

INFORMATION LINE

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Perspective

www.assetstrategies.com

At long last...it has arrived! We have received numerous calls over the past couple of months asking when the ASI web page will be up and running. We are pleased to announce that our web site is operational. As of July 1st, you can access ASI on-line, any time of the day or night.



Michael Checkan

We are excited about our web presence and its capabilities. You can expect to access current market quotes for both the precious metals and foreign currency markets with the touch of a finger.

Commentary on market trends and significant events will be available as well. Additionally, you will find information regarding company history, ordering procedures, customer support, and links to many of our friends in the pursuit of wealth preservation. These "hot links" will enable you to go directly to experts in various areas of asset protection and financial planning as you navigate the global economy.

*At present, ASI's web site will not be offering on-line ordering capabilities, although, we may revisit this at some time in the future. The "Information Age" offers a vast amount of possibilities for speedy, efficient, secure, yet **impersonal** transactions. For almost twenty years, we have built our reputation in this industry on customer service. We are not yet willing to give up the personal contact that our clients have come to expect.*

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The Era of the Older Americans

by Edgar Gunther

Hardly a day passes without a new piece of mail urging me to plan for a care-free retirement. This marketing of retirement by the financial, banking, real estate industries, pharmaceutical companies and health care providers, while sowing unease and confusion, often misses the point. For as my friend, Bill, reminded me recently: "I don't know anyone who is completely retired." People today phase down to part-time work or self-employment. They want a more flexible working life that does not stop at 65 or 70. No one sits on the front porch anymore. An extraordinary example is broadcaster Robert Trout, who pioneered the role of anchorman in the 1930s and still performs on the radio at age 90. "I'm not sure whether I'm retired or not," he told *The New York Times*. "I guess I'm not."

Even governments in some developed countries are beginning to encourage people to postpone retirement. The British government has come up with a plan to discourage early retirement packages for the over-50 crowd. The exodus of experienced people is starting to cause difficulties at a time of skill shortages with small numbers of young people entering the labor force and escalating pension costs.

The traditional image of retirement is nearly a half-century old. It was created, in part, by G. Kenagy of the Mutual Life Insurance Co., according to William Graebner's seminal book, "A History of Retirement." At a meeting in 1952 of the National Industrial Conference Board, he urged business leaders to fill newsletters, advertising and the media with stories of happily retired couples enjoying an idyllic existence — provided, of course, that they had invested their savings in the right financial products.

Why were older Americans so easily persuaded in the 1960s and 1970s to focus on retirement? One reason was that so many had spent 25, 30 or more years at often boring jobs. Even more important, the companies where they had spent their working life no longer wanted them. And, at the time, there were very few other working opportunities available.

Fortunately, by then, most could afford a modest retirement. Their homes were mortgage-free and had appreciated 10-fold or more. With real estate profits carefully invested (and readily available in case of an emergency), with living expenses covered by Social Security plus a company pension and medical costs shielded by Medicare, it was indeed possible to live modestly through the mid-1970s without working.

The cataclysmic changes, which have taken place since then, have particularly affected older Americans. We have lived through an unprecedented level of inflation as a result of the 1973 oil shock; two severe recessions; a gigantic deficit spending program that brought the Soviet Union to its knees but which now threatens the viability of the Social Security system as we know it; and through a first wave of mergers, acquisitions and consolidations, which led to "restructuring" (i.e., workers being pushed out of jobs).

Now we are participants, beneficiaries and spectators of what some call the "new economy" driven by globalization, technology, communications, booming stock markets and an even bigger second wave of transnational megamergers.

Having lived for better or worse through the revolutionary 90s, what are the basics that will enable us to live our later years with peace of mind?

What are we to do?

1. Use your retirement years to do whatever you have always wanted to do. Avoid doing whatever troubled you in the past unless it's absolutely necessary.
2. Protect yourself. Maintain health insurance. Get disability insurance.

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Currency Corner

It's Good to Be the King . . . Until the Revolution Breaks Out

by Rich Checkan

It's good to be the Dollar. Make no mistakes about it. The Dollar is enjoying an unprecedented period of strength. Favorable interest rate differentials and runaway stock markets have attracted a considerable amount of capital from the global economy. Times are good, but can they last?

As Glen mentions in this issue's Hard Stuff, there is much decay below the surface. The Almighty Dollar's foundation is a weak one. The current situation is reminiscent of the mid-1980's. Interest rates were high. The stock market was strong. The Swiss Franc went from 60 cents down to 32 cents. No one believed it could recover. However, within 18 months, it was back up to 65 cents! The parallels are there whether or not we choose to heed them.

For some time now, we have been talking about the strength of the Dollar. We thought this would be a good time to back up our claims with some numbers. Consider the performance, over the past 5 years, of some of the major world currencies versus the Dollar:

CURRENCY	CHANGE
Australian Dollar	↓23.2%
British Pound	↓ 8.0%
Canadian Dollar	↓ 9.5%
Euro / ECU	↓24.2%
Japanese Yen	↓13.5%
New Zealand Dollar	↓31.8%
Swiss Franc	↓32.8%

All currencies listed have lost ground versus the Dollar over that period. As Michael mentions in the Inside Story, the Dollar's purchasing power has significantly risen. The problem is that the fundamentals do not support this strength. Perceptions of infallibility have fueled the Dollar's rise. Perceptions are fleeting.

Why not take advantage of this dramatic rise in the Dollar right now? We agree with Robert Vrijhof of Weber Hartmann Vrijhof and Partners, an asset management firm based in Zurich, Switzerland, when he says that **now is the time to sell Dollars**. We shop sales, search for bargains, and clip coupons to save precious Dollars for almost every product we buy. We look long and hard for the deals to stretch our Dollars. Mr. Vrijhof, on a recent visit to the States, suggested that there is a fantastic deal staring us in the face, but many will let it slip away.

Primarily, the reason we do so is because of the lure of high returns in the domestic stock market. Rather than miss the

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	Year Ago	Current	
Swiss Franc	.6346/Franc	.5819/Franc	▼
British Pound	1.6055/Pound	1.4800/Pound	▼
Japanese Yen	.0082/Yen	.0094/Yen	▲
Euro	1.0235/ECU	.9099/Euro	▼

The Hard Stuff

Is A Soft Landing Possible?

by Glen O. Kirsch

As we go to press for this issue, it's hard to believe the year 2000 is almost half over.

The first quarter of this year was highlighted with significant precious metal liquidations. Predominately, it was the lifting of Y2K positions, and gold and silver were the focal points of this dishoarding by the public. At the same time, platinum and palladium were front page news. Russia's continued inability to supply the marketplace with metal pushed the supply/demand equation into the largest deficit seen in ten years. Holders of the white metals were rewarded with price levels reminiscent of the early 1980's (platinum \$570/oz. and palladium \$800+/oz.)

The second quarter was more subdued, with continued, yet less voluminous liquidations of gold and silver. Gold was searching for support around \$275/oz. in the wake of continued British Central Bank sales and the beginning of the long anticipated Swiss government sales. The economy continued to show signs of overheating, with low unemployment, increasing inflation and the bullish Dollar. The Fed responded with continued interest rate increases, culminating with a .5% increase on May 16th.

While all appears good on the surface, there is good reason for concern!

Energy costs remain high. Gasoline prices have pulled back from the recent highs of \$1.80 - \$2.00/gallon and are currently around \$1.60/gallon. Remember, high crude oil prices fueled the inflation of the 1970's and eventually translate into higher costs for many goods and services.

Our balance of trade is absolutely horrible! We are in the red to the tune of \$1 billion/day or \$365+ billion a year. The strong Dollar is killing us, making our exports expensive and imports cheap.

This situation has to change. The barometer to watch is the stock market, not interest rates! Sustained weakness of the stock market will cause an outflow of foreign capital, which will then hit the Dollar. It is true. High interest rates will **initially** attract capital to the Dollar, however, keep in mind the Fed's goal is to "cool" the economy, including the stock market, with higher interest rates, which eventually spells weakness for the Dollar.

So, if higher interest rates mean a lower stock market, long term and ultimately a lower Dollar, maybe the Fed should lower interest rates! We don't see this as an option. This would probably add "fuel to the fire" by pushing the economy into "overdrive" and higher inflation. The attractiveness of the Dollar would probably be dampened, causing an exodus of foreign capital.

Either way you look at it, higher or lower interest rates translates into a lower Dollar and ultimately higher precious metals prices. Time is running out for the Fed to be able to manipulate this situation.

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	Year Ago	Current	
Gold	\$254.20/oz.	\$273.40/oz.	▲
Silver	\$5.07/oz.	\$4.99/oz.	▼
Platinum	\$349.00/oz.	\$583.00/oz.	▲
Palladium	\$339.00/oz.	\$575.00/oz.	▲

INSIDE STORY

Soaring Dollar Puts Europe Travel on Sale

by Michael Checkan

Looking for a travel bargain this summer? Consider Europe. The US Dollar soared in early May to another all-time high against the Euro, making everything less expensive for US tourists visiting the 11 Euro countries, which include Germany and Ireland.

One Euro now costs about 89 cents, compared with \$1.19 at the Euro's debut 16 months ago-about a 34% rise in the Dollar's buying power. I just returned from traveling to Germany with a client and to Ireland for the Anglo Irish Bank Austria (AIBA) "First Annual Investment Seminar" and found prices quite reasonable. In Switzerland, the cost of goods and services has moderated with the Swiss Franc at SFR1.73 per US Dollar.

The AIBA Investment Seminar took place at the five star Berkeley Court Hotel in Dublin, Ireland. I spoke about precious metals and the Perth Mint Certificate Program (PMCP)... "Gold that you can fold." Two other speakers that gave excellent presentations were Ernest Traun of AIBA and Larry Grossman of Sovereign International.

Ernest's topic, "AIBA Mutual Funds-Some of the Best in the World" emphasized the need for an offshore money manager. In particular, he spoke about the Anglo Irish Global Equity Fund, which was the leading fund of its type in 1999. This year, according to a survey by the Wall Street Journal, it is 6% ahead of the number two fund in its category.

Larry's topic was "Global Markets Today-Boom or Bust? Strategic Asset Allocation with Offshore Funds." He specializes in assisting Americans with investing retirement money offshore. Also, he will be managing one of Ralph Kydd's Argyle Funds ... The Dynamic Global Allocation Fund, (www.sovereigninternational.com).

I traveled by train from Dublin to Waterford to meet with Stephanie Keane of the **Sovereign Society** and Kathleen Peddicord of **International Living**. The world headquarters for both organizations is located in Waterford. I suggest that you

consider joining both groups. You can get details through their Internet websites, www.sovereignsociety.com and www.internationalliving.com.

My next trip to Europe is to attend Jyske Bank's Global Investment Seminar in Copenhagen, Denmark from June 14-18, 2000. I was a speaker at Teddy Christiansen's seminar last year and came away very impressed. The seminar will focus on the global economy and the society of the future. **For information or to register for the seminar, call Barbara Perusso of Agora Travel at (800) 926-6575.**

The soaring US Dollar will bring a flood of American travelers to Europe. The European Travel Commission expects that a record 6.18 million Americans will visit from May through September, a 4% jump from 1999. Consider making your reservations early. Remember that world travel not only satisfies our appetite for investment seminars but for variety, the exotic and the historical.

A copy of my talk from Dublin, "Gold That You Can Fold" is available. **Simply contact Rich Checkan at ASI's toll free number, good in the USA and Canada (800) 831-0007. □**

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opportunity offered by the Dollar's strength altogether, you may consider averaging out of your US Dollar positions. Whether you are considering moving out of Dollars with personal funds, IRA funds, or funds from qualified retirement plans, the options abroad abound. For instance, many of our readers will be happy to hear that, at long last, ASI can assist you in placing foreign securities in your IRA. Now, by coupling an increased rate of return (versus ICD's or annuities) with the potentially explosive currency appreciation versus the Dollar, you can take advantage of the current perception of US Dollar strength before it begins to crumble.

The Dollar is currently King...but, the revolution may be underway.

To find out more about investing in foreign currencies overseas, or to take advantage of our competitive exchange rates and transfer service, call Glen or Rich at (800) 831-0007. □

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3. There is no single foolproof retirement plan. Times are changing (they always do) and many of the traditional retirement investments of the past no longer fit the present.

4. Rethink risk. If you are in your fifties, you have plenty of time to recover from stock market setbacks. But no matter how low your risk tolerance, part of your money should go into aggressive growth stocks, growth funds or index funds. In today's environment, you need to assume some risk to avoid the danger of outliving your money. If you are in your 60s, I would recommend at least 15% in equity investments. Stick with the Old Economy, with leading companies in industries expected to experience above-average growth over the next several years.

5. Remember, no single investment or type of investment performs well at all times. It is therefore essential to diversify your holdings in order to protect yourself against sudden industry or market declines. Consider investing part of your money outside of the

U.S. Markets do not move in lockstep. European and Asian markets often move up, while U.S. markets drift or decline. The less mature markets outside the U.S. should produce better long-term results than those in more developed countries. If this idea is of interest, deal with a top non-U.S. broker. Their American counterpart knows little about foreign markets and does not need to because the huge U.S. market offers plenty of opportunities. But remember, any major market break or recession in the U.S. is likely to drive down the rest of the world.

6. Finally, like you, I get my news today, not a year in advance. My goal is simple: I try to be sensible, not worry and enjoy the moment.

Dr. Gunther was Executive Vice President in an investment management, banking and insurance company and left in 1978 to combine partial retirement with a flexible working schedule. An inveterate traveler, he has lived for 35 years outside the U.S. until his return home in 1996. □

BITS & PIECES

Surf the Net Safely — Create an Internet Proxy

Privacy and how to preserve it is a growing concern to all thoughtful Americans. The threat to our privacy has become more powerful and immediate with the growth of the Internet. On-line information sources, which are plentiful and may even be sponsored by the government, publish confidential information in cyberspace, often with minimal security. Ironically, often we ourselves have provided that information in the course of surfing the Internet unsuspectingly.

Our own PCs may further put us at risk. If you surf the net, the chances are excellent that there are any number of web sites that have implanted tiny applications on your hard drive, which provide highly specific information about you and your computer. This is not science fiction. This little piece of bad behavior goes by the deceptively benign name of “cookies.”

If you are among the people who consider your personal and business information private and see no reason to share it promiscuously with the world, you may be interested in a special Internet Privacy Package developed by **Inc. Plan (USA)**. While there is no magic bullet for privacy protection on the internet (or anyplace else,) you may want to consider using this Privacy Package to take the following steps to preserve your on-line security:

The first step is setting up an anonymous Delaware corporation. The laws of Delaware (an orderly state some consider the Switzerland of America) are particularly friendly to corporations and even allow that the names of the officers, directors and shareholders never become a matter of public record. In fact, they do not need to be filed with the Delaware Secretary of State, a provision unique among state filing requirements.

Your second step in preserving privacy is opening an account with a major financial institution in the name of the Delaware corporation. This allows you to pay for goods and services through the Delaware corporation, remaining personally anonymous.

Your third step in the process is opening an e-mail account in the name of the corporation. Naturally this can be paid for with the company account.

Information about this (and a special internet privacy package for *Information Line* readers) is being offered by Inc. Plan (USA), a nationally known company and one of the most respected incorporating firms in Delaware. To receive it, call (800) 462-4633 and request the *Information Line* internet privacy package. □

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What should we do or look for in the third and fourth quarter? Weakness for the stock market, higher interest rates, lower Dollar! Many authorities have buy signals for gold below \$280/oz.

Swiss Banknotes Worthless April 28, 2000

This was the headline in a recent edition of Coin World International. The article went on to say,

“All banknotes issued by the Swiss National Bank before 1993 are no longer redeemable. The action is the culmination of a long-range plan, long known to the international banking community and announced in 1992.

The only impediment is that the date of the action was scheduled to be April 30. However, with the close of business in Switzerland on Friday April 28 the mandate for April 30, which falls on a Sunday, goes into effect.”

This just proves again that governments can still take a perfectly good piece of paper, add some ink and make the banknote completely worthless. □

A Planned Pause

Over the past 18 years, it has been our experience that during the summer months, most clients' attention shifts to concerns associated with sun and sand. As a result, we have chosen not to publish a summer edition of Information Line. We will resume with our September issue. Of course, we will be here throughout the summer to provide you with any services you may require. Don't hesitate to call us to take advantage of the bargains associated with the traditional summer doldrums in precious metals and currencies. □

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We at ASI enjoy our work mainly because we get to talk with you on a daily basis. Our business relationships transcend business...they are friendships that we are in no hurry to relinquish to the “Dot.com” mindset. We are sure that those of you who have been with us for the past twenty years or so would not have it any other way.

Please visit our newly born web site, and let us know what you think. Either call, write, fax or e-mail your comments. All input will be greatly appreciated and seriously considered as www.assetstrategies.com evolves.

HAPPY SURFING! □

and silver below \$5/oz. We agree! For platinum and palladium we see short-term volatility, long-term appreciation. Look for entry points in platinum in the low \$400/oz. or a premium to gold of around \$100/oz. □

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