

EMAIL BLAST

An Ongoing Dialogue from

The Delta Group
REVENGE OF THE 1% LOAN: Part X
April 29, 2011

“Money for Nothin”

*That ain't workin' that's the way you do it
Money for nothin' and your chicks for free
Now that ain't workin' that's the way you do it
Lemme tell ya them guys ain't dumb
Maybe get a blister on your little finger
Maybe get a blister on your thumb*

Dire Straits – 1985

(as written from the working man's envy of the rock stars superior life)

Four years have now passed since we began the “Revenge of the 1% loan” serenade about free money, bloated real estate markets, and the inevitable and continual consequence of greed.

Before the 70's brought Middle East turmoil, gas lines, and skyrocketing oil prices, and a gallon of gas cost 17 cents a gallon. I remember walking to the gas station to fill up my Dad's gas can to run the lawn mower back in ohhhh 1960 something.

Today, Middle East riots have sent the price of gas climbing past \$4.00 a gallon. Damn the speculators, certainly. Blame the oil companies, cheerfully.

Well, let's pause a moment.

If I had saved that SILVER dime I paid the attendant way back when, today that same silver coin would still buy a gallon of gas. How 'bout that! Silver by the way is nearing \$50 / oz.

Huh!? Then, it's not the gas that's gotten so expensive, it's the currency that's gotten really cheap. I might have a few silver dimes in a sock someplace, but not enough. I've got to use that paper money stuff issued by the Federal Reserve instead.

February's budget deficit of \$225B is roughly equivalent to the entire year in 2007. The \$1.6T annual projected deficit has forced the keeper of our currency to buy the debt needed to fund government operations.

The dilutive effect of the printing press operation has sent our dollar lower against other currencies. Speculators (investors) are selling the depreciating paper asset and are buying the appreciating tangible asset (gold, silver, oil.)

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