What lies ahead for the Economy, the Stock Market, Oil, Natural Gas, Gold and Silver, and Monetary Policy?

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June 2015 Edition

Straight Money Analysis Newsletter

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A word about your newsletter

As we begin the 6th year of publication, we are proud of the fact that over the last three years we have been able to provide our subscribers the most accurate analysis and forecasts of market trends anywhere. As we enter the volatility of another presidential election cycle, your Straight Money Analysis newsletter is more important than ever. Rest assured that we will continue to provide you with the same kind of information used to form highly guarded proprietary investment strategies and market analysis as individuals managing a billion dollar hedge fund on Wall Street has at only a fraction of the cost. We also proud to announce that Andre Michael Eggelletion, author of "Thieves in the Temple" and "Where the Right went Wrong on National Security and the Left too", is now a contributor to this newsletter. His expertise on monetary policy and its effect on the economy is invaluable.

Our track record speaks for itself. Straight Money Analysis has consistently called these markets to perfection. No other newsletter can even come close to our level of accuracy, accessibility, and unflinching commentary. That is the reason why we are the very best at what we do, period.

I strongly suggest that you, along with your investment professional's help, take full advantage of this newsletter. And please don't forget to urge friends and loved ones to get a subscription to Straight Money Analysis. Follow me on Twitter at josephmeyer@meyerassoc, or find me with the twitter and You Tube icons on the www.straightmoneyanalysis.com *home page.*

Respectfully

***Joseph Meyer,** Founder and President of Straight Money Analysis*

BE SURE TO RENEW YOUR SUBSCRIPTION

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Straight Money Analysis is committed to providing the most timely and relevant worldwide business and financial news to its subscribers. This information is designed to provide a comprehensive overview of the most important and pertinent facts about what is taking place the domestic and global economy.

Because of the acceleration of globalization and international trade, Straight Money Analysis will give you the essential information to gain a greater understanding of the changing logistics currently underway in the world's economy. The topics discussed on a quarterly basis (March, June September, and December) beginning in January 2015 are often historic in nature, for the purpose of providing direct correlations to those current events in the news that are effecting major policy decisions of commercial institutions. In between the quarterly issues we will issue special bulletins and reports if there is important breaking news in any of the markets. I will also be available to answer any questions from subscribers via phone or email if need as I always have.

These are challenging times so don't forget to tell your family and friends to get their own subscription to the *"Straight Money Analysis"* newsletter. If you like this newsletter, tell your friends and family through Twitter and Facebook

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THE ECONOMY: Prospects for recession, cheaper oil, the TTP, and homeownership

IS THE ECONOMY HEADED FOR ANOTHER RECESSION?

The U.S. economy suddenly stalled and contracted in the first quarter. The numbers are so weak that it is difficult not to acknowledge that the six-year cycle of growth since the Great Recession has ended. When you consider the facts that investment in business buildings and factories fell 23 percent, and that the Fed hasn't cleaned its balance sheet of the $3.7 trillion in toxic assets it acquired from three rounds of quantitative easing, and hasn't raised interest in nearly 10 years, our current shape does not look good.

When will the next recession hit U.S. economy?

Recessions are inevitable. I think the answer to when will the next recession hit the economy is two-fold: Firstly, for many people in the U.S. the Great Recession has not ended. In spite of slow and generally steady job growth in the U.S., too many people are still unemployed or under-employed and mired in debt. This has led to the second issue; the economy is showing signs that another recession is looming this year precisely because growth has weakened due to decrease in consumer spending.

Is the nation prepared for another recession this year?

With interest rates at virtual zero levels the Federal Reserve may not be able to do much to help the over-all economy. In its attempts to help the economy, the Fed has not raised rates in nearly a decade. The last time the Fed raised interest rates was in 2006. Additionally, because of the mammoth size of government deficits and debt, there is a lack of political support for additional stimulus measures. Without the usual monetary policy tools economic sluggishness can easily bring recessionary conditions to the surface.

Understanding the economic effect of under-employment

Wages have not kept pace with inflation since the early 1970's and have gotten worse since the advent of deregulation in the 1980's. This lack of wage growth has led to a structural weakness in the U.S. economy. It has become the dominant catalyst behind the persistent weakness in the so-called six-year economic recovery; families are largely broke and cannot facilitate enough consumption to support economic growth without the Fed's help. If consumer spending continues to remain low, eventually it will contribute to the next stock market correction.

Will the U.S. be dragged into recession by forces beyond our border?

The fact that the U.S. economy operates within what is really an ad-hoc global economic framework means that it will be affected by forces beyond its border. For example: China's economic growth is slowing and if the pace and rate of the slowdown increases, it will have a negative impact on much of the global economy, including the American economy. This scenario is improbable but not impossible given deteriorating consumption patterns worldwide.

Can baby boomers depend on their pension and insurance?

The vast majority of retirees in America depend on their pensions for three square meals and a roof over their heads. Without their pensions they would become an increasing contributor to economic sluggishness. When you consider that growth in GDP has been nearly microscopic at just 0.2 percent, without help from their pension, persistent negative economic growth in the U.S. may be unavoidable. The U.S. now has several times more pension liabilities than any other country on earth. The number of pension funds in jeopardy of defaulting in America is not decreasing; it is growing. New Jersey's two largest pension funds are forecasted to become insolvent in 10 years. Moody's recently gave Chicago municipal bonds a junk bond rating because of critical state of its pension system.

The new dynamics of the prosperity gap

Thus there are indicators pointing to an increased probability of slowing economic growth and recession. But I think, from a practical perspective, we must view recession as a relative term in America. By this I mean, again, the average family has not been sufficiently helped from gains made in the economy over the last six years. The prosperity gap is no longer identified along lines of gender or race as the gap between rich and poor grows wider in America. A 2013 study by Cornell and Stanford university researchers revealed that only 42 percent of American families lived in middle-income neighborhoods in 2009, compared with 65 percent in 1970. The study also revealed that more than one-third of families lived in either affluent or poor neighborhoods, double the proportion in 1970.

The prosperity gap and its associated drag on economic growth

One of the main reasons for the widening prosperity gap and its associated drag on economic growth has been the behavior of those entities for whom deregulation was designed to help them make America stronger. Deregulation was enacted to better empower banks and corporations to create jobs in America. In lieu of job creation huge tax breaks have been given to corporations, tax relief on capital gains have been made, and regulatory restrictions have been relaxed for corporations and the banking industry. These are not bad things if they lead to growth in jobs and wages for the American people, but they have not. The jobs have been sent overseas and industry has been offshored without regard for displaced American workers. This has created a structural impediment to upward mobility for far too many Americans, just as President Abraham Lincoln said it would in a letter written to William Elkin less than five months before he was assassinated. Lincoln wrote: *"I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of the war, corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands, and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war."*

HAVE CHEAPER OIL PRICES HELPED THE ECONOMY?

Americans everywhere are relieved to see the recent oil-price drop if for no other reason than the money they are saving at the gas pump. As well, many economists welcomed the drop in oil prices with many forecasting that cheaper oil would help the economy. But the truth is that in the wake of the oil crash we have seen economic growth slow from over 0.6 percent in 2014 to just 0.2 percent today. So have cheaper oil prices helped the economy?

Oil prices affect three of the four components of GDP (Gross domestic product) measurement: net exports, consumer spending and investment. The fourth component, government spending, is largely unaffected by the price of oil. So let's take a look at the areas of GDP that are affected by the price of oil.

Net exports: In the first quarter of this year U.S. exports have been and continue to be restrained by the global growth slowdown. Indeed, the decline in net exports subtracted more than a full percentage point from quarterly GDP growth. However there are other factors that slowed the economy in the first quarter as well: the strong dollar, port strikes, and less consumer spending.

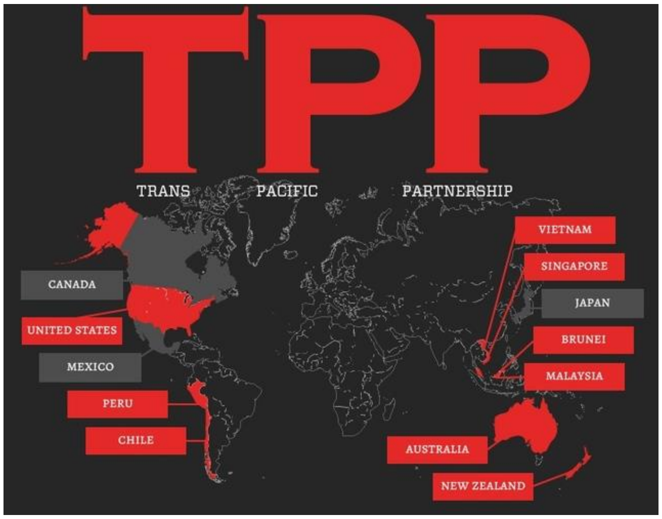
Consumer spending: Cheaper oil has been a great help to the average American. Struggling families need the extra cash they've been able to save at the pump. But because wage growth, consumer credit, and indebtedness are still such a major problem due to the Great Recession, people are reluctant splurge. In fact, with the exception of gasoline sales, retail sales have fallen in the past few months.

Investment: The impact of cut backs in investments by oil exploration firms has had a significant impact on the sluggish in economic growth during the first quarter. Over the last 4 years investment in mining exploration infrastructure increased by 80 percent. But today, because of the crash in oil prices, oil exploration firms have cut spending by 60 percent in the first quarter of 2015. The reduction oil exploration infrastructure investment has led to an increase in unemployment in states like Texas.

How have cheaper oil prices affected inflation?

Thanks to cheaper oil prices, inflation is down. This is allowing the Fed to keep interest rates low. Yet with cheaper oil prices and the sheer length of time we have had such historically low interest rates, we are still seeing sluggish economic growth. Bottom line, the correction in oil prices has not brought the help to the American economy that many hoped it would.

UNDERSTANDING THE DEBATE OVER THE TRANS-PACIFIC PARTNERSHIP?



The United States is poised to enter yet another controversial trade agreement called the Trans-Pacific Partnership (TTP). The TTP would establish a free trade zone for the Pacific Rim, effectively eradicating trade barriers between 12 countries, including the United States, Japan, Singapore, Vietnam, Canada and Mexico.

A brief word about the politics of the TTP

The TTP has created a rare display of agreement between the White House and many congressional Republicans. The U.S. Chamber of Commerce is also pushing for the deal saying it will increase U.S. exports and help create more jobs in America. Many Democrats do not support the deal, and point to the era of outsourcing that emerged after NAFTA.

What are supporters saying?

The White House maintains the following about the trade deal:

1) It will not allow overseas companies to use child labor, and it will strengthen environmental regulations to end the unfair competitive edge they have had over U.S. companies.

2) It will strengthen protection for the intellectual property of U.S. exports. Everything will be protected from piracy; movies, software, product design, and patents on prescription drugs. If achieved, this protection will save U.S. jobs that are lost because of piracy.

The Nike Corporation, which is headquartered outside of Portland, says if the trade agreement passes, the company will create 10,000 jobs in the United States.

What are opponents saying?

Critics argue the deal will do the same damage as previous free trade deals like NAFTA, which flooded the U.S. with cheap products made by workers overseas. Those previous deals cost U.S. workers their jobs and lowered their wages.

They further argue that lowering trade barriers under the pact's labor and environmental protections will not create an equal playing field for American companies. They also say that given how hard it has been regulating businesses in the U.S. it is hard to believe inspectors of factories in Vietnam and Malaysia are going to do any better. Finally opponents say there is zero ability of the small, export-driven economies of the Pacific Rim to buy U.S. goods on the same level as the U.S. will import from them.

Homeownership rate at 29 year low

Has the American dream died?

An April survey from Gallup reveals that for many millions of families in the U.S., the American Dream has died. According to the poll, the percentage of Americans who do not currently own a home and do not think they will buy a home in the foreseeable future has risen by one third from 31 percent in 2013 to 41 percent today. The US Census also released its latest homeownership data, which confirmed that owning a home has become virtually impossible for tens of millions of Americans. The Census survey shows the homeownership rate has fallen to levels not seen in nearly 30 years from 64.0 percent to 63.7 percent.

Why has the dream died for so many people?

The problem is that real estate prices have grown faster than increases in wages, and qualifying for a mortgage has significantly tightened. Over the last year, the average household income in March grew 2.1 but home prices rose 7.8 percent.

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STOCK MARKET: Understanding why a major correction is at hand

Some important things in this section

As we cover what is happening in the markets once again for my subscribers, I have outlined four things of immediate concern as we await the equity markets finally putting in their final highs. To focus on the seasonal picture, I also wanted to outline the best and worst months of performance in the U.S. equity markets. Moving forward from a seasonality standpoint, it appears that the stock market may very well be finally poised for a long overdue and needed correction in prices.

Ready for déjà vu (all over again)?

The stock market is now in a seasonally similar position to what we witnessed leading up to the financial crisis and collapse of 2008 involving Lehman Brothers. At that time, from May 19, 2008 through early July of 2008 the Dow Jones Industrial Average fell about 2,000 points. Here are five reasons why this feels like déjà vu all over again:

1) Traditionally the time period of May through October has a long history of price weakness in the equity markets.

2) The ongoing situation with Greece and the Euro continues to deteriorate. We are now finally at a long-term critical stage in the debt negotiations of the European Union itself.

3) Durable goods orders in the U.S. have fallen for four months in a row.

4) The U.S. Dollar Index is surging we have recently witnessed the largest 7 day rise since the collapse of Lehman Brothers in 2008.

5) The VIX or volatility index is once again surging and is now at the highest percentage in all of 2015.

The markets represent an unacceptable level of risk for the average investor. It would be prudent to employ close stops under all long positions in the equity markets. As the similarities leading up to the 2008 crisis are once again beginning to appear. I would suggest that you once again work closely with your investment professional's guidance to protect the profits and equity in your portfolio.

Are investors oblivious to the current resistance underway?

The equity markets are now running into overhead resistance as advances in the averages are now meeting heavy selling pressure. If we are to once again witness new highs in the averages we will have to see share volume on the buy side increase dramatically. In advance of the current selling pressure, investor complacency has been at an all-time high. The risks investors have made and still make is real and dangerous. I believe at these current price levels the equity market is now truly in perilous territory. Yet we are being told nothing matters anymore fundamentally in any of these markets. I disagree with those reckless assertions because I have been here before and know better. Bull markets take the stairs bear markets take the elevator. When you are told, as we have been, that interest rates, energy prices, and budgetary deficits do not matter it is a time for concern. In 2008 the bond market totaled $82 trillion. Today the bond market totals over $100 trillion. The derivatives market now amounts to 80 percent of all trades in bonds, with interest now totaling over $700 trillion.

The American dream

We talked about the death of the American dream in the section on the economy. However I need to mention just a few more facts to support this reality. Many people don't notice it but the standard of living for all Americans has been falling since the 1970's. The reason they don't notice it is because the United States and other sovereign nations have been papering over this erosion with social programs and entitlements. We now have 47 percent of U.S. households receiving government benefits in one form or another. I believe we lost the American dream a long time ago, yet few if any will acknowledge this profound fact.

BEST AND WORST SEASONAL MONTHS FOR STOCK MARKET PERFORMANCE

The best months	**The worst months**
1) January	1) February
2) March	2) May
3) April	3) June
4) July	4) September
5) November	5) August
6) December	6) October

FOUR SETS OF FACTS OF IMMEDIATE CONCERN IN THE EQUITY MARKETS

Massive debt service by individual sector

1) Governments
2) Corporations
3) Individuals

Massive unsustainable bubbles

1) Common stocks
2) Bonds

3) Real estate: both commercial & residential

Unemployment and low paying jobs

1) Unemployment remains still very high compared to previous economic cycles and economic recoveries.

2) Levels of income inequality have never been greater and continues to worsen as the markets drive to even higher valuations.

3) 50 percent of all Americans that are employed are now earning less than $28,000.00 per year. No one can save a dime.

4) The American dream remains elusive for too many Americans. Many are now doubting if in fact it still exists in America.

Record leverage and margin debt exposure

1) Massive buildup of margin debt in both the stock and bond market

2) $18 trillion federal debt and still growing

3) $240 trillion in unfunded liabilities

4) 1.5 quadrillion dollars in credit swap derivatives

The markets are making history

As I have stated many times in this newsletter, we are making history by many prior bull market measurements. The current bull market is now only second in duration to the bull market we witnessed in the 1920's. It is also important to focus on the very important and often overlooked fact that we have not had a 10 percent market correction in over 43 months. It is one of the longest periods on record where equity prices have refused to correct. I believe it will portend, when the correction finally arrives, a nasty waterfall type decline. This will be surprising to many investors who have become very complacent.

Time to adjust

As the equity markets continue to drive to what I believe are unsustainable valuations the proper asset allocation of your portfolio and investment capital has never been more important. It is also important to take money off the table. Stock valuations do not grow infinitely. Do not be afraid to take profits as this market drives higher. Remember you can always come back into the market at a later time and at better price valuations if you have raised adequate cash reserves that will allow you to do it. If you are in need of adjusting your asset and portfolio allocation to the market now is the time to do it while share prices are still rising in value. If your portfolio was geared for a rising market over the last several years a major market trend change is now upon us. It now would be a good time to reallocate and prepare for the coming equity bear market and reduce risk and exposure to the equity side of the financial markets.

FIVE LEVELS OF FINANCIAL ASSET ALLOCATION: From the bottom of the pyramid to the top

1) The foundation (Gold and silver bullion along with coins and high quality precious metal mining shares)

2) Security (Cash deposits, money market funds, annuities, and T-Bills)

3) Income (High quality blue chip stocks, high quality corporate and government debt)

4) Growth (High quality small cap companies, and large cap stocks, high quality equity mutual funds)

5) Speculation (Stock options, financial futures, commodity and currency trading)

Watching the moving averages

The current 200 day moving average on the Dow is in the 17,578 area, and the 50 day moving average is at the 18,019 level. In the S+P 500 Index the current 200 day moving average is in the 2,041 area, and the 50 day moving average of prices is at the 2,099 level.

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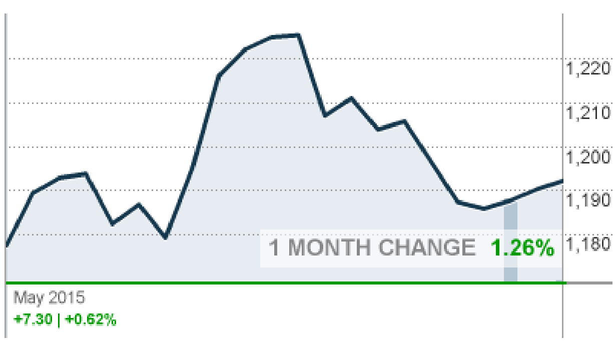
GOLD: Predictions for tomorrow based on lessons from the past



What's in this section?

In the section of this newsletter pertaining to gold we thoroughly cover several points and factors that I continue to believe truly matter in the long-term. I will cover the performance of gold over the last decade versus other asset classes in this section on gold. I have also outlined five potential black swan events that will affect the price of gold. I also included for your review five periods when inflation was the highest and outlined in addition deflation and gold four characteristics we can expect moving forward. In addition I also included the performance of two large gold mining companies during the Great Depression years of 1929-1933. The long-term fundamentals for gold remain very strong and positive which are as follows:

1) The growing anti-dollar movement

2) Continued reckless behavior of the world's central banks

3) Increasing uncertainty of the global economy as we move forward.

Finally we must never forget that gold is a storage of wealth and a hedge against runaway inflation which is one of the most serious conditions we are going to face in the years ahead of us. We must own both gold and silver.

The role of the Fed in the markets

I also cannot stress and emphasize enough the importance of understanding the role of Fed monetary policy as we move forward in all of these various markets and asset classes. Andre Michael Eggelletion is the co-editor of Straight Money Analysis and a long-time close friend and acknowledged authority on Fed and its monetary policy. Andre has consistently told you what you needed to know and why. Andre and I together have tied all the variables that will effect where these markets are headed from here and what you can and should be doing about it. I once again urge you my subscriber to read over the commentary of Andre as it pertains to monetary policy; twice if necessary because it remains a critical part of the financial puzzle.

AFTER WORLD WAR II: Five periods when inflation was at its highest

Before I list the five periods after WWII when inflation was at its highest, I want to point out an interesting fact: Between 1998 and 2008 gold more than tripled in value reaching $1,000.00 per ounce. The value of gold once again doubled between 2008 and 2012, reaching a level of $1930.00 per ounce.

During these five years listed below for your review the Dow Jones Industrial Average was a minus 12.33 percent compared to gold rising about 130.4 percent. The periods were:

1) 1946

2) 1974

3) 1975

4) 1979

5) 1980 and also in 2012

FOUR PERIODS OF IMPORTANT PORTFOLIO DIVERSIFICATION

1) The 1970'S were a great time to own both gold and silver but it was also a very bad time to own the U.S. stock market.

2) The 1980's and 1990's were a great time to be invested in the U.S. equity markets but a bad time to be invested in both gold and silver.

3) 2008 saw a long overdue correction take hold in the U.S. equity markets with the Dow finally making very important long-term lows at Dow level 6470 and S+P 500 Index level 670. We also witnessed money come out of stocks and bonds and move into the precious metals market.

4) I believe the U.S. equity markets are now in the process of finalizing a very important long-term top. Precious Metals along with oil are now putting into place a very important long term bottom. The U.S. equity markets by all measurements of value remains very overvalued and the gold and silver sectors of the market remains very long-term undervalued.

UNDERSTANDING THE FOUR CHARACTERISTICS OF DEFLATION AND GOLD

1) A period of pronounced slowdown in business activity.

2) The economy is burdened with excessive and unserviceable debt

3) Closing of factories coupled with shrinking employment and incomes.

4) Default on loans by individuals and corporations coupled with a decline in asset prices (also known as asset deflation).

TWO EXAMPLES OF GOLD MINING COMPANY PERFORMANCE DURING THE GREAT DEPRESSION YEARS (1929-1933)

I wanted to mention for the benefit of my subscribers a fact few are aware of. The period of the 1930's was an extraordinary time in which to own the gold and silver mining companies. The two gold mining companies below not only appreciated dramatically between the years of 1929 through 1933 they paid a handsome share dividend. The dividend on Home Stake mining shares doubled from $7.00 per share to $15.00 a share during the period listed below. The dividend on the shares of Dome Mines during this same period also grew from $1.00 per share to $1.80 per share. I also want to mention that if an investor bought the shares of these two companies just five years earlier he would have paid about half the share price listed below.

Company Name	1929 Stock Price	1933 Stock Price	Percentage Gain
1) Home Stake Mining	$65.00 a share	$373.00 a share	474 percent
2) Dome Mines	$6.00 a share	$30.50 a share	555 percent

GOLD'S PERFORMANCE VERSUS OTHER GLOBAL ASSET CLASSES OVER THE LAST DECADE, PRIMARILY GLOBAL REAL ESTATE AND MODERN ART

1) Gold has appreciated 179 percent over the last 10 years

2) Real Estate in London England appreciated 138 percent over the last 10 years

3) In New York Prime real estate appreciated about 67 percent in the 10 year period.

4) Modern art has appreciated 258 percent as per the Knight Frank Luxury Index

FIVE POTENTIAL BLACK SWAN EVENTS THAT WILL AFFECT THE PRICE OF GOLD

1) In the first scenario it is the potential bankruptcy of Greece on July 20, 2015. If Germany refuses to fund Greece any further without a compromise on additional austerity measures it will send shockwaves around the world. If Greece then files for bankruptcy it would likely off a contagion in Portugal, Spain, and Italy. The very survival of the European Union would then be threatened due to the problems with Greece. It would be hard for this event not to spur the members of the European Union to go back to their individual and respective sovereign currencies.

2) In this second scenario, should the Chinese equity markets experience a sudden and dramatic drop in prices it would result in a panic shift back into gold by the Chinese consumer. The Chinese and the Asian countries have a long history of understanding that gold is a monetary metal. Gold remains a storage of wealth and also has a long history as a hedge against inflation while currencies become worthless in value. China may very well now begin holding far more gold than previously believed. When they officially announce their gold holdings it will both stun and panic the precious metals markets.

3) In this third scenario the long overdue correction in the ongoing U.S. equity markets results in a panic sell off of stock prices over a period of several trading days. Investors scramble to raise cash and buy both gold and silver, as well as other hard asset classes. It is important to note and keep in perspective the often overlooked fact that the U.S. equity markets have not had a 10 percent correction in over 43 months. When the U.S. equity markets finally due undergo a correction in prices it will be very sharp and sudden decline. It may trap many investors fully invested in stocks who did not heed our repeated warnings in this newsletter to take some money off the table and raise adequate cash reserves.

4) In this fourth scenario the various Asian equity markets all experience a very sharp sell-off in prices as fears of an Asian slowdown in their respective economies becomes a reality. The memories of what took place with Japan and their NIKKEI stock market has not been forgotten in Asia. Japan has been in a deflationary downturn for over 25 years with no end in sight even with continued massive and unprecedented stimulus measures

by the Bank of Japan. China and India are now the main engine of growth for all of South East Asia its economy will now dictate policy in the region because of its massive size. It important to also note 25 percent of the world's current population now resides in China. If we include India the total would be a staggering figure of over 40 percent with enormous economic and financial implications moving forward.

5) In this fifth scenario, all of the various international and global equity markets begin very erratic and volatile trading with huge swings in equity prices both up and down frightening many market participants. The fear of another Lehman Brothers credit related event happening unexpectedly is of concern now to many deep pocket market participants. The global markets are now awash with massive liquidly. Being prepared and aware when the shift in asset classes and asset allocation occurs is critical. It will be massive in scope catching many unaware.

Watching the moving averages

The current 200 day moving average price for gold is in the $1,216.00 area, and the 50 day moving average of price is at the $1,196.00 level.

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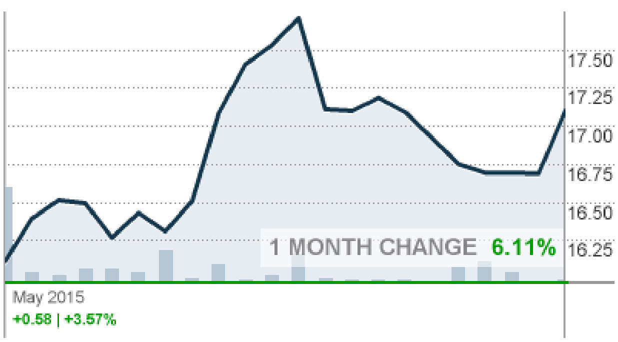
SILVER: The lessons of history



The importance of understanding history

We must take the time to understand and review history, as I have always advocated. There is no substitute to having a clear understanding of the past. It is extremely important for us to understand history and put its meaning in proper perspective.

What is history telling us about the dollar's future?

The average life of a fiat international currency going all the way back to the year of 1400 is only between 80 to 105 years. The U.S. dollar has now been the world's reserve currency for 95 years. Based on the history a fiat reserve currency, I believe we are now entering the twilight of the dollar's reign as the world's reserve currency.

On vs. Off of the gold standard

I wanted to outline once again for you my subscriber the 6 prior periods in history of what happened when both gold and silver were not backing a currency. In the United States we first took the silver out if our coinage, similarly in the way the Roman Empire did, in 1965. We then followed up by abandoning the gold standard in 1971 having been on it since 1944. Note: this was a period of just 27 years. It is interesting to note that few people even realize today we have been off the gold standard now 44 years; a period of 17 years longer than when we were on it.

How the world has changed since 1971

The world has changed dramatically since 1971. We are now witnessing a rapid acceleration in reference to future changes. China is now a major force economically. They were not even a factor in the precious metal bull market of the 1970's. I believe that their holdings of both gold and silver are now massive in size as they continue to convert dollar reserves to hard assets while prices are still cheap and assets remain attractive over the long-term.

SIX EXAMPLES OF FIAT INTERNATIONAL RESERVE CURRENCIES SINCE THE YEAR 1,400

Name of country	Time period as an international reserve currency	Time period
1) Portugal	1450 to 1530	80 years
2) Spain	1530 to 1640	110 years
3) Netherlands	1640 to 1730	90 years
4) France	1730 to 1815	85 years
5) Britain	1815 to 1920	105 year
6) United States	1920 to present	95 years
7) Gold	from 1400 to the present time	615 years

GOLD TO SILVER RATIO

The ratio

The average gold to silver ratio since 1998 has been about 65 to 1 with the maximum ratio having been about 85 to 1. The minimum ratio also during this period was a ratio of 32 which was reached in April of 2011. It is also interesting to note that at current price levels Silver is 11 percent oversold based on the long-term gold/silver ratio of 65 to 1.

Has the correction in precious metals ended?

Since the peak of the metal markets in September of 2011 we have witnessed a 40 percent correction in gold and a 70 percent correction in silver prices despite favorable supply/demand conditions. This is part of the reason why I now believe the current long correction in this silver bull market is now complete and we are now preparing to reverse back to the upside. Another reason I believe the correction is over is because it was recently announced by the Silver Institute that silver's industrial demand will grow by 27 percent by the year of 2018. Yet another reason I say the correction is over is that demand for solar panels continue to grow in China and India with each solar panel manufactured using two thirds of an ounce of silver. China also has a long history and love affair with silver going back many centuries. How much silver in addition to gold is China really holding? We are soon to find out.

Has the commodity bull market ended?

The commodity bull market is not complete by a long shot contrary to what many wants to believe and the medium endorses. The surprise for many will be when the metals market moves back to the upside in a big way.
I will go on the record, as I always do, because that is what Straight Money Analysis is about. I will tell you before this commodity bull market is complete we will witness the greatest bull market since the industrial revolution.

What could trigger the final move in gold and silver?

I believe the final move in gold will take place, and carry silver with it, when China endorses gold as part of their currency. The bull market in silver began in November of 2001 at the $4.01 per ounce level yet few investors still own any sizable amounts of silver preferring stocks, bonds, art and collectibles instead.

Currency vs. gold and silver

All of the central banks of the world have now embraced zero interest rates. In knowing what we do know in reference to China's gold holdings, which currency would you want to hold long-term: dollars, Euro's or Yuan. I now believe, as we move forward, we will witness silver outperform gold. It is very under-valued and under-owned by investors all over the world.

Gold will lead the way to silver prices

I wanted to outline for you my subscriber, based on the previous highs and lows, where I believe we are now heading in the upcoming advance in silver prices. The coming move now underway to accumulate hard assets will continue to accelerate and gold and silver will lead the way. Keep in mind the fact that supplies of available gold and silver are already scarce.

Silver mining shares

Silver mining shares now appear to have finally witnessed their lows in prices. This group should perform spectacularly in the next leg of advance in coin, bullion, and mining shares.

SILVER NOPW SET TO OUTPERFORM GOLD

Gold has also made a very important long term bottom in price at the $255.00 per ounce level. The precious metal bull began very quietly as all major bull markets all through history have consistently done, each time leaving the unsuspecting public investor behind. The Chinese have also recently cut rates in line with what other central banks of the world have done as the global economy continues to weaken. The oil and copper sectors of the market have recently been very strong. Smart money is now moving out of bonds and into commodities.

SILVER PRICES: What to expect moving forward

Based on previous price action from the start of the bull move, the next potential price peak is at the $120.00 per ounce level

1) The first price high off of the low of $4.01 per ounce occurred at the level of $8.50, which was approximately double the previous low.

2) The second high was at the price level $21.44, which was approximately 4 times the previous low of $5.45 per ounce.

3) The third high was at the price level $49.52 which was approximately 6 times the previous low of $8.40 per ounce.

4) So far the fourth low has been approximately limited to the price level of $15.00 dollars per ounce. If we witness the next progression in price multiples we could see silver trade at the price level of $15.00 X 8, which would give us a silver future price projection of price level $120.00 per ounce.

Watching the moving averages

The current 200 day moving average of price for silver is in the $16.99 area, and the 50 day moving average of prices is at the $16.58 level.

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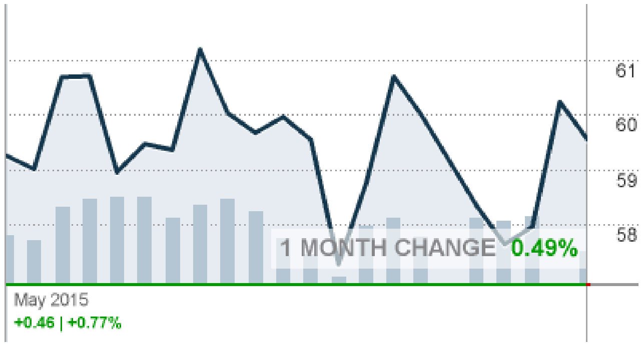
OIL: Staying focused on the long-term



Where the current trend is headed?

Straight Money Analysis is about telling you not only what truly matters but why it matters and the reasons why we believe it. I want to mention a fact for our subscribers few at this point realize when we speak about the current price of crude oil. Forty two days ago on March 17, 2015, oil was trading at $42.43 a barrel. It has since rallied about 41 percent to close on Friday May 15, 2015 at $59.56 per barrel. It is important to note that if this rate of advance continues we could see oil trade to the $100.00 a dollar barrel by July 31, 2015. I do believe we will see substantially higher energy prices ahead of us mainly because the ongoing political situation in the Middle East keeps deteriorating.

My predictions still stand

I was quoted in an article a few years ago in Foreign Policy magazine with Steve Levine and I stated we would first see $200.00 dollar a barrel oil and then eventually over $300.00 a barrel oil. I still stand by those predictions based on my continued analysis of the energy complex.

$40.00 dollar a barrel crude oil prices: did it signal the bottom

It now appears that my call on oil prices during my recent show on Caravan to Midnight with John B. Wells was right on the Money. John asked me in my recent show with him where I thought oil prices were headed and I told him we would trade down to the low to mid $40.00 a barrel level.

Stay focused on the big picture

I have often stated in this newsletter that it is important to keep focused on the big picture when we speak to the energy related markets. The big picture tells me that the counter trend rally is still intact. This is suggesting higher prices are still ahead. Notwithstanding my long-term expectation of higher prices, I believe that a retest of the recent lows in oil prices cannot be ruled out. Any retest of the lows will be due to the massive and continuing unprecedented intervention we are seeing in all of the world’s markets. But for now, we continue to see increased demand for crude oil and its price continues to rise despite coordinated efforts to drive it lower.

Long-term positives

I remain very positive and committed to the energy sector of the market along with the precious metal mining sector for the long-term. I also like the legitimate high growth dividend paying companies on a total return basis for the long-term.

The pundits are wrong again

I know some of the financial pundits on network television think we will see $20.00 to $30.00 a barrel oil prices. I want to remind you of the long-term track record of these people in calling various prior markets. These very same people missed the top in the dot com bubble, the top in the housing bubble and the bottom of the precious metal bear market in 2001. The long-term track record of these so called experts is one of being consistently wrong on the major trends in various asset classes. I disagree with the broad investment consensus that this is the time to be selling oil and oil related assets this is the precise time to be buying this sector for the long-term.

Geopolitical concerns

I also want to remind my subscribers of another important fact you will never hear spoken in the mainstream media. The fact is that both Russia and Iran continue to sell crude oil supplies for gold and this is because they know just how valuable such a commodity is. The escalating crisis in Yemen has the potential to threaten Saudi Arabia directly it must be stopped now by coalition forces.

Plight of the oil producing states

The recent oil price weakness has hurt many of the leading domestic oil producing states which did have very low national unemployment numbers. I wanted to name the top 10 oil producing states that have been hurt economically by the falling price of crude oil. The unemployment picture is now worsening in the 10 states named below as we are continue to see massive cutbacks in exploration and oil drilling programs. I also wanted to revisit for the benefit of my new subscribers as well as my old the six prior periods when we have witnessed crude oil prices double within a two year period of time. I don't know if you agree but I believe the world is now a very unstable place and prone to violence at any time, for any reason, just like the six prior periods mentioned below.

The 10 oil producing states hurt most by falling oil prices

1) North Dakota	6) Colorado
2) Wyoming	7) Montana
3) Alaska	8) Texas
4) Oklahoma	9) Kansas
5) New Mexico	10) Utah

Three things indicating the true strength of the oil market

1) The bull market in crude has been in force for 15 years and throughout that time we have witnessed large swings in price both up and down. The decline in oil prices has lasted about 9 months and we are now witnessing a sharp counter trend rally in oil prices. The global oil market is in a disarray with many oil producing countries now bleeding revenue and facing sever budgetary oil revenue related short shortfalls.

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2) It is important to also note and acknowledge that even with the sharp fall in energy prices we have not witnessed any long-term oil field closures. What we have witnessed is a curtailing of any new oil field explorations due to the uncertainty of where oil prices go from here. I do think we have the potential to see the oil market rally to the $60.00 to $62.00 a dollar a barrel level over the short-term.

3) I wanted to outline once again for the benefit of my new newsletter subscribers the six periods when crude oil prices doubled in a two year period of time. I wanted to mention this because I strongly believe we could witness a doubling of crude oil prices once again over the next two year period of time. Here listed below are the six prior times oil doubled in price within a two year period of time.

Six prior times oil doubled within two years

1) January of 1974

2) November of 1979

3) September of 1980

4) June of 2000

5) August of 2005

6) December of 2008

7) March of 2017???

Watching the moving averages

The current 200 day moving average of oil is in the $66.07 area and the 50 day moving average of prices is at the $55.19 level.

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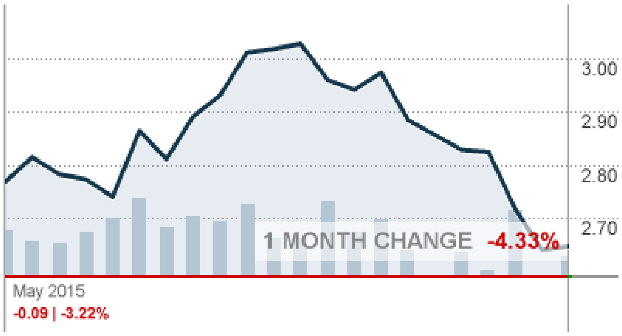
NATURAL GAS: Monitoring geopolitical and cyclic concerns



How do I view the correction in the energy sector?

Over the last 9 months the energy sector of the equity market has gone through a serious correction in prices. I continue to view this correction in the context of the long-term as an extraordinary buying opportunity. Be advised that it is clear we are now rapidly approaching another seven year cycle of economic or financial debacle in which few if any are prepared and have a plan to deal with. The equity markets have witnessed a tremendous move over the last several years and we are now witnessing more risk taking in these markets now than at any time in history.

Geopolitical concerns

The global landscape continues to rapidly change with the Middle East now facing some of the worst violence in my lifetime. The recent escalation of violence coming from Yemen threatens now the very stability of Saudi Arabia itself and its monarchy. The ongoing War on Terror is now almost 15 years old and the demographics of this region are now continuing to shift and change radically. The stability of past decades is now long gone with the emergence of radical Islamists beliefs taking hold in this region and gaining ground rapidly. I do not know what you think but I am now very concerned where all of this turmoil in the Middle East will lead us both economically and militarily.

How long can we look to the Middle East?

I no longer believe we can take for granted a continued access to the oil and gas supplies of the Middle East region as we once did for many prior decades. The emergence of Russia as the world's number 1 producer of both crude oil and natural gas speaks volumes as to where we are headed with future energy prices.

The re-pricing of assets

I believe we will see ahead, as I have stated in this newsletter many times over the last few years, a re-pricing of all asset classes. I believe oil and gas have already completed their respective re-pricing of value and are now long-term positioned to move to higher long-term valuations. I continue to believe this because of what we are seeing in respect to not only gas and oil but also uranium and gold as well. Russia has absolutely no intention of selling its strategic natural resources, and they are taking payment in gold bullion at fire sale prices. We are going to pay much higher prices for gas and oil in the coming years; China and Russia both will make that a reality.

What to expect in the seven year cycle

Natural gas remains at these current price levels a very long-term undervalued asset and it continues to remain the future of clean energy generation. When the coming seven year cycle takes hold in the equity markets I believe the energy and precious metals sectors will resist the decline. I am expecting the seven year cycle to take hold in either the late summer or early fall of 2015. When this cycle occurs it will once again offer a long-term entry point into the strongest emerging sectors of the market place.

THE SEVEN YEAR CYCLE OF ECONOMIC AND FINANCIAL CALAMITIES

1) 1966: The stock market faces a financial crisis the stock market drops 20 percent

2) 1973: Oil shock and stock market upheaval. The stock market falls 30 percent as the Dow falls to 570

3) 1980: A hard and deep economic recession begins. The Dow bottoms in late 1982 at Dow 775.

4) 1987: Stock market crashes. At the time it was the largest single one day decline in history.

5) 1994: A bond market crash panics the equity markets

6) 2001: Stock market crash and 9-11 stuns the nation after recent Dow closing high

7) 2008: Stock market crash and bankruptcy of Lehman Brothers, Bear Stearns, and Merrill Lynch.

The handsome ranking of Russia in four natural resource classes

1) Crude oil has fallen about 61 percent from its high of $147.00 per barrel in 2008 and is now trading in the mid to upper $50.00 dollar a barrel level. Meanwhile Russia is now # 1 in oil production globally.

2) Natural gas has also fallen in price about 82 percent from its 2006 high of $15.37 while Russia is now # 1 in the production of natural gas globally.

3) Uranium has also fallen about 71 percent from its high of $136.22 in 2007 as Russia is now #1 in the mining of uranium globally.

4) Gold has also fallen about 39 percent from its 2011 high of $1923.00 dollars per ounce level. Russia is currently # 2 in the production of gold globally but could surpass China as # 1 shortly with its gold production.

Watching the moving averages

The current 200 day moving average in price for natural gas is at the $3.32 level, and the 50 day moving average of prices is in the $2.73 area.

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MONETARY POLICY: Understanding the high cost of low interest

Interest rates near zero until September

The Federal Reserve has held interest rates at near zero for the last six years. Indeed, as I stated earlier in the section on the economy, in its attempts to help the economy, the Fed has not raised rates in nearly a decade. The last time the Fed raised interest rates was in 2006. The Fed's balance sheet has also grown to mammoth proportions with $3.7 trillion in toxic assets it acquired from three rounds of quantitative easing. Today, the general expectation is that the Fed will not raise interest rates until at least September. So how will the Fed's actions in this regard affect you?

The net effect of keeping interest rates at zero

The Fed's goal is keeping interest rates low and promoting inflation. The net effect is a punishment for savings. The equation is simple: The money you have saved in the bank is not earning enough interest to keep pace with the Fed's goal of 2 percent inflation so long as interest rates are pegged at near zero. The purchasing power of your savings declines by 2 percent at zero interest when the Fed's 2 percent inflation goal is reached. This forms an invisible tax on savings.

Can the Fed fulfill its charter under current monetary policy plans?

The mandate for the Fed under its charter is to pursue maximum employment, moderate long-term interest rates, and stable prices. Your question should be: "how can we have stable prices when the Fed's desire is to keep interest rates near zero as inflation moves to 2 percent and beyond?" The Fed seems to be compromising its mandate to maintain stable prices and inducing a 2 percent rise in prices by the same incremental reduction in the dollar's purchasing power. In case you think I'm wrong about the Fed's desire you should be aware of recent remarks by a top Fed official. In prepared remarks by Chicago Fed President Charles Evans for delivery in Stockholm last month the policy was made clear. Evans said "*faced with US inflation running too low for too long, the Federal Reserve should aim to boost inflation above the central bank's 2-percent target by keeping interest rates near zero until early next year… Policy should be sufficiently accommodative so that ... the odds should favor modestly overshooting our 2 percent target sometime in the medium term."*

Public reaction in the U.S. vs. Cyprus

Because colossal ignorance generally abounds about the net effect of monetary policy the Fed can violate its own mission statement and there will be virtually no reaction from the public. Howbeit this was not the public reaction in Europe when the European Central Bank, International Monetary Fund and Cyprus announced an immediate and surprise tax of 6.75 percent to 9.95 percent on savings accounts. The goal was to raise about 5.8 billion Euros or $7.5 billion. The decision by the ECB and IMF to take depositors money vs. restructuring debt so that Cyprus could qualify for a 10 billion Euro (about $13 billon) bailout was met with a loud and clear rejection from the people of Cyprus calling such an idea "stealing" from the people.

The equation made simple

I think most people inductively suspect that the struggling masses in America will end up paying for the years of financial malfeasance that caused the Great Recession and they are correct in part. In reality everyone, both rich and poor are having their earnings devoured by inflation and here's how:

1) We have had near zero interest rates for the last six years

2) Inflation has ran below the Fed 2 percent target at 1 to 1.5 percent over the last six years.

3) 1.5 percent multiplied by 6 years equals a 9 percent reduction in purchasing power in six years.

In my humble opinion the zero interest/2 percent inflation policy is bad for the economy because it denies a fair return on saved money. It punishes saving. It obstructs a mechanism that should produce income and fuel spending.

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Straight Money Analysis is committed to giving you the essential information to gain a greater understanding of the changing logistics currently underway in the world's economy. The topics discussed on a quarterly basis (March, June September, and December) beginning in January 2015 are often historic in nature, for the purpose of providing direct correlations to those current events in the news that are effecting major policy decisions of commercial institutions. In between the quarterly issues we will issue special bulletins and reports if there is important breaking news in any of the markets. I will also be available to answer any questions from subscribers via phone or email if need as I always have.

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