

THE INTERNATIONAL FORECASTER
SATURDAY August 23, 2008 - 082308(7)_IF
P. O. Box 510518, Punta Gorda, FL 33951-0518
An international financial, economic, political and social commentary.

Published and Edited by: Bob Chapman
E-Mail Addresses:

international_forecaster@yahoo.com
if_distctr@yahoo.com

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Effective July 8, 2008 Financial Survival is expanding radio broadcasts with Bob Chapman as co-host on shortwave frequency 7.465 8pm eastern and 5pm pacific.

Regular broadcasts w/Bob will continue Mon., Wed., & Friday frequency 7.415 at 4pm eastern.

John Stadtmiller – Republic Broadcasting Network – every Tues. at 5:00-7:00 pm EST

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Pastor Butch Paugh – Genesis Communication Network Last: August 18th 9 p.m. EST

Pat Gorman – Last: Sunday - August 17th

John Bryant – Last: August 3rd – 7 p.m. EDT - network www.firstamendmentradio.com

Dr. Stan Monteith - Every Monday 3 p.m. PST – Every Monday 3 pm and & August 25th at 8 pm.

The Meria Heller Show – September 9th - then - every 2nd Tuesday of the month

The Power Hour –Monday September 8, 2008

Alex Jones - August 22th, 5 pm cst - GCN.live.com -Noon on shortwave 1st hour: WWCR 9.985 and 2nd & 3rd Hour: WWCR 9975

Rick Wiles – September 1, 2008

Sam Bushman LRT Radio <http://www.audiocanyon.com/lrt.php> – Monday, Sept. 1, 2008

Drew Rains: "The Windtalkers Network" Independent AM/FM Stations around the world Every Tuesday's 12 noon-1pm Chicago Time linked from "<http://www.amd.eleguity.com/>

Alan Stang: Alan is an old friend and we thought you might like to listen to your program. Monday, 7/14. RBN, M-F, 7-8 a.m., Central, <http://republicbroadcasting.org>

NEXT SCHEDULED ISSUES
Wednesday August 27, 2008
Saturday August 30, 2008

Anyone who has an account with Pat Kiley who has not talked to us regarding it please email or write us. Bob

TOP SECRET LEAKED No Election in 2008 (A MUST WATCH!)

Please watch:

<http://www.youtube.com/watch?v=5xE-zQgbdMU&feature=related>

US MARKETS

From the mouths of the officials at The National Institute of Standards and Technology (NIST) to God's ears: internal fires aggravated by damage from falling debris caused the collapse of Building 7 of the World Trade Center, the first time in history that a skyscraper has totally collapsed due to a fire. And if you believe that, then you probably also believe that humans are descended from apes, that manmade greenhouse gases are the cause of global "warming," that Santa Claus really does deliver toys on Christmas, that the Easter Bunny most assuredly delivers candy on Easter Sunday and that the Tooth Fairy actually exchanges legal tender for bicuspid when they are lost by children. By the way, you know that bridge in Brooklyn we keep trying to unload? It's still available, real cheap. We can't get the sovereign wealth funds to bite on it, but if you believe the NIST's report, we would consider you an ideal candidate for the purchase of this historical piece of Americana. Would that be Visa, or MasterCard?

The Bush Administration is desperate to cover up the most glaring piece of evidence that 911 was an inside job, because once they leave power, there is no telling who will come forward and blow the whole thing wide open. Apparently, the thought of a gallows is unappealing to them. And the situation concerning Building 7 was the most damning and blatant piece of evidence that was begging for an explanation. And never mind what the owner of Building 7, Larry Silverstein, told the press, to the effect that due to the fire damage, they had to "pull it," meaning that it had to be collapsed and destroyed by use of controlled demolition. Why let the truth get in the way of an outstanding science fiction story, courtesy of the NIST, entitled *Project 6: WTC 7 Structural Fire Response and Collapse Analysis*. Move over Gene Roddenberry and Isaac Asimov, this year's Nebula Awards from the Science Fiction and Fantasy Writers of America will be swept by the NIST's report on Building 7, complete with its magical collapsing columns. We also note that Mr. Silverstein, who was losing a ton of money on the World Trade Center buildings, would have us believe that the controlled demolition of Building 7 was accomplished in a matter of a few hours, ad hoc, after the planes hit, instead of being planted weeks in advance according to carefully determined plans that were formulated to minimize damage to surrounding structures, as was also done for the Twin Towers. His story concerning Building 7 should get honorable mention at the Nebula Awards.

Unfortunately for the Illuminati, they were unable to crash a plane into the much

shorter Building 7, and the damage to Building 7 from the debris caused by the controlled demolition of the Twin Towers must have been disappointing to them, as it was far from spectacular. Nevertheless, Mr. Silverstein had to clear away those pesky, non-performing assets, and never mind the ensuing death and destruction and the lame cover-up story. Hey Larry, say hello to the Mossad for us. There's something about a man who would conspire to commit such a Roosevelt-like atrocity that really leaves a bad taste in your mouth, but on the positive side, at least he didn't use cluster bombs. On the other hand, perhaps they made him an offer he could not refuse, and he decided to make the best of it. It's hard to say no to the Illuminist Cosonostra, although it looks more to us like a mutual opportunity to kill two birds with one stone. The despicable Illuminati got their phony "War on Terror," and Mr. Silverstein got a chance to replace his losing real estate structures with a new, more profitable complex without being held responsible for exorbitant insurance and demolition costs, and for potentially gargantuan collateral damage to surrounding structures and their occupants, and also to bystanders, that might have been caused by falling debris and by the toxic dust and gases that would have been produced by his voluntary demolition of the monumental skyscrapers. Instead, Mr. Silverstein had everything paid for by either the US government covert black ops, or by insurance companies providing coverage against acts of terror, which coverage would have included claims for lost income that he might not have received if he had voluntarily "pulled" the buildings.

The once well-regarded NIST has now become little more than a neocon propaganda parrot. Its reputation for scientific accuracy and veracity has just walked off a precipice of credibility to be dashed on the rocks of pseudo-science below. Expectations of good science from the NIST are now nonexistent, and scientists should look elsewhere if they are seeking after the truth.

Move over Al Gore, the NIST has taken over leadership of the con-man's guild. Perhaps the NIST will now make a Building 7 documentary and win a Gore hat trick, taking an Oscar, an Emmy and a Nobel Peace Prize. The Nobel Peace Prize would be awarded for the NIST's efforts at covering up the truth in order to prevent future violence by the US public against the Illuminati and the Bush Administration for their dastardly deeds. What the heck, Gore got the Nobel Peace Prize for preventing the hypothetical violence which might have occurred on account of global warming, despite the fact that few can figure out how global warming would bring about major violence, and even fewer still can imagine how Gore's documentary is going to solve the so-called global "warming" in the first place, considering that manmade greenhouse gases have little or nothing to do with global warming, which, assuming it even exists, is more likely related to the sun's activity and changes in the earth's orbit, along with heat and carbon dioxide produced through natural processes within the earth itself, as well as the possible influence of cosmic rays and their impact on cloud cover and loss of albedo. And never mind all the people who risked their lives to fight against real violence. After all, they did not give up the right to the US Presidency.

The real winners from the NIST's pusillanimous poppycock and feckless scientific feculence are the evolutionists. They are very excited because they have just acquired their first piece of credible evidence to support their "theory." Break out the champagne, because it appears that the neocon bootlicking NIST officials have conclusively demonstrated IQ's that are on par with those of apes and chimpanzees. It just goes to show you, there is a silver lining behind every cloud. Apparently, the NIST officials also believe in the "theory" of evolution, because they seem to think that the US public shares their IQ level.

From Buck-Busting Ben Bernanke's mouth to God's ears (God must be getting

an Excedrin Headache from all the Illuminist and neocon propaganda being wafted into His ears lately): Inflation pressures should moderate this year amid tepid economic growth. He also added that his inflation forecast remains "highly uncertain."

Inflation will "moderate" all right, when we go into depression in the next two to three years. Ben is just hedging his bets with the talk about the forecast being "highly uncertain," because he knows darn well that inflation is not going "moderate" any time soon. Meanwhile, it is bound for the stratosphere and will soon enter outer space where it will run into a hologram emanating from the world line running through the event of the former Weimar Republic during its inflationary "heyday." Supposedly, this "stunningly good" news from Mr. Bernanke, who is now dumping barrels of moral hazard out of his helicopter on the US public along with bundles of Federal Reserve notes (aka "worthless paper"), together with another oil crash of \$6.59 per barrel, was cause for a nearly 200 point Dow rally on Friday. The drop in oil may have contributed, but the yen was weakened against both the dollar and the euro from the day previous by one and one half yen, a huge and very unnatural drop in yen strength during a single trading day. The PPT had the Japanese bankers hit the yen, and orchestrated a hit on oil despite Russia's capture of Georgia and its resulting iron grip on European oil and gas supplies. These PPT manipulations are what boosted the markets, not talk from Mr. Bernanke, who no one believes anymore. Not a single one of his prognostications has come true. Rally mystery solved.

The Illuminists have fallen into yet another box they cannot get out of. We already told you about the box they are in because the Fed's raising of interest rates would lock up the real estate market and destroy the economy, while its lowering of rates would ignite speculation and inflation, which in turn would destroy what is left of our economy in any case. Now, they have managed to get themselves caught in an "oil trap." If they run oil down too low, the euro deposits plummet, thus draining gargantuan, system-killing amounts of liquidity from the banking system and bringing the credit-crunch to its final implosion. On the other hand, if they keep oil prices too high, the added liquidity from the new flow of petrodollars, which are converted mainly to euros thus driving the dollar down, will also drive costs of all goods into the ozone, and this added cost will eventually kill the US and world economies by cutting off all discretionary consumer spending, and by eventually cutting off some necessary consumer spending as well. They cannot raise or lower oil prices too far in either direction, putting them in a box similar to the interest rate box. The US consumer will be especially hard-hit by high oil prices, and their weakness will be transferred to the world economy, which will not decouple. Decoupling is a myth, like the moderation of inflation predicted by Helicopter Ben. Eventually, the Illuminati will have to lower oil prices to keep mortgages and other consumer loans from going into default and to keep earnings and consumer spending from dropping off a precipice, events which would administer the coup de grace to the fraudsters, which are already technically bankrupt and insolvent. That will drain huge amounts of liquidity from the system because of the euro effect, and the system, and also the dollar, will totally break down if this is allowed to continue for a period of several months, so Mr. Bernanke will have to make up for those liquidity losses with more direct injections of money and credit.

As the credit-crunch continues to worsen, as Fannie and Freddie are bailed by capital injections from the US Treasury, as the Fed exhausts its general collateral by exchanging it for toxic waste, as foreigners begin to shun treasury and agency paper due to increased risk, a falling dollar and negative real rates of return, and as bonds and derivatives implode from plummeting real estate values and rising foreclosures and loan defaults, treasuries will have to be created out of thin air. These new treasuries will have to be immediately monetized at an ever-increasing rate, which is

highly inflationary, and this will send gold and silver into inter-dimensional space.

Are the system and its fraudsters too big to fail, or are they too big to bail? US investors and consumers are starting to think more and more that the latter is the case. They are sick to death of being lied to, and many, including Jimmy Rogers, think Bernanke should resign for sticking it to the US public with "cutesy" financial moves and bailouts that are dripping with moral hazard. They are sick of paying for OPF - other people's fraud. How will the abuses ever end if no one is forced to suffer the losses which their greed, deceit, stupidity and fraud have engendered? In fact, is that not what Bernanke promised us last year, that he would not allow this moral hazard to occur? The truth is, that is what his Illuminist masters told him to say until the losses mounted up and the fraudsters needed to be bailed out. That way they could shut the public up until the debacles caused panic and fear over a possible systemic breakdown, at which point Bernanke would swoop in like a savior and save the system, with the public allowing anything that would keep them from losing their precious "spendaholic" world. The Fed can make all the new rules they want, but if there is no penalty for not following those rules, what the freak good are they? How will US consumers be able to pay for all this fraudster fallout when one out of three are unemployed and they are faced with double digit interest rates and Weimar-like inflation? It's not going to happen! There will be revolution and social unrest. The Illuminati will be run down and shot like rabid dogs, and we say good riddance to these reprobates and sociopaths when the public finally has their fill of this crap and the trials and recriminations start. We say let the whole system come down, and let's start from scratch. No pain, no gain. Anything is better than what we have now, which is a military-industrial-financial complex run by satanic trillionaires who denude citizens of their earnings with rampant fraud and corruption, who slaughter our children, and what should be our foreign friends, with continual wars for profit and who are trying to make us all into serfs in the ultimate feudal system to be run by the would-be lords of the universe, but not until they wipe out billions of useless eaters with pogroms, plagues, wars, famine and eventually nukes, biochemical warfare and other weapons of mass destruction. Is this what our brave men and women are fighting for? Perish the thought! These miscreants have destroyed themselves and their precious financial and military systems. Let's keep it that way! And let's start a new system that delivers the freedom and prosperity to all, and not just to the privileged few, which is what our Founding Fathers intended when they wrote our Constitution and Bill of Rights!!! Make sure you vote out all incumbents in November, except for Ron Paul.

All of NATO has been totally outmaneuvered by Russia. It is embarrassing. It is like watching the genius, Dr. Strangelove (Putin) against the three stooges, (Bush, Cheney and Rice, or if you prefer, Kissinger, Brzezinski and Rockefeller). Russia controls hundreds of billions in treasuries, agencies and dollar forex, and can dump them at any time, sending the US economy into a tailspin. If China joins in with their treasuries, agencies and forex, which they might well do considering NATO's arrogance, we are all toast. Russia controls a third of Europe's oil and gas and can cut them off at any time, especially now in the aftermath of the Georgian debacle which showed Russia's resolve in spades, thus sending Europe into immediate recession and a deep freeze, and locking up their economies overnight. NATO thinks they can bully Russia by surrounding them with new batteries of missiles, but Russia has the clear logistical advantage. It would be like Russia trying to install missiles in Canada or Mexico. That's not going to happen, and neither are radar towers and interceptor missiles in Poland and Czechoslovakia. The US and its NATO allies are in no position to be messing around with a potential World War III (or if you like, IV, since it seems that III has already been ongoing). Our military has been torn down to puny levels

where we are forced to pay for expensive mercenaries and our soldiers and equipment are worn out to a frazzle. Our economy and our financial system have already been destroyed, with the news of our demise being slowly leaked out by the fane-stream media to prevent panic. Our military is spread too thin and has reached the breaking point, and are surrounded by hostile nations with enough weapons and equipment to cut off their supply lines and wipe them out. This is madness, and if it continues, billions are going to die. Perhaps that is what the Illuminati want. They apparently haven't figured out yet that they will be the first to go. You can run, but you can't hide, not even in your mountain bunkers. If the Russians and Chinese don't get you, we will, and that's a promise! You can start World War III, but we are the ones who are going to finish it, and you. The arrogance and gall of these people is beyond belief.

When all is said and done financial institutions are going to have to raise \$10 trillion and they are well aware of that. They won't tell you that though. That does not include their maturing debt, which is in the billions of dollars. This funding will be more expensive than before and will negatively affect profits. AIG, Morgan and Citigroup have to raise some \$20 billion in long-term debt. They and others will be begging for funds at high rates over the next several months, putting even more pressure on cash flow. Combined the ten biggest borrowers have to raise \$208 billion by the end of December, which is no mean feat. Unfortunately, they will be joined by other businesses competing for long term financing as well. The US Treasury will be at the trough as well crowding out all borrowers. As we have said the credit crisis is worse after a year of crisis. That readers in time will turn out to be an understatement. The increased cost of money will worsen the world economy. Banks in the first five rating levels are paying 3-3/8% to 4-5/8% over the Treasury rate or about 1/2% to 3/4% more than the last time they financed. Some in the lower part of the upper tier are paying 1-13/16% more because of bad earnings or losses. We see the very top banks paying 8-5/8%. We see this dilemma getting progressively worse and it is going to have a large impact on the US and world economies.

Observers see what is currently transpiring in Georgia. George Bush and the Israeli's, under the control of Zbig and Mark Brzeninski have initiated the beginnings of WWIII, a plan to destroy Russia and China in order to allow the Illuminati to reign for another century over the world. Barak Obama is Zbig's latest puppet or Manchurian candidate if you will. A new precedent has been set. We now have two Manchurian candidates for president. The Brzeninski plan is for more ambitions than the neocon plan for Iraq, Afghanistan and the Middle East. The stakes in the current conflict are enormous, because it entails the use of nuclear weapons and the death of half the world's population. Mankind has never been presented with such a problem.

After the outbursts by Kiev, Ukraine you can expect pressure on the government there. Ukrainian citizens do not want to be invaded by Russia, nor do they want to be part of NATO. In Georgia, Mikheil Saakashvili will have a hard time holding onto power. That is why Congress will appropriate \$1 billion to keep him in power.

Although planned long ago, the operations you now see in Eastern Europe are plans of desperation. Diversions to save the Anglo-American Illuminist Empire crafted by Zbig Brzeninski. As Russia withdraws from Georgia you can expect guerrilla warfare in South Ossetia and Abkhazia. You can also expect the same for Iran. If Ukraine wants to act the time would be now by blocking Russian ships from re-entering their base at Sebastopol. If shooting starts there a wider war will commence.

Jefferson Senior High School in Los Angeles has a 58% dropout rate or only 42% of students graduate. It has the worst record in the L. A. Unified School District. It is a school where students frequently disrupt classes and teachers spend most of their

time dealing with trouble-makers, about 50% of students nationwide in inner-city schools do not graduate.

Of the school's 1,977 students, 45% qualified as English learners and more than 90% qualified for free or reduced-price lunches. The school has a 57% transfer rate as opposed to 38% across district high schools. Most children only have a mother in the home who is struggling to feed her family and give emotional support. Just 25 years ago enrollment was 31% Latino, today it is 90%. Blacks are about 10% and there is a sliver of Asians and whites.

Goodyear Tire and Rubber will close 12% or 92 of its company-owned stores and cut 600 jobs. That will cost them \$30 million.

The GAO says 2/3's of American companies did not pay corporate taxes from 1998 to 2005. Individual taxpayers get to make up the difference. In the last five years corporate earnings doubled. During the first six years of the decade, corporate tax collections were just 2.2% of GDP, far below the 3.4% average for industrialized countries.

The MBA mortgage applications index fell 1.5% last week to the lowest level since December 2000. The purchase index fell 0.4% and the refi index fell 3.7%. The 30-year fixed rate loan was 6.47%, down 11 bps. More than 77,000 properties, or 28%, were repossessed by lenders nationwide in July, up from 16% yoy. Nine of 33 major markets saw inventory rise significantly. Sacramento foreclosed inventory was 31,219 units, or more than twice to 14,913 units on the MSL listings. San Francisco saw a 190% increase, while Phoenix rose 130%.

William Tanona, an analyst for Goldman Sachs says Lehman will post a \$2.5 billion loss for the third quarter. He also believes that recovery for the troubled industry is still a few quarters away, and that many Wall Street banks will focus on purging their books of risky mortgage securities. He lowered third quarter and full year estimates for Merrill Lynch, JP Morgan Chase and Morgan Stanley.

Those short Fannie Mae at \$58.00 should be happy; it closed at \$4.40 on Wednesday.

The NAR, National Association of Realtors Commercial Leading Indicator for brokerage activity slowed a 0.9% to 117.9 in the second quarter from 119.1 in the first quarter and was 2.1% lower yoy.

The New York AG is intensifying his probe of ARS fraud at Bank of America, Goldman Sachs and Deutsche Bank.

Goldman Sachs has reaffirmed it – calls for \$149.00 oil.

The new housing program faces growing doubts among real estate experts and economists, who point out that government will now be competing with lenders and private homeowners who have been struggling to sell in a depressed market.

California communities with the most foreclosures and therefore likely to be first in line for federal aid, already have a relatively ample supply of affordable housing.

Sacramento County has a high need for affordable housing.

The federal government has been using its system of border check-points to greatly expand a database on travelers entering the country by collecting information on US citizens crossing by land, compiling data that will be stored for 15 years and maybe used in criminal and intelligence investigations.

The DHS in a federal register notice said they were guarding against terrorists. What this data collection is all about is spying on citizens and accumulating data bases on everyone. This will be accomplished by June when all travelers crossing land borders will need to present a machine readable document, such as a passport or a driver's license with an RFID, a radio frequency identification chip. This system was authorized in the Enhanced Border Security and Visa Reform Act of 2002, the Aviation

& Transportation Security Act of 2001, and the Intelligence Reform & Terrorism Prevention Act of 2004.

These laws do not authorize such a database and only authorizes the government to issue travel documents and check immigration status. This database is worse than a watch list. This is a massive fishing expedition in which government wants to know everything everyone does, especially American citizens.

Officials will record name, birth date, gender, date and time of crossing, and a photo, where available, for US travelers returning to the country by land, sea or air. Data on foreigners is held for 75 years.

Mainline analysts now believe Fannie Mae and Freddie Mac will now need \$100 billion to survive. That means a taxpayer funded bailout and nationalization of the GSEs. We see losses at over \$2 trillion.

Once the auction-rate securities settlements are made securities firms will probably lose 200,000 investors. It is hard to see them keeping these clients that they treated with such disdain. This is very typical of Wall Street today. We hope the investors get smart and go into gold and silver related assets and Swiss franc government bonds.

The more we think about it the more we realize that the US and the Bush administration are in real trouble. Brzeninski's plans for Eastern Europe are already in a state of failure. The imperial American monolith now under the total control of the Illuminati's black nobility has been shaken to its very foundations. What was supposed to be a distraction to the economic and financial chaos in Washington and Western Europe and what was meant to tie down Russian forces for weeks in south Ossetia, has demonstrated that the US and Israel can no longer run a campaign, and reach their objective. All the Georgians that the US and Israel spent years training ran in terror as soon as Russian soldiers went on the offensive. Just like in Iraq and Afghanistan – it's the gang that couldn't shoot straight. We do not blame the grunts and the trainers. We blame the Pentagon, the Department of Defense and the top brass that created another cluster_ _ _ _ . Are our forces' leadership capable of winning anything? The Israelis panicked and left the country ASAP. What is next? Will both the US and Israel now leave in disgrace? We are afraid after all the cost in human life and money we will end up in the same position in Iraq and Afghanistan.

Allies of the neocons in Eastern Europe and throughout the world are going to have second thoughts about continuing to host US forces. Is it endangering their population rather than protecting it? Do we Americans really want to continue to fund bases worldwide? Is it not time we stopped being the world's policeman and having wars for profit for the Illuminists in Washington and on Wall Street? If the US refuses to leave then they become an enemy – an occupying force. Where was the US State Department while this was going on? They obviously were hiding and eventually sent the nitwit Condi Rice into the fray. All the hard work, in an attempt to save the day for the Illuminists was done by France's President Nicolas Sarkozy. What incompetence and stupidity. Next we will see NATO forces leave Afghanistan. Russia has won the initiative. It has broken out into a world leadership role. The geopolitical results for the US will preempt them from holding further top standing in Europe. From here on out Europe is going to move their political policy independent of the US. It is very important as well that it will now be recognized that US forces are no longer needed in Europe and should be finally withdrawn. NATO will soon be history. It has lost its reason to be. Lastly, the agreement the US has made with Poland on the neocon missile shield is not a NATO deal. The other EU nations wouldn't go along with the program so the US had to go it alone. We could have in reverse another Cuban missile crisis. This time the US backs down or the world is incinerated.

Twenty-five years ago home equity loans totaled \$1 billion and a year ago they amounted to \$1 trillion, a 1,000-fold increase, which doesn't include the first mortgage or credit card debt. Americans have been living large.

The regulators that seized IndyMac last month said they would help thousands of the failed thrift institutions cash-short borrowers repay their mortgages and stay in their homes, a model it hoped other banks and collection companies would adapt to stem the wave of new foreclosures in the nation's weakened housing market. They will offer lower priced, fixed-rate loans if they can show they are delinquent or in default on their mortgages. This is coming from the FDIC. When they run out of money you will get to pay for these bailouts.

In the Phoenix, Arizona area 4,695 homes were sold in July, up from 4,565 in June. Foreclosures climbed to 3,470 from 3,275. In July 2007, there were 4,088 resales and 660 foreclosures. The median resale price in July was \$200,750, down from \$218,000 in June.

The Agriculture Department says 2008 food prices will rise 6% this year, which is laughable. Making it the largest annual increase since 1990.

Russia has informed Norway that it plans to suspend all military ties with NATO, says Norway's Defense Ministry.

Advertising declined 1.5% in the second quarter, the steepest drop since Sanford C. Bernstein began tracking sales 5-1/2 years ago. A ten percent drop in magazine ads in the quarter is a bad omen.

The arrogance of Wall Street Illuminists knows no bounds. In a report to Treasury Secretary Paulson, a panel headed by Goldman Sachs co-chairman Gerald Corrigan, former head of the NY Fed said collective human behavior, unbridled optimism on the upside and fear, bordering on panic, on the downside was the reason for the credit crisis. The buyer's stupidly couldn't understand the investments. What Wall Street fostered was fear and greed. Now Wall Street wants to put out warnings like on cigarette packages and go right on doing what they have been doing for years, which is screwing the public. The Illuminist Mafia says let's get on with business.

US consumers should brace for the biggest increase in food prices in nearly 20 years in 2008 and even more pain next year due to surging meat and produce prices, the Agriculture Department said on Wednesday. Food prices are forecast to rise by 5% to 6% this year, making it the largest annual increase since 1990. Just last month, USDA forecast food prices would climb between 4.5 and 5.5 percent in 2008.

The Philadelphia Fed manufacturing index rose to minus 12.7 versus minus 15 estimated. July was minus 16.3. That is the ninth straight month of sagging orders.

Jobless claims fell for a second week in a row, off 13,000 from 445,000 to 432,000.

The Conference Board's Index of leading economic indicators fell 0.7% in July to 101.2, the lowest level since 100.7 In October 2004. The only gain so far this year was 0.1% in April. Current economic conditions rose 0.1% in July while the lagging index rose 0.4%.

The banks that manage the agencies' debt issues are pulling out all the stops to ensure their success—even to the point of artificially boosting demand through deals known as "switches". In such an arrangement, an investor agrees to buy into a new issue in return for being able to sell back to the banks an equal amount of an old one, thus ensuring its net exposure does not rise. If enough of these deals are struck, large amounts of debt can be shifted even when demand is thin. A recent \$3.5 billion issue by Fannie was helped along by "very significant" amounts of switching, says one banker involved in it. With a quarter of the agencies' debt due to mature in less than a year, those charged with peddling it will have their work cut out—especially if the

Asian investors continue to be put off by unkind headlines.

This is not what Hank Paulson, America's treasury secretary, envisaged last month when he announced an emergency plan to rescue the twins. By pledging to invest in them if needed, he had hoped to calm markets and thus reduce the likelihood of a bailout. That gamble looks ever less likely to pay off, however.

The Fed did a \$25B TAF on Thursday but only \$14B of repos - because only \$15.8B of repos matured.

Commercial paper outstanding rose \$40.5 billion to \$21.4 billion the previous week. Asset backed CP rose \$25.4 billion versus \$5.3 billion. All commercial paper outstanding was \$1.787 trillion versus \$1.747 trillion. ABCP outstanding was \$749.9 versus \$724.5. Unsecured financial CP issuance fell \$4.4 billion versus a \$26.8 billion rise.

In an update to the FDIC bailout plan for IndyMac mortgages we find that such a policy will solidify the premise that most home equity paper is worthless. By reducing the first lien mortgages to an arbitrarily affordable level for the borrower, which would effectively wipeout any residual equity value that theoretically secures 2nd lien loans. This means the securitized loans will be wiped out if the borrower uses FDIC financing. The approach is to be used on the whole IndyMac portfolio. If this approach is used at Washington Mutual, Wachovia and Wells Fargo, the wipeout will be unbelievable for securities holders.

The WSJ says Fannie Mae and Freddie Mac are having trouble raising money and are in secret talks with private-equity firms and other investors.

Warren Buffett says the economic slowdown could easily continue for 6 or 7 months from now. He doesn't see any net worth in Fannie and Freddie – but says they are too big to fail.

We called their bankrupt conditions four years ago and now they probably have a month or two before they fold. Nationalization is on the way and you get to pay for it to bail out the lenders, Wall Street and the borrowers. We will have a government-sponsored monopoly. They own or guarantee half of all US home loans.

George and the neocons and Congress are stealthy repudiating their debts. Those who have studied economic and political history know sovereign debt has never been repaid. Bond markets and stock markets are not offering protection. Only gold and silver have historically filled that role and they are fulfilling it again in these times of hyperinflation. Today the yield on the 10-year US Treasury note was 3.87% and inflation is 13.625% leaving lenders, or owners of T-notes losing 9.75% annually. Markets normally look forward and efficiently price in relevant risks, but not this time. Wall Street and Washington know official figures are bogus and that all our markets are being manipulated by our government and the Illuminist forces behind government.

Today we are also faced with 2% interest rates and an annualized creation of money and credit of about 16-1/2%. That is what is keeping the economy afloat. We might add that the administration is doing its part as well by accumulating a 9/30/08 fiscal year deficit of \$800 billion, if you include Social Security and Medicare funds. We have \$700 billion off budget for funding cheap housing and our wars and occupations in Iraq, Afghanistan and now Georgia.

All of this is going to be paid for by American taxpayers beginning right after the elections. Congress and the White House are spending as much money as possible before they leave office. Higher taxes to go along with higher inflation – what a toxic brew. Taxpayers should be honored they get to bail out Wall Street and the banks. There you have it.... Do something about it. Vote them all out of office.

The Conference Board's index of leading economic indicators fell 0.7% in July, more than triple the experts forecast. We are in recession and it is going to get worse.

The criminal Bush-neocon administration continues to act in an imperial manner. They have destroyed as many as 225 days of e-mails dating back to 2003. The administration refuses to discuss the matter. This is common when you have a fascist government. They are stalling until they are out of office.

In a settlement with Massachusetts, Merrill Lynch said it would buy back \$10 billion in auction-rate securities, which are virtually worthless and sold via fraud. The State is planning a sweep of 40 other brokerage firms.

Merrill also settled with New York State. Goldman Sachs settled for \$1.5 million. As usual, no one goes to jail.

Big commercial real estate is having problems. A large apartment complex in Harlem may not make a \$225 million mortgage payment by September. Wall Street banks hold about \$100 billion of commercial mortgage-backed securities. The market is virtually frozen. Deutsche Bank holds \$25.1 billion, Morgan Stanley \$22.1 billion and Citigroup \$19.1 billion. Lehman Brothers has \$40 billion, which it is trying to sell. A large part is bridge equity and most of the rest is at floating-rates, which are even riskier.

Banks are scrambling to dispose of these loans, typically made to hotels, office developers and retail strips before big trouble arrives.

Moody's/Real Commercial Property Price Index has dropped 12% since its peak last October. A more conservative index shows growth slowing to ½ of a percent in the second quarter from upward of 4% a quarter.

Lots of other losses have lent new momentum to concerns over the stability of commercial real estate loans.

The Harlem property Riverton Apartments trust mortgage was one of the last ones to be wrapped into a commercial mortgage-backed security in 2007; it was then cut up and sold.

In two to five years these loans mature and have to be refinanced, unless the credit markets improve significantly, the terms will be quite different.

The number of foreclosure filings going to auction in the five County Chicago areas climbed 98% between 2006 and 2007. Lenders are not in a position to handle large inventories of REO's and, therefore, prolonged building vacancy becomes a real issue for cities concerned about property values in a collapsing housing market.

This leaves neighborhoods with properties that become targets of burglars and vandals, rundown from lack of maintenance, and their yards overgrown with grass and weeds. Sometimes it is difficult for local governments to identify a home's lender to deal with property caretaking issues. With securitization the lender can be several parties in a pool of investors in a CDO.

At auction in 2005, 70% went to foreclosure lenders and 30% to third-party investors. In 2007, the number jumped 94% with only 6% bought by investors.

The failure of real estate is in a perfect storm.

Hedge fund Ore Hill Properties a \$3 billion credit specialist, has barred clients from redeeming their funds, imposing a freeze just as investors clamored for an exit. Investors wanted to pull \$300 million so they shut the door. The fund lost 6.5% last year. This is the 4th fund this year to pull this. The funds may never be returned.

GM, Ford and Chrysler are seeking a subsidy of \$50 billion in government-taxpayer-backed loans, double their initial request, to develop more full efficient vehicles.

The Friday Night Financial Follies last night gave us the closing of Columbian Bank & Trust, the ninth bank to fail this year.

Citizens Bank & Trust will assume the failed bank's insured deposits.

It is expected the failure will cost the FDIC \$60 million. The bank had \$46 million in uninsured deposits in 610 accounts. They also had \$268 million in brokered deposits that will be lost.

Barak Obama has selected Senator Joe Biden of Delaware to be his vice Presidential running mate. Biden is a blue collar Catholic with a liberal voting record and head of the Judiciary Committee.

The ICE has ended a program to offer not to jail illegal immigrants who had been ordered to leave the country if they surrendered at government offices. In three weeks of operation only 8 people came forward. This is typical of the current administration. They cannot do anything right. That is 8 of 457,000 fugitive aliens our government refuses to pursue, never mind the other 30 million in our country illegally. The government says they do not consider the program a failure. Then what would you call it?

In a raid in Afghanistan this week US Forces killed 76 women, men and children and 30 suspected Taliban. That was 19 women, 7 men and 50 children. We can see our forces met formidable resistance.

President Hamid Karzai, who is a long-time CIA asset, runs the drug harvest with his brother and the CIA. He has called for NATO to stop air strikes. In reality he could care less.

The raid was justified but the slaughter was not.

'The Obama Nation': A great voter service

Phyllis Schlafly

<http://www.wnd.com/index.php?fa=PAGE.view&pageId=72815>

Posted: August 20, 2008

1:00 am Eastern

"Peace Mom" v. "Guardian of Power" - by Stephen

Lendman

<http://sjlendman.blogspot.com/>

A great video from Russia today.

Russia's actions in South Ossetia were a response to a brutal assault by Georgian forces against Russian citizens, says Jeffrey Steinberg, senior editor of "Executive Intelligence Review" magazine.

RT Guest August 20, 2008, 6:11 Jeffrey Steinberg

<http://www.russiatoday.com/quests/video/1470>

We seldom print another newsletters but John Williams' work is special. www.shadowstats.com. He is a brilliant economist with an equally brilliant letter. Bob

Monthly July M3 gained \$81 billion. In the last several days, I have received a large number of subscriber requests for comment on monthly M3 growth, given a popular-media story of a private estimate out in the U.K. of a \$50 billion monthly contraction in July U.S. M3 money supply. Based on my regular estimation of ongoing M3, no such contraction took place in the series as traditionally defined by the Federal Reserve (methodology discussed in the August 2006 SGS Newsletter); to the contrary, monthly M3 increased by roughly \$81 billion.

As reported in last week's newsletter (August 13th, page 31), the Shadow Government Statistics Ongoing M3 estimate for July 2008 increased by roughly \$71 billion from June, a number that subsequently has revised to about \$81 billion, based on the latest week's Fed reporting. That estimate is for the month-to-month change in the seasonally-adjusted, monthly-average M3. For the month, the largest M3 component increase was in M2, reported up by \$38.9 billion per the Fed. The other M3 component that still is published fully by the Fed — institutional money funds — was shy of flat, with an \$800 million monthly contraction. Large time deposits, repos and Eurodollars — all modeled to a certain extent with a backing in other Fed reporting — increased for the month.

While interesting, month-to-month money supply changes can be misleading, given the vagaries of Fed reporting. Year-to-year change, as discussed in the August 3rd Money Supply Special Report, provides more-reliable, long-term indications of monetary trends.

On a year-to-year basis, annual M3 growth slowed to around 15.4% in July, from 15.8% in June and was down from the all-time high annual growth rate of 17.4% seen in April. Nonetheless, the current M3 annual growth remains highly inflationary, rivaled outside the current period only by the events preceding Richard Nixon's closing the gold window and imposing wage and price controls in August 1971. The current pattern of slowing annual growth appears to be an artifact of the still-deepening banking solvency crisis, which likely will see still further Fed accommodation and liquidity expansion in the near future.

Inflation and Deflation Good for Gold. The purported "collapsing M3," has triggered excitement in the deflationist camp, which is touting a deflation in financial assets and a credit-collapse-induced implosion of the money supply. It would be helpful if deflationist commentaries differentiated between deflation and inflation in terms of financial assets, versus in terms of prices paid by consumers for goods and services. Deflation in financial assets does require collapsing money growth and has been underway for some time. Indeed, it likely will get much worse (particularly for equities).

Inflation in goods and services, however, has been picking up and accelerating for some time and also should get much worse. The two deflation/inflation concerns are not inconsistent, and investor nervousness about instabilities in the first case, and the need for protection from the second, feed into both the safe-haven and wealth-preservation demand for gold.

If You Offer Them Money, They Will Borrow. Bank loans are not part of the money supply, although the proceeds from same are in the money supply. Accordingly, loan losses, defaults and such do not contract the money supply, since the cash already has been disbursed and otherwise continues to exist within the system. Slowing loan growth, however, can impact new money supply growth to the extent that the creation of new loans is impaired. Yet, that is what the Fed is fighting in maintaining systemic solvency, and the Fed has no choice but to do everything it has to in order to prevent a systemic collapse, irrespective of the resulting cost in inflation.

Mr. Bernanke has argued that he always can create money growth and inflation by running the currency printing presses or the electronic equivalent of same. Some argue, though, that loan demand will dry up and that the Fed will not be able to expand credit. Loan demand is as strong, if not greater in recessions than it is in booms; it is just not as healthy in recessions, when banks tend to cut back lending. If the Fed, however, makes available whatever cash is needed for lending, there always will be someone willing to borrow, with the proceeds helping to support money growth.

The inflation/deflation and money supply arguments have been ongoing in the markets for over a year, and I have published two reports intended to address the various issues and related background: Hyperinflation Special Report (April 8, 2008), Money Supply Special Report (August 13, 2008). Ongoing issues also have been addressed in the August 13, 2008 SGS Newsletter. For subscribers with questions in these areas or otherwise, please contact me at johnwilliams@shadowstats.com or through the Contact Us tab on the home page www.shadowstats.com.

The referenced Special Reports and newsletters are available on the Archives tab on the home page.

Data Keep Signaling Intensifying Inflationary Recession. I am on the road this week and will publish a further Flash Update over the coming weekend, with greater detail on recent economic reporting and the latest money supply data from the Federal Reserve.

Industrial Production. In terms of general economic activity, seasonally-adjusted July industrial production reportedly rose by 0.2% (0.1% net of revisions), versus a revised 0.4% (previously 0.5%) gain in June. Symptomatic of a recession, however, year-to-year change turned negative in July, down by 0.1%, after a 0.2% gain in June.

Housing Starts. The housing recession continues, but the housing starts data remained heavily distorted and misleading due to building code changes in New York a month or two back. The 11.0% seasonally-adjusted monthly July housing starts contraction was overstated, as was the revised June gain of 10.4%. Year-to-year declines of 29.6% and 25.7%, respectively for July and June were understated. An attempt at adjusting these numbers to correct for the distortions will be included in the next newsletter.

Producer Price Index. On the inflation front, continuing a string of upside surprises against consensus forecasts of the popularly followed inflation series, the seasonally-adjusted July PPI rose by 1.2% for the month, following a 1.8% increase in June. July year to-year inflation rose to a 27-year high of 9.8% from 9.2% the month before.

General Outlook Unchanged. Large price swings with high volatility have continued for gold, as well as for the U.S. dollar and domestic equities. It remains unlikely that we have seen the near-term high in oil prices, and neither has gold topped nor the dollar bottomed. All factors considered, the broad outlook remains the same: further intensification of the inflationary recession and a deepening systemic and banking solvency crisis. Near-term market recognition of these issues and growing global political tensions intensify the risks for unstable market conditions, albeit erratically.

Over the short- to near-term, negative major market displacements likely will follow or be accompanied by intense, broad selling of the U.S. dollar. An eventual, increasing flight-to-safety outside of the U.S. dollar also should include flight-to-safety into gold. Despite recent relative softness in oil prices, current levels remain highly inflationary. The gold and currency markets also remain subject to extreme near-term volatility, jawboning and both covert and overt central bank intervention. Over the longer term, U.S. equities, bonds and the greenback should suffer terribly, while gold and silver prices should boom.

The Mindlessness is Total, Are You Ready for Nuclear War? **Paul Craig Roberts**

<http://muslimmedianetwork.com/mmn/?p=2752>

From a Fellow Subscriber:

Seller-Funded Downpayment Assistance Programs (DAPs) Discontinued Under the Housing and Economic Recovery Act of 2008
Wells Fargo Newsflash

As announced in the Wells Fargo Wholesale Lending Newsflash dated July 30, 2008, President Bush recently signed into law the Housing and Economic Recovery Act of 2008.

The Act eliminates seller-funded DAPs as an acceptable source of funds for FHA loans and applies to funds provided before, during or after closing by any of the following:

- the seller
- any person who financially benefits from the transaction
- any entity that financially benefits from the transaction
- any party that is directly or indirectly reimbursed by a seller who financially benefits from the transaction
- any party that is directly or indirectly reimbursed by an entity that financially benefits from the transaction

FHA loans using seller-funded DAPs must be received in the broker's designated Wells Fargo branch/site by Tuesday, Sept. 2, 2008. These loans must close and fund on or before Sept. 30, 2008. Exceptions will not be allowed.

All entities offering seller-funded gift programs or DAPs are impacted by these changes - including nonprofit organizations, government entities and Indian tribes.

Two options to seller-funded DAPs remain available:

1. DAPs NOT requiring a seller contribution: HUD will continue to allow DAPs offered by state/county municipalities and non-profit organizations not requiring a donation or contribution for use with FHA financing.
2. Gifts: HUD will continue to allow individual gifts.

From a Fellow Subscriber:

IOUSA Movie and Live Panel Presentation

This movie and live panel presentation aired at selected theaters across the country on Thursday August 21. The general idea of the movie was to give an idea of the problems the United States is facing because of our personal spending habits and the huge national debt. It was followed by a live panel discussion. Starting Friday, the movie appears to be showing across the country in selected areas on a regular schedule.

The movie did a pretty good job at explaining the fundamentals of the national debt being about \$9 trillion on it's way to \$10 trillion. It also explained the approximate \$50 trillion in unfunded future obligations. It showed nice graphs of how much this is historically. Interviews of people on the street were shown about some of these problems giving the impression that for the most part, people are clueless about what is going on.

One main theme that the film harped on was Social Security and Medicare spending. Especially Medicare. These overshadow the spending in all other areas.

The other theme was that our personal savings rate is now negative. We live paycheck to paycheck. Interviews were given of people in other countries where they show savings is much more important to the general public.

The live panel presentation that followed had five people: Warren Buffett, CEO of Berkshire Hathaway; William Niskanen, chairman of the CATO Institute; Bill Novelli, CEO of AARP; Pete Peterson, senior chairman of The Blackstone Group and chairman of the Peter G. Peterson Foundation; and Dave Walker, president & CEO of the Peter G. Peterson Foundation and former U.S. Comptroller General (listed from website).

My overall impressions of this movie was that it gives some information which is true. But, the limited scope and solution seem misguided.

All of the panel that I recall, said do not worry about Social Security/Medicare. It will always be there. Then they discussed ways to fix it, such as reducing payouts, means testing, and increasing the working age. A couple did mention ideas to let one invest some of their contributions in their own account.

Then the savings rate of our country was discussed. We need to save more they said. The panel mentioned this a little bit, but nobody came out and clearly stated the problem. Buffet muddied the waters saying his tax rate on dividends is less than a person working as a maid pays in taxes. That's silly and dodged the problem.

The problem is that savings can't work right now. It's just another tax. With inflation running at 12%+, the banks only want to pay interest at 3% and then tax that interest

at normal tax rates. So, if you save your money, you basically give the government 10% per year of your savings via erosion in spending power. To give the people the message to save more in something like a savings account right now is nonsense and a ripoff. If they want people to save, they need to at least pay interest equal to true inflation.

The movie did discuss that we need to stop borrowing all the time to buy things that we don't have the money for. They even showed the skit with Steve Martin from awhile ago acting like he couldn't comprehend such a concept. That aspect of the movie seemed good.

My opinion is that we can do some damage to the bankers as individuals by following that advice to some degree. But I would take it a few steps further: Stop playing the banker's game! Keep only the amount of cash needed to pay 6-12 months of bills. Put the rest in hard assets such as gold, silver, and other performing assets depending on your situation. Definitely stay out of the stock market. Anyone can tell it is rigged beyond belief. I recently closed and shredded my credit cards. Now I just use cash, checks, and the debit card if needed. We need to use their system as little as possible. Starve these banker crooks into the soup lines.

My opinion is that the focus of the entire movie and panel is too limited. The problem is much bigger and needs to be taken on at a larger scale. But, it may at least have some value in exposing people to the general idea that we do have some serious financial problems looming. It proposes it would be better for us to fix the problems before waiting for a crisis to force us to react.

Of course no real mention was made of the fact that elite bankers are running this country and the financial system. They go around creating and collapsing bubbles to make money. They change the tax code to suit their purposes and burden the people. They create wars, manipulate the system, and took away backing of the currency.

Warren Buffet's answers during the panel were absurd. He clearly made a fool of himself. At least the other panelists seemed connected to reality.

The web site for the movie is: <http://www.iouathemovie.com/>

COMMODITIES

The D.O.E says oil inventories rose 9.4 m/b last week, as gasoline inventories fell 6.2 m/b. Distillates rose less than expected, up 481,000 barrels.

Natural gas inventories rose 88 BCF in this past week.

Regulators had long classified a private Swiss energy conglomerate called Vitol as a trader that primarily helped industrial firms that needed oil to run their businesses. But when the Commodity Futures Trading Commission examined Vitol's books last month, it found that the firm was in fact more of a speculator, holding oil contracts as a profit-making investment rather than a means of lining up the actual delivery of fuel. Even more surprising to the commodities markets was the massive size of Vitol's portfolio – at one point in July, the firm held 11 percent of all the oil contracts on the regulated New York Mercantile Exchange.

“It is now evident that speculators in the energy futures markets play a much larger role than previously thought, and it is now even harder to accept the agency's

laughable assertion that excessive speculation has not contributed to rising energy prices,” said Rep. John D. Dingell (D-MI). He added that it was “difficult to comprehend how the CFTC would allow a trader” to acquire such a large oil inventory “and not scrutinize this position any sooner.”

GOLD, SILVER, PLATINUM AND PALLADIUM

After a 4-month lull in Hyderabad, a gold buying spree broke out over the last 4 days as sales volume doubled. There is a shortage of gold in the bullion banks and among traders.

Wednesday saw spot gold close down \$0.50 to \$810.30 as the access market traded \$2.00 higher. Silver fell \$0.10 to \$13.03. John Reade at UBS has turned bullish on gold, as the physical gold book reported that over the past few weeks there vault staff was the busiest ever with demand for all types of gold from all sorts of clients. The only time they were this busy was in the first half of 2005, when rampant demand from India bought all the gold they could supply. Copper fell \$0.01 to \$3.42, platinum rose \$36.20 to \$1,387.50 and palladium rose \$1.15 to \$285.00. Oil rose \$0.45 to \$114.98, gas rose \$0.01 to \$2.91 and natural gas rose \$0.14 to \$8.12. The yen fell .0001 to \$1,098, the euro fell .0029 to \$1,4736, the pound fell .0046 to \$1.866, the Swiss franc fell .0055 to \$1.0991, the Canadian dollar rose .0004 to \$.9414 and the USDX rose .07 to 76.91. The Dow rose 69 to 11,417, S&P rose 70 and Nasdaq 27 Dow points. The 10-year Treasury yielded 3.80%. The CRB rose 2.82 to 391.33.

Gold open interest rose 5,461 contracts to 372,968, as silver OI fell 801 to 135,028. The big Tocom gold shorts cut their shorts by 6,777 contracts to 31,275, as Goldman was unchanged at 4,766. The same group cut their silver short position by 157 to 1,262. The XAU rose 2.64 to 145.35 and the HUI gained 1.03 to 330.47.

RBC Capital upgraded Goldcorp (GG-NYSE) currently at \$31.75 for a target of \$47.00.

Early Thursday was split. All the markets were down in stocks and all the commodities, PM's and currencies were up. The Dow was off 47, S&P 48, Nasdaq 53 and the FTSE fell 36 Dow points. The Nikkei fell 99, the CAC 55 and the DAX 48. The 2-year Treasury was 2.26% and the 10s were 3.80%. The yen rose .0036, the euro was up .0032 and pound was up .0002. Oil rose \$1.67 to \$117.23, gas jumped \$0.17 and natural gas rose \$0.12. Gold was up \$13.50 to \$829.80, silver rose \$0.52 to \$13.56 and copper rose \$0.08 to \$3.47.

Thursday was another recovery day. Gold in the spot market rose \$23.00 to \$833.30 and silver exploded \$0.73 to \$13.76. The markets were over sold, the commercials had covered, stories of no gold and silver coins or bullion available in the WSJ and a devastating defeat of the US in their latest ill-fated war in Georgia all had their effect on the two markets. Copper rose \$0.16 to \$3.55, platinum rose \$88.60 to \$1,457.50 and palladium rose \$12.40 to \$291.00. Oil rose \$6.04 to \$121.57, gas rose \$0.14 to \$3.05 and natural gas rose \$0.24 to \$8.31. The yen rose .0099 to \$1.0799, the euro rose .0127 to \$1.4873, the pound rose .0137 to \$1.8747, the Swiss franc rose .0095 to \$1.0858, the Canadian dollar rose .0154 to \$.9568 and the USDX fell .89 to 76.07. The Dow gained 13 to 11,430, S&P gained 27 and Nasdaq fell 50 Dow points. The 2-year was 2.31% and the 10s were 3.83%. AEM closed up \$3.76 to \$58.00, GG was up \$2.45 to \$34.88 and SSRI rose \$3.27 to \$27.69.

Gold open interest rose 2,000 contracts to 374,968 and silver OI fell 1,956 to 133,022. The big Tocom gold shorts increased their net short position by 2,216 contracts to 33,491. Goldman covered 103 to net 4,663 a new 30-month low. The same group reduced net silver shorts by 10 to 1,252.

Gold sales by signatories of the Central Bank Gold Agreement could be the lowest since the pact was signed in 1999. 319 tons have been sold so far by European central banks, of the 500 tons allowed each year. The biggest single gold seller this year to date having sold 113.1 tons was the Swiss National Bank. What the report refuses to talk about is the gold leasing by these central banks, which has effectively been sold and is still carried on their books as gold reserves.

This is a tip-off that big money has been moving into hard assets big time. We said years ago that big investors and pros would move in after \$850 had been broken and phase 2 of 3 or 4 phases began, well they are finally stepping in. You can parallel the suspension of Silver and Gold Eagle production to the termination of M3 reporting. We don't believe gold and silver production will return. There are now too many wealthy investors who finally see the end game. Premiums on bullion coins are going to increase. That is what the higher premium on numismatic coins is telling us. We checked coin dealers and when asked what kind of selling they have seen during the correction, they replied, absolutely none. The bottom line is don't be diverted by the drivel, buy when the market corrects because we are still in a long-term bull market.

Early Friday was the opposite of Thursday. The PPT was in the markets early doing their manipulations. The Dow was 11,429, up 21, S&P up 24, Nasdaq up 24 and the FTSE up 90. The Nikkei was 12,666, off 86, the CAC rose 25 and the DAX 31. The 2-year Treasury bill was 2.33% and the 10s were 3.85%. The yen fell .0086, the euro fell .0040 and the pound fell .0162, as the central banks tried to continue their dollar manipulation. Oil fell \$0.72 to \$120.46, gas fell \$0.03 and natural gas \$0.03. Gold was off \$2.70 at \$836.30 and under pressure, silver was off \$0.09 at \$13.64 and copper was down \$0.03 to \$3.51.

Some 206 million ounces of silver are supposedly being held by the ETF SLV. We do not believe they are holding that much silver. As you know, they are allowed to participate in derivatives and in the futures market. Although one way or the other they hold those ounces and unless they have selling they will eventually have to extend their longs and take delivery. Our question is how much have they leased out to speculators and our government? Silver has fallen 40% in a few weeks, which is too far too fast and like in gold a bounce should take place as both metals try to find bottoms. The selling has occurred due to negative lease rates offered by central banks. Speculators are paid to sell silver in order to depress prices, which is blatant and criminal. There is relatively little physical silver available as well as gold, but the governments of western nations, working in concert continue to enter into and attempt to control markets on a short-term basis. Again, there is virtually no selling of physical silver or gold. The entire make believe action is in derivatives and in the futures market. Go long and stay long and buy on dips.

On Friday we gave back some of yesterday's gains. Spot gold fell \$6.30 to \$827.00, but was \$1.00 higher in the access market. Silver fell \$0.26 to \$13.50. Every time Bernanke speaks the market is run up and the commodities and PM's get hit. It's simply par for the course. Copper fell \$0.08 to \$3.47, platinum fell \$20.80 to \$1,438, and palladium fell \$4.50 to \$285. Oil fell \$6.60 to \$114.50, gas fell \$0.18 to \$2.87 and natural gas fell \$0.42 to \$7.83. The yen fell .0116 to \$1.1001, the euro fell .0100 to \$1.4772, and the pound fell .0234 to \$1.8514 and a new recent low, the Swiss franc fell .0087 to \$1.0982; the Canadian dollar fell .0022 to \$.9546. The USDX rose .58 to 76.77. The Dow rose 198 to 11,628, the S&P rose 130 and Nasdaq 204 Dow points. The 2-year Treasury yielded 2.42% and the 10s were 3.87%.

Gold open interest rose 2,414 to 377,382 as silver OI fell 3,351 contracts to 129,721. The big Tocom shorts increased net gold shorts by 2,948 to 36,439, as

Goldman remained unchanged at 4,663. Both gold indexes' fell on Friday. AEM fell \$2.31 to \$56.00, GG fell \$1.29 to \$33.59 and SSRI fell \$1.14 to \$26.55.

The Bundesbank has again rejected calls that it should sell some of its gold to help boost the slowing German economy. The bank said, "Financial and political uncertainty make the reserves more important than before. Gold sales are not a suitable way to sustainably consolidate the public accounts." The query was from trade unions to sell \$37 billion worth, as a stimulus package." National gold reserves have a confidence and stability-building function for the single currency in a monetary union. Thus, their function has become even more important given the geopolitical situation and the risks present in financial market developments."

Any proposed IMF sale of 400 tons of gold has to be approved by 9/26/08 or it is tabled for a year. That means when Congress comes back on 9/15/08 they only have several days to act. We believe the issue is dead.

The Bank, of Nova Scotia in Canada has almost no silver or gold Maple Leafs for sale.

Discount Gold & Silver Trading

What Can't be Paid & Precious Metal IRAs

Back about May, I made a fairly simple observation that laid the cornerstone for a theory that has become, for me at least, obsessive: I realized that the total American debt is UNPAYABLE.

Big deal, hmm? At first, that realization doesn't sound significant. Technically, the total debt has been unpayable for years, maybe decades. The economy has continued to function just the same, so why the fuss?

I am "fussing" because, on reflection, the enormous unpayable "American" debt raises enormous and chilling implications.

The federal government claims that the "national debt" is about \$9 trillion. However, for several years, John Williams (shadowstats.com) has calculated that the federal's true "national" debt is closer to \$55 trillion. In June, *USA Today* calculated the federal government's total debt at \$57 trillion. The Peter G. Peterson Foundation (pgpf.org) calculates the total federal debt to be almost \$53 trillion. In that documentary, former *U.S. Comptroller* David Walker declares that the U.S. government is in over its head by *more than \$50 trillion* in 2007. According to Walker, unless action is taken, the country will go broke.

And thanks to Bob Chapman for identifying the true nature and agenda of Peterson and Walker who switched sides for a multiple million dollar salary. However, the debt numbers published by these elitists confirm the true "national debt" as accepted by this despicable group and not the \$9 trillion the government claims.

I contend that the country is already broke and technically bankrupt because what can't be paid, won't be paid. Former Comptroller Walker seems to think there's hope that we can avoid an approaching economic catastrophe. I'd concede there's hope (there's always hope), but it's a very slim hope. Perhaps an economic catastrophe can be avoided, but I don't see how. When the world realizes that the American debt can't be paid, there's going to be trouble.

Assuming the total "national debt" of the federal government to be \$55 trillion, if we add the debt owed by state and local governments plus the debt owed by private Americans in the form of credit cards, auto loans and home mortgages, the total "American" (not "national") debt rises to at least \$75 trillion.

If we divide that total “American” debt of \$75 trillion by the U.S. population (300 million) the result is \$250,000. That’s an average or “fair share” of \$250,000 of “American” debt for every man, woman and child in this country. That’s a \$1 million “fair share” of “American” debt for every family of four. There’s *no way* the average man has \$250,000 in assets. There’s *no way* that the average family of four can cough up their \$1 million “fair share” of the American debt.

I doubt that the average American has even \$50,000 in assets. If I’m right, that implies that at least \$200,000 (EIGHTY PER CENT) out of each American’s \$250,000 “fair share” of the total “American” debt cannot possibly be paid.

What can’t be paid, won’t be paid.

So far, so simple, hmm? But so what? How does this observation change the world in any fundamental way as compared to last year or five years ago? The debt was big then, it’s big now. What difference does it make?

Well, the “difference” is an implication that strikes me, at least, as chilling and potentially profound: the vast majority of what passes for wealth in this country is “stored” in the form of paper debt instruments like stocks, bonds, bank accounts and pension funds. These paper debt instruments memorialize the mountain of American debt, but they are not *payments*—they are not true wealth or true assets—they are only paper *promises* to *someday* pay an existing debt.

So, if my calculations are roughly correct, at least EIGHTY PERCENT of the existing debts can’t be paid and therefore won’t be paid. If so, then it follows that at least EIGHTY PERCENT of existing *paper debt instruments must be repudiated*. For example, if you buy a bond that has a face value of \$100,000 today, the time must be fast approaching when the purchasing power of that bond should be reduced or repudiated by an average of at least EIGHTY PERCENT. Your \$100,000 paper promise to pay will ultimately purchase only \$20,000 worth of goods and services. At best.

Can I say for a fact that 80% repudiation of debts is going to happen? Nope.

But I’ve explained my rationale. You can do your own homework, plug in your own numbers, make your own calculations, and arrive at your own conclusions. If you arrive at a result different from mine, then ignore my conclusions and govern yourself according to your own perceptions.

But if your conclusion approximates mine, you’ll see instantly that the U.S. economy will be devastated if 80% of its paper “wealth” is repudiated by inflation or bankruptcy. And if you think a little further, you’ll probably agree that while the loss will be painful to all, that pain will be directly proportional to most people’s ages. I.e., in the event of an economic collapse, young people in their 20’s will be hurt, but they’ll still have the energy to work and survive—even if they have to become criminals and predators to do so. However, if a man in his 60s loses 80% of the purchasing power of his accumulated wealth, he won’t only be hurt, he probably won’t have the energy to start over or even to be become a credible predator.

Thus, at the same time the USA faces the retirement of the massive “baby boomer” generation, we are also facing the possibility that the value of the baby boomers’ retirement funds may be reduced by 80%. Those retirements are supposed to be at least partially supported by pension funds, retirement accounts and even So-So Security. Those funds and accounts are “populated” by paper debt instruments—paper *promises* to pay which I conclude must, on average, be repudiated by at least 80%. If I’m right, the So-So Security recipient who expected to receive \$1,200 a month may actually receive only about \$240 in purchasing power. If the value (purchasing power) of the paper debt instruments fall by 80%, then the average retiree’s standard of living will also fall by 80%. You can live on \$1,200 a month. But

on \$240 a month, you're homeless. If you're already retired or on the verge of retirement, the idea that your standard of living might be reduced by 80% percent must be scary.

Will such reduction actually take place? No one knows. Maybe my theory is fatally flawed. But if my theory is roughly correct, such a fall is at least possible.

Can retirees reduce their exposure to this possible fall in the value of paper debt instruments? Yes. I believe that *taking physical possession of payments*—tangible forms of wealth like land, and gold and silver coins—is currently the most prudent way to store and protect wealth.

However, some people who are in or close to retirement have already invested considerable sums in their Individual Retirement Accounts (IRAs). An IRA is one of several investment strategies designed to hold your income and your rate of return, over time, in a special tax-deferred shell. These strategies are subject to a wide variety of rules and regulations regarding how and when you can withdraw your money from an IRA account.

There are a number of investment devices used to create an IRA and bring you the best return on your dollar. Traditionally, these IRA devices have included stocks, bonds, mutual funds, promissory notes, certificates of deposit and time certificates.

A *Self-Directed* IRA is exactly like any other IRA, with one major difference: *You* get to *choose* where your IRA funds will be invested, rather than just accepting whatever the IRA Trustee or Custodian offers. This gives you greater flexibility, because you can not only choose stocks, bonds, CDs, mutual funds, and other promises to pay, but you can also choose to invest your IRA funds as *precious metals*.

IRAs are structured in a manner where the investments cannot be easily removed without some penalty. Nevertheless, it is possible to convert IRA wealth from paper promises to pay into tangible, physical “payments”—gold, silver, platinum and palladium coins and bullion.

So, suppose you have wealth invested in an IRA and that wealth is denominated in debt instruments (paper promises to pay). Suppose you would like to convert those paper promises into tangible payments (gold and silver bullion coins). It is both possible to transfer or “rollover” your investments from an existing IRA into a precious metals IRA.

Such *transfers* do not require IRS reporting and there are no restrictions on how often you can transfer funds. You simply open a precious metals IRA and authorize the transfer. Special rules apply if you have reached age 70 1/2, and you should check with the previous trustee or custodian to see if there will be fees or penalties.

However, IRA *rollovers* require reporting to the IRS and there are time limits and other restrictions. You should always seek competent tax advice before taking a distribution for rollover.

For several years only gold and silver U.S. American Eagle coins were allowed as IRA investments. Since 1998, the new platinum U.S. American Eagle coins have also been allowed, as well as gold, silver, platinum and palladium bullion which meet certain standards.

There are a number of U.S. firms authorized to act as physical custodians for precious metals IRAs. Once a custodian is selected and your precious metals IRA is established, you get to choose your own precious metals dealer, negotiate coin prices and pretty much leave the rest to the custodian. Your metal will be stored at an internationally recognized precious metals depository. You'll normally receive semi-annual statements showing all activity in your account and the current fair market value of your investments. Most custodians provide you with 24/7 online access to your account.

When it's time to take distributions from your IRA, you may choose to convert your precious metals investments to cash through your coin or bullion dealer, or take physical possession of the actual coins or bullion. This flexibility means you can wait for optimum market conditions before you sell.

As I've written repeatedly, I believe the total "American" debt is now too great to ever be paid. I therefore conclude that the paper debt instruments memorializing unpayable debts must sooner or later be substantially repudiated, depreciated and diminished in value. If you agree, and if you're storing your wealth for your retirement in an IRA full of "paper-promises," you should consider transferring some or all that wealth into a precious metals IRA.

If you'd like more information on precious metal IRA's, call Melody Cedarstrom at Discount Gold & Silver at 1-800-375-4188 or send her an email at discountgoldandsilver@yahoo.com.

For the best in pricing and service, call Melody at 1-800-375-4188. Be certain to listen to DGSTC live on Short-wave 7.415Mhz M-F 4:00PM ET, and 3.215 MHz M-F 11PM ET. Be certain to call 1-800-375-4188 or visit the Web site at

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U.S. Mint to Resume Distribution of American Eagle Gold Coins

By Vincent Del Giudice

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aCxIWL5S4le4&refer=home#>

The Smoking Gun

By: Theodore Butler

<http://news.silverseek.com/TedButler/1219417468.php>

The Euro vs. Dollar

GOLD-MONITOR – What Price Gold?

http://www.gold-eagle.com/gold_digest_08/wallenwein082208pv.html

Crystallex Updates Shareholders on the Las Cristinas Project and a letter from the Ministry of Environment

TORONTO, ONTARIO, August 22, 2008 – **Crystallex International Corporation** (TSX: KRY) (Amex: KRY) wishes to advise its shareholders and stakeholders that it has received an official letter from the Venezuelan Ministry of the Environment and Natural Resources (“MinAmb”) in response to the report on modifications to the Las Cristinas project (“report”) submitted to MinAmb and referred to in the Crystallex press release of August 14th 2008. The communication from the Vice-Minister of MinAmb, notified Crystallex that MinAmb has reviewed the Report submitted by Crystallex and finds that the proposals in the report are viable and conform to the Environmental and Social guidelines of the Venezuelan Government. The Ministry further advises that these findings must be taken into account with respect to the decision the government is to take regarding the Environmental Permit (“Permit”) for the Las Cristinas project. Although the letter from MinAmb does not formally address the Appeal procedure initiated by Crystallex in May, 2008, Crystallex has been advised by Venezuelan Counsel that in practical terms this letter supersedes the effects and position of the April, 2008 letter from a Director General in MinAmb denying the request by the Corporacion Venezolana de Guayana (“CVG”) for the issuance of the Permit for the Las Cristinas gold project.

Background

On April 30, 2008 Crystallex reported that it was advised of a letter from a Director General in MinAmb denying the CVG request for the issue of the Las Cristinas Environmental Permit. On May 12, 2008, Crystallex submitted a formal rebuttal of the Permit denial letter to the Director General and on June 17, 2008, submitted an appeal directly to the Minister of MinAmb.

On June 24, 2008, Crystallex was invited to a meeting attended by representatives of MinAmb including the Vice-Minister. At the meeting, Crystallex was informed that the Vice-Minister and MinAmb had been instructed by the Government of Venezuela to reconsider the issuance of the Las Cristinas Permit. To that end, discussions with Crystallex for possible modifications to the Las Cristinas Project to diminish the environmental impacts of the project and thus enable the Permit to be issued began. The modifications suggested by the MinAmb representative fell within three main categories:

Further improvements to optimising the social projects in the area.

Mitigating the impact of open-vein mining in the currently affected areas of the Imataca Forest Reserve.

Improving the remediation plans at the end of the mine life as well as repairing existing environmental damage caused by illegal mining.

The Company prepared a report which addressed these three areas and which was submitted to MinAmb earlier this month. In addition, as a part of the process towards the issuance of the Permit on August 7th and 8th, 2008, a team from MinAmb led by the Vice-Minister completed a site visit of the Las Cristinas Project. As part of this visit, the team inspected the social projects including the medical clinic and sewage treatment facility, which are both currently under construction. Commenting on the letter, Mr. Robert Fung, Crystallex Chairman and CEO stated, “We are very pleased to receive this formal correspondence moving the process toward our goals of the issuance of the Permit and the subsequent construction phase of the Las Cristinas Project.”

For Further Information:

Investor Relations Contact: A. Richard Marshall, VP at (800) 738-1577

Visit us on the Internet: <http://www.crystallex.com> or Email us at: info@crystallex.com

August 20, 2008

Capella Resources Launches New Website, Provides Project Update
Significant Drill Intersection

Capella Resources to drill 8,000 metres in Chile

2008-08-20 09:37 ET - News Release

Mr. Richard Bachman reports

CAPELLA RESOURCES LAUNCHES NEW WEBSITE, PROVIDES PROJECT UPDATE

Capella Resources Ltd. has launched its redesigned corporate website, which delivers the very latest information about the company and its exploration activities.

Richard Bachman, president and chief executive officer of the company, stated: "We want our website to be a snapshot of the company and provide an up-to-date description of our most advanced projects as they move forward. With the rise in the mineral exploration and development industry and related on-line activity, we are very pleased to launch our website with a new look and comprehensive navigation to facilitate our commitment to communicate with our shareholders."

Capella is also in advanced planning stages for the commencement of drilling on high-priority targets identified on its gold-copper properties in Chile and the United States, and nickel-copper properties in Labrador, Canada. The company has secured two core drill rigs for the 2008 to 2009 field season in Chile and expects to commence an 8,000-metre program on its 100-per-cent-owned Lajitas and Nevada gold-copper properties in early October, 2008. Separately, the company has received drilling permits for its Tinton gold project in South Dakota and has mobilized geologic field teams for ground truthing of 18 high-priority nickel-copper targets in Labrador.

<http://www.capellaresources.com/s/Home.asp>

The Eagle Has Been Grounded

Mint Halts Gold-Coin Sales After Supply Depleted Amid Price Drop

By Ianthe Jeanne Dugan
The Wall Street Journal
Thursday, August 21, 2008

As gold prices tumbled from their highest level ever, investors and collectors loaded up on one-ounce "American eagle" gold-bullion coins. The buying spree came to an

abrupt halt this week after the U.S. Mint stopped selling the coins for the first time since production began 20 years ago.

"Due to the unprecedented demand ... our inventories have been depleted," the Mint -- part of the U.S. Treasury Department -- told its dealers Friday. "We are therefore temporarily suspending all sales of these coins."

The move shocked sellers and collectors of the coins, which are the most widely traded in the U.S. Suppliers became angry as they turned away customers. Theories about the decision's underlying cause ran rampant -- from investors in gold futures to Russia's invasion of Georgia.

"This whole thing started about the time the Ruskies made their move," a collector noted in an Internet chat room called goldismoney.info. "It may very well be that the USGovt is preparing for the real financial meltdown by hoarding all remaining gold flows."

The Mint says it simply was wiped out. It has sold 311,000 ounces of the coins this year -- about 50% more than in all of 2007. In the first few weeks of August alone, buyers snapped up 63,500 ounces.

"We are working diligently to build up our inventory and hope to resume sales shortly," the Mint wrote in a memo to dealers.

The American-eagle bullion program was launched in 1986 with the sale of gold and silver bullion coins. One-ounce coins have a face value of \$50 and \$1, respectively, although the coins trade close to the market value of the underlying metal. After the 2008 silver coins, known as silver eagles, surged in popularity earlier this year as silver prices rose, the Mint began rationing them.

Dealers were upset by the latest blow. "If I don't have something to sell, I lose business," says Rand LeShay of A-Mark Precious Metals, a Los Angeles dealer.

The Mint announced the suspension Friday, the day prices of gold-futures contracts -- bets on what gold will cost later -- finished below \$800 an ounce for the first time this year. The drop accelerated a buying spree among investors. Gold began bouncing back and late Wednesday traded at \$810.30. In March, gold futures hit a high of \$1,003.20 an ounce.

American-eagle gold-bullion coins are made from 22-karat gold mined in the U.S. The front side's design was inspired by August Saint-Gaudens' \$20 gold piece, minted from 1907 to 1933. On the reverse side is a nest of American eagles.

The coins are sold by the Mint to 10 dealers world-wide for a premium above the price of gold. These dealers resell the coins, which now fetch about \$815.

The American Precious Metals Exchange, an online gold dealer, posted an alert about the Mint's move, generating confused and angry responses. Many customers said they were mystified because the silver-coin rationing followed a price surge, while the gold suspension followed a drop.

"The situation is strange and doesn't fit the 'normal' supply & demand economic model," the firm wrote to customers.

The Gold Anti-Trust Action Committee, an advocacy group, said the Mint's move proved financial institutions are colluding to set prices.

"The suspension is overwhelming evidence ... that the commodities exchanges are being used ... as part of a massive scheme of manipulation of the precious metals, currency, and bond markets," the group wrote on its Web site.

Mint suspends red-hot Eagle gold coins

<http://www.reuters.com/article/ousivMolt/idUSN2140103820080821>

CANADA

June retail sales rose 0.5%.

July inflation rose to 3.4% officially.

EUROPE

The European Central Bank has issued the clearest warning to date that it cannot serve as a perpetual crutch for lenders caught off-guard by the severity of the credit crunch.

Not Wellink, the Dutch central bank chief and a major figure on the ECB council, said that banks were becoming addicted to the liquidity window in Frankfurt and were putting the authorities in an invidious position... This "soft bailout" is largely underwritten by German and north European taxpayers, though it is occurring in a surreptitious way. It has become a neuralgic issue for the increasingly tense politics of EMU.

The eurozone trade deficit was 0.1 billion euros in June, far lower than May's deficit of 3.9 billion.

Russia earned \$72 million on investing part of its oil wealth funds in Fannie Mae and Freddie Mac bonds from January 30th to August 15th. All told Russia made \$1 billion over the past six months in US government bonds.

Slovenian July PPI rose 5.2% yoy.

Russian CPI rose 0.1% in the August 12th -18th week.

Polish July output was up 5.6% yoy.

Polish July PPI rose 2.3% yoy.

Polish July net inflation was 3.5% yoy.

Russia's 7-month GDP growth was 7.9%.

Russia's July jobless rate fell to 5.3%.

Spain's January-June trade deficit rose 11.4% yoy.

German August manufacturing PMI was 49.9% versus 50.9 mom.

French August services PMI was 47.2 versus 47.5 mom.

Norway's second quarter non-oil GDP rose 1% qtr.

EU August composite PMI was 48.0 versus 47.8 mom. Their services PMI fell to 48.2 versus manufacturing PMI at 47.5.

German August provisional services PMI were 50.6.

Dutch May-July unemployment was 4% versus 4.7% yoy.

Swiss PPI was 4.9% yoy in July.
Swedish unemployment in July was 5.8%.
French August composite PMI was 47.0 versus 47.1 mom.
Swiss exports rose 4.3% in July as their surplus widened to 2.369 billion

SFR.

The German government reported producer-price inflation was 8.9% in July yoy, as consumer confidence rose to minus 55.5 from minus 63.9 in their expectations for the next six months. The historical average is plus 28.3 points. The worst PPI figure was 9.1% reached in October 1981.

ENGLAND

The Government's grasp of official statistics has come under scrutiny after it withdrew three years' worth of closely watched housing data and its high street sales figures provoked incredulity and outrage from retailers. It is the latest blow for the Office for National Statistics, which recently suffered the indignity of seeing the Bank of England question the accuracy of its most closely watched data on the Gross Domestic Product.

July retail sales increased mom to 0.8% versus minus 3.9%.

Online retail sales rose 11% in July.

M4 money supply declined 0.9% in July from 1.8%.

Gross mortgaging lending rose 5% to \$46.4 billion in July.

Judges have ordered the handover of secret information that could support claims of a UK resident held in Guantanamo Bay that he was tortured. They said British security services colluded in the unlawful detention and facilitated the interrogation of a UK resident detained in Pakistan six years ago.

LATIN AMERICA

Brazil's FIPE Sao Paulo Index rose .34% in the 4-weeks to August 15th.

CHINA

July wholesale prices rose 9.4% yoy versus 9.5% in June.

In August China reported a plunge in new orders. Exports are barely growing just like in Japan, the EU, Germany, Sweden and Britain. Real estate is weakening. South China has fallen 10% and in better areas values have fallen 40%. July PPI rose double digits to 10%. June rose 8.8%. Those higher costs will leak into the domestic economy into higher CPI numbers. Exports are up 26.9%, but they are lower end exports. Retail sales are booming as incomes and wages rise. Sales were up 23.3% to \$126 billion from a 23% gain in June. Inflation was up 7.1% in June, the highest since 1996.

Hong Kong's July CPI rose 6.3% yoy versus 6.1% in June.

JAPAN

The all-industries index fell 0.9% in June.

Exports have fallen 2.3% from the first quarter as European and US exports fell. Japan has reentered recession and will reenter depression early next year. Unemployment has climbed to 4.1%, a 2-year high. Costs are rising and competition in exports has become more competitive. This was the same spot Japan was relegated to in the 1930s. They have to sell quality goods because the rest of Asia is exporting the less expensive goods.

The July trade surplus fell 86.6%, much bigger than forecasted by experts.

AUSTRALIA AND NEW ZEALAND

The Leading Economic Index annualized growth was 2% in June.

August job vacancies fell 4.3% and skilled vacancies fell 1.7% versus July.

The economy is headed into recession. The services industry is quickly contracting as business expectations have fallen to a 14-year low. Profits are at an 18-year low. Households spent 38% of their incomes on mortgage payments, the most in 22 years. Aussies do not know whether they are coming or going when it comes to taxes. They face 125 taxes; 99 federal and 25 state and one local tax.

HEALTH

DECK THE HALLS

No, it is not time to untangle the Christmas tree lights just yet. I can't help but notice how some wedding planners and interior designers are going more natural in their designs and including herbs as an important element. People are affected by their environment. Color, texture and smells can inspire us or depress us. Much research has been done on the shopping mall and restaurant environment to see what makes people spend more money and consume more food and drink. The color that tends to put us in an eating frenzy is red. What makes us spend more money? A well organized store that is sorted by color and texture, which also has classical music playing in the background. Why classical music? It has a calming affect and shoppers slow down, remain in the store and average of 30-minutes longer and spend more money.

OLD ENGLAND

The English were emphatic about having herbs strewn about as decoration because they offered texture, color and aroma to the home. Several hundred years ago, it was important to have that and it was considered a luxury to have something delightful to smell. Sweet herbal blossoms were a welcome invitation over the smell of a smoky fire. If you couldn't afford to decorate and paint you could gather herbs and wild flowers for a splash of color. Also women, no matter what century, like to have a bit of nature brought inside (and not just on their birthday or wedding anniversary).

ROSEY NOSE

Before perfume was made more affordable, women wore nosegay nets on their hats. The nets were the perfect place to suspend flowers and herbs for a fresh scent. Aromas are attached to memories and do affect our mood. It was believed that wild thyme would renew the spirit and give energy; therefore it was taken along for summer walks. Henry VI included in his will an herb garden for the purpose of laying fresh green herbs in the churches during the 1600's. It was an ancient custom to place flowers and sweet herbs in the churches. They were a form of a thanks offering. This is where we get the garland and wreath, however in ancient days it was not done just for a festival or holiday but was done frequently each month. During royal feasts, the English kings would have fresh herbs strewed on the floor by the official Herb Strewer, who was paid an annual salary. It is interesting the all the royal coronations and weddings had to have meadow sweet herb (which was also used as wedding flowers). Small netting filled with rosemary and meadow sweet were tied with ribbon and given out to guests who put them in dresser draws and closets to freshen clothes. The expression "in the pink" is very old. Herbalists would count the pink herb flowers after gathering and this is were we also get the saying, "the pink of perfection."

IN THE PINK

The king's knights were the cream of the crop but they could not be knights unless they went through a ceremony where they wore an interlaced collar called Order of the Thistle. The collar was composed of rue herb, thistle and knots. The custom goes back to 1181 and the shape of the knots denotes different royal seals. The custom was also used in Scotland as well as the Knights of the Round Table and the Holy Sepulcher in Jerusalem. Apparently, the herbs were a badge and kings would wear them prior to battle.

THE BATTLE OF THE HERBS

I like to battle viruses, bacteria, injury etc. with herbs. Many illnesses are resistant to pharmaceutical drugs and are not resistant to the havoc herbs can unleash on disease. How do herbs do that? With nutrition. The human body is resilient. Given the opportunity using nutrition, your body can regenerate and heal itself. Therefore it is important to know how to protect yourself from disease and one of the ways to do that is to strengthen your physical body and immune system. Eating healthy, exercising is paramount. If you have used pharmaceutical drugs in the past, you may need to sweep the body clean of their residue to make sure these toxic petrochemicals do not bog your system down and trap other toxins. Organ cleansing is an easy way to cleanse the system of these toxic residues and allow your organs to regenerate quickly. For more information on how to safely and successfully do organ cleansing visit Apothecary Herbs <http://www.thepowerherbs.com> and click the "Organ Cleansing" banner. You can also boost your immune system up ten fold. Ask Apothecary Herbs which of their immune system formulas will help you develop a super immunity. Call Apothecary Herbs 866-229-3663, International 704-875-8010 or online <http://www.thepowerherbs.com>. Their product catalog is also available as a PDF download. With a little knowledge and the right tools you too can become a knightly king of good health.

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Wednesday August 27, 2008
Saturday August 30, 2008

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AMERICA'S FORGOTTEN WAR AGAINST THE CENTRAL BANKS □ by
Dollardaze □ aka Mike Hewitt, dollardaze.org □ October 20, 2007
<http://www.financialsense.com/fsu/editorials/dollardaze/2007/1020.html>

I Resign From the Mont Pelerin Society
by [Paul Craig Roberts](http://paulcraigroberts.com) □

I have come to the conclusion that the Mont Pelerin Society is no longer an effective force for freedom, becoming instead another tool in behalf of US hegemony, ringing Russia with US military bases and puppet governments in the name of "supporting democracy." As far as I am aware, the MPS has not addressed the Bush administration's assault on US civil liberties or the disrespect the Bush administration has shown for the US Constitution and international law, particularly the Geneva Conventions. Nor has the society taken exception to US wars of aggression in behalf of undeclared agendas.

<http://www.lewrockwell.com/roberts/roberts257.html>

DEMOCRATS ENDORSE EXPANSION OF U.N. POWER

<http://www.newswithviews.com/Kincaid/cliff245.htm>

By Cliff Kincaid

August 22, 2008 □ NewsWithViews.com

Ron Paul: A Most Unusual Politician

<http://www.lewrockwell.com/rothbard/rothbard187.html>

by: [Murray N. Rothbard](#)

And None Dare Call it Treason

By: Patrick J. Buchanan

Who is Randy Scheuneman?

<http://www.antiwar.com/pat/?articleid=13338>
