



James R. Derrick, CFA, MBA  
Chief Investment Strategist

September 2011

Securities offered through  
SECURITIES AMERICA, INC.  
Member FINRA/SIPC  
Roger M. Smedley  
Sharla J. Jessop  
James R. Derrick  
Rodney A. Walker  
Shane P. Thomas  
Mikal B. Aune  
Registered Representatives  
Investment Advisor Representatives  
of Smedley Financial Services, Inc.<sup>®</sup>  
Smedley Financial Services, Inc.<sup>®</sup>  
and Securities America, Inc. are  
separate entities.

The opinions and forecasts expressed are those of the author and may not actually come to pass. This information is subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security or investment plan. Past performance does not guarantee future results.

**SMEDLEY FINANCIAL SERVICES, INC.<sup>®</sup>**

*Investing @ the Speed of Money.<sup>®</sup>*

# ViewPoint

## Currency Manipulation Everywhere

**U**nited States citizens can now celebrate 40 years of living on a dollar with no intrinsic value. Before August 15, 1971 U.S. dollars were tied to gold's value. Now, the dollar is only valuable because we say it is. Major currencies all over the globe are the same and so far, results are not as bad as many expected.

Historically, the risk to floating currency values has been inflation. **When currency loses value, prices rise.** If the dollar loses value then all other things being equal, the price of oil may rise.

The opposite could also be true. A strong dollar could reduce gasoline prices and increase our standard of living. So, is strong currency good?




Each country has a central bank that indirectly influences currency. The central banks of the United States, Japan, and China have all been accused of trying to make their currencies weaker.

**A strong dollar may boost our standard of living in the short run. However, strengthening the dollar can lower exports, reduce tourism, and send jobs overseas.**

Recent financial uncertainty has led many investors to seek safety in Switzerland. The rise of the Swiss franc has led the country to declare it will buy euros to keep the franc weak (like China buys U.S. dollars to keep its currency weak).

Brazil has also seen large inflows of investments because of its strong economy. Its central bank is lowering interest rates with the goal of weakening its currency by making its bonds less attractive to foreign investors.

In other words, countries can rise and fall based upon where investors want to park their assets. **It is too early to know if intervention by central banks will help reduce volatility or not, but it is worth a try. We all would appreciate a little less volatility.** Of course there are no guarantees. 

\*Research by Smedley Financial Services, Inc.<sup>®</sup> Data provided by public sources. Investing involves risk, including potential loss of principal. Currencies have additional risks. Diversification does not guarantee positive results. Past performance does not guarantee future results.

420 East South Temple Suite 420 P.O. Box 4133 Salt Lake City, Utah 84110-4133  
(801) 355-8888 (800) 748-4788 E-mail: info@SmedleyFinancial.com



Copyright 2011 Smedley Financial Services, Inc.<sup>®</sup> All rights reserved.