REAL WEALTH REPORT

Real Value ... Real Assets ... Real Earnings ... Real Growth

... formerly Silver & Gold Report since 1979

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Inside ...

Web Updates
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Larry Edelson, Editor

Gold's Leap Through $1,035 Signals Start Of Next Leg UP For Gold, DOWN For The Dollar!

Last month, I told you to wait until gold had pierced through the $1,035 level before I could confidently say that the next leg up was under way. But it didn't take long for that to happen. On October 6, gold blasted through $1,035 ... leaping as high as $1,072 before settling back down.

What drove gold's explosion higher? Simple: The growing recognition that the U.S. dollar — as I've been warning you for years now — is now at the stage where it is beginning to lose its global reserve status and will eventually be replaced by a single world currency.

So with this issue, I want to make absolutely certain you have a firm understanding of what I believe is going to be the most significant financial event of your lifetime — a drastic change to the world's monetary system.

A change that will be so far-reaching that it will impact every dollar you have.

To that end, I want to make sure you read the script from my urgent seminar on the U.S. dollar, hosted by my publisher Martin Weiss. In the edited script that follows, Martin asks me the most important questions about the dollar, and I give the answers and insight you need to know *NOW*.

So let's begin ...

Martin: Larry, welcome and congratulations on your long-term foresight on the dollar's decline!

What I especially want to recognize is the fact that you have demonstrated, in actual practice, that the best defense for investors is to go on the offense, to convert the dollar decline into a myriad of wealth-building opportunities.

Natural Resources Riches

Part III of the my special series on natural resources; the tremendous shortage in life's bare essentials ...

Goldman Sachs Agrees With Me — Severe Natural Resource Shortages Lay Dead Ahead

At the crux of Goldman's recent forecast ... years of underinvestment in natural resources, made worse by the tight credit conditions of the financial crisis.

Never mind I've been saying this for the last few years, or the fact that I think Goldman seriously underestimates the impact that a sliding dollar will have pressuring natural resource prices higher. At least Goldman does recognize the severity of the looming natural resource crisis.

Amongst the additional comments Goldman makes in its August 5 research report, *Commodities in Crosshairs*, include the following ...

➔ **Commodity prices will remain high and volatile**, with each subsequent spike higher than the last.

➔ **As the economy recovers, so will commodity demand.**

➔ **China is consuming a large share of global natural resource supplies**, with metals and agriculture in its crosshairs. At the top of this list are cotton, soybeans, copper and zinc, of which China consumes roughly a quarter to a third of the world's output of each, and is also a net importer.

Goldman also suggests investors look at engineering and construction as well as machinery companies that are uniquely positioned to address supply constraints. I agree. And it's why I recommend you add to your natural resource portfolio shares in **Joy Global (JOYG)**, a leading manufacturer of mining equipment with a strong presence in coal and copper mining, two of China's most needed commodities.

Trading at just over 11 times earnings ... and with sales soaring to $953 billion in the third quarter this year, more than 6% ahead of last year and 50% ahead of 2007, I think Joy Global's shares are a great way to play the mining equipment sector — again, in two hot commodities China desperately needs.

My recommendation: Currently trading at the $50 level, **buy up to 100 shares of Joy Global (JOYG) at the market, and place a protective sell stop good-till-cancelled at $44.41.**

Steel Demand Rebounding

The World Steel Association believes that the global steel market has bottomed out and projects that it will grow by

Which brings me to a fundamental TIMING question: All the debts the United States has today have been built up over many years. All the trends we are seeing today have been decades in the making. So I ask you: *Why is all this now reaching a crisis phase for the dollar?*

Larry: The years of dollar decline you've seen so far are merely the prelude — the BUILD-UP — to the day of reckoning for the dollar ... to the convergence of events we are now seeing today.

FIRST, we no longer have merely a mountain of debts. We have a VOLCANIC ERUPTION of debts. You saw that eruption in the form of a massive financial crisis that swept the globe just months ago. And now, you are seeing that same eruption in a different form, in the explosion of the U.S. federal deficit.

Natural Resources

(continued from page 2)

9.2% next year as demand rebounds in the United States, Europe and Japan. Consumption may rise to 1.2 billion metric tons in 2010, according to the association.

Of course, here too China factors heavily into the equation. Steel consumption in China is expected to expand 19% this year to 526 million tons. China already is the world's largest in steel output. In fact, China produced more steel last year than Japan, the U.S., Russia and India *combined*.

All this is great news for **Commercial Metals Company (CMC)**, which I recommended in the last issue, and which reached a new 52-week high on September 22. The position has since pulled back 9%, but is poised to test that high as steel demand improves in the months ahead. **Hold CMC and maintain a good-till-cancelled protective stop at $16.45**

It's also great news for **Fortescue Metals Group Limited (FSUMY)**, Australia's third-largest iron ore producer, which has decided to finance its expansion plans alone after being unable to agree on terms with undisclosed Chinese lenders for $6 billion in funding.

The company intends to pay A$360 million ($325 million) to expand its Christmas Creek mine to increase total output to 55 million metric tons. Further growth to 95 million tons will be largely funded from cash flow. **Hold FSUMY and maintain a good-till-cancelled protective stop at $11.40.**

I wish the news were as good for **PowerShares Wilderhill Clean Energy (PBW),** the other position I recommended in the last issue. Unfortunately, the position was stopped out on October 1 for a 6% loss.

Meanwhile, my recommendation to buy 100 shares of **Jiangxi Copper (JIXAY)** — to buy at $80 or better — still has not been filled as of press time of this issue.

Continue to work the order, and if filled, place a protective sell stop at $51.10 on a good-till-cancelled basis.

The order for 100 shares of **China National Offshore Oil Corp (CEO)** — to buy at $122 or better — also has not been filled. **Maintain the order for now, and if filled, place a good-till-cancelled protective sell stop at $91.40.**

PowerShares Water Resources Portfolio (PHO) reached a 52-week high on September 18 before pulling back. But the ETF is again on the upswing, preparing to test that September high. As of this writing, you have a 34% gain on this position. **Hold PHO and maintain your protective sell stop to $15.08 on a good-till-cancelled basis.**

Claymore S&P Global Water Index ETF (CGW) is currently trading in a narrow range, up 7% from my original recommendation. **Hold CGW and maintain a protective sell stop at $13.96 on a good-till-cancelled basis.**

And per my flash alert of October 14, you should also now be long **StatoilHydro (STO)**. **Maintain a protective sell stop on a good-till-cancelled basis at $22.48.**

In the last 12 months, the U.S. federal deficit has exploded from $454.8 billion in fiscal 2008 to $1.58 TRILLION in fiscal 2009.

SECOND, we're witnessing a sea change in the global economy. The power shift from West to East that we talked about in the Weiss Global Forum ... which is now being reflected in the all-critical shift OUT of the dollar as the world's reserve currency.

Put yourself in the shoes of an international investor. Even if you can choose the right dollar investment, the falling dollar is slashing your returns. You're fed up. You're anxious to diversify out of the dollar. But you're not the only one.

Central banks are doing the same. Remember: The U.S. dollar is not only the money we keep in our bank accounts or carry around in our pockets

... it has also been the money foreign central banks keep in their reserves.

Martin: The dollar has been the world's dominant RESERVE currency.

Larry: Exactly. Which means the world has had to take our dollars whether they like it or not. Europe, China, Japan and others have been virtually COMPELLED to ACCEPT our debts, take our cheaper dollars ...

Martin: ... tolerate our wild excesses.

Larry: They had no other choice. So that gave us a huge strategic advantage as a nation. Unlike all other nations, we were shielded from the consequences of our follies. We could postpone our day of reckoning. We could party, binge, and abuse ... and never suffer a hangover or side effects.

Now, that protective shield is melting away. Now we face the danger that all our past excesses could come crashing down on us in one fell swoop.

You can see that clearly in what the world's experts are saying and what the world's leaders are doing ... as you so vividly demonstrated a moment ago. You can see it even MORE clearly in the dollar's decline in currency markets.

Martin: OK. You've cited TWO critical factors pointing to a dollar decline: The explosion in U.S. debt and, at the same time, the global shift away from the dollar by investors and central banks. Those are hitting right now. But there are other forces ...

Larry: THIRD is the dollar cycle. My work with the Foundation for the Study of Cycles, which is based on centuries of data, leads to the conclusion that the dollar won't hit bottom until the end of 2012. That's THREE MORE YEARS OF potentially TRAUMATIC declines.

Martin: 2010, 2011 and 2012.

Larry: Right. Three more years! FOURTH is the hidden debts that could suddenly burst onto the scene and destabilize financial markets.

Martin: Can you be more specific?

Larry: Everyone talks about our debts to Japan or to China. But our foreign debts go far beyond that.

According to the U.S. Treasury Department, our total liabilities to foreigners are now $7.9 TRILLION. Not just to countries like China and Japan, but also to eurozone countries, to countries in Latin America ... not just to central banks ... but also to private companies and individuals.

It's a massive mountain of foreign debts that everyone just takes for granted.

Another, even LARGER example of hidden debts are the true obligations of the U.S. government.

Martin: When experts talk about the "national debt," they are referring exclusively to the funded debts — the debts for which the U.S. has issued securities like Treasury bonds or agency bonds.

Larry: But there again, the problem goes far beyond that. In addition to the gargantuan funded debts you SEE on the government's balance sheet, Washington has ANOTHER $104 TRILLION in unfunded obligations.

Martin: Social Security, Medicare, Medicaid, Veteran's benefits, government pensions.

Larry: Correct. That means that, for every dollar of debts on the government's balance sheet, there are another NINE dollars in debts that are not formally accounted for.

And to make matters worse, the first wave of Baby Boomers are turning 63 THIS YEAR. The trillions owed to those 76 million people are no longer just a balance sheet entry. Washington is going to have to begin PAYING OUT THAT MONEY starting now!

Martin: This helps explain why Washington is now doing something that, on the face of it, seems to be patently insane: Trying to spend, borrow and print its way out of a debt disaster.

Resource Speculator

Central Banks Turning A Cold Shoulder To U.S. Dollar. PowerShares Dollar Bear ETF Surges!

My repeated warnings about the imminent devaluation of the U.S. dollar are getting closer to reality. The latest telltale sign that the greenback is in trouble comes from global central banks, which are increasingly favoring euros and yen over the dollar.

In the last quarter, policy makers increased their foreign currency holdings by $413 billion to $7.3 trillion.

Among nations reporting currency allocations, 63% of the cash went into euros and yen — the highest percentage in any quarter with more than an $80 billion increase.

World leaders aren't just talking about the possibility of dumping the dollar as the world's reserve currency — they're doing it. Meanwhile, the Obama administration is sending signals that it's willing to tolerate a weaker currency in an effort to jumpstart the economy and boost exports.

After losing 10.3% on a trade-weighted basis over the last six months, the dollar is unlikely to rebound soon. Fortunately, you're well positioned with **PowerShares DB U.S. Dollar Index Bearish Fund (UDN)** shares in your portfolio.

UDN, which is designed to advance when the dollar falls against the euro and other foreign currencies, reached a new 52-week high on October 8, surging for a gain of 14% since first recommended.

Hold UDN and, if you have not already done so, raise your protective sell stop to $27.31 on a good-till-cancelled basis.

If not on board, for whatever reason, add this position now, using the same protective sell stop above.

Larry: And why I see a convergence of forces topple the dollar. It all comes down to what President Obama himself admitted: The debts our country has racked up are **GARGANTUAN and unsustainable. Or more to the point, they are PATENTLY UNPAYABLE. It will simply be IMPOSSIBLE for our government to ever get out of debt *by any conventional means.***

Martin: But do you really believe the government is going to take radical measures to make the debts go away?

Larry: Yes. Why is that so surprising? Haven't they already taken radical steps — steps that no one would have ever imagined possible just a few years ago? Look at how they bailed out Bank of America, Citigroup, Merrill Lynch, and AIG.

Look at the trillions they poured out in loans, investments, and credit guarantees. Look how they've given the Fed new superpowers.

Martin: But now Mr. Bernanke and Mr. Geithner are claiming victory. They're saying that the crisis is over and that all those extraordinary measures were a necessary evil.

Larry: They HAVE indeed eased the debt crisis, but only by creating still ANOTHER crisis, the DOLLAR crisis, which is just beginning.

Martin: In other words, they've transformed the Wall Street debt crisis into Washington's debt crisis.

Larry: Yes, and yet they haven't made a DENT in the mammoth problem that gave rise to the crisis in the first place — the debts, the overwhelming burdensome debts.

Look. All told, each and every household in America is now indirectly responsible for more than 1 MILLION DOLLARS in government debts and obligations.

We've got ...

- The officially recognized national debt at $11.8 trillion.
- Unfunded national obligations of $104 trillion.
- Another $9 trillion in cumulative deficits over the next ten years.
- Plus another trillion dollars for health care reform, no matter what bill finally makes it through Congress.

Grand total: 125.8 TRILLION.

To give you an idea of how big that is, imagine the government could somehow pay off that debt at the rate of $100 MILLION PER DAY, EVERY DAY STARTING RIGHT NOW. EVEN AT THAT RATE, IT WOULD TAKE 3,446 YEARS BEFORE THE TOTAL GOVERNMENT DEBTS AND OBLIGATIONS ARE PAID OFF.

Martin: Assuming no new government spending; no new social programs; no new wars; no new economic disasters or bailouts; NO NEW DEFICITS IN THE MEANTIME ...

Larry: ... which as we know, is a pipe dream. Even the White House admits we're looking down the barrel of $1-trillion-dollar deficits for YEARS to come.

That's why I say that no matter how you look at it, this debt mountain is patently unpayable. It will never be paid off other than through some form of DEFAULT.

Martin: Please explain.

Larry: There are two ways a government can default on its obligations.

The first way is simply to stop paying its bills and obligations. That's highly unlikely, for obvious reasons.

The second is to **default ON THE SLY, by paying off creditors with something of cheaper value.**

Martin: Cheaper dollars.

Larry: Yes. Dollars that are worth less ... have less buying power ... than today's dollars.

But this is not just theory. It's practice. And the idea of debasing the currency in order to delay a debt collapse certainly was not invented by Washington. Default by devaluation is a recurring pattern of history.

Martin: This is important. Take us for a quick trip through time to give us the critical highlights.

Larry: Time after time, history shows us that when a government cannot print money fast enough to overcome its exploding debt burden, it has no choice but to take more drastic steps to slash the value of its money.

Rome. Byzantium. The British Empire. All of these great civilizations devalued their currencies in order to try and deal with the deadly combination of debt and deflation.

And it's beginning to happen right here in the U.S. right now. In the past 10 years, the dollar has progressively lost 36% of its value against other major currencies and 75% of its value against gold. And in the years to come, it's bound to lose much more.

I repeat: A wholesale currency devaluation is the only politically expedient way to address a debt crisis as massive as we face today. Bush, Obama and Bernanke have already committed us to this path.

This isn't just an economic discussion we're having here. It has real and dramatic consequences for everybody listening to us right now. When the value of a nation's currency falls by half, its people's money goes only half as far. Their cost of living doubles.

When a currency falls 70% ... 80% ... 90% or more as in the examples we just looked at, the people who earn it and spend it have to pay up to 10 times more for many of life's necessities. Food. Energy. And more.

Real Income

Oil Gushes On Stronger Equities And A Weaker Dollar

Crude oil prices rose to a six-week high this past week as advancing European stocks and U.S. index futures buoyed overall confidence in a global economic recovery.

But black gold also got a boost from the U.S. dollar's continued weakness against the euro, attracting investors seeking a hedge against inflation.

Crude oil for November delivery topped $75 a barrel, their highest level since August. This year, oil prices are up about 64%.

The latest advance came as the International Energy Agency (IEA) raised its 2010 demand forecast for the third consecutive month based on higher-than-expected consumption in Asia and the Americas. The IEA also increased its estimate for consumption this year.

Meanwhile, renewed confidence in a global recovery has been spurred by hopeful signs early in the earnings season. Alcoa, Inc., the largest American aluminum producer, reported income that beat analysts' estimates. And Royal Philips Electronics NV, Europe's largest consumer-electronics maker, posted an unexpected third-quarter profit.

The combination of continued strength in U.S. stocks and improving demand for oil — especially in Asia — is driving prices above the $70 level ... and quite possibly higher.

That's good news for your Real Income portfolio ...

Your **Enerplus Resources Fund (ERF)** position, which provides monthly dividends with a gross yield of 8.5%, has climbed to nearly $24 a share from a low of $12.85 back in March. Since my initial recommendation in the August issue, ERF is up 16%. **Hold ERF and raise your protective sell stop to $21.54 on a good-till-cancelled basis.**

Your **Permian Basin Royalty Trust (PBT)** shares are nearly double what they were in February, and also pay a not-too-shabby 6.26% monthly gross yield dividend. Since I recommended it in August, PBT is up 9%.

Hold PBT and raise your protective sell stop to $11.29 on a good-till-cancelled basis.

The saddest victims are folks on fixed incomes — who worked, scrimped and saved for a lifetime to ensure they'd have enough to live on in retirement, for instance. Suddenly, the nest egg they THOUGHT would provide a comfortable life for the rest of their lives is barely enough to keep body and soul together.

Any way you look at it, this kind of currency devaluation is like government-sponsored THEFT. Like a burglar who slips, undetected into your home and picks up your spare change — every night, seven days a week, 365 days a year.

Martin: And this is precisely what you believe they're doing.

Larry: Absolutely! In public, Washington will never admit to it. But both President Obama and Fed Chairman Bernanke are actively waging their secret war on the dollar right now as we speak. And as an investor, you have no choice but to take defensive steps starting immediately.

Martin: Name those steps.

Larry: Step one, at a bare minimum I believe that everyone should own a bare-bones minimum of gold.

Martin: How much is a bare-bones minimum?

Larry: I'd say 10% of your investment portfolio.

Martin: And how much would be too much?

Larry: Even if you want to be aggressive, I would not go beyond 25%. There are too many other contra-dollar opportunities you'd be missing.

Martin: Suppose I have, say, $500,000 in stocks, bonds and other liquid investments. Please give me a more precise breakdown.

Larry: Each investor needs to take a look at his or her individual investment needs. There's no such thing as a one-size-fits-all portfolio. But let's assume the minimum amount I recommend in the gold sector.

Martin: The 10%.

Larry: Correct. You'd have $50,000 in the gold sector. Of that $50,000, here's how I'd break it down: I'd put about $3,100 in bullion, in ingots or bullion coins like the American Eagle or Canadian Maple Leaf. Given the storage hassles and costs, there's no need to put more than that in bullion.

Martin: And the rest of the $50,000?

Larry: I'd put another $3,100 into the **SPDR Gold Trust ETF, symbol GLD**, and another $3,100 into each of three favorite gold mutual funds ... the **Tocqueville Gold Fund (TGLDX)** ... the **U.S. Global Investors World Precious Minerals Fund (UNWPX)** ... and the **U.S. Global Investors Gold and Precious Metals Fund (USERX)**.

Then, I'd put the rest into my top-rated gold mining shares ... **Goldcorp Inc. (GG)** ... **Barrick Gold Corp. (ABX)**... **Kinross Gold Corp. (KGC)** ... and **Gammon Gold (GRS)**.

Combined, these gold mining companies own the majority of the gold reserves in the world today, which is one of the reasons I recommend them for the bulk of your portfolio.

Martin: How high do you think gold could go?

Larry: I have three gold price scenarios.

First, I believe that, no matter what, gold is going to hit its inflation-adjusted high of $2,300 an ounce — at a minimum. But that assumes an orderly decline in the dollar, and an orderly process of phasing in a new world reserve currency of some kind.

In scenario TWO, that process is more chaotic and muddied, with rising global uncertainty regarding the outcome. In that scenario, despite sharp pullbacks, you could see gold reaching $3,000 an ounce.

In scenario THREE, markets take over, panic sets in and investors lose any semblance of trust in the process of transitioning to a new reserve currency.

Martin: How far do you think could gold go in that scenario?

Larry: In that scenario, all bets are off! The dollar could overshoot dramatically to the downside, while gold and other natural resources could overshoot dramatically to the upside. But I wouldn't be shocked to see $5,000 an ounce for gold.

So in my lowest scenario for gold prices, I think your bullion has the potential to double; probably more. And in a worst-case scenario for the dollar, you could be looking at a 500% return on your bullion positions.

Martin: All this is about step one, investing in gold. What about step two?

Larry: Step two is to diversify beyond gold to other natural resources. Washington's war on the dollar will drive up a wide range of tangible assets and companies backed by those assets. **Assets that have intrinsic value, assets where the dollar crisis is MANIFESTING ITSELF.**

Look, over the last decade we've seen tech companies go bust ... we've seen the leveraged mortgage markets go bust ... and we've seen the financial sector collapse. So savvy money now wants tangible assets and resources that provide the world with the basic necessities of life.

It's where people like Jimmy Rogers are investing. It's where the surviving hedge funds are going. And most importantly in my opinion, it's where the giant sovereign wealth funds are shifting a lot of their money, ESPECIALLY CHINA.

Martin: And you see a strategic advantage for investors there.

Larry: Yes. It gives you a DOUBLE tailwind to propel your investments: Resource companies propelled higher by the falling dollar ... AND resource companies propelled higher by the demand from China and other Asian countries.

Already, Beijing has QUADRUPLED its gold reserves. And already, Beijing is gobbling up copper like there's no tomorrow. China is buying oil and oil reserves ... cutting deals left and right all over the world ... scooping up natural resource companies and investments. It's not just a strategic ploy to secure supplies. It's also a hedge against the decline of the dollar.

Martin: And this is having an impact on commodity prices.

Larry: A huge impact. Beijing has $2.14 trillion dollars of cash in the kitty, and most of that cash is now in dollars, which are falling. They cannot liquidate those investments all at once. But they CAN shift progressively over time.

At the same time, China desperately NEEDS those natural resource supplies to feed its rapidly growing economy and the rising lifestyles of 1.3 billion people.

Martin: In our Weiss Global Forum you talked about the huge growth in China's acquisition deals. Can you run through that again briefly for those who missed the Forum?

Larry: Just look at the pace of China's acquisitions of natural resource companies.

In 2002, it made only one deal … 2003, 3 deals … 2004, 3 deals … 2005, 11 deals … 2006, 25 deals … 2007, 33 deals … 2008, 53 deals.

And not only are there more deals, the average VALUE of each deal is growing by leaps and bounds. These updated figures also include related companies, like railroads that ship resources.

And the deals are being done all over the world, in Brazil, Peru, Venezuela, Australia, Africa — you name it ... and in virtually all commodities — from oil ... soybeans ... copper ... to lumber, rubber, wheat, corn, timber, you name it.

Martin, make no mistake about this. The combination of the disappearing dollar and the huge demand for natural resources from Asia is unlike anything this planet has ever seen before.

This is a key reason copper has surged 94.6% this year... oil has roughly doubled from its lows in January… sugar has exploded higher, up over 70% … even cocoa is jumping, up over 30% this year.

Martin: So to sum up, step one. Invest in gold. Step two, diversify into other resources that are going up as the dollar falls.

Step three?

Larry: For funds you can afford to risk, use leverage. The more leverage you use, the more you can make ...

Martin: And the more you can lose!

Larry: Of course, but if you use leverage carefully, the relatively small amounts invested can potentially multiply your returns many fold.

Martin: Please give us some specific examples.

Larry: Sure. To compare, let's start with using no leverage whatsoever, just sitting in bullion. I am aiming for a minimum gain of about 130% — from $1,000 per ounce to $2,300 per ounce. Consider that the first tier of your strategy — long-term, no leverage.

The second tier is to use the moderate leverage that's inherent in most resource stocks.

In gold mining companies, for example, you take advantage of the reserves they own, the profits they stand to make, and the fact that those profits can rise a lot faster than the price of bullion itself.

No guarantees, but I think with the gold mining shares, you have the opportunity to multiply that 130% gain three or four times over.

Martin: For those not familiar with this, explain why the shares are more leveraged than the natural resource itself.

Larry: Say the company's cost of mining gold is $400 per ounce. And say gold is selling for $500. What's their profit?

Martin: $100 per ounce.

Larry: Now say gold goes up 10% to $550 per ounce. How much is their profit now?

Martin: $150 per ounce.

Larry: So there you have it. Price of gold: Up 10%. Profit: up from $100 to $150, or 50%. So for each 10% rise in the price of gold, the company's earnings are rising 50%. That's, effectively five times leverage.

Martin: And the third tier of leverage?

Larry: The third tier is the intelligent purchase of call options on the shares of resource companies. Bear in mind that options are not for ALL of your money.

But the purchase of options has one unique advantage: You can never lose a penny more than you invest. So you can use options to light a fire under your overall results. They can be truly powerful in terms of total performance.

Martin: Can you give us some examples?

Larry: Consider Goldcorp's performance this year: From early January, the shares are up 75%.

But the January 2010 30 call options on Goldcorp jumped 181%. That's a gain which is 2.4 times LARGER than the gain on the stock.

And call options with a nearer maturity have done even better in shorter bursts of time.

For example, the September 2009 45 call option on Goldcorp recently surged 730% in just 17 days, while the 40 call surged 933% in just six days.

Bear in mind, though, my strategy is NOT that aggressive. I'd love to hit those kinds of homeruns once in a while, but I almost always set my sights much lower.

Or consider Barrick Gold, whose shares gone from a low of $26.04 in March to as high as $40.04 at the beginning of September, a 54% gain.

Plus, shorter-term options did even better in specific bursts of time. For example, the September 2009 40 call on Barrick recently surged 610% in just nine days.

Martin: What do you do to protect your capital?

Larry: My entire point today is that, if your capital is denominated exclusively in U.S. dollars and it does NOT include a strategy for protecting against the falling dollar — and profiting from it — you may be preserving it in name only.

Gold's Next Leg Up — To $1,500 And Beyond — Has Begun!

A weakening U.S. dollar has helped propel the price of gold to new record highs, soaring above the $1,050 level. And although there will likely be some pullbacks ahead, I am 100% confident that gold's next leg up to $1,500 an ounce, and beyond, has begun.

Keep in my mind that my minimum longer-term target for gold is its inflation-adjusted price of about $2,300 an ounce. And if any of the scenarios I outline in the script of my dollar seminar in the main article above unfold, then $2,300 gold will end up a *conservative forecast.*

That's why I believe it's absolutely mandatory that you own core gold for the longer-term. It is — by far — the best way to protect your wealth and to profit as the sun sets on the dollar.

That's why — in my flash alert of October 14, I reiterated my core gold recommendations, to make absolutely sure you are on board them. So if you're new to *Real Wealth Report*, and didn't own any of the core gold positions below, for whatever reasons — **you should own them now per my flash alert.**

ALL SUBSCRIBERS: Hold all core gold positions with the protective sell stops outlined below on a good-till-cancelled basis. That includes my latest core gold recommendations, **IamGold (IAG)** and **Goldcorp (GG)**, sent to you in the October 14 flash alert.

Here's a review of the positions …

DWS Gold & Precious Metals Fund (SCGDX) is up 218% since originally recommended.

Meanwhile, the **Tocqueville Gold Fund (TCLDX)** has notched a 83% return since originally recommended … while the **SPDR Gold Trust (GLD)** is up 145% since my most recent recommendation.

U.S. Global Investors Gold and Precious Metals Fund (USERX) and **U.S. Global Investors World Precious Minerals Fund (UNWPX),** are 50% and 68%, respectively, since originally recommended.

Also, with gold prices reaching $1,072 on October 14, the open gains on your **Gold Bullion** position now stand at approximately 170%.

Goldcorp (GG). As expected, the company will pay its eighth-consecutive monthly dividend on October 23.

Goldcorp will also release third-quarter results after the market close on November 4.

Up 54% since the original recommendation in the December issue, **hold GG with a protective sell stop at $35.53, good till cancelled.**

For the GG position added per my October 14 flash alert, hold and maintain a protective sell stop at $39.89 on a good-till-cancelled basis.

Barrick Gold (ABX). The world's largest gold producer has agreed to pay Xstrata Plc $465 million in cash for a 70% stake in the El Morro copper and gold mining project in Chile.

This comes as Barrick is building new mines in Africa, the Americas and Asia to tap surging gold prices. The company may use some of the $4 billion it raised in a share sale for acquisitions.

Up 21% since the original recommendation, **hold ABX with a new protective sell stop, good till cancelled, at $35.14, cancelling the previous stop at $33.61.**

Kinross Gold (KGC). The company, which plans to release its financial statements and operating results for 3Q 2009, may increase output by about 57% in the next five years if it proceeds with projects under evaluation in South America.

Proposed expansions at three producing mines and the possible development of three new projects may add up to 1.3 million ounces of annual output.

In the first half of the year, the company's gold-equivalent production — including silver output — rose 47% from a year earlier to 1.09 million ounces. For the full year, the company forecasts 2.3 million to 2.4 million ounces of gold-equivalent production.

Up 30% since the original recommendation, **hold KGC and maintain a protective sell stop at $19.21 on a good-till-cancelled basis.**

Gammon Gold (GRS). During the fourth quarter, GRS is expecting to produce approximately 80,000 gold-equivalent ounces at cash costs of $380 to $400 per gold-equivalent ounce. Up 39% since the original recommendation, **hold GRS and maintain a protective sell stop at $7.18 on a good-till-cancelled basis.**

IamGold (IAG). Hold and maintain a protective sell stop good till cancelled at $12.47.

Real Wealth Portfolio At A Glance

Company Name	Ticker	Reco Date	Entry Price	# of Shares	Stop	Current Reco	(What to do if you don't own it)
CORE GOLD							
Gold Bullion	GOLDS	5/5/04	$393.25	13	N/A	Hold	
DWS Gold & Precious Metals Fund	SCGDX	5/25/04	$16.96	106	N/A	Hold	
SPDR Gold Trust	GLD	4/18/05	$42.69	100	N/A	Hold	
Tocqueville Gold Fund	TGLDX	9/16/08	$31.69	65	N/A	Hold	
U.S. Global Investors World Precious Minerals Fund	UNWPX	9/16/08	$14.68	141	N/A	Hold	
U.S. Global Investors Gold and Precious Metals Fund	USERX	9/16/08	$11.72	177	N/A	Hold	
Goldcorp Inc.	GG	12/22/08	$27.93	50	$35.53	Hold	
Barrick Gold Corp.	ABX	3/23/09	$33.18	100	$35.14	**Hold and raise stop to $35.14**	
Kinross Gold Corp.	KGC	3/23/09	$18.12	100	$19.21	Hold	
Gammon Gold	GRS	6/22/09	$6.58	100	$7.18	Hold	
Goldcorp Inc.	GG	10/15/09	TBD	25	$39.89	Hold, stop at $39.89	
IamGold	IAG	10/15/09	TBD	100	$12.47	Hold, stop at $12.47	
CORE NATURAL RESOURCES							
PowerShares Water Resources Portfolio	PHO	1/20/09	$12.48	100	$15.08	Hold	
Claymore S&P Global Water	CGW	8/24/09	$16.92	100	$13.96	Hold	
Fortescue Metal Group	FSUMY	8/24/09	$18	100	$11.40	Hold	
Commercial Metals Co.	CMC	9/21/09	$20.34	100	$16.45	Hold	
StatoilHydro	STO	10/15/09	TBD	25	$22.48	Hold, stop at $22.48	
Jiangxi Copper	**JIXAY**	**8/24/09**	**TBD**	**100**	**$51.10**	**Buy at $80 or better; stop loss at $51.10**	
China National Offshore Oil Corp.	**CEO**	**8/24/09**	**TBD**	**100**	**$91.40**	**Buy at $122 or better; stop loss at $91.40**	
PowerShares Wilderhill Clean Energy	PBW	9/21/09	$11.10	100	$11.51	Stop Hit, 10/1/09	
Joy Global	**JOYG**	**10/19/09**	**TBD**	**100**	**$44.41**	**Buy at the market; stop loss at $44.41**	
SPECULATIVE							
PowerShares DB U.S. Dollar	UDN	4/20/09	$24.88	100	$27.31	**Buy at the market; stop loss at $27.31**	
INCOME							
Permian Basin Royalty Trust	PBT	8/24/09	$11.88	100	$11.29	**Hold and raise stop loss to $11.29**	
Enerplus Resources Fund	ERF	8/24/09	$20.83	100	$21.54	**Hold and raise stop loss to $21.54**	

This table includes all open positions recommended in the *Real Wealth* newsletter and Flash Alerts. The recommendations (excluding bonus positions) are based on a total *Real Wealth* portfolio of $100,000. If your portfolio is larger or smaller, we suggest that you should adjust the specific recommendations accordingly. For any remaining funds not invested in our recommended stocks and mutual funds, we recommend a Treasury-only money market fund for safety and liquidity, so that this cash is readily available for reinvestment. Entry and exit prices are based on the closing price of the security on the day it is recommended.