



Fullermoney.com & TSAA-SF

**Fire or Ice: Will inflation or
deflation triumph?**

April 13th 2012



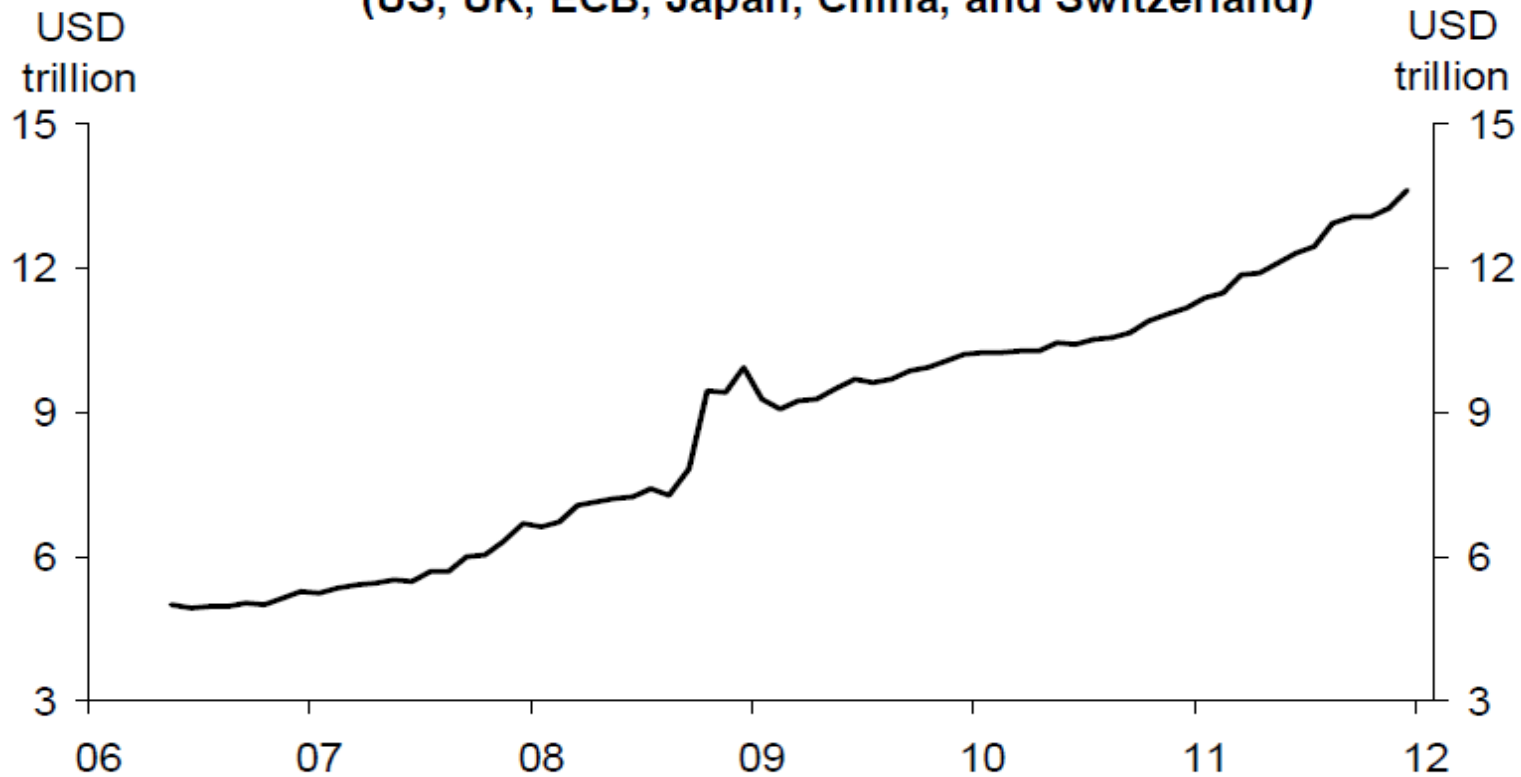
Inflationists argue that massive increases in money supply must lead to a loss of purchasing power.



Major central banks have printed \$8trn since 2007



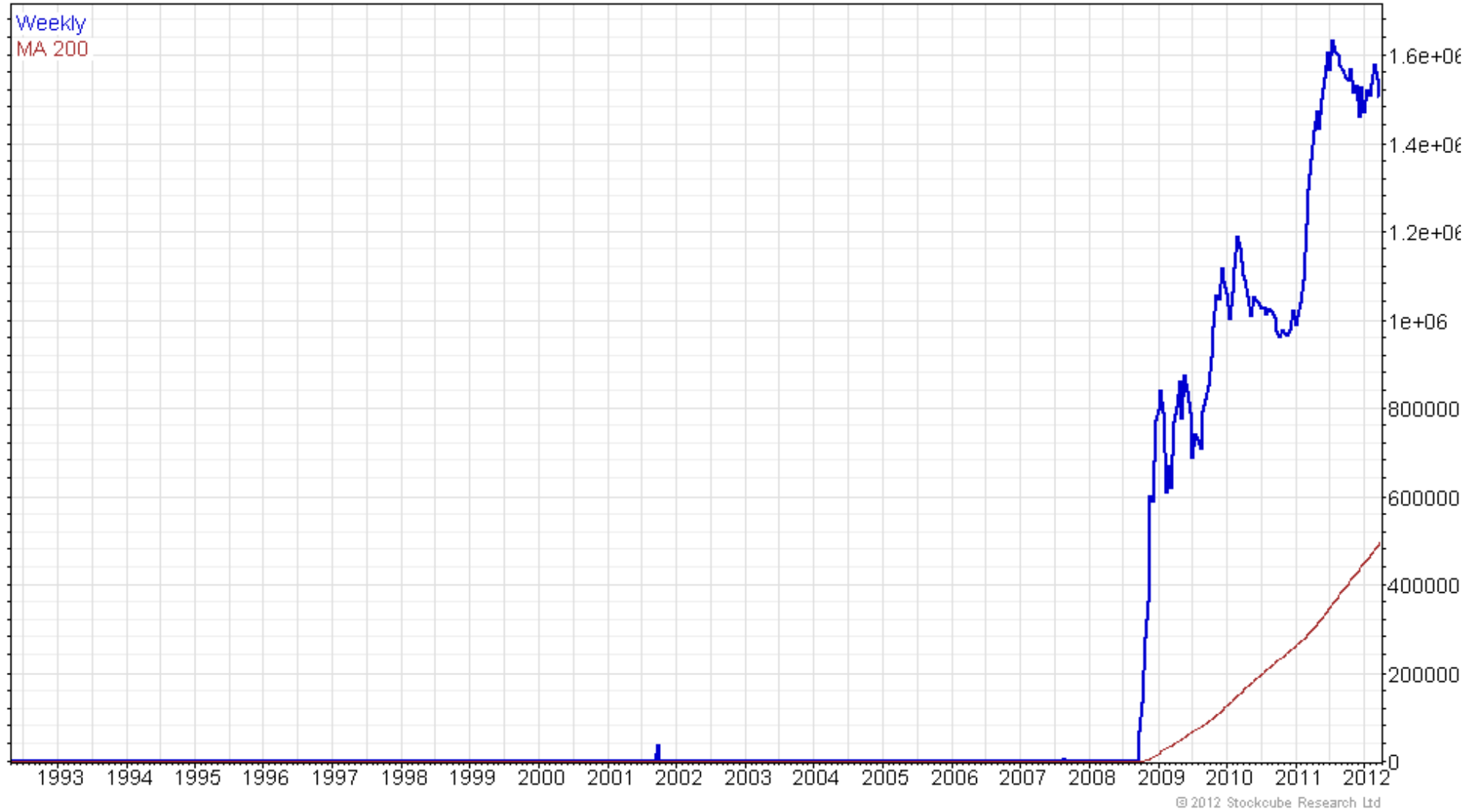
**Sum of major central bank balance sheets
(US, UK, ECB, Japan, China, and Switzerland)**



Source: FRB, BoJ, ECB, PBC, SNB, BoE ,Haver Analytics and DB Global Markets Research



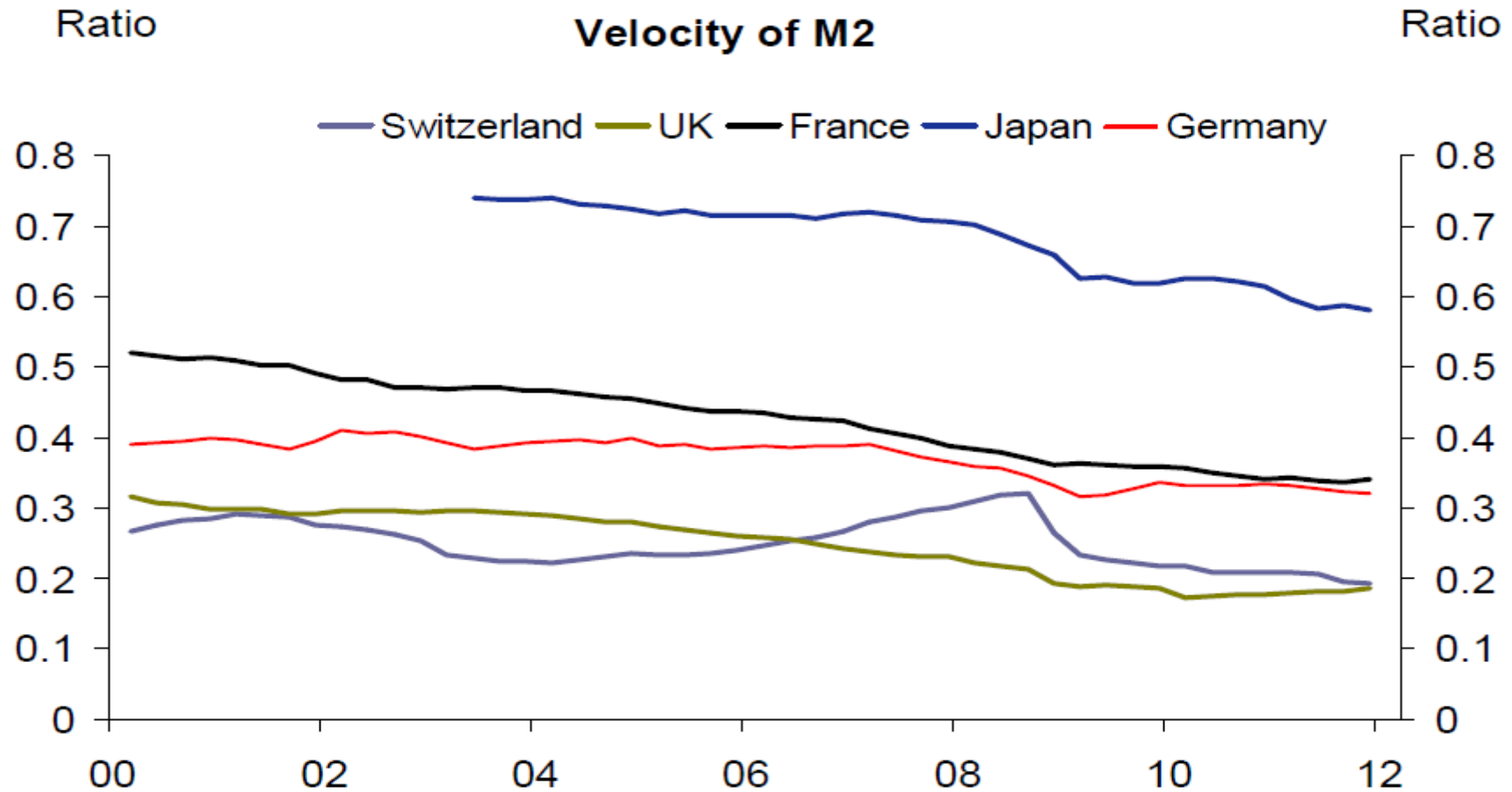
US Aggregate Reserves Depository Institutions Excess Reserves SA (ARDIERNA) 1.50591e+06 - FullerMoney.com 21 Mar 2012







Velocity (i.e. GDP/Money supply) still trending down in major countries



Source: ECB, Eurostat, BoE, ONS, BoJ, Bdf, INSEE, SNB, Bbk, BdF, Haver Analytics and DB Global Markets Research



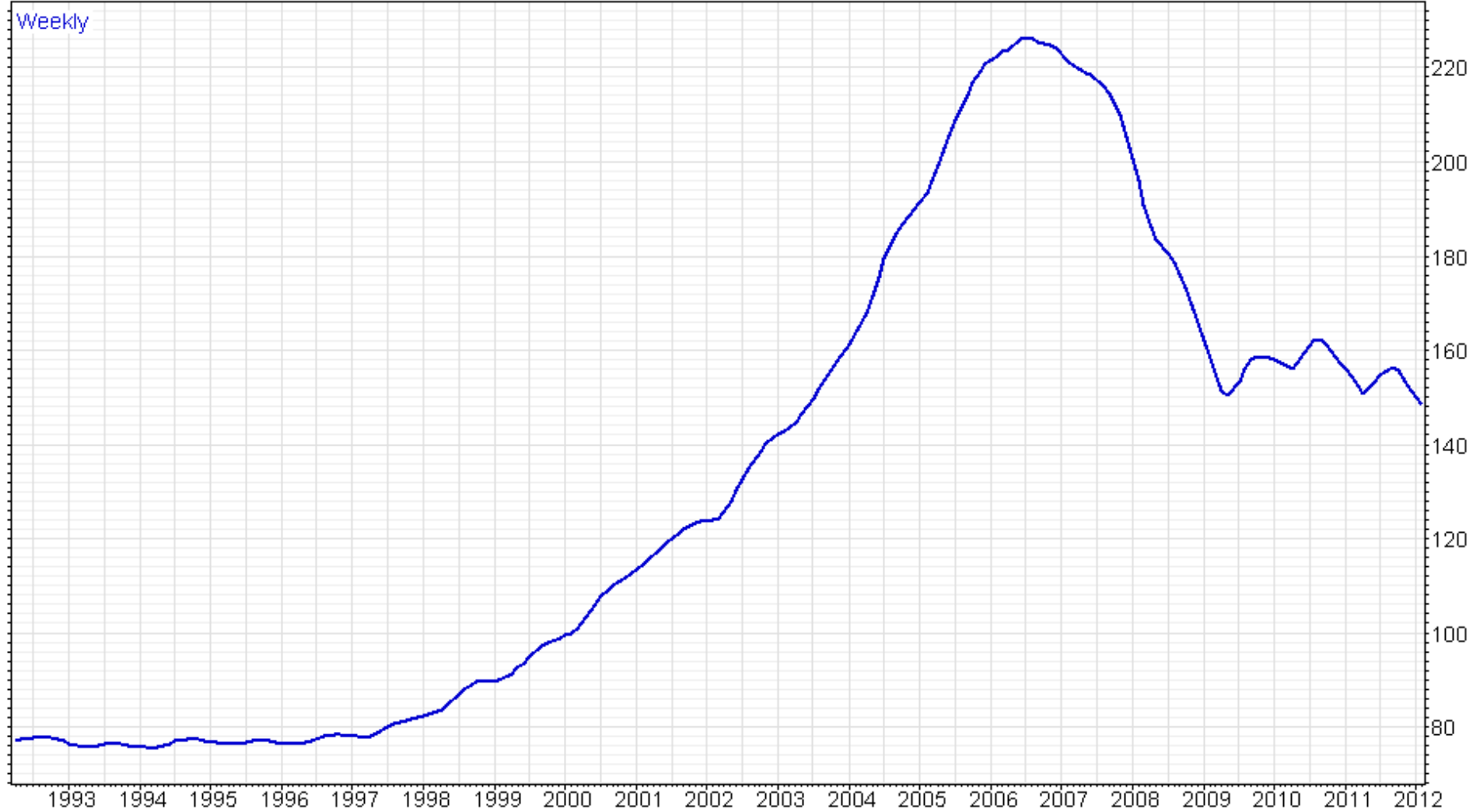
The answer is more subtle than one might initially expect. Let's look at some additional evidence.





S&P/Case-Shiller Composite-10 (SPCS10) 148.4

www.fullermoney.com 31 Jan 2012





NAHB Home Builders Market Index (USHBMIDX) 28 +3.00

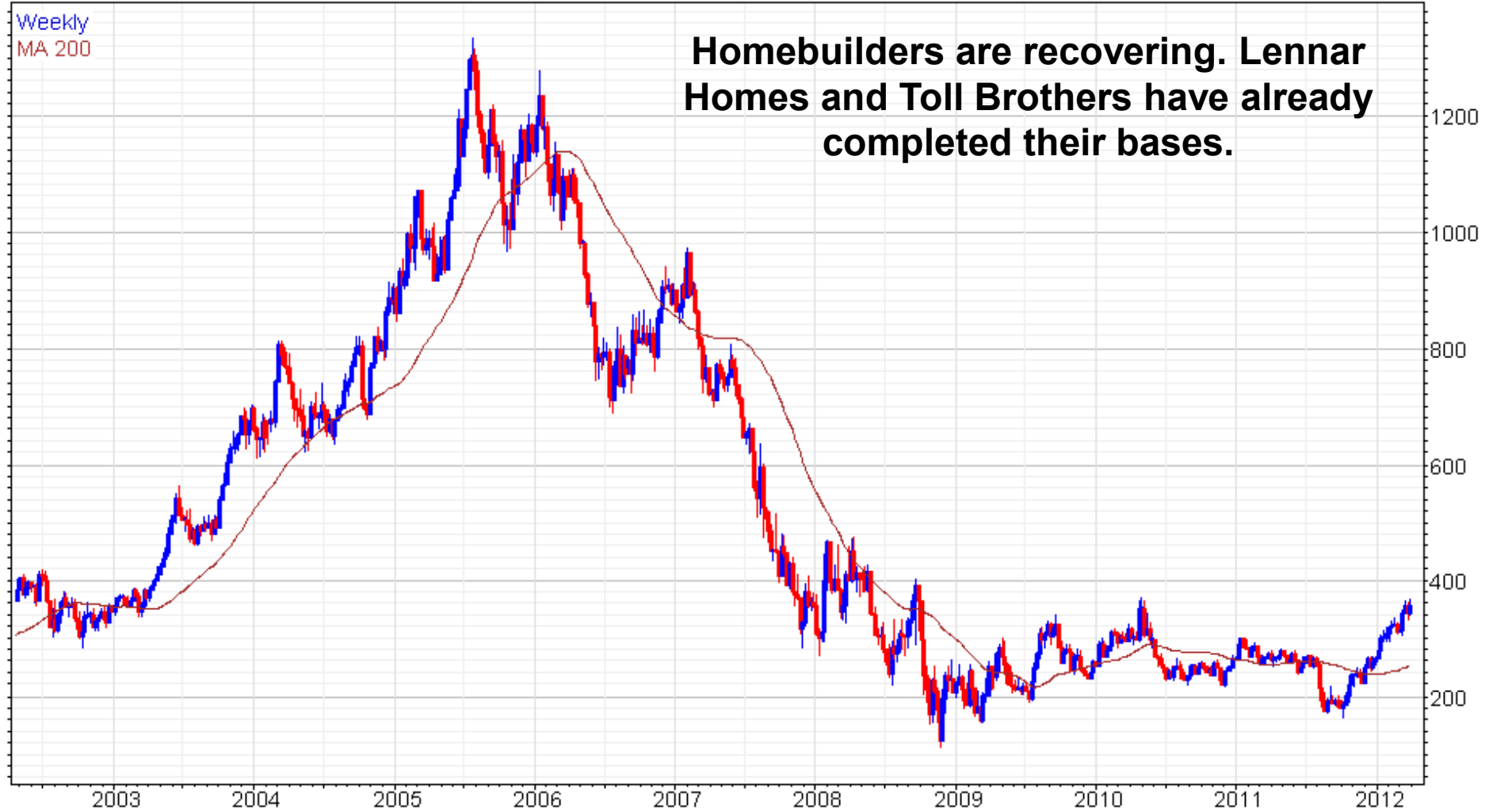
www.fullermoney.com 29 Feb 2012





S&P500 Homebuilding (S5HOME) 359.12 +11.60

www.fullermoney.com 27 Mar 2012





US 10yr Bond Yield (USGG10YR) 2.1871 +0.00

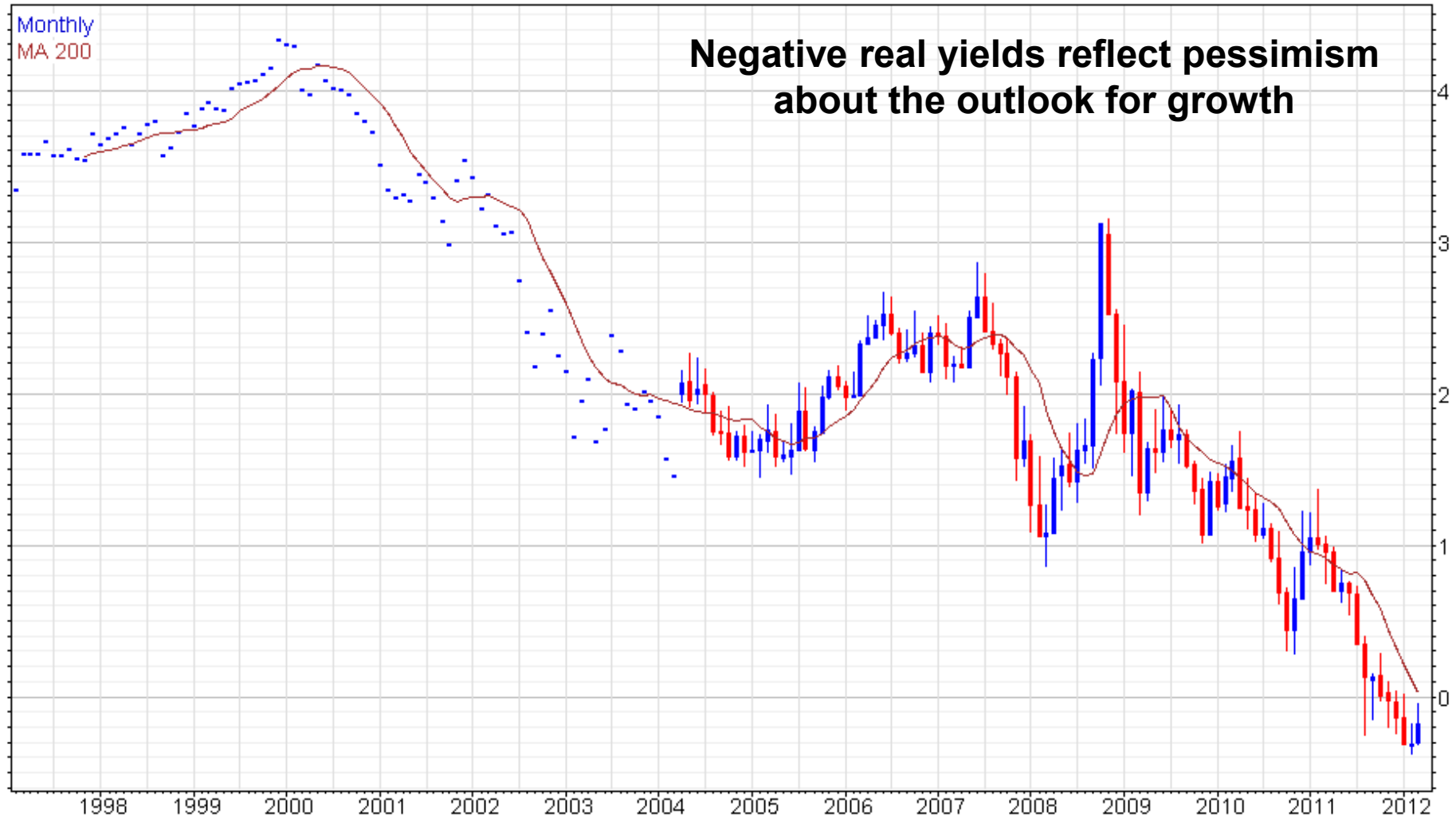
www.fullermoney.com 28 Mar 2012





US 10 Year TIPS (USGGT10Y) -0.1682 -0.05

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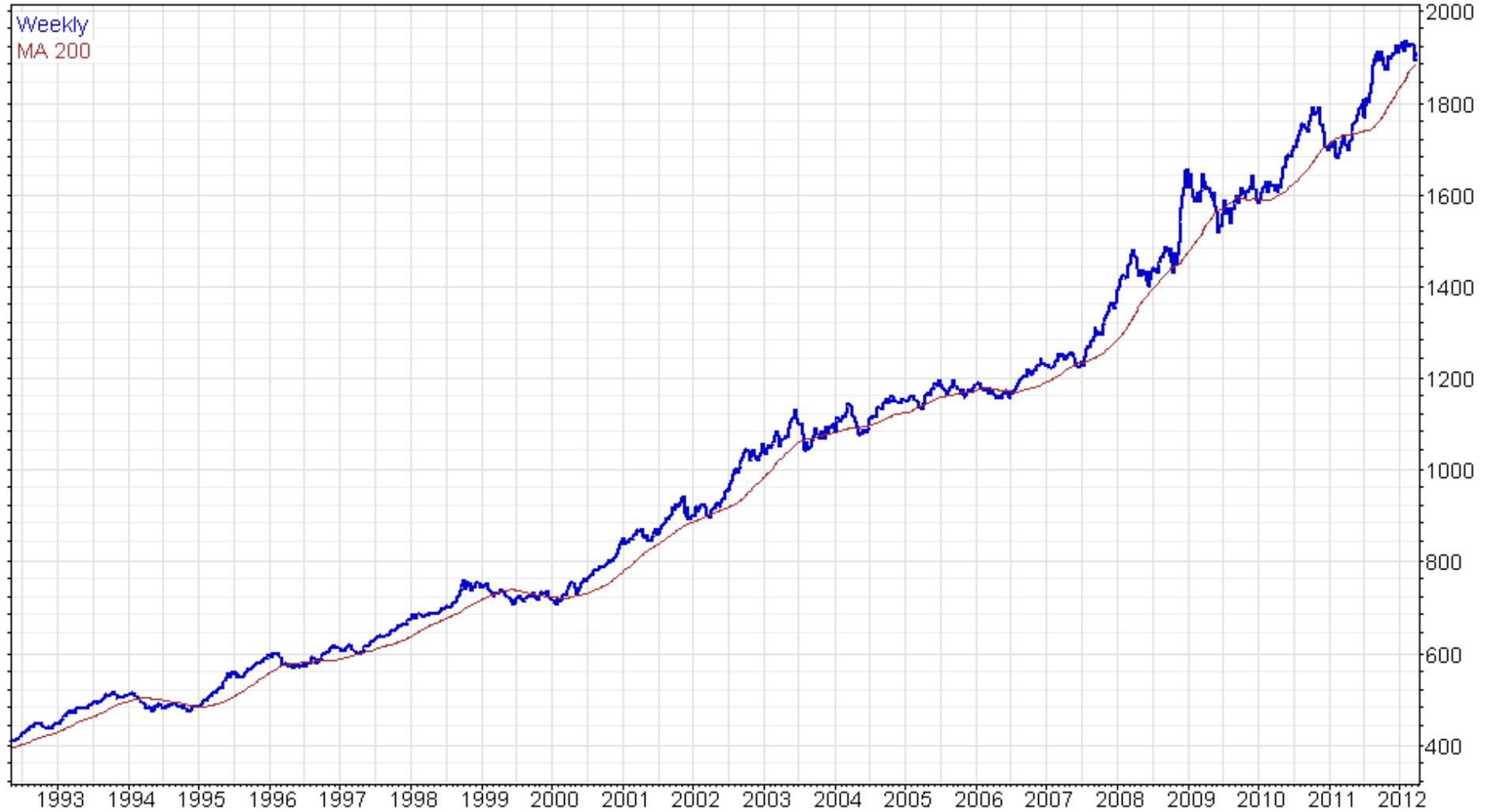


Negative real yields reflect pessimism about the outlook for growth



Merrill Lynch 10yr+ US Treasury Total Return (MLT1US10) 1909.09 +8.31

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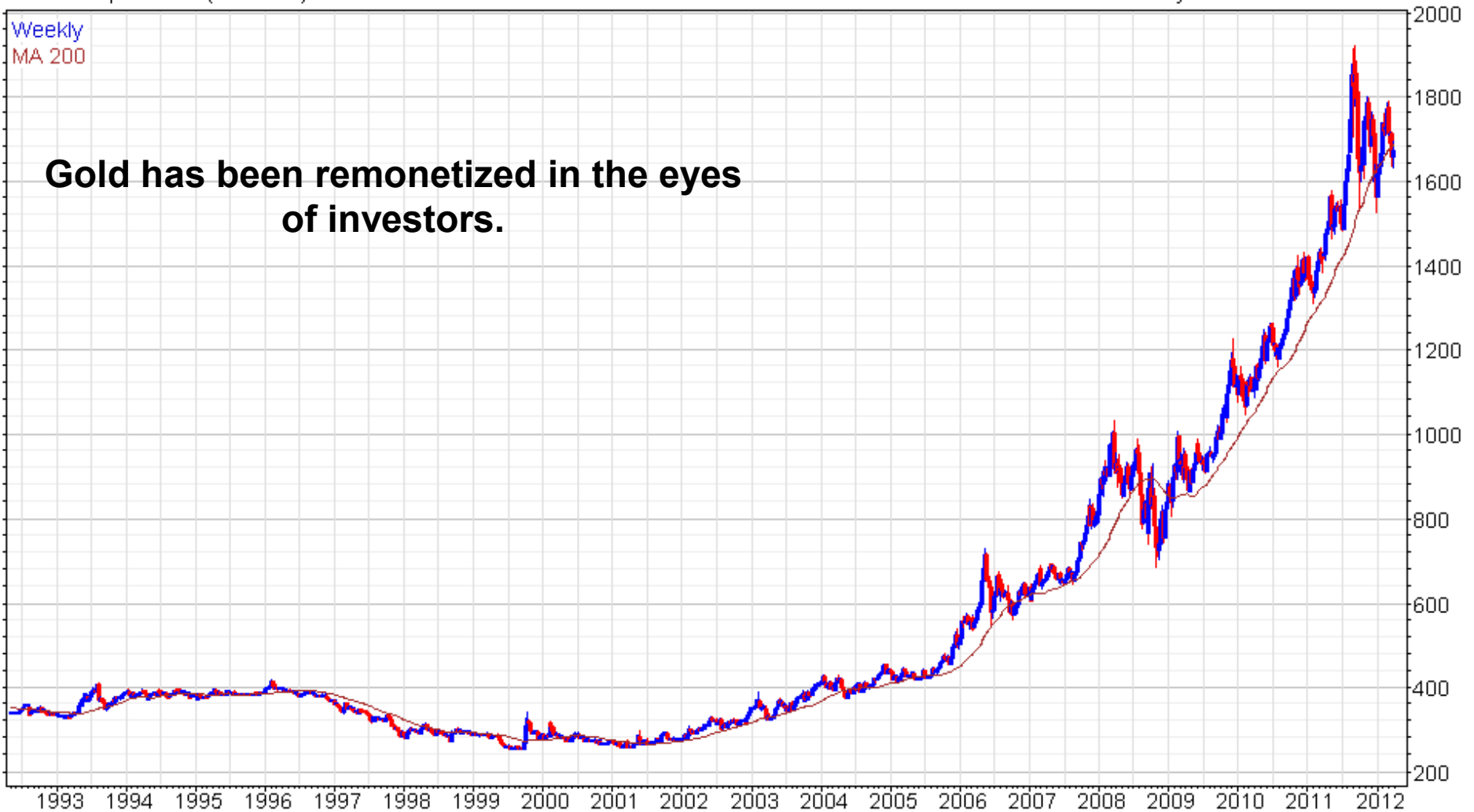


London Spot Gold (GOLDS) 1672.27 -8.50

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Weekly
MA 200

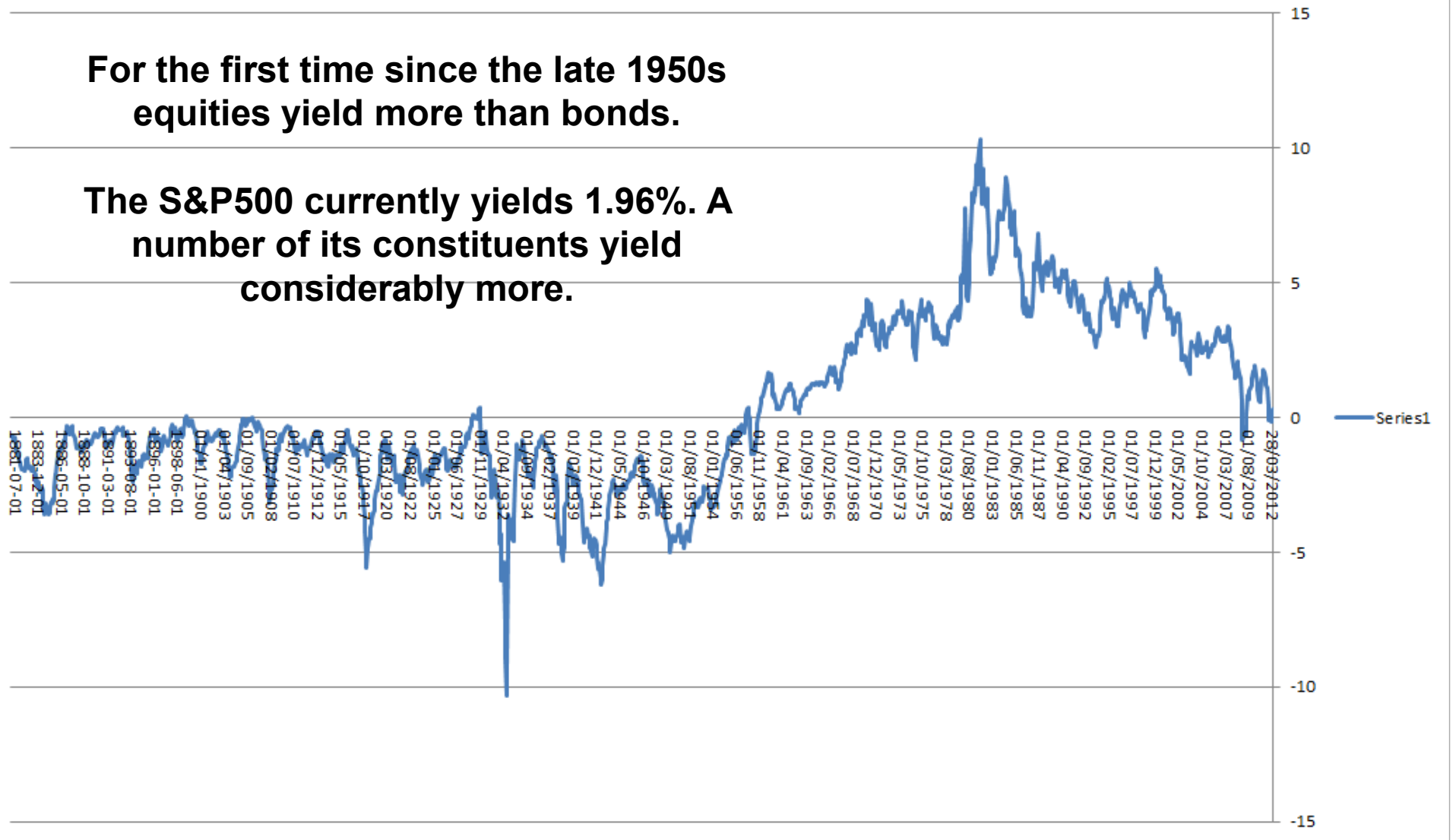
Gold has been remonetized in the eyes of investors.





For the first time since the late 1950s equities yield more than bonds.

The S&P500 currently yields 1.96%. A number of its constituents yield considerably more.





In the 1950s the Nifty 50 represented the USA's growth engine.

That mantle has today passes to the Autonomies.



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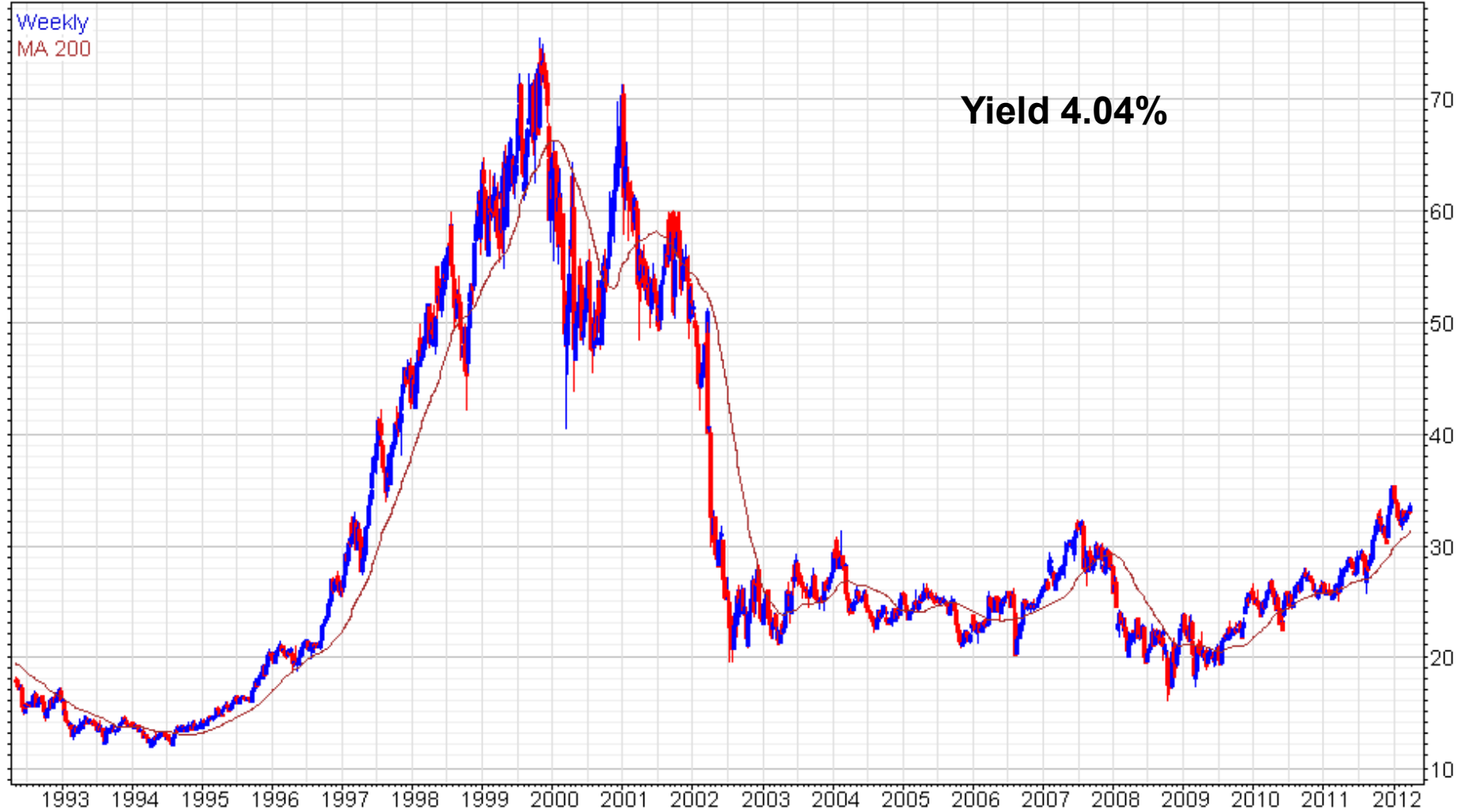
Autonomies

- Truly global companies that have outgrown their domestic markets.
- Strong brands, excellent corporate governance.
- Solid cashflows
- Many have long histories of increasing dividends.



Bristol-Myers Squibb Co (BMY) 33.57 -0.10

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Google Inc (GOOG) 653 +5.98

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Intel Corp (INTC) 27.983 -0.21

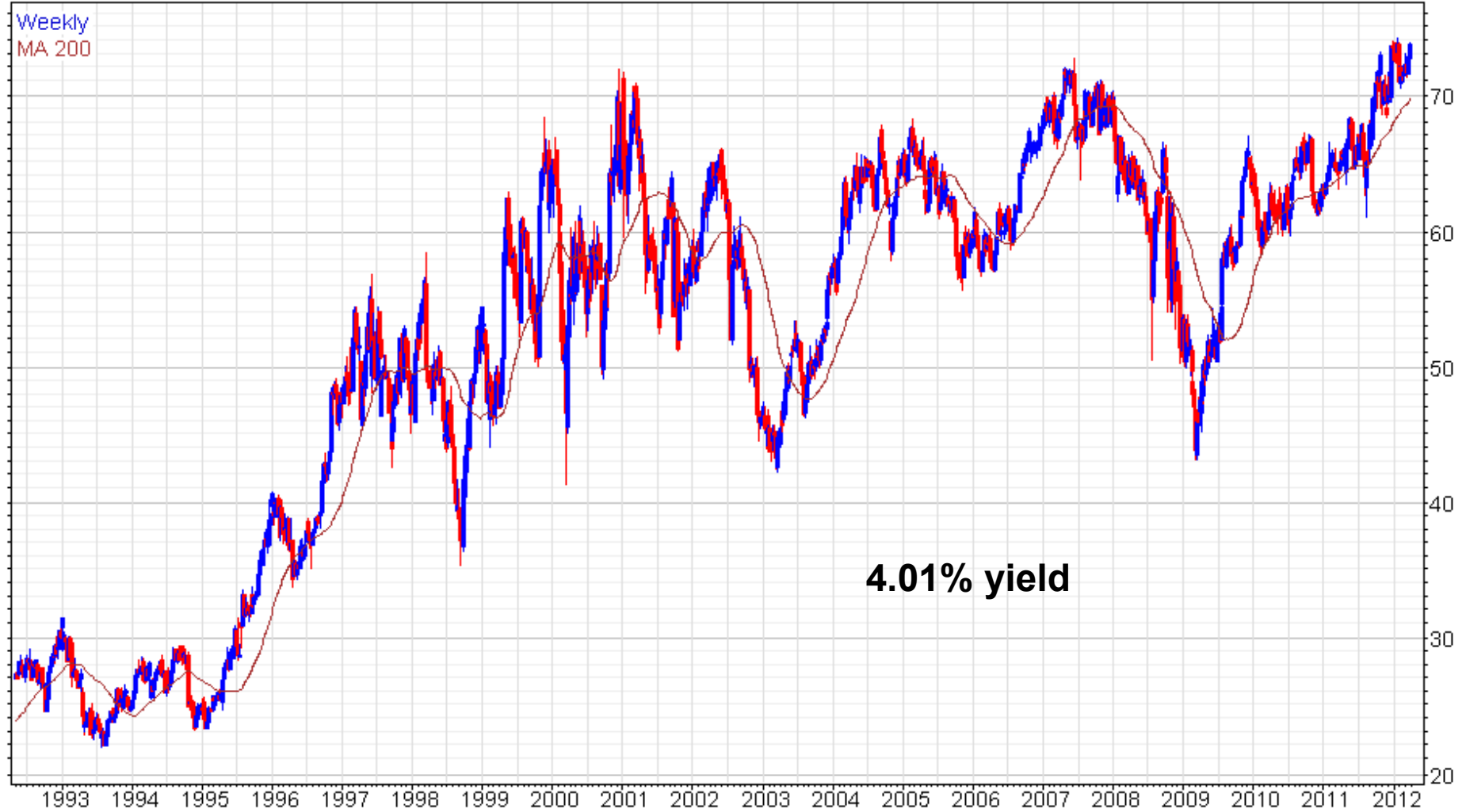
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Kimberly-Clark Corp (KMB) 73.78 +0.10

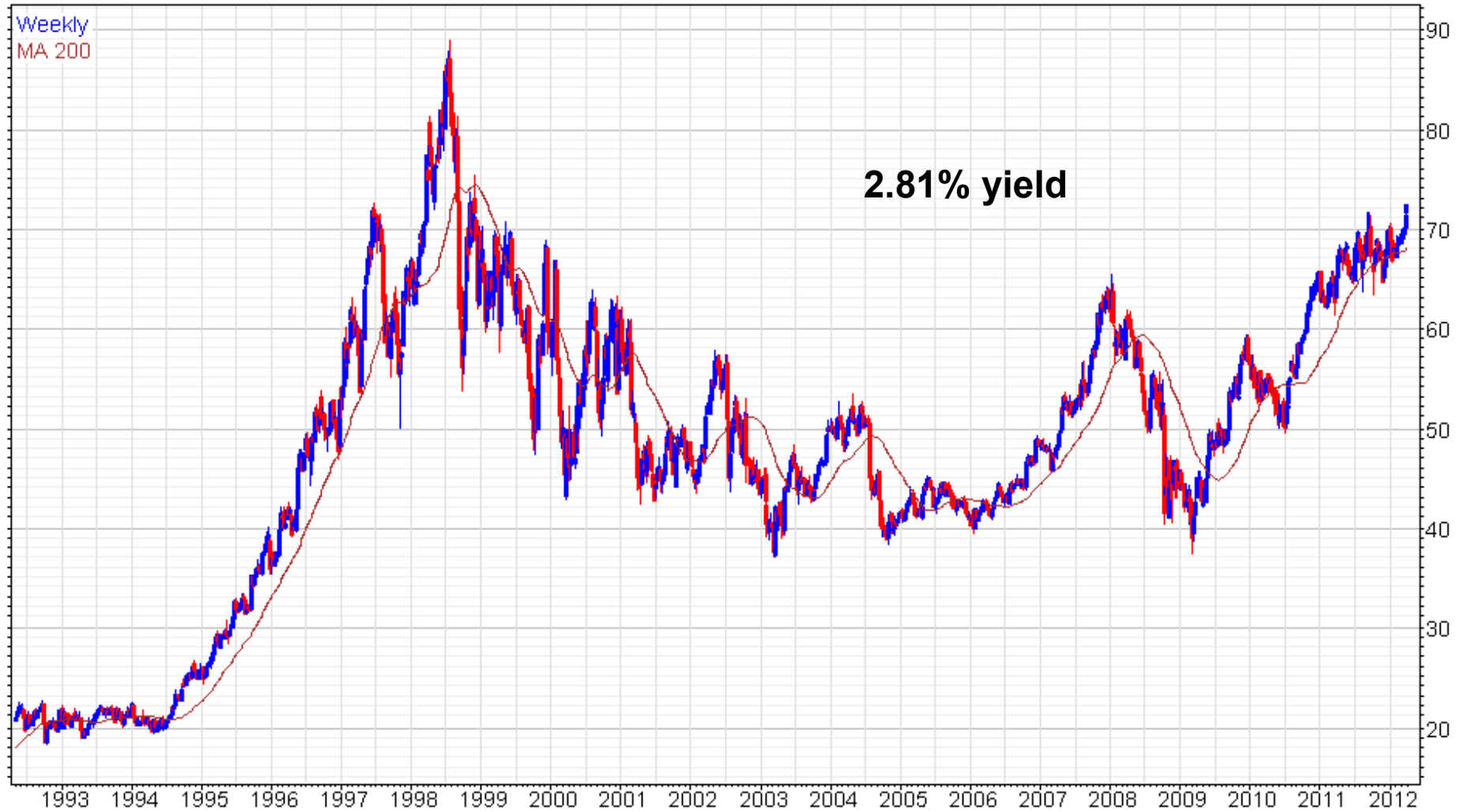
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Coca-Cola Co (KO) 72.485 +0.61

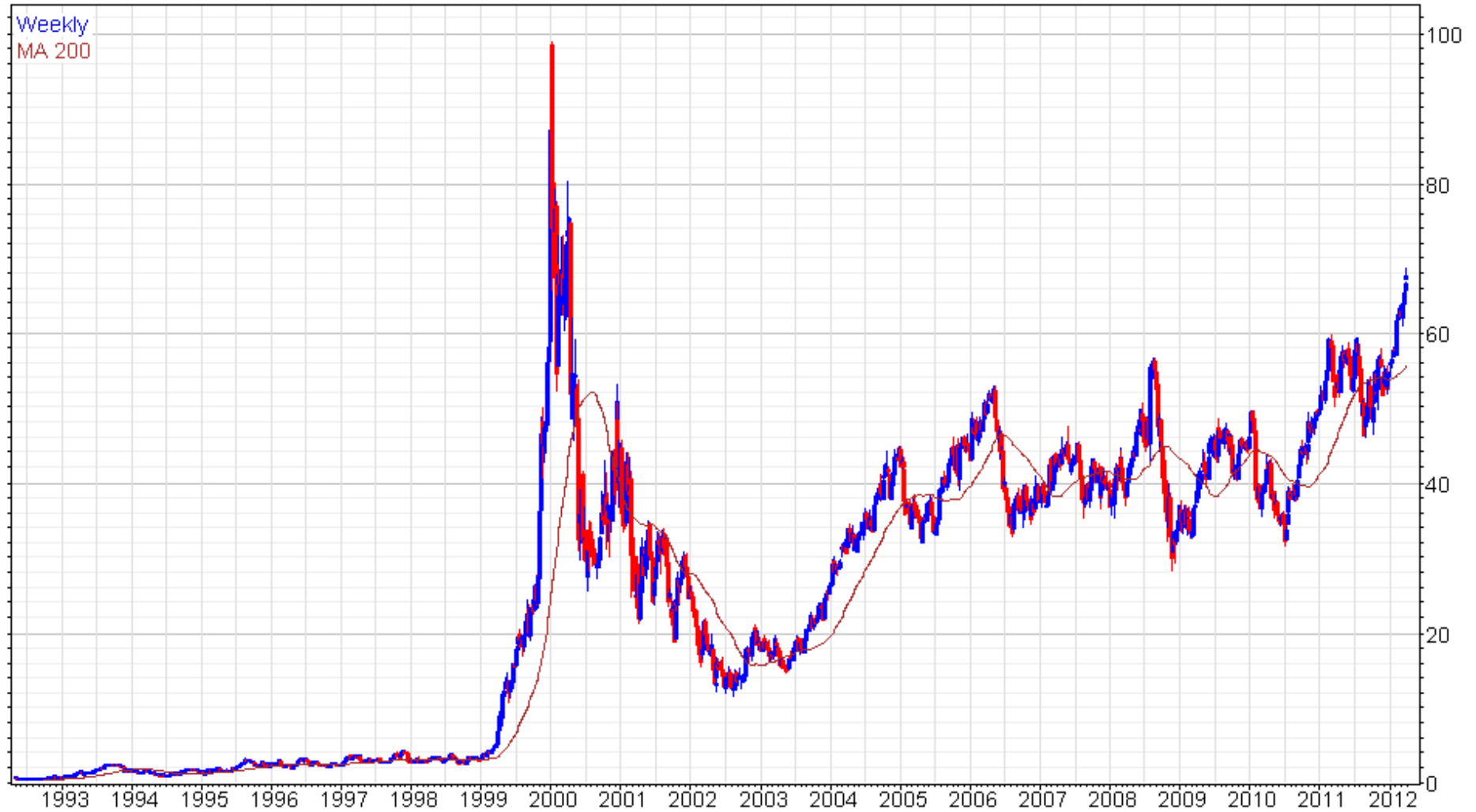
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Qualcomm Inc (QCOM) 67.7 -0.79

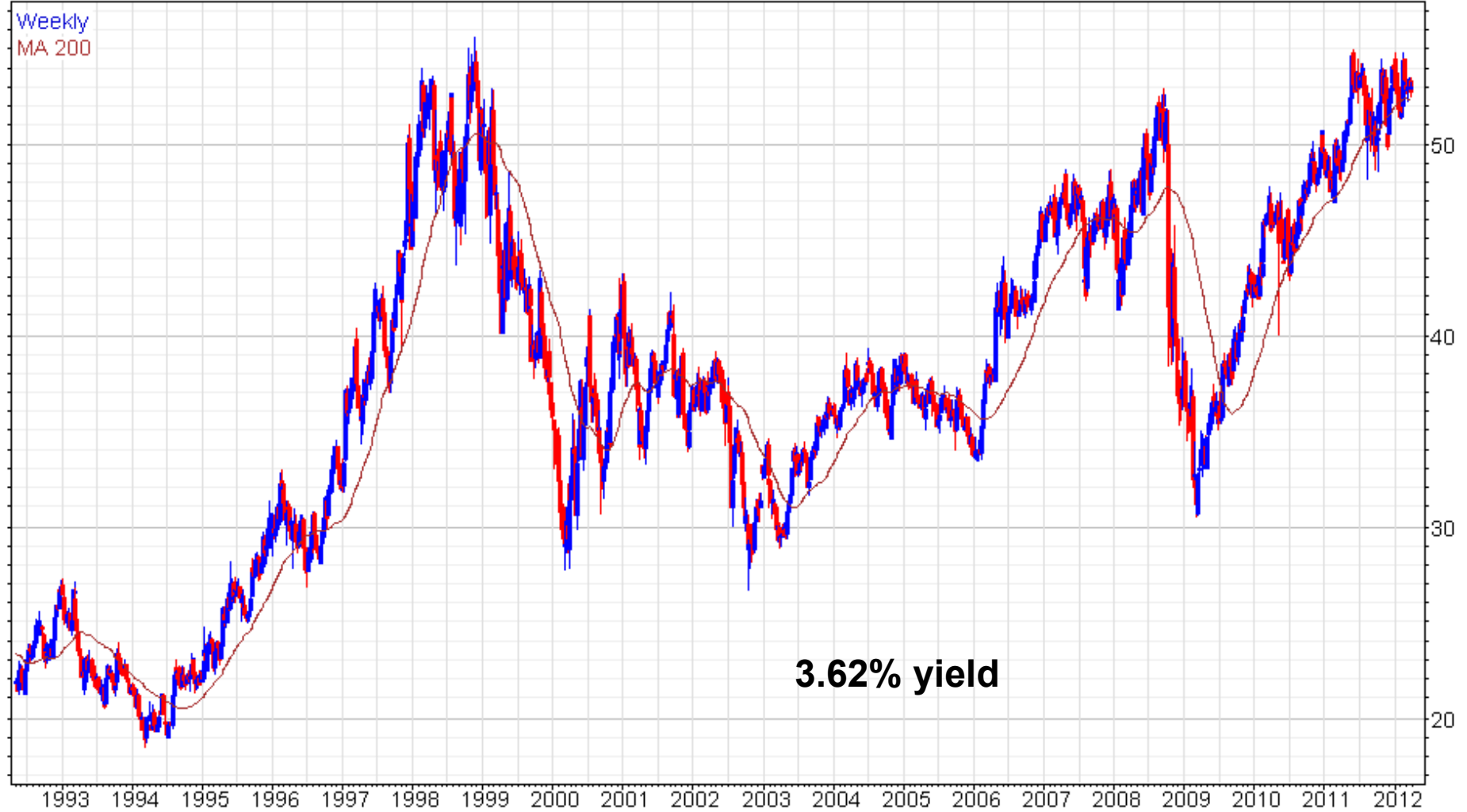
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Heinz (H.J.) Co (HNZ) 52.97 -0.19

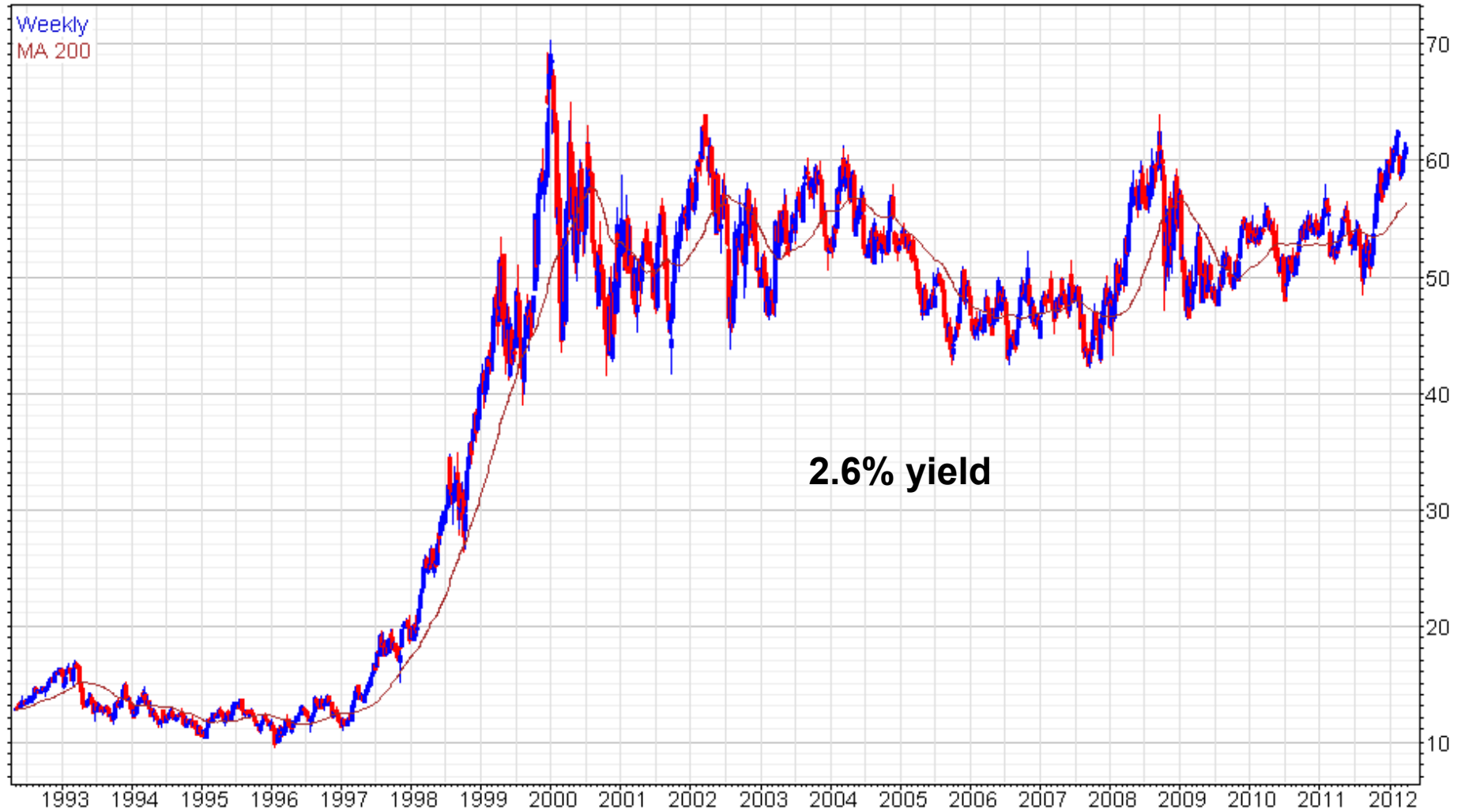
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Wal-Mart Stores Inc (WMT) 61.09 -0.11

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