

Where the Value in This Market Really Is – Hint: It Isn't Where They Told You

Written by Jeff Caldwell

'Wow!' This is the only thing that comes to mind every time I look at the markets. How do I extrapolate any information out of these numbers when I know that the numbers I am seeing are extremely manipulated? The Dow is reaching record highs on a regular basis; on bad news for the most part. US growth has dropped dramatically in real numbers. Inflation is really at 5-6 percent or higher. The US unemployment rate is above 20% including those not looking for a job. US Debt, including government and personal debt is at an ALL TIME HIGH. Sub-prime loans have moved into the auto industry with 16 million cars being sold in the US so far this year. There is no housing market in the US to speak of. This puts the American dollar on very shaky ground. Here in Canada, we are no better off.

Can it get any worse than this? Yes it can, and it will. When inflation starts its march up into the stratosphere there will be true chaos. The people who will get hit the hardest are you and me. "Bail-In" has been written into the Canadian budget. This means that if there is a financial crisis within the banking system here in Canada, the Government has given them permission to rob your back account, your brokerage account, and your pension, anything they can get their hands on to put liquidity back into the bank. People on social benefits are going to lose those benefits, or have them cut in half or more. People receiving old age pensions will get hit the hardest. They could see their pension checks not arriving when expected. If they do arrive, they could see their pension checks cut in half. The Government will not have any money and will not be able to borrow any. There will be very little tax growth within a broken economy. The job market will crash, and for a time everything will come to a standstill.

You can expect bank holidays that could last for days or weeks. This means no access to any funds you may have in your account. Oil will be \$200+ a barrel. Oil affects everything we do and buy today, from the oil used to manufacture products, to the oil used to transport goods and fertilize your crops. Grocery stores will be hard pressed to keep the shelves stocked. Even if they can do this, the cost of buying a loaf of bread will be out of many people's reach. Your electric bill will soar with the cost of coal and natural gas skyrocketing.

Will the United States go to war again before the collapse happens? This is a likely scenario. When an animal is cornered it will fight to the death to survive. With the US involvement in Ukraine, it seems they

are trying to start a war with Russia. This is more than just plausible because every time someone tries to thwart the American dollar reserve status, they usually get bombed.

In this aftermath the US will become a battle zone. There are approximately 50 million people in the US currently living on food stamps, 11 million people on disability, and 100 million working for the Government. That will end very abruptly. Then when there is nothing to eat, the violence will begin. The US Government is well aware of this fact. This is the reason the US Government is militarizing their police force. I don't see this ending very peacefully. There are many militia groups in the US that are very heavily armed. They will not abide by any laws coming from a Government that they feel has put them in this situation to begin with.

So where is the value in the markets right now? Well fortunately for you and me, gold, silver and good mining stocks are still very much undervalued.

Gold and silver are so undervalued that this should be your first stop. Not necessarily as a profitable investment, but to protect you and your family from an economic collapse. Have no doubt about the collapse coming; the economies and banks around the world, not just in your back yard, are teetering back and forth and it would only take a small push to send them over the edge.

What will gold and silver do for you? Gold and silver will give you the ability not only to survive an economic collapse but to thrive in it too. You must have some gold and silver because it will be one of the few assets to gain value in the near future. In the end, you must protect yourself and your family. If you think the government will be there to step in when times are tough – think again!

Contributing author Jeff Caldwell has been an entrepreneur for most of his life, owning and operating a successful art gallery in Toronto for many years before returning to Nova Scotia. Jeff has since spent his time taking what he learned from his business experience and instituting a plan to retire at age 50. At age 47, he exclaims he is right on target!

THE SILVER PRICE & INFLATION – MORE THAN MEETS THE EYE

Written by Kevin D.

On public forums, I often read posts basically saying, 'Maybe silver will get to \$500 USD/oz someday, but it won't matter because a loaf of bread will cost \$50 and gasoline will be 100\$ a gallon'. In other words, there is a widespread misconception that the silver price only rises at about the level of inflation, and no more. However, history shows that this is patently untrue.

Inflation was in the double digits all throughout the 1970's, and some years, inflation was as high as 13-14%. The cost of everything roughly **tripled** during that decade, yet the **gold price increased by 24 times and the silver price increased by 36 times**. Consider that if you'd bought a home in 1970 for \$15,000, by 1980 your home was worth about \$45,000. However, if you'd instead used that \$15,000 to buy roughly 425 ounces of gold in 1970 at the price of roughly \$35 USD/oz, by 1980 your gold was worth \$360,000 and you could have bought

eight houses with the proceeds from selling your gold! Even better, if you'd bought 11,000 ounces of silver in 1970 at the dirt-cheap price of \$1.40 USD/oz, by 1980 your silver was worth \$540,000 and you could have bought twelve houses with the proceeds, instead of having just one, simply by investing your dollars in the right asset class for those 10 years! In other words, buying precious metals instead of other assets made the difference between just 'holding the line' on inflation and creating a mega-windfall of generational wealth.

We're in a similar situation today. Globally, as of 2002, the stock market was worth about \$20 trillion, the bond market was worth about \$33 trillion, and real estate was worth about \$62 trillion. The gold market, on the other hand, was worth just \$1 trillion, and the silver market was worth an absolutely infinitesimal \$0.004 trillion (just \$4 billion: 1 billion ounces x 4\$ /oz). Back in 2002, only about 1% of all liquid assets in the world were invested in precious metals. Now, even after 14 years of a massive bull market in which gold has increased roughly 500% and silver roughly 700%, **still less than 2% of all assets globally are invested in precious metals.**

I think that the fuse for silver's eventual price explosion will go something like this; assume that inflation is running at 10% (which it already is, though this is not widely acknowledged yet due to government statistical lies and propaganda). Assume bonds are returning 5%, stocks 8%, and real estate 6% annually, which is in line with historical averages. After a number of years of high inflation, more and more investors will begin to recognize that even if they manage positive nominal returns, in reality the returns from all of their other investments are **negative after inflation**. In other words, when you cash out your investments during retirement, they won't even buy you what you could have bought with your initial investment capital, even after years of positive nominal returns.

This stark realization will instill fear in the hearts of hundreds of millions of baby boomers who have not saved nearly enough and are counting on market returns to secure their retirements. When they realize that not only are their investments not increasing in value, they are actually decreasing in value, they will begin to look seriously at alternative investments that can help them stem the tide against inflation. And of course, gold and silver will undoubtedly rise to the top as the most suitable investment class.

I think that it will be the combination of the following factors that will fuel gold and especially silver's ascent later this decade:

- High inflation in the future, which is guaranteed due to all of the money that has already been printed over the past 6 years but not yet spent into the economy. Once banks start lending those reserves, we will see a level of inflation that is unheard of in anyone's lifetime. We could easily see 20, 30 or 40% annual inflation if bank reserve ratios return to anything like they have been for the past 50 years.
- The recognition by hundreds of millions of aging investors that their investments are losing value every year, even if they are going up in price.
- The absurdly tiny amount of global assets that are currently invested in precious metals.

At the height of the last great precious metal bull markets in the 1970's and 1930's, gold represented over 20% of global liquid assets. When you consider that less than 2% is currently in gold, you can easily see how over 10 times as many investors as today wanting gold could easily drive the price to \$10,000-\$15,000 USD/oz. The story is even more extreme with silver, because silver is massively under owned. If just 1% of all investors wanted

to take a large position in physical silver, the price could hit four digits very easily, because there is so little of it, and so few people currently own it.

It's been a wild ride in the silver market over the last 5 years, but if you patiently continue to accumulate a core position in physical silver, I think that there is great potential for massive returns down the road!

Contributing author Kevin D. has been investing in gold and silver since 2005. He believes that every investor should hold at least 10% of their assets in physical precious metals stored securely outside of the banking system.



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