

Splitting Pennies Book Preview

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Thank you for your interest in Forex and Splitting Pennies. Here you can enjoy the first 10 gripping pages of this dramatic story that affects each and every person on the planet Earth. Splitting Pennies is not only a book – it's also a trading strategy. All owners of the book are entitled to receive the automated Forex robot "Penny Splitter" for unlimited use. Enjoy the preview!

1: Forex in Perspective

The big question we must tackle first; **what is Forex?** We all have heard words like "Forex" and "FX Markets" and "Currencies" but often have misplaced associations. Now we'll rewire your brain a little by placing the axons to the correct synapses. ***Don't worry – it won't hurt!***

Forex fact: Every single person in the world is a Forex trader; if you have ever went to the grocery store and bought a loaf of bread and paid with currency (This would be known in Forex as the Bread/Dollar pair, or BRD/USD). If there is economic activity, Forex is involved. It is because Forex relates to the value of money itself. The Forex market determines also the value of products bought at the local shop, international trade balances, government debt, the value of a plethora of financial instruments, derivative markets, and literally – **every single financial transaction on the known planet Earth.**

Next time you hear "Forex" – don't think about abstract concepts or sinister bankers smoking cigars plotting how to rob clients; think about the change in your pocket. Think about how much it costs today to buy a pound of beef or a loaf of bread vs. 10 or 20 years ago. Think about all the foreign products you buy every day. With few exceptions (such as North Korea) every country in the world currently participates in the international trade system. It is even confusing to know what product is from what country. One of Ford motor company's most sophisticated factories is located in Brazil. Korean car manufacturers such as Hyundai and Kia manufacture cars in Alabama, USA.

Truly, the idea of the 'nation-state' is becoming more and more obsolete. But let's face it, it hasn't been reinvented for hundreds of years. What is a country at all, if not a currency? In the documents that create nations, their constitutions, always there is a 'right to create money' – but 28 countries in Europe chose to forgive this right, to participate in a larger economic super state, called "The European Union" which uses the "Euro" currency. A similar situation happened in "The United States" when the original 13 sovereign countries combined to create a super state that is the USA we know today.

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When asking the question 'what is a currency' we should be asking in the reverse – what is a country? **A country is a currency.** What makes the United States a powerful country? The widespread global use of the US Dollar. When people trade countries it's called immigration. But the modern electronic internet based Forex system allows currencies to be exchanged in nanoseconds over and over again, even automatically, without any human intervention. What drives this system is largely an intelligence of itself; the Forex market has become the world's first quasi artificial intelligence.

A look at the markets: What is a market?

Let's understand what a market is. A market is a place where value is determined and trade commences. To keep things in common perspective let's use a green market that sells vegetables. There are 2 common roles; buyers and sellers. The sellers, or the merchants, pay a fee to the 'exchange' where the market is located in order to interact with buyers in the process of price discovery and finally sale. Sellers have a simple goal: sell their product for the highest possible price. Although we do not see this process in front of our eyes, it happens. Wal-Mart uses one of the world's fastest supercomputers to operate its business (Bianco, 2006) and most importantly for Forex, calculate its prices. Wal-Mart is one of the most visible Forex traders in the world; the majority of products sold by Wal-Mart are in the United States of America in US Dollars, and the majority of products manufactured and purchased by Wal-Mart are outside of the United States of America in a currency *other than* the US Dollar. Consumers who frequent Wal-Mart are largely unaware of this, but nonetheless, they are subject to price changes. The most significant element in the calculations of these price changes, are the Forex markets.

Using the green market analogy, understand that there are many types of markets, and markets are all inter-connected. Wal-Mart itself is a market – although the prices change very slowly. In fact, the word "Mart" defined means:

1. *Market; trading center; trade center.*
2. *Building, center, or exposition for the sale of goods by manufacturers and wholesalers to retail merchants.*
3. *Archaic. A fair.ⁱ*

The Wal-Mart name is a combination of the surname "Walton" and "Mart" – or "Walton's Market." Buyers in Wal-Mart or green markets only see the final price. But every purchase that is made – is a transaction in the Forex market.

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In order to provide products to buyers in Wal-Mart, they must first either manufacture these products, or buy them in bulk; and then transport them to Wal-Mart supercenters. When they buy products, Wal-Mart often pays in foreign currency. This is a common situation sometimes referred to as 'offshoring' – a business has a mix of domestic and international elements, unknown to the consumer. They make it completely transparent, that consumers can buy as many products as they want, not knowing of the Forex components that allow Wal-Mart to offer such great prices. Let's put it this way – without Forex, Wal-Mart wouldn't exist. If Wal-Mart had to rely on 100% American US based factories, employees, logistics, and other business tools, it wouldn't be able to offer such competitive prices on such a wide variety of products.

From one perspective, Forex put Wal-Mart in business. Forex keeps Wal-Mart competitive. Wal-Mart is one of the largest employers in the world, and also one of the largest Forex traders, both in terms of size but also numbers. It's a great example but there are many examples.

Another great example of an American company driven by Forex is McDonald's (MCD). McDonald's was originally 100% American, but as the brand grew, they discovered they are actually more popular outside of the US than domestically. Currently more than 60% of McDonald's revenue comes from outside the United States. But McDonald's isn't utilizing this great opportunity for profit, and isn't even protecting itself from the risks.

1.1 Splitting Pennies – an investors' perspective

Over the years, Elite E Services experienced a wide range of responses in explaining our Forex business to investors. One of the most colorful examples of regurgitated explanations from an investor:

"I understand... You are splitting pennies," ... thereafter our nickname "The penny splitters."

This understanding, after our standard mathematical explanation of leverage, pips, and how it's possible to make money in Forex by extremely small price movements. Since inception, the Euro currency quoted as EUR/USD has moved in the range of about .90 to 1.60 (1 euro to X USD).

Metaphorically speaking, Forex traders split a penny a thousand ways, a million times in a minute.

With respect, "Splitting Pennies" underestimates the nobility and global significance of the Forex market; as if it is some 'trick' that some smart people

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have discovered to exploit the system (such as the rounding exploit software in the movie "Office Space" that collects all rounding errors into a separate account). A fair understanding mathematically, it fails to approach the real issue at the heart of Forex; the real time management of the global economic system as a whole.

But just to demonstrate the relative intelligence of this understanding "Splitting Pennies" – here are some humorous mischaracterizations of our Forex business:

- Our job is to travel in between countries with bags of cash and exchange them for foreign currency
- We operate a kiosk at the airport exchanging physical foreign currency
- We collect as an investment old coins and banknotes with the expectation their value will rise
- Somehow (not sure how this conclusion was reached) we are affiliated with government spy agencies, and Forex is a means to achieve our mission

In many ways, bankers are penny splitters, as Wall St. continually invents more ways to invest and trade, often with derivatives created artificially. Also correct with this characterization, is from the prism that the financial services industry as a whole, is completely artificial. Banks need the economy, the economy doesn't need banks.

In fact, banks have stifled economic growth substantially by creating financial crisis and sucking real economic value from the economy.

What is 'real' and what is 'virtual' – open your eyes! Cars are real, machines are real, buildings are real, and people are real. Money is an abstraction, a mathematical concept. Bankers who have 'sold' the masses the concept that 'money is real' do this by issuing symbol ridden paper with fancy stamps and markings that give the unwashed and unenlightened something to hold in the material world, as a sign that they exist. "This is MY MONEY!" Actually, its property of the Federal Reserve, but it's being held in your hands.

The basis for understanding Forex first requires a little un-learning. The first lesson:

MONEY DOESN'T EXIST

Money is a financial concept, an idea – based on mathematics. You cannot eat money, burn money, it has no properties in the physical world. It is simply an idea. There are thousands of historical examples of differing ideas about money, ranging from large stones carried by the Yap islanders to the modern Bitcoin. Money is more a philosophy, a way of life, than it is an object. Money is not an

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investment, and you cannot invest with money. The current “Money” system that the US uses (and also many countries) is called a FIAT system, or in other words, ‘value by decree’ – because we said so. So George Bush was right when he famously characterized his posse as the ‘reality based communityⁱⁱ’ – reality is what they say it is, not what is written in books or observed by scientists. At least that is how the global financial system works, which is defined by the world reserve currency, the US Dollar. The US Dollar is valuable because the Fed says it is, and people believe it.

Take this simple example. Imagine you write 100 on a piece of paper and try to use it in the store. They will look at you strange or maybe call Police. But if you present a crisp \$100 Bill, printed by the US Mint for the Federal Reserve, they will gladly accept your payment and provide change. You can try this experiment yourself (kids, please ask your parents’ permission).

(See image comparison – a US \$5 Federal Reserve Note vs. an artist rendition \$5 Elite E Services’ Money)



So what is “Money” really? There are thousands of kinds of money, ranging from Gold to energy, it could be said that Oil is money. Without getting into the semantics of the English language, money is meant to be a medium of exchange, not a store of value. Currently, the world uses a Fiat Money system:ⁱⁱⁱ

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Fiat money is a currency established as money by government regulation or law. The term derives from the Latin fiat ("let it be done", "it shall be") used in the sense of an order or decree. It differs from commodity money and representative money. Commodity money is created from a good, often a precious metal such as gold or silver, which has uses other than as a medium of exchange (such a good is called a commodity), while representative money simply represents a claim on such a good.

Or, in other words – the value of the US Dollar is determined by belief of the words of the Fed & financial officials inside the US Government. Because people believe the US Government is credible, and trustworthy, the US Dollar has value. By itself, it has no other value – no more than the paper it is printed on. It costs about 5.7 cents to print a US Dollar bill. So there you go – the real value of a US Dollar! And for some reasons (security holograms and so on) the \$100 costs a whopping 14.3 cents^{iv}!

The Fiat system used by all major economies is much a game of 'hot potato' – it is known that the value of any single dollar of any fiat currency is constantly deteriorating, one must quickly exchange it for something valuable in the hope of preserving value and building wealth. This is exacerbated by Fed policy of near zero interest rates, market interventions, and QE programs.

When we see the stock market soaring to new weekly highs, doubling of real estate prices in some markets, and double digit increases in the price of meat and food staples – this is not inflation caused by traditional supply and demand – it is the effect of the Fiat money system, and an influx of massive amounts of new money into the money supply.

At the heart of this system is Forex. Because each Central Bank can only create as much of its own currency as it wants. Meaning, the Fed cannot print Euros and the ECB cannot print Yen. So take the example of the QE program by the Fed – a nearly unlimited supply of US Dollars is created (tens of trillions). That money circulates into the banking system and is used in various ways. But the most basic trade that banks can do with this new free money – is to quickly buy other money (such as Euros) which may deteriorate its value at a slightly slower rate.

What is strange about the current state of affairs, each Central Bank has a rational policy to destroy the value of their own currency in order to boost export markets (or in other words, the REAL economy). This is a rational policy, but the net global effect is that each major currency is in a desperate race to destroy its own value – called 'competitive devaluation.'

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What supports the US Dollar (USD)

There is at the end of the day, only one thing that supports the US Dollar, or any FIAT currency: **BELIEF & TRUST**. The only real currency in the financial world is TRUST.

It is ironic that the USA is now the only country in the world with nearly no Forex knowledge, because the USA has the most interesting Forex history in the world. Before the US Dollar, there were thousands of currencies used in America. Banks issued their own currency. The civil war, largely thought to be about slavery, was really about establishing a banker dominated government whereby a central bank could be established such as they had done in England and many other European countries at the time.

"Let us control the money of a nation, and we care not who makes its laws" was said to be a "motto" of the House of Rothschild.

Being that TRUST is the only real currency, American officials know that this TRUST needs constant support! The world loves America, when it is popular to do so. By using the most sophisticated propaganda machine ever created, America regains this trust every day. Foreigners are brainwashed to believe without question that the US Dollar is trustworthy. Through social programming such as Hollywood movies, music with hidden messages, radio campaigns "Voice of America" there is no room for doubt left in the small brains of these unsuspecting commoners. It's also good for sales of Coca-Cola products & McDonalds' profits.

The backup plan, if this doesn't work, is the US Military. The policy is "Use US Dollars, or we will bomb you." All major US Military conflicts post WW2 (World War 2) can trace their roots explicitly to the supporting of the US Dollar, directly or indirectly. Because the general populace doesn't understand Forex, recent wars were blamed on "oil" – which is partially true. Yes, the US and allies wanted to seize control of Iraq's oil assets. But there isn't really that much oil in Iraq – especially when compared to neighbors. It's more significant to support the Petro-Dollar system, which oil is only sold in US Dollars. This process of US foreign policy is outlined in great detail by John Perkins in his book "Confessions of an Economic Hit Man" – a must read for any Forex trader. As described by Perkins, *"first they send in the banks (IMF/World Bank) with unreasonable loans, then if that fails they send in the "Jackals" (CIA/Paramilitary) and finally if that all fails, they send in the US Army."* (Perkins, 2004) What this means, under the guise of 'helping people,' an Elite group through the IMF & World bank provide high interest loans to impoverished countries; usually ending up with critical infrastructure when they default. If the local leadership refuses the loans, they may attempt to instigate a revolution, coup, or assassination. If that fails, then

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full scale military options can be explored. The process is so subtle and filled with so many en-passant nuances that looking from the outside, it is hard to see what is really going on. In each case, whether looking at Chile, Indonesia, Kazakhstan, Mongolia, Ukraine, Iraq, Libya, or others – the cultural methods used are vastly different but the end result is the same; American or European bankers end up with the critical infrastructure prize of their choosing. It can be oil, water, rare earth minerals, or a business market.

The American Empire is actually a well refined, pseudo proxy for the greatest colonial power of all time, the British Empire. To some degree, the British Empire was a future manifestation of the remanence of the Roman Empire. It seems that these ruling empires, who ironically have similar cultures & religions, keep taking the same form under different circumstances, in different parts of the world, when it is in fashion. The interesting parallel layer in the shift of power from Europe to America – from “York” to “New York” – York, interestingly, was a fortified city founded by the Romans, surrounded by a “Wall.” [Figure 1 Photo of York, England]



But the American Empire's global spoils are gargantuan; the British and the Romans of their prime would be jealous. For example, the Bush family recently bought nearly 300,000 acres of land in Paraguay on top of the largest water aquifer in the world; the Guarani Aquifer^v. This property alone could supply the entire world with water for 200 years. Carpetbaggers, or smart business? It's a logical investment, considering the rising cost of water, and the growing population, and how important it is for life on planet Earth. But the parallel here is that it resides not in Texas, a regulated land of high taxes and stiff politics; but in Paraguay, a land of foreign influence by the Americans, and specifically, the CIA^{vi}:

The recent “[institutional coup](#)” against President Fernando Lugo of Paraguay reflects a long-standing desire by the U.S. Central Intelligence Agency (CIA) to prevent any candidate not reflecting the policies of Paraguay's entrenched oligarchy from ever attaining the presidency of that nation. According to a formerly SECRET CIA Directorate of Intelligence's Office of African and Latin American Analysis research paper, uncovered from the U.S. National Archives

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*and dated August 1985, the CIA never planned for a non-member of the conservative Colorado Party from ever succeeding long-time Paraguayan dictator General Alfredo Stroessner. The Paraguayan dictator, who ruled Paraguay from 1954 to 1989 with the backing of the CIA and the Pentagon, was one of America's staunchest Latin American allies. **Stroessner, a Colorado Party stalwart, supported the U.S. invasion of the Dominican Republic in 1965 and sent Paraguayan military officer to the infamous School of the Americas in Fort Benning, Georgia for training.***^{vii}

Money doesn't exist, and money is worthless. But it can buy you a paramilitary operation, a nice little dictatorship in South America, and eventually the spoils of war: The Guarani Aquifer. The belief and trust in the US Dollar supports the American Empire, including all of its annexations; both official and private. And just to keep things in perspective, let's thank such entrepreneurs for doing so – because at the rate California is losing water, we'll soon need these resources back home! These guys are penny splitters too – they just use very big pennies!

Months before the actual invasion of Iraq, Saddam Hussein officially announced that oil would be priced in Euros^{viii}. Of course, this single announcement alone was not the reason for Military deployment, it is simply an example of the trend in that time. It seems that such events and plans are often near, usually preceding, a major US invasion, presidential assassination, or other major game changing event. The Iraqi government was experimenting with ways to work outside of the US Dollar denominated system. Had the experiment had the opportunity to work, it could have spread to other nations that really do have huge oil reserves, and possibly ended the Petro-Dollar system. They had even considered using a regional currency backed by gold, the Arabic Dinar.

So like many mischaracterizations, it is only partially true that the Iraq war was about oil. It's partially true that the US Military is protecting 'freedoms' – the fact is the most powerful freedom the USA enjoys is the freedom to bomb other countries with virtually no retribution. This is the elephant in the room at the negotiating table. How is this connected to Forex? Because the US Dollar is the world reserve currency. All other currencies are backed by the US Dollar. And the US Dollar is backed only by belief & trust! (And the subtle threat that by not using US Dollars you might get bombed). These statements do not place judgement; simply explain the financial system that we currently choose to use on this small planet Earth. They say that the population deserves its rulers – this can never be more true than today. If you look at US foreign policy, the more cozy the US ally, the bigger user of US Dollars and US products.

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The modern Forex system has become a tool for the enslavement of the population (That means – the enslavement of *the worker*). **Every day, you work for less and less wages.** There are no laws protecting consumers from this – because lawmakers mostly do not understand it. The hidden tax – inflation! It's a cozy relationship between Washington & Wall St., managed by the Federal Reserve Bank – a private institution. But this enslavement is not physical, it is virtual, and it is optional. It is allowed for anyone to open a Forex account and trade Forex. It's possible to utilize various Forex related tax advantages to increase your wealth. It's possible for anyone to hedge the declining US Dollar – and the gallon of milk will cost in real terms adjusted for inflation the exact same amount today as in 10 years from now.

But, if you are a billionaire, institution, or have substantial financial assets, you are greatly benefiting from this system, as in recent years you've probably seen your portfolio balloon. So because the owners of society have benefited so greatly from this Forex system, there is no perceived need to do anything about it. In fact, it only solidifies the collective interest to keep the status quo as it is, and to keep the Forex system behaving as it is.

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ⁱ <http://dictionary.reference.com/browse/mart> Definition of "Mart"

ⁱⁱ https://en.wikipedia.org/wiki/Reality-based_community

ⁱⁱⁱ https://en.wikipedia.org/wiki/Fiat_money Fiat Money explanation

^{iv} http://www.federalreserve.gov/faqs/currency_12771.htm Cost of printing US Currency

^v <http://watchingamerica.com/WA/2015/06/18/bush-family-buy-up-guarani-aquifer/>

^{vi} <http://granews.info/content/paraguay-cia-behind-coup>

^{vii} <http://www.globalresearch.ca/us-sponsored-institutional-coup-in-paraguay-back-to-the-cia-s-good-old-days/31905>

^{viii} <http://www.rferl.org/content/article/1095057.html>

