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# GET OUT of the US Dollar NOW!!

Posted by Sherwin Go - 2008/02/26 12:09

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ARROYO GRANDE, Calif. -- Remember that hot 1973 Stealer's Wheel song marking the end of the Nixon era? "Cause I don't think that I can take anymore. Clowns to the left of me, jokers to the right, here I am stuck in the middle with you!"

It's still a perfect metaphor. Testifying before Congress: Fed Chairman Ben Bernanke on the left. Treasury Secretary Henry Paulson on the right. The American public stuck in the middle.

Last summer they assured us the subprime-credit crisis was "contained." We now know that was a big lie. They knew, had the facts, early warnings, lied and are still lying. More proof? They just told Congress: "America will avoid a recession." New data tells a different story.

Clowns to the left ... jokers right ... stuck in the middle ... can't take it anymore.

But we have to, we have to hang on at least 10 months more, praying they won't do too much more damage. But I'm afraid they will: more lies, blunders and incompetence will drag out this bear. Like the song says: "Got a feeling something ain't right."

Read the new InvestmentNews, a professional journal for financial advisers. The lead headline grabs you: "Bad times for stocks could last many years." A long secular bear.

Do you believe it? That's the big question today: When's the next bull? How long will the bear last? And forget Washington's rhetoric about "no recession." The truth is, you can call it a "bear," "slow growth," a "downturn," a "recession" -- call it whatever you want. Timing's the real question. How long will it last? When will it bottom? 2008? 2011?

Test your timing skill. You tell us, what'll drag this out 30 months, like in 2000-2002? Or shorten it? Here are 11 critical factors for your timing equation, things that could make this bear-recession shorter or longer. You tell us. Add a comment. What's your prediction: How long before the next bull?

## 1. Stagflation: Bernanke's no-win Achilles heel

Reading Fed-watcher William Fleckenstein's new book, "Greenspan's Bubbles: The Age of Ignorance at the Federal Reserve," you get the feeling that for 18 years America's banking system was run like a "new age" hippy commune, by a Ayn Rand free spirit who believed "anything goes."

Now the Fed's run by a college professor and Fleckenstein says he's "in over his head." Except this is the real world, a \$13 trillion economy in a \$48 trillion world, not a college seminar on economic theory.

In the 1970s Nixon faced a similar problem, convinced then by Fed Chairman Arthur Burns: "No one ever lost an election on account of inflation." Wrong! Low rates generated inflation not growth. That stagflation triggered a bear/recession. Is Professor Ben trapped, repeating history?

## 2. Housing-credit meltdown: We've got a long way to go!

It's far from over folks and still spreading: Years of inventory, foreclosures, building slowdown, risky bond insurers, weak rating agencies, funds holding bad debt, freezing exits and fuzzy math on values. Yet Bernanke and Paulson still live in a Washington bubble of wishful-thinking fantasies.

Economic realists say what's needed is a massive \$1.6 trillion demand-driven program (that's the record cash Corporate America's hoarding) not a dinky \$160 billion supply-side "appease the voters" giveaway that ends up increasing the odds of a lengthy Nixon/Burns style bear-recession.

## 3. Commodities: World's new reserve 'currency,' not dollars

Forget paper money and IOUs. Commodities are the world's new "currency:" Hard stuff like oil, grains, metals, gold. And that means America is financing the growth of our enemies, surrendering our long-term economic power for short-term oil-guzzlers and plastic toys. We are responsible for making Russia and China into threatening world powers. Buffett warned us. We're selling the farm, piece by piece.

## 4. Toxic derivatives: World's \$516 trillion ticking time bomb

Derivatives are great for deal-by-deal risk management in a \$48 trillion GDP world. But leverage them 10 times over across the globe and we got a financial "weapon of mass economic destruction."

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Bill Gross warns that the world's new unregulated "shadow banking system" is printing new money, now at \$516 trillion, out of thin air, with no "central banks of last resort" backing up the "Frankenstein" monsters they've created.

#### 5. Massive debt: Everywhere, trade, federal, states, local

America's Comptroller General David Walker, Congress's head accountant who is leaving his position next month, warns our government is "bankrupting America." Using unethical accounting worse than Enron's. Fiscal responsibility lost. He sees "striking similarities" with Rome. Both parties are gluttons in a spending orgy.

We spend-spend, load debt on future generations, then use accounting gimmicks to hide our greedy excesses: Hidden earmarks. Supplemental war appropriations. Meaningless IOUs after stealing from Social Security.

#### 6. America's new 'pushers:' Banks feeding consumer addicts

Trader's Daily captured it perfectly: "Never underestimate the power of the superpsycho, hyper-spending American consumer. Where there is no cash, they will sell their soul. Or just charge it. Let's just not think about what it all means for credit-card debt down the road."

Meanwhile, the credit meltdown is making banks desperate for money. A recent Chase credit-card commercial fuels consumer addictions: Wife wants bigger television. Husband smiles. They shop to the pounding drumbeat of Queen's hit 80s song: "I want it all, I want it all, I want it all ... and I want it now!" Tag line: "Chase what matters!" Yes, Chase debt, all you addicts. Forget saving, spend like there's no tomorrow.

#### 7. More wars: Pentagon predicts bigger, costlier conflicts

The Pentagon's internal studies see a perfect storm accelerating wars worldwide: Global population growth, limited natural resources and global warming. Our war machine is exploding. The Pentagon gets over 50% in the new federal budget. We're only 21% of the world's GDP, yet spend 47% of the world's total military expenditures.

Our power-hungry mindset is becoming self-destructive, suicidal. Remember Nixon strategist Kevin Phillips' warning: "Most great nations, at the peak of their economic power, become arrogant and wage great world wars at great cost, wasting vast resources, taking on huge debt, and ultimately burning themselves out."

#### 8. Greed: Wall Street and Corporate America's defining 'value'

Values start at the top. But the top won't change for 10 months. Leadership, statesmanship and character are vanishing. Five short years ago Corporate America and the mutual fund industry were consumed by greed. How quickly we forget.

It's worse today. We see greed consuming not just Wall Street's clueless CEOs, but the entire industry: Outrageous bonuses of \$38 billion amid mega-billion write-offs. Fire sales of billions more American equity to sovereign nations.

From the top down, greed is driving America from bubble to bubble. Wall Street's already fueling the next bubble, trading on a volatile market.

#### 9. Democracy failing: America now run by 35,000 lobbyists!

Forget government "of the people, by the people, and for the people." Adam Smith's "invisible hand" is now a small group of 35,000 highly paid, greedy lobbyists demanding handouts. They run America from the shadows, for those at the top of the economic food chain and vastly outnumber Washington's 537 elected officials.

Nationally there's an estimated quarter million lobbyists, with hundreds of millions of dollars to buy favors in campaign contributions. Politicians talk "change," but America's lobbyists will still be working for their special interest clients in 2009. And they'll fight all "changes."

#### 10. America's already in a recession, and in denial

This year's elections will be a huge factor in lengthening the recession. Our lame-duck government will delay action on critical issues. It reminds me of my days counseling addicts and alcoholics. Change never happens until they admit they have a problem. Same here.

Paulson and Bernanke cannot admit there's a recession. They'd have to take blame for America's failed policies. And congressional Democrats are weak co-conspirators in this meltdown. Nobody has the guts to take responsibility. They're all like addicts and alcoholics, in denial, giving lip-service to "change," while they blame the other guys and support ineffectual stimulus plans.

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Vote for whomever, but this lame-duck mindset plus lingering partisan rancor will push any recovery at least into 2009, probably delay the next bull till 2010 or 2011.

#### 11. Class warfare: Superrich vs. Main Street America

No matter who wins, the presidential campaign is warning us: A major battle's coming between "the rich and the rest;" over taxes, benefits, cuts, power.

For years the media collaborated with Wall Street and Corporate America, hyping "Ownership, the New American Dream," where everyone benefits, shares the wealth, gains a piece-of-the-action, ownership in "The Dream" through the magic of housing, stocks, growth, profits, retirement plans. But the housing-credit contagion killed the dream.

Yes, the superrich did get richer. But "the rest" didn't. And they're waking up to a widening gap. A backlash is brewing and will explode ... delaying a recovery and a new bull.

Clowns to the left, jokers right, we're stuck in the middle. Can't take it anymore? Add a timing comment. Tell us: When's the recovery? Next bull? Late 2008? Not till 2011?

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### Re:GET OUT of the US Dollar NOW!!

Posted by piknik - 2008/02/26 21:20

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grave. recession mode in denial ang US.exactly what everyone's saying. Well, personally, I think the whole year will be a trendless range. I read from CNN as well that the best thing to do in this kind of market...is not to ask whether we're in a short term bull or bear market. Most experts disagree kasi. stop caring about it. the only thing we're certain about right now is volatility. Trade ur own system.

what i really want to tell everyone i meet, is that...making money in 2008 is very difficult but it doesnt mean that we can never trade anything anymore. We can't just always stay out, can't we?

or maybe im just too young, and hopeful that this slowdown...will be sharp but fast.

there are bright spots.

the links below are good ones to share.:)

[http://money.cnn.com/2008/01/28/pf/sivy\\_recession.moneymag/index.htm?postversion=2008012811](http://money.cnn.com/2008/01/28/pf/sivy_recession.moneymag/index.htm?postversion=2008012811)

[http://money.cnn.com/2008/02/13/pf/\\_blue\\_chips.moneymag/index.htm](http://money.cnn.com/2008/02/13/pf/_blue_chips.moneymag/index.htm)

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### Re:GET OUT of the US Dollar NOW!!

Posted by Sherwin Go - 2008/02/27 08:09

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Making money in 2008 is not hard if you know where to put your money. If stocks lang tinutukan mo yes it will be difficult in most cases. If you are also trading currencies and commodities this could be a very good year...

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### Re:GET OUT of the US Dollar NOW!!

Posted by bcdytoc - 2008/02/27 22:37

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As far as the peso is concerned, short term target ko is 39.22.

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## Re:GET OUT of the US Dollar NOW!!

Posted by Sherwin Go - 2008/02/28 05:53

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Parang bumabagal na ata arangkada ng Peso these days parang when the Euro had trouble breaking the 1.50 level. The Peso is having a tough time breaking P40. Dibali mabreak din yan no thanks to Helicopter Ben:laugh:

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## Re:GET OUT of the US Dollar NOW!!

Posted by albuy - 2008/02/28 16:21

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I remember that song from the movie Reservoir Dogs. Mr. Blonde!!!!

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## Re:GET OUT of the US Dollar NOW!!

Posted by yeahbah - 2008/02/28 22:45

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wawa naman tong dolyares ko :S

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## Re:GET OUT of the US Dollar NOW!!

Posted by Sherwin Go - 2008/02/29 05:54

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No choice sa US ka nakatira eh :( Pero para sa mga evil foreigners like us, then US Dollar is dispatchable. :laugh:

Sisihin nyo si Ben Bernanke print ng print ng pera. Currency debasement has never worked in the long run and will never again this time around....

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## Re:GET OUT of the US Dollar NOW!!

Posted by traderpinoy - 2008/02/29 07:07

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yeahbah wrote:

wawa naman tong dolyares ko :S

yeahbah i hedge mo sa akin hehehe.....sabi ko sa yo kelangan mo ng "CORE" holdings sa forex nyahahahaha... AUD/USD?...look at my mole... nyahahahahaha

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## Re:GET OUT of the US Dollar NOW!!

Posted by yeahbah - 2008/02/29 07:14

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gbp/jpy core ko :laugh:

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Posted by yeahbah - 2008/02/29 07:14

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Sherwin Go wrote:

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baka usd na ang next yen hehe

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## Re:GET OUT of the US Dollar NOW!!

Posted by Sherwin Go - 2008/02/29 09:07

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Mukang ganun nga pare. Carry trade tayo US Dollar against Aussie Dollar:laugh:

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## Re:GET OUT of the US Dollar NOW!!

Posted by piknik - 2008/03/03 20:37

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USD is the carry trade currency na nga. I would love to learn more about currencies.haha. I really do. Its something I will do a few months from now. I just need time to learn.

good luck.. alam kong tiba tiba ka diyan sa currency and commodity plays.

sky high and record levels:)

-nix

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