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A LOOK AT US INTEREST RATES FROM A GLOBAL PERSPECTIVE

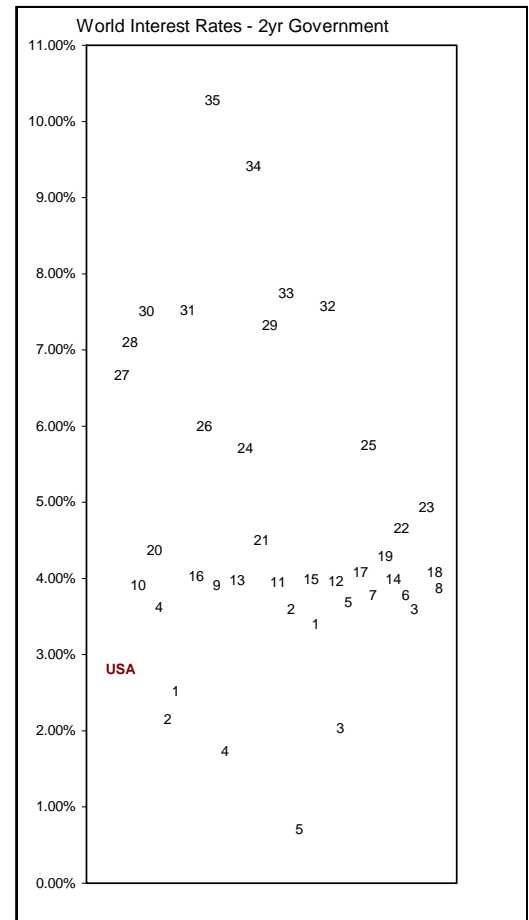
As investors begin to set their asset allocation framework for the New Year, the current state of the US interest rate environment should play a role when structuring a portfolio.

- The two-year Treasury is currently yielding 2.75%.
- 35 out of 41 global bond markets offer higher yields than found in the US.
- Only five out of 41 global bond markets offer yields lower than the US.
- US interest rates remain far too low to lend support to the beleaguered dollar.
- Central banks will continue to gradually reduce their dollar reserves in favor of higher yielding currencies.

Investors need to carefully review their portfolios and consider the importance of a globally diversified portfolio that favors non-US assets.

The chart to the right illustrates the state of US interest rates on the global stage. The risk with this type of interest rate environment is that the US becomes an unwanted destination for foreign capital at a time when our capital needs are growing. The US will either have to sell its assets at steep discounts via a weaker dollar or interest rates will have to be repriced to substantially higher levels in order to attract capital. There has already been a heavy toll placed on the dollar. The risk is that asset prices will have to be lowered to attract capital into the US and slow the exodus of domestic money.

These are trying times for the US and for foreign lenders to the US. One bright spot, however, is the safe haven of gold. It has again earned the respect of the investment community and deserves to be included in one's asset allocation to reduce and diversify portfolio risk.



Source: Bloomberg. As of January 4, 2008

Only five countries offer interest rates below the US.

- 1 Switzerland
- 2 Taiwan
- 3 Hong Kong
- 4 Singapore
- 5 Japan

These countries offer interest rates above the US.

- 1 Ireland
- 2 Malaysia
- 3 Canada
- 4 Thailand
- 5 Chile
- 6 China
- 7 Germany
- 8 Austria
- 9 Spain
- 10 France
- 11 Netherlands
- 12 Finland
- 13 Portugal
- 14 Czech Republic
- 15 Italy
- 16 Sweden
- 17 Greece
- 18 Belgium
- 19 Denmark
- 20 UK
- 21 Norway
- 22 Colombia
- 23 Brazil
- 24 Poland
- 25 Philippines
- 26 South Korea
- 27 Australia
- 28 Venezuela
- 29 New Zealand
- 30 Hungary
- 31 India
- 32 Indonesia
- 33 Mexico
- 34 Pakistan
- 35 South Africa

Note: See chart at right for applicable country interest rates.

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