



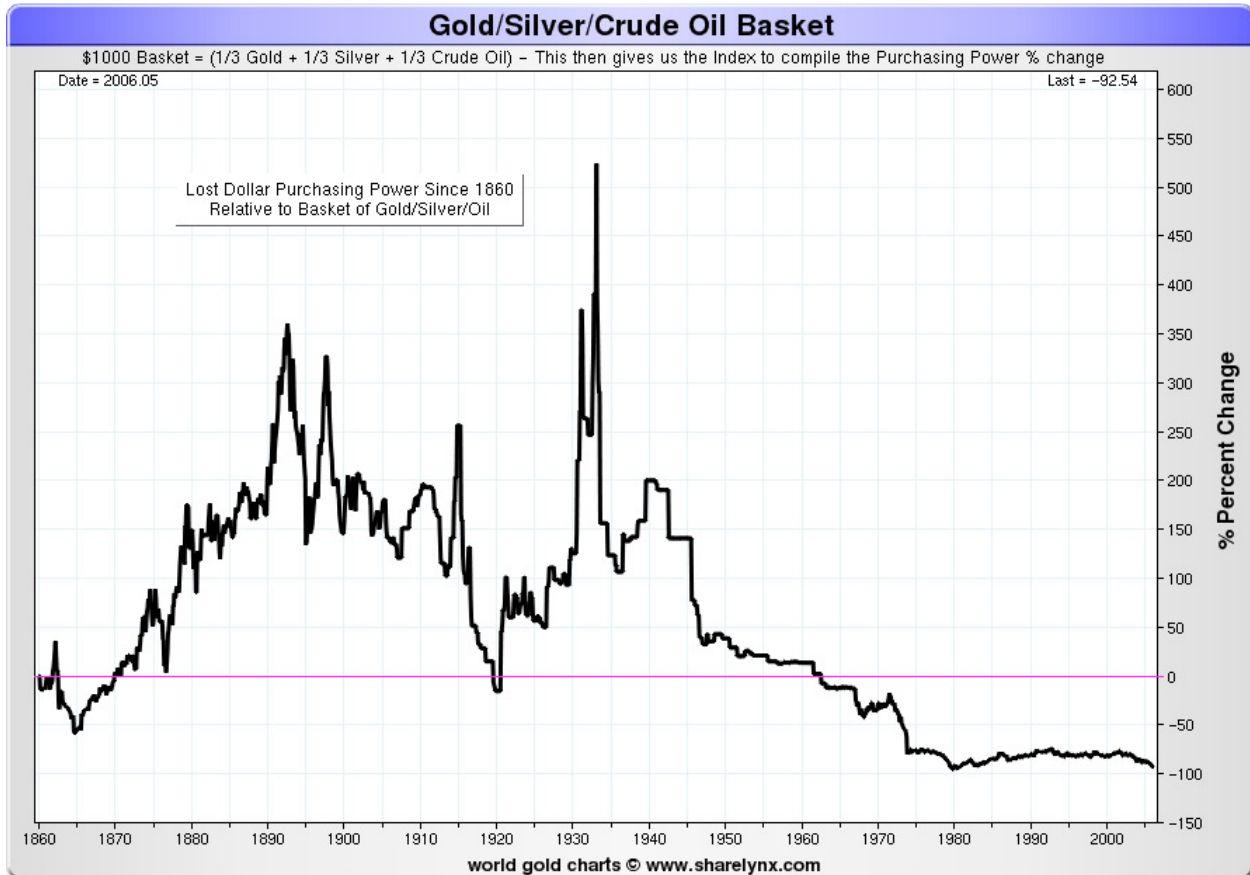
TECHNICAL SCOOP CHART OF THE WEEK

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This is an interesting chart. The official title is “Lost Dollar Purchasing Power Since 1860 Relative to a Basket of Gold/Silver/Oil. What this means is that it has taken \$1000 and purchased equal dollar amounts of gold, silver and oil. That is set at zero in 1860.

From 1860 to at least 1960, the US\$ was king. For most of that century, purchasing an equal dollar amount of gold, silver and oil was quite inexpensive. It reached its zenith at the height of Great Depression. There were a few short lived periods where purchasing the basket became more expensive most notably during the US civil war (1860-1864) and the period immediately following WW1, a period of rapid inflation.

Another interesting aspect is that the purchasing power cheapened during periods of disinflation as was seen during the period 1880 until the mid 1890's and even into 1900. The second period of disinflation was the 1920's and the 1930's and once again the purchasing power actually increased.

But since the early 1960's it has been going the opposite way. The purchasing power of the US Dollar has been falling. And not only has it been falling it has been falling during a period of disinflation the opposite of what it did in the 1890's and the 1930's. Currently the chart is suggesting that the purchasing power of the US Dollar against a equal dollar basket of gold, silver and oil has fallen almost 100% (actual 92.54%).

Gold and silver are represented as an alternative currency. This is a massive loss of confidence in the US\$. Oil is a good that drives our economy and here again it has become increasingly more expensive.

What might be even more interesting is the US\$ against a basket of everyday goods. An attempt will be made to see if one can be found.

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