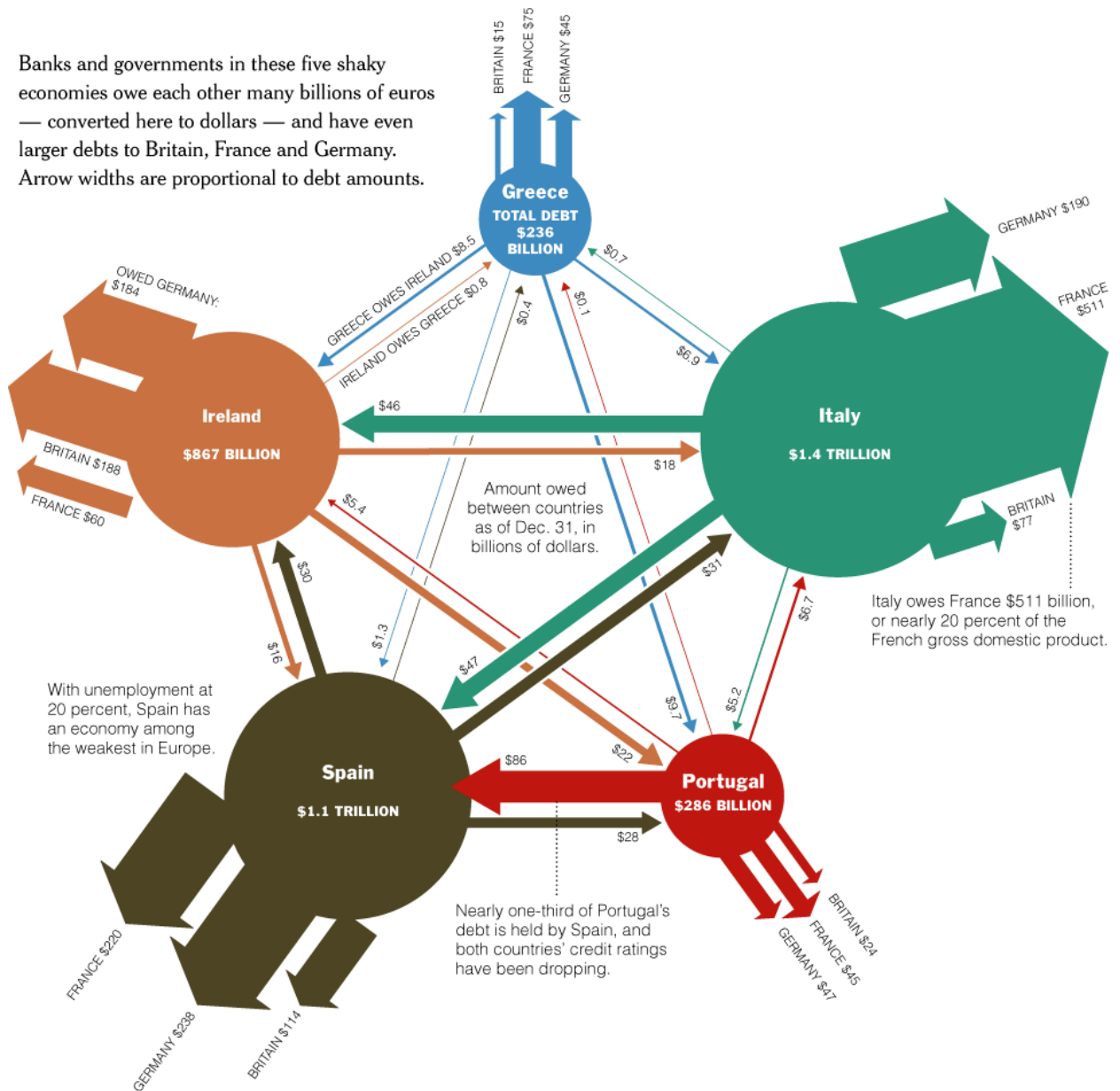


# EURO TROUBLE AHEAD

## WEB BUZZ 2011.01.10

Please note the following chart. What do you see? We wonder if this is one of those inkblot pictures upon which psychologists can determine who you are and what your intentions are.

Banks and governments in these five shaky economies owe each other many billions of euros — converted here to dollars — and have even larger debts to Britain, France and Germany. Arrow widths are proportional to debt amounts.



Adapted from Mish's Global Economic Commentary

We believe this chart will be the major story of 2011. Europe and the Euro are in big trouble. What does that mean to us? Well, 25% of our exports are sold to them and exports in 2010 were a fine contributor to our GDP. Also, the wealth of Europe may soon be seeking a safe haven and the much maligned U.S. Dollar and U.S. government securities may be the prime beneficiaries.