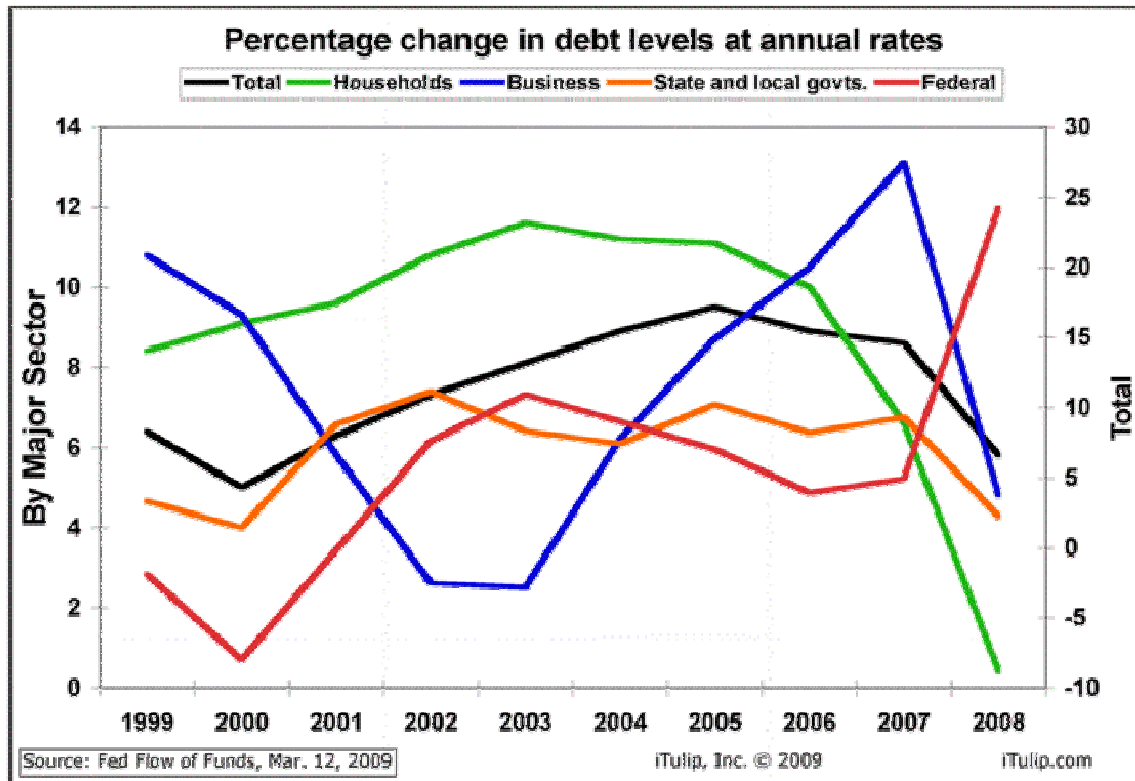


A CURRENT LOOK AT DEBT LEVELS

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There are broadly four sectors of the U.S. economy: they are households, business, state and local governments, and the federal government. Three of these sectors—all but the federal government—have to live within their means. If they played by the same rules as the private sector, the federal government would have long ago been convicted on the RICO rules for criminal behavior. Their behavior is both disgusting and immoral.

After years of spendthrift behavior, the household sector is in full retreat from borrowing to maintain their standard of living. They must do this, and no amount of federal intervention can or will change their behavior. The business sector is likewise in a debt repayment mode, as are state and local governments. That leaves the federal government as the borrower of last resort. The percentage of change in its debt levels at annual rates is approaching 25% and moving higher.

The U.S. economy got into this mess by using too much debt, and we are now adding to the problem by having a sector continue this behavior and possibly ruin their balance sheet. We at Central Plains Advisors, Inc. have no current fear that the federal government is going into bankruptcy, but those in the gold market and many conservative groups (in which we are usually included) are running up the red flag and, in some cases, the white flag. We think this is premature. However, it may be a problem later on down the road.

The economy seems to be trying to find a bottom. We doubt that we are there yet and, even if we are, any recovery will be nearly nonexistent.