

A man in a dark suit and striped tie stands with his arms crossed in front of a building with an American flag. To the right, a tall skyscraper is visible against a blue sky with clouds.

Peter Leeds

Inflation

Welcome to America!

This report is not meant to alarm or frighten you. Rather, it is intended to prepare you for some possible eventualities.

Everything written here is OPINION.



“Massive austerity measures
are coming to America.

Navigate the waters of the coming
inflationary storm, and see your wealth and
security increase, while those all around you
see theirs fall.”

Please share this report. Help prepare your friends, co-workers, and
family members for the possibility of what is to come.

Inflation, Welcome to America!

America is about to see massive austerity measures (the kind which set off riots in Greece). The government will be doing this to combat inflation, which is on it's way here right now, and here's why:

- Iceland's Currency Collapse
- Revolts in Egypt and Tunisia
- Syria, Yemen, Jordan, Lebanon, Saudi Arabia, Iran...
- Algerian Riots
- The State of the American Wallet
- Coming Soon - Massive Austerity Measures
- Humming Printing Presses
- So, What Now?
- How to Profit and Protect Yourself
- Final (Important) Thought

“The outstanding debt of the USA is \$14,075,035,333,884. That's 14 trillion.”

Inflation in everywhere else in the world. It will be here next, if you haven't already noticed it.

In the U.S., we suffered through double digit inflation in the 1910's, 1920's, 1940's, 1970's, and 1980's. During those times, many watched their finances wither away, while others positioned themselves to greatly enhance their wealth.

I will explain some actions you can take to help yourself, if inflation does indeed get out of control here in America.

What is inflation? When you go to buy fuel or bread, and you're paying more for it than you did a month ago. The following month you will have to pay even more.

Iceland's Currency Collapse:

Inflation has begun raising it's head throughout the world. Iceland had double-digit inflation in the last few years, resulting in food hoarding across the nation, and eventually a collapse in their currency.

Revolts in Egypt and Tunisia:

Last year's 17% inflation rate in Egypt, combined with a food shortage, has led to the current uprising we're witnessing there.

You may remember that Tunisia went through an upheaval very recently, even before Egypt did. Widespread protests caused president, Zein al-Abidine Ben Ali, to flee.

Syria, Yemen, Jordan, Lebanon, Saudi Arabia, Iran...:

The unstable government of Syria may take their turn next, possibly followed by Yemen, Jordan, Lebanon, and potentially even Saudi Arabia. We have also seen revolts in Iran last year, which have been put down so far, but may resurface when the young population can no longer afford food.



Algerian Riots:

Algeria is the 9th largest crude oil producer in the world, and 6th largest natural gas producer.

Long before Egypt's current uprising, when similar events occurred in Algeria in 1990, it led to an 8 year guerrilla war. As many as 200,000 died in the fighting, along with 70 journalists assassinated. It ended with the government retaining control... until now, that is.

In Algeria in the first week of this year, the government hiked prices of milk, sugar, oil, flour and other staples. 800 people were injured in the ensuing riots (although you never heard about this on the news).

Unemployment in Algeria is pegged as high as 25% (unless you trust the government's "official" and misleading 11% figure). Inflation keeps creeping up. It's a matter of time before people take to the streets again, as things keep getting worse, and the example from Egypt has served as inspiration.

The State of the American Wallet:

About 70% of the last U.S. budget was paid for by brand new, freshly printed money. The more American dollars in circulation, the less each one is worth.

Currently, the outstanding debt of the USA is \$14,075,035,333,884 (That's 14 trillion). The national debt is increasing by over \$4 billion per day, and has done so since 2007.

Based on the population of just over 300 million people, each and every citizen (including babies and 95 year olds) owes \$45,400 of this debt. Of course, that number will be even higher by the time you finish reading this sentence.

When you pay your taxes, a lot of it is going towards interest to float the debt. Even people who are not yet born will have to pay interest on this debt.

Coming Soon - Massive Austerity Measures:

Best case scenario: Congress acts aggressively to balance the budget. This almost certainly could not be done before 2016, at best. To make it work, there will need to be massive austerity measures implemented, such as:

- releasing prisoners (as California has already begun doing)
- reducing police forces (as California has already begun doing)

... do you see anything wrong with that picture?

- raising the retirement age (100% this will happen)
- tax increases
- fewer tax deductions
- dramatic scaling back of public services (road workers, teachers, fire fighters, government, etc...)
- pay freezes
- reduction in health care spending
- reduction in military spending

“Massive austerity measures will be implemented.”

This will be a good start, but it alone will not be enough. We still need to deal with the \$112 trillion of unfunded liabilities (Medicare, Social Security, etc...) That's \$112 trillion that retirees were expecting to live off of, but the government just does not have the money! So, when you retire, where do you expect them to get the money from?

They will keep running the printing press. They will create more money. That is their only move. In other words, the value of the US dollar keeps getting watered down.

This results in inflation.

Humming Printing Presses:

We're getting inflation anyway, and it will only be increased and sped up by the constant humming of the printing presses.

Now, before you start pointing fingers at Obama or Bush, realize that this situation was created before either of them, and not by a president. Rather, it could only have occurred through years of poor decisions and a feeling of entitlement among policy makers.

The American people may also want to think about their own role. Most of the tough, yet absolutely necessary decisions would have been political suicide, so senators could not do what needed to be done.

Sometimes you have to hit bottom to truly start getting better.

So, What Now?

Ideally, inflation never comes to pass. Maybe we sidestep this whole mess by some economic resurgence, and this entire report won't be worth the paper it's printed on. I truly hope for that.

However, you may want to prepare just in case. Expect inflation, but use it as an opportunity to profit.

Certain types of investments should do very well in an inflationary environment. At the same time, you'll want to avoid companies that make products where the purchase decision can be put off (cars, appliances, televisions, etc...) during difficult times. As well, bonds and currencies may perform very poorly.

If you are a subscriber to the Peter Leeds newsletter (www.PeterLeeds.com) then you've already seen some of our stock picks that will position you well.

How to Profit and Protect Yourself:

Stocks themselves can be an inherent hedge against inflation, but only if you buy the right ones. Many people think they're safe if they buy a gold miner, only to get washed out by inflation. You see, not all gold mining companies are created equal.

- What is their Reserve Life Index (RLI)?
- Are they hedged (thus stuck with a fixed gold price) regardless of the cost of gold?
- Are they leveraged?
- What's their production price?
- Total reserves in ground?
- Exploration or production?
- Current debt load?
- Cost to reach full production?

“Each and every citizen (including babies and 95 year olds) owes \$45,400 of the national debt.”



The list of pivotal questions goes on.

A similar list of considerations can be applied to other inflation-hedging stocks. Companies that make fertilizer, toothpaste, food, drugs, certain base and precious metal, oil production (not exploration), etc...

It's very important to get into the right ones (the 5% that meet all the inflation-hedging criteria, and pass Leeds Analysis) at the right time. Going out and buying a company that makes fertilizer will not help you.

Survivors will be businesses that can support a fair amount of leverage, have decent pricing power, and limited capital needs. If they borrow money, they do it at a fixed rate. If they are producing precious metals, they have a double-digit Reserve Life Index. If they have debt obligations, it is funded by an inflation-adjusted, inflation-insulated revenue stream.

That's why our research and analysis, along with our expertise, could really help you benefit. You'll navigate the waters of a coming inflationary storm, and see your wealth and security increase, while those all around you see theirs fall.

You can see our stock picks for free right now, by taking a trial at www.PeterLeeds.com.

Final (Important) Thought:

Don't be fooled by stalling gold prices. After a momentous run-up in prices, it's normal for profit-taking and wary investors to pull the prices down in the short term. Also consider that gold never gets "used," and just about every ounce ever mined is still around today. Finally, major gold producers have recently announced that they are increasing production by over 15% this year.

Regardless, gold prices have still been holding up. This is because faith in the US dollar is toppling worldwide, and the metal can act as insurance against economic calamity or hyperinflation.

Unfortunately, many investors think they are being smart by picking up some physical gold mutual fund or trust, not realizing that it's leveraged. For each ounce of gold the trust holds, they may have as many as 100 people with a claim to it. What happens when 5% of the people ask for their gold at the same time?

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