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Dealer in the Bank Notes & Stamps of Armenia, Nagorno Karabagh, and The Middle East

Dear investor:

July 31, 2006

It is well over six months since my last e-mail went out to my clients and those who have invested in Iraqi Dinars. I was hoping that the death of Al-Zarqawi will bring some changes in Iraq, including the exchange rate of the Iraqi Dinar, but it seems in this changing world, the only thing which is solid as a rock, is the Iraqi Dinar !

This is **Good** and **Bad** (but not **ugly** yet!)

IT IS GOOD:

Last year this time your one Dollar could have purchased 1465 Dinars, today with the same Dollar you can buy 1476 Dinars, not much difference when you compare with the fluctuations that gold, silver, oil, interest rates, housing and foreign currency have had during the past one year.

This shows that the Central Bank of Iraq has strong foreign currency and the backing of the foreign banks and investors. The Central Bank is rich enough to buy or sell Dinars, Dollars or Euros on demand in order to keep the exchange rate of Iraqi Dinar solid and fixed.

This is a positive sign because local upheavals, bombs and insurgents, economy, politics, oil prices or interest rates do not affect the Dinar. The Central Bank is in full control of the Dinar and the exchange rate.

IT IS BAD:

Too much power in the hands of an entity will eventually bring abuse and misuse.

In spite of all the changes and fluctuations, the very fact that the Iraqi Dinar has kept its value is an indication that this "value" is being kept artificially rather than letting the economy and the market present its "real" value.

There are rumors that the Central Bank will issue new currency by eliminating three zeros and the new notes will be linked to Dollar and will circulate side by side with the old ones.

However, even though I have confirmation that the new designs for the new banknotes have been approved, I do not think Iraq is capable of introducing a new currency before the year-end.

Quoting from one of my Iraqi contacts:

"Half of our people are outside Iraq and the other half barely leave their homes. We are running for our daily bread. If we find food we don't care in which currency we pay."

There is no doubt that the time will come when the Dinars that you are holding will need to be exchanged/replaced/sold, at that time we will be here to assist you. Please communicate with us, and let's have the lines open for the "Action Day".

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