



# PLANNING STRATEGIES INC

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## What about Gold????

By Scott Smith

This is a question that some of you have asked recently, and many of you are probably wondering about. If you have turned on a television any time in the last 6 months you have probably seen one or more of the half dozen gold trading companies blasting their message, telling you that you're crazy if you're not padding your portfolios with Gold. Inflation, the falling dollar...all given as proof positive that Gold is going to soar even higher and be the only thing worth a cent in the future.

Well, that may be true. Then again it may not. The fact is we do not know for certain where Gold prices are going in the future. "I don't know" may not be what you want to hear from your financial advisor... but let me make a case for why that might be the only honest answer. Below is a chart showing Gold prices over the last 30 years.

What do you see? First, you see that Gold has had quite a run lately. If you got into Gold in 2001 congratulations...you're a Genius. The second thing I see, is that for a very long time, the price of Gold didn't do much except bounce around and slowly lose buying power (don't forget that the cost of living was going up between 1982 and 2001). So if you had the foresight to know Gold was going to explode it certainly wasn't because of the previous two

decades performance. Another point to note is that the last profound price spike for Gold was back around 1980, and it didn't stay around very long. I wonder how many people jumped on the bandwagon at the peak.

So the question right now is..."how far will Gold continue to rise and should we get in now"? Once again, I don't know. What I do know is that the first rule of investing is "buy low and sell high", but most undisciplined investors do the opposite. Remember the stock market run up of the late 1990's? By 1999 every cab driver was giving out the next big stock pick, and people who never invested in stocks before started jumping in like crazy right before the crash. When you look at the Gold chart can you see that might be a potential risk right now? There is another school of thought that believes our weakening dollar is proof that Gold will continue to rise. After all, the Fed is printing money like its free...that is sure to deflate the dollar, and therefore Gold will be the only sure bet. Well, let's take a look at a

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# **Financial expert predicts “This time it’s different” OR Aliens from Pluto abduct Sasquatch !!**

By Steve Mitchell

## **Which is the real headline?**

As you may have guessed, it doesn't involve aliens. But aren't they both pretty ridiculous? I am amazed at how the popular media continually parades a never-ending chorus of "experts" in front of us, all purporting to be capable of predicting the future of the markets. The first question that comes to my mind, is always why this guy or gal is an "expert"? How do you become an expert at predicting the future? Do they have some new course in college that I didn't hear about? Then, the next thought to pop into my head, is if this person is an expert, and has some miraculous ability to see into the future, why aren't they wealthier than Bill Gates and Warren Buffet combined? And why are they bothering with us mere mortals?

The truth is, it's all just an educated guess, no better than yours or mine. There are numerous cases of one-hit wonders that got a prediction right once, only to fade off into obscurity as they are never able to replicate the accuracy of their past prediction. This phenomenon is certainly not limited to market prognosticators. It permeates all walks of life. You can't even watch a sporting event today, without suffering through the experts telling us the outcome of the event, hours before it actually begins. Just think of the talking heads on Super Bowl Sunday!!

My personal favorite, are the "experts" that continually predict that the markets will tank, and

that will be the end of capitalism as we know it. Sooner or later, they are bound to be right, as the market always has a correction waiting around the corner for us. But that doesn't normally mean the end of society. At least I haven't experienced it in my lifetime. It wouldn't be a challenge if the markets always went up. But as sure as there is a corrective process in the markets, there is the inevitable rebound. And when the rebound occurs, these doomsayers are all wrong once again. But, in order to save face, and keep the ratings up, the media just moves on to find a new "expert". Surely there is some guru out there that was calling for the correction to end at precisely the right hour. Meanwhile, the doomsayers are relegated to huddle in the dark corners. Until the next correction that is.

My other favorite "experts", are the members of the Federal Reserve. Cloaked in secrecy, this group of "economic experts" reminds me more of the wizard, in the Wizard of Oz. They're standing behind the curtain, and pulling levers and chains to control the future of the economy. But I ask, if they are so good, why do we continue to experience recessions in the economy on a fairly regular basis? Why was there a credit crisis? Why didn't they know Lehman Brothers would be the tipping point of the credit crisis? Other than Ben Bernanke, who else is on the Federal Reserve, and what do they do? Why is it that the Federal Reserve is owned by the very banks

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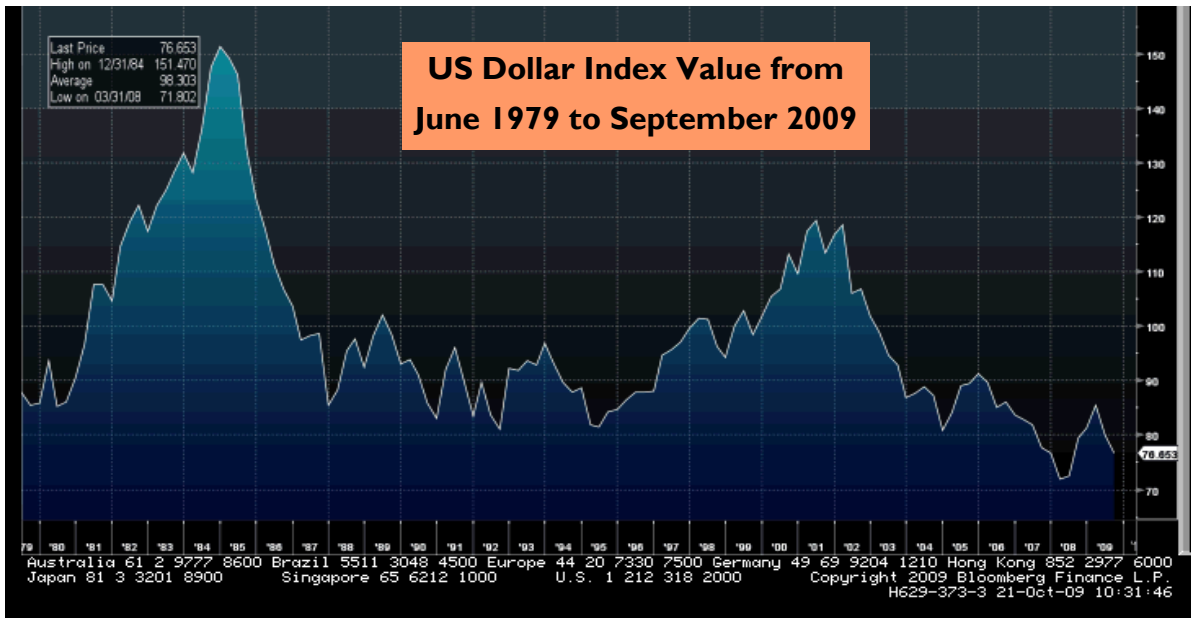
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"worthless" and clinks his gold pieces together he must see something I cannot. Speaking of which...if Mr. Liddy thinks that Gold is going to skyrocket, and the dollar is going to be worthless ... then why does he want to help his company sell its Gold...for dollars?

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chart of the US dollar index over the same period as our Gold chart.

Do you see the obvious pattern between the dollar index and Gold prices?

I don't. I don't see any obvious pattern that would cause me to draw a direct correlation. So when G. Gordon Liddy crumples up his dollar bill as

If the dollar is doomed, why are so many companies spending so much money on TV commercials to trade their Gold for dollars? Kind of backwards...isn't it?

So to conclude...the price of Gold may in fact triple or quadruple in the coming years. But I see nothing tangible to show that's a sure or even probable bet. So if you have a strong hunch play it, but make sure you realize it's a hunch and not a sure bet.☞

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it has control over?

Early last year, I had the opportunity to hear a speech by a noted "expert" economist. This gentleman had a PhD from an Ivy League school, and had worked for several major Wall Street institutions. His curriculum vitae is top shelf. This gentleman made a very strong case for his economic outlook. It was his theory, that the housing slump was causing a major drag on our economy, and that once we worked through this annoyance, we would move into a sustained period of near perfect economic conditions, of full employment, low inflation, full capacity utilization, and dramatically improving asset values. He saw no reason to believe that a recession was in our future.

We all know how that worked out.

There is an old proverb that says – when the blind lead the blind, both shall fall into a ditch. People listen to the experts because they are afraid they don't know what is happening in the economy, and the experts will somehow give them the knowledge they need. The expert of the day on talk radio, or the bulls vs. bears entertainment extravaganza might be right, but then again they might be wrong. Ever since I got into this business, I've heard expert after expert proclaim "This time it's different".

They have all been dead wrong. Sir John Templeton got it right when he said those four words are the most dangerous words in investing.

My reason for this diatribe, is not to suggest that we bury our heads in the sand, and expect the future to be like the past. The answer is not with the experts, but rather in our own introspection

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and a healthy respect for evaluating both sides of the arguments. I think we owe it to ourselves to think on our own. Discard the entertainment industry, and do your own homework. Or, more importantly, let us help you.

In my mind, there was only ever one true "expert". Virtually every one of his predictions has been

absolutely 100% correct. Unfortunately, he died on July 4<sup>th</sup>, 1826.

*"The Democracy will cease to exist, when you take away from those who are willing to work and give to those who would not."*

*-Thomas Jefferson*

**Semper Fi**