

## **“The Death of the Dollar!”**



**“Despite its recent fall against commodities and other currencies, the dollar is looking more fragile than ever.**

**“There’s still lots of room to the down side!”**

- **Doom for the dollar: even the major media are starting to predict it!**
- **Foreign governments now taking action against the greenback**
- **Updates on oil and Iran**

There’s so much grim news about the dollar this month, I won’t be able to fit it all in just one issue!

The world-wide revolt against our currency has begun. We’ve been drowning the world in dollars, and the world has finally had enough.

Twenty years ago, the United States was a net creditor to the world. But not any more. Now we’re the world’s biggest debtor instead. Foreigners now own \$2.4 trillion more of us than we do of them.

But instead of slowing down the borrowing spree, we’re accelerating it instead. The U.S. is now buying over \$1 million per minute more of foreign goods than we produce. That’s every minute—day and night. Our imports are almost 50 percent greater than our exports.

But this fling is unsustainable.

It was a great party while it lasted. When other countries accept green paper (dollars) in exchange for real goods (clothes, televisions, cars), it’s lots of fun to print up some green paper every time you want to buy something. Who wouldn’t?

But the party’s just about over. The world is finally waking up, and noticing all this green paper we’ve crammed down its throat. Once everybody starts rejecting this paper...once it’s recognized as just so much toilet tissue...we’ll be in serious trouble.

The dollar has already crashed hard against other currencies, but it seems the fall is just beginning. Take a look at some of the headlines

and stories in the media lately:

- “Prospects are grim for dollar” (*New York Times*)
- “World economy seen threatened by U.S. deficits” (Reuters)
- “Some worry about a dollar crisis” (*Wall Street Journal*)
- “Wobbly dollar spells big trouble for central bankers” (*The Australian*)

## THE GOLD AND ENERGY ADVISOR

### EDITORIAL STAFF

*James DiGeorgia*      *Editor*  
*Spiros Psarris*      *Associate Editor*

### PUBLISHING STAFF

*Chuck Aultman*      *Subscriber Services*  
*Angela Leonard*      *Marketing Manager*

The **GOLD AND ENERGY ADVISOR** is a newsletter dedicated to educating investors about the investment opportunities in precious metals and energy. We specialize in showing investors how to avoid the traps, pitfalls, scams, and frauds that abound in the precious metals and energy investment arenas. Unless otherwise stated, all charts, graphs, forecasts and indices published in the **GOLD AND ENERGY ADVISOR** are developed by the employees and independent consultants employed by The Silver & Gold Report, LLC. The accuracy of the data used is deemed reliable but is not guaranteed. There's no assurance that the past performance of these, or any other forecasts or recommendations in the newsletter, will be repeated in the future. The publisher, editor, and staff of this publication may hold positions in the securities, bullion, and rare coins discussed or recommended in this issue. The publisher, editor and staff are not registered investment advisors and do not purport to offer personalized investment related advice; the publisher, editor and staff do not determine the suitability of the advice and recommendations contained herein for any subscriber. Each person must separately determine whether such advice and recommendations are suitable and whether they fit within such person's goals and portfolio. **GOLD AND ENERGY ADVISOR** is affiliated with Finest Known, a dealer in rare coins and bullion. Mining companies, oil & energy exploration and/or oil & energy service companies mentioned or recommended in **GOLD AND ENERGY ADVISOR** may have paid or may in the future pay the publisher a promotional fee.

The **GOLD & ENERGY ADVISOR** is published 12 times a year by The Silver & Gold Report, LLC, 1900 Glades Rd. Suite 441, Boca Raton, FL 33431 (800-819-8693 or 561-750-2030). Subscription rates: Single issue, \$19. One year (12 issues), \$189. Two years (24 issues), \$279.

© 2005 The Silver & Gold Report, LLC. All rights are reserved. Permission to reprint materials from the **ADVISOR** is expressly prohibited without the prior written consent of the publisher.

- “The passing of the buck: America's policies are putting at risk the dollar's role as the world's dominant international currency” (*The Economist*)
- “Big issue for 2005: Asia's ties to troubled U.S. currency” (*International Herald Tribune*)
- “Falling dollar hasn't landed yet” (*The Herald*)
- “Central Bankers Warn U.S. Over Deficits” (Associated Press)
- “Doom for the dollar” (*Forbes*)

The basic story is the same in all of them. We've been on a wild spending orgy, but the bill collectors are now starting to call.

Unfortunately, we can't pay our bills. Our savings are gone, and we've been “living off the credit cards” for years now.

The final result promises to be very ugly.

And I'm not the only one who recognizes this. Finally, the national media are waking up. For example, the *New York Times* warned the “biggest one-year collapse” of the dollar ever seen is now possible, and said, “It is not hard to find reasons for a further dollar decline.”

How far will the greenback go down? The *Forbes* article mentioned above quoted predictions for a **50 percent** fall in the dollar.

This may seem incredible to you—certainly, most people are still cheerful and upbeat about our economy. That's why I'm devoting this issue to the Death of the Dollar!

I'll start by discussing...

---

## Politicians and Drunken Spending Orgies

---

I've talked about this before, but the problem keeps getting worse instead of better.

Our national budget deficit continues to climb, despite continuous promises from Washington to shrink it. The *Wall Street Journal* recently reported, “The budget deficit will be much deeper for the next three years than the Bush administration expected just a year ago.” Next year's deficit will be at least \$122 billion higher than expected.

Is the deficit higher because of the wars in Iraq and Afghanistan? No! The higher deficit **doesn't even include** the “undetermined but anticipated” additional spending on Iraq and Afghanistan. So

the real numbers will be *much higher!*

President Bush didn't veto a single spending bill during his first term, and discretionary spending grew at close to a double-digit rate each year. There's no reason to think his second term will be any different. So much for the "conservative" politicians now controlling Washington. (The national debt is up more than \$2 trillion since Bush took office: more than \$7.7 trillion overall.)

Yes, I know he's promised to cut the deficit by the time he leaves office. But who believes that anymore? We've been hearing these promises going back *several* Presidents now, and the deficits balloon each year anyway.

Asking Congress to cut its spending is like asking a hard-core heroin addict to "cut back" on his habit. It ain't gonna happen. He shoots up again and again, each time promising he'll quit "soon." He means it, too. But no matter how hard he tries, he *can't* stop until he winds up in jail—or dead.

Drug addicts have to "crash and burn" (usually by being imprisoned) before they can force themselves to quit. Our federal spending binge is no different—except this will be a crash and burn of our national currency, probably taking the entire economy with it.

It promises to be ugly...

---

## Borrow and Spend, Borrow and Spend

---

But we can't blame the politicians for everything. Another part of the problem comes from the American consumer.

We're consuming far more than we're producing. Our trade deficit for 2004 was a record \$617.7 billion—more than 24 percent higher than 2003, itself a record.

That means we're buying more stuff from foreigners than we're selling to them. As I mentioned before, we're buying over a million dollars of stuff more *each minute* than we're selling. This is the biggest borrow-and-spend binge the world has ever seen.

So every minute of every day, another million dollars pours out from America into foreign bank accounts. We're flooding the world with greenbacks—another \$617 billion of them just last year.

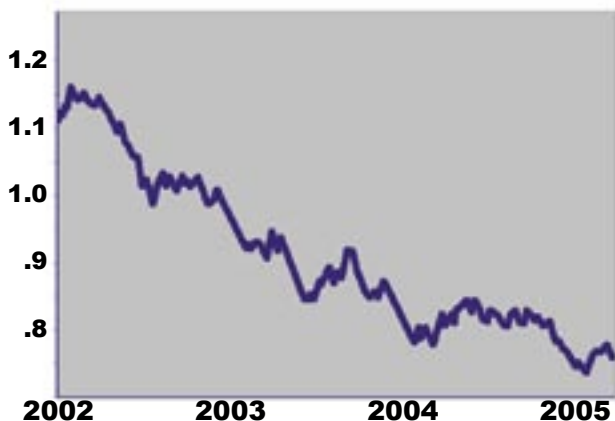
The globe is drowning in an ocean of dollars, so their value has plunged. (Basic economics: when supply of dollars increases, demand for them decreases.) Normally, this would fix the trade imbalance: the weaker dollar would increase the price of imports (dampening our buying) and make our exports cheaper for others to buy (boosting our selling).

But it's not working this time!

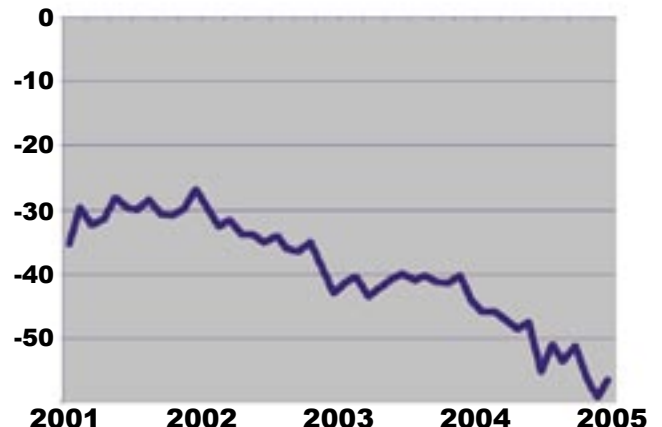
Instead, the problem is getting *worse*. Imports haven't decreased significantly, and exports are falling instead of rising (for example, November exports fell by 2.3 percent). The trade deficit is ballooning to unprecedented, breathtaking levels.

Why? For several reasons. Imports haven't

**U.S. Dollar (shown vs. Euro)**



**U.S. Monthly Trade Deficit (\$ Billions)**



*Even though the dollar has already plunged...trade deficits are getting worse instead of better. The dollar has a long way to fall from here!*

**Latest prices as GEA goes to press—  
March 14, 2005**

Comex spot contract: silver \$7.35, gold \$440.65  
Nymex spot platinum: \$868.00, palladium \$195.00  
Nymex Light Sweet Crude Oil \$55.90

Silver coins	Dealer will buy at this price	Dealer will sell at this price
--------------	--	---

100 1 oz. silver American Eagles	\$830	\$930
100 1 oz. common rounds	\$730	\$810
\$1,000 face value US pre-1965 coin bag (circulated)	\$4,850	\$5,600
\$1,000 face value US circulated silver dollar bag (VG or better)	\$8,000	\$8,900
US Morgan silver dollars	PCGS MS64 \$42	\$55
	PCGS MS65 \$120	\$160
	PCGS MS66 \$300	\$360

**Platinum coins**

U.S. Platinum Eagle:	1 oz.	\$875	\$970
	1/2 oz.	\$450	\$550
	1/4 oz.	\$230	\$300
	1/10 oz.	\$95	\$140

**Gold coins**

Australian Kangaroo		\$425	\$470		
British sovereign (Kings)		\$98	\$135		
	(Elizabeths)	\$100	\$135		
Canadian Maple Leaf		\$425	\$480		
Credit Suisse 1 oz. gold bar		\$420	\$480		
Mexican 50 peso Centenario		\$500	\$560		
South African Krugerrand		\$420	\$470		
US Gold Eagle:	1 oz.	\$433	\$480		
	1/2 oz.	\$210	\$250		
	1/4 oz.	\$108	\$140		
	1/10 oz.	\$44	\$57		
US \$20 double eagle:					
Liberty	Raw	MS60	\$500	\$570	
		NGC	MS63	\$750	\$850
		NGC	MS64	\$1,450	\$1,850
		NGC	MS65	\$4,150	\$4,850
Saint Gaudens	Raw	MS60	\$525	\$600	
		NGC	MS63	\$640	\$725
		NGC	MS64	\$700	\$800
		NGC	MS65	\$1,100	\$1,350

Prices courtesy of Finest Known, Boca Raton, FL.  
(800) 806-3468.

decreased because foreign companies have absorbed most of the impact of the falling dollar. Their profit margins have been slashed, and they've been squeezing costs as hard as they can.

But they've bled themselves dry—now they're going to have to start raising prices. So we'll have to pay more for our cars and DVD players.

Exports haven't increased because U.S. manufacturing is shrinking. Manufactured goods benefit the most from a weaker currency, but the U.S. economy now relies on overseas factories for these.

Also, the Chinese currency is playing a large role. The Chinese yuan is "pegged" to the dollar—as the greenback weakens, China manages its currency to weaken right along with it. So the huge American trade deficit with China doesn't improve, no matter how far the dollar falls.

Even though the dollar has already crashed against commodities and most other currencies, the trade deficit is skyrocketing instead of shrinking. (November was a record month, and December a near-record.) This is just forcing the dollar to weaken further.

Soon it will be vulnerable to attack from international currency speculators. Once these sharks smell blood in the water, they'll attack, and the dollar will drop like a stone.

For a preview, just look at the British pound in the early 1990s. (It was overvalued, and speculators—George Soros and others—went in for the kill. The pound's value plummeted 14 percent in just two weeks, falling 25 percent overall in only three months. The speculators made a killing: Soros alone scored almost a billion dollars.)

If the U.S. doesn't clean up its finances fast, the dollar will be vulnerable to similar attack. Unfortunately, there's no sign of this from Washington. Instead, budget and trade deficits are soaring to nosebleed heights.

So there's a huge abyss yawning underneath the dollar...now it's just a question of when it will fall in.

The only thing keeping us afloat at this point is the willingness of foreigners to lend us that million dollars every minute. Once they pull the plug, the dollar stops breathing. And that day might be upon us, as shown by...

---

**The rebellion of the lenders!**

---

Foreign institutions and investors are starting to drown in the billions and billions of dollars they've accumulated...and are grumbling about accepting more.

Why wouldn't they want huge dollar reserves? For two reasons.

First of all, countries that build up large foreign reserves do so by selling their own currencies. This weakens their currencies, and creates large bubble economies. Recent examples of this include Japan in the 1980s, the Asia crisis countries in the 1990s, and China today.

But when the bubbles finally pop, as they always do, they leave behind banking crises and deflationary whirlwinds. Governments then go deep into debt to bail out the banks. (China is headed for a banking panic right now: non-performing loans are as high as 50 percent.) These kinds of crises can devastate an economy for *decades*. (Just look at Japan. Their bubble popped almost 20 years ago, and they're *still* trying to recover.)

That's the first reason large foreign reserves are dangerous. The second has to do with the dollar itself, which has fallen so much in value the last couple of years.

This problem is easily understood. Would you keep your money in a bank that has accidentally "lost" 40 percent of your savings account in just two years? Of course not—neither do foreign investors want to keep their savings in our rapidly depreciating currency.

Foreigners own over a trillion dollars in currency and dollar-based IOUs...and this pile of cash has lost \$400 billion of its purchasing power in the last few years. Not surprisingly, its owners are angry and bitter about it. As the *Asia Times* recently said:

---

**“Uncle Sam has reneged and defaulted on up to 40% of his trillion-dollar foreign debt, and nobody has said a word...Uncle Sam runs a worldwide confidence racket with his self-made dollar... he is also a deadbeat in that he does not honor and return the money he has received.”**

---

## Iran Update

On February 17, the *Wall Street Journal* reported a warning from U.S. intelligence officials. Iran can block ship traffic through the Strait of Hormuz, they said, which would massively disrupt world oil markets.

Are they just figuring this out now? You might remember I warned you about this a long time ago—back in the September 2004 issue of this newsletter. Maybe these officials should start reading the *Gold and Energy Advisor*!

The article continued, “The United States is the world’s most privileged nation...having the monopoly privilege of printing the world’s reserve currency at will and at a cost of nothing but the paper and ink it is printed on.”

The article concluded the dollar is now “apt to plummet” at any time.

Foreigners have had enough. They’ve asked the U.S. to strengthen the sagging dollar, and they’ve been ignored. Now they’re taking action.

Japan and Europe are considering joint intervention against the dollar. At the same time, policy makers from China, South Korea, and Southeast Asian nations met in Thailand last month to discuss “global economic imbalances” caused by the dollar.

A few days ago, the Bank of International Settlements reported on Asian central and commercial banks. Chinese banks have reduced their dollar holdings to 68 percent of their deposits, down from 83 percent three years ago. Indian banks went from 68 percent to 43 percent in the same period.

OPEC member nations have cut their dollar deposits from 75 percent three years ago to 61.5 percent today. (And this was during a period of record oil revenue.) The *Financial Times* says they’re preparing for a shift to non-dollar priced oil—which would be a tremendous blow to the dollar. (The major oil markets price their products in dollars, so all buyers and sellers have to use our currency: over \$4 billion in transactions each day. Non-dollar pricing would remove this enormous demand for the greenback.)

Also, several nations are now openly shifting their foreign reserves away from dollars and into euros: Russia has announced this, and Indonesia is thinking about it.

Shifts away from the dollar will be disastrous for our currency, and this trend seems unstoppable. A recent survey of more than two-thirds of the world's central banks showed they "have boosted the euro holdings in their currency reserves over the past two years, largely at the expense of the dollar... *none* of them intends to increase the proportion of reserves they have in the falling dollar."

The 65 central banks surveyed control \$1.7 trillion in reserves, so this is a huge move out of the U.S. currency.

Our situation is precarious. We saw this last month when South Korea announced it planned to diversify out of the dollar. Immediately our stock market panicked, and the price of oil leaped up. The next day, the South Korean government hastily backtracked and said it had "no plans" to sell dollars, calming the markets down again.

Think about this. Our markets can be spooked into huge downdrafts just by an announcement from a tiny country like Korea (actually, *half* of Korea). Should we be happy with a national economy that's so fragile?

Foreign investors and institutions have realized how frail we are, and are getting scared. The Australian Treasury Secretary recently said the "cheap debt financing of the U.S. current account deficit is worryingly reminiscent of Fed Chairman Greenspan's warning in 1996 of irrational exuberance in U.S. stocks." You might remember Greenspan's warning preceded the stock market wipe-out a few years later—now Australia is predicting the same thing for the entire American economy!

The chief economist of the IMF (International Monetary Fund) recently said there's a "growing risk" investors will lose their appetite for financing U.S. deficits. "If they doubt the resolve of policy makers, and they see the current account deficit will become unsustainable, investors will not stay around to see that day...the dollar will depreciate tremendously at that point, **investors will sell dollars immediately.**" In other words, we'll see a devastating crash instead of a gentle decline. He even warned of a coming "catastrophe."

At the World Economic Forum in Switzerland last month, global policymakers met and discussed this problem. The President of the European Central Bank complained that today's account

deficits are "neither acceptable nor sustainable." The Bank of England governor warned of "global imbalances."

Meanwhile in Asia, China has been a crucial supporter of the dollar—the Chinese are the second-biggest holder of U.S. debt (with over \$191 billion in Treasuries). Now even their support might be ending.

The Chinese are realizing their dollar "savings account" has an unpluggable leak. As Fan Gang, the director of the National Economic Research Institute in Beijing, recently said, "The U.S. dollar is no longer a stable currency, and is devaluing all the time...The Chinese authorities will not forget it. Now people understand *the U.S. dollar will not stop devaluing.*" And who would want to keep their national savings in an unstable currency?

As *The Australian* recently reported...

---

## **"Fears that the world economy is in grave danger are growing in the major financial capitals!"**

---

So if foreigners no longer want dollars—why aren't they selling the ones they already have?

Simple—they're caught in a trap. The South Korean announcement proved that even a hint of a sale can make the market tumble. A confirmed sale by a large dollar-holder would no doubt make the greenback plummet...instantly slashing the amount the dollar-holder would get in the sale, not to mention tanking the value of the dollars still being held in reserve.

So the large foreign holders (especially central banks) are stuck. Their dollar "assets" are bleeding out their value month after month...but they can't sell them, for fear of wiping out their value completely.

That's bad enough, but the trap is even more vicious than this. America is now completely dependent on foreign lending. If the lending dries up, the dollar crashes anyway, even without open sales of existing dollars.

So to avoid a wipe-out of their reserves, not only do foreigners have to keep their dollars, they have to *buy more* every month.

Larry Summers, the Treasury secretary under the Clinton Administration, calls this the “balance of financial terror.” Basically, the United States is holding the rest of the world hostage...

---

**‘Keep lending us your money,  
or else we’ll torpedo your economy.  
Yes, our economy will sink,  
but we’ll take you down with us!’**

---

Not surprisingly, many foreigners are looking for a way out. Evidence is mounting foreigners are cutting back on their lending to us. For several consecutive weeks in January-February, foreign central banks were *net sellers* of Treasuries (U.S. government debt).

This is a dangerous game for everyone involved. The United States is relying on others to keep lending to us, even though they’d rather not. Meanwhile, the lenders don’t even want the dollars they already have, and are looking around nervously at each other.

Nobody wants to be the first to sell, because that would crash the dollar and incur the wrath of the United States. But whoever sells first gets the most value for their dollars—and latecomers risk getting little or nothing for their greenbacks after the crash.

Sooner or later, somebody is going to get spooked, and sell. Then everybody will run for the exits at the same time, and the mother of all currency panics will occur.

So it’s no surprise that...

---

## **The biggest rats are fleeing the ship!**

---

I’m not alone in recognizing all these problems. Others see them also, and are acting. For example, the two richest men in the world have now fled the dollar.

Bill Gates, the world’s richest man (worth \$46.6 billion), recently was interviewed and said, “I’m short the dollar. The ol’ dollar, it’s gonna go down.”

And Warren Buffett, the wealthiest investor

ever in history (worth \$42.9 billion), recently said there’s no way but “down” for the dollar. He complained, “We are force-feeding dollars to the rest of the world at the rate of close to a couple of billion dollars a day”...and now we’re going to reap the whirlwind. (Buffett’s company just announced a 40 percent surge in profits, thanks to its dollar-shortening.)

Together, these two men control about \$90 billion in assets. They have access to people and information that the rest of us can only dream about. And they’re running for their lives, away from the dollar.

Shouldn’t this tell us something?

---

## **So what?**

---

Maybe by now you’re thinking, “These problems have been around for years, and we’re doing just fine. Why should I be worried about them now?”

Yes, these problems have been around for a while. But we haven’t seen the effects of them yet (I’ll explain why in a moment). It would be better if we had—that way we would have been forced to fix the problems.

Instead, we’ve been able to ignore them—and just like a pressure cooker, the longer you keep the lid clamped on, the bigger the eventual explosion once it bursts.

So why haven’t we had to deal with these problems yet? Simple—since we’re the world’s biggest economy, the world has been happy to lend to us for all these years. But we’ve turned into an international version of Donald Trump—our wealth has distracted the lenders from realizing how deeply in debt we are.

Now they’re waking up and realizing a bankruptcy is coming, and they’ll be left holding the worthless IOUs.

The full disaster will hit once foreign lending

### **Oil Update**

Oil has leaped up again past \$50. But it still has a long way to go. A couple of days ago, the head of OPEC said he “cannot rule out” oil going to \$80 per barrel!

dries up. When nobody wants to buy our IOUs (U.S. Treasury notes) anymore, we'll have to make them more attractive by raising their rates... drastically!

But higher interest rates will pop our bubble economy. Corporate borrowing costs will go through the roof...so corporate earnings will plummet... and stocks will crash. Bonds will plunge also, since nobody will want older notes when newer, high-interest ones become available. Inflation will explode upwards.

The housing market will crash as well. Mortgage interest rates will skyrocket, making it difficult for buyers to qualify. Payments on existing adjustable-rate loans will skyrocket as well, creating a surge in foreclosures as homeowners become unable to make their payments.

The last time we had a dollar crisis was the late 1970s and early 1980s. Interest rates on Treasuries hit 14.68 percent. Our economy survived, but just barely. And we were a lot stronger then than we are now—we were a net creditor to the world, instead of owing it \$2.4 trillion as we do now. Plus, the federal budget deficit was only 1.6 percent of GDP in 1979, but 4.9 percent last year.

---

## Our situation looks grim

---

A currency collapse is disastrous for an economy. For example, the currency crisis in Mexico shrank its economy by almost 7 percent. Another in Thailand created a 10 percent shrinkage. Argentina recently saw its economy collapse by over 20 percent.

But these are all Third World countries, you might be thinking. Surely this couldn't happen here in America, right?

Wrong! Even rich countries can crash when they mismanage their economies. We saw Britain do it in the 1970s, and Canada in the 1990s.

Let's talk about Canada for a moment. Canada had big budget and current-account deficits, just like we do today. When nobody wanted to buy their IOUs anymore, Canadian officials suddenly recognized the trap they had built for themselves.

They needed to raise rates, to make the IOUs more attractive—but higher rates made the payments on the national debt balloon.

When the trap sprang shut, the Canadian

currency sank. Standard & Poor even reduced the country's credit rating—implying, as one official said, the country was “bankrupt internationally.”

Don Drummond was the top Canadian finance-ministry official at the time (he's now in the private sector). He recently said the U.S. today is “spookily” like Canada was then. Our deficits are about the same size relative to GDP that Canada's were.

And if we don't do something about it, we're going to wind up in the same place—except our economic flameout and crash will be a lot bigger. Except I think it's too late—we've set our house afire, now it's going to burn down around us.

The dollar is doomed. That's why I recommend you...

---

## Seek shelter from the storm!

---

By now you might be thinking you could profit from all this by investing in other currencies. After all, as the dollar plunges further, other currencies will go up in comparison, right?

Wrong!

Other countries are devaluing their currencies too—we're just doing it better than they are. The world is in this mess precisely because nobody wants a strong currency. Lunatic ideas about “whoever has the cheapest currency wins” are firmly in control of most governments today.

As James Grant (of the famous *Grant's Interest Rate Observer*) has said, “A strong currency is the Old Maid of the monetary deck. Nobody wants it.”

But you can't devalue your way to prosperity—the whole idea is ridiculous. If it's such a great idea, why not do it in a big way? Just start printing currency until it's as plentiful as toilet paper, and see what happens.

The answer is obvious—history is full of examples of entire economies that crashed and burned from currency devaluations.

Right now, leaders of every large economy in the world are “managing” their currencies, trying desperately to undercut each other while avoiding a major crash. This insane balancing-along-the-knife-edge game is no place for you to invest.

No, the safest place to invest is *outside* this race to the bottom. Gold and the other investments I recommend in this newsletter are outside this mad



competition, and stand tall when other “assets” are being driven into the ground.

---

## Gold and the Death of the Dollar

---

As the dollar goes down, gold goes up. If you don't yet own gold, start accumulating it now.

Sometimes, my readers ask about gold mutual funds. Below I've listed three of the top performing gold funds (according to year-to-date return).

Note I'm not necessarily recommending you go and invest heavily in these funds. Gold mutual funds can be tricky—they don't always move in the same direction as gold. Since they consist of stocks, they sometimes follow the overall stock market instead. Also, the fund managers sometimes diversify too far out of gold into other investments.

Gold mutual funds can be good investments, but you have to be careful. I've written on this subject extensively in my new book, *The Rise of Gold in the 21<sup>st</sup> Century*. See the next page for details.

In any case, I prefer direct gold investments (especially rare coins) over mutual funds. U.S. rare gold coins historically have outperformed other gold investments by a wide margin.

One of my favorite U.S. rare gold coins is the 1986 Statue of Liberty Commemorative \$5 (PCGS Superb Gem Proof Deep Cameo PR69). If gold hits my projected price of \$1,000 in the next few years this gold coin could be worth \$3,000. I also like the 1925 and 1926 \$20 Saint Gaudens (NGC or PCGS Gem Uncirculated MS66)—these coins are very rare and have excellent price potential as the gold market heats up.

My rare coin firm *Finest Known* (toll free

1-866-697-4653) has a nice inventory of the Statue of Liberty commemoratives available at \$149. (I've seen the same coin sold on TV shop-at-home stations for \$295!) We also have a small number of 1925-1926 St. Gaudens, offered at \$2,750. Another great rare coin company is Mike Fuljenz's Universal Coin and Bullion (1-800-459-2646). They always have great gold coin opportunities in hand.

The falling dollar can devastate your portfolio if you're unprepared. I'm also expecting high oil prices, which can have the same effect.

I've just issued an update about my medium-term outlook for oil. The GEA oil portfolio has done extremely well, and I'm waiting for a consolidation period before adding to it. You should have received the update already in your email; if not, check the website ([www.goldandenergyadvisor.com](http://www.goldandenergyadvisor.com)).



*1926 United States \$20 St. Gaudens Gold Coin  
(enlarged to show detail)*

MUTUAL FUND	YEAR TO DATE RETURN	3 YEAR RETURN	5 YEAR RETURN	MIN. INIT. INVESTMENT	LOAD	EXPENSE RATIO
U.S. Global Investors	10.21%	46.8%	24.29%	\$5,000	0	1.47
Vanguard Precious Metals and Mining	9.95	30.37	27.27	3,000	0	.6
Oppenheimer Gold & Special Minerals	7.53	26.77	21.7	1,000	5.75	1.45

*Gold Mutual Funds with the Best Year-to-Date Performance*

Hot Off the Presses!

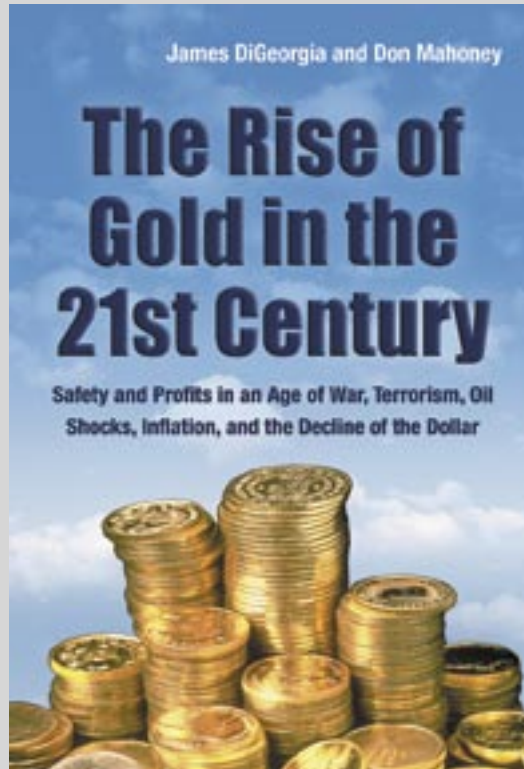
## **The Rise of Gold in the 21<sup>st</sup> Century: Safety and Profits in an Age of War, Terrorism, Oil Shocks, Inflation, and the Decline of the Dollar**

My new gold book (co-authored with Don Mahoney) is now rolling off the presses.

You might have read my previous book, *The New Bull Market in Gold*. That one went into a lot of detail about the stock market, economic conditions, and so on.

My new book talks more about gold itself, and why it should be such a great investment for the foreseeable future. It discusses:

- Gold's little-understood role in influencing history. From the Pharaohs of ancient Egypt to Hitler and his Nazis...the ancient Roman Caesars to the leaders of today's United States...gold has been a key, but little-known, "behind-the-scenes" force in major world events. Those who understand this can use it to their advantage — those who don't are controlled by it instead.
- The five reasons why gold was already being recognized as the perfect money...over 2,000 years ago! (page xi)
- How gold has provided economic stability for countries that base their currencies on it—and the turmoil created when they turn away from it, as we have today (starts on page 47)
- Why central banks are increasingly reluctant to sell any of their gold (Chapter Eight, starting on p. 106)
- Why the IMF (International Monetary Fund) probably won't sell any either (Chapter Nine)
- How much gold is left to be mined in the world (hint: it's a lot less than you probably think!) (Chapter Seven)
- Seven mega-trends forcing gold higher over the next several years (starts on page 17)



But the book isn't just general information about gold. I also give practical, specific advice about:

- Why gold coins offer a unique "one-way leverage" (p. 148)
- The eight U.S. gold coins to get before you buy any others (starts on page 149)
- The type of gold bars you should NEVER buy (p. 143)
- How much of your portfolio should you put into gold? (page 177)
- Rare U.S. gold coins: what to know before you buy a single one (starts on page 149)
- There are dozens and dozens of gold coins available on the market: which ones are good investments? Only these five! (p. 144)
- The single most important thing to consider when buying a gold stock (p. 167)

• The one place you should NEVER store your coins (lots of people make this mistake!) (p. 147)

- The one time it's OK to buy coins with carbon or copper spots. Reject them otherwise! (page 146)
- Four vital criteria to use when selecting a gold mutual fund (p. 160)
- Professionally graded coins: when to avoid them! (p. 149)

And much more.

This book will be sold for \$49. But as a subscriber to the *Gold & Energy Advisor*, you can get it for only \$29. Or, you can get it FREE when you renew your GEA subscription for one year at \$79.

To reserve your copy today, or to get it FREE with your renewal: call **1-800-819-8693**.