$21.38	-0.47%	$1,305,834	3,286,602	-1.93%
SDS	ProShares UltraShort S&P 500	$21.17	-1.07%	$1,178,083	8,492,393	-4.08%
TZA	Direxion Small Cap Bear 3X Shares 2013 Russell 2000	$11.00	-1.43%	$713,245	14,686,168	-8.42%
SPXU	ProShares UltraPro Short S&P 500	$35.64	-1.63%	$474,812	4,303,736	-6.41%
RWM	ProShares Short Russell2000	$15.07	-0.53%	$360,669	1,431,161	-2.46%
EUM	ProShares Short MSCI Emerging Markets	$26.13	+0.08%	$344,782	459,667	-0.76%
QID	ProShares UltraShort QQQ	$35.71	-0.89%	$309,239	3,000,745	-9.78%
FAZ	Direxion Financial Bear 3X Shares	$12.44	-1.50%	$281,325	3,352,103	-1.89%
SQQQ	ProShares UltraPro Short QQQ Fund	$25.55	-1.39%	$267,582	4,303,720	-14.58%
DOG	ProShares Short Dow30	$22.83	-0.87%	$223,595	552,276	-1.98%
SPXS	Direxion Daily S&P 500 Bear 3X Shares	$19.26	-1.58%	$206,122	3,323,621	-6.60%
DUST	Direxion Daily Gold Miners Bear 3X Shares	$20.87	+9.67%	$197,739	7,827,989	-15.61%
DXD	ProShares UltraShort Dow 30	$20.85	-1.88%	$182,033	1,013,115	-4.23%
PSQ	ProShares Short QQQ	$56.63	-0.46%	$174,985	433,012	-4.88%
TWM	ProShares UltraShort Russell 2000	$37.59	-1.00%	$172,538	1,424,180	-5.10%
HDGE	Ranger Equity Bear ETF	$11.18	+0.18%	$127,050	155,332	-2.19%
SDOW	ProShares UltraPro Short Dow 30 Fund	$19.19	-2.84%	$110,441	1,113,642	-6.71%
EDZ	Direxion Daily Emerging Markets Bear 3x Shares	$36.18	+0.44%	$85,406	1,100,958	-3.73%
ERY	Direxion Daily Energy Bear 3x Shares	$21.52	+0.19%	$78,394	3,722,974	+2.52%
SRTY	ProShares UltraPro Short Russell2000 Fund	$28.33	-1.70%	$76,330	953,238	-8.35%
JDST	Direxion Daily Junior Gold Miners Index Bear 3X Shares	$14.12	+12.96%	$73,431	5,991,196	-10.51%
RUSS	Direxion Daily Russia Bear 3x Shares	$13.10	+3.39%	$72,813	1,783,062	-53.49%
BIS	ProShares UltraShort Nasdaq Biotechnology	$35.35	+0.51%	$67,765	223,145	-23.45%
SKF	ProShares UltraShort Financials	$50.14	-1.32%	$60,783	60,310	-0.10%
DUG	ProShares UltraShort Oil & Gas	$54.87	+0.07%	$56,684	322,867	+2.55%

GOLD BEAR MARKET IS ABOUT TO END

Gold and silver have a little trickier of a situation to navigate and invest for maximum returns over the next 2+ years.

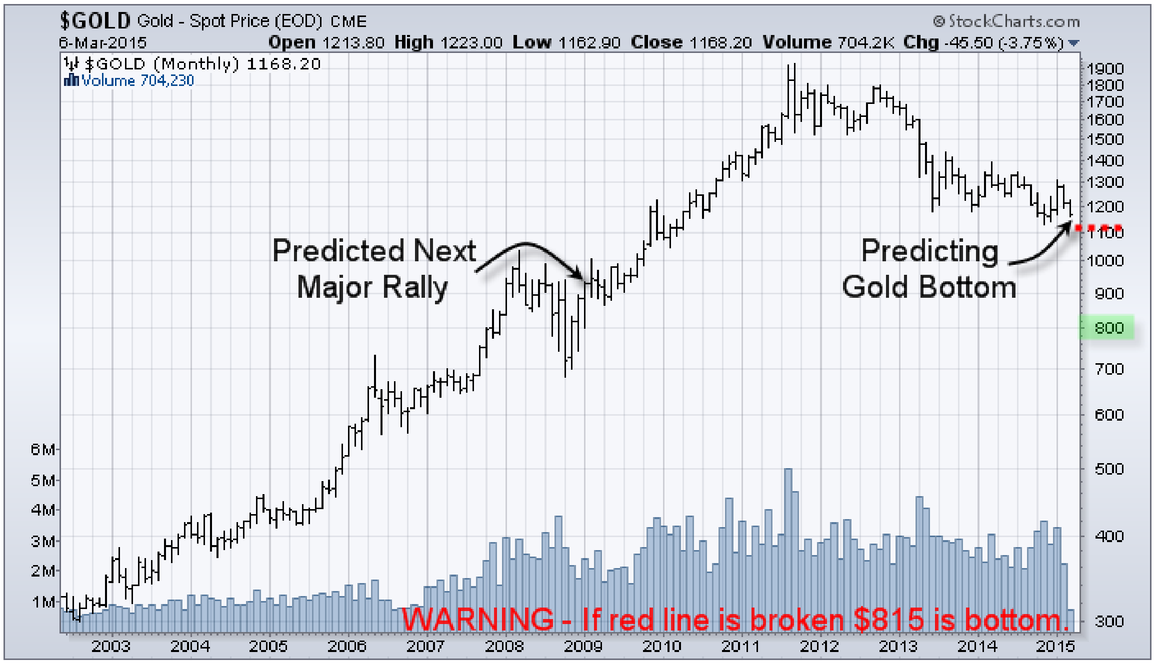
The most important thing to realize is that when a full blown bear market starts virtually all stocks and commodities drop including gold, silver and oil. Knowing that, investors must be aware that when the stock market starts its bear market the fear will rise and investors will inevitably sell their holdings and this means we could see gold and oil continue to fall much further from these levels before a true bottom is in place.

Is this time different than the 2008/09 bear market? Yes, this time we have possible wars starting, oil pipelines overseas being cut off, countries and currencies failing and even negative bond yields in some parts of the world – it's a mess to say the least. There are a lot of things unfolding, and most seem to be negative for the economy.

The currency problems and a possible war breakout (Middle East) will be bullish for gold and oil. So if a bear market starts in equities, and a war occurs or a currency fails, gold and oil should rally while stocks fall.

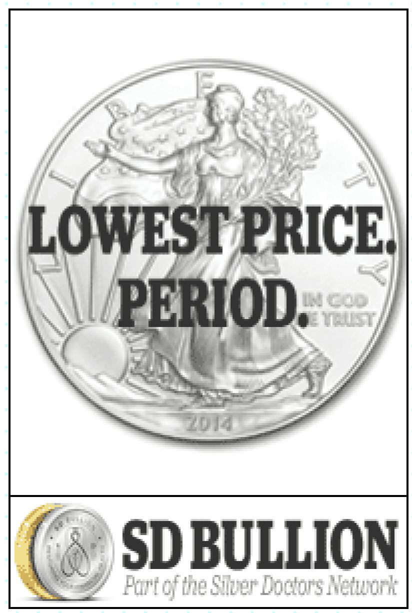
But if we don't have those severe crises, then if gold and oil break below their critical support level - which is the red line on the charts, and we have a bear market in stocks start, you do not want to be long stocks or commodities.

I have drawn a line in the sand for gold at $1050. If this level is broken then $815 per/ounce is not out of the question. It seems everyone is bullish on precious metals and have been buying like crazy. But as I wrote in 2009 this bullish sentiment actually is pointing to much lower prices if support is broken.



You should look as gold and silver in two ways. The most important way for the next 5-10 years will be holding physical metal to preserve wealth and to have in hand or accessible from third parties not including governments or banks. I personally am using [SDBullion.com]() to purchase my physical gold and silver, and I am doing this for a few reasons.

1. They have great service/support. When you need help or have questions they answer with live chat, phone or with 1 day via email.
2. They have a large enough selection to purchase what you need to retain your wealth via bars, rounds, coins, and other necessities.
3. Last but not least they have the lower prices one the web. Trust me I have spent months searching for better total cost of delivered metals to my door step both in Canada and the USA. They are always more affordable.



Below are some ETFs that can be used to take advantage of rising gold prices. While there are other funds that cover gold miners I feel they may not perform well during the equities bear market. Investing in physical gold is the best play at this stage of the game but when the equities bear market looks to be nearing an end, gold mining stocks will be the best place to be.

ETF Expenses

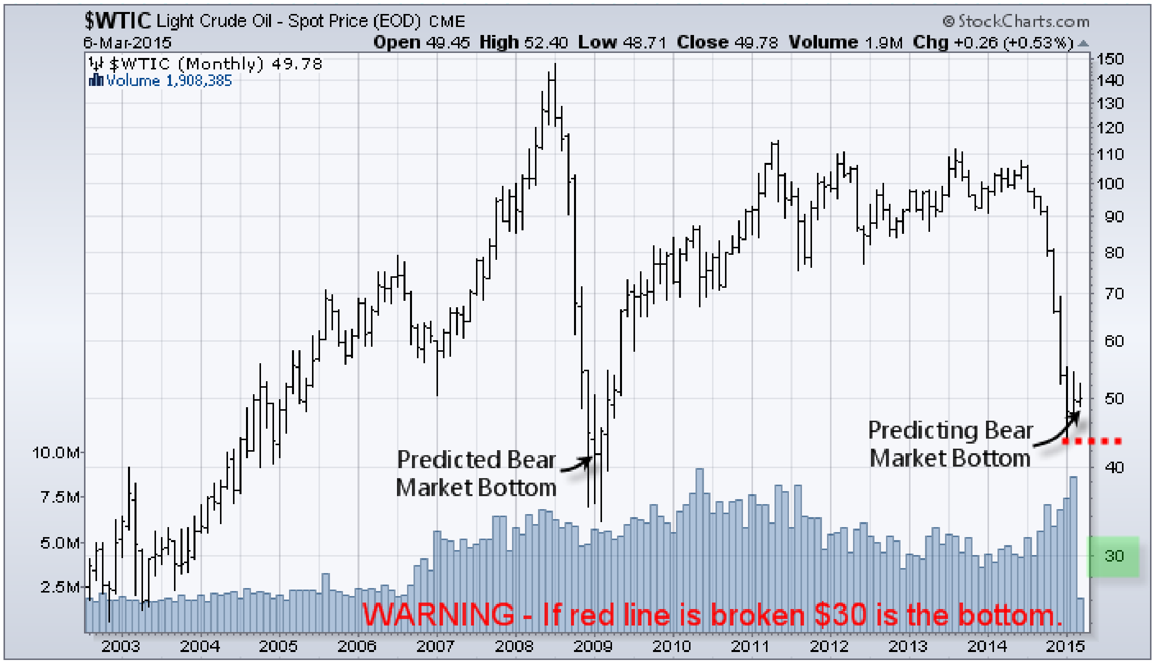
The following table includes expense data and other descriptive information for all Gold ETFs listed on U.S. exchanges that are currently tracked by ETF Database. In addition to expense ratio and issuer information, this table displays platforms that offer commission-free trading for certain ETFs.

Clicking on any of the links in the table below will provide additional descriptive and quantitative information on Gold ETFs.

Symbol	Name	ETFdb Category	Inception	ER	Commission Free
GLD	SPDR Gold Trust	Precious Metals	2004-11-18	0.40%	Not Available
IAU	COMEX Gold Trust	Precious Metals	2005-01-21	0.25%	Not Available
SGOL	Physical Swiss Gold Shares	Precious Metals	2009-09-09	0.39%	Charles Schwab
DGL	DB Gold Fund	Precious Metals	2007-01-05	0.79%	Not Available
DGP	DB Gold Double Long ETN	Leveraged Commodities	2008-02-27	0.75%	Not Available
UGL	Ultra Gold	Leveraged Commodities	2008-12-01	0.95%	Not Available
GLL	UltraShort Gold	Leveraged Commodities	2008-12-01	0.95%	Not Available
OUNZ	Gold Trust	Precious Metals	2014-05-16	0.40%	Not Available
DZZ	DB Gold Double Short ETN	Leveraged Commodities	2008-02-27	0.75%	Not Available
TBAR	Gold Trendpilot ETN	Precious Metals	2011-02-22	1.00%	Not Available
AGOL	Physical Asian Gold Shares	Precious Metals	2011-01-14	0.39%	Not Available
UGLD	3x Long Gold ETN	Leveraged Commodities	2011-10-17	1.35%	Not Available
DGZ	DB Gold Short ETN	Inverse Commodities	2008-02-27	0.75%	Not Available
DGLD	3x Inverse Gold ETN	Leveraged Commodities	2011-10-17	1.35%	Not Available
GEUR	Gartman Gold/Euro ETF	Precious Metals	2014-02-11	0.65%	Not Available
GYEN	Gartman Gold/Yen ETF	Precious Metals	2014-02-11	0.65%	Not Available
UBG	E-TRACS UBS Bloomberg CMCI Gold ETN	Precious Metals	2008-04-01	0.30%	Not Available
BARS	Daily Gold Bear 3x Shares	Inverse Commodities	2014-04-10	1.56%	Not Available
BAR	Daily Gold Bull 3x Shares	Leveraged Commodities	2014-04-10	1.56%	Not Available
GLDI	Gold Shares Covered Call ETN	Precious Metals	2013-01-29	0.65%	Not Available

CRUDE OIL BEAR MARKET IS ABOUT TO END

My points on gold and oil in the previous section should be reread because if the support levels are broken oil will fall 40%, and gold another 35% from the current prices.



Below are some ETFs that can be used to take advantage of rising oil prices. While there are other funds that cover oil stocks I feel they may not perform well during the equities bear market. Investing in physical oil is the best play at this stage of the game but when the equities bear market looks to be nearing an end, energy stocks will be the best place to invest.

ETF Expenses

The following table includes expense data and other descriptive information for all Crude Oil ETFs listed on U.S. exchanges that are currently tracked by ETF Database. In addition to expense ratio and issuer information, this table displays platforms that offer commission-free trading for certain ETFs.

Clicking on any of the links in the table below will provide additional descriptive and quantitative information on Crude Oil ETFs.

Symbol	Name	ETFdb Category	Inception	ER	Commission Free
USO	United States Oil Fund	Oil & Gas	2006-04-10	0.45%	Not Available
UCO	Ultra DJ-UBS Crude Oil	Leveraged Commodities	2008-11-24	0.95%	Not Available
OIL	S&P GSCI Crude Oil Tot Ret Idx ETN	Oil & Gas	2006-08-15	0.75%	Not Available
UWTI	3x Long Crude ETN	Leveraged Commodities	2012-02-08	1.35%	Not Available
DBO	DB Oil Fund	Oil & Gas	2007-01-05	0.75%	TD Ameritrade
SCO	UltraShort DJ-UBS Crude Oil	Leveraged Commodities	2008-11-24	0.95%	Not Available
DWTI	3x Inverse Crude ETN	Leveraged Commodities	2012-02-08	1.35%	Not Available
USL	United States 12 Month Oil	Oil & Gas	2007-12-06	0.88%	Charles Schwab
DTO	DB Crude Oil Dble Short ETN	Leveraged Commodities	2008-06-16	0.75%	Not Available
DNO	United States Short Oil Fund	Inverse Commodities	2009-09-24	0.60%	Not Available
OLO	DB Crude Oil Long ETN	Oil & Gas	2008-06-16	0.75%	Not Available
TWTI	Oil Trendpilot ETN	Oil & Gas	2011-09-15	1.10%	Not Available
SZO	DB Crude Oil Short ETN	Inverse Commodities	2008-06-16	0.75%	Not Available
OLEM	Pure Beta Crude Oil ETN	Oil & Gas	2011-04-20	0.75%	Not Available

To learn more about ETFs visit www.ETFDB.com

The Great American Disaster:

How Much Gold Remains In Fort Knox?

The US Government declared bankruptcy. Oh, they didn't call it that at the time. But what happened on August 15, 1971 was that the US defaulted on its promise to pay gold for dollars.

Before that day, gold was the legal linchpin of the world monetary system. Although every currency was defined in terms of the US dollar, the dollar itself was legally defined as 1/35th of a troy ounce of gold.

Since then, there really has been no center to the international monetary system. The "reserve currency" continues to be the US dollar. But there is no official definition of what a dollar is. Like every other currency, its value changes every ten seconds as it is traded on the global currency markets. It is a promise to pay nothing. Its value has been devalued for years. On top of that, enormous effort has since been put into the global currency markets: buying, selling, manipulating…none of which has caused anything productive to the world economy. Oh, sure, currency investing has made some of us rich, but is it really the same kind of wealth that, say, Steve Jobs has created with Apple?

After cutting that last tie to gold, there was no longer any discipline left to keep the value of the dollar steady. The US dollar of August, 1971 is as of 2009 worth just over 18 cents, according to the Inflation Calculator. Thus, in purchasing power, the dollar has lost over 80% in the past 39 years.

Only foreigners were legally able to turn in their US dollars and get gold from the US Government from 1934 to 1971. August 15 of that year closed off that last power of convertibility.

In 1934, gold was confiscated from US citizens, melted from coins into bars, and gathered over the next few years into a new storage facility at Ft Knox, Kentucky. After that, the official price of gold was raised from $20.67 to $35, a devaluation of the currency that was an attempt to inflate the economy out of depression. It didn't work, but what it did do was to attract more gold in one place than had ever been seen.

At a time when deflation was depressing prices for all assets, the drastic rise in the official gold price made people all over the world want to sell their gold to the US Treasury. For many years, $35 an ounce was higher than the market price, so foreign sellers got a bargain.

The peak amount of gold held in Fort Knox reached 701 million ounces of gold. This was in 1949. This amount equaled 69.9% of all the gold in the world; never before had so much gold been gathered in one place.

But soon after that, gold began to leave Ft Knox and was shipped to the foreign persons and institutions who ponied up their $35 in Federal Reserve Notes for each troy ounce of gold they wanted. At some point in the 1950s, $35 became too cheap a price for gold.

From then until 1972, at least 75% of official US gold left the nation in exchange for paper dollars which can be printed at will. However, I think the total amount of real gold which remains is even less. The exact amount that remains is now officially listed at 147.3 million ounces. From the peak, that is a decline of 79%.

In 1988, 22 years ago, I wrote a book about Fort Knox, the gold there, and the documented history of official lies, evasions and incompetence of those who were entrusted with the gold.

I say “documented history” because when writing the book, I was very careful to only include official documents and private correspondence from the US government, stretching from 1934 to 1987. Using their own responses to the questions of just how much gold is left, and what that gold’s quality is, for the first time this book put all these governmental attempts to answer the questions about their own gold policies in one place. What their responses revealed was shocking to me.

Nothing since 1988 has happened to change my views.

The Story Of A Great Man

How I came to write this book is an interesting story. I was in the right place at the right time. A man named Edward Durell had been corresponding with the highest US governmental officials for years when he asked me to come to his Virginia farm and write a book based on all his work. He was nearly 90 years old, and had been a wealthy industrialist who had bankrolled the campaigns of many politicians for decades. He was dying (he would die weeks after the book came out) and wanted to see all his concerns made public before he did. It was his life's work to restore transparency and honesty to the monetary system. (He had learned about me from Congressman Ron Paul. Five years before, in 1982, I had ghostwritten half of Paul's book, The Case For Gold.)

When President Nixon closed the gold window exactly 39 years ago, Durell began hearing rumors that made him concerned about the amount and quality of the gold that remained in Fort Knox. While Durell was a lifelong Republican, he never trusted Nixon, and considered him a world-class liar.

However, within days of Nixon's resignation in August of 1974, Durell contacted his old friend (and longtime recipient of Durell's money for his various past elected offices) William Saxbe. Saxbe wasn't just anybody: he was then the United States Attorney General, the highest legal official of the executive branch of the government. With a new

President, Gerald Ford, who Durell considered more honest, he asked Saxbe to mount a complete audit of the gold at Ft Knox.

Saxbe moved quickly to try to placate Durell, and barely six weeks later, on September 23, 1974 Mary Brooks, the Director of the US Mint, led six Congressmen and one Senator on a tour of Ft Knox. It was the first time since Franklin Roosevelt visited on April 28, 1943 that anyone except Mint and Treasury officials had been allowed inside of Ft Knox. Too my knowledge, no outsider has been inside ever since.

It was not an audit or inventory of the gold supply; but simply a tour. But there was more of a carnival atmosphere than anything else. While it seemed to placate the few elected representatives at the time, upon reflection several of them publicly pronounced themselves unsatisfied.

I tell the story of this, and more, in the book. I don't want to repeat it here. I'm trying to get the book put online, and by the time we go to print with this issue, I may be able to do this. Until then, there are copies of the book available at Amazon.com. It is called '…Good As Gold?': How We Lost Our Gold Reserves and Destroyed The Dollar. (I wrote it as Christopher Weber.)

The book was not a success. In fact, no other book I ever wrote made so little an impact. It came out to a world which didn't care about the subject. It was not a "sensationalist" book, in the sense that we were not screaming that there was no gold left in Ft Knox. That approach would have gotten more press. Instead, the tack we took was to let the official government responses speak for themselves, while pointing out their poor quality and very unsatisfactory nature. We didn't want to put out any allegation that would not stand up in a court of law: that's how carefully the book was written. I've sometimes thought that the massive indifference which greeted the book hastened Mr. Durell's death, and I've felt bad about that ever since. Durell was a great man who deserved better.

Part of the failure was my own fault. I did very little to promote the book. This is because I am not a good promoter of anything; I don't like to be the center of attention and have always tried to avoid fame and the spotlight. While I'm happy to say that I've been successful in the avoidance of fame, in this case, I was the wrong person. With Durell dying, the burden of any promotion of the book fell to me, and I let him down.

Maybe a great promoter could have gotten the public interested in the story of how America lost its gold, but by 1988, the bull market in gold had become a distant memory, so maybe nothing would have worked.

Of course, the book didn't have the best title; I've forgotten who came up with it (probably me). The "Good As Gold?" part was based on a speech given by President Kennedy days after he took office in January, 1961. As he put it, "the growth in foreign dollar holdings has placed upon the United States a special responsibility – that of maintaining the dollar as the principal reserve currency of the free world. This required that the dollar be considered by many countries to be as good as gold. It is our responsibility to sustain this confidence."

Sadly, the policies of JFK were just like those of every president from FDR to Obama. They all have treated the value of the dollar as something to be sacrificed in favor of other goals. The only reason why the US dollar is still the reserve currency of the world is that no other nation is in a position to have a currency to challenge the dollar.

What has happened instead is that the dollar is no longer “as good as gold," and that every currency has fallen in value in terms of gold.

The One “Audit” Of Fort Knox

The only audit that has ever been done of the gold inside Ft Knox was done days after Dwight Eisenhower became President in January of 1953. After 20 years of Democratic presidents, the American public wanted to be sure that the gold confiscated from them was still there. Thus, the new President ordered an audit within hours after taking office.

The central problem was that it wasn’t much of an audit. To sum it up:

1. Representatives of the audited group were allowed to make the rules governing the audit. No outside private experts were allowed.
2. Those government bureaucrats involved were inexperienced in their tasks, by their own admission.

3. The entire audit of the largest gold hoard ever concentrated in history lasted only seven days.
4. Only a fraction of the gold was actually tested. Later, the officials put this fraction at just 5%.
5. Based on that fraction, the official committee reported that, in their opinion, all the holdings would have matched their records if they'd all been tested.
6. If the audit was accurate, the fact remains that almost 80% of it went overseas in the coming years. If the audit was not accurate, the amount of gold lost could have been even more.

This one and only audit reassured the America of 1953. But that America was still used to accepting official government statements at face value. In later years, after all the lies connected with Vietnam, Watergate, and so many things ever since, Americans today have lost much of their respect and belief in the words of their government. (In fact, few today even view it as "their" government.) An audit such as the one of 1953 would today satisfy almost nobody.

The years after 1953 saw hundreds of millions of ounces of gold fly out of the US. It is absolutely certain that wealthy Americans, operating behind foreign institutions, were able to accumulate gold at what are clearly now bargain prices. But more important, America's enemies were able to do the same: exchanging the paper dollars for gold at $35 an ounce.

In the book, I tell the sad story of how Washington tried to suppress the price of gold during the 1960s with the London Gold Pool. Both the official and private responses regarding this are included.

It is clear to me that the last bull market for gold lasted 20 years, from 1960 to 1980. However, the price of gold only rose during the 1970s. This is because the price was manipulated – suppressed – all during the 1960s. When the manipulation stopped, the price soared far and fast to make up for the time it had been held down artificially. From $35 in 1971 to $850 at the January 1980 peak, that's a rise of 2,329% at a time when every other asset class was either doing nothing or plunging.

After a period of moderation in inflation which began in 1980, gold went into a bear market. However, it reached a low of $256, much higher than the old low of $35. When the price began to rise in 2001, it hasn't stopped. However, this has been a stealth rise, a bull market that has been ignored by most people.

Even after 10 consecutive years of annual rise, very few people own it or are excited about it.

I think there is still much, much more room for gold to rise. This bull market will take the price to a level much higher than most anyone today believes possible.

There are people who today think gold's price is being manipulated and held down. If they studied the history of the London Gold Pool, they'd have to realize that any supposed suppression going on today is child's play compared to what went on as official policy in the 1960s. If gold's price action since 2000 has been suppressed, I say bring on more of it! It's making gold holders wealthy.

10 year gold price history in US Dollars per ounce

We're straying a bit from the main subject.

The central part of what I learned is that, by official admission, only a small percent of the gold that is left in Fort Knox is "good delivery" gold. In fact, though this is just my opinion, I wonder if there was so little such good delivery gold left by August of 1971 that Nixon had to close the gold window.

“Good delivery” gold is gold that is at least .995% pure. Pure gold is .9999 fine. However, gold is allowed to be .995 fine and still be acceptable to buyers, such as central banks and sophisticated investors. All of the gold that had left Ft Knox before the window closed 39 years ago today was “good delivery."

The shocking admission Ft Knox holds very little good delivery gold was made to Mr. Durell by the chief official of the General Accounting Office (GAO).

This happened a few months after the September 1974 tour. During that event, which lasted less than four hours, the visitors were shown only what the Treasury officials conducting the tour intended these elected (non-expert) representatives to see. Only one of the 13 compartments supposed to contain gold was actually opened to the visitors. As the cameras flashed, a few bars were weighed by the Congressmen. None of them were assayed.

But even worse than this was the fact that these eyewitnesses were shown bars that were strangely orangish in hue. This is a sign that they are far from pure gold.

This should come as little surprise, however. Remember that the gold confiscated from Americans had usually come in the form of gold coins. Pure gold coins are considered too soft and copper is usually added to strengthen them. US coins before 1933 contained about 10% copper and 90% gold. Thus, the bars made from melting them often contained the same proportion. Some of the new bars had the copper removed: these were good delivery bars that went out the gold window before 1971.

But much of what was left, as seen in the one compartment opened in Ft Knox, were quite obviously of bad quality. They were the dregs of what had been the greatest accumulation of gold that had ever been seen.

At the same time, the Treasury agreed to audit the gold. However, they only agreed to audit 20% of the gold. This was supposedly done over a 30-day period that began the day after the tour.

The results of this “audit” were released in February of 1975. Mr. Durell was less than impressed with the whole thing: it was certainly not what he had wanted when he brought up the subject with Attorney General Saxbe the previous August. He felt, with justification, that he (along with everyone else) had been bamboozled.

By February 1975 Saxbe was Ambassador to India, so Durell communicated his displeasure through his local Virginia congressman.

As a result of this, the GAO sent four men to Durell's Virginia farm to try to convince him of the validity of their accounting practices. In charge was Hyman Krieger, the GAO's Washington regional manager.

The one concrete piece of information to emerge from this meeting was a bombshell. Krieger admitted that only a small part – 24.4 million ounces – of the official gold was of a quality of .995 or better. In other words, **less than 10% of the 264 million ounce held by the Treasury could be considered good delivery gold.**

Krieger confirmed this in a letter to Durell of April 11, 1975:

"We analyzed, as agreed, the gold bar schedules for Fort Knox and found that fine gold in good delivery form (.995 or better) at Fort Knox totaled 24,411,140 ounces."

This from the 701 million ounces that were the supposed peak. In fact, in the absence of a true and independent audit and assay, we really can't be sure of how much is actually there. First the Treasury said that 264 million ounces of gold was there by the end of 1972, but later on the number was changed to 147.3 million ounces, and that's the number it stands at today.

What happened to change the 264 million to just 147? How much – exactly – remains in Fort Knox? Of that, how much – exactly – is good delivery quality? What is the quality of the rest?

After an unsatisfactory 1976 attempt by the US Treasury to answer its critics, the curtain came down. The next President, Jimmy Carter, was even worse. His people were even less interested in candor than the Ford officials were.

And Reagan? Although he made nice noises about a return to a gold standard, his officials met any attempt at an honest and transparent look inside Fort Knox with slippery evasions that contained more than a hint of ridicule and mockery.

I don't have the space to detail all these here, but they are in the book. It is all a most dispiriting story.

If the US Treasury was really interested in erasing all the questions, they could have done so at any time by allowing a truly independent audit, with acknowledged experts.

Instead, the history of their responses over the decades gives the impression that they have something to hide. They have done their part to cause the average American to distrust their government, regardless of which political party is in power.

Occasionally, news leaks out that makes one wonder how bad things really are. The New York Assay Office had been the only part of the Treasury that had melted and refined gold starting with the 1934 confiscations. A few years ago, it was announced – in connection with another story – that over 5,000 ounces of gold had been stolen from this office. According to the Treasury official in charge, "The full truth [amount] may never be known because the records are so poor.” Two Treasury employees were ultimately charged with theft in this one case, but who knows how many other episodes have happened? No one is watching. Everyone knows that for every government scandal that is revealed, many more are covered up. Some are done by design, some by just plain incompetence.

After decades of mismanagement, it is clear that nearly all of the good-quality gold in Fort Knox is gone. If a real audit were ever done and made public, it would shock the nation.

In an era where the world is finally rediscovering the value of gold, the only ways the US will ever get back anymore official gold will be either to buy it in the open market or to confiscate it from its citizenry again.

The government may indeed try to confiscate gold from Americans again: I can’t put anything past them. But the Americans of today’s world are not like those of 1933. They are suspicious of their government, and would act more like Europeans have always done: they’d hide their gold from the government. The only way the 1933 confiscation worked was by voluntary participation. Americans considered their turning in of gold as a patriotic act. This would not be the case today.

It is much more likely that America will continue to denigrate gold, just as it has for decades. Most officials; indeed, virtually all officials, don’t respect gold at all. In that, American officials are much like American investors. Future historians will be amazed at just how fast America declined starting in the late 20th century. As has happened so often in the past (although much more slowly) no great nation ever went off the gold standard and remained great.

China Moves To Increase Domestic Gold Demand

This is so very different from the actions of the Chinese. Slowly but surely over the last few years they have been turning toward gold. First the Chinese central bank has bought all of the production of the gold mined in China. It has so encouraged mining that the nation has become the largest producer of gold on the globe.

However, until now, the decades-old policies of dictating to domestic commercial banks have stood in the way of gold accumulation by both banks and individual Chinese. This now is changing. On August 3, the government issued new rules which allow at least some banks to import or export gold for the first time in the history of post-1949 China.

It is a safe bet that Chinese banks will not be exporting gold. In effect, they are being given the green light to buy gold on global markets and sell it to their customers, or just keep it themselves. Actual gold trading in China has been rather thin, what with the government taking up all of domestic production.

This new policy seeks to widen the amount of gold available to Chinese.

The rules not only cover domestic Chinese banks. Foreign banks in China are also now free to import and sell gold to Chinese.

A few weeks ago I titled an issue: “Has China Put A Floor Under Gold?” The idea was that Chinese appetite for gold is now such that any price corrections are very small and don’t last very long.

The price action of the past few days has shown that this is looking to be the case. After gold soared to a record high $1,261 in June, it backed off. This was only natural, after such a huge advance of over 80% in about 18 months. I wouldn’t have been surprised to see gold correct to lower than the low of $1,155 it briefly touched last month.

Since then, gold has turned up again. It’s looking like the 6–7% correction we saw is all we’re going to get. Moreover, it lasted just a very few weeks.

Look at a gold price chart over from the past several months and it is becoming clear that the correction from the record high is like nearly all the other corrections since this bull market started: very small.

The action hasn’t given buyers who want a bargain time to get in.

When I say “China” is putting a floor under gold, it is probably better to say “Asia” in general. The Chinese in Hong Kong and Singapore as well as the Indian communities in Asia are buying. Also, don’t forget the Vietnamese. All over Asia people are snapping up gold without waiting for a major correction. By so doing, they may be making sure that a major correction doesn't happen.

The best policy is not to try to time your purchases. Just accumulate to the point where you have enough, in percentage terms.

An Editorial

I suppose you can sum up all this by stating some simple numbers. When Americans gave up their gold back in 1933, they were paid $20.67 for each ounce they surrendered. If they had simply lost one of those ounces behind the sofa, today they could exchange it for over $1,200. But if they had taken that $20.67 and misplaced it until today, that amount of money would only buy what a mere $1.32 would have bought them they day they turned in their gold.

That's how well the dollar has held its purchasing power since 1933. And that's how well gold has held its.

If gold is ever confiscated from Americans again, they're going to have to make a choice. If they know their history, they will know that the last time the people's gold was confiscated, the government treated that gold poorly. Let it slide through it's fingers, let it be bought for much less than its true value and in exchange for it's own pieces of worthless paper. Who knows how much was simply stolen by government employees acting on their own? But likely much more was lost in foolish schemes like when in the 1950s the CIA parachuted millions of dollars worth of gold bars into Poland to support what they thought was a powerful underground movement against the Soviets. In fact, the Soviets had wiped out that movement years before, turned its key people into double agents and played the CIA for suckers. As time passes, we are hearing more stories like this.

The only Americans who ended up with American gold were the wealthy who were able to buy it offshore. Thus, we saw a transfer of wealth from middle class to wealthy long before people have recognized that trend today.

In short, the US Government fouled up the entire episode in much the same way that it has ruined nearly everything else it has touched.

Indeed, there is reason to think if Americans' gold is ever confiscated again, it won't be by the central government, because that government will have finally lost all legitimacy. Instead, we could see a pattern of local strongmen or warlords that have afflicted other nations in the past – even now-modern nations like Japan and in Europe – and still is seen in places like Afghanistan. Some of those warlords, like the "Northern warlords" of the Ahmed Shah Mossoud organization, have been supported by the Americans; others have been opposed. It would be the kind of tragic irony history loves if local warlords are ever seen on American territory: instead of the US conquering Afghanistan, in effect the US will have been conquered by Afghanistan.

I think we are at the point that if honest money is ever to be seen, we will have to see also a complete separation of money and state.

The State has had its chance to control money: It has made a mess of it.

Chris Weber writes the Weber Global Opportunities Report. He has been an investor since 1971.

Source:

Weber, C. (2010, August 17). The Great American Disaster: How Much Gold Remains In Fort Knox? – LewRockwell.com. Retrieved from https://www.lewrockwell.com/2010/08/chris-weber/the-great-american-disaster-how-much-gold-remains-in-fortknox/

Website: http://www.weberglobal.net/

YOU MUST KNOW HISTORY TO UNDERSTAND YOUR PRESENT

A STUDY OF THE 2008 COLLAPSE

"There are no rules here – we're trying to accomplish something." - THOMAS EDISON

Dr. Tatyana Koryagina, a senior research fellow in the Institute of Macroeconomic Research in Moscow, stated in a Pravda interview that "the U.S. is engaged in a mortal economic game. The known history of civilization is merely the visible part of the iceberg. There is a shadow economy, shadow politics and a shadow history." She went on to say, "It is possible to do anything to the U.S. Generally, the Western economy is at the boiling point now. Shadow financial activities (of $1000 trillion) are hanging over the planet. At any moment, they could fall on any stock exchange and cause panic and crash." She further stated, "The U.S. has been chosen as the object of financial attack because the financial center of the planet is located there." [1]

This is a very interesting statement from an individual who is known as a personal advisor to Vladimir Putin, the Russian Prime Minister. What do the Russians know - what is Vladimir Putin privy to? Why were institutions and individuals blindsided by the financial tsunami of 2008? They did not understand that liquidity can be an illusion. It is there when you don't need it but "gone with the wind" when you do.

Tatyana is telling us with some dark speech that the only thing we don't know about investing is the investment history we don't know. It's not necessarily confined to a matrix. We're in the very beginning stages, depending on who you listen to, of the worst financial crisis since the Great Depression. It's the 'shadow financial system' that has created the current crisis that we're in. The shadow financial system consists of non-bank financial institutions that, like banks, borrow short, and in liquid forms, and lend or invest long in less liquid assets. They are able to do this via the use of credit derivative instruments. The system includes SIVs (Structured Investment Vehicles), money market funds, monolines, investment banks, hedge funds and other non-bank financial institutions. These are subject to market risk, credit risk and particularly liquidity risk.

We have learned that Investment Banks (and active managers in general, such as hedge funds) cannot protect from bear markets. They themselves were unprotected. One exception (if you consider a 2-year history) were the Paulson Credit Opportunities and Paulson Credit Opportunities II hedge funds, which produced net returns of about 590% and 352% in 2007 and lesser returns of about 19% and 16% in 2008. The Paulson Event Arbitrage Fund returned 100%, and the Paulson Merger Arbitrage fund returned 52.0% in 2007. The amount of money generated by Paulson and Co., both for themselves and their partners can only be described as ridiculous. These funds generated tens of billions of dollars in profit in 2007. If the fund operates with a traditional "2 and 20" (2% management fee, and 20% performance fee), that means that the fund likely generated at least 3-4 billion dollars in profits for the principals. Not a bad year. 2008 was more subdued. The primary leverage against the sub-prime market was effectively utilized in 2007 by these funds. I list these because they're an excellent example of principle – innovative think-tank type planning and execution. Once it was planned it was as good as done.

The opposite of this thinking is reflected in how the State of Florida happened to lose $ 61.4 Billion in state-administered funds in only a year and a half in 2008. The State Board of Administration protects $ 97.3 billion in pension money for retired state employees, and invests another $ 25.3 billion for school districts and state and local governments. A close friend of mine sat on the Board for ten years. Auditors warned them year after year about complex and high-risk investments but these warnings were ignored. The chief internal auditor who wrote one of the more recent reports stated "Risk is an inherent component of doing business. To appropriately manage risks, organizations should have mechanisms to identify, measure and monitor relevant key risks not only at the business or product level, but at the institutional level." The SBA took on real estate and private partnership investments, and added leverage to the equation. One investment, $ 5.4 Billion into an apartment complex in Manhattan, is now valued at 10% and Wall Street credit firms have downgraded bonds tied to the deal. They were also using complicated financial instruments called derivates, which billionaire investor Warren Buffet once called "financial weapons of mass destruction."

In the 18-month period covered by the audit, the unit handled $ 1.1 trillion of transactions with limited oversight. One trader bet $ 1.4 billion on a single trade. The audit also revealed that the unit let an unauthorized trader, a trainee, deal a total of $ 30 billion in securities. In the audit period, 70% of the trades were done with only four brokers – Bank of America, Goldman Sachs, UBS and the now-defunct Lehman Brothers. While they delayed finalizing the audit, the 2006 State Legislature passed two bills allowing the SBA to use even riskier financial strategies, and the other made it more difficult for outsiders to scrutinize some SBA investments. In August 2007 they were finally required to attend risk training. Deloitte and Touché recently completed a $ 198,750. Investment Performance Risk Review and another firm has been hired for an approximately $ 182,500 contract (plus expenses). The SBA says it's a pittance and "money well spent."[2]

The auction-rate securities market, hundreds of billions, seized up in 2008. Indy Mac failed in 2008. Lehman left the country with a $ 168 Billion bankruptcy in 2008. The AIG entry into the credit default swap field required a government bailout in 2008. Hedge fund losses were huge, the worst in 15 years in 2008. The current crop of LBOs for the most part failed in 2008.

Let's look at Mortgage Backed Securities and CDOs at that point in time. The complex market for asset-backed securities took a major blow. A U.S. Federal Judge ruled to dismiss a claim by Deutsche Bank National Trust Company. The US subsidiary was seeking to take possession of fourteen homes from Cleveland residents living in them, in order to claim the assets. The Judge asked DB to show documents proving title. No mortgage was produced, needless to say. The net result is that hundreds of billions of dollars worth of CMOs in the past seven years are not securitized. One source places the number at $ 6.5 Trillion.

Global securitization was a phantom idea – when large banks bought tens of thousands of mortgages, bundled them into Jumbo securities and then had them rated prior to sale to pension funds or accredited investors, they believed they were selling (and the counterparties believed they were buying) AAA or at the least investment grade quality. They never realized the bundle contained a significant toxic factor rated "sub-prime." No one opened the risk models of those who bundled them.

In 2008 Investment Banks took on more risk than they had ability. Their baskets of risk were highly correlated. The leverage made no sense. When LTCM fell in 1998, this is exactly what happened. Banks as you know leverage 10:1 or greater. A $200 Billion loss in the financial system leads to a $2 Trillion contraction of credit. Lehman was at least 30:1 with just assets. Off-balance sheet risks were not considered which probably brought the leverage to over 100:1. Systemic damage has been done.

This was to date the worst financial crises this generation has ever faced. The housing sector was literally in free fall. Calculated Risk, a very credible web site, estimates that a 10% drop in prices will create 10.7 million households in default. A cumulative fall in home prices of 20% implies 13.7 million households with negative equity while a cumulative fall of 30% implies 20.3 million households with negative equity. What is the size of these losses for financial institutions and investors? If a 15% total price decline occurs, and a 50% average loss per mortgage, the losses for lenders and investors is in the $ 1 Trillion category. Assuming a 30% price decline you can double that. [3] The whole spectrum of financial and credit markets has been effected. Commercial real estate followed the trend of residential.

You have to consider geostrategic and long-term issues before allocating assets. This would include foreign policy, energy supply risks and G7 bond and stock markets. You have to consider financial deleveraging on the currency market. You need to game out the scenarios of the IMF on this chess board, among many other players. Alternative investments holdings such as non-US denominated bonds (AAA rated in hard currencies), South African gold shares, direct holdings in strong currencies and diversifications into alternative investments are a must if you are to survive. Gold and silver are keys. Exchange Traded Funds (ETFs) are one holding mechanism.

A synopsis of reasons I believe this is correct is deductive logic from a Global Economic Analysis site:

Roubini nailed three reasons for a severe recession but dismisses "L" because the U.S. acted faster than Japan. I do not buy that argument for these reasons:

- U.S consumers are in much worse debt shape than Japan.
- There is global wage arbitrage now that did not exist to a huge degree in the mid to late 1990's. Even white collar jobs are increasingly at risk.
- The savings rate in the US is in far more need of repair than what Japan faced. This will be a huge drag on future spending and slow any recovery attempts.
- Japan faced a huge asset bubble (valuation) problem. The US faces both a valuation problem (what debt on the books is worth) and a rampant overcapacity issue as well.
- Japan had an internet boom to help smooth things out. There is no tech revolution on the horizon that will provide a huge source of jobs.[4]

93% of stock market newsletters lost major capital for the readers in 2008.

In fact, this has indirectly caused a boom in the class-action field. In 2008, the number of federal securities filings reached a six-year high, with 267 filings. That's a 37% increase from the previous year. Almost half were related to the credit crisis. Investors are claiming they have lost approximately $ 856 billion, according to the Stanford Law School Securities Class Action Clearinghouse. That's a 27% increase over 2007. Most of the actions are against firms in the financial industry. A director of Stanford Clearinghouse said he hasn't seen this much litigation against a single industry in over a decade. One-third of all major financial firms were named as defendants in these actions. Most of the cases allege securities fraud, or altering values. Underwriting practices were allegedly misrepresented. The firms that sold auction-rate securities, bonds with interest rates reset by bidding, were all hit with class-actions, as the market completely dried up last year.

Active mutual fund managers cannot protect anyone. Investors, both corporate and individual, took on risks they did not have the ability to handle. Many investors in the Madoff scheme were guilty themselves of concentrating virtually their entire portfolios in his hands. "*The only difference between myself and a madman is that I am not mad*" - Salvadore Dali.

To re-balance your portfolio you've got to engage in sound leadership. You've got to devote a lot of due diligence to a Performance Review and game out scenarios just like the CIA does every day. I learned you cannot trust your future to Princeton economic professors – they work best only in ivory towers.

Bailouts, unless they are handled properly, can trigger a major devaluation of the dollar or lead the nation further into stagflation, then deflation and ultimately depression. The US debt position is approaching unsustainable levels.

Rense, a top alternative news source reference, in an article on economic protocols, reports:

Therefore, if the planet can no longer generate any more liquidity to lend to the United States, one of three things have to happen: A) There has to be a sudden and dramatic reduction in federal spending. There are only two places that can come from. There would have to be an immediate cut in defense spending and entitlements. This is highly unlikely.

The other option, B, is a dramatic increase in the rate of federal income taxation from the current nominal rate to 65%, which is what the Treasury Department estimated would be required post-2009 to provide the U.S. Treasury with sufficient revenues to continue to service debt.

The third option, or C, becomes the declaration of a force majeure on credit service of U.S. Treasury debt by the United States Treasury, which is tantamount and would be accurately construed as de facto debt repudiation by the United States of America. That is the classic definition of a devaluation. What institutional and large corporate investors call 'fast market conditions' would occur. There would be the declaration of 'no more stop orders,' the declaration of 'fill at any price,' etc. in a desperate bid to maintain liquidity. [5]

Let's take a brief look at 2008:

- Housing – down 18% nationally and 30% plus in cities
- Emerging market funds – down 55%
- Bonds – Rates on 10 year Treasuries dropped 42%
- US Treasury yields – very low and for a time close to zero
- Bond values – down 6-24% on average depending on the funds and quality of bonds
- DJIA – down 33%
- S & P 500 – down 38%
- NASDAQ – down 40%
- Financial sector ETFs – down 55%

Protocols for environmental disasters are called 'scaling-circle scenarios.' 'Scaling circles' is a Department of Defense euphemism. It's also used in FEMA, OEM and other emergency management services. The risk has got to start someplace. It's going to start in one very small, specific area. Therefore what happens is that the immediate force containment is the greatest in the first circle, to try to contain the spread of the disaster and keep it within that circle. That's what you have to do.

You have to consider macroeconomics before you reposition your assets. You have to reposition assets. You have to close all major risks. Exit the majority of money funds and currency time deposits, step up gold and oil positions, and move into non-US government bonds in First World nations. Switzerland is a prime consideration, but there are first-class world banks with branches just a short flight from Florida. You have to modify your thinking as if you are on a special ops tour of duty. Otherwise the current toxic economic environment will continue to deplete non-repositioned assets. Let's begin this journey together…

[1] Nemets, Dr. Alexandra, Russian Expert Who Predicted Attacks Warns of New Ones, *http:archive.newsmax.com/archives/articles/2001/10/3/212706.shtml*

[2] Highlights and links to 39 reviews of the Florida State Board of Administration, *http://www.tampabay.com/specials/2009/graphics/SBA-audits/*

[3] Roubini, Dr. Nouriel, The Current U.S. Recession and the Risks of a Systemic Financial Crisis, Written Testimony for the House of Representatives, 2/26/08

[4] Shedlock, Mike, Case for an L-shaped Recession, *http://globaleconomic analysis.blogspot.com/2008/04/case-for-l-shaped-recession.html*

[5] Martin, Al, Protocols For Economic Collapse In America, *http://www.rense.com/general80/protc.htm*

OIL, GEOPOLITICS AND WAR

“If you want to rule the world you need to control the oil. All the oil. Anywhere.” MICHEL COLLON, MONOPOLY

Iran, Iraq, Kuwait and Saudi Arabia have more proven oil reserves under their soil than the rest of the world combined. Oil qualifies as the most vital commodity in existence today. The U.S. Department of Defense is the consumer of over 80% of the energy utilized by the federal government. In the early 1970s seven of the world’s largest companies were in the oil business – Exxon, Mobil, Chevron, Texaco, Gulf, BP and Shell.

The U.S. has always had a keen interest in the Middle East. In 1953 the CIA organized a coup to install a U.S. ally, the Shah, to power. Israel plays a vital role in serving U.S. interests in the Middle East. Saudi Arabia was initially financed by a joint venture of SOCAL (Standard Oil of California) and Texaco, who won drilling rights in 1936 to large fields in that country. Saudi Arabia has 25 percent of the world’s reserves, and the largest oil production facilities available in the world today. The House of Saud is the royal family of the Kingdom of Saudi Arabia. The modern nation of Saudi Arabia was established in 1932. Stability in the Middle East is now maintained by the presence of Israel together with Saudi Arabia. These two countries are steadfast friends of the United States and serve to contain radical groups that currently exist in that region or at least that’s the theory.

OPEC (Organization of Petroleum Exporting Countries) was founded in 1960 by five key nations and later expanded by other nations of that region joining. Countries who are members of OPEC have negotiated quotas of oil production expected of them. 50% of the world’s oil that is available for export is represented by OPEC. Saudi Arabia is the main player. OPEC has the ability to leverage and de-leverage production as required.

Some individuals have questioned whether the real purpose of the US invasion of Iraq was to obtain a source of cheap oil that allows the US to undermine OPEC, and other competitors as Russia. U.S. oil giants are interested in Iraq since it has reserves in excess of an estimated 112 billion barrels, with very low production costs. This ideology is that oil and gas is not the ultimate goal – it’s all about control. Remember the movie “Three Days of the Condor” with Robert Redford?

The Caspian Sea has major reserves near former Soviet republics including Kazakhstan. These Russian states may have up to three times the reserves of the U.S., second only to the Persian Gulf region. Multinationals are pursuing these trillions of dollars in reserves with their main concern being the politics of the region, and the strategies for transportation of the oil. Kazakhstan's offshore Kashagan field is gigantic. Still, the oil has to be shipped across the Caspian Sea to Baku. The Baku-Tbilis-Ceyhan pipeline is a 1,099 mile long crude oil pipeline from the Caspian to the Mediterranean Sea. It connects Baku, the capital of Azerbaijan; Tbilisi, the capital of Georgia, and Ceyhan, a Turkish port.

Discovered in July 2000, Kashagan has been described as the largest field found in the past 30 years, the largest outside the Middle East and with projected output close to that of the Ghawar field in Saudi Arabia. It is being developed by a group of partners including Shell, Exxon Mobil, Total, ConocoPhilips and Kazahk state-run oil company KazMunaiGas. [1]

Russia is a large producer of oil and has significant market share. The Russian economy is quite sensitive to oil prices – in the last few months, as crude has dropped below $ 50 a barrel, this has greatly impacted Russia. In order to balance the federal budget, Russia needs at least $ 70 per barrel. Russian oil production costs average nearly $ 10 per barrel, some of the highest in the world. Economic and political stability in Russia are both threatened. Russia has a self-interest in higher oil prices. The Russian ruble has suffered a variety of devaluations.

The James Baker III Institute for Public Policy published a paper entitled 'Vladimir Putin and the Geopolitics of Oil.'[2] It's interesting to observe what is currently happening, and this will serve as a lesson text to investors and potential investors. As profile information, Michael Khodorkovsky is the wealthiest man in Russia, and the 16th wealthiest man in the world, due primarily to his holding in the Russian petroleum company Yukos. On October 25th, 2003, he was arrested at gunpoint on a Siberian airport runway by the Russian prosecutor general's office, on charges of tax evasion. Shortly thereafter, on October 31st, the government further took the unprecedented step of freezing shares of Yukos due to tax charges. Moscow has produced some of wealthiest men in the world, one of them buying an estate in the south of France not long ago for $ 800 Million. Russia's oligarchs have risen to wealth only recently. To give credit to Vladimir Putin, it must be mentioned that Khodorkovsky's associates were arrested several months ahead of him, and this gave him ample chance to leave the country with fair warning, which Khodorkovsky did not heed.

From the study:

The honeymoon between the Western oil industry and Russian President Vladimir Putin ended in mid-2003 when the Russian procurator's office began arresting Yukos executives. The arrest of Yukos CEO Mikhail Khodorkovsky triggered speculation that conditions in Russia are becoming less favorable to investors, as it came at a time when Yukos' principle owners and managers were engaged in merger talks with senior executives from ChevronTexaco and ExxonMobil.

Signs of this shift were visible even before the presidential elections. In January 2004, the Russian government announced that it wanted over $ 1 billion for a license to explore and develop one of the three Sakhalin-3 parcels, the choice Kirinsky block, the rights to which would be won through a tender process. The decision effectively annulled the results of a 1993 tender. It was a particular blow to ExxonMobil, which had already invested over $ 80 million in the project and had been withholding further investment in the project in the hopes of being able to develop it through a production-sharing agreement.

As intended, the arrest and subsequent treatment of Khodorkovsky had almost theatrical quality from the onset (theatrical at least for those watching from the outside-certainly not for the figure at the center of the drama). In the early morning hours of October 25, 2003, approximately twenty armed, black-uniformed agents boarded Khodorkovsky's private jet and arrested him. Khodorkovsky was put in a cell with five other inmates at the Matrosskaya Tishina pre-trial detention facility.

Putin accurately assessed that Khodorkovsky is not a man who accepts defeat. Khodorkovsky preferred jail to exile, as in the months before his arrest there were clear signals from Kremlin circles that leaving Russia permanently was a prudent option.

President Putin believes that Russian ownership of Russia's resource base is critical to Russia's economic recovery and to the country's reemergence as an important international actor. Putin does not believe in relying on global market forces to provide the economic opportunities and social supports necessary for the Russian people to make a successful transition from communist rule to a modern, European-style economy and political system. Putin has given a lot of thought to these questions.

Personally, I like the man. He wrote a candidate of science dissertation on the topic of 'Mineral Raw Materials in the Strategy for Development of the Russian Economy' at St. Petersburg's prestigious State Mining Institute. He knows the field. In this article he argues that development of the natural resource base will serve as a guarantor of the country's international position.

With this in mind, let's see what would happen with a Mideast war. The Strait of Hormuz is of great strategic importance, as it is the only sea route through which oil from Kuwait, Iraq, Iran, Saudi Arabia, Bahrain, Qatar as well as United Arab Emirates can be transported. It touches Iran to the north and Oman to the South. Its width is only 50 km at its narrowest point. Iran would likely block this route if attacked, prohibiting the transport of OPEC oil from that point forwards. The futures market would react with large swings in crude, probably to over $ 200 per barrel in short order, as it would close down a substantial percentage of the world's oil.

The Global War On Terrorism (GWOT) is the pretext to this theater war. Both the level of naval power, as well as the level of threat, are at unprecedented levels.

It is believed the CENTCOM Commander favors an all-out war with Iran. A naval blockade by close to 80 ships is tantamount to Iran to a declaration of war.

A new unit JFCCSGS was created a few years ago: Joint Functional Component Command Space and Global Strike. It has the mandate to oversee the launching of a nuclear attack in accordance with the 2002 Nuclear Posture Review, approved by US Congress in 2002. The NPR underscores the pre-emptive use of nuclear warheads against "rogue states" and also China and Russia.

Under the NATO Transatlantic Partnership Document, US and allied forces including Israel would "resort to a pre-emptive nuclear attack to try to halt the imminent spread of nuclear weapons." (quote from Sidney Morning Herald).

According to a 2003 Senate decision, tactical nukes are "harmless to the civilian population" since they are detonated underground, though they can range up to six times as powerful as the Hiroshima explosion.

Fast forward to today:

Lithuanian President Dalia Grybauskaite even claimed that Russia is effectively waging war against all of Europe.

"It is the fact that Russia is in a war state against Ukraine. That means it is in a state of war against a country which would like to be closely integrated with the EU. Practically Russia is in a state of war against Europe," she said.

What few in the West, outside a handful of military experts grasp, however, is that the US project to install so-called Ballistic Missile Defense missiles and special radar (in 2015) in Poland, the Czech Republic, Turkey and Bulgaria is a highly provocative act by Washington against Russia and risks putting the world on a hair-trigger to a nuclear war. Putin has threatened to destroy the missile sites.

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Will Tactical Nukes start WW3?

– Google and watch this amazing video on YouTube

Infowars Reporter Joe Biggs talks about Russia's **Tactical** Nuclear Capabilities and Putin's Warning

Lord Stirling, a military consultant, has stated:

Sometime in the year ahead, there will be a war launched against Iran. The war may be started by Israel, or by the United States, or by a NATO/EU/US embargo, or by some 'false flag' attack. What matters is that it will begin; and where it will take the world.

Regardless if the war begins with a limited number of air strikes against Iranian military and nuclear targets, or if an all-out several thousand target attack begins from day one, the probabilities of the war becoming a major regional war within 48 hours are 90% or higher.

The Iranians will simply not allow Israeli and/or American military forces to attack its territory without a major response. Any significant counter-attack on Israel and/or American regional bases will trigger a much greater counter-response.

The Iranians have equipped, paid for, and trained a massive unguided rocket and guided missile force in Lebanon (the largest such force in human history). These missiles are in place as a MAD force (a MAD ~ mutually assured destruction ~ force is one that is a doomsday force; established to prevent the use of overwhelming military force by allowing a return "punch" of overwhelming military destructive force upon one's enemy). The total number of missiles and rockets in Lebanon are variously estimated at between 40,000 and 110,000. While many are unguided Katyusha rockets, many are longer ranged guided missiles. All are operated by Hezbollah Special Forces launch teams.

The Hezbollah Special Forces are in effect a highly trained and well-equipped Iranian commando force of at least a Brigade in size. They man and protect a large number of mostly unguided and rather crude rockets, generally Katyusha 122mm artillery rockets with a 19 mile/30km range and capable of delivering approximately 66 pounds/30kg of warheads. Additionally, Hezbollah are known to possess a considerable number of more advanced and longer range missiles. During the 2006 war Hezbollah fired approximately 4,000 rockets (95% of which were Katyushas) all utilizing only "dumb" high explosive warheads. Some Iranian-built and supplied Fajr-3 and Ra'ad 1 liquid-fueled missiles were also fired. It is believed that the larger and longer range missiles are directly under the control of Syrian and Iranian officers.

The combination of short to medium range rockets and guided missiles in Lebanon, and the longer range guided missiles in Syria, the smaller number of rockets and missiles in the West Bank and Gaza, and the longer range guided missiles in Iran present a massive throw weight of warheads aimed at Israel.

It now appears that Israel has given up on the idea of a ground assault to remove the many rocket and missile launchers in Lebanon. A senior Israeli general has resigned with the complaint that the Army is not training sufficiently to fight in Lebanon. The alternative is the use of FAE (fuel air explosive) technology weapons and neutron bombs (a type of nuclear weapon that produces a higher short-term radiological output and less blast output than normal nuclear weapons).

Any use of such WMD by the Israeli Army on the Hezbollah forces in Lebanon will likely automatically trigger the use of WMD warheads on whatever rockets/missiles remain operational (if their use has not already been authorized due to the nature and scope of Israeli and/or American attacks on Iran).

The bottom line of this is that Israel will face a truly massive number of rockets and missiles from Lebanon warheads. Additionally, a sizable number of such weapons/warheads will be fired from Gaza and the West Bank. The Syrians will be using larger, more accurate guided missiles to shower WMD upon Israel as will the Iranians. To counter this, the Israelis will be using their Israeli and American anti-missile missiles. They will have good success in knocking down many incoming missiles but the sheer number of incoming weapons could overload many defensive measures. [4]

By *intentionally* giving the presidency to an apocalyptically-minded, anti-semitic extremist who threatened to destroy Israel after taking office and then *intentionally* letting the IAEA and West know that an atomic bomb is being built, apparently sooner than later, Teheran is provoking Israel and/or the U.S. into preemptively attacking. This, I would dare say, *IS the intent*. Iran is baiting Israel and America to take military action against its nuclear facilities. If Teheran's intention was to complete building an atomic bomb, then it should have discretely continued clandestine efforts to do so rather than announcing to the world it's capabilities and intentions such that Israel and/or the U.S. militarily eliminate the developing threat. The course that Iran has chosen to follow seems geared to provoke an attack more so than to actually complete development of a nuclear weapon.

Strangely, in helping Iran develop nuclear and ballistic missile weaponry, Russia is seemingly acting against its own national interests. Iran, an extremist state, has long been known as a sponsor of international terrorism. Russia, stemming from its war in Chechnya, has purportedly been a repeat victim of Islamic terrorists (although some question the true source of terrorism against Russia). Hence, it seems to make little sense that Russia is helping to provide the world's ultimate Islamic extremist state with the means by which to build and launch nuclear bombs as far as Moscow. Yet, this is how history is unfolding. Could it be that Russia doesn't feel threatened by the Islamic radicals in Teheran?

If not, why? I leave conclusions to the reader. Cutting edge news offers more insight into the plans being made in the Mideast. [6]

A Russian general's statement about Iran's nukes failed to register with media a few years ago. Sometimes a slip of the tongue is so incredible that no amount of doctoring can explain it. And sometimes a slip of the tongue is as intentional as could be. Take an appearance by Russian Deputy Chief of Staff Gen. Yuri Baluyevsky. He gave a briefing in Moscow during a Bush-Putin summit and was asked about whether Iran actually fired the Shihab-3 intermediate-range missile in a successful test. The second question was whether Iran can threaten Israel, Russia or the United States with its nuclear and missile programs.

Then the Russian general takes a surprise turn: "Now, as to whether or not Iran has tested something like that. Iran does have nuclear weapons,' Baluyevsky said. 'Of course, these are non-strategic nuclear weapons. I mean these are not ICBMs with a range of more than 5,500 kilometers and more."

Now this is shocking news, indeed! This Russian general has just confirmed that Iran has nuclear warheads and theater missiles with which to deliver them! And, he seems not to be concerned because these warheads cannot yet hit Russian soil. If Iran has nuclear weapons and the missile capability with which to deliver them to Israeli targets, then the entire calculation of military balance in the Middle East may just have changed.

I believe this indicates a very high measure of alarm issued on an international geo-political basis. This is a reason we should place energy and gold investments as a very critical part of our portfolio.

[1] Kashagan, Caspian Sea, Kazakhstan, Article in Offshore Technology, http://www.offshore-technology.com/projects/kashagan/

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[3] Commander, U.S. 2nd Fleet Public Affairs, "Operation Brimstone" Flexes Allied Force Training, *http://www.navy.mil/search/display.asp?story_id=38478*

[4] Stirling, Lord, War on Iran – The Perfect Storm, *http://europebusines.blogspot.com/*

[5] Adams, J. Is Iran Trying To Start World War Three? *http://www.spiritoftruth.org/iraniannuclearbomb.htm*

[6] Stratfor Intelligence, Russian General Confirms Iran Has Nuclear Weapons, *http://cuttingedge.org/news/n1660.cfm*

TEN COMMANDMENTS FOR BUYING GOLD AND SILVER

"Of course the gold and silver markets are manipulated. You have to be either blind or a Harvard Graduate with a doctorate in Economics to ignore the fact." Hugo Salinas Price

Note: I believe you'll get solid advice and service from this reliable source and who I have found to truly have the lower prices for all things gold and silver, and whom I am purchasing metals from.

1. **Always take delivery.**
2. **Never buy premium if you can avoid it.**
3. **Buy bullion for business, numismatics for fun.**
4. **Buy silver first, then gold.**
5. **Buy small gold first, then large.**
6. **Never buy exotic coins or modern rarities or anything you don't understand.**
7. **Know your dealer.**
8. **What governments can't find, they can't steal.**
9. **Never swap bullion coins for U.S. $20 gold pieces.**
10. **Never break the law.**

Four Bullion Portfolios

Please note that our recommendations vary depending on your concerns and the market. If you want to invest in gold and silver to protect your assets and have something easily divisible and spend-able to hedge currency depreciation or collapse, then:

- **If you have $5,000 or less to spend**
  At least half in silver (either US 90% silver coin or 1oz. Silver Rounds) and half in British Sovereigns, French 20 Francs, Mexican Pesos (10, 5, 2.5 or 2) or some other inexpensive, fractional gold coin.
- **For $10,000 buy**
  Two-thirds US 90% silver coin or 1oz. Silver Rounds, with the balance divided between a fractional coin like British Sovereigns, French 20 Francs, Mexican Pesos (10, 5, 2.5, or 2) AND Krugerrands, Austrian 100 Coronaes or Mexican 50 Pesos.
- **For $25,000 buy**
  Two-thirds US 90% silver coin or 1oz. Silver Rounds; half of the remaining third in Sovereigns, French 20 Francs, or 1/4 oz. American Eagles; and the balance in one oz. Krugerrands, Austrian 100 Coronas, Mexican 50 Pesos, or American Eagles.
- **For $75,000 buy**
  Two-thirds US 90% silver coin or 1oz. Silver Rounds; $5,000 worth of Sovereigns, 20 Francs, or 1/4 Eagles; the balance in Krugerrands, American Eagles, Mexican 50 Pesos or Austrian 100 Coronas. (For over $75,000 simply do multiples of this portfolio.)

If you want to invest in precious metals to simply protect your assets and don't think you'll ever need to actually barter with them, then:

- **If you have $5,000 or less to spend**
  Half in US 90% silver coin or 1oz. Silver Rounds, half in one ounce Krugerrands or American Eagles, Austrian 100 Coronas, or Mexican 50 Pesos.
- **For $5,000 through $25,000**
  Put at least half of your money in US 90% silver coin or 1oz. Silver Rounds; the rest in one ounce Krugerrands or American Eagles, or in Austrian 100 Coronas or Mexican 50 Pesos.
- **For $75,000**
  Get bags of US 90% silver or 1oz. Silver Rounds for 2/3 of your order; the balance in Krugerrands, American Eagles, 100 Coronas, or 50 Pesos. (For over $75,000 simply do multiples of this portfolio.)

NON US RESIDENTS: Do not focus on US minted coins, instead focus on owning bullion bars and bullion rounds. You want to preserve your wealth #1 which bullion is designed for. And second you cannot use US coins in your country as legal tender. Do not stock pile US coins as you are paying a huge premium for them.

Other Frequently Asked Questions

What is the US 90% silver coin and why do you recommend it?

US Residents Only: 90% silver coin is quarters, dimes, and half-dollars minted before 1965. (90% silver coin does **not** include silver dollars.) Everyone knows that 4 quarters = 1 dollar. In the same way, 4 quarters minted before 1965 = 1 face value dollar. A face value dollar is how we sell 90% silver coin. So, when you ask for the price of 90% silver we will say it costs, for example, $25.00 per face value dollar. A face value dollar is either 10 dimes, four quarters, or two half-dollars. A face value dollar contains .715 ounces of silver. The standard trading unit for 90% silver coin is a "bag" of $1,000.00 face value, containing 715 troy ounces. You can purchase any portion of a bag that you wish. We recommend 90% silver coin simply because it is often the cheapest, most divisible, most widely recognized and traded form of silver.

What about silver rounds, what are those?

Silver rounds are simply one ounce, 99.9% pure silver coins minted in the United States. They are made by various private refineries and are **not** just round “blanks” of silver. They all have varying pictures because the companies that mint them have varying production runs using different designs. Regardless of the picture on their front and back, all silver rounds we sell state clearly on their face, “1oz. silver, 99.9% pure (or .999 fine).” We sometimes recommend silver rounds instead of 90% silver coin because premiums (not our commission—the premium is the percentage over the spot price that you pay for a coin) on both coins fluctuate for a variety of reasons. Since we consider it our duty to sell you liquid coins for the best price, sometimes our recommendations change.

Why do you recommend gold coins like Krugerrands, Austrian 100 Coronaes, and Mexican 50 Pesos, and what are they?

We recommend these foreign coins because they cost less per ounce and give you more gold for your money than the American Eagle gold coin series (which is minted in the United States today). All of these coins are well known in the industry and any dealer will readily buy them. The 22 karat South African Krugerrand gold coin contains exactly one troy ounce of fine (pure) gold. The American Eagle copied the Krugerrand’s specifications, and is minted to exactly the same weight and fineness. The Austrian 100 Coronae is an official re-strike from the Austrian mint. It is 20 karat (90% pure) and contains exactly 0.9802 troy ounce fine gold. The Mexican 50 Peso is an official re-strike from the 400-year old Mexico City mint. A 20 karat coin, it contains exactly 1.2057 troy ounce of fine gold. These three coins take turns as the cheapest on our price sheet.

What about the purity of the Krugerrand, Eagle, 50 Peso, and Austrian 100 Coronae? Will they be worth less later since they're not 24 karat?

Purity is largely irrelevant among gold and silver dealers. Coins and bars are bought and sold based on their weight, not their purity. Unless you're going to melt the coins down, it's just not an issue and doesn't affect the price.

Why do you recommend older-issue, foreign fractional gold coins instead of modern issues or American Eagle fractionals?

Modern issues like American Eagles, Maple Leaves, Philharmonics, and Nuggets include half, quarter, and tenth ounce coins: the smaller the coin, the higher the cost per ounce. With the smallest coins, premiums over the gold content approach 15%. That makes no economic sense because gold is gold. British sovereigns (containing 0.2354 troy ounce fine gold), French 20 francs (0.1867 oz.), Swiss 20 francs (0.1867 oz.), German 20 marks (0.2304 oz.), Netherlands 10 guilders (0.1947 oz.), the whole series of Mexican peso coins, and a number of other gold coins offer lower cost per ounce and good liquidity. Not recommended are gold coins so infrequently seen in this country that you will suffer a big discount when you sell them, such as Iranian pahlavis (0.2354 oz.) or Saudi guineas (0.2354 oz.). If you can't sell them, they're not a bargain.

Nowhere in your recommendations do I see anything about pure gold coins like the Canadian Maple Leaf or Austrian Philharmonic. Why not?

Gold is one of the softest and most ductile metals. Pure gold coins scratch and scar very easily unless handled with extreme care. Throughout history gold coins have generally been alloyed with copper or silver, hardening them to withstand circulation. Customers often unwittingly damage pure gold coins and therefore receive up to 5% less for them when they sell. In our opinion the purity of 24 karat gold confers no benefit and in fact often creates drawbacks.

What is reported when I buy or sell gold or silver?

Everything is exempt from reporting **when you buy** gold or silver, unless you pay more than $10,000 in cash. Even then it's not your gold or silver purchase that must be reported, only the cash transaction. Contrary to the scare stories, very few things are reportable **when you sell**. Under 26 CFR 1.6045-1 and Rev.Proc. 92-103, dealers need only report customer sales of 25 or more (but not fewer) Krugerrands, Maple Leaves, or Mexican Onzas, five bag lots ($5,000 face value} of US 90% silver coin, kilo gold bars, 100 oz. gold bars, 1,000 oz. silver bars, or 50 oz. or 100 oz. of platinum. If you sell lots smaller than these, the dealer reports nothing.

What about government gold confiscation?

We expect it more likely for you to be abducted by aliens than for the Federal Government to attempt gold confiscation. First, gold no longer forms a significant part of the monetary reserves in this country, as it did in 1934 and therefore, confiscation makes no sense. Second, the folks who tell you about government confiscation are generally trying to sell you overpriced coins that will line their pockets and empty yours. For more information, read our article on numismatics.

Courtesy of Franklin Sanders:

http://the-moneychanger.com/answers/ten_commandments_for_buying_gold_and_silver

GOLD STOCKS, INDEXES, FUNDS AROUND THE WORLD

"A good plan violently executed today is better than a perfect plan executed tomorrow." – GEORGE PATTON

By: The Gold Report - note - this interview is courtesy of the *Gold Report*, and it's several years old, but it's the best one in recent history in my opinion, and gives us much macroeconomic data about how to use Gold Stocks in our portfolios. The strategies and key principles are all contained right here.

Heralded as "the best of today's best," John Doody, author and publisher of the highly regarded Gold Stock Analyst newsletter, brings a unique perspective to gold stock analysis. In this exclusive interview with The Gold Report, Doody ponders the efficacy of the Keynesian approach, makes a case for gold equities and explains how the GSA Top 10 Stocks portfolio has outperformed every other gold investment vehicle since 1994.

The Gold Report: John, you've stated in your newsletter, Gold Stock Analyst: "It's clear the U.S. is going down a Keynesian approach to get out of this recession/depression." I am curious on your viewpoint. Will the Keynesian approach actually work, or will they need to eventually move over to the Chicago School of Free Markets?

John Doody: A free market approach of letting the crisis resolve itself would work, but would cause too much damage; we'd probably lose our auto industry, and it would take too much time. As Keynes said: "In the long run we're all dead," so the government is trying to get a faster resolution. The Treasury is pursuing his fiscal policy idea of deficit spending. They're borrowing the money to bail out the banks.

Bernanke and the Fed are pursuing a loose monetary policy with a now 0% interest rate. There's actually no way we can not end up with inflation. This is much bigger than 'The New Deal' under Roosevelt. And I think that the market disarray over the last several months has confused investors; but when the markets settle down, it's clear to me that it will be up for gold and gold stocks.

TGR: Is there any economic scenario that you wouldn't see gold going up in?

JD: Basically, we're pumping money into the system, but it's just sitting there. It's not being put to work, so there are those who think that we are going to enter a deflationary era. But I can't see that. Some don't like Bernanke, but I think there's probably nobody better prepared to be in his role.

Bernanke is a student of the Great Depression and knows the mistakes the Fed made then, such as forcing banks to upgrade the quality of loans on their balance sheets. His approach is to buy the banks' low quality loans, enabling them to make new loans. They haven't done much of the latter yet, which is probably a fault of the Fed not requiring the funds received for the junk to be redeployed, but they ultimately will lend more as that's how banks make money.

He knows in the early 1930s we went into a deflationary period of falling prices. For three or four years prices were down about 10% annually. He fully understands the risks of that, one of which is the increased burden of existing debt payments on falling incomes. The debt burden is lighter in an inflationary environment and that's his target. Long term, he knows he can cure inflation; Volker showed us how with high interest rates in the 1980s. But there's no sure way to cure deflation, and so Bernanke's doing everything possible to avoid a falling price level. And I think that, because this is a service-driven economy, companies won't lower prices to sell more goods—they will just lay off more workers, as we're seeing now. I don't think we'll get the price deflation of the '30s, and I'm sure Bernanke is going to do everything to prevent it.

TGR: But aren't we already in a deflationary period?

JD: Well, we may be to an extent; you can get a better buy on a car. But, to put it in the simplest terms, has your yard guy lowered his price, or your pool guy, or even your webmaster?

TGR: Yes, but people opt to do things themselves versus paying other people to do it.

JD: Maybe, but if they do, it won't show up in prices—it will show up in the unemployment statistics. So if the yard guy, pool guy or webmaster don't lower prices and their clients become do-it-yourselfers, the effect will show up in unemployment, not inflation data.

TGR: So if every major country in the world is increasing their monetary supply, we would expect inflation. Will there be any currency that comes out of this to be considered the new base currency, sort of like the U.S. dollar is now?

JD: Well, that's the $64,000 question. We don't really know and, because there's no totally obvious currency, that is why the dollar is doing well of late. But the dollar is in a long-term downtrend, in part because interest rates in Europe remain higher than here. Higher interest rates, as you know, act like a magnet in attracting investment money, which first has to be converted to the higher interest currency and that bids up its value versus the dollar.

The Euro represents an economy about the size of the U.S., so there may be some safety there. You could argue for the Swiss Franc maybe, but you know the Swiss banks (Credit Suisse, for example) have had some problems, so we're not quite sure how that's going.

So, to me, the only clear money that's going to survive all this and go up, because everything else is going to go down, is gold.

TGR: What's your view of holding physical gold versus gold equities?

JD: I only hold gold equities. They're more readily tradable; when gold goes up, the equities tend to go up by a factor of two or three times. Of course, that works to the reverse, as we know. As gold went down, the equities went down more. But because you hold them in a government-guaranteed SIPC account, it provides ease of trading—you don't have the worries of physical gold. . .insurance, storage or whatever. You may want to hold a few coins, but that would be about it in my opinion.

TGR: On your website, your approach to investing in gold equities is to choose a portfolio of 10 companies that have the opportunity to double in an 18- to 24-month period with the current gold price.

JD: Yes. We don't really look forward more than 18 or 24 months; but within that timeframe, say a year from now, we could reassess and raise our targets so that, in the following 18 to 24 months, the stocks, while having gone up, could go up more still. There are lots of opportunities to stay in the same stocks as long as they continue to perform well. We're not a trading newsletter, and as you probably know, the way we define an undervalued stock is based on two metrics.

One is market cap per ounce. The market capitalization of a company is the number of shares times its price. You divide that by its ounces of production and its ounces of proven and probable reserves, and you see how the company's data compares to the industry's weighted averages.

Second, we look at operating cash flow multiples. Take the difference between the gold price and the cash cost to produce an ounce, multiply that by the company's production per year, and you get operating cash flow. Divide that into its market capitalization and you get its operating cash flow multiple. We look at that this much the same as one looks at earnings per share multiples in other industries.

For reference, we last calculated the industry averages on December 29, 2008 for the 50+ gold miners we follow, which is everyone of significance. At that time, the average market cap for an ounce of production was $3,634, an ounce of proven and probable reserves was $194, and the average operating cash flow multiple on forecast 2009 production, assuming $900/oz gold, was 7.4X.

We focus on companies that are below the averages and try to figure out why. An ounce of gold is an ounce of gold, it doesn't matter who mined it. If you're going to buy an ounce of gold from a coin dealer, you want to get the cheapest price. Well, if you're going to buy an ounce of gold in the stock market, you should want to get those at the cheapest price, too. It's oversimplified, as there are other factors to be considered, but this is a primary screening tool to determine which stocks merit further study. The method works, as the GSA Top 10 Stocks portfolio has outperformed every other gold investment vehicle since we began in 1994.

TGR: Are all the companies in your coverage producers?

JD: Yes, all are producing or near-producing. They may be in the money-raising stage to build a mine, but they've got an independently determined reserve. And that part of the market has done better than the explorers because it has more data to underpin the stocks' prices.

TGR: And you focus in on having 10 just because, as you point out in your materials, it allows you to maximum upside at minimum risk (i.e., if one of the 10 goes down 50%, you will only lose 5% of your money). Is your portfolio always at 10 or does it ever expand more than that?

JD: No, earlier in 2008 we were 40% cash, so it was six stocks. For a couple of months later in 2008 it was 11 stocks. But 90% of the time it's at 10.

TGR: What prompted you to be 40% in cash?

JD: That was when Bear Stearns was rescued in March and gold went to $1000; we were just uncomfortable with that whole scenario. And actually we put the 40% in the gold ETF; so it wasn't true cash.

TGR: Okay. And as you're looking at these undervalued companies, are you finding that there are certain qualifications? Are they typically in a certain area, certain size?

JD: While we follow Barrick Gold Corporation (NYSE:ABX) and Newmont Mining Corp. (NYSE:NEM) and they've both been Top 10 in the past, neither is now. We're currently looking further down the food chain. There's one with over two million ounces growing to four million a year. Another has a million growing to two million. So, some are still pretty good sized. And then there are others further down that are either developing mines or are very cheap on a market cap per ounce basis.

Earlier, one of the Top 10 was selling at its "cash in the bank" price. We've had a nice little rally since October and this stock has doubled, but it's still cheap. It has 9 million ounces of reserves at three mine sites in European Community nations, and it's not Gabriel in Romania. It has no major troubles with permitting its mines and it was selling at its cash/share. Then the chairman of the board bought 5 million more shares. It was already top 10, but I pointed this out to subscribers as great buy signal. It's doubled since and will double again, in our opinion.

TGR: Can you share with us some of the ones that are in your top 10?

JD: Well, the astute investor would probably recognize Goldcorp (TSX:G) (NYSE:GG) as the one at two million ounces growing to four million ounces. Their tremendous new mine in Mexico, Penasquito, which I have been to and written about, is going to average half a million ounces of gold and 30 million ounces of silver a year. It's going to be the biggest producing silver mine in the world, momentarily anyway, and will produce huge quantities of lead and zinc. At current prices, it's going to be a billion-dollar-a-year revenues mine, which is enormous. And because of by-products, and even at current prices, the 500,000 ounces of gold per year will be produced at a negative cash cost per ounce.

TGR: Wow. Because of the credits?

JD: Because of the by-product credits. Another one would be Yamana Gold Inc. (NYSE:AUY) , which is growing from a million ounces to two million ounces. Both Yamana and Goldcorp are in politically safe areas—no Bolivia, no Ecuador, no Romania—none of the places where you have to take political risk. I think we've learned enough from the Crystallex International Corp. (KRY) and Gold Reserve Inc. (TSX:GRZ) (NYSE:GRZ) situation in Venezuela, where they're both on portions of the same huge deposit that is probably 25 million ounces or more. It looks to me that the government is going to take it away from them. So, I would just as soon not be involved in that kind of political risk scenario. There's enough risk in gold just from the mining aspects of it that you don't have to take chances on the politics too, as in some nations that's impossible to assess.

TGR: Yes, another one that is really doing quite well is Royal Gold Inc. (Nasdaq:RGLD) . Can you speak about that company?

JD: Yes. Royal Gold has been GSA Top 10 for 18 months now. We put it on in part because of the Penasquito deposit that I mentioned earlier. Royal has a 2% royalty on that, and 2% of a billion dollars is $20 million a year. Royal is unique in that they haven't prostituted themselves by selling shares on a continuous basis. They only have 34 million shares outstanding and they will have royalty income this year of about $100 million. Penasquito is just coming on line, so its $20 million per year won't be fully seen until late 2010.

Plus Royal pays a dividend. I think it could pay $1.00/share ($0.32 now). Dividend-paying gold stocks typically trade at a 1% yield. A $1.00/share dividend would make Royal a potential $100 stock. That's my crystal ball down-the-road target.

Royal is a great play on gold price because they don't have the aggravation of mining. They have a portfolio of mine royalties, plus a small corporate office. Royal employs 16 people, has $150 million in the bank and over $100 million a year income, which is about $3.00 per share pre-tax. Their biggest cost is taxes.

TGR: I see also that Franco Nevada Corp. (FNV.TO) has had quite a rise, though they have been kind of tumultuous between November and December.

JD: Franco is also a stock we like. About half of its royalties are from oil, so that's why it's suffered. The original Franco Nevada, as you know, was merged into Newmont for five years, and then they came public again in December '07. I think it's a good way to play gold and oil, and I think everybody agrees that oil is not going to stay in the $40 range for long.

TGR: John, can you give us a few more?

JD: A couple of smaller ones we like are Northgate Minerals Corp. (TSX:NGX) (AMEX:NXG) and Golden Star Resources Ltd. (TSX:GSC) . Northgate is a misunderstood producer. Everybody thinks it's going out of business when the Kemess Mine closes after 2011, but it's actually not. It has 200,000 ounces a year from two mines in Australia and has a potential new mine in Ontario where they've just announced over three million ounces. That's potentially another 200,000 ounces a year, so we think they'll remain at 400,000 ounces a year from Canada and Australia, both of which are countries we like. Cheap on our market cap per ounce of production and reserves metrics, it's trading at an operating cash flow multiple under 2.0X.

Golden Star has several nearby mines in Ghana with production targeted at about 500,000 ounces in 2009. They've been ramping up to this rate for the past year and cash costs have run much higher than plan. If costs can be controlled and production goals met, it's a takeover candidate for someone already in the country, such as Newmont or Gold Fields Ltd. (NYSE:GFI)(JSE:GFI) .

One thing I think readers should bear in mind is that gold mining will be one of the few industries doing well in 2009. Their key cost is oil, which is about 25% of the cost of running a mine. Oil's price, as we know, is down about 75% in the $147/barrel high last July. At the average $400 cash cost per ounce mine, that's a cut of about $75/oz off their costs. That result alone is going to give them an uptick in future earnings versus what they showed for third quarter 2008.

Something else people may not recognize is that currencies are also falling; many are down 20% to 40% versus the U.S. dollar. All the commodity nation currencies—the Canadian dollar, the Australian dollar, the South African Rand, the Brazilian Real, the Mexican Peso—they're all down 20% to 40%. When your mining costs in those countries are translated back into U.S. dollars, they'll be 20% to 40% lower.

So, the miners are going to have falling cash costs and even if the gold price remains exactly where it is now profits are going to soar. This will be unique in 2009. I can't think of any other industry in which people are going to be able to point to and say, “These guys are making a lot more money.” I think the increasing profits will get the gold mining industry recognition that it isn't getting now. Of course I'm a bull on gold because of the macroeconomic picture. When you put falling costs of production together with a rising gold price, you've got a winning combination for the stocks in 2009.

TGR: I was wondering if you could give us something on Silver Wheaton Corp. (NYSE:SLW) (TSX:SLW) .

JD: Well, Silver Wheaton is another royalty company; it's not a producer. It gets its profit royalties by paying a cash sum up front and $4/ounce on an ongoing basis. It captures the difference between the silver price and $4 an ounce; if silver is $10 and it pays $4, it makes a $6 an ounce profit; at $20 silver, its profit would be $16. Aside from no pure silver miner actually producing ounces as low as $4.00, there's a lot of leverage to silver price. I am not a silver bull, but because I'm a gold bull I think silver will follow gold higher.

Silver Wheaton is one of those companies that doesn't have the issues of actually doing the mining. It has a portfolio of mines that it gets production from, and it owns 25% of the production from Goldcorp's Penasquito mine that it buys at $4 an ounce, and will average about 8 million ounces a year. It's just starting up now, but it will really get going in 2010. Silver Wheaton's share of the total mineralization at Penasquito is 1 billion ounces. There's 4 billion total ounces of silver there and it bought 25%. So, for a long time—the mine life of Penasquito is over 30 years—it's going to be a big producing mine for Silver Wheaton.

TGR: Isn't there a twin sister to Silver Wheaton in the gold area?

JD: Well, there's Gold Wheaton Gold Corp. (TSX.V:GLW) . It's based on the premise that some companies have a gold by-product. With their primary production in some other kind of metal, some might like to lay off the gold for a $400 an ounce on-going payment and an up-front purchase amount. Yes, some of the same guys are involved. I'm not convinced it's going to do as well because it's already got a lot of shares outstanding, and I just don't like the capital structure as much. I wouldn't bet against these guys but I'm not a believer.

TGR: And you said you're not a silver bull. Why is that?

JD: We do cover about 15 silver miners, but reason number one for not being a bull is that it's a by-product. Few mines are built to get just silver; 70% to 80% of silver comes as a by-product to copper, zinc, gold or some other metal. If you're producing copper, you're more interested in the copper price than you are in the silver price and you tend to just dump the silver onto the market.

And second, it's not a monetary commodity. It is poor man's gold—but it doesn't have the universal monetary acceptance that gold does. It has a growing list of industrial uses, but it's not growing at any rate that's going to offset the falling use in photography. So, the overall demand for silver is not growing at any great rate. It's not going to go from 800 million ounces a year to 1.6 billion ounces a year; it may get there in 20 years or 30 years, but that's not our investment time horizon.

I think silver just follows gold along; but, in fact, it hasn't been following gold along because right now silver is trading at a discount to gold. The ratio of gold to silver price, which normally runs around 50–55, is now around 80, so silver might have a little bit of a pop-up if the discount closes. But there are a lot of new silver mines coming on line and maybe that's why the discount exists. Penasquito is one and Silver Standard Resources Inc. (TSX.:SSO) (Nasdaq:SSRI) has a big one starting in 2009. Coeur d'Alene Mines Corp. (NYSE:CDE) (TSX: CDM) has now one ramping up and Apex Silver Mines Ltd. (AMEX:SIL) San Cristobal is now on line at 20+ million ounces per year as a zinc by-product. There's potentially more silver coming to market than the world really needs. We do recommend Silver Wheaton, but that's our single play.

TGR: Can you give us any comments on Minefinders Corporation (AMEX:MFN) (MFL.TO) ?

JD: Well, you know, it's in the uncertainty phase as to whether or not the new Delores mine in Mexico is going to work. Now built, it's just starting up. We like the stock as we think it's going to work. The question is: will it? Two mines in the area—Mulatos, owned by Alamos Gold Inc. (TSX:AGI) , and Ocampo owned by Gammon Gold Inc. (GRS) did not start up smoothly.

The market is betting against Delores starting smoothly, but this is the last of the three mines to come on line, and the first two mines—Alamos' and Gammon's—did get fixed and are now running okay. So, I think Minefinders has probably learned from the experience of the others, and the mine should start up all right. But, you know, the proof will be in the pudding. If you take its market cap per ounce on the forecast 185,000 ounces of production in 2009, or its almost 5 million ounces of reserves, and compare it to the industry averages we calculate, it's potentially a double or triple from here.

TGR: So, the start-up issues of the other two mines, were they politically related?

JD: No, it was metal related. Processing facilities aren't like televisions; you don't just turn them on. It's more like buying a new fancy computer system that needs to be twiddled and tweaked and loaded with the right programs. And you know, all geology is different, so things seldom start up properly; and, given the long teething problems at the other two mines, that's sort of been a curse. If Minefinders can beat it and start up on plan, it's an easy winner in 2009.

TGR: So, John do you have a prediction on where you think gold will go?

JD: People talk about $2,000 or $5,000—it's all pie in the sky, you know. Gold might get there; but the bigger question is: what's the timeframe? Will I be around when gold is $5,000? I doubt it. Will it get there? Probably.

But we look for undervalued situations no matter what the gold price. And in the '90s—you know we've been writing **Gold Stock Analyst** since 1994—in the mid-90s gold did nothing for three years, it traded between $350 and $400. With our methods of selecting undervalued stocks, we had a couple of years of the Top 10 portfolio up 60% and 70% but gold was flat. Until mid-2008 the GSA Top 10 was up almost 800% in the current gold bull market. When gold does go up, the stocks go up more; but, in general, even if gold does nothing, we can still find good buys. Royal Gold is an example of finding winners in a tough market. Made a Top 10 stock at $23 in mid-2007, it gained 60% in 2008 and has doubled over the past 18 months.

We don't follow the explorers, in part because there is no data to analyze beyond drill hole results, which are a long way from showing a mine can be built and operated at a profit. For us, the pure explorers are too much like lottery tickets. The producers do exploration and you can get your discovery upside from them. Bema Gold (acquired by Kinross Gold in February 2007) was a Top 10 stock with 100,000 ounces per year of production when it found Cerro Casale and it did very nicely on the back of that find. So, with the smaller producers you can get plenty of exploration upside. You don't need to focus on the greenfield explorers because it's just too hard to tell who's going to win and who's going to lose.

John Doody brings a unique perspective to gold stock analysis. With a BA in Economics from Columbia and an MBA in Finance from Boston University, where he also did his Ph.D.-Economics course work, Doody has no formal "rock" studies beyond "Introductory Geology" at Columbia University's School of Mines.

An Economics Professor for almost two decades, Doody became interested in gold due to an innate distrust of politicians. In order to serve those that elected them, politicians always try to get nine slices out of an eight slice pizza. How do they do this? They debase the currency via inflationary economic policies.

Success with his method of finding undervalued gold mining stocks led Doody to leave teaching and start the Gold Stock Analyst newsletter late in 1994. The newsletter covers only producers or near-producers that have an independent feasibility study validating their reserves are economical to produce.

Visit **The GOLD Report** - a unique, free site featuring summaries of articles from major publications, specific recommendations from top worldwide analysts and portfolio managers covering gold stocks, and a directory, with samples, of precious metals newsletters.

Let's update and fast forward to 2015 and take a brief look as of the end of April 2015 at the pricing of the reserves in some of the larger gold producers. Here's what you can buy into gold at today at these large companies-the per ounce price is highlighted by company. For example, at Barrick you're buying gold at $190.76 an ounce based on reserves. There are some pretty good and serious deals to be made at these prices.

GOLD METRICS

BARRICK GOLD CORPORATION (ABX: NYSE)

Price: $13.15
Market Cap: 15.3B
Proven/Probable Gold Reserves: 80 Million ounces
Market Cap / Gold Reserves: ~$190.76

GOLDCORP (GG: NYSE)

Price: $18.99
Market Cap: 15.7B
Proven/Probable Gold Reserves: 23 Million ounces
Market Cap / Gold Reserves: ~$684.21

NEWMONT MINING (NEM: NYSE)

Price: $26.35
Market Cap: 13.1B
Proven/Probable Gold Reserves: 83.3 Million ounces
Market Cap / Gold Reserves: ~$157.80

AngloGold Ashanti Limited (NYSE:AU)

Price: $11.37
Market Cap: 4.6B
Proven/Probable Gold Reserves: 71.3 Million ounces
Market Cap / Gold Reserves: ~$64.46

Kinross Gold Corporation (NYSE:KGC)

Price: $2.41
Market Cap: 2.76B
Proven/Probable Gold Reserves: 38.2 Million ounces
Market Cap / Gold Reserves: ~$72.17

Yamana Gold Inc. (NYSE:AUY)

Price: $3.87
Market Cap: 3.64B
Proven/Probable Gold Reserves: 12.9 Million ounces
Market Cap / Gold Reserves: ~$280.42

Randgold Resources Limited (NASDAQ:GOLD)

Price: $76.26
Market Cap: 7.07B
Proven/Probable Gold Reserves: 11.3 Million ounces
Market Cap / Gold Reserves: ~$626.01

Newcrest Mining Ltd (NCMGY: OTC)

Price: $11.52
Market Cap: 8.8B
Proven/Probable Gold Reserves: 60.4 Million ounces
Market Cap / Gold Reserves: ~$146.09

And yet another alternative investment: the XAU: A symbol for the Philadelphia Gold and Silver Index, an index of precious metal mining company stocks that are traded on the Philadelphia Stock Exchange. This Index Fund has the following components:

PHLX Gold/Silver Sector (XAU) as of 4/30/15

The XAU Index

The Philadelphia Gold and Silver Sector Index (XAU) contain 16 large and medium capitalization weighted companies engaged in the mining of gold and silver. An excellent Index investment, if that's for you.

Components for XAU

Name

Barrick Gold Corporation
Agnico Eagle Mines Limited
First Majestic Silver Corp.
AngloGold Ashanti Ltd.
AuRico Gold Inc.
Yamana Gold, Inc.
Compa de Minas Buenaventura S.A.A.
Coeur Mining, Inc.
Eldorado Gold Corporation
Freeport-McMoRan Inc.
Gold Fields Ltd.
Goldcorp Inc.
Randgold Resources Limited
Gold Resource Corp
Hecla Mining Co.
Harmony Gold Mining Company Limited
IAMGOLD Corp.
Kinross Gold Corporation
McEwen Mining Inc.
Newmont Mining Corporation
NovaGold Resources Inc.
New Gold, Inc.
Pan American Silver Corp.
Primero Mining Corp.
Royal Gold, Inc.
Seabridge Gold, Inc.
Sandstorm Gold Ltd.
Silver Wheaton Corp.
Silver Standard Resources Inc.
Stillwater Mining Company

Van Eck Intl Investors Gold C (IIGCX)

This is a GOLD MUTUAL FUND managed by a geologist. This factor increases value in my opinion. He can spot early-stage gold development companies at good price points. The Van Eck Fund has a solid track record. The expense ratio is generally below 2%. If you're a Gold Mutual Fund investor, consider this option.

EMERGENCY PREPAREDNESS

Dorothy in the Wizard of Oz: "*Toto, I've a feeling we're not in Kansas anymore.*"

Any economic collapse will have a variety of major consequences. One is the need for emergency preparedness, particularly as regards food supplies. Here's a checklist:

- Flashlight and extra batteries
- Portable, battery-operated radio and extra batteries
- First aid kit and manual
- Emergency food and water
- Nonelectric can opener
- Essential medicines
- Cash and credit cards

Check food supplies and test drinking water.

Emergency Bars Can Be A Life-Saver

The world has always been an uncertain place – there is no spot that is entirely safe from natural disasters, and history is dotted with volcanoes, blizzards, earthquakes, tsunamis, and other events that have impacted humanity to a greater or lesser degree.

When a disaster or emergency occurs, it is sometimes a while before normality is restored, and during this time, food can be a problem. Generally, the stores are stripped bare before, during, and immediately after the disaster has occurred, and if transportation lifelines have been impacted, it can be weeks before supplies get into the area. Keep in mind how long it was before those stranded in New Orleans after Hurricane Katrina had food. Due to modern supply chain management (managed by computers), stores have minimal inventory in stock, and that can be quickly depleted.

Nutritious And Easy To Store

Emergency bars are probably the easiest way to provide for emergency rations. Mayday Food Bars are especially convenient because they come in a variety of sizes, everything from 400 calories up to 3,600 calories. A large brick can be broken up to supply rations for several people, or smaller bars can be used so that the food will be fresher.

These bars are formulated with ingredients that are unlikely to cause allergic reactions, and will not only provide you with all the calories you need daily (depending on the size of bar you use), but are vitamin fortified. As with most emergency supplies, it will be best to store your Mayday bars in a cool, dark place.

Emergency food bars such as Mayday have a shelf life of up to 5 years and can withstand temperatures of -22 F all the way up to 149 F. These bars are also appropriate for keeping in the family car in case of a breakdown, especially during extreme weather conditions when you might be 'stuck' for a significant amount of time.

If you become lost, these Emergency bars will provide you with all the energy you need to keep going until you either make your way out or are found. Besides providing you with everything you need for bodily maintenance, these bars are designed so as not to make you thirsty – very important when your water supply may be limited.

What Types of Food You Should Store

When you are picking out the items to stock your emergency larder with, you want to make certain that you have a good assortment of different foods so that your diet is balanced and you can avoid the mental fatigue of eating the same bland meals endlessly. Calorie intake is also very important to keep in mind for emergency food supplies, as keeping your energy up is important. Everything from dried meat to grains to Jell-O can be included in your food store, and probably should be – if it can be stored for a long while, it has a place on your shelves unless you hate it or are allergic to it. Your survival food store should include the following types of food:

- **Grains**– both wheat and corn fall into this category, for flour and corn meal respectively. These can be stored whole and ground, or as flour. Whole grains keep better but are more work to prepare. Included in this category are also various mixes – you can include pancake mix, pie crust mix, and even cake mixes in your grain supply as long as you also have some means of cooking them to the proper temperature.

- **Meats**– a combination of dried meats and tinned meats, as well as canned fish, for the essential proteins that the carnivore known as man requires. Tuna and sardines will last for a minimum of three years in their tins, and provide a lot of essential nutrients. Be sure to have a can opener so that you can open them easily. The author has witnessed Russians opening a stout tin can with a knife – it works, but it produces frequent sliced fingers even among those skilled at doing it.
- **Beans and sprouts**– you should have several types of beans, and possibly the material for sprouts as well.
- **Dairy products**– powdered milk and powdered eggs are the only dairy products you will be able to store over the long-term.
- **Sugars**– actual sugar, as well as hard candy, chocolate powder for cocoa or drink mix, and honey, which is an excellent long-lasting food resource but should not be given to small children. White sugar keeps indefinitely, confectioner's sugar and granulated sugar will last two to three years, and brown sugar lasts around 18 months.
- **Fruits and vegetables**– either dried or canned, these are essential for proper nutrition. Shelled nuts only last a few months before going stale, but those left unshelled will stay edible for at least two years.
- **Condiments and miscellaneous foods**– salt, pepper, onion powder, powdered or dried tomatoes, and whatever spices you enjoy, preferably in quantity and variety. Jell-O and other gelatin or pudding mixes can keep for a year or two. Teabags will keep for around three years, so you can sip a placid, civilized cup of Lipton's or Earl Grey even while the world burns around you. Ritz crackers and Peanut Butter are a basic long-term storage staple.

MREs - Made ready to eat

History of the MRE: *The Meal, Ready-to-Eat is also known as an MRE. It is self-contained in light weight packaging and used in the United States military. The MRE replaced the Meal, Combat, Individual (MCI) rations. Because of the range geographic tastes, the Department of Defense began to design MREs that would suit many different cultures.*

The goal of an emergency food supply is to have enough calories to survive until other food sources arrive so it is important that the service member eat the entire meal. This did not always happen if the meal did not seem palpable to the person consuming it. Vegetarian options have now been added.

There are no laws that forbid the resale of MREs. They can be found on survival and disaster websites and were used in for the victims in Hurricane Katrina and other disasters where there was a shortage of food.

MRE Meals

Contents may include:

- Main course or entree
- A side dish
- Dessert or snack
- Crackers or bread
- Spread of cheese, peanut butter or jelly

- Powdered beverage mix: fruit flavored drink, cocoa, instant coffee or tea, sport drink or dairy shake.
- Utensils (usually just a plastic spoon)
- Flameless Ration Heater (FRH)
- Beverage mixing bag
- Accessory pack:
    - Xylitol chewing gum
    - Water-resistant matches
    - Napkins and toilet paper
    - Moist towelette
    - Seasonings include salt, pepper, sugar, creamer and Tabasco sauce

Many items are fortified with nutrients. In addition, the Department of Defense policy requires units to augment MREs with fresh food and A-Rations whenever feasible, especially in training environments.

Nutritional requirements

- Each meal needs to provide 1,200 calories
- Each has a shelf life of 3 years depending on storage
- It is not recommended that MREs be consumed for more than 21 days in a row
- Packaging requirements
- The packaging needs to be able to withstand parachute drops from 1,200 feet
- Minimum shelf life of 3 and ½ years at 120 F
- Nine months 100 F
- 120 F for short periods of time
- 18 to 16 ounces

Water Storage and Purification

When planning your water resources for survival you need to deal with storing water, finding water and purifying water.

Storing Water

For your in-home cache or survival retreat stash, you should count on two gallons of water per-person per-day. While this is more water than necessary to survive (except in hot climates or after strenuous exertion) it ensures water is available for hygiene and cooking as well as drinking.

Our personal in-home stash has enough water for a week.

Commercial gallon bottles of filtered/purified spring water often carry expiration dates two years after the bottling date. A good rotation program is necessary to ensure your supply of water remains fresh and drinkable.

If you have a spare refrigerator in the basement or the garage, use PET water bottles (the kind soda or liters of water come in) to fill any available freezer space. In addition to providing you with fresh, easily transportable drinking water, the ice can be used to cool food in the refrigerator in the event of a power failure. We have found that these bottles, which are clear and have screw-on caps like soda bottles, will withstand many freeze-thaw cycles without bursting or leaking. (The bottom may distort when frozen, but this isn't a big problem.) For self-storage of large amounts of water, you're probably better off with containers of at least 5 gallons. Food-grade plastic storage containers are available commercially in sizes from five gallons to 250 or more. Containers with handles and spouts are usually five to seven gallons, which will weigh between 40 and 56 pounds. Get too far beyond that and you'll have great difficulty moving a full tank.

Solutions designed to be added to water to prepare it for long-term storage are commercially available. Bleach can also be used to treat tap water from municipal sources. Added at a rate of about 1 teaspoon per 10 gallons, bleach can ensure the water will remain drinkable.

Once you're in a survival situation where there is a limited amount of water, conservation is an important consideration. While drinking water is critical, water is also necessary for rehydrating and cooking dried foods. Water from boiling pasta, cooking vegetables and similar sources can and should be retained and drunk, after it has cooled. Canned vegetables also contain liquid that can be consumed.

To preserve water, save water from washing your hands, clothes and dishes to flush toilets.

Short Term Storage

People who have electric pumps drawing water from their well have learned the lesson of filling up all available pots and pans when a thunderstorm is brewing. What would you do if you knew your water supply would be disrupted in an hour?

Here are a few options in addition to filling the pots and pans:

- The simplest option is to put two or three heavy-duty plastic trash bags (avoid those with post-consumer recycled content) inside each other. Then fill the inner bag with water. You can even use the trash can to give structure to the bag. (A good argument for keeping your trash can fairly clean!)
- Fill your bath tub almost to the top. While you probably won't want to drink this water, it can be used to flush toilets, and wash your hands.

If you are at home, a fair amount of water will be stored in your water pipes and related system.

To get access to this water, first close the valve to the outside as soon as possible. This will prevent the water from running out as pressure to the entire system drops and prevent contaminated water from entering your house.

Then open a faucet on the top floor. This will let air into the system so a vacuum doesn't hold the water in. Next, you can open a faucet in the basement. Gravity should allow the water in your pipes to run out the open faucet. You can repeat this procedure for both hot and cold systems.

Your hot water heater will also have plenty of water inside it. You can access this water from the valve on the bottom. Again, you may need to open a faucet somewhere else in the house to ensure a smooth flow of water. Sediment often collects in the bottom of a hot water heater. While a good maintenance program can prevent this, it should not be dangerous. Simply allow any stirred up dirt to again drift to the bottom.

Finding or Obtaining Water

There are certain climates and geographic locations where finding water will either be extremely easy or nearly impossible. You'll have to take your location into account when you read the following. Best suggestion: Buy a guide book tailored for your location, be it desert, jungle, arctic or temperate.

Wherever you live, your best bet for finding a source of water is to scout out suitable locations and stock up necessary equipment before an emergency befalls you. With proper preparedness, you should know not only the location of the nearest streams, springs or other water source but specific locations where it would be easy to fill a container and the safest way to get it home.

Preparedness also means having at hand an easily installable system for collecting rain water. This can range from large tarps or sheets of plastic to a system for collecting water run off from your roof or gutters.

Once you have identified a source of water, you need to have bottles or other containers ready to transport it or store it.

Purification

And while you may think any water will do in a pinch, water that is not purified may make you sick, possibly even killing you. In a survival situation, with little or no medical attention available, you need to remain as healthy as possible.

Boiling water is the best method for purifying running water you gather from natural sources. It doesn't require any chemicals, or expensive equipment -- all you need is a large pot and a good fire or similar heat source. Plus, a rolling boil for 20 or 30 minutes should kill common bacteria such as guardia and cryptosporidium. One should consider that boiling water will not remove foreign contaminants such as radiation or heavy metals.

Outside of boiling, commercial purification/filter devices made by companies such as PUR or Katadyn are the best choices. They range in size from small pump filters designed for backpackers to large filters designed for entire camps. Probably the best filtering devices for survival retreats are the model where you pour water into the top and allow it to slowly seep through the media into a reservoir on the bottom. No pumping is required.

On the down side, most such filtering devices are expensive and have a limited capacity. Filters are good for anywhere from 200 liters to thousands of gallons, depending on the filter size and mechanism. Some filters used fiberglass and activated charcoal. Others use impregnated resin or even ceramic elements.

Chemical additives are another, often less suitable option. The water purification pills sold to hikers and campers have a limited shelf life, especially once the bottle has been opened.

Pour-though filtering systems can be made in an emergency. Here's one example that will remove many contaminants:

1. Take a five or seven gallon pail (a 55-gallon drum can also be used for a larger scale system) and drill or punch a series of small holes on the bottom.
2. Place several layers of cloth on the bottom of the bucket, this can be anything from denim to an old table cloth.
3. Add a thick layer of sand (preferred) or loose dirt. This will be the main filtering element, so you should add at least half of the pail's depth.
4. Add another few layers of cloth, weighted down with a few larger rocks.
5. Your home-made filter should be several inches below the top of the bucket.
6. Place another bucket or other collection device under the holes you punched on the bottom.
7. Pour collected or gathered water into the top of your new filter system. As gravity works its magic, the water will filter through the media and drip out the bottom, into your collection device. If the water is cloudy or full of sediment, simply let it drop to the bottom and draw the cleaner water off the top of your collection device with a straw or tube.

While this system may not be the best purification method, it has been successfully used in the past. For rain water or water gathered from what appear to be relatively clean sources of running water, the system should work fine.

Information courtesy of: http://www.captaindaves.com.

PLANNING & NON-PARADIGM THINKING

"Impossible only means you haven't found the solution yet." - UNKNOWN

To gain and maintain initiative is based on the military's commander ability to make quick and knowledgeable decisions. The 19th Century military philosopher, Carl von Clausewitz, calls this quick recognition of the truth the commander's *coup d'oeil,* or intuition. It is the ability to recognize the truth, or a high level of awareness, "that the mind would ordinarily miss or would perceive only after long study and reflection." [1]

Clausewitz defines these qualities as "first, an intellect that, even in the darkest hours, retains some glimmering of inner light which leads to truth; second, the courage to follow this faint light wherever it may lead." The first of these qualities is intuition and the second is determination. He further states that the intuition of the genius is not irrational, but it simply reflects a different mode of rationality in which intuitive decisions can be explained ex post facto. Inquisitiveness is a talent of the mind necessary for the proper functioning of intuition.

Another key is that which Voltaire described as the keystone of Marlborough's success – "that calm courage in the midst of tumult, that serenity of soul in danger, which the English call a cool head." That must further be modified by what the French call "le sens du practible" – this is the sense of what is possible versus not possible on a tactical basis. A person must be wise enough to consider an array of details across areas of relevancy.

Planning is the art and science of envisioning a desired future and laying out effective ways of bringing it about. It involves projecting our thoughts forward in time and space so that we can take actions now, *before* they occur, rather than just responding to events after they occur. The consequences of potential actions have to be weighed against the facts. Planning is necessary to reduce the unavoidable time lag between decision and action. *Planning is essential when situations reach a certain level of complexity*. Planning is essential in novel situations in which experience is lacking.

Based on our assessment, we establish goals and objectives we expect to pursue. Then the detail course of action must follow. This involves allocating resources. That is followed by execution of practical measures for carrying out our conceptual planning. Simplicity is not necessarily a virtue in planning – especially if the situation is itself complex.

During and after the execution phase we must be open to changing the plans as we monitor them. To do this we need intelligence sources – raw data which is refined and from which all disinformation is stripped. Adaptability is an utmost consideration – *consider that those who were not adaptable suffered major investment losses* – the old axiom of “buy and hold” just doesn’t cut it any more quite obviously.

To think properly we must:

- Look at problems in different ways – find a new perspective.
- Regulate our thinking patterns by requiring new ideas.
- Combine and recombine thoughts in a non-linear fashion.
- Form relationships between what we previously considered dissimilar subjects (oil, geopolitics and war, for example).
- Suspend old forms of what we thought were logic (tenets that are untenable).
- Think in a manner that prepares oneself for multiple outcomes.
- Consider the work of others – through their patience and experience they have developed knowledge that may far exceed ours.
- Think critically – that is, be open-minded.
- Understand the components of risk in our planning.
- Be like Warren Buffet – do not follow the herd, be individualistic and a contrarian investor.

You cannot trust institutional people, as a rule and with certain exceptions, to do your thinking for you. Some of them rely on black-box computer programs relying on complex algorithms and the traders themselves don't have full conception of what the underlying assumptions are. It is estimated that 40% of the trades on the London Stock Exchange are made from black box trading systems. In a contrarian strategy it is believed that all aspects of market behavior revert back to historical averages over time.

Contrarian strategies have now been widely accepted in terms of their ability to deliver superior returns. Gregory, Harris & Michou, in a study some years ago, examined the performance of contrarian strategies in the UK and found that value strategies formed on the basis of a wide range of measures of value have delivered excess returns that are both statistically and economically significant. Under the contrarian model, value strategies are profitable because they are contrarian to naïve strategies such as those that erroneously extrapolate past performance.

Think outside the box. Since the market will enter a bear mode, use inverse ETFs to hedge your portfolio if after your due diligence is done you have a green light. Enter the markets carefully after you perform due diligence. Use the right newsletters to aid your efforts. Don't go it all alone. Remember this too – ETFs as a rule operate precisely as they are designed. An inverse ETF tracking the S and P 500 will do the opposite of that index. Some inverse ETFs are structured so as to double that return. They work on a 2X multiplier. If you are certain of your position with a high degree of confidence, then use these.

For information on the Direxion Russell 1000 Financials Bearish 3X ETF (FAZ), please read this Article at this link:
http://z3news.com/w/sudden-economic-collapse-coming/

This is non-paradigm thinking – remember the key is to do your due diligence, first on the macroeconomics, which you have done by purchasing this book, and then on your allocations as you enter the market. Godspeed and Smooth Sailing.

[1] Clausewitz, *On War*.

NEWS FLASH

Russia Threatens to Collapse the U.S. Economy

Reuters has reported that the Kremlin, through Sergie Glazyev, announced that if the U.S. were to impose sanctions on Russia, Moscow will drop the dollar as a reserve currency.

Well, let's fast-forward to the future. That has now happened. He also stated they will refuse to pay off loans to U.S. banks and recommend that holders of Treasuries sell them.

China is an ally of Russia and they take Russia's side. They own over 1 Trillion in U.S. treasuries. It's obvious which way they are going. The effects – earth shattering. The equivalent of a nuclear financial bomb. The end of the Western economy.

But guess what – Mr. O signed a sanction order anyway. He also taunted the Russians by revoking the visas of a number of key officials.

Author's note: This appears to be a deliberate attempt to destroy the U.S. economy in 2015.

Source: SCG News. "Russia Threatens to Drop The Dollar and Crash The U.S. Economy if Sanctions Are Imposed - Obama Signs "Sanctions" Order Anyway." SCG News. Last modified March 6, 2014. http://scgnews.com/russia-threatens-to-drop-the-dollar-and-crash-the-us-economy-if-sanctions-are-imposed-obama-signs-sa.

China Dumps U.S. Dollars

Without the dollar being a reserve currency, the U.S. will sink like a rock.

China has recently announced:

- It is no longer in their interest to accumulate foreign-exchange reserves. Guess what? They are going to stop buying our debt!
- China has new agreements with other nations which exclude the dollar as the basis for the exchange.
- China's central bank is buying gold like it's not going to be available any more!

If no buyers for U.S. debt exist, interest rates can shoot up overnight and that is death to the U.S. stock market. Remember the basic rule of investing: never invest more in any market than you can afford to lose.

In fact, Bloomberg has reported that China dumped 50 billion dollars of U.S. debt just in December!

China has to replace this debt with something, and it has chosen gold. Also according to Bloomberg, more than 80% of the gold exports from Switzerland last December went to – guess where – Asia. Chinese gold is imported through Hong Kong.

The average interest rate the U.S. government generously pays on its debt is 2.477%. That is below the inflation rate. What is the advantage of anyone owning these bonds?

But there's more – four large U.S. banks have exposure to derivatives of over 40 trillion dollars. Warren Buffet calls these "financial weapons of mass destruction." With volatility in interest rates there is no way these could be covered.

Let's end with a quote from this article:

"Unfortunately, very few of the "experts" will ever see this crash coming.

Very few of them saw it coming in 2000.

Very few of them saw it coming in 2008.

And very few of them will see it coming this time."

Source:

Snyder, Michael. "Russia Is Doing It - Russia Is Actually Abandoning The Dollar." The Economic Collapse. Last modified June 10, 2014.

THE END GAME

Now that you've read all of the details behind the planning to implode the U.S. economy, I'll summarize the End Game, as I call it. The shadow government or financial elite believe in the Schmita cycle. That's the reason for the seeming amazing coincidence of this economic cycle. It just takes their instructions, and a series of black box computer programs, and you have results.

To show you how close we are to financial Armageddon, look at Greece. The collapse of Greece will take down Europe. The system is that fragile.

Actually, Greenspan is a proponent of gold. The elite's plan all along has been to pump up the fiat money currency to the maximum extent possible, and then let it collapse. That collapse will occur this September.

When it collapses it won't be reset in any way we've ever seen. The Federal Reserve is bankrupt and leveraged 77-1. They cannot bail it out. Other countries are no longer buying our debt. That won't bail it out.

A couple of Hedge Fund Managers a few years ago came up with an interesting theory. They gamed out the backing of whatever currency remains (I'm talking paper money since stocks will have already been destroyed), and said that if gold was reset at just over $10,000 an ounce that the U.S. paper currency could be gold-backed. I believe the figure is closer to $15,000 an ounce. Since more than 500 currencies not backed by gold or silver have all failed, this of course is the solution.

A devaluation will occur some time after the stock market crash. The market crash will wipe out equities, and the bond market. Banks will close for weeks. No withdrawals at ATMs will accompany this liquidation. The devaluation will be America saying to the world: "Well, we can offer you 20 cents on the dollar." Or whatever formula they use. It'll probably go like this. Well, our debt is half interest anyway. If you all will just forgive that and a little

more, we'll be OK to go on with you. Look what's happened here to us anyway. The offer may not be that generous.

American policy since one of our last honest Presidents, Kennedy, has been to put natural resources in protected areas. These protected areas have many names. Environmentally Protected Areas, National Parks and Military Reservations. The Chocolate Mountains of California are an example. They reportedly contain over ten times the gold reserves of Ft. Knox. We've been holding them in reserve for just this type of event. They're guarded by Marines.

The gold in Ft. Knox and the NY Federal Reserve is likely gone, and most likely sold. The government also has the largest oil reserves in the world in Alaska, and they've closed it up pending its use at a time just like this. This has been policy for well over fifty years. They've always known this time is coming, and now it's here.

These hidden natural resources will all become public knowledge shortly after the crash occurs. A lot of chaos will accompany the month of the crash. A couple of Silver American Eagles will be the value of a car.

The "London Silver Fix" ended on August 14, 2014. This was an arrangement by several major banks to "benchmark the price" to their whims.

Now the true price of silver is free to rise to market standards, depending on supply and demand. Silver should trade a minimum 1:1 price ratio with gold. With gold at $1200/ounce, that means silver at $1200/ounce.

The industrial use of silver makes it invaluable in photography, electronics, cells phones, RFID chips and computers and TVs. Silver reflects light and conducts electricity, making it essential in solar panels.

Trillions of dollars from both the West and the East are about to flow into silver as the last monetary haven. The Chinese even have a video produced to their one-billion plus population recommending silver as an investment vehicle. When only a fraction of those billion people buy silver, think of the price demand that will occur.

Silver has the monetary value of gold but on top of this has a multitude of industrial uses. Our paper money is being printed in an out-of-control attempt to prevent the inevitable, which is a banking collapse and derivative meltdown.

I would say that $400-500 silver is a conservative estimate. We feel gold doesn't have the price potential of silver.

Less than 1 in 1,000 people will be prepared. It will be the greatest wealth transfer in history. The time to get your house in order is fast closing. Smooth sailing and Godspeed.

DISCLAIMER

The comments, graphs, forecasts and indices published herein are based upon data whose accuracy is deemed reliable but not guaranteed. Performance returns cited are derived from best estimates. Due diligence is recommended before investing. All investment vehicles contain various measures of risk.