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Quarterly Report

Most of our readers are familiar with the huge amounts of stimulus and cheap credit governments around the world are throwing at their economies. Also exchange currency manipulation done by government from China to India. We hear about it every day, so there's no need to get into the specifics.

Whether these stimulus policies are right or wrong, they are increasing investors fear and consequently increase demand for commodities. They are stoking demand for crude oil, copper, and uranium. They are increasing demand for grains. Moreover, the demand for foods has increased in the past five years due to population increase and worldwide natural disasters. I believe prices of foods will increase again in 2011. How much? I do not know, but probably about 10%.

In this environment the deterioration of the two major currencies is increasing. The Euro is in a daring situation as well as the US dollar. For example since January 2005 the US dollar has decreased or increase with the following currencies:

\$AUD - 25%

\$CAD	- 18%
Brazilian Real	- 37%
Swiss Franc	- 18%
Japanese Yen	-21%
Singapore Dollar	-21%
Uruguayan Peso	-21%
Chilean Peso	-18%
Taiwan Dollar	- 9%
Norwegian Kronen	-5%
Euro	0%
Indian Rupee	0%
British Pound	+20%
Russian Ruble	+12%
Argentina Peso	+32%

Please notice the currency of countries in which the dollar has lost and in which has made gains. If you visited such countries you'll notice where there is a good administration and where there is a lousy and where there is a corrupt administration. Economic systems in which socialist economist are running the show are losing currency value, and

standard of living. The European Union, with the exception of Germany, is an example

We also have now a major U.S. bank speculating against (selling) Silver. This is very dangerous because the bank does not own enough quantities of the precious metal. Unless the government will break these huge banks into smaller one, or forbid banks in doing such a dangerous trading, a global financial earthquake with unknown consequences is always possible. Do you remember what happened from 1985 to 1998 in the gold market when various governments were shorting gold? And what happened from 1999 to today?

My forecast for 2011 is not an easy one.

If everything is "the new normal", I think gold will trade between \$1,500 and \$1,550 per ounce. We should also have various corrections in prices. Gold will not go straight up. The price of oil should

trade between \$100 and \$110 per barrel, silver between \$35 and \$39 per ounce, and platinum around \$2,000 per ounce. Major problems for 2011 will be the Euro which no one knows if it will survive. If the dollar will sink dramatically against other currencies, or the Euro will disintegrate, all the bets are off. Also look at big banks manipulation of precious metal prices. If these events will appear in 2011, gold can go as high as \$3,000 per ounce, silver \$100, and a loaf of bread at \$10.

If you do not know where to invest, you can always invest in forestry and in toilet paper. Everybody needs toilet paper. Five years from now it will be worth more than the money in your bank.

Happy New Year

Best in health

Dario A. Bianchi

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