

THE VALUE VIEW *GOLD* REPORT

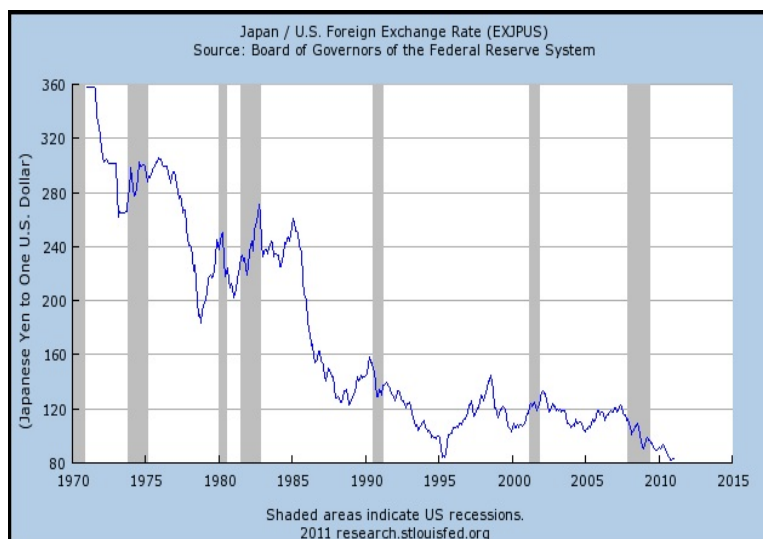
Disciplined Analysis of GOLD “Purchase Timing For Profits”

Following, in chronological order, are our writings on Chinese Renminbi

FEBRUARY 2011 INTRODUCTION, THE JAPANESE YEN

In top chart is plotted the value of U.S. dollar in Japanese yen beginning in 1971. At that time, Japan was not very impressive. Japanese cars had arrived in 1960s. One of the common discussion points on buying a Japanese car was the that few, in anyone, could repair them. But, Japanese economy was in process of coming alive on the back of an export driven, free market economy with a very unique cultural environment.

When 1971 opened, the Yen/\$ ratio was 358:1. In 1995 it was 84:1. In noting that, we need to remember that the Japanese economy in the years prior to 1990 was the most vibrant, wealthy, envied economy of the world. That all ended in 1990. The wealth of Japan today, 20 years later, is still only a fraction of that which existed in 1990.



Source: FRED

Suppose one, while traveling to Japan in 1971 to learn state of the art management techniques, had returned home with some yen in their pocket. Value of those yen would have been US\$0.002793, or less than a fraction of a cent each.(US\$1/358 yen)

In 1995 exchange rate was about 84:1. One yen was at that time worth US\$0.011905. Value, in dollars, had increased by 326%. To put that in perspective, it is equivalent of \$290 Gold rising to US\$1,235 in roughly a 25-year period. *What this all might mean for the Chinese Renminbi and you next month.*

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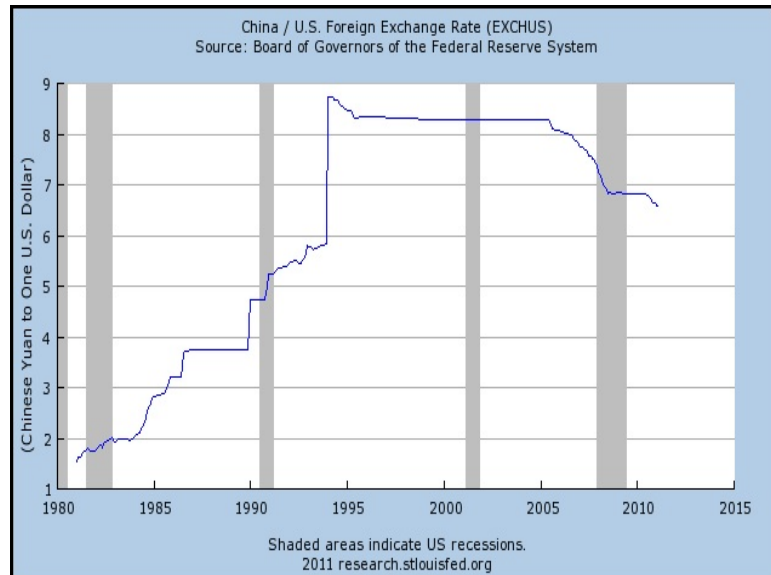
This written effort is simply an attempt to report on global financial matters, and the foolishness of policymakers around the world. Wise people should not believe everything we write. Investing should only be done after research and study.

MARCH 2011

CHINESE RENMINBI, AN INVESTMENT ALTERNATIVE:

Last month we talked about the Japanese yen. We noted that in 1971 the Japanese yen traded at Yen 358/US\$. In 1995 it traded at Yen 82 / US\$. That appreciation of the yen, due to the economic success of Japan from 1960s to 1990, resulted in an investment gain for the dollar-based investor of more than 300%. By the way, we will put all these comments on the Chinese Renminbi into one piece and send it out when we are finished.

China today is about the equivalent of Japan in the 1960s, or the U.S. in 1915. It is on the way to becoming the world's largest economy. Renminbi is on a long march to become a global reserve currency. And yes, bumps in the road will occur.



If we use Japanese yen as a model and allow for forecasting error, the values in the table on the previous page for Chinese Renminbi can be developed. ***Chinese Renminbi today offers exceptional investment value. Investors should seek out ways to accumulate Chinese Renminbi as an investment.***

That said, doing so is not as easy as clicking a mouse. Today, in the U.S. two ways of investing in the Chinese Renminbi appear available. One is through the Bank of China in the U.S. which recently started offering Renminbi denominated deposit accounts. Secondary alternatives have developed which include EverBank. We will be developing analytical effort on the Renminbi over time, and researching means of investing in it. ***We consider this the most exciting investment idea in the world of money since we first starting writing about Gold in the 1990s.***

APRIL 2011 CHINESE RENMINBI:

Yuan is portrayed in chart to right on a scale of US\$ / Yuan. In this chart the stochastic is normal. When we used Yuan / US\$, we used a reversed stochastic.

Long-term case for Chinese Renminbi is built on the role that the currency will have as China emerges as the largest economy in the world. That ascendency will not be without bumps, as was the case with both the British pound and the U.S. dollar.

At the present, Yuan is still somewhat tied to the dollar. That linkage is being slowly allowed to loosen. A dramatic

unlinking of the two currencies would probably cause havoc within China, and for that reason will not happen. The appreciation of the Yuan will be slow, have ups and downs, and be persistent over time. Think of it as buying the U.S. dollar in 1915, or Gold in 1972-73.

At the present time, non Chinese investors cannot obtain Yuan in currency form, but only in deposit form. China is expanding this potential as it wants to gradually widen the use of the Yuan in the world. Such a shift would lower transaction costs for businesses by eliminating currency conversion costs, which in total is a lot of money. Second, an appreciating Yuan would lower domestic inflation in China.

Preferred deposit account is with Bank of China, but one must go to branches in either New York or Los Angeles. Second alternative for those outside of Asian centers is through Everbank. Their web site is www.everbank.com Nothing prevents a U.S. bank from offering foreign currency deposit accounts other than they are too lazy to do so.



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