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Dollar Devaluation, Phase Two

by [Larry Edelson](#)



Recently, I've issued several warnings. Chief among them ...

➔ That investors everywhere are waking up to their leaders as being nothing more than emperors with no clothes. Reckless spenders with not a single clue of what they're doing and full of false hopes.

I also warned ...

➔ That our Federal Reserve, not to mention other central banks around the world, would remain hell bent on devaluing the U.S. dollar.

➔ That savvy investors everywhere were starting to seek out the best private assets and asset markets, in what I call "moveable wealth."

It's now just about a month since I issued these warnings. And in a short, 30-day span, they are panning out — in spades.

➔ Riots are breaking out in Greece, Portugal, and Ireland. Greece, despite any bailouts, is flat broke. So is Italy. Spain. And the U.S. of A.

Meanwhile ...

➔ On at least two occasions in the past month, Fed Chief Ben Bernanke has confirmed that he's going to keep interest rates as low as possible, for as long as possible, even indicating that there may be no rate hike until late 2011.

➔ At the same time, Bernanke is continuing to ramp up the digital printing presses clearly concerned, that no matter how low he keeps short-term interest rates, it may not be enough to sustain the U.S. — or the global economy for that matter — on life support.

As you read this right now, more funny money, more unbacked pieces of paper that float around the world as a bunch of IOUs are flooding the system.

So it's no surprise to us savvy, will-not-be-fooled, real wealth investors that ...

➔ Gold has rocketed higher yet again, leaping to \$1,162 on April 9 — and within mere inches of giving me the biggest buy signal for gold since it closed above \$725 in July 2006, and where I warned that the \$1,000 price level would soon be hit. Likewise ...

➔ The price of oil has also rocketed higher to as high as \$87.09, a 6.75% increase in just over a month. And naturally, also as I predicted, gold and oil are not the only markets exploding higher.

➔ Palladium has jumped as high as \$552.00, a two-year high. Platinum has exploded to an 18-month high at \$1,743.00.

➔ Copper is now trading at \$3.60 a pound.

➔ Even silver is zooming higher, reaching \$18.50 an ounce as I write this column. **sending big buy signals.**

What's more, the Dow Jones Industrials and the bluest of the blue chips in Asian stock markets are also following my forecasts, with the Dow now above 11,000 and China, India and other Asian stock markets also ripping higher.

Why all this bullish action in the markets?

Is it really that the U.S. and global economy are picking back up? Or, is it some other mysterious force at work?

Yes, there's no doubt that there's some bottom-bouncing going on in the U.S. economy. But that's all it is, bottom-bouncing.

On the other side of the world, there are indeed explosive growth areas, namely China and India.

But there's much more going on in the markets today. There's another force driving many markets higher that almost no one understands.

In fact, I consider it so important that I will tell you this ...

What's happening right now in the markets is a major turning point in the dollar and the world's monetary system.

There will be massive losses for those who fail to understand what's really happening and are unprepared for what's coming.

Yet, on the other hand, there will be equally massive profit potential for those who do.

I want to be absolutely sure that you're in the latter camp, that you understand what's happening, and can, therefore, protect your wealth — and grow your money over and over again in the years ahead.

So let me now explain further ...

First, despite the massive debt problems in Portugal, Italy, Greece and Spain ... *despite* the problems in Europe — the U.S. dollar's rally against the euro has been feeble at best, and now, the dollar is turning back down in the foreign exchange markets.

Second, Singapore has just *revalued its currency higher against the dollar, for the first time ever.*

How does a country like Singapore push the value of its currency higher against the dollar?



Simple. It starts *selling its U.S. dollar* reserves and buying up more of its own currency.

Third, President Obama, Treasury Secretary Geithner, and most definitely, Fed Chairman Ben Bernanke — have all been pressuring China to push its currency higher. *Which is the same thing as saying the dollar needs to go lower.*

And that means that huge portions of China's 2.4 trillion stash of U.S. dollars will soon have to be sold to boost the value of the yuan.

My friends, in other words, what the markets are telling you is that

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Phase Two of the Dollar Devaluation I've Been Telling You About Is Here

That's largely why you're seeing almost all tangible assets, natural resources, starting to soar again.

It's why gold is now hovering at \$1,160 an ounce ... ready to begin

its ascent to at least \$1,300 ... then to \$1,500 ... and then, to my minimum target of \$2,300 an ounce.

I want to show you something else about debt, the dollar, and gold right now. Positive proof that basically, the bigger the debts, the weaker the dollar, and naturally, the higher the price of gold goes.

Consider the following ...

➔ In 1947, the official national debt was \$247 billion. Each U.S. dollar was worth 1/35th of an ounce of gold.

➔ In 1973, the official national debt was \$469 billion. It then took \$43.25 to buy an ounce of gold. Or put another way, the dollar was worth 1/43.25th of an ounce of gold.

➔ In 1980, the national debt was \$930 billion. The price of gold reached \$850 an ounce. In other words, the dollar was worth 1/850th of an ounce of gold.

Today, our official national debt is a whopping \$12.78 trillion. That's ...

- Thirteen times greater than it was in 1980.
- Twenty-seven times larger than our 1973 national debt.

- And nearly FIFTY-TWO TIMES larger than our national debt in 1947.

So simple math tells you the following ...

➔ If gold were to match the growth in national debt since 1947, it would have to trade at **\$1,820 an ounce**
(gold's price of \$35 in 1947 times 52 = \$1,820)

➔ If gold were to match the growth in national debt since 1980, it would have to trade at **\$11,050 an ounce**
(gold's price of \$850 in 1980 times 13 = \$11,050)

It's hardly surprising when you look at those numbers that gold has much more to go on the upside. Even more so when you consider that the debt figures above do not include another approximately \$122 trillion of unfunded liabilities.

All along I've been warning you that a dollar devaluation is part of Bernanke's grand strategy, *his secret debt solution to the mountain of patently unpayable debts that we have in this country.*

My view: We are now in **Phase Two of the Dollar Devaluation.**

Hence, I consider it absolutely essential that all investors make sure they have some gold!

You should also get invested in other hard assets and vehicles that can protect your money — and help you profit — from the dollar devaluation.

Best wishes,

Larry