

## Currency Roundup

Currency	Value	8/24/2007	10/23/07
EUR	1 Euro equals US\$	\$1.3676	\$1.4251
CAD	1 CAD equals US\$	\$0.9506	\$1.0355
JPY	US\$ equals Yen	116.45	114.70

Over the two months, the dollar weakened against most major currencies. This was due in large part to the Fed cutting the Fed Funds rate .50%. While this move should make credit more available in the US and help bolster the US economy, it could have the following effects:

1. US Importers will now have to pay more for foreign goods. Expect these higher prices to be passed onto US consumers. This could hurt their bottom line and cause inflationary pressure in the US.
2. The goods of US Exporters will now be "cheaper" in foreign markets. This should help their bottom line.
3. Commodity prices will probably go up in \$ terms and thus cause inflationary pressure in the US.
4. US college students will have to buy less or spend more when making beer runs north of the border.

## Hot Commodities

Commodity	8/24/07	10/23/07
NYMX WTI Crude Oil	\$71.09	\$85.53
COMEX GOLD	\$677.89	\$764.00
NYMX Nat. Gas	\$5.523	\$6.79

In US\$ terms, a barrel of oil has reached record levels and gold continues to spiral upwards. With the reduction in US interest rates, there could be continued upward pressure on natural resources and precious metals. Too much upward pressure on these commodities would be inflationary and could cause the Fed to forestall anymore rate cuts or to even raise rates early next year.

## Getting Ready to Retire

Over the last couple of years there have been a lot of new financial products and revamping of old financial products in the retirement sector. One group of products that used to be pilloried by the press and financial "gurus" have now been reincarnated and when used properly are now winning praises and laurels from those same critics. Please contact your personal Financial Consultant to learn about these products and others that might be suitable for your retirement needs.

Interested in guaranteed retirement income for the rest of your life? Call your personal Financial Consultant to find out what products we have which are guaranteed by AA and even AAA institutions. Guarantees are based on the claims-paying ability of the issuer.

*This product is designed for retirement purposes and is subject to market fluctuations. In addition, in the case of early withdrawal, a surrender charge may apply. The prospectus contains information relating to charges, expenses and complete details of coverage. You should read the prospectus carefully before investing.*

## INTERESTING Thoughts

Benchmark	8/24/07	10/23/07
Fed Funds	5.25%	4.71%
3 Mon. T-bill	4.22%	3.88%
5 yr. T-note	4.41%	4.05%
10 yr. T-note	4.616%	4.40%
30 yr. T-bond	4.684%	4.69%

As you can see, the Fed's rate cut had a dramatic impact on short term interest rates while long term interest rates (as represented by the 10 yr, T-note) were much less affected. Longer term rates have stayed about the same creating a steeper rate "curve" than the unusually flat curve we had been experiencing. This portends the possibility of higher inflation.

