

Liberty's Outlook

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Gold Was Second Strongest Global Currency In 2014!

In 2014, the price of gold fell slightly for the year—as measured in US dollars. However, as you can see in the chart at the right, the US dollar was the king of currencies as well as most other assets last year.

A few currencies outperformed the dollar such as those from the Philippines and Thailand, but they only rose against the US dollar by a fraction of 1%.

In that context, for the price of gold to drop only \$9.00 from the end of 2013 to the end of 2014 is a crowning achievement! Here is how the price of gold performed against other currencies during 2014:

Russia Ruble	+76.8%
Chile Peso	+14.5%
Japan Yen	+12.8%
Euro	+12.8%
Mexico Peso	+12.3%
Brazil Real	+11.6%
Switzerland Franc	+10.5%
South Africa Rand	+9.3%
Canada Dollar	+8.6%
Australia Dollar	+8.3%
Great Britain Pound	+5.5%
Singapore Dollar	+4.2%
China Yuan	+1.6%
India Rupee	+1.2%

At official rates, the Venezuela bolivar did not fall that much versus the US dollar in 2014, though more than gold. However, in the black (free) market, the bolivar declined more than 60% last year against the dollar and gold.

A wide swath of industrial metals fell in 2014, a result of many weak economies worldwide. As a result, silver and platinum both fell significantly last year, 18.7% and 12.7%, respectively. The build up of economic sanctions against Russia for its occupation and annexation of the Crimean peninsula in the Ukraine and providing military support to rebels in other

2014 Annual Results			
<i>Precious Metals</i>		India Rupee	+2.0%
Palladium	+14.7%	Hong Kong Dollar	+0.1%
Gold	-0.8%	U.S. Dollar Index 90.09	+12.39%
Platinum	-12.7%	<i>US And World Stock Market Indices</i>	
Silver	-18.7%	Shanghai Composite	+52.9%
<i>Numismatics</i>		NASDAQ	+13.4%
US MS-63 \$20 Liberty	-4.5%	S&P 500	+11.4%
US MS-63 \$20 St Gaudens	-7.0%	Dow Jones Industrial Average	+7.5%
US MS-65 Morgan Dollar, Pre-1921	-15.3%	Nikkei 225	+7.1%
<i>US Dollar vs Foreign Currencies</i>		Russell 2000	+3.5%
Chile Peso	+15.4%	Frankfurt Xetra DAX	+2.7%
Japan Yen	+13.7%	Australia S&P/ASX 200	+1.1%
Euro	+13.6%	London FT 100	-2.7%
Mexico Peso	+13.1%	Sao Paulo Bovespa	-2.9%
Brazil Real	+12.5%	Dow Jones World (excluding US)	-5.5%
Switzerland Franc	+11.4%	10 Year US Treasury Note interest rate	
South Africa Rand	+10.2%	2.173%	-28.3%
Canada Dollar	+9.4%	<i>Intrinsic Metal Value Of U.S. Coins</i>	
Australia Dollar	+9.1%	Lincoln cent, 1959-1982	1.91¢
Great Britain Pound	+6.3%	Lincoln cent, 1982-date	0.56¢
New Zealand Dollar	+5.5%	Jefferson nickel, non-silver	4.31¢
Singapore Dollar	+5.0%	Roosevelt dime, 1965-date	1.96¢
South Korea Won	+3.6%	Washington quarter, 1965-date	4.88¢
China Yuan	+2.4%	Kennedy half dollar, 1971-date	9.77¢

areas of that country resulted in a healthy 14.7% increase in the price of palladium during 2014. Russia produces about 2/3 of global palladium output, a source of supply that is now precarious.

At the start of each year, I review the predictions that I made a year earlier. If you are making predictions that you hope people consider, you need to be held accountable for what you say.

I never hit it perfect, or even come close. It has also happened that some predictions for a particular year did not come to pass until after the year ended. Many of my predictions may seem to be extreme on their face. So, if I get 50% accuracy, I can live with that.

Having said all that however, the results of my predictions at the beginning of 2014 were above average. I made a total of twelve fearless forecasts. Of the seven that

I gave a 75-100% prospect of coming to pass, four of them did, one sort of did, and two did not. Of the four predictions that I have a 25-50% probability, one sort of happened and three did not. The one prediction where I gave a 0% chance of occurrence did not come to pass.

My hits were that gold and silver prices in 2014 would outperform their 2013 results, the US dollar continued to decline for usage in international payments, massive gold and silver acquisitions occurred in China and elsewhere in the Far East, and the US government adopted regulations at the recent G-20 meeting in Australia to require large troubled banks to seize private retirement account assets.

My one sort of accurate high probability of occurrence was that the US government would become mired in a greater number

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of overseas conflicts (the US government did, but not always with military forces).

My two misses among my high probability predictions still have an element of accuracy to them. For one, I expected an increase in government bankruptcies. That didn't happen in 2014 because many of these governments were waiting for Detroit's bankruptcy to be settled before following suit. Since the Detroit settlement happened late in 2014, this prediction should now come true in 2015. The concept was right, but the timing was off. My second prediction was that the COMEX registered gold inventories would plummet to near zero. At the end of 2013, the registered gold inventories barely covered 1% of the outstanding contracts. Registered gold inventories at the end of 2014 were higher than a year earlier, though still covering less than 2% of open contracts. I did have an add-on prediction to this forecast where I expected that the gold and silver exchange-traded funds would experience dramatic declines in their holdings. That not only happened, the decline was so dramatic that the largest gold exchange traded fund rejected some requests to deliver physical gold to owners of shares who properly submitted their paperwork to do so.

As for my 25-50% probability predictions, the closest I came was the speculation that the China central bank gold reserves would exceed those of the US by the end of 2014. The Chinese government did not confirm any changes in their gold reserves since their last update in April 2009. However, the central bank is obviously continuing to build gold reserves. Some analysts think that China now holds the second largest gold reserves of any nation, but there is at least one who thinks China's central bank holdings far exceed what the US government claims as reserves.

Find hundreds of numismatic items offered for sale today in our eBay store. Gold, silver, and copper coins, exnumia, paper money, and other collectibles. Search for seller **Treasurechestofliberty**.

The three maybe predictions that did not come to pass were that a major US bank would become insolvent, the Shanghai Gold Exchange would replace the London Bullion Market Association and COMEX as the benchmark for quoting the gold spot price, and that it would become public knowledge that the US and Chinese government made agreements to suppress gold prices.

The one forecast which I gave a 0% chance of occurrence was that federal, state, and local governments would adopt the more accurate accrual basis of accounting such as used by the private sector. This did not happen because the politicians and bureaucrats want to maintain a false image of their finances as long as possible. This will be changing in the next couple of years, but don't expect anyone from any government to tell the public until the very last possible moment.

In spite of generally accurate forecasts a year ago, I'm still not satisfied with my predictions. While gold and silver prices outperformed their horrible results in 2013, I was really hoping their prices would go up last year.

There were financial crises galore in 2014, which in unrigged markets should have led to stronger demand for physical precious metals than what happened.

Demand for physical silver stayed strong, with the premium on US 90% Silver coin higher at the end of 2014 than a year earlier. The US Mint sold a record number of US Silver Eagle Dollars. The Royal Canadian Mint, despite record production of the Silver Maple Leafs, ran out of coins well before the end of 2014.

The big let down was in physical gold demand. It looks like demand in China, the world's largest gold-consuming nation, only saw demand fall by about 3% over strong 2013 levels. However, sales in the US were off sharply. The US Mint sold 39% fewer ounces of Gold Eagles in 2014 compared to the prior year. The Perth Mint also reported a huge decline in demand for their gold products.

It was demand from central banks and large investors that held up total gold demand in 2014, not from the customers who typically patronize coin dealers.

As for the political and financial crises, there are almost too many to mention. Crimea and the Eastern Ukraine, Russia, Iraq, Iran, Syria, ISIS, Libya, Somalia, Japan, the Euro, Greece, Venezuela, Nigeria, Argentina, the US elections, the expansion of China reaching agreements with nations such as Canada, Germany, and Great Britain to re-

2014 Commodity Track Record

The Federal Reserve Bank's Federal Open Market Committee is still pretending that the rise in consumer prices is so low that it is necessary for the US government to inflate the money supply.

This is not a scientifically derived group of commodities. However, as you can see, the "annual" results do not indicate how any particular commodity performed over the course of the year.

For example, the price of butter soared during much of 2014. But, as energy costs for transportation declined in the second half of the year, there were some noticeable price declines on a wide range of food products. Butter ended 2014 little changed from a year earlier.

There were a number of industrial and precious metals and energy commodities that declined in price in 2014. Declines in these wholesale prices will moderate consumer price increases in 2015, though on a more delayed basis than for food.

Human Food

Beef, choice	+23.8%
Broilers, dressed A	+9.1%
Cocoa Ivory Coast	+5.2%
Eggs, large white Chicago	+3.1%
Butter, AA Chicago	+1.5%

Hogs, Iowa	-1.6%
Flour, hard winter KC	-7.7%
Corn oil, crude wet/dry mill	-11.7%
Oats #2 Minneapolis	-13.6%
Cheddar cheese, bulk, Chicago	-22.4%

Other Commodities

Palladium	+14.7%
Nickel	+10.6%
Sorghum (Milo) #2 Gulf	+7.7%
Aluminum	+5.5%
Zinc	+3.5%

Gold	-0.8%
Platinum	-12.7%
Copper	-14.5%
Silver	-18.7%
Cottonseed meal	-21.3%
Natural gas	-30.5%
Crude oil, West Texas Intermediate	-45.6%

Keep these specific examples in mind when seeing the misleading headlines

duce the use of US dollars for payment of international transactions, the ebola virus, the flood of children illegally crossing into the US across the southern border, etc.

The politicians and bureaucrats in Washington, DC were trying to claim that the US was in an economic recovery. However, the reported data supposedly proving that contention was full of holes (see below).

The calamities around the world did

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hurt almost all currencies except the US dollar. With so much fear, the dollar became the safe haven asset for foreigners in 2014, with gold holding down second place. Unfortunately, the US dollar isn't really a safe haven asset. It just appears that way when compared to other fiat (paper) currencies.

The gyrations of the US and other governments to avert a global economic collapse became more extreme as 2014 progressed. Virtually none of the crises were resolved. Instead, the best that was achieved merely pushed the problem shortly into the future.

As a result, 2015 could be a banner year for gold and silver, as various crises grow too large to be patched. But, before getting into where I think we are headed, let me first give you 1) examples of why you should be skeptical about media and government financial reports this year, and 2) review what happened last year for the lessons that can be learned.

Don't Fall For These Statistical Deceptions

Every January, so-called financial experts release their annual economic forecasts. Unfortunately, many make erroneous projections because they use false or misleading statistics. If you rely on this inaccurate information, you could make decisions you will regret. Here are some examples of what I mean.

1) When these so-called experts quote car and truck sales, do they mean deliveries to dealer lots as reported by the manufacturers? Or are they using data from new vehicle registrations?

2) If they are covering home sales, are they reporting the number of accepted buy offers, of which as many as one-third fall through because the buyer is unable to obtain financing? Or are they citing actual closings on home purchases?

3) Even more with home sales, do reported quantity and average price of sales include all transactions? Or, like the Case-Shiller reports, do they exclude the large number of sales of foreclosed and repossessed properties?

4) When reporting government budget surpluses or deficits, do the

analyses only reflect cash transactions? Do they exclude accrued unfunded liabilities for the reporting period such as employee pensions and retirement health care costs, which private sector companies are required to include?

5) If citing a particular statistic over time, does the expert explain that historic comparisons are invalid because of the changes in methodology in calculating the data? For example, the change in methodology just over 20 years ago has since sharply reduced the reported unemployment rate. Or the change last spring now overstates US Gross Domestic Product compared to prior data. Or how the Bureau of Labor Statistics reports total jobs without revealing, as happened in 2014, the massive decline in full-time jobs masked by an even larger rise in part-time employment?

6) As for increases in consumer prices, why does the BLS frequently omit increases in food and energy costs in their headlines? Don't real people eat, use transportation, and heat or cool their homes?

7) Why are US banks reported as financially healthy when the federal government allows them to value worthless and highly discounted assets at full value?

8) Worst of all, why don't the so-called experts cite actual data instead of fabricated "*seasonally adjusted*" numbers. Did you know that for the last two months the BLS has reported large job increases, *seasonally adjusted*, while the actual raw data show that fewer people were holding jobs?

This just scratches the surface.

Why do such deceptions matter? There is a huge difference between being told that employment is strong in the US if you look at the Bureau of Labor Statistics headline numbers touting growth in jobs versus seeing that the raw, not seasonally adjusted, job change was actually a large decrease.

Would you want to make your career, business, and investment decisions on the basis of incorrect financial information?

A Look Back At 2014

Gold: After finishing 2013 at \$1,202.00, gold ranged from \$1190 to the upper \$1200s for the next six weeks. It settled on the COMEX on February 13 at \$1,300.50, hit its annual peak on March 14 at \$1,379.00, then broke below \$1,300.00 again on March 27.

Gold remained range-bound in the high \$1,200s to low \$1,300s until Memorial Day. Then the price of gold dropped down to the \$1,240s for the end of May and early June.

Some strategic moves from mid-May into early June by China and Russia harmed the value of the US dollar. Naturally the US government wanted to avoid a major flight from

Patrick A. Heller's Upcoming Speeches and Appearances

February 7, Troy, Michigan, Polish American Numismatic Society meeting, "The Rise And Fall Of Rome's Money And What It Means For America Today," at the American Polish Cultural Center, 2975 E. Maple Road, Troy, Michigan, at noon. No admission charge. For more information, contact PANS president Les Rosik at lesrosik@aol.com.

March 6, Portland, Oregon, American Numismatic Association National Money Show Money Talks, "Create Fun-Filled Numismatic Presentations For The General Public", at Oregon Convention Center, 777 Northeast Martin Luther King Junior Blvd, Portland, Oregon 97232, Room E143 at time to be determined. No admission charge for the program but non-ANA members must pay a \$6 fee if they want to enter the separate convention floor.

the dollar to other safe have assets like gold or silver. Therefore, precious metals prices were clobbered. The lower prices over month end spurred perhaps the strongest buying of the year. At the end of June, gold's price was up 6% for the month while silver rose more than 10%!

Gold's price again was range-bound from the high \$1,200s to low \$1,300s until Labor Day. After closing at \$1,286.00 on Friday, August 29, the yellow metal was generally driven down. It settled below \$1,200 on October 3.

Gold once again rallied to a close of \$1,251.00 on October 21, but it was finished for the year. With the upcoming US elections, gold's price was knocked down to its lowest close of the year on November 6, two days after the election, at \$1,142.25.

Gold remained under \$1,200.00 for the rest of November. An attempt to push down the price over the thinly-traded Thanksgiving weekend backfired. Demand rose and gold climbed to close at \$1,231.50 on December 9.

That was not allowed to stand. Every effort was made to make sure that two things happened for the rest of the year—the price of gold not only had to close 2014 lower than in 2013 it also had to be suppressed under \$1,200 on December 31. Those ef-

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forts were successful, with gold ending the year at \$1,193.00. Unlike the huge drop in 2013, gold dropped a mere \$9.00 for 2014.

Silver: Silver finished 2013 at \$19.34. As demand for the physical metal was strong in that year, it would be easy to anticipate rising prices in 2014.

Indeed, silver climbed back above \$20.00 on the first trading day in January! The price held in the upper \$19s to lower \$20s through February 13.

After closing at \$20.39 on the 13th, it jumped all the way to \$21.41 on February 14. In mid-February the economic news was overwhelmingly gloomy for America. The white metal climbed all the way to its high for the year when it closed at \$22.05 on February 24.

That rally fizzled out. Silver broke back down below \$20.00 at the close on March 25. The price hung around the \$19s and \$20s until it broke below \$19.00 on May 29.

The next day, silver closed at an interim low at \$18.65. This decline set off a buying spree that saw the price regain \$19.00 on June 5, \$20.00 on June 19, and then over \$21.00 on June 24!

Silver again sagged slowly, breaking below \$20.00 on August 5. Even worse results were yet to come. Silver dropped below \$19.00 on September 8, \$18.00 on September 19, and \$17.00 on October 3. The price fell below \$16.00 right on election day, November 4. Like gold, silver had its lowest close of the year two days later, on November 6, at \$15.39.

For the balance of the year, the silver price almost always started with either \$15 or \$16 except for December 9 through December 12 when the COMEX close was just over \$17.00.

Silver's price ended 2014 at \$15.73, the lowest end of year spot price since it was \$11.47 on December 31, 2008! It dropped \$3.61 (18.7%) per ounce from the end of 2013

Platinum: Platinum ended 2013 at \$1,364.00, but jumped up to close at \$1,404 on the very first trading day in 2014. After trading mostly in the \$1,300s and \$1,400s, it touched its 2014 high at \$1,515.00 on July 1.

Part of the reason for stable prices was a major work stoppage in South Africa. Once that was settled, platinum prices swooned. On August 18, it closed below \$1,300. Like gold and silver, prices continued downward to close at \$1,224.00 on election day, November 4. This was the lowest close of the year to that point.

Platinum didn't stop sinking. Two days later, it closed below \$1,200. It reached its low for the year on December 22 at \$1,182.00.

The metal ended the year at \$1,191.00, down \$173.00 (12.7%) for 2014.

For most of the past several decades, the spot price of platinum has been somewhat to a lot higher than gold. Yet, looking at the supply and demand factors, I have been convinced for a long time that gold will be more valuable in the long run. There were a few days in 2014 where platinum's price was less than gold, and December 31 was one of those days.

Palladium: From the end of 2013 to the end of 2014, palladium climbed from \$710.00 to \$814.00, a nice increase of \$104.00 (14.7%) for the year. As I previously noted, much of the increase was concern over the possibility of Russian supply interruptions.

Rare coins: I have not had time to update my indices for various numismatic niches. Look for me to have them ready by next month.

Here at LCS, in 2014 we again experienced a significant increase in our retail sales of rare coins—other than Pre-1934 US Gold Coins. The much larger, and more accessible, showroom that we occupied two years ago is contributing to higher demand.

Our experience does not seem to be typical of most coin dealers in 2014. Toward the end of the year, several dealers told me that their sales volume had declined a lot, even as much as 50%, from 2013 levels. Here at LCS, our total volume for 2014 was down from the year before, but that was partly from selling bullion-priced gold and silver at lower levels and from lower demand for bullion-priced gold products. With the increase in our sales of rare coins and collectibles, 2014 turned out to be a decent year for the company.

What was probably the weakest area of rare coin demand was **Pre-1934 US Gold Coins**. Prices and premiums fell almost constantly throughout the course of the year. This reduced demand almost certainly ties in with lower demand for bullion-price gold coins and bars. Toward the end of 2014, we experienced a pick-up of demand in this niche. It appears that other dealers are also seeing greater interest at these lower prices.

The paper money market and the ancient and medieval coins niches were strong almost

all year. Among foreign nations, demand is rising for older coins from China, India, and many eastern European countries.

Declining silver spot prices eventually dragged down the prices of many **Common-Date Mint State Morgan and Peace Dollars**. For much of the year, demand for Better-Date coins was so strong that dealers were often willing to pay prices higher than those listed in the retail price guides. Supplies grew tight. At we reached the end of 2014, some of the prices for Better-Date Morgan and Peace Dollars had dropped slightly, but that doesn't mean that they are now easy to find.

Summary: The year 2014 ended up being more of a treading water period. It was revealed during the year that central banks and governments own more than 50% of all publicly trade stocks. That means they have the incentive and the means to manipulate these prices so that there are no major declines. As a result, a lot of investor money flowed into stocks and into the US dollar during 2014. Unless this volume of manipulation can be sustained in 2015, the new year could bring a lot of volatility and fear. These create strong incentives for people to get out of paper assets and into hard tangible assets like precious metals and rare coins.

Four Fearless Forecasts For 2015

1. The prices of gold and silver will outperform their 2014 results—I give this at least a 95% probability of occurrence. This is pretty much a repeat of last year's forecast. Once again, there are several reasons to be optimistic that this will occur. Gold and silver prices have now fallen so low that a lot of mining operations are closing and mine developments are being halted. Two to three years ago, mining companies had to wait 6-18 months for a geologist to become available to confirm whether their discoveries had enough reserves to be economically recoverable (a step required in order to obtain financing for the development). Not any more. At the October 2014 Silver Summit in Spokane, Washington, two geologists approached me to see if I could help them find projects to work—where

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they were immediately available!

In 2014, demand for physical gold and silver from both China and India were strong overall and especially towards the end of the year. I expect both to remain the top two nations for demand of both metals in 2015.

India's demand was impressively high even though the government imposed import restrictions. These restrictions were meant to reduce the export of central bank reserves. That problem no longer applies since the price of imported petroleum products has plummeted. Because of this, the Indian government no longer needs to export as many reserves. The result is that the government there has already eased some regulations.

I also expect an increase in central banks looking to repatriate their gold reserves currently stored in other nations. The Netherlands was successful at bringing their gold back from New York in 2014. It looks like Austria and others may do the same this year. This move to repatriate gold reserves is an indicator of falling confidence in paper currencies.

The most important reason I expect gold and silver prices to do better in 2015 is that it will simply be a reflection of a declining US dollar. Right now, the US dollar index is at a nine year high. It is not strong because the dollar deserves the respect. Instead it is high because other currencies fell so much in 2014.

A strong dollar hurts US exports, meaning it punishes the US economy.

There are significant strides underway right now, especially by the BRICS nations of Brazil, Russia, India, China, and South Africa to replace the US dollar as payment for international transactions. Their operations expanded in 2014 and will become more widespread in 2015. Already, some bonds sold in London and New York are denominated in Chinese yuan rather than US dollars.

2. The Governmental Accounting Standards Board will issue their final Statements for adoption of accrual basis accounting for government employee pensions and other retirement benefits in June 2015—I give this a 90% likelihood because this is the announced date. Last year, the

GASB took major steps by releasing exposure drafts to change government accounting standards to publicly report unfunded future liabilities as part of the financial statements. Adopting these standards, which should become mandatory as early as 2016 or as late as 2017, will force the federal, state, regional, local, and government school districts to disclose a combined financial hit of at least \$100 trillion (that is not a misprint!).

These financial problems have been there all along, but the governments just didn't have to inform the public. Last October, I talked with a trustee of one of Michigan's community colleges. He said that once they were forced to report this liability, it would be obvious that the institution was bankrupt. He said he had talked with other community college trustees about this issue and everyone seems to be in the same financial strait. But, almost no one is talking about this catastrophe in the making.

The obvious result of adoption of accurate accounting standards is that governments will default or revoke employee retirement benefits or sharply restrict them. As just one example, government employees may be told that they cannot collect any benefits until they are at least 65 years old instead of right when they retire in their 40s or 50s.

By the end of 2015, I expect this will be perhaps the top financial crisis that people are talking about. But just about every so-called financial or economic expert in releasing their 2015 forecasts are not even mentioning this issue.

I would like to give this issue a probability of 100% of happening by June. However, because the consequences are so dire, there may be extreme political pressure brought to bear to delay the implementation of the more accurate standards.

3. As a result of the foregoing crises facing us in 2015, there is a good chance that gold will surpass \$2,000 and silver \$50 before the end of 2015—which I expect at least a 50% chance of occurrence. There are many more scary financial crises I could mention. But, just from what I have listed in the first two forecasts, there are multiple opportunities for the US dollar to take it on the chin in 2015. It would only take one or two events to bring on a dollar crash and soaring precious metals prices.

As we neared the end of 2014, it seemed like the governments and central banks trying to manipulate markets were getting over-

Summary Of Current LCS Recommendations For Precious Metals and Rare Coins

How much of your total net worth should be in precious metals and rare coins?

	<u>Conservative</u>	<u>Moderate</u>	<u>Aggressive</u>
	10%	20%	25-33%

*How much to allocate for each category of precious metals and rare coins?**

	<u>Conservative</u>	<u>Moderate</u>	<u>Aggressive</u>
Gold	40%	35%	25%
Silver	60%	55%	50%
Rare Coins	0%	10%	25%
TOTAL	100%	100%	100%

*Platinum and palladium both have volatile markets with long-term supply/demand fundamentals that are not as attractive as those for gold, silver or rare coins. While either or both might outperform gold, silver, or rare coins in the short- to long-term, to be conservative we have omitted them from our allocation.

whelmed. Several of their actions are patches instead of solutions, such as the requirement that took effect this month that major US banks (which hold about 75% of the nation's total bank deposits) will seize customer bank account balances and retirement account assets to cover losses on derivatives—effectively voiding FDIC insurance coverage. In my mind, it would make more sense to focus on preventing a catastrophe rather than planning what to do when it hits. To me, this is a sign that the politicians and bureaucrats are losing confidence that they can hold things together much longer.

4. US and world stock markets will soar to higher levels by the end of 2015—I foresee a 75% probability of coming to pass. Just in the first few days of 2015, we have seen the US stock market indices being extremely volatile on a daily basis. Expect this to be the normal pattern this year. The days of gradual market swings are mostly in the past. However, since governments and central banks already own more than 50% of all publicly traded stocks, they have a collective interest in propping up share prices. The currencies are almost certain to get weaker, but governments will try to pretend that everything is alright because of the strong performance of stock indices. Don't be fooled.

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This list just scratches the surface of some of the financial developments I expect in 2015. For the sake of your own financial well-being, I recommend in the strongest terms that you establish at least your insurance holdings of bullion-priced physical gold and silver sooner rather than later. This isn't all you need to do, but it will be a good start.

By the way, should any of these calamities come to pass, that will increase the likelihood that others will also occur.

Silver and Silver Coins

Silver settled on the COMEX today at \$16.96, an increase of 61 cents (13.7%) from six weeks ago.

During intraday trading on the morning of December 1, the spot price of silver dipped at one point as low as \$14.25. Since then, the price of silver has jumped 19%! What other investments have performed that well over the past six weeks?

The silver market is far smaller than gold in terms of monetary value. As a result, it is also more volatile. In strong markets, it will outperform gold. In weak markets, on the other hand, it will plunge in price more than gold.

With today's prices about 66% lower than silver was at the end of April 2011, I see limited downside risk and tremendous appreciation potential for this metal. It is for this reason that between gold and silver, I recommend that roughly 3/5 to 2/3 of the total be allocated to silver.

In my judgment, the risk of a complete failure of the US dollar is so strong that I recommend holding physical silver in forms that can serve as circulating money. For instance, at current prices about 15 cents face value of **US 90% Silver Coins** (13.5%) will purchase a gallon of gasoline. I don't like that the premium is higher above metal value than at other times, but I love the liquidity, legal tender status, and divisibility of these coins.

I also recommend acquiring the **100, 10, and 1 Ounce Ingots** (6.5-7.3%) to get more silver at a lower premium. Be sure to pick up at least some quantity of the smaller pieces as the 100 Ounce ingots are not divisible.

Even though we sell hundreds of thousands of them, I am not a fan of **US Silver Eagle Dollars** (16.8%) or **Canada Silver Maple Leafs** (14.7%) as a way to pur-

The Month			
Gold Range	56.25	4.7%	
Net Change	+26.00		
Silver Range	1.48	9.1%	
Net Change	+0.61		
Gold/Silver Ratio	72.8		
Net change	-1.1		
Platinum Range	65.00	5.3%	
Net Change	+12.00		
Platinum/Gold Ratio	1.004		
Date	Gold	Silver	Platinum
Dec 03	1,208.50	16.35	1,227.00
Dec 04	1,207.50	16.52	1,245.00
Dec 05	1,190.00	16.20	1,220.00
Dec 08	1,194.75	16.21	1,229.00
Dec 09	1,231.50	17.08	1,246.00
Dec 10	1,229.00	17.13	1,242.00
Dec 11	1,225.00	17.05	1,242.00
Dec 12	1,222.00	17.05	1,231.00
Dec 15	1,207.25	16.53	1,215.00
Dec 16	1,194.00	15.72	1,196.00
Dec 17	1,194.25	15.89	1,199.00
Dec 18	1,194.75	15.89	1,197.00
Dec 19	1,196.00	15.99	1,197.00
Dec 22	1,179.75	15.65	1,182.00
Dec 23	1,178.00	15.73	1,191.00
Dec 24	1,175.00	15.76	1,189.00
Dec 25	closed		
Dec 26	1,195.25	16.11	1,218.00
Dec 29	1,181.75	15.74	1,201.00
Dec 30	1,200.25	16.24	1,218.00
Dec 31	1,193.00	15.73	1,191.00
Jan 01	closed		
Jan 02	1,186.00	15.73	1,203.00
Jan 05	1,204.00	16.18	1,210.00
Jan 06	1,219.75	16.60	1,221.00
Jan 07	1,210.50	16.51	1,220.00
Jan 08	1,208.50	16.35	1,222.00
Jan 09	1,216.00	16.39	1,229.00
Jan 12	1,232.75	16.54	1,240.00
Jan 13	1,234.25	17.13	1,247.00
Jan 14	1,234.50	16.96	1,239.00

London Silver Market Premium To New York Silver Market = 2¢

Gold, silver and platinum quotes are work-in spots at 1:45 EST/EDT each day, quoted in U.S. dollars per troy ounce.

chase bulk quantities of physical silver. Their premiums are just too high. If (when) the silver price soars, the lower premium forms will outperform the higher premium products, as has been demonstrated multiple times over the past several decades.

There is a possible exception to purchas-

ing higher-premium bullion-priced silver coins. The China Mint limits annual production of its Mint State 1 Oz Silver Pandas to 8 million coins per year. That is far below the levels that would be absorbed by Chinese consumers alone. The 2014 issue sold out well before the end of last year. These coins are now trading at higher prices than when they were released a year ago when the silver spot price was a few dollars higher. Most of the China 1 Oz Silver Pandas are trading well above their issue prices. There is a reasonable prospect that the **Mint State 2015 China 1 Oz Silver Pandas** now available at what would be a somewhat high premium for bullion-priced silver may repeat what happened with prior year issues. See our enclosed flyer.

Gold And Gold Coins

Gold closed today at \$1,234.50, up a respectable \$26.00 (2.2%) from early December.

Even though I think silver has better prospects, to be cautious I recommend holding 1/3-2/5 of a hard asset position in bullion-priced physical gold. When I say holding physical, I don't mean buying a certificate, a commodity or option contract, or shares in an exchange traded fund. I mean the actual metal. I also mean that you have direct custody of it or have it stored where the account is in your personal name and not as unallocated storage where the storage company is the real owner of the gold.

My low premium favorites for physical gold continue to be the **US American Arts Medallions** (2.1%), the **Austria 100 Corona** (2.0%), and the **Mexico 50 Pesos** (2.1%). We can explain the pluses and minuses of each of these so that you can select the one that serves your purpose. I expect these issues will slightly outperform other choices such as **US American Eagles** (4.4%), **Canada Gold Maple Leafs** (3.4%), and **South Africa Kruggerands** (3.8%) in the long term.

Common-Date Pre-1934 US Gold Coins have declined in prices and premiums so much over the course of 2014 that they are now experiencing a moderate surge in demand. In my judgment, the **Very Choice Mint State-64 \$5.00 Liberties** look to be the best value by far. See details in our enclosed offer.

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Liberty Coin Service Computer Quotes 2PM EST 1.14.15 Spot Prices

Item	Qty	Fine Wt	Price	Cost/Oz	Premium
*U.S. 1 Oz Gold Eagle	10	1.0000	1,289.50	1289.50	4.4%
*U.S. 1/2 Oz Gold Eagle	10	0.5000	667.00	1334.00	8.0%
*U.S. 1/4 Oz Gold Eagle	10	0.2500	342.25	1369.00	10.8%
*U.S. 1/10 Oz Gold Eagle	10	0.1000	140.70	1407.00	13.9%
*U.S. 1 Oz Gold Buffalo	10	1.0000	1,295.75	1295.75	4.9%
*Australia 1 Oz Kangaroo	10	1.0000	1,298.25	1298.25	5.1%
*Austria 100 Corona	10	0.9802	1,235.00	1259.95	2.0%
*Austria 1 Oz Philharmonic	10	1.0000	1,298.25	1298.25	5.1%
*Canada 1 Oz Maple Leaf	10	1.0000	1,277.25	1277.25	3.4%
*China 1 Oz Panda	10	1.0000	1,321.75	1321.75	7.0%
*Mexico 50 Peso	10	1.2057	1,520.50	1261.09	2.1%
*S. Africa Krugerrand	10	1.0000	1,282.25	1282.25	3.8%
*U.S. Medallion	10	1.0000	1,261.25	1261.25	2.1%
*50 Gram Combibar	10	1.6077	2,178.50	1355.04	9.7%
*1 Oz Ingot	10	1.0000	1,271.00	1271.00	2.9%
*Austria 1 Ducat	10	0.1107	147.80	1335.14	8.1%
*Austria 4 Ducat	10	0.4428	603.25	1362.35	10.3%
*British Sovereign	10	0.2354	308.75	1311.60	6.2%
*British Sovereign, BU	10	0.2354	320.75	1362.57	10.3%
*France 20 Franc	10	0.1867	248.50	1331.01	7.8%
*Swiss 20 Franc	10	0.1867	248.50	1331.01	7.8%
\$20 Liberty BU	10	0.9675	1,345.00	1390.18	12.5%
\$20 St Gaudens BU	10	0.9675	1,355.00	1400.52	13.4%
\$20 Liberty Extremely Fine	10	0.9675	1,325.00	1369.51	10.9%
\$10 Liberty Extremely Fine	10	0.4838	670.00	1384.87	12.1%
\$5 Liberty Extremely Fine	10	0.2419	365.00	1508.89	22.2%
*U.S. 90% Silver Coin	1,000	715	13,800.00	19.30	13.5%
*U.S. 40% Silver Coin	1,000	295	5,300.00	17.97	5.6%
*U.S. Circulated Dollars	1,000	760	21,000.00	27.63	62.4%
*U.S. Silver Eagle-2015	1,000	1,000	19,860.00	19.86	16.8%
*Canada Silver Maple Leaf	1,000	1,000	19,510.00	19.51	14.7%
*100 Oz Silver Ingot	10	100	1,811.00	18.11	6.5%
*10 Oz Silver Ingot	100	10	182.10	18.21	7.1%
*1 Oz Silver Ingot	1,000	1	18.26	18.26	7.3%
*1 Oz Platinum Ingot	10	1.0000	1,315.00	1315.00	5.3%
*U.S. 1 Oz Platinum Eagle	10	1.0000	1,361.00	1361.00	9.0%
*U.S. 1/2 Oz Plat Eagle	10	0.5000	Not available		
*U.S. 1/4 Oz Plat Eagle	10	0.2500	Not available		
*U.S. 1/10 Oz Plat Eagle	10	0.1000	Not available		
*Other 1 Oz Plat Coins	10	1.0000	Not available		
*Canada Palladium ML	10	1.0000	828.00	828.00	5.2%

Gold: \$1,235.25
Silver: \$17.01
Platinum: \$1,249.00
Palladium: \$787.00

Notes from Liberty

by Tom Coulson
LCS General Manager

Volume for the year 2014 was down significantly from the year before. While sales of bullion-priced silver remained strong, though at lower prices, bullion-priced gold sales were significantly down from the year before.

However, our sales of numismatic coins and paper money and of other collectibles that have a little higher profit margin than bullion products rose quite a bit in 2014. As a result, 2014 was a successful year here at LCS.

Even though I am the new owner of LCS, you will see few changes on a day-to-day basis. Former owner Pat Heller will continue to write *Liberty's Outlook* and other commentaries in print, online, and in broadcast media. Next month, LCS Chief Numismatist Allan Beegle will resume writing this column. As I have since I started at LCS in 1983, I will still be helping you on the phones and in the store.

Our offerings in the November newsletter sold dismally, much to our surprise. Perhaps buyers were discouraged as that was right when gold hit its lowest prices for the year. I am happy to report that December's offerings were almost a complete sellout! The Gem Mint State-65 Early Morgan Dollars and Walking Liberty Half Dollars sold out quickly. We were able to find more coins to fill continuing orders, but the wholesale prices of these coins had risen. Pat yourself on the back if you took advantage of these bargain opportunities.

I can just about guarantee that this month's featured offerings will sell out as well. When Pat "walked the floor" at the huge Florida United Numismatist's show last week in Orlando, he was able to scoop up two lots of **Very Choice Mint State-64 \$5.00 Liberties** at the lowest prices in more than 25 years! You can now purchase them for less than 10% of what you would have paid in mid-1989 to buy these same coins! While I'm not expecting prices to soar

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Trading Desk Hours (Eastern): Mon-Fri 9:30AM-6PM, Sat 10AM-2PM

Coins, Rolls and Sets

U.S. 10 pc Gold Medallion Set, 1980-1984, BU	\$10,290
U.S. Morgan Dollar, 1921, Brilliant Uncirculated Roll/20	\$675
U.S. Morgan Dollar, Pre-1921, Brilliant Uncirculated Roll/20	\$915
U.S. Peace Dollar, Brilliant Uncirculated Roll/20	\$565

Gold:	\$1,235.25
Silver:	\$17.01
Platinum:	\$1,249.00
Palladium:	\$787.00

Numismatic Coins (PCGS/NGC/ICG Graded)

	MS-63	MS-64	MS-65
U.S. \$20.00 St Gaudens	1,385	1,445	1,830
U.S. \$20.00 Liberty	1,530	1,920	3,285
U.S. \$10.00 Liberty	965	1,245	3,060
U.S. \$5.00 Liberty	655	745	1,970
U.S. 4 pc Indian Gold Type Set	3,760	4,825	14,920
U.S. 4 pc Liberty Gold Type Set	3,630	4,505	9,370
U.S. 8 pc Gold Type Set	7,330	9,180	23,840
U.S. Morgan Dollar (Pre-1921)	64	76	152
U.S. Peace Dollar	50	64	130

Prices quoted are for quantities indicated, and are actual selling prices at today's closes. Smaller lots are available at slightly higher prices. No Michigan Sales Tax on rare coins or precious metals bullion. Numismatic purchases have a 15 day return period. Orders for bullion-priced items (marked with *) are not returnable and, after confirmation, cannot be cancelled.

imminently, we are seeing a resurgence in demand for all Pre-1934 US Gold Coins at today's lower price levels. Pat thinks, and we all agree, that the MS-64 \$5.00 Liberties are likely to be among the appreciation leaders among all US Gold Coins.

People who ordered the China 2014 Silver Pandas a year ago can also congratulate themselves. Even though the spot price of silver declined last year, demand for the coins was so strong that they are now selling at much higher prices than they were last January. Will that happen again with the **Mint State China 2015 1 Oz Silver Pandas?** Going by the track record for this series of coins, where they have outperformed the general rise in silver prices over the past 15 years, the odds are pretty good.

Like the Morgans and Walkers last month, I anticipate that the price of MS-64 \$5.00 Liberties will be higher a month from now, no matter what happens to the spot price of gold. Similarly, since the China 2014 Silver Pandas sold out well before the end of the year, I expect strong demand for these coins.

As we do every month, we urge you to place your order early to enjoy best selection. Call our **Trading Desk toll-free at 800-527-2375** to check on availability and to confirm your order.

Here are some other treasures that we recently purchased in our store or Pat brought

back from Florida. Enjoy them. Thank you for your patronage:

High Grade Ancient Athens Silver

Tetradrachms: The late Smithsonian numismatic researcher Richard Doty called the Greek Silver Tetradrachms one of the four most important coins in world history (the others being the British Silver Penny, the Venetian Silver Grosso, and Napoleon's Latin Monetary Union gold coins). Because of their popularity with collectors, we have difficulty keeping the Athenian Silver Tetradrachms in stock.

We just picked up two specimens that are among the finest we have ever handled. Both are well centered on both sides and sharply detailed. Each shows the Greed goddess Athena on the obverse. The Owl, the symbol of Athens, along with an olive branch with two leaves a crescent moon and the letters AΘE appear on the reverse.

Athens Silver Tetradrachm, circa 435 BC, Very Fine-Extremely Fine—\$1,875.

This somewhat rarer coin depicts Athena wearing a fully crested helmet.

Athens Silver Tetradrachm, circa 430 BC, Extremely Fine—\$1,950.

This coin is about as sharply detailed as you could ever hope to find.

Gorgeous Multi-Color Gem Mint State-65 1881-CC Morgan Silver

Dollar Rarity: This coin has lots going for it. First, it is the rare Morgan Silver Dollar struck in 1881 at the Carson City Mint. Second, PCGS has certified the coin as Gem Mint State-65 quality. Finally, this coin was sold in the General Services Administration in the 1970s, where the US government sold coins out of original unissued dollar bags. Obviously, this coin was stored right up against the side of the canvas bag, where the sulfur in the fabric created a work of art! The coin is in the large size PCGS holder that includes the GSA holder in which this coins was sold.

This piece is heavily toned with a rainbow of colors. Blue, purple, and brown are the major colors. But there are also areas of green, gold, and red. If you are looking for an awesomely-toned coin that is also a rarity and high quality, this is for you. \$950.

2002 Australia 1 Oz Gold Horses:

The Perth Mint in Australia limits the mint-age of each years 1 Oz Gold Lunar Calendar Coin to a mere 30,000 pieces. The calendar repeats every 12 years. All 2014-dated Horse coins sold out quickly. Part of the reason is that the Horse is the second most popular animal of the entire series after the Dragon (a good luck symbol in Chinese culture).

We just purchased from a customer nine specimens of the 2002 Australia 1 Oz Gold Horses, each still packaged in their original Perth Mint capsules. When these occasionally appear in online auctions, they almost all go for more than \$1,550 each and some sell for more than \$2,000. We could only find one other American dealer that had a single specimen in stock. At our price of \$1,475 apiece, we offer a better deal.

Near Perfect MS-69 Australia

2000 2 Oz Silver Dragons: The Perth Mint struck fewer than 30,000 of these Two Ounce .999 pure silver Dragons in the year 2000. Not only is this the most popular animal among the twelve different Chinese Lunar Year designs, these coins are all dated 2000, which symbolizes good luck for the new millennium.

We have three of these blasty white PCGS certified specimens available in the large-size PCGS holder. Our price of \$168 per coin is lower than any others we found on sale.