John (Jack) R. Venrick

From: "Sovereign Society's Offshore A-Letter" <info@sovereignsociety.com>
To: <JACKSRANCH@skynetbb.com>
Sent: Thursday, January 07, 2010 7:31 AM
Subject: Avoid these six countries...

THE SOVEREIGN SOCIETY
OFFSHORE A-LETTER

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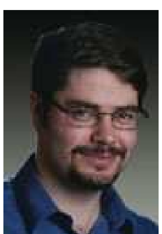
The Sovereign Society Offshore A-Letter
Thursday, January 7, 2010

Dubai is Not Alone…

Six Debt-Laden Countries to Avoid in Your Bond Portfolio

By Andrew Packer



From London, England

Dear A-Letter Reader,

In Tuesday's A-Letter, we saw this week that Dubai is simply "kicking the can" of it down the road by strategically defaulting on its Dubai World debt. And their credito on board with that…hoping that in, say, six months, a brighter outlook may lead to a better outcom outright foreclosure.

But Dubai is not alone.

The world is swimming in debt, if not drowning following massive sovereign debt issuances in 200 2010 looks to continue that trend…

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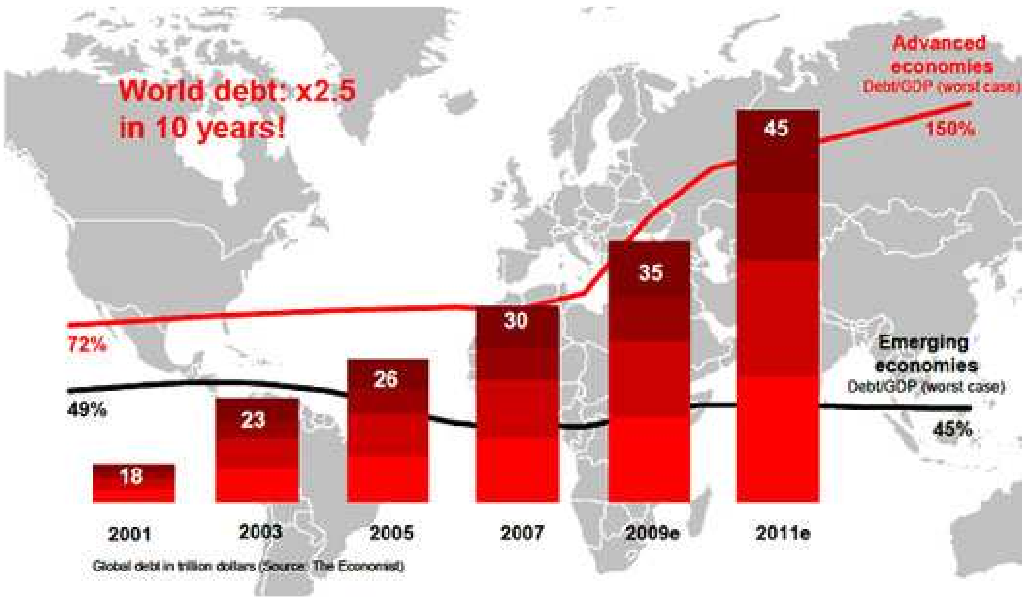
But now the collapsing dollar is throwing fuel on this fire…and the 30 stocks we have on our exclusive watch list could blow-up at any time…making savvy investors a small fortune.

Click here to be notified when the next “nearly sure thing” burns down and makes scorching profits.

In fact, just by looking at the rate of the increase in global debt, it seems pretty compelling that we’re in a bubble of sovereign debt. The worst part is that this debt is piling up in advanced economies with slower growth prospects…



Dubai was supposed to fit into the second category: a fast-growing emerging economy wisely diversifying away from petrodollars into a global financial powerhouse with a real estate market to rival London, New York, and Hong Kong.

But in reality, Dubai was neither— it was a mirage of wealth created by the perception that skyscrapers in the sea were worth billions and that oil would zoom past $148 a barrel to $200 and beyond.

There’s a whole laundry list of countries with unmanageable debt loads that have the potential to default in 2010. Examples include Greece, Spain, Portugal, and Ireland… better known by the acronym PIGS.

A default by any of these countries could force other E.U. members to come to the rescue, and, in the process, derail the euro. There’s also trouble in Eastern Europe, from last summer’s narrowly avoided default in Latvia.

The Dubai of Dubais…

But the worst offender of all—the Dubai of Dubais—is the United States.

Rather than build skyscrapers in the ocean, the U.S. has taught its citizens to dream big while the government offered mortgage deductions and other tax breaks to subsidize the bubble.

Instead of a nation building unnecessary skyscrapers in the desert, low interest rates caused a nation of unnecessary housing in the desert. Places like Mesa, Arizona and the Las Vegas region are America’s

Dubai World.

And all the while the debt issuance continues unabated, insufficient to meet current government spending as well as unfunded liabilities. It's estimated that with Social Security and Medicare's unfunded liabilities, total debt in the United States currently stands at over $100 trillion dollars.

Damn. That's a big number. Let's break it down. To about $900,000 per household. Good thing you keep that much spare change lying around, right?

Not only is Dubai not alone, it's one of the littlest kids on the debt block, defaulting on $20 billion or so of its total $90 billion debt load. Just wait until the United States or another advanced economy defaults. It'll make Dubai look like the garden spot of the world it wanted to become when it embarked on its Dubai World projects.

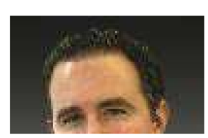
Debt has to be backed by some tangible collateral that can be seized by creditors in the event of default. And no appetite for debt is insatiable— eventually rates will have to rise, government "services" curtailed, and pitiful, pandering political promises laid by the wayside.

Stay Sovereign,

Andrew Packer
Managing Editor of The Credit Crunch Short Report

P.S. With so many countries already on the edge, I've been preparing my subscribers for the inevitable… click here to find out how…

Global Investor: Silver must confirm the Gold Rally…



By Eric Roseman

To confirm gold's bull market run, silver must settle above $20.78 an ounce.

Silver hit $20.78 an ounce back in March 2008; while gold also hit a nominal high that month, it surpassed contract highs 12 months later while silver stalled.

If there's an ounce of doubt still apparent in the nine-year bull market for the precious metals it's silver's failure to confirm the primary trend in gold prices. Silver has failed to confirm the rising trend in gold over the last four months because it didn't hit a new high last year whereas gold did.

Historically, gold and silver have rallied together in all precious metals' bull markets since WW II. I can't find a period when one metal rallied at the same time the other declined. Though gold is a monetary metal – silver is more tied to the economic cycle because of its industrial usage – the latter nevertheless plays a role amid an uncertain monetary environment. Supplies for both metals remain at historically low levels as production continues to decline.

Any bear market rally for the dollar must be viewed as yet another opportunity to sell the dollar in exchange for gold, silver and the mining shares. I would also add to my holdings in Canadian dollars and Norwegian kroner on any intermittent dollar rally.

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Sean Hyman, Currency Analyst

THE SOVEREIGN SOCIETY Ltd.,
98 SE 6th Ave., Suite 2, Delray Beach, FL 33483
TEL: 888-856-1403

Send comments to editor@sovereignsociety.com