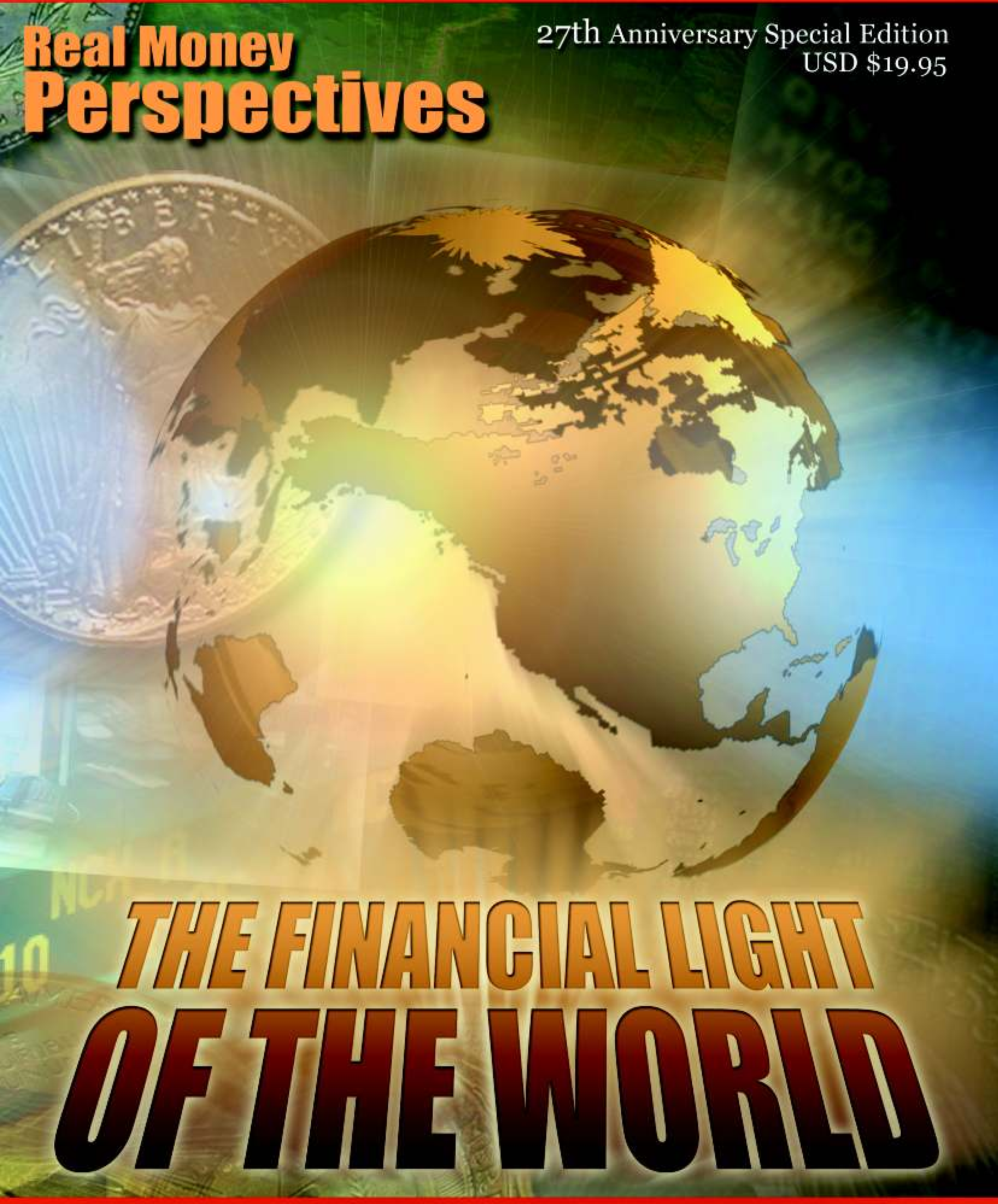
Real Money Perspectives

27th Anniversary Special Edition
USD $19.95



THE FINANCIAL LIGHT OF THE WORLD

How To Purchase Gold & Silver From Swiss America

1. Strategy
Your Swiss America broker can help you design a tangible asset strategy using U.S. gold and silver coins.

2. Funding
Once you have chosen your coins and know the exact amount, have your bank transfer the funds to our Client Purchase or Product Sales Account as follows:

Numismatic Purchases
(Swiss America Trading Corp.)
Wells Fargo Bank, N.A.
San Francisco, CA
ABA #121000248
Client Purchase Account #4159531235
For the account of SATC
For further credit to: (client's name)
Attention: (your broker's name)

Bullion Purchases
(Swiss America Product Services, LLC)
Wells Fargo Bank, N.A.
San Francisco, CA
ABA #121000248
Account #1327965453
For the account of SAPS
For further credit to: (client's name)
Attention: (your broker's name)

3. Lock-In
Your broker will walk you through our lock-in procedure with our trading desk. This guarantees price and availability of your coins

4. Shipping
Your purchases will be shipped by Registered, Insured U.S. Mail within 7-21 days.

5. Service
Your broker is available between 8 AM and 6 PM (MST), Monday through Friday to answer your questions and provide you with periodic updates of your portfolio and market performance.

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2009 Special Report (updated monthly)

Lighting Up The DARKNESS

By David Bradshaw
Editor, Real Money Perspectives

The power of darkness keeps us confused, blinded and without direction. The power of light brings clarity, preparedness and courage.

In this 27th anniversary issue of Real Money Perspectives our goal is to bring financial light amid the darkening economic environment, as chronicled daily at swissamerica.com.

This time last year we dubbed 2008 as “The Year of Surprises” and so it has been. A global financial-housing-credit crisis has already taken down some of the biggest U.S. financial firms, dragging U.S. stock indexes back near 10-year lows. Expect more of the same in 2009 as world powers struggle to restore confidence in a "faith-based" economic system by throwing money at the problem.

Commodities rushed to new heights in the Spring of 2008 only to retreat back to 1-year lows by the Fall. Global recession fears have sent investors running to cash for safety, despite the long-term inflationary implications of historic government bailouts; which already exceed $8 trillion!

On November 4, 2008, U.S. voters elected Barack Obama as our 44th President. Starting January 20, 2009, Americans will discover if Obama's vision of change can produce a brighter financial future or not. While half the country is hopeful, the other half remains skeptical; given the “spread the wealth” rhetoric used during Obama’s campaign. Either way we can each make the choice to become lights of the world rather than cursing the darkness.

Gold was created as the financial light of the world. Owning it creates economic confidence rather than depending upon political confidence, as all "faith-based" paper investments do. Gold offers protection from runaway government spending by maintaining buying power. Gold promotes long-term thinking and financial planning. Gold offers freedom from currency devaluation and higher inflation. You could say gold is coined freedom.

Although gold prices have fallen slightly in 2008, bullion has tripled in value since 2001 when this secular (long-term) bull market first began. Amid the financial chaos of 2008 many classic U.S. gold coins have outperformed bullion, a trend we expect will continue as the supply of bullion and rare gold coins continue to lag behind growing worldwide demand.

2009 will no doubt go down in history as “The Year of Change”. But will this sweeping political and economic change pull our nation closer together or further polarize these dis-United states of America?

I expect We the People and our leaders will be doing some serious soul-searching about how best to prepare our families, communities and finances for such an uncertain future. Thankfully we need not fear the darkness. If we trust in truth as the “light unto our path” we too can be lights in the darkness.

Likewise, gold remains the financial light of the world. Swiss America's mission in 2009 is to continue inspiring America to rediscover gold for safety, liquidity, privacy and growth potential.

Grab your lifejacket and lifeboat, the financial storm may get rough. Swiss America is committed to helping you learn how to survive and thrive!

LITTLE TREASURES BIG SECRET

By Fred Goldstein
Sr. Broker, Swiss America

Some years ago I called attention to the classic U.S. silver proof type coin market, calling them "little treasures". Today there's another area of the coin market I believe is still undiscovered by the general public and undervalued. I say this from a macroeconomic standpoint, not a salesperson's viewpoint. While Swiss America clients have acquired these treasures over the years, many new investors are just learning about them.

For years we've written that increased debt and deficits would lead to a weaker US dollar and a higher cost of living. We advocated the purchase of p hysical gold as a hedge against inflation. Although this philosophical argument was practical, the vast majority of investors did not participate. Despite the gold price rising over the last seven years, investors were more comfortable in financial assets. Recent events have changed investors' mind set which has now created an excellent opportunity for these little treasures.

BACKGROUND BEFORE THE BIG SECRET
On September 17, 2008, gold had its biggest one-day price rise ever of $85.40 an ounce. While this did not come as a surprise to those of us at Swiss America, it shocked most financial journalists. The equivalent would be a twelve hundred point rise in the Dow in one day. This sudden dramatic rise of gold along with the turmoil in the stock market as well as the recent government bailout has changed the gold market forever.

The current demand for gold and silver has overwhelmed the physical cash market. Most local coin shops and larger national companies have not been able to deliver one hundred ounce silver bars and silver eagles and they are charging more than $100 over the paper price for a one ounce gold eagle bullion coin, if even available. The US mint recently announced suspension of production of the gold buffalo bullion coin. At the same time the paper, or COMEX, price of gold and silver has dropped. This disconnect has been widely reported by both Bill Murphy at lemetropolecafe and by Dan Norcini at jsmineset.

Commodity future contracts are generally settled in paper dollars rather than the metal itself. So in essence average investors are purchasing the physical metal while a cartel of banks and commercial entities are selling the metal short on the exchanges.

Since the bailout bill was signed into law last October, the stock market has swooned. In the short term we do not know if this was the public's reaction to an unpopular law or a serious underlying problem. A certain amount of uncertainty should plague the markets well into 2009. This leads me to believe demand for gold and silver will increase and put additional pressure on the thinly capitalized coin market. Based on these assumptions I believe these treasures will no longer be a secret!

THE BIG SECRET IS OUT, TAKE ACTION!
I am referring to the $20 Double Eagle Liberty and Saint Gaudens gold pieces. These coins were minted by the U.S. government between 1850 and 1933. Each coin has .9675 troy ounces of gold and in Uncirculated, or Mint condition, have an extrinsic, or collectible, premium above its intrinsic, or metal value.

Recently I was able to visit and speak to some Phoenix, Arizona coin dealers. One dealer commented that the general public is still not aware of these gold pieces. We have been fortunate in that we at Swiss America are able to deliver hundreds of these little treasures to our clients during this volatile environment. I believe the gold price will continue to rise over the next several years and we will see increased demand for all physical gold coins.

Now that I have exposed the secret of these little treasures I cannot predict how long these coins will be available at affordable prices. Despite the most recent weakness in the paper gold price; supplies of these coins are diminishing while premiums are rising. Call your Swiss America representative if you have not taken action or want to add to your present position. Act quickly as price and availability are subject to change due to unusual market conditions.

EDITOR'S NOTE: Charts illustrate that as of 11.15.08 gold bullion is down 15% year-over year. Mint-State 63 $20 Saint Gaudens gold coins are up 20% over the same time period and Mint-State 63 $20 Liberty gold coins are up 35%. So in addition to offering safety, liquidity and growth potential equal to bullion, historic Mint-State $20 gold pieces also offer 100% privacy of ownership. Past performance is no guarantee of future performance. All investments have risk.

Craig Smith is the founder and CEO of Swiss America. He's also a weekly commentator at Worldnetdaily.com and a frequent guest on radio and TV discussing global economic trends and financial solutions.

1) Government Stimulus and Bailouts

With the U.S. economy, and much of the world, now in recession, the big question now is how deep and how long will it last? Do you think the president, Treasury and Fed are doing the right thing doling out trillions in new bailouts to help stop the bleeding?

CRS: First, the U.S. economy is in recession, which will last until the third or fourth quarter of 2009, with a recovery possible in 2010. Regarding the bailouts by the Fed and Treasury, they are a horrific mistake.

What right does the government have to bailout Bear Stearns, AIG, Freddie Mac or Fannie Mae? I know we were told it would be the end of the world as we know it, but the U.S. economy was already slowing before we had the credit crisis. We have warned Americans for years that the ridiculous level of debt could not be maintained without one day needing to pay the piper.

The problem with the way the bailout was handled was the high level of fear-mongering we saw from the Fed, the Treasury and the Bush administration. Every time a key leader would speak out on this, the stock market seemed to fall further.

Thankfully, President Bush finally reminded the world it is the free markets and capitalism that ultimately lead to prosperity. I can only hope the lessons learned from this crisis are that free markets and personal responsibility are key. If we think the government, which prints money out of thin air, can succeed in solving this crisis they are going to be sadly disappointed.

Through this crisis we've changed monetary policy, let's also hope we change fiscal policy, or how the bailout money is spent. If we invest in infrastructure, education and the technological path to becoming energy independent then it could have some benefits on a long-term basis. But if we continue to "stimulate" the economy by sending Americans checks for $600 to go to the mall to spend, I don't think it will help us in the long-term.

2) Omabanomics: A New 'New Deal'?

While 52% of the nation cheered Obama's vision of bigger government, the other 48% fear the impact a new 3,000-person Obama Administration will have upon their freedom, savings and investments. Do you expect a radical shift to the left ... or more pragmatic centrist policies during his first 100 days in office?

CRS: I don't have a crystal ball, but if we look at past actions, I would not expect Obama to look to the center for his answers. What concerns me is that this is not the first time in American history we've looked to Democratic leadership in the White House to pull us out of a financial crisis. Back in 1929 New York governor Franklin D. Roosevelt made some progressive changes which appeared more conservative than liberal, such as cutting business taxes.

By 1932, in the midst of a depression, F.D.R. defeated President Hoover and the next thing you know we are expanding the role of government to include the "New Deal", Social Security, and a national recall of gold to revalue the currency by 75%. The seeds of the welfare state have been growing ever since.

As WWII broke out, these policies began to plant the seed for another major crisis that began to surface in the 60's – the rise of rampant inflation. By 1971 Nixon was forced to close the "gold window" and the U.S. dollar was no longer redeemable in gold. By 1978-80 we were facing 16% inflation and 22% interest rates.

That's why it's been my calling since 1980 to help call Americans to begin to put themselves back on their own personal gold standard. Having 5, 10, even 20% of their assets in gold protects investors from being hurt by the effects wasteful big government and welfarism has upon their cost of living, their financial future and their life savings.

3) The Rise of Globalism

This worldwide financial meltdown is pushing the U.S. toward a so-called "New Financial World Order" based on more socialistic principles. How can the nations of the world ever agree on common principles of reform given the wide diversity of worldviews each embraces? Will Obama push globalism? Will it help lift our living standard or drag us down to the lowest common denominator?

CRS: I'm very concerned that the move toward a "new financial world order" is going to reduce the U.S. to a second or third rate nation behind other nations that embrace improved education, savings, less consumption and living within their means.

We have become a nation of excess. We just spent the last two decades increasing homeownership rather than college graduates. I think it shows a shift in priorities from long-term strategy to living for today. Now I'm not proposing isolationism, we do need to work together with other countries and central banks, but at the same time we need to maintain our status as the world's superpower militarily and promoting a free market.

We need to realize that it does not benefit the world to lower the U.S. standard of living because we have become the guardians of freedom and prosperity worldwide. Instead we must encourage the nations of the world to expand and open up their markets to create new opportunities for their own people.

I'm guardedly optimistic that the recent global financial shake up shows investment toxic waste can be very deceptive and illustrates that if the U.S. economy and financial market sneezes the world economy can get very sick, and visa-versa. The key is to shore up our economy to help the world, not the other way around.

4) When Will U.S. Housing Rebound?

In some areas of the country home prices are already down 30-45%. Economists say we still may have to endure another 15-25% decline before we hit a bottom. Will government bailouts offset record foreclosures in 2009, given the large number of adjustable rate mortgages still resetting? Is this a time to buy, sell or hold?

CRS: The housing market has been the backbone of the American economy for many years. It is the American dream to own a single-family home as a means of saving for the future. I do not think we have hit the bottom yet. Home inventories are still running at about a 10-month level, prices have dropped dramatically but we still have a lot of foreclosures, which means more homes coming onto the market.

I think we may have another 10, 15 or 20% drop in some parts of the country. Some areas of the country are already showing signs of recovery, but the areas with the biggest price boom may not see a recovery until 2010-11.

I don't think the government bailouts are going to help much, because that's not what they have targeted. Although the Treasury is trying to shift the remaining $400 billion from the $700 billion TARP, it may be too little too late. Keep in mind that adjustable rate mortgage (ARM) resets will not peak until March 2009.

So, if you need a place to live, it may be a good time to buy. If you are looking to sell, you are probably going to have to discount the price. As for me, I'm holding and waiting right now. This underlines why living within your means is critical because too many Americans do not have the option to hold long-term due to their financial situation.

However, if the government, under Obama's leadership, begins to inflate the economy in 2009 like crazy it could have an impact in lifting home prices higher and faster than the normal free market price correction would allow.

5) Is Wall Street Bottoming?

Stocks have been searching for a bottom for many months now. Some pundits say the Dow is very near a bottom, while others say it may fall back to 6,000, a level not seen since 1996. As a believer in asset diversification, are you buying, selling or holding stocks in 2009?

CRS: I am a believer in asset diversification that includes some stocks. I did not sell any stocks in 2008, a lot of which are down right now. Because I am a long-term thinker, I am not looking at the short-term aberrations in the market to create fear, as many foolish investors have fallen prey to.

I do think there is an opportunity to increase stock holdings ahead as we see a clear direction in the Dow. For a period I did believe the Dow could fall to 6,000, but I think that an awful lot of bad news is baked into the Dow

8,000 level, as the Dow has already tested the 7,800 low three times this year.

A well-diversified portfolio includes a portion into stocks, bonds, real estate, inflation-adjusted T-bills and gold. So if you are planning to work another 5,10 or 15 years you need not make dramatic changes in a panic because time is still on your side to recoup short-term market losses.

Life should be about much more than simply staring at your bank, stock, bond and 401k balance statements. A healthier way to assess your well being and "wealth" is to examine your and your family's health and the health of your local church and community.

A model diversification during uncertain times like these should be something like; 20% in real estate, 20% in stocks, 20% in bonds, 20% cash equivalents and 20% in gold.

It's time we stopped looking at the day-to-day market movements and instead focus on having a decade-to-decade perspective.

6) The U.S. Dollar

The saying used to be; "as sound as a dollar" (when it was gold-backed) but today's confidence-backed dollar is down 35% since 2002. I see the buck has rebounded recently as panicked investors ran to cash for shelter. Do you expect the buck will rise or fall in the coming year? Could the dollar be dethroned as the world's reserve currency?

CRS: Yes, the dollar has rebounded from it's 2008 lows due to a global flight to perceived safety in the dollar and the fact that other currencies are falling due to the spreading global recession.

We have been told the dollar is fundamentally "sound" because it has the full backing of the U.S. government and that cash is "king" because it held its value during the Great Depression. This is a flawed perspective because the only reason cash became king during that crisis is that it was fully backed by gold, which is not the case today.

The reason F.D.R. needed to recall all the gold in circulation was because without new gold deposits the U.S. could not print additional money to create market liquidity. Today there is no gold standard, no financial disciple to inhibit widespread money creation. Our dollar used to be an I.O.U. gold, which is real money, but today the buck is an I.O.U. nothing, or worse an I.O.U. debt.
To illustrate the effect of I.O.U. nothing money we can see inflation of everything. Take real estate for example. Our first family home in 1977 was $44,000, yet it had zoomed to $700,000 at the last market peak in 2006. I remember buying a nice new car for $2,900; today that same car is $29,000.

Imagine this: the U.S. has created more dollars of debt than God has created seconds of time since Adam and Eve were in the Garden of Eden. So once the tsunami of spending begins in 2009 I expect the dollar will go back to it's 93-year trend of declining in value.

7) Inflation vs. Deflation

The rising cost of living, popularly known as inflation, hit the U.S hard during the first half of 2008, then moderated in the second half as oil and other commodity prices fell sharply. Is this deflationary trend something we should expect to continue in 2009, or is inflation still lurking? What can be done to offset inflation... or deflation?

CRS: Remember, deflation can be just as devastating to an economy as inflation. Today we have much lower oil and gas prices over the last year and that is deflationary, but we also have a home that is worth a fraction of its value a year or two ago as well. Many of the products and services we use are still up this year, such as food, medical care and college tuition.

So, while deflation is positive if you are looking to buy a home, fill your gas tank or buy stocks; it is very debilitating to a country like ours which depends so heavily on debt and ongoing housing and asset inflation as our primary means of saving for the future.

Our growth over the last decade or two has come as a direct result of consumption, which relied heavily on borrowing against real estate or other inflated assets. I believe the deflationary loop we are presently in will end by the middle or end of 2009 as the government pours liquidity into the economy.

As bad as it seems today, with all the rhetoric about being the worst since the Great Depression, keep in mind that 6.5% unemployment today is not 25% as it was in 1929-1933. We likely will have a negative 3% GDP starting in 2008 fourth quarter which may continue for two more quarters, but that's not the 45% negative growth we had in 1929-1933.

The solution to both inflation and deflation is to own more gold, which maintains its buying power no matter what. During deflation if the dollar continues to strengthen, its value should drop to reflect a falling cost of living. When inflation heats back up the dollar will fall and gold prices will rise to reflect a rising cost of living. Gold is the perfect wealth insurance against both inflation and deflation.

8) Is the Commodity Boom Over?

Precious metal and oil prices tripled since 2001, then fell back to 1-year lows by the fall of 2008. Do you expect oil and gold prices to rise or fall in 2009? I see some types of U.S. gold coins have grown in value even as bullion prices drifted lower. Can you explain why? And tell us why you advise getting gold into your retirement plan?

CRS: I expect in 2009 we will see the rise of both oil and gold prices. First, I think oil prices will rise because we will take our eye off the ball now that gas prices are near $2 a gallon instead of $4.50 a gallon. Offshore drilling could easily move to the back burner. We have a history of seeing a shock, then complacency, shock, etc. So I expect we will again revisit $100/a barrel oil in 2009.

Regarding gold, I am confident we will see $1,000 an ounce gold in 2009 and perhaps far beyond that depending on international tensions. If we have a challenge to Obama's administration by foreign powers, such as we have been warned to expect, you could see gold prices rocket based on its unique safe haven status.

Regarding which type of gold I recommend, I've always recommended early American gold pieces as the best way to hold physical gold. The reason is that although they don't always rise as fast and furiously as bullion on the way up, they usually catch up and do not come down as fast as bullion after the fireworks are over.

It was an exciting day when the government began allowing U.S. gold, silver and platinum coins to be included in retirement plans starting in 1998. This is one of the easiest ways to diversify into precious metals and also defer taxes until retirement. My favorite are the proof American gold and silver Eagles which have upside based on rising bullion plus the added benefit of being a collectible with increasing value based on rarity.

9) Major Geopolitical Wild Cards

America is facing a very dangerous period in 2009, both here and abroad. We're still at war with terrorists in Iraq and Afghanistan. Obama faces a Cold War threat from Russia and a warning from Israel that open talks with Iran could be seen in the Middle East as a sign of weakness. Can you leave us with an encouraging word as we look ahead?

CRS: We are a nation that faces a tremendous amount of challenges right now, but we are a nation who by and large believes in God. And while we all may worship slightly differently and believe in slightly different doctrines, there is wide agreement on the fact that God loves us and He demonstrated His love in the gift of his Son. One of the major attributes of a loving God is patience.

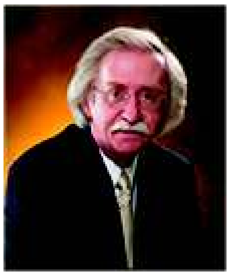
We as a nation have become impatient. If we as a nation had fallen prey to the fears we've faced over the last century we would not be the great nation we are today. I'm sure many Americans thought the Great Depression was the end of the world, but by the fifties we were growing again.

I remember as a child in the 60's hiding under our desk in school for the civil defense drills as we faced the fears of a Cold War and possible nuclear attack from Russia. Yet we went about our lives believing better days were ahead of us. In the 70's it was Viet Nam, then came the 1987 stock crash of 24% in one-day and the Savings & Loan crisis, but by the 90's we were growing again.

Through it all I think and hope we are learning our strength is not the Federal Government but rather our ability to pull together during hard times. In my town I see more people attending church and helping their neighbors.

I hope and pray Obama is successful in leading our nation, but also want to make sure we have representatives in Washington D.C. who are honoring the Constitution and the will of the People. Wealth without work is not wealth, it is riches which can rapidly disappear. What we need now is leadership and accountability -- which will restore the confidence that our nation and our children's best years still lie ahead.

THE BIGGEST GOLD MYTHS



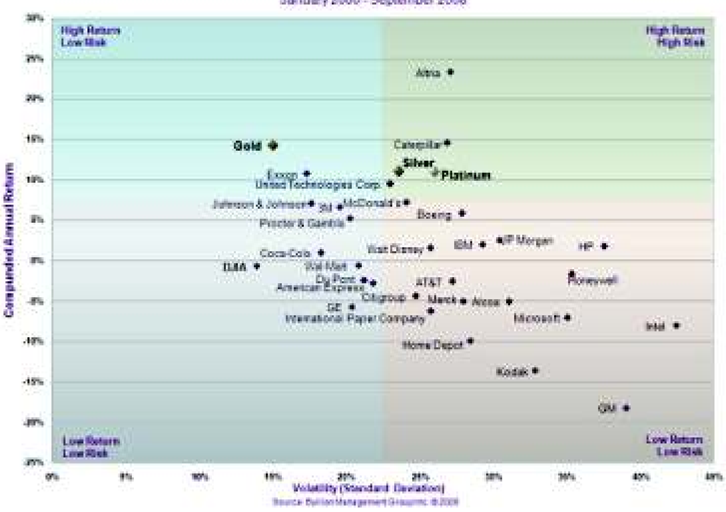
GOLD IS A RISKY INVESTMENT

By By Nick Barisheff
President, Bullion Management Group Inc.

Investors who take the time to carefully evaluate the benefits of owning gold will realize that many commonly held myths do not hold up to scrutiny. Those investors stand to reap significant rewards.

Risk means different things to different investors. A pension fund may perceive risk as a failure to meet its liabilities, whereas an asset manager may view risk as a failure to meet its benchmark. Most investors, however, associate risk with a loss of their capital or underperformance of their investments in comparison to their expectations. "Risk comes from not knowing what you are doing," according to Warren Buffett.

Figure 2: Volatility and Return - Dow Components and Precious Metals
January 2000 - September 2008



There are many kinds of risk: currency risk, default risk, market risk, inflation risk, systemic risk, political risk, interest rate risk and liquidity risk. While all of these apply to financial assets, many do not apply to gold bullion. Physical bullion is not subject to default risk, liquidity risk, political risk, inflation risk or interest rate risk. In the rare circumstance of strong currencies, gold may be subject to short-term currency risk and, at times, to market risk. Unlike financial assets, however, gold bullion cannot decline to zero. Gold is the only asset that can protect wealth from non-diversifiable systemic risk.

Volatility or standard deviation are often used as measures of risk, and gold is considered to be quite volatile. However, when annual compounded returns are plotted against standard deviation, the individual Dow stocks are all more volatile than gold, and all but two of the Dow stocks had poorer performance than gold, silver, and platinum over the past eight years. (See Figure 2.)

Returns are important, but even more important is to compare risk-adjusted returns. Clearly, an investment that has higher volatility may still be attractive if the returns are appropriately higher. Nobel prize-winning economist William Sharpe devised the most commonly used measure of risk-adjusted performance: the Sharpe Ratio. This ratio measures the amount of excess return per unit of volatility. The interpretation of the Sharpe Ratio is straightforward: the higher the ratio the better.

Bullion is unlikely to suffer underperformance risk in the near future. Demand for gold, silver and platinum is increasing for both commodity and monetary attributes, while annual mine production is declining. As the price of oil continues to rise due to production declines and increased demand, inflation will accelerate. As central banks increase money supply at accelerating rates, the purchasing power of currencies will continue to decline. As these two major trends interact with each other, the price of gold will continue to rise.

CONCLUSION

Investors who believe gold myths are missing out on the opportunity to add an asset class that diversifies portfolios, protects against inflation, and may provide better returns than traditional assets, such as stocks and bonds. Under a worst-case scenario of systemic risk, gold may be the only asset that holds its value. As these myths are dispelled and the price of bullion rises, as many mainstream analysts predict, informed investors will benefit from purchasing bullion at today's undervalued prices.

When the public at large becomes fully educated with respect to precious metals, it will bid up the price. Considering that global financial assets are estimated at over $180 trillion, while total global above-ground gold is only $4 trillion (and above-ground bullion is less than $1.5 trillion), a massive wealth transfer event is likely to occur. It is interesting to note that even a 10 percent switch from financial assets to gold would result in a 450 percent to 1,200 percent increase in the gold price.

For the full Report “The 6 Biggest Myths About Gold” visit www.swissamerica.com/goldmyths

10 PRINCIPLES OF INSPIRED INVESTING

By David Bradshaw

While no one can predict the future, learning to live by inspired principles rather than ever-changing opinion polls means; learning from the past, being prepared in the present while planning for the future. Here are ten key principles to help you achieve inspiring investment success in 2009 and beyond -- no matter how depressing the news headlines become.

1) DON'T CONFUSE SAVINGS & INVESTMENT
Your savings, (whether in cash, home equity or precious metals) is your safety net. Investments are longer-term growth assets with higher risks, fluctuating in value during changing market conditions, but should grow over time. Investment capital often uses debt to leverage growth. Using savings to leverage debt is dangerous and helped create both the housing boom and subsequent bust.

2) A STRONG CURRENCY = A STRONG NATION
"The destiny of a currency determines the destiny of a nation," according to Dr. Franz Pick, a noted free market economist. With today's dollar retaining a mere three cents of it's original buying power a century ago, it's easy to see why the world sees the U.S. as a nation in decline. Reversing the dollar's decline seems remote, given our debt and deficit addictions. Gold is now the world's only currency that has retained a store of value over time; buying roughly the same goods or services today as it did three centuries ago.

3) BAD POLITICS DRIVES OUT GOOD ECONOMICS
Gresham's Law says that, "bad money drives good money out of circulation." Sadly, the modern U.S. dollar has become 'bad' (or fiat) money ever since the government drove 'good' money out of circulation in 1971 when Nixon closed the gold window. Likewise, bad politics drives good economics out of circulation. For example, good energy economics called for more oil drilling and refining decades ago, but pandering to the environmentalist-driven agenda (bad politics) helped create the recent oil squeeze.

4) DIVERSIFY ASSETS FOR GROWTH & SAFETY
Owning a variety of assets is the best way to protect and grow wealth long term. "The Bible has more verses discussing wealth and money than it does discussing salvation," Larry Burkett once said. Regarding diversification, Ecclesiastes 11:1-2 says; "Cast your bread upon the waters, for after many days you will find it again. Give portions to seven, yes to eight, for you do not know what disaster may come." Many financial gurus today take credit for it, but this is the original asset diversification strategy

5) COMMODITY BULL MARKET CYCLES LAST DECADES
We Americans have been trained to think, live and plan short term, but economic cycles are long-term, running 15 to 25 years. Stocks enjoyed a great run (1982-2000), greased by low interest rates and inflation, but then the bottom fell out. The bull market in gold and commodities began in 2001and the long-term trend remains up. Mass money creation helped push commodities to a short-term peak in 2008, but experts say the trend toward higher energy, food and metals prices may continue until 2024.

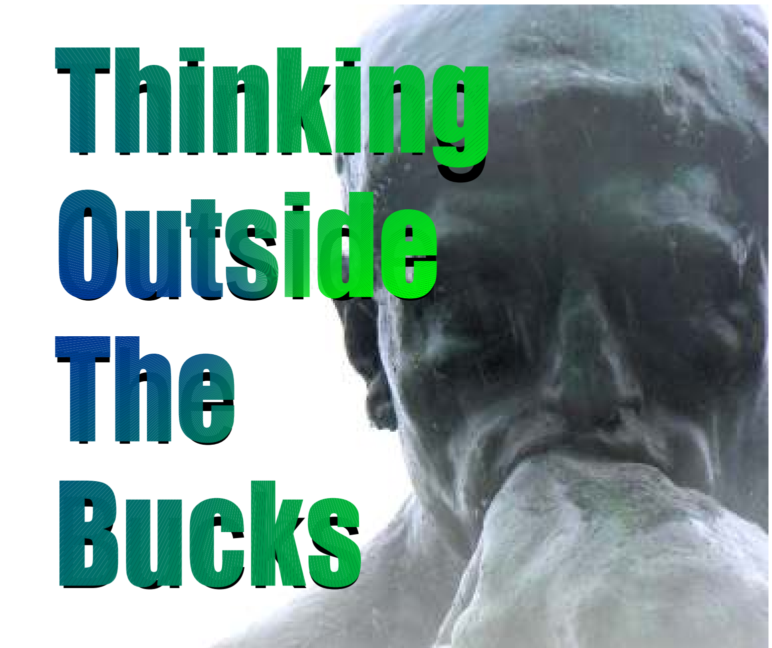
6) NEVER BUY OR SELL ASSETS DURING A PANIC
Market manias are a product of the modern, electronic "trader-age" we live in. A panic is when our basic instinct quickly shifts from either apathy or greed to fear. Fear brings with it dangerous knee-jerk emotional reactions we may regret later. Speculation can drive prices up or down in the short term, but it is the long-term fundamentals on which sound investments must rest. When others panic, sit tight.

7) FED/GOV'T BAILOUTS DISTORT FREE MARKETS
Neither ‘emergency tax rebates’, the Fed's ‘TARP program’ nor ‘homeowner assistance programs’ are the right solutions to restore public confidence or economic prosperity in a free marketplace. Every time the Fed or government changes the financial rules, they further distort the free market and create unintended consequences needing further legislation. The government's job is to keep people and markets free, not push us toward cradle-to-grave socialism.

8) PRACTICE CONSUMING LESS & SAVING MORE
Inspired investing means redefining ‘wealth’ from having an abundance of things to controlling our wants. The opposite of a capitalist is a consumerist, which is someone who forgoes future income for present pleasures (i.e. "I'm spending my children's inheritance" bumper sticker). Inspired investors do just the opposite because their goal is to build a legacy for their family and future generations. Americans need to start saving money again by living within their means and shunning debt.

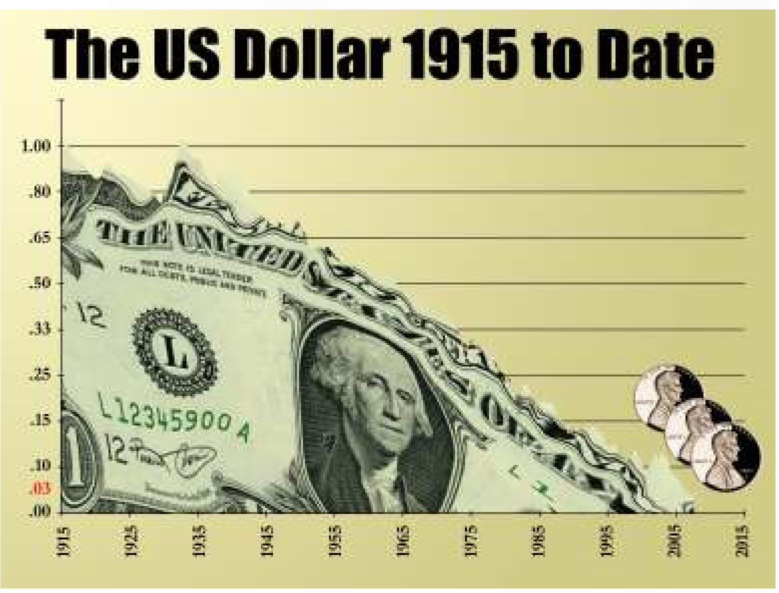
9) GET EDUCATED ON INFLATION-PROOF ASSETS
Inflation can kill the best-laid savings plans. Bonds and stocks can get walloped during periods of rapidly rising prices. In 2008 inflation hit a 15-year high causing many assets to produce negative returns, such as savings accounts and other interest bearing investments. Wise investors are moving assets into a variety of alternatives including; Treasury Inflation Protected Securities (TIPS), commodities, energy, collectibles and real estate. The best strategy is always to get educated before jumping into any investment.

10) PREPARE FOR UNEXPECTED WILD CARDS
Economic wild cards are dealt out to the world virtually every day ranging from natural disasters... to economic crises... to terrorist attacks. Family preparedness and community involvement are important, but economic preparedness means having a pool of liquid capital in reserve to cover unexpected expenses. With political change comes new economic risks. Wild cards require trump cards. Having a supply of gold and silver coins on hand provides a safe haven in today's stormy world.



Thinking Outside The Bucks

Once upon a time... American economists used to arrogantly say, “The dollar is OUR currency, but it's YOUR problem!” But today the debt-ladened dollar is fast becoming everyone's problem.



This chart shows the U.S. dollar's performance over the last 93 years. Between 1915 and 2008 the dollar has shrunk to just 3 cents! Could it fall to one cent in the future?

Read on and judge for yourself...

Investors Need To Ask Themselves Four Key Questions Right Now:

1)Would you invest your life savings in a company with a track record like the U.S. dollar?

2) Do you think the recent mini-rally in the dollar will continue or is the 93-year downtrend of the buck likely to continue?

3) Do you think the trillions in U.S. government bailouts will strengthen or weaken the dollar given that we are facing an $11.2 trillion national debt which is now a record 70% of the total gross domestic product (GDP)?

4) Do you think the cost of living will continue rising or will it suddenly decline now that the world has fallen into a recession?

"The dollar's days as the world's reserve currency are numbered. The greenback faces serious devaluation as spiraling national debt and a worsening economic crisis undermine it. Commodities are one of the only viable investment opportunities left and are set to rebound," famed investor Jim Rogers recently told CNBC.

What's really at risk now is the dollar's role as reserve currency. Unless foreigners continue to buy dollar-denominated assets, the exploding US trade and budget deficits threaten to sink the US dollar. Only a truly "strong" dollar can help shrink the US deficits to a sustainable level. But will Obamanomic policies boost the buck?

Don't count on it.

Coming Soon:

THE BUBBLE OF THEM ALL

By James Carrillo
Sr. Broker, Swiss America

With the global stock market plunge and real estate meltdown bubbles now blatantly obvious to everyone. I ask you; Why even though we were all warned, did most of us sit and watch retirement plans go down the drain? Why did investors and consumers continue to buy bloated real estate then go bankrupt along with the participating financial institutions. We were clearly warned of the bubble and we are being warned again. Will you ignore the BIG ONE?

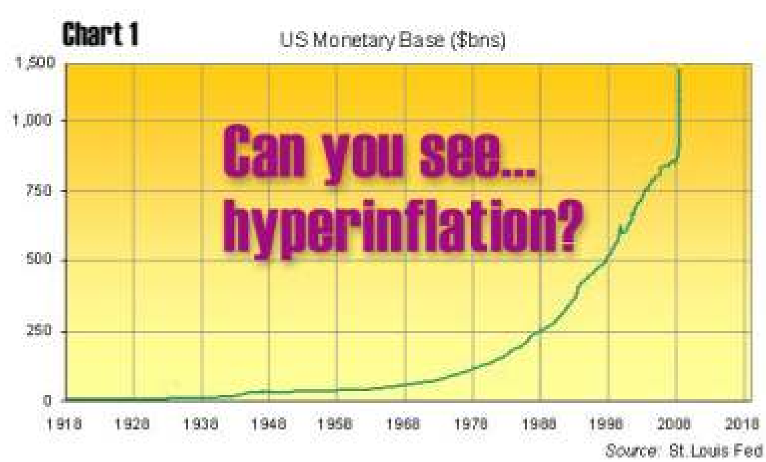
Here comes the bubble of all bubbles and once again we are all forewarned.

The impending meltdown of the U.S. Dollar is now obvious to financial experts, we are all being warned. So what are we doing? Well right now the public, as smart as we are, is rushing into dollars en mass!

That's right, stocks are plummeting, 401Ks and IRAs are being liquidated with substantial losses and we are cashing in what is left and putting our money into … U.S. Dollars!

Are you buying CDs, money markets, Treasury Bonds and Bills or hoarding your cash for “safety”? If so, you are buying the U.S. Dollar, soon to be the bubble of all bubbles.

To make this easier to understand the current unprecedented mass creation of dollars is similar to the mass unprecedented creation of homes.



The more of something there is, the less it ultimately is worth, right?

Chart 1 is an updated view of money now being PRINTED. Turn this chart upside down and you will see the value of our dollar in the future.

The news is full of deflation stories. This is real, but soon to be old, news. The superficial signs of inflation will almost certainly subside over the months, but this should not create a negative issue for gold because of the rate of monetary inflation. The reason is that savvy investors will accumulate positions in gold in anticipation of the eventual/inevitable effects of the monetary inflation illustrated here.

"A COUNTRY'S LONG-RUN INFLATION is caused primarily, or perhaps exclusively, by increases in its own monetary base," wrote Richard G.Anderson – a vice-president and senior economist at the Federal Reserve Bank of St.Louis – in a 2006 paper.

America is about to get hit by a hurricane of monetary inflation.

We only have to go back to 2001 for a historical example of what we are referring to. Gold's long-term bull market began in April of 2001, a time when the Future Inflation Gauge was at a multi-year low and in free fall. Post 9/11 they started dropping rates and pumping money into the system to add liquidity. That influx as well as the Y2K influx are now just tiny little blips on the chart. At the time they were massive and led to gold quadrupling in price as the dollar free fell. The new money now being created is so massive and unprecedented the chart had to be shrunk to fit it. The fact is the Fed isn't even done, this is just the beginning of mass money creation.

Q. Who is the largest holder of U.S. dollars and treasuries?

A. China

Here is some very recent news from Hong Kong…

(The Standard, Hong Kong. Nov 14) -- The mainland is seriously considering a plan to diversify more of its massive foreign-exchange reserves into gold, a person familiar with the situation told The Standard.

Beijing is considering changing its asset allocations during the financial tsunami in order to build up gold reserves "in a big way," the source said.

China's fears about the long-term viability of parking most of its reserves in US government bonds were triggered by Treasury Secretary Henry Paulson's US$700 billion (HK$5.46 trillion) bailout plan, which may make the US budget deficit balloon to well over US$1 trillion this fiscal year.

The US government will fund the bailout by printing new money or issuing huge amounts of new debt, either of which will put severe pressure on the value of the greenback and on government bond yields.

The United States holds 8,133.5 tons of gold reserves valued at US$188.23 billion. China holds gold reserves of just 600 tons, worth only US$13.89 billion.

Beijing's reserves could easily go up to 3,000 to 4,000 tons, Tanrich Futures senior vice president Colleen Chow Yin-shan said.

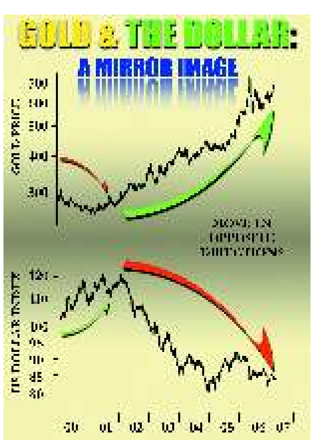
In another article from Bloomberg, the head of China's gold association commented that he thought China could triple its reserves.

Here is a quote from that same article.

“China has the world's biggest foreign-exchange reserves at $1.9 trillion, according to data compiled by Bloomberg. It is also the largest overseas holder of Treasuries after Japan. China's demand for gold jumped 23 percent in 2007, making it the world's second-largest consumer.”

The Asian nation may buy more gold for its reserves on concern the $700 billion U.S. bank bailout will cause declines in the dollar and Treasuries, the Standard newspaper in Hong Kong reported today.

Supplies are at the lowest levels seen in the past 100 years. Mines are shutting down because they can't get loans due to the monetary crisis and demand is going to go through the roof worldwide. The dollar is set for a historic decline with mass creation in place. Entire countries are preparing for currency devaluations.



Gold is the Anti-dollar and mirrors the value. As the dollar declines Gold will rise and visa versa.

So I ask you.

Where is your money?

The Great Inflation and Its Aftermath:

The Past and Future of American Affluence

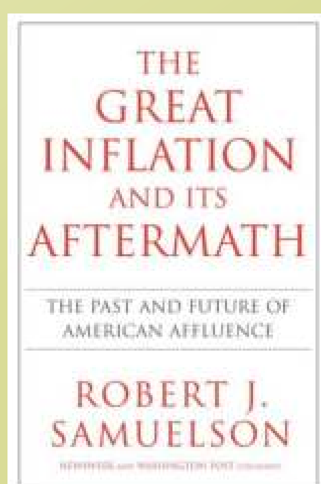
By Robert J. Samuelson - *Hardback - $24.95*

The Great Inflation, argues award-winning columnist Robert J. Samuelson in this provocative book, was the worst domestic policy blunder of the postwar era and played a crucial role in transforming American politics, economy, and everyday life–and yet its story is hardly remembered or appreciated. In these uncertain economic times, it is more imperative than ever that we understand what happened in the 1960s and 1970s, lest we be doomed to repeat our mistakes.

From 1960 to 1979, inflation rose from barely more than 1 percent to nearly 14 percent resulting in four recessions. It was the greatest peacetime inflationary spike in this nation's history, and it had massive repercussions in every area of our lives. The direct consequences included Ronald Reagan's election to the presidency in 1980, stagnation in living standards, and a growing belief–both in America and abroad–that the great-power status of the United States was ending.

The Great Inflation and Its Aftermath traces the origins and rise of double-digit inflation and its fall in the brutal 1981-82 recession, engineered by the Federal Reserve under then-chairman Paul Volcker and with the backing of Reagan.

But that is only half the story. The end of high inflation triggered economic and social changes that are still with us. The stock market and housing booms were both direct outcomes; American business became more productive–and also much less protective of workers; and globalization was encouraged.



We cannot understand today's world, Samuelson contends, without understanding the Great Inflation and its aftermath. Nor can we prepare for the future unless we heed its lessons. This incisive and enlightening book will stand as the authoritative account of a watershed event of our times. - *amazon.com*

For a complete book review visit www.swissamerica.com

Bond Market Collapse IS IMMINENT

By Adrian Douglas
www.marketforceanalysis.com

Imagine a country such as Venezuela announced that it was bailing out an investment bank, then just days later said it was nationalizing its mortgage industry, and then just days later that it was bailing out its biggest insurance company, and then just days later its government pledged 700B$ to inject into its failing banks, and then just days later its stock market fell 20%. Would you feel comfortable having your money invested in such a country, in its stock market, in its bond market or in its currency?

I hope you answered “No” or “H-ll, No!” to the above question! So why should you feel any different about the situation if the country is called “America”? I am going to show you that the US Bond market is on the brink of collapse and with it will come the collapse of the currency, just as you would expect to be the outcome of such ridiculously inflationary policies in any other country.

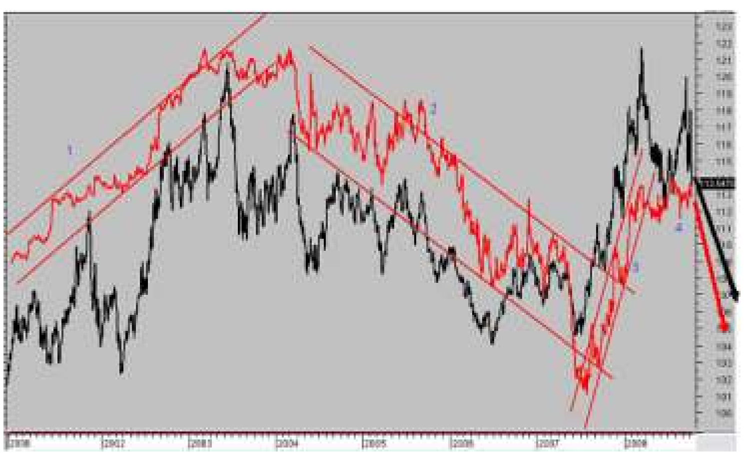


Figure 1 US 10 Year Note Price and MFA

In figure 1 the 10-Year US Treasury Note price is shown in black. The Market Force Analysis (MFA) is shown in red. From 2000-2003 the MFA was rising and in a bull trend identified by the trend channel labeled “1”. The bond price was generally rising (falling yields). In late 2003 the MFA exited the channel and entered into a declining trend labeled “2”. The bond price as a consequence was falling (rising yields). In early 2007 the MFA fell rapidly and exited the lower side of the channel. This seemed to be signaling an imminent rapid decline of the bond price. But then in mid-2007 the first news broke of sub-prime mortgage problems. There was a sudden rush to “prime” and safe debt in the form of Government Treasury debt. The MFA did a reversal and entered into a new rising trend labeled “3” and the 10Y note commenced a strong bear market rally. In early 2008 the MFA exited this trend and has been tracking sidewards suggesting a topping process. Ominously the bond price has made a pronounced double top and is looking ripe for a collapse. As the stock market had its worst week in history the financial press reported on short term treasuries rallying as the initial reaction of investors was to rush into “safe haven” treasuries. The 10 year note tells a different story. It initially rallied on Monday October 6 to 118 but by the end of the worst week in stock market history it had fallen to 113.5. Hardly indicative of a safe haven play!

All the bailouts and “recapitalization” plans of the Treasury and the FED are highly inflationary and require issuing massive amounts of Treasury debt. The bond vigilantes are waking up. They are going to dump bonds like they have gone out of style. Bond prices will drop like a stone (as indicated by the black arrow in figure 1), general equities will drop more and the dollar will nose dive.

This highly inflationary scenario will make money rush into the tiny precious metals market and explode their prices due to paltry supply. The lack of supply of the metals will mean that money will have to spill into anything silver or gold such as the mining equities. Money will also flow back into commodities because the money leaving the bond market and the equities markets will be just too large to be accommodated anywhere else.

On Friday October 10 as the stock market selling intensified and 10-Year note prices were falling CNBC Rick Santelli was saying this was a sign the credit market freeze was easing! This was as the LIBOR-TED spread reached an all time high!

What is more likely is that bond holders were waking up to the certain hyperinflation coming as a consequence of the largesse of the government’s massive rescue plans.

Many analysts are incorrectly talking of deflation. Falling stock markets or falling housing markets do not contract the money supply. The government’s bailouts and “liquidity” injections on the other hand increase it. John Williams shows at shadowstats.com that the money supply is expanding at 14% and when the government guarantees all bank deposits and probably all interbank lending I can’t imagine what it will be!

Imagine that instead of living through this nightmare yourself you were watching this complete financial drama unfolding in Venezuela. Who in his right mind would predict that Venezuela would experience massive deflation as a result of creating massive amounts of money and credit out of thin air? So why is it different for America? The laws of economics are not country specific.

Because the Cartel hit gold and silver in the middle of the night on Thursday October 9 many started invoking deflation theories. This is nonsensical and the bond market is about to confirm it!

We have seen the mega-shorts on TOCOM reduce their shorts in gold and silver to next to zero. They know what is going to happen to the prices of precious metals!

Many investors are starting to think that after this stock market rout and with a G7 package things will begin to improve. That is not the way things work! 20 years of excesses with even more monetary excesses about to be heaped upon us as a "rescue package" do not get unwound in 5 days. This is just the beginning. The bond market is the biggest market in the world (if we ignore the ridiculous, unregulated casino peddling OTC derivatives!). When the bond market heads south the money that has to find a safe haven somewhere else is in the trillions. Just a small percentage of this capital will blow the precious metals to unimaginable levels.

The authorities keep saying that they will "use all tools available to them". They only have one…it's an electronic version of the printing press. They will spin it in many different ways using jargon like "increased liquidity" and "injection of capital" and "buying equity stakes" and "buying toxic debt" but it all translates to "create more money out of thin air". Gold and silver and the mining equities will be the place to be and soon thereafter commodities in general.

Clarity will come when the metals reach new highs and at that point a child of six will be able to say where to invest. Of course, that is the greatest incentive for the Gold cartel to prevent new highs being achieved! But new highs are already being achieved in the retail market and on e-bay. The silly manipulation on the COMEX will soon end.

BAILOUTS WILL NOT STOP MARKET CYCLES

By Craig R. Smith
WorldNetDaily.com

Every economy in the world experiences cycles of expansion and contraction. These cycles are healthy and as regular as the tides. When attempts are made to alter these cycles economies run into major trouble. This time is no different.

There are certain rules of the universe that just cannot be violated. At least for any long period of time.

One can defy gravity simply by flying in an airplane. However if that plane doesn't occasionally land for fuel, the passengers will realize rather quickly gravity's infallibility. So it is always better to land and refuel. And while that refueling may delay arrival at the destination, it sure beats the alternative.

For years in this country we have had times of economic expansion. The expansion is a time when prosperity is the main focus of all the participants. Very few ever take the time to think about what will happen when the expansion slows or even stops as it always does. Imagine a lung that expands and contracts. Just as it is a natural movement for the lung, it is the natural movement of markets.

A continuous expansion ultimately leads to a bursting of a bubble or lung, for the analogy's sake. Thus we have learned that "balloon markets" can be the result of never wanting the expansion to cease. But just as in the airplane it has to be refueled or it will crash. Dot-com or housing bubble ringing a bell?

Contractions in the economy are never welcome but they are necessary for the long-term health of the economy. Contractions generally cost some jobs. Require a tightening of the belt. But most importantly, a reassessment of expectations. Realistic expectations. Nothing goes up forever.

Those expectations may require an investor to understand that investments carry risk. That as easily as a market can go up, it can go down. Double digit investment returns are not a birthright. Watching the value of our homes increase endlessly is not a realistic expectation. Yet most in America have gotten so accustom to watching their 401K and home equity increase that any drop produces immediate screams of pain in citizens and Wall Street alike.

Bailout Ill Conceived, Reckless, Shameful

When those screams are heard on Capitol Hill, 535 elected representatives go into a frenzy attempting to avoid a necessary contraction. The real housing crisis is not on Main Street or Wall Street as much as it is in the House of Representatives. And while they would like the plane to keep flying they cannot legislate fuel into the tank any more than they can legislate confidence into a battered, overdue market.

This bailout bill is ill conceived, reckless in its approach and a shameful display of politics. A simple, albeit worthless, three-page plan has morphed into a 451-page bureaucratic nightmare complete with $105 billion in earmarks and pork to "buy" the votes of those who know how bad this bill is.

This bill will do little, if anything, to stop the arrival of the contraction and recession that is way overdue. As American corporations and citizens alike start to de-leverage, profits will drop and spending will slow. This will mean stocks, bonds, real estate and various other assets will soften until at least the second or third quarter of 2009. Then we will see, just as we have in the past, America start to expand again and prosperity will return.

The 535 politicians and all their misguided motivations will only prolong the pain most Americans are willing to endure. With the knowledge, of course, that a better future for our children will be assured if we do not put further debt on them by increasing the national debt to $11.3 trillion, which this bill will do for sure.

Now that the bill has passed, we will see a stock market rally. We will hear a big sigh of relief across the land from those who believe this Congress knows what it is doing, but it will be only momentary. For the contraction and recession that must take place will. It is as normal as rain and while we all wish to avoid it, we will not.

Cut Spending or Inflate

Unless we want to inflate our way out with additional government spending of money we do not have, which will require taking on more and massive amounts of debt to be passed on to future generations, this is the time to just say no.

If we are serious about adopting the changes necessary to make this contraction produce long-term positive effects on the market we must:

1. Reduce government spending by 15% across the board over the next four years.

2. Reduce corporate taxes from 35% (world's 2nd highest) to 25% with targeted incentives to create new, high paying jobs.

3. Freeze personal income taxes at current levels so proper tax planning can occur.

4. Have a capital gains tax holiday for any company or individual who purchases distressed real estate from a lender to clean up the lender's balance sheet.

5. Ease the "mark to market" rules now in place to provide breathing room for lenders.

6. Ease the capital requirement currently in place at the banks.

Not one of these suggestions requires a dime of tax dollars and thus doesn't have a snowball's chance in Phoenix to be implemented. That does not, however, diminish the effectiveness they would have in setting the stage for future growth and prosperity in America.

Market cycles do and will happen as long as there are markets. One can only hope we as a nation accept that fact and plan accordingly. Then and only then can politicians, who are attempting to play economists, go back to protecting and defending the constitution as their job description outlines.

Politicians will only prolong the pain they wish to eliminate. History and gravity can be ignored temporarily but will never be stopped.

Excerpt from Swiss America Special Report "Bailout Nation: Truth and Consequences"

TRADING VS. HOLDING

By Dr. Fred Goldstein
Sr. Broker, Swiss America

I often tell my clients at Swiss America that if they want to make a little money, start with a lot of money and play the commodity futures.

It has been nothing short of financial suicide to play the highly leveraged futures and options markets during such volatile financial markets. Even conservative investors have seen their stock portfolios and 401k statements shrink dramatically in recent months.

I believe this is a critical time period for investors and developing a sound strategy is essential for financial well being. Although money experts are now scoffing at 'buy and hold' strategies, I strongly disagree.

Most investors do not have the time or tools to 'market time', that is know when to enter and exit markets at peaks and bottoms. Each individual must develop an investment strategy based on their age, income, family needs, philosophy, risk and current market events.

Swiss America's philosophy is that if individuals develop a sound financial strategy -- and work their plan -- over the long term, the odds for success are in their favor.

Former speaker of the House Newt Gingrich recently said he was very concerned over inflation due to the trillions of dollars being added to the system.

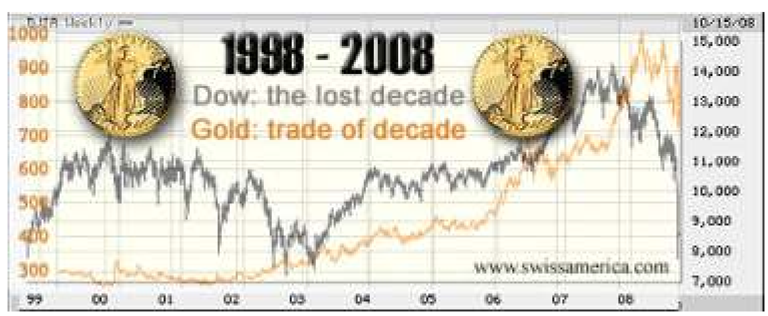
John Williams of shadowstats.com reports inflation is much higher than presently being reported. Therefore if you agree with the Swiss America philosophy -- that investors must protect against inflation -- a great opportunity presently exists.

During the present economic crisis many great natural resource companies have seen their stock prices drop dramatically. Remember: in Chinese the word 'crisis' means both danger and opportunity. Right now each investor must make a choice; the glass is half-full or it is half-empty.

Although many investors have taken their lumps lately we believe present economic conditions demand action. We do not think it is possible to make up losses in a month or two. But if we are right, and the U.S. is entering a spectacular inflationary phase, the next few years could be the most profitable for astute investors.

Swiss America offers free educational resources to help savers and investors understand the benefits of owning U.S. numismatic coins. We want our clients to be confident during these uncertain economic times. Knowledge, value and timing will tilt the odds in favor of informed investors.

Do not be stressed out by the short-term fluctuations. Do not try to beat the markets by gambling short term. Set up your long-term plan and be a successful holder rather than a short-term speculator.



Ed. Note: As the chart above illustrates, gold has been the trade of the decade ever since 2001, having tripled in price. In contrast the Dow has just gone through a lost decade, unless you're a day trader with perfect timing instincts.

Most individuals currently saving for retirement may qualify for a precious metal IRA or 401(k). However, many are not aware this choice even exists.

Since 1986, the IRS has allowed individuals to hold precious metals within their IRA. Physical metal, over time, has always offered a hedge against the plague of stock market volatility.

In 1995, Dr. Raymond Lombra, presented a 40-page report to Congress on the use of gold and rare coins in IRAs stating; "A detailed analysis of hypothetical portfolios reveals that over the 1974-1993 period a portfolio consisting of 5% coins, 5% gold and the rest stocks, Treasury bonds and Treasury bills would have increased portfolio returns at the same time decreased overall portfolio risk."

FAQs... about a Gold or Silver IRA

Q: Will I physically hold the metal?

A: No-If you purchase gold or silver within your existing IRA you will not take possession of the metal. It is stored at a depository in your name. Once you reach the age of 59½ you may then take delivery without penalty. The depository, Goldstar Trust Company, uses HSBC bank USA, a major long-standing bank well-respected in the area of precious metals depository services.

Q: How long does the transfer process take?

A: Each application is unique and may vary. On average, the process is completed in two weeks. Using your existing IRA information, we will help you complete the paperwork.

Q: Will I have a tax implication?

A: No-there are no tax implications for transferring assets from one qualified retirement plan into another.

Q: Will I incur a penalty?

A: No-there are no penalties incurred for transferring assets from one qualified retirement plan into another.

Q: Is this expensive to set up?

A: On average, the setup fees range from $150 to $325. These fees are solely based on the amount being transferred.

Q: Is there a minimum amount I must transfer?

A: Yes-the start up amount must be $5,000 or greater.

Q: What types of metals are allowed in retirement accounts?

A: All U.S. Gold, Silver and Platinum American Eagles coins, and certain other bullion coins or bars that meet IRS requirements. Please call us for more detail.

Call your Swiss America representative at (800) 289-2646 to answer any questions you may have regarding a precious metals IRA.

CITIGROUP SAYS GOLD COULD RISE ABOVE $2,000 NEXT YEAR AS WORLD UNRAVELS

Gold is poised for a dramatic surge and could blast through $2,000 an ounce by the end of next year as central banks flood the world's monetary system with liquidity, according to Citigroup.

By Ambrose Evans-Pritchard
London Telegraph
Nov 27, 2008

The bank said the damage caused by the financial excesses of the last quarter century was forcing the world's authorities to take steps that had never been tried before.

This gamble was likely to end in one of two extreme ways: with either a resurgence of inflation; or a downward spiral into depression, civil disorder, and possibly wars. Both outcomes will cause a rush for gold.

"They are throwing the kitchen sink at this," said Tom Fitzpatrick, the bank's chief technical strategist.

"The world is not going back to normal after the magnitude of what they have done. When the dust settles this will either work and the money they have pushed into the system will feed though into an inflation shock.

"Or it will not work because too much damage has already been done, and we will see continued financial deterioration, causing further economic deterioration, with the risk of a feedback loop. We don't think this is the more likely outcome, but as each week and month passes, there is a growing danger of vicious circle as confidence erodes," he said.

"This will lead to political instability. We are already seeing countries on the periphery of Europe under severe stress. Some leaders are now at record levels of unpopularity. There is a risk of domestic unrest, starting with strikes because people are feeling disenfranchised."

"What happens if there is a meltdown in a country like Pakistan, which is a nuclear power. People react when they have their backs to the wall. We're already seeing doubts emerge about the sovereign debts of developed AAA-rated countries, which is not something you can ignore," he said.

Gold traders are playing close attention to reports from Beijing that the China is thinking of boosting its gold reserves from 600 tons to nearer 4,000 tons to diversify away from paper currencies. "If true, this is a very material change," he said.

Mr Fitzpatrick said Britain had made a mistake selling off half its gold at the bottom of the market between 1999 to 2002. "People have started to question the value of government debt," he said.

Citigroup said the blast-off was likely to occur within two years, and possibly as soon as 2009. Gold was trading yesterday at $812 an ounce. It is well off its all-time peak of $1,030 in February but has held up much better than other commodities over the last few months – reverting to is historical role as a safe-haven store of value and a de facto currency.

Gold has tripled in value over the last seven years, vastly outperforming Wall Street and European bourses.

CREDENTIALS

1. 300 years combined experience in U.S gold & silver coins.

2. Serviced over 600,000 inquires in 27 years of business.

3. Serviced over 40,000 clients in 27 years of business.

4. No unresolved complaints with any agency.

5. U. S. Coin Industry Affiliations:

* American Numismatic Association (ANA) - Life Members
* Industry Council for Tangible Assets (ICTA) - Member
* Numismatic Guaranty Corp (NGC) - Dealer
* Professional Coin Grading Services (PCGS) - Dealer
* Canadian Numismatic Association (CNA)
* National Silver Dollar Roundtable (NSDR)
* World Proof Numismatic Association (WPNA)

About Craig R. Smith – President, Swiss America

Craig R. Smith is president and CEO of Swiss America Trading Corporation, an investment firm specializing in United States gold and silver coins. Smith founded the company in 1982 out of a bedroom in his home with $50.00. It has since grown into one of the largest and most respected firms in the industry. An expert in tangible assets; he is an author, commentator and frequent radio and television guest because he instantly engages audiences with his common-sense analysis of economic trends. He writes a weekly column for Worldnetdaily.com and publishes Real Money Perspectives newsletter.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