

THE DAILY RECKONING

SPECIAL RECKONING REPORT



Death of The Dollar?

Revealed: Seven ways to exploit the sliding dollar for gains of up to 666% within the next 3 months!

Read on and discover the specific ways to make once-in-a-lifetime gains from the greatest U.S. dollar bear market in history!

Dear Fellow Investor,

The dollar's day of reckoning is upon us.

America, **The Empire of Debt**, is ruthlessly destroying the world's reserve currency. If ever there was a crisis that could shake the global economy to the core -- *this is it*.

Re-arrange the current system of world finance ever so slightly... let confidence in Greenback decline just a little further... and the once-cherished U.S. dollar will collapse like a house of cards.

But there are ways that you can hedge against this eventuality. Better still, there are many ways that you can make handsome profits from the likelihood that the dollar will fall. Which is why I'm writing to you today.

The following **SPECIAL RECKONING REPORT**, brought to you by the editors of The Daily Reckoning e-letter, outlines why a continuation of the U.S. dollar decline is almost inevitable. More importantly, I'd like to introduce you to seven specific, workable ways that you can personally capitalise as the dollar plummets.

These plays are for serious investors only. I would be doing you a disservice in not pointing out that currency-related investing comes with added risk. But -- if you approach what you're about to learn with common sense and logic -- the rewards could be substantial. Used together as the dollar bear market progresses, these crucial recommendations will help you:

1) Generate several quick-fire short-term gains... If the dollar index falls to 80 -- just a 4.7% decline from here -- our first trade would turn every \$1,000 you invest into \$4,000. If the floor

falls out from under the greenback and the index drops to 70... this trade will turn your \$1,000 into a whopping \$14,000!

2) Bank safer, medium-term gains by saving your money outside of the dollar... Use easy-to-open FDIC-insured bank accounts to save your cash in currencies -- like the Australian and New Zealand dollars -- that are consistently appreciating against the Greenback. (These accounts are paying higher interest than your local bank, too!)

3) Lock in long-term, "slow-burner profits" over the next two years... We recommend two retirement funds accessible through your IRA and or 401(k) that park your money safely away from the overpriced stock market AND the bear market in the dollar. Make sure your cash is there when you need it most!

4) Shield your current portfolio of investments from an out-and-out dollar collapse... if "talking down the dollar" gets away from Treasury Secretary John Snow and the loose money boys at the Fed... we recommend short-term trades that would help you make as much as 666% in a few short weeks...

The following pages could be the most valuable you ever read.

Fact is, the dollar standard as we know it is coming to end. You've followed the action from afar for long enough. If you're game, it's now time to become a part of it...

The problem with the U.S. dollar

To take full advantage of the current crisis, you need to be completely clear on what ails the dollar.

As of January 2004, the battered Greenback has lost 50% from its peak in 2000 against the euro, and over 20% against the Japanese yen in the last two years alone. At the time of this writing, the dollar is at an 11-year low against sterling. The dollar falls... and then falls some more. But why?

In a word: **debt**.

Never before in the history of modern economics have we witnessed such high elevations of reckless spending and crippling debt. Total U.S. debt is now more than 3 times it's GDP... even though the Federal government "only" admits to a debt of \$7.1 trillion, with interest payments alone totaling \$318 billion in fiscal year 2003.

Yet, at the same time, under the Bush Administration, federal spending is increasing faster *than under any president in the last 50 years*. Will the shortfall be made up by taxes? Hardly. Due to Bush's "vote for me" tax cuts, federal tax receipts as a share of national income are at their lowest since World War II.

Think about it. Combining historically high spending with historically low tax income, just how are you supposed to pay off a crippling, record-breaking debt?

The answer is simple: **pay with weaker and weaker dollars** . After the appointment of Ben Bernanke to the board of the Federal Reserve, the Bush administration has aggressively pursued a policy of 'talking down the dollar.' The Fed and the Treasury are sabotaging their own currency to "pay off" what they owe. That's a very dangerous game to play, especially for a country like the U.S., which relies so heavily upon foreign capital to finance its economy.

And this "weak dollar policy" is working.

In terms of real money, Americans are losing income faster than at any time since the Great Depression. To meet the colossal obligations of foreign creditors, the U.S. Government is running its own currency -- as well as the wealth of its citizens -- into the ground. This is bad news for Americans... and potentially for the entire global economy.

But it *could* be good news for you. Actively trading the falling dollar will become *the* investment trend of the next two years -- and we're going to tell you exactly how to do it...

Could the dollar completely collapse?

As our own Bill Bonner states, "There is not much to stop it. Foreigners hold \$9 trillion in U.S. dollar positions. Each day they lose millions of dollars; and they must be getting tired of it. Even central bankers get tired of losing money, eventually. Would it be so surprising if they rushed to the exits?"

Let's put it into historical perspective. This isn't the first time the dollar has gone through a managed devaluation. Take a look at the following chart:



In the 30-year period since Nixon slammed the gold window shut we've had 4 major currency trends:

Weak dollar 1972-1978 (6 years)

Strong dollar 1979-1985 (6 years)

Weak dollar 1986-1995 (9 years)

Strong dollar (1996-2001) (5 years)

Weak dollar (2002-????) (? years)

The most notable period, spanning 9 years, followed the Plaza Accord in 1986. Like now, the U.S. was fighting a historic current account deficit, which it tackled through a 'managed' debasement of its currency. But because this current dollar market only began in 2002 -- less than two years ago -- the cycle still has a while to run, even by normal historical terms.

Best case scenario, if the current bear market follows the historical

trajectory, we could see a weakening dollar for another four to seven years. Worst case scenario, it will never recover.

Whatever happens, you can expect the dollar freefall to continue.

But with our help, you will safely position your money outside the dollar bear market... and generate substantial, risk-controlled profits.

For example, if the U.S. dollar were to fall another 8% from its current valuation against the euro, one of our options recommendations would be "in the money"... and any further falls could quickly propel you to a 10 to 1 payoff on your investment!

These kinds of trades are purely speculative, of course, and you should know it is possible to lose your initial investment. But if we're right, as we have good reason to believe, the payoff will be enormous.

And that's just the very beginning...

But just how far will the dollar fall?

For you to understand the immense profit potential of your seven dollar-related investment plays, you must first be clear that this is no ordinary slump.

"There's no hint that the dollar's fallen too far, too fast," says James Pogoda, vice president of

precious metals at Mitsubishi International. "So keep pressing in the

"America has become a debt junkie – owing \$119,442 per man, woman and child."

Michael Hodges

same direction -- dollar lower, gold higher."

Since the U.S. trade deficit has passed the \$500 billion mark -- nearly 5% of GDP -- foreigners must shell out about \$1.3 billion a day just to keep the dollar afloat. Even during the managed devaluation of 2003, put in place to tackle debt, the trade deficit has continued to climb. Stephen Roach, Morgan Stanley's chief global strategist, predicts the current account deficit is on course to reach \$710 billion -- 6.5% of GDP.

The dollar goes down... but debt *still* goes up.

And herein lies the drama. The Bank of Japan spent the equivalent of \$187 billion in 2003 trying to prevent its strengthening currency from choking off the country's export-led recovery. In January of this year, according to Richard Duncan, author of the best-selling *Dollar Crisis*, the Bank of Japan spent enough money to fund 13% of the U.S. deficit... in one month!

"Under Bush's leadership, the government has made a series of inconsistent promises that, taken together, cannot be honoured: promises of future Medicare and Social Security, of substantial investment in military and homeland security, of leaving no child behind, of generous corporate subsidies and tax breaks, of timely repayment of federal debt... and promises of tax breaks far below those necessary to cover any commitment.

Something's got to give. But what?"

Laura Tyson
Dean of The London School of Economics

Over a four-week period last Autumn, combined foreign capital bank purchases of U.S. securities topped \$40 billion -- more than \$2 billion every trading day. Yet this only managed to halt the greenback's decline by 2.3% over the same period. What would have happened had the banks not pumped money into the Fed reserves?

As Sean Corrigan, ***The Daily Reckoning's*** man-on-the-scene in London, states, "If \$40 billion cannot even bring about a minor rally, just how weak and despised is the once-mighty dollar?"

Soon, the borrowers will come knocking -- and you'll be ready to profit

The U.S. can't spend more than it produces forever... sooner or later, the bill **MUST** be paid.

Each year since 1992, America's trade deficit -- the amount by which its imports exceed its exports -- has yawned wider and wider. In 2002 it reached \$503.4 billion. If it continues on its current path, it will likely reach \$600 billion by the end of this year.

Soon, faith in the U.S. dollar will dry up completely. The Greenback has relied on the kindness of strangers for too long. There is no way the U.S. can pay off its creditors should they call in their I.O.U.s. Right now, the U.S. holds just \$87 billion in reserves against its obligations. In a click of the fingers this would vanish, should lenders withdraw their support for the dollar.

"Sometime soon, the mound of rubbish will start to stink. Then, the story line will reverse. Instead of wondering how we will add to our odoriferous debt, the dramatic question will be: how do we get rid of it?"

Bill Bonner

So, for the reasons outlined above, we believe that the dollar is a currency fated to tumble. Still more than it already has. And while many unfortunate investors will suffer, others will profit.

A decade ago in Britain, few thought the mighty pound sterling could sink so low in 1992, when the British government tried its own "managed devaluation." Despite the Bank of England's best efforts,

the pound got away from them... the currency collapsed, and Britain was kicked out of the European Rate Mechanism established to make way for the euro.

On "Black Wednesday," currency speculator George Soros is rumoured to have made a billion dollars... in just 24 hours. And he wasn't the only one. More fortunes will be made in the near future, this time from a free-falling dollar. We aim to place you in the thick of the profit-taking action.

Bonfire Of The Currencies - 7 Ways to Profit From the Falling Dollar

It's worth pointing out that, up until now, you have been somewhat sheltered from the catastrophic events that are unfolding. With very little inflation showing up in consumer prices, we've able to sit back and watch the dollar decline with interest... and even profit from it. Recommendations we made in January last year in *The Daily Reckoning*'s **2003: Decline Of The Dollar Report**, for example, were quite profitable as the dollar shed 16% against the euro.

But now, the situation has become even more severe. That's why we've drawn on our extensive network of analysts and assembled the first ever **Special Reckoning Report**. We have compiled a series of dollar-related investment recommendations for you, in an exclusive profit report called ***Bonfire Of The Currencies: Seven Ways To Sell The Dollar***.

"Not every day does the world's hegemonic power pursue a policy of currency debasement."

John Grant in Forbes magazine

These seven plays are divided into direct and indirect

speculations, with both short and long-term options. The idea is for you to take several of these recommendations and combine them -- so that you can personally craft your own plan of action to exploit the falling dollar. As market conditions change, we'll also send you regular follow-up reports to make sure your "Sell-the-Dollar" strategy stays on track.

Your seven recommendations include:

- * **Five "wildcard currency plays" which have already appreciated 37%, 29%, 13%, 31% and 21% respectively. We expect they'll continue to gain against the dollar -- but to benefit you need to get in NOW.**
- * **One "interest rate play" that lets you profit from rising interest rates. As the dollar falls, we expect the Fed will be forced to raise rates (and even if they don't, the market will do it for them)... and rates will rise, you'll be ready and banking the rewards.**
- * **PLUS our preferred gold investment for the long-term, safety-minded investor... if you own it, you can benefit from the dollar bear, a "secret" market on the rise AND THE GOLD BULL MARKET with one easy acquisition!**

As I said before, many of these profit plays aren't for everyone. But for those with the belief that the once-mighty dollar is in deep trouble -- and the willingness to do something about it -- ***Bonfire Of The Currencies: Seven Ways To Sell The Dollar*** could prove to be the most profitable read of your lifetime.

Plus, in addition to your seven dollar-related investment

recommendations, you'll also receive...

An unrivalled insight into the dollar's last days

After reading ***Bonfire Of The Currencies: Seven Ways To Sell The Dollar***, you'll be counted among a too-small number of individuals who understand just how serious things really are. We provide an in-depth, unbiased look at what could be, quite literally, The End of the World As We Have Known It.

You'll learn about the bearish conspiracy against the dollar... how further declines will affect the gold market... why the world's top investors are selling the dollar fast... and why an ever-more-powerful Asia is the final nail in the coffin for dollar hegemony.

This is profitable wisdom indeed... especially when used together with your seven investment plays.

"Economic history is a never-ending series of episodes based on falsehoods and lies, not truths. It represents the path to big money. The object is to recognize the trend whose premise is false, ride that trend and step off before it is discredited."

George Soros
Currency trader extraordinaire

Not only that, but we'll also sign you up for *The Daily Reckoning* e-letter -- a contrarian, politically incorrect daily analysis of current trends in the marketplace. Among the many investment happenings covered in each day's *Reckoning*, you'll be able to keep tabs on the status of the dollar's hegemony... and stay abreast of its inevitable demise.

If you're at all interested, the time for you to act is right now

As the stock market has been the object of renewed speculation

over the past 12 months, the average American investor has scarcely noticed the dollar as it falls against the euro, the yen and almost every major currency on the planet. But we expect that is likely to change in a hurry... especially if there is a rout.

On the other hand, over the past 12 months, clever investors have made serious cash on the falling dollar. There is no reason to believe this won't continue for the ***next two years at the very least.***

Actively trading the falling dollar is absolutely the smartest thing you can do in regard to your finances today.

Of course, nothing in the world of investing can be guaranteed. The dollar's demise is not 100% inevitable... just highly likely. If and when America's creditors -- domestic and foreign -- decide the country's massive, record-breaking level of debt is reason enough to get out of their dollar investments, the dollar will have nowhere to go but down... ferociously.

You can either sit back and watch... or position yourself to profit.

Prepare today by reading *Bonfire Of The Currencies: Seven Ways To Sell The Dollar*

Bonfire Of The Currencies: Seven Ways To Sell The Dollar will cost you just \$99. That's \$99 for seven specific recommendations that could both make and save you thousands... along with the most incisive, detailed look into the dollar crisis that you'll find anywhere -- and regular follow-up reports to make sure your strategy stays current.

And you won't have to wait for the report to be sent to you. Just download the report right now. Simply click on the link at the bottom of this page.

For four-and-a-half years we've watched the collective madness from afar... manic spending, mindless investing, bloated asset prices and an extravagant build-up of debt. Today, it appears, the dollar's day of reckoning is upon us -- and a small number of investors are readying themselves to take advantage.

Will you be one of them?

Get your copy of ***Bonfire Of The Currencies*** - and regular follow-up reports - right away by clicking on the order button below.

Regards,

Addison Wiggin
The Daily Reckoning

P.S. "A sound currency reflects solid economic fundamentals. That is: little to no debt, a trade surplus, a steady balance of payments and growing international reserves," notes financier Jim Rogers. "That's not exactly the picture you get when you look at the U.S. balance sheet."

Given the current administration's penchant for whipping out the national checkbook, we don't expect those fundamentals to improve any time soon. Your copy of ***Bonfire Of The Currencies: Seven Ways To Sell The Dollar*** will give you seven easy ways to get in on the side of the trade now recommended by the old timers -- Soros, Rogers, Templeton, Faber and Richard Russell alike.

Click below, right away, to download your copy of this ***Special Reckoning Report.***

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