

Today's Notes:

1. **ON THE THRESHOLD OF A RECOVERY DREAM**
2. **CANCER: GAME CHANGERS**
3. **THE PRINCETON CLUB SEMINAR**

1. ON THE THRESHOLD ...

When the white eagle of the North is flying overhead
The browns, reds and golds of autumn lie in the gutter, dead.
Remember then, that summer birds with wings of fire flaying
Came to witness springs new hope, born of leaves decaying.
Just as new life will come from death, love will come at leisure.
Love of love, love of life and giving without measure
Gives in return a wondrous yearn of a promise almost seen.
Live hand-in-hand and together we'll stand on the threshold of a dream.
Graeme Edge, Moody Blues

No one can say with certainty. But the recurring theme which almost all commentators have misinterpreted over the past year has been the deleveraging of the system. It has not occurred every day but I certainly have written about it enough to know that it is far from finished. This AM the poor old Loonie is falling again to US .9043. Yesterday it was the same old story (see below). Commodities dealers must quake in their boots at this yen and dollar strength. The cognoscenti suggest the US dollar must fall. Today \$ and Yen strength are not across the board, the Rand, Pound and Aussie are stronger as well. Nevertheless the dynamics are quite well established. Gold is weaker in most currencies as I write. This type of currency strength is about deleveraging and the elimination of excess capacity. There is no way out. It must eventually obtain in total. That is the mistake of our leaders – the slow Chinese water torture of maintaining an overhang of toxic debt will cause a much slower, weaker recovery.

Exchange Rates August 31, 2009 – Dollar and Yen Stronger – WHY?

(Exchange rates displayed are the middle point between bid and ask) [\[details\]](#)

Currency	Chg% X=\$USD	NY Time	X= 1\$USD	X\$USD =1	Gold Price/oz	Gold Chg	Gold Chg%
US Dollar	--	08/31-10:40	--	--	949.20	-6.40 ▼	-0.67%
Australian Dollar	-0.29%	08/31-10:30	1.1921	0.8389	1131.49	-4.28 ▼	-0.38%
Brazilian Real	+0.08%	08/31-10:39	1.8765	0.5329	1781.17	-13.44 ▼	-0.75%
British Pound	-0.08%	08/31-10:39	0.6150	1.6261	583.71	-3.46 ▼	-0.59%
Canadian Dollar	-1.14%	08/31-10:40	1.1041	0.9058	1047.96	+4.78 ▲	+0.46%
Chinese Yuan	-0.14%	08/31-07:25	6.8349	0.1463	6487.69	-34.47 ▼	-0.53%
Euro	+0.19%	08/31-10:40	0.6977	1.4334	662.21	-5.71 ▼	-0.85%
Hong Kong Dollar	+0.01%	08/31-10:37	7.7462	0.1291	7352.69	-50.15 ▼	-0.68%
Indian Rupee	-0.68%	08/31-09:07	48.8650	0.0205	46382.66	+2.61 ▲	+0.01%
Japanese Yen	+0.89%	08/31-10:40	92.7600	0.0108	88047.79	-1386.81 ▼	-1.55%
Mexican Pesos	-0.34%	08/31-10:40	13.3005	0.0752	12624.83	-41.88 ▼	-0.33%
Russian Ruble	-0.49%	08/31-10:31	31.7880	0.0315	30173.17	-54.85 ▼	-0.18%
S.African Rand	-0.56%	08/31-10:40	7.7961	0.1283	7400.06	-8.47 ▼	-0.11%
Swiss Franc	+0.18%	08/31-10:39	1.0578	0.9454	1004.02	-8.59 ▼	-0.85%

Commodity strength cannot be sustained indefinitely while capacity and its underlying debt are being liquidated. There are certainly countervailing supply constraints in this environment. Eventually, a real supply-constrained commodity cycle will emerge. This AM in addition to the metals, corn, wheat, soybeans and coffee are all falling. Oil had its very substantial decline yesterday. It is treading water today. But perhaps natural gas is the most responsive declining commodity to this spate of liquidation.

Thousands of community banks in the US certainly feel it. Through August 28th 2009, 84 US banks failed thus far in 2009. The FDIC coffers are drained to \$10 billion. Chairman Bair can draw down on another \$250 billion. The total assets of these failed banks - \$90 billion. According to the FDIC, 25 banks failed in 2008. In 2007 3 banks failed. In the meantime the No Man's Land of commercial real estate is just beginning to shrink. Several of the FDIC attendees at my last seminar in Washington said that they thought there could be 500 to 700 banks failures before the system stabilizes.

The most impressive aspect is that many, if not most, of these banks have significant commercial real estate exposure. In my view the days of dollar and yen strength are indicative of the long road back from three decades of debt and capacity expansion excesses. This is not about a "flight to safety." For there is no completely safe place today except in precious metals and energy securities. I don't care what the pundits say, there is most likely another economic dip coming. Eventually it will be upstaged by the rise of the BRICS and innate consumerism. The white eagle of the north is still flying overhead. The promise of recovery almost seen, we are standing on the threshold of a dream.

In the meantime seek those discoveries that are potential "game changers" in your fields of discovery interest. Remember to diversify widely because not all discoveries work out. Game Changing? See the following Morning Note.

2. CANCER GAME CHANGERS

Just a short Morning Note to show the emergence of the discovery space in cancer technology. When I speak of dynamic value shifts (value recognition) in the discovery space I mean just this. There is always and everywhere maturation in discovery. Cancer drugs have hit that phase. Markets now believe we are on the threshold of a significant curative or treatment for the dread disease. Between 1998 and 2008 value creation in the cancer space (drugs and treatments) increased 225%. In 1998 the market for cancer drugs totaled \$4 billion. By 2008 the market was \$13 billion.

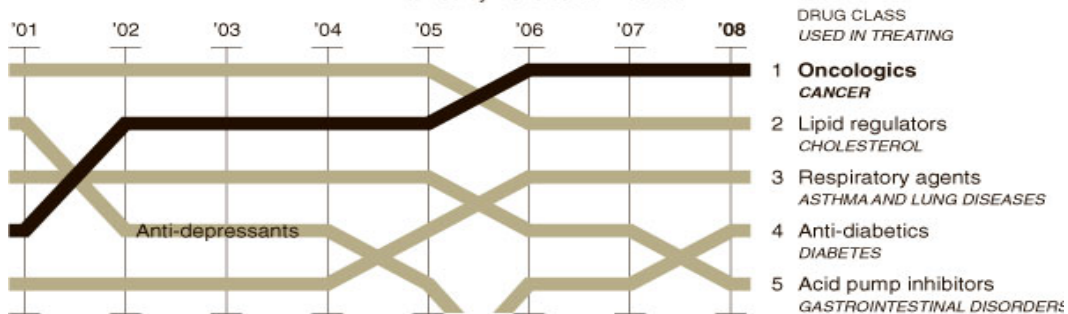
Always it takes time for the value accretion to occur in discovery. The past decade is clearly that for those developing cancer drugs. This is why I am particularly bullish on Senesco Technologies (SNT AMEX). New Senesco, Chairman Harlan Waksal (ImClone), has the track record, connections and the knowledge to move this company forward in life sciences. The New York Times this AM outlines the value creation in the space. The company has publicly suggested that it will be in human cancer trials within a year or two with its Factor 5A1 gene technology. Factor 5A1 controls apoptosis (programmed cell death) at a very high level in the genome. It has to date caused remission in human cancers in some tests on mice. Please see the web site.

Here is the graphic of Senesco's potential for target market expansion. This is what discovery is all about. Certainly any new therapy that provides extended life span beyond a few months or tumor reduction will benefit directly. That would be a game changing technology. That is precisely what we search for here at DiscoveryInvesting.com. I own shares in Senesco Technologies.

Cancer Drugs Rise in Popularity

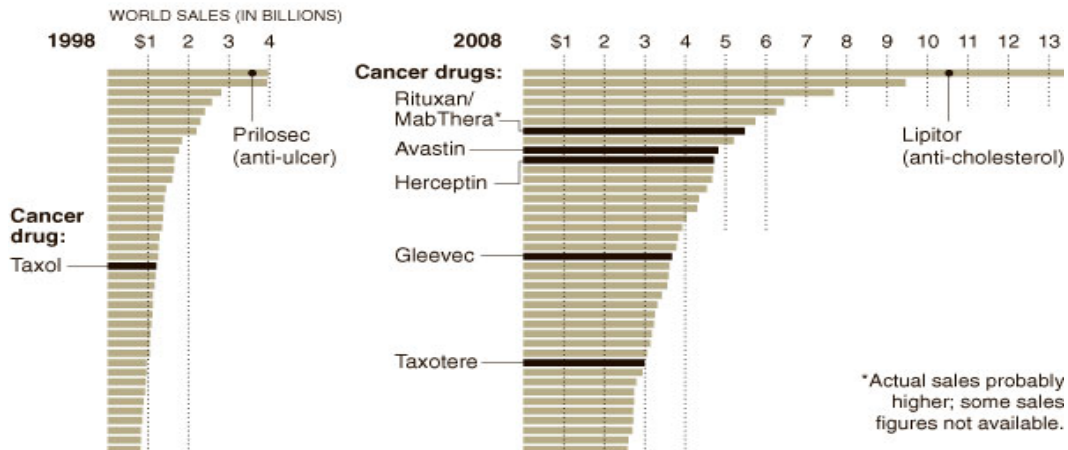
In recent years, cancer drugs have become the best-selling drug class worldwide.

TOP 5 PRESCRIPTION DRUG CATEGORIES Ranked by world sales in dollars



Five cancer drugs now rank among the 40 highest-selling drugs, compared with only one in 1998.

TOP 40 PRESCRIPTION DRUGS Ranked by world sales. Cancer drugs shown as black bars



High sales figures are in part because of the drugs' sheer cost. The wholesale price for a month's supply of Rituxan, for example, can run as high as \$15,000.

BEST-SELLING CANCER DRUGS Ranked by 2008 world sales

RANK	PURPOSE	2008 SALES (IN BILLIONS)	WHOLESALE COST PER MONTH**	YEAR APPROVED
1	Rituxan/ MabThera	over \$5.5	\$5,000 to \$15,000, depending on stage of cancer	1997
2	Avastin	4.8	\$4,400 to \$8,800 depending on type of cancer	2004
3	Herceptin	4.7	\$3,500	1998
4	Gleevec	3.7	\$3,600	2001
5	Taxotere	3.0	\$4,900	1996

**Prices shown are wholesale list prices charged by the manufacturers for the dose used by a typical patient. But doses can vary among patients. Also, doctors or hospitals may mark these prices up considerably.

Sources: IMS Health; Med Ad News; Roche; Sanofi-Aventis.

3. PRINCETON CLUB SEMINAR SEPTEMBER 10TH 4:30 PM

PLEASE JOIN US !!!

QUATERRA RESOURCES

Dr. Michael Berry will open with a discussion “Where Are We Headed in the Economy?” followed by Dr. Thomas Patton, CEO, Quaterra Resources “The Bright Future of Quaterra.”

***Thursday, September 10, 2009
4:30 PM to 6:30 PM***

Cocktails 4:30 PM Presentation promptly at 5:15 PM

***Princeton Club
15 West 43rd St.
New York, NY***

RSVP to info@discoveryinvesting.com

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Neuralstem, Piedmont Mining, MegaWest Energy, Valcent Products, CGX Energy, MacMillan Gold and Quaterra Resources. He has been awarded 250,000 options on Terraco Gold exercisable at C\$.20 for 2 years, for services as an advisor. We cannot attest to nor certify the correctness of any information in this note. Please consult your financial advisor and perform your own due diligence before considering any companies mentioned in this informational bulletin.