



## BANK SOLVENCY

*The ECB adds \$ 500 billion, the Fed adds slightly less. Morgan Stanley writes off \$ 9 billion and is saved by a capital injection from China. This is in addition to all the write offs of major banks totalling \$ 80-90 billion so far. But remember this is only the tip of the iceberg. Write offs are likely to be at least \$ 400-500 billion. And this is before any major problems have emerged in the derivative area. With \$ 600 trillion of derivatives outstanding and with virtually no reserves against these derivatives (everybody assumes that they are covered by a counterparty). Just a ½% loss would absorb the equity of all of the major banks in the world. A small mortgage bank in the UK has so far absorbed £ 50 billion of state money. No government could save a major bank or the banking system as a whole.*

*Governments are monetising debt by printing endless amounts of money. This can only lead to most currencies becoming worthless.*

*Stock markets will fall, currencies will fall (against gold) and the dollar the most. Most assets will fall, especially the ones which have appreciated due to the credit bubble ( e.g. property, stocks).*

*Investors who haven't already done so now need to take measures to protect themselves and their families. I am not saying that the world's financial system will collapse tomorrow. But the risks are greater than they have ever been in history. Therefore it is everyone's responsibility to take protective measures.*

*You know my views what the best protection is; GOLD stored outside the banking system. So far investors who followed my advice and invested in gold in 2002 have made an 80% return in 4 ½ years in sterling terms. But this is just the beginning gold is going a lot higher in the next few years.*

*I attach for you information my 2008 and report. It is not cheerful reading. But it is more important to protect oneself rather than to be gloomy.*

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