

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



## Is the Dollar Still a Safe Haven?

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For many decades the US dollar has been a refuge in times of crisis. It has not just maintained its value. It has tended to go up in value against other currencies as funds flow out of regions in conflict and into US treasuries and investments. But is the dollar still a safe haven today like it was for so long after the Second World War? Inflation has eaten away at the dollar's purchasing power over the years. However, it has done that with virtually all world currencies. The threats to the dollar's dominance have more to do with the horrific level of US debt and the unraveling of the nearly 80 years of Pax America that has kept the world free from a new world war for 78 years.

## Fog of War and the Treasury Market

Sometimes the dollar is affected by long term economic concerns and sometimes it is driven by short term ones. *Bloomberg* reports that increases in armed conflicts and introduced a [new math to treasuries](#) and the value of the dollar. As more and more armed conflicts break out, specifically in Israel and Ukraine, more and more money gets allocated to deal with these situations. At the same time nobody is raising taxes to cover the extra costs. Rather the US is borrowing more and more. What has happened now is that the market for treasuries is getting saturated as investors expect to see another \$100 billion thrown on top of the funds already being borrowed to keep the government afloat.

## How Trustworthy Is the US Government?

While the world is unraveling, countries like China and Russia are looking to change the world order, and terrorist organizations like Hamas are growing more sophisticated and aggressive. Meanwhile, the US House of Representatives has ground to a standstill while a handful of its members seek to control the rest. The economic world runs on supply and demand. There is, at this point, perhaps too much supply of US treasuries in the view of those who normally buy them. Today the demand is at risk because investors are going to start asking if the US can be trusted to pay its debts when it cannot keep the normal housekeeping functions of its government operating from day to day.

## The Worst Currency Except for All of the Rest

Winston Churchill once said that democracy was the worst form of government except for everything else that had ever been tried. Perhaps the point with the dollar is not that it has to have the level of dominance it had in the post-World War Two era but simply that it needs to stay ahead of the rest in terms of security. This largely depends on maintenance of stable world economic and political systems. And those depend on tamping down wars and adventurism as needed. Thus, the argument can be made that the US needs to bite the bullet, pay the necessary price, and keep the post World War Two order from totally coming apart. From a political point of view this is always messy, sort of like how you do not really want to know what goes into making sausage. However, like good sausage, the result should be rewarding.

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