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From: "Money and Markets" <eletter@e.moneyandmarkets.com>
To: <jacksranch@skynetbb.com>
Sent: Monday, October 31, 2011 4:33 AM
Subject: What's your country's TRUE rating? Here's the answer ...

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MONEY AND MARKETS

SPECIAL OFFERS

YOUR BEST SOURCE FOR THE UNBIASED MARKET COMMENTARY YOU WON'T GET FROM WALL STREET

What's your country's TRUE rating? Here's the answer ...

by Martin D. Weiss, Ph.D.
Monday, October 31, 2011 at 7:30am

If you're among those who think the central bankers and finance ministers of the world really have a clue about how to bail out bankrupt borrowers and end a debt crisis ...

I urge you to take another look at what I wrote last week about the NINE MAJOR CRISES they've bungled in the past half century.

Each and every bailout plan bombed or, worse, set the stage for the next, even bigger debt crisis.

That's why today's sovereign debt disaster is threatening to crush the finances of the biggest governments in the West ... sabotage any semblance of recovery ... and trash the livelihood of hundreds of millions of people.

Plus, if you believe Europe's new "master plan," proposed last Wednesday, might have a chance of finally ending this granddaddy of debt crises ...

I suggest you read what Mike Larson has just written about the THREE CRITICAL DISCONNECTS between hope and reality that could kill the rescues — not just in Europe, but also in the U.S.

Better yet, for a fair and objective assessment of how serious this crisis truly is, just look at our own sovereign debt ratings.

MONEY AND MARKETS T

The next major cris Street fund manag want you to ignore

There's a big heap of hope floating out there, as far as I'm concerned. And unfortunately for the bulls, hope is now collidi reality — and not in a go In this video, I'll show you we're due for more losse Click here to view [»]

HIGHLIGHTS

The Fed declared WAR value of your money!
That's why butter has jun 22%, gasoline has soare and coffee has skyrocket mind-boggling 42% — *al single year!*
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Why Settle for the Worl Worst Performing Stoc
Many Asian and South A economies are beating th by up to 26 to one while less risk! How can you ha this profit potential? Turn computer speakers and now.

A Tool Box Full of Inve Ideas
The vast majority of inve have no idea that this rer money-making tool even One of the investment ve Kevin Kerr mentions in th jumped 85.1% in just 32

10/31/2011

hunger. In the worst case scenario, you will see soaring crime, the confiscation of property, the suspension of civil rights, and even martial law enforcement by the U.S. military ...

But while the vast majority of Americans will suffer, a select handful will use this crisis to **build substantial wealth**. If you act on the easy-to-follow recommendations I'll give you in this presentation, you could be one of them.

Unlike Standard & Poor's, Moody's, and Fitch, we accept no compensation whatsoever from debt issuers for issuing a rating.

No, the credit rating agencies don't get paid for their ratings on sovereign nations. But they do get paid big fees by thousands of commercial banks, investment banks, insurers, and other companies that depend on the governments for bailouts, subsidies, guarantees, and all kinds of contacts.

So when S&P, Moody's, and Fitch downgrade the credit of entire countries, they also jeopardize the ratings — and the business — of their best-paying corporate customers domiciled in those countries.

This fundamental conflict of interest helps explain ...

Why S&P continues to give the U.S. government a stellar rating despite the most tragic deterioration in U.S. government finances of all time ...

Why Moody's and Fitch continue to give it the highest possible grade, and ...

Why all three did not begin to seriously downgrade sinking European countries until long after their sovereign debt crises exploded onto the front pages.

This is also why we decided to take a series of actions to alert you to the impending disaster:

- On May 10, 2010 — over 17 months ago — we challenged the major credit rating agencies to downgrade U.S. debt. (See "Weiss Ratings Challenges S&P, Moody's and Fitch to Downgrade Long-Term U.S. Debt: Downgrade would help protect investors and prod Washington to fix its finances.")
- We published an open letter to the credit rating agencies, repeating the challenge and documenting FOUR CASE STUDIES of their failures to warn investors of obvious financial disasters.
- On April 28 of this year, we became the first rating agency to

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issue a low grade on U.S. debt, rating it a C, or the approximate equivalent of BBB by S&P. Forbes later confirmed that Weiss Ratings beat S&P and all other rating agencies in alerting the public to the dangers. (See our press release here.)

- On July 15, we downgraded U.S. government debt from C to C-, reflecting a continued deterioration in the U.S. government's debt burdens, international accounts, and economic health. (See "Weiss Ratings Downgrades United States Debt to C-.")

- And just last month, we reaffirmed the C- rating for the U.S., while downgrading the debt of six European countries. (See press release.)

Here are the independent Weiss Sovereign Debt Ratings (last column) of the major countries in the news, compared to those of the three conflicted credit agencies:

Sovereign Debt Ratings Compaired				
	S&P	Moody's	Fitch	Weiss
Belgium	AA+	Aa1	AA+	C-
France	AAA	Aaa	AAA	C
Germany	AAA	Aaa	AAA	C+
Greece	CC	Ca	CCC	E
Ireland	BBB+	Ba1	BBB+	D-
Italy	Au	A2	A+	C-
Portugal	BBB-	Ba2	BBB-	D+
Spain	AA-	Aa2	AA-	D+
U.S.	AA+	Aaa	AAA	C-

Bear in mind that the Weiss Ratings scale, which runs from A+ to E-, is not the same as theirs:

In their scale, the lowest "investment grade" is a triple-B (BBB- or Baa3). In ours, it's **C-**.

In their scale, the highest "junk" grade is a double-B (BB+ or Ba1). In ours, it's **D+**.

To better understand our scale, simply remember school grades: To get a passing grade, you needed a C- or better. Anything lower and your report cart was in the red!

Same basic idea with our grades. (For a complete comparison of

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the four ratings scales, look at this chart.)

But even taking that into consideration, if our ratings are accurate, it means that S&P, Moody's, and Fitch are still grossly overstating the credit quality and egregiously failing to warn investors of the continuing dangers they face.

Here are some blatant examples provided by Weiss Ratings senior analyst Gavin Magor ...

Ireland is already bankrupt! Had it not been for a European bailout, it would probably have defaulted on its debts. Yet, even with the bailout, the country's economy is still in shambles. Its GDP is shrinking; inflation is stubborn; unemployment, sky high; tax revenues, sinking; and major institutions — Allied Irish Banks, Bank of Ireland, and Irish Life & Permanent — in deep contraction mode, forced to sell off half their non-core assets by 2013.

Despite all this, the other rating agencies still say its bonds are "investment grade," three notches above junk. We give Ireland a D-, which is two notches below the highest junk level.

Italy is so overloaded with debts and in such grave danger of being assaulted by the next contagion that it has driven Europe to take the massive extraordinary measures proposed on Wednesday. And yet, despite all those Herculean steps, this past Friday, it STILL had to pay the most to borrow money in euro history!

So here you have the most indebted country in the West in turmoil and yet, despite recent downgrades, it STILL gets an A?! We disagree. We rate Italy just one notch above junk.

Belgium has no government, which some say is a blessing in disguise. But its gross debt per capita is very high and one of the country's largest banks has just failed, with more possibly on the way. The other rating agencies think it merits a double-A. We give Belgium a C-, one notch above junk.

France still gets a triple-A from all three of the rating agencies. Without that perfect rating, the entire European bailout fund would fall apart, because France, a major contributor to the fund, would be disqualified. So for now, the rating agencies, very reluctant to rock that apple cart, are sticking with their triple-A.

We don't base our decisions on what others will do or think. We go strictly by the facts, which tell us that France merits a C, two notches above junk.

Why? Because France, along with Germany, is the keeper of all their deadbeat brothers and sick sisters — not only in the euro zone, but also in Eastern Europe. France's banks hold the bulk of the bad government debts. And France's treasury is now burdened with the bailouts for both the banks and the governments. (Not to mention France's own government debt problem, which is huge!)

Germany is in the same boat as France — just to a lesser degree. We give it a C+, three notches above junk. That's a far cry from the triple-A, which the three other agencies still consider untouchable. But remember: That's also what S&P used to say about the United States.

United States debt is anything but the image of perfection (or near perfection) that the ratings of Moody's, Fitch, and S&P imply. Everyone knows that.

But still, no one, not even S&P, has sent the world the all-important emperor-has-no-clothes message.

Eventually, they will.

But unfortunately, for millions of investors holding U.S. bonds, it will likely be too late.

Wondering precisely WHY we give the U.S. such a low rating? Then check out our full report or go here for specific answers to your questions.

Still Skeptical?

Still believing that, maybe — somehow — the authorities have finally pulled off a true, sustainable rescue operation? Then don't take our word for it. Listen to what others are saying:

- On Saturday, his last day in office, European Central Bank President Jean-Claude Trichet warned: "The crisis is not over. It has laid bare the weaknesses of advanced economies. We are now seeing the weaknesses of the U.S. and Japanese economies, but also, of course, Europe's weaknesses."

- Even AFTER the bailout proposals made last week, General Motors CEO Ackerson warned that the European crisis could spread to the United States.

- In an Op-Ed Financial Times article following the Europe bailout announcement, President Obama himself warned that Europe must build a "credible firewall that prevents the crisis from spreading." Unfortunately, however, no one outside of political circles thinks this is credible — let alone global investors, who promptly dumped Italian bonds on Friday.

- Portuguese Prime Minister Pedro Passos Coelho agrees. His aides warned this weekend that "the crisis goes far beyond the euro zone — it is a systemic and global crisis."

Thinking that the high-growth, cash-rich BRIC countries can come to the rescue? At best, only in very small, symbolic amounts.

Brazil has already said "no." Russia and India are not interested. And Xinhua, China's state-run news agency, just announced yesterday that Europe should simply NOT expect China to ride to its rescue as its savior. The statement is very clear:

> "Amid such an unprecedented crisis in Europe, China can neither take up the role as a savior to the Europeans, nor provide a 'cure' for the European malaise."

China's big message to Europe: "You're on your own, folks!"

And when it comes to money, bailouts, or other support from almost ANY government, ultimately, I'm afraid that's the same message that most of the world's citizens — now SEVEN billion — will be getting in the not-too-distant future.

Here's How to Defend Yourself ...

First, no matter where you live or invest in the world, check our latest sovereign debt rating of your government. For free ratings on all 50 countries we cover, go to this web page: http://www.weissratings.com/ratings/sovereign-debt-ratings/.

(It may ask you to register and/or log in. But even if it does, it's quick and there's no cost.)

If your country's debt is rated B+ or better, it's in good shape. That doesn't guarantee its stock, bond, or real estate markets will rise in value. But it does remove the direct threat of a sovereign debt crisis. In today's high-risk global environment, we consider that an important plus.

If your country's debt is rated D+ or lower, it's an unambiguous warning of trouble. That doesn't necessarily mean falling markets. At the right price, there may even be very attractive investment opportunities in low-rated countries. But if it's safety you want, we strongly recommend you go elsewhere.

What if the country's debt is rated in-between (B, B-, C+, C, or C-)? Then, be cautious. Depending on market conditions, downgrades can come at almost any time. So the debts of countries already rated near the bottom of that range could easily wind up in the junk category.

Second, regardless of your country's debt rating, prepare for the shocks that are bound to be felt all over the world when an even larger European debt crisis bursts onto the scene or when the United States is downgraded by the other rating agencies.

Keep a big chunk of your wealth in liquid cash at a safe institution. (For the safest U.S. banks and insurance companies, be sure to use www.weisswatchdog.com. And for the safest global banks, please give us some time; we're working on them right now.)

Third, be sure to hold core positions in gold bullion or equivalent to hedge against threats to the purchasing power or your cash. A gold ETF like GLD is the most convenient vehicle. But there are many others that are equally viable. (For regular updates on gold, be sure to sign up at www.uncommonwisdom.com.)

Fourth, it's too late for a Charter Membership in our new Forex service that aims to profit directly and immediately from this crisis. But stand by for equally powerful opportunities in other sectors.

Above all, I trust you're doing everything within reason to keep your family safe — both financially and physically! If not, it's never too late to start.

Good luck and God bless!

Martin

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