

Liberty's Outlook

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US Dollar Plummets; Gold And Silver Haven't Reacted—Yet!

Other Commodity Prices Are Soaring!

Major Action In Gold And Silver Markets—Behind The Scenes

In the past five weeks from June 28 through yesterday, the US Dollar Index fell 5.9%!

This Index reports the relative value of the dollar against a basket of other major currencies.

Over that time, the dollar has fallen 7.2% against the Euro, 5.3% versus the British pound, 4.4% to the Swiss franc, 4.4% compared to the Australian dollar, 4% versus the Japanese yen, 3.9% against the South Africa rand, and 3.8% to the Chile peso.

The best result for the US dollar when compared to the 22 currencies I track was no change to the India rupee. The dollar declined against the other 21, including 0.3% to the Chinese yuan, 1.1% to the Canadian dollar, and even 1.0% against the Mexican Peso.

In normal markets, when the value of the US dollar plummets so quickly, the prices of gold and silver take off.

Not this time.

In the same time period, the price of gold is down a significant 4.3% and silver is off 1.4%!

This does not make sense. After all, other commodity wholesale prices have soared in US dollar prices in the past five weeks:

Wheat	+44.5%
Eggs	+28.6%
Sorghum	+22.6%
Flour	+22.1%
Corn	+15.9%
Palladium	+15.4%
Cheddar cheese	+14.7%
Cottonseed meal	+11.4%
Zinc	+11.3%
Soybeans	+11.3%
Sugar	+11.3%
Crude oil	+11.0%
Aluminum	+10.2%
Copper	+8.2%
Hominy feed	+8.1%
Butter	+7.0%

2010 Year To Date Results

as of August 3, 2010

Precious Metals

Palladium	+23.7%
Silver	+9.5%
Gold	+8.2%
Platinum	+7.9%

Numismatics

US MS-65 Morgan Dollar, Pre-1921	+0.0%
US MS-63 \$20 St Gaudens	-7.6%
US MS-63 \$20 Liberty	-24.1%

US Dollar vs Foreign Currencies

Euro	+8.2%
Great Britain Pound	+1.4%
Brazil Real	+0.9%
Switzerland Franc	+0.4%
South Korea Won	+0.2%
Hong Kong Dollar	+0.1%
India Rupee	-0.6%
China Yuan	-0.8%
New Zealand Dollar	-1.2%
Australia Dollar	-1.6%
South Africa Rand	-1.7%
Canada Dollar	-2.6%
Mexico Peso	-3.7%

Platinum	+6.7%
Nickel	+6.4%
Corn oil	+5.1%
Oats	+5.1%
Unleaded gasoline	+3.4%
Coffee	+2.4%
Chicken	+0.3%
Natural gas	-0.4%
Beef	-0.5%
Cocoa	-1.9%
Lard	-9.1%
Tallow	-9.2%

Sources: The Wall Street Journal and London Metals Exchange

These are the commodities I track on a regular basis (missing only wool, which did not have a wholesale market price on August 3) to warn me about changes in price levels. I find this information far

Singapore Dollar	-3.9%
Japan Yen	-7.8%
U.S. Dollar Index	80.596 +3.5%

US And World Stock Market Indices

Frankfurt Xetra DAX	+5.9%
Russell 2000	+4.8%
Dow Jones Industrial Avg	+2.0%
NASDAQ	+0.6%
S&P 500	+0.5%
London FT 100	-0.3%
Sao Paulo Bovespa	-0.9%
Dow Jones World (excluding US)	-1.0%
Australia S&P/ASX 200	-6.1%
Nikkei 225	-8.1%
Shanghai Composite	-19.8%

10 Year US Treasury Note interest rate

2.916% -23.9%

Intrinsic Metal Value Of U.S. Coins

Lincoln cent 1959-1982	2.21¢
Lincoln cent 1982-date	0.55¢
Jefferson nickel non-silver	5.45¢
Roosevelt dime, 1965-date	2.47¢
Washington quarter, 1965-date	6.18¢
Kennedy half dollar, 1971-date	12.35¢

more accurate than the Consumer Price Index published by the US Bureau of Labor Statistics which shows virtually no rising prices.

Why did the price of almost everything rise against the US dollar in the past month, except for gold and silver? I think I can explain.

Two months ago, after observing that the Federal Reserve was flooding world markets with US dollars, I predicted an imminent reaction of significantly higher gold and silver prices by the end of July. While it happened for other currencies and commodities, it specifically did not occur for gold and silver.

Gold and silver are special commodities. The price of gold effectively serves as a report card on the value of the US dollar, the

Inside this issue: Explanation For Huge BIS Gold Swap page 3
Freedom Fest 2010 In Las Vegas page 4
New LCS Weekly Radio Program page 6

(Continued from page 1)

US economy, and the US government. The US government has the largest budget of any nation. The US dollar pretty much serves as the world's reserve currency. The US economy is the world's largest by far. Putting this all together indicates that the US government has a huge incentive to take actions to suppress the price of gold.

The US government also has the largest total of outstanding debt of any country. By holding down gold prices and lulling creditors with a false sense of security, the US government derives substantial financial benefits from paying a lower interest rate on that debt.

Silver generally trades in sympathy with gold. Therefore, in order to reinforce any manipulation of gold prices, the silver market would need similar attention.

In addition to motive and opportunity, you also have to consider that the US government has actively manipulated the price of gold going all the way back to the end of World War I in 1918. As more federal documents are declassified every year, more information about past price suppression activities are confirmed. The most recent admissions of manipulation have to do with trading in the London gold pool in the 1970s.

Kevin Warsh, a governor of the Federal Reserve Board, in a September 17, 2009 letter to the Gold Anti-Trust Action Committee, Inc. (GATA), admitted that the Fed has current gold swap arrangements with other central banks.

So, it is possible for the prices of gold and silver to be held down while the dollar is falling and other commodity prices are mostly soaring.

There are two significant times per month when the gold and silver prices have been regularly suppressed for the past several years. The first is at 8:30 AM Eastern on the first Friday of the month at the time that the latest monthly report on jobs and unemployment is released by the Bureau of Labor Statistics. The second event is the expiration of the COMEX and Over The Counter gold and silver options.

Look at the list of closing spot prices on page 6. Notice how gold and silver prices were knocked down in advance of the July 2 jobs and unemployment report release. Then look at July 26 when the COMEX gold options expired and July 27, when the Over The Counter gold and silver options expired.

But, beyond those two traditional times of gold and silver price suppression, there has been generally a major effort to hold down precious metals prices for the past month or so.

As best I can discern, the reason for the extraordinary effort to hold down gold and silver prices is because of the looming terrible financial news breaking out from all over the economic map. A few tidbits have already hit the market. As more bad news comes out, the public will become more fearful about the decline in the US dollar, resulting in even higher demand for gold and silver than we have experienced in the past two and a half years.

Even though my projection for a significant increase in prices did not happen by the end of July, I stand firm in my projection of the increases. I now think we will achieve these higher levels by the end of September at the latest.

This is not me wishfully hoping that my overall projection not be wrong. It is also the market expectation that can be deduced from the recent actions of the US governments trading partners. These companies almost certainly were active participants in in the US governments price suppression efforts. Now their trading activities are pointing in the other direction.

Since June 16, there has been a run on COMEX silver inventories. In that time, total inventories have declined from 119.5 to 110.24 million ounces, a 7.7% decline. Rather than being a general fluctuation in inventories, the withdrawals have focused on the inventories owned by HSBC and ScotiaMocatta, a subsidiary of the Bank of Nova Scotia. These are the two banks that are most widely suspected as having the least amount of physical silver in their vaults to meet customer obligations.

In the past four weeks, JPMorgan Chase, the bank that holds the largest short positions in the COMEX silver market, has substantially reduced its short position in that market. Overall, the largest commercial traders (of which JPMorgan Chase may be one of only two entities counted in this category) have reduced their short positions by about 24% according to COMEX Commitment of Traders reports.

Similar strange movements are occurring behind the scenes in the gold market. In the three weeks ending July 19, the large commercial traders closed out more than 25% of their net short gold contracts on the COMEX.

On July 28, two days before owners of maturing long contracts would be required to declare their intentions (to sell out, to roll over into future months, or to take physical delivery) there were still 112,977 open August contracts, representing 11.3 million ounces. This liability exceeds all COMEX gold inventories. Such a large quantity of undeclared contracts so close

Summary Of Current LCS Recommendations For Precious Metals and Rare Coins

How much of your total net worth should be allocated to 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 may outperform gold, silver or rare coins in the short- to long-term, to be conservative we have omitted them from our allocation.

to the deadline increases the likelihood that there will be significant withdrawal of gold inventories during the month of August.

On July 30, a massive 367,716 ounces of gold (3.2% of all COMEX inventories) were reclassified from eligible (customer) to registered (dealer) status. This almost exactly matched the 368,500 ounces of gold that JPMorgan Chase announced that day that it would have to physically deliver in fulfillment of maturing COMEX contracts.

Taken together, these actions of the major traders indicate that they expect little prospect of future price declines and a much larger likelihood that prices may be far higher in the near future.

What Terrible Economic News Might Break Soon?

When you look at the entire list, it is almost amazing that the dollar and the US economy has not already suffered meltdown.

More bank accounting shenanigans. Most of the major US banks reported higher earnings in the latest quarter. But they are all smoke and mirrors. Every one of these banks accomplished their higher earnings by reducing their reserves for debt losses.

This trick was accomplished by banks simply not foreclosing on defaulted mortgages. There are people who have not made a mortgage payment in more than twelve months, but the banks have not posted this information in the credit reports of the debtor. As long as the banks take no steps to foreclose on non-performing mortgages, they do not have

(Continued from page 2)

to increase their loss reserves.

Unfunded pension liabilities. Because the present value of future liabilities for pension payments depends on expected future earnings of invested assets, any calculation of unfunded pension liabilities is a slippery number. Still, no matter which set of assumptions you use, there are massive unfunded liabilities.

For example, one study calculated that the 100 largest corporate pension plans were underfunded by \$217 billion as of the end of 2008.

Robert Novy Marx of the University of Chicago and Joshua D. Raub of Northwestern University calculated that the 50 state governments together owe \$3.2 trillion more than they have in assets.

You may have seen the results of recent polls where the majority of Americans now expect to collect none or only a portion of the Social Security payments they supposedly are to receive.

US government spending run amok. According to a June report issued by the Congressional Budget Office, federal expenditures for just Social Security and the new health care program will exceed all federal tax collections within 25 years.

US government debt spiraling out of control. In order to finance record-size budget deficits, the federal government will need to increase debt levels by trillions of dollars over the next several years. This debt will incur higher interest expenses and account for a higher percentage of the federal budget every year. Soaring debt levels will make owners of the debt leery, and will require higher interest rates to offset the heightened risk of default.

State government bankruptcies. Already, the state of Illinois is several months behind in paying vendors. Recently, California began paying employees with IOUs instead of cash.

High unemployment. The Federal Reserve recently admitted that US unemployment is likely to remain above 9% for at least two consecutive years. This has not happened since the Great Depression in the 1930s. However, the reported unemployment data are distorted from the way that the Bureau of Labor statistics use to calculate it. John Williams at <http://www.shadowstats.com> calculates that reported unemployment would now be almost 22% using the former BLS methodology.

The BLS is able to report unemployment figures as low as it does because it drops people from the ranks of the unemployed long before their unemployment

benefits run out.

The high unemployment rates, no matter whose figures you use, point to lower economic activity. That means lower federal and state tax collections on income and sales, which magnifies the previously mentioned difficulties.

Soaring inflation. I use the classic definition of inflation, which is the increase in money supply. In modern times, inflation is often used to mean a rise in prices, which is a typical outcome of an increase in the money supply. The term inflation has become so scary for politicians to talk about that they have come up with a new phrase of "quantitative easing" to describe increases in the money supply. You have heard lots of politicians using the QE verbiage lately as the way to "rescue" the economy. The trillions of extra dollars that the US government pumped into the financial markets in the past 30 months have not worked. Further expenditures will fare no better.

The foregoing are only a partial list of what bad news could be breaking in the next two months. I'm sure you can think of more and you understand that there are a lot of problems brewing.

I have been asked for my opinion on what could be done to cure all the world's problems. I simply don't know that anything can forestall a number of major crises from erupting. At best, my hope is that society is stable enough to recover from the blows.

The news could be so horrible that even the survival of the US dollar as a currency is in doubt. Even if the US dollar somehow manages to survive, which I consider less than a 50% likelihood, there are a number of steps that people can take to prepare themselves to minimize the suffering.

Make Sure You Own Some Gold And Silver

For 6,000 years physical gold and silver have never failed as money. They are the only monetary assets that are not someone else's liability. When financial crises hit, those who own physical gold and silver have been much better off than those who held paper currencies or assets (stocks, bonds, CDs, and the like).

When the financial turmoil hit the Far East in 1997, for instance, most Indonesians were wiped out. Those who owned gold or silver, on the other hand, saw their standard of living pretty much unchanged.

Owning gold and silver is what I advocate that readers do for their own protection. I'm not talking about moving all of one's net worth into precious metals and rare coins. That would be as risky as not owning any.

The box at the top of page 2 lists relative proportions of your net worth that I suggest holding in gold and silver and rare coins.

Each person has to judge for themselves where they fit on the spectrum from conservative to aggressive. Among the factors that influence that decision are your age, the amount of liquid assets you have available, your comfort with risk, and the like.

Once you have decided on a total allocation of your net worth to gold, silver, and rare coins, then you need to decide how much is to be allocated to each of these categories. Rare coins have a wider buy/sell spread than bullion-priced coins and ingots, normally requires a longer holding period, and has a higher risk of loss, so they are not suitable for many people.

Generally, I advocate looking for the forms of gold and silver bullion-priced coins and ingots that have the lowest premiums above metal value, so long as they are readily liquid. Check our price quotes page for guidance on premium levels.

Possible Explanation For the Huge BIS Gold Swap

On July 29, London's *Financial Times* ran a story explaining what their researchers think was behind the huge gold swaps handled by the Bank for International Settlements (BIS) this year.

The *Times* reported that more than 10 banks based in Europe swapped gold to the BIS in order to obtain US dollars. Among the participating banks named in the article are HSBC, Societe Generale, and BNP Paribas. Two central bank officials told the *Times* that the commercial banks needed the US dollars to meet demands from depositors to withdraw funds from the dollar accounts. The article does not speculate why investors may want to liquidate their holdings of US dollars, but I think the main reason is a concern about the future decline in the value of the dollar.

The article went on to say that much of the gold used as collateral in the swap came from the unallocated storage accounts of private investors. Although these investors, in theory, own the gold in unallocated accounts, this gold is now subject to a prior claim by the BIS should the owners want to remove or sell their position. This very possibility is one of the reasons I have urged readers to close out their unallocated gold storage accounts and turn them into physical gold under their direct control.

These swaps emphasize what I have regularly stated: gold is a safe financial asset that is more desirable for collateral than any of the world's currencies. Central banks may talk about this not being true, but their actions belie their words.

(Continued on page 4)



Old Friends And New At Freedom Fest 2010 In Las Vegas: LCS General Manager Pat Heller with: **Top row (left to right):** Steve Forbes, publisher of *Forbes*, Peter Schiff, president and chief global strategist for Euro Pacific Capital and candidate for the Republican nomination for US Senate in Connecticut, science fiction writer Orson Scott Card, Fox Business Newsman Dan Mangru, host of The Mangru Report, Freedom Fest Conference Chair Tami Holland. **Second row:** Lawrence Reed, president of the Foundation for Economic Education, Sharon Harris (l) and Mary Ruwart (r), president and board member of the Advocates for Self Government, Sharron Angle, Republican nominee for the US Senate seat in Nevada, Jerry Jordan, former president of the Federal Reserve Bank of Cleveland from 1991 to 2003, Greg Mortensen, author of *Three Cups of Tea*. **Third row:** Anne Heller (no relation), author of *Ayn Rand and the World She Made*, Jo Anne Skousen, columnist for *Liberty* magazine and spouse of Mark Skousen, Brenda Peters, former member of the board of directors of Alcor Life Extension Foundation, Diane Carol Bast, vice president of the Heartland Institute, Barbara Branden, a central figure in early Objectivist circles and author of *The Passion Of Ayn Rand*.

(Continued from page 3)

Freedom Fest 2010 In Las Vegas

After a three year hiatus, LCS General Manager Pat Heller and Office Manager Barbara Robinson returned to Freedom Fest in early July.

The conference is perhaps the largest of its kind, with over 2,200 registered attendees this year, mostly from libertarian and conservative circles.

Perhaps the larger focus of Freedom Fest 2010 was on financial and economic matters. There were also political activists of various stripes, ranging from former New Mexico governor Gary Johnson to 2008 Libertarian Party vice presidential nominee Wayne Allyn Root. There were also series of program tracks on subjects such as health, culture, and history.

Freedom Fest is the brainchild of economist and financial writer Mark Skousen. He put Tami Holland in charge of running the event and she did another outstanding job.

The speakers shared more nuggets of wisdom than I could put down in a hun-

dred pages. Here are a few of the highlights that I have room to share with you now:

Mark Skousen: Skousen enjoyed performing as his ancestor Benjamin Franklin during the skit at the Saturday night banquet.

The Austrian economic theory explains market cycles, which no other school of economic thought has done. Skousen predicted a 30% chance of a collapse of the American Economy.

It was a nice surprise to see that the July issue of Skousen's newsletter, *Forecasts and Strategies*, that was given to Freedom Fest attendees, contained an endorsement for Liberty Coin Service.

Steve Forbes: Forbes obviously enjoyed himself, despite wearing a neck brace after back surgery. He played the part of George Washington in the skit performed at the Saturday night banquet. Among his quotes:

•The 3% rebound in 2010 is a horrible result when compared to past economic recoveries.ö

•People create money, not governments.ö

•The Federal Reserve printing press is a form of taxation.ö

•If you don't have faith in the future, asset values will go down.ö

•My role is now agitator.ö

•If you never propose unrealistic things, they will never become part of the main-

stream.ö

You must win the battle of ideas. It is more important than winning elections.

Government regulators will be a real challenge to overcome.

•Go for the whole big thing, not little pieces.ö

Thinks there is more than a 50% chance that the Republicans will take control of both houses of Congress in the 2010 elections.

Rick Rule: •When your outgo exceeds your income, your upkeep becomes your downfall.ö

Peter Schiff: The 2001 to 2007 economic growth was just an illusion.

The original Federal Reserve charter prohibited the Fed from buying Treasury debt.

First asset prices will fall more than good prices, then good prices will rise faster than asset prices. We are heading for double digit inflation and the first digit will not be 1.

Bullish on gold. The current trajectory will destroy the US dollar. Sees gold reaching \$5,000-10,000.

Dennis Slothower: If you don't manage risk, risk will manage you.

(Continued on page 5)

(Continued from page 4)

Ty Andros: We are now seeing the greatest transfer of wealth underway from those with assets on paper to those who don't.

Currencies are going to become extinct.

Steve Moore (from *The Wall Street Journal*): Obamacare is designed to fail and the Democrats know it. It will discourage young healthy people from participating. That will drive up costs so much that insurance companies will have to raise premiums. This will result in government takeover of healthcare.

Frank Trotter: China is buying global access to raw materials to be a base for long-term expansion. There is strong demand to own the China yuan.

Brazil is the only country where ethanol exceeds energy breakeven. Brazil's energy supplies are self-sufficient.

Adrian Day: Prefers stocks versus exchange traded funds. In the long term, 3-5 years or more, wants to be in strong emerging markets such as China, India, and others.

The Hong Kong dollar has little risk of falling versus the US dollar and could participate in the rising value of the Chinese yuan.

Brazilian banks are financially stronger than US or British banks now.

Look at stocks, not continents.

Because of the recent economic turmoil in Europe, there are some good stock values in developed European nations such as Nestle and Roche Holdings.

Avoid investing in Afghanistan. Too many political problems to be able to profitably extract that country's natural resources.

Lou Petrossi: Developed countries in the next decade will at best grow 1% per year, while emerging countries will average 5% growth annually.

China will be great. The Chinese are doing business all over the world rather than sending military forces.

In China, everyone is an entrepreneur. China will become the #1 consuming nation.

Avoid Afghanistan. Southeast Asia has some excellent prospects.

Jack Dzierwa: Likes selected emerging markets.

China's households save over 50% of income because of the lack of a social safety net.

Brazil has been disappointing as a commodity investment but looks good for the future because of the growing middle class.

Turkey is the most dynamic in Europe, but has some political risk. Indonesia stocks are doing well.

Infrastructure precedes the growth in the

middle class.

Dan Mangru: No Canadian banks have failed in the current crisis, while about 250 US banks have failed (so far).

Richard Rahn: Quoted Robert Mundell, the father of the Euro currency, in thinking that the price of gold may need to reach \$15,000 in order for it to function as a reserve currency.

Jerry Jordan (former president of the Federal Reserve Bank of Cleveland from 1991 to 2003): The Fed cannot pull back in debt because there are no other buyers large enough to absorb it.

The Federal Reserve was not set up to handle monetary policy. The gold standard took care of that.

De-nationalize the gold stock. Doesn't trust any ideas of a gold-back currency. Instead wants to return US government gold back to the citizens.

Advocates that courts support specific performance of gold-provision contracts.

Capital gains taxes are wrong. Eliminate them. Capital gains taxes preclude using gold as circulating money.

The US does not allow competing currencies. Most other countries do allow them.

The big crash is yet to happen.

Unknown speaker: Don't get in the way of the US government committing suicide.

Wayne Allyn Root: We are in a teleprompted depression. Every time Obama speaks, another thousand businesses fail.

Dave Fessler: From the St Louis Federal Reserve Bank December 2009 study about the savings rate: A higher savings rate in the current quarter is associated with faster, not slower, economic growth in the current and next few quarters.

Gary Johnson: As governor he vetoed 750 bills in eight years, more than all other 49 governors combined. This doesn't count the line item vetoes. He was re-elected as a Republican in a state with a 2-1 ratio of registered Democrats.

Vote out all incumbents.

The US government is now borrowing 43 cents of every dollar being spent.

Richard Viguerie: I am more optimistic than ever. There is a realistic possibility of election turnover and Congress again being able to govern. The public reaction to president Obama is the opportunity to save America.

Corrupt Republican leadership lost the 2006 and 2008 elections.

Tom Woods: The collapse of government programs will be a real problem for people who depend on them and have made no other arrangements.

More defense spending is actually reducing defense capability.

Learn Austrian economics.

Morton Blackwell: He is very optimistic in the short term from citizen rage. Will last through the 2010 elections. Then the lame

duck session of Congress will be bad news.

Alex Green: On marketing a best selling book: When writing the book, think about how to market it. Spend the first 2+ hours each day writing. It is easier to write an 800-3,000 word article than a book. Expect to reread your book over 100 times.

Do your best job negotiating the advance as that may be all you will receive. Never stop negotiating until the publisher gives a firm offer. Have an agent or lawyer review the contract.

Conduct a major marketing effort for the release date.

Mark Lee Gardner: On marketing a best selling book: Bestsellers must have a major publisher, which means you have to have a literary agent. A traditional agent get 15% of the author's payment.

New writers are likely to do better with a popular subject to make it easier to sell.

Start with an outline, but revise it as you are writing.

A good writer listens to feedback.

There were a handful of coin dealer friends attending Freedom Fest as well as some LCS customers. Although we were much too busy to arrange for Pat Heller to speak at Freedom Fest 2010, we will put in a greater effort to make that happen at Freedom Fest 2011.

Silver and Silver Coins

Silver finished in US markets today at \$18.26, down 33 cents (1.8%) from last month.

Although it may seem like the silver market was relatively quiet compared to many recent months, I believe that it was only that way because both gold and silver prices were subject to major suppression tactics. These manipulations simply cannot go on for long at the same level. In fact, it looks like JPMorgan Chase, considered to be the major trader in the silver suppression efforts, is retreating in anticipation of much higher prices in the coming months.

The silver market is much smaller than gold in terms of total dollar value. Therefore, prices are more volatile. Silver rises a higher percentage in bull markets and falls by a greater percentage in bear markets. Since we are still in what I consider to be the early stages of a major bull market, I anticipate that silver will outperform gold for the next 12-24 months. Accordingly, I recommend allocating a higher percentage of your hard assets holdings to silver rather than gold. See the box on page 2 for more details.

The form of physical silver I most recommend is US **90% Silver Coin** (4.7%). It is the most widely traded form of physi-

(Continued on page 6)

(Continued from page 5)

cal silver, has the greatest divisibility (one dime contains about 1/14th of an ounce of silver), and is the most liquid. If a financial meltdown comes to pass and the US dollar fails, I expect that 90% Coin will become the most popular replacement.

Although we sell tens of thousands of them, I don't recommend the US **Silver Eagle Dollar** (12.3%) as a way to own silver bullion. They are beautiful and convenient for their exact one ounce of silver content, but are not worth the extra nearly \$1.40 per ounce of silver cost to own them. In the long term, I expect 90% Coin and Silver Eagles to trade for close to the same price per ounce.

Better-Date High Grade Morgan and Peace Silver Dollars continue to be extremely popular. Because of their rarity, we simply cannot find enough coins for all of our customers to make a general offering of them this month.

Gold And Gold Coins

Gold ended today at \$1,193.75, down \$48.25 (3.9%) from five weeks ago.

In intraday trading today, gold briefly topped \$1,200 for the first time since mid-July.

As with silver, gold did not participate in the general rise in commodity prices this past month. Because of that, I expect the yellow metal will outperform other assets by the end of September.

The low premium forms I suggest are the US **American Arts Medallions** (3.8%), Austria **100 Coronas** (3.8%), and Mexico **50 Peso** (3.9%). I expect higher premium coins such as the American **Eagle** (5.8%), Canada **Maple Leaf** (5.1%), South Africa Kruggerand (5.4%), and Austria **Philharmonic** (5.8%) will trade at the same premiums as the lower cost alternatives, so don't pay extra to buy them now.

A few months ago, it was virtually impossible to acquire any British **Sovereigns** (14.0%) in the US. Citizens in Greece were buying common-date circulated specimens from their central bank at prices higher than \$400 apiece. The supply squeeze has since loosened and premiums have come down some. This month, we can offer **Mint State Australian Early Sovereigns** at prices that would have been super bargains in the spring. Unfortunately, our supplies are more limited than usual, so don't delay in placing your order.

The Month

Gold Range	87.50	7.0%
Net Change	-48.25	
Silver Range	1.25	6.7%
Net Change	-0.33	
Gold/Silver Ratio	65.4	
Net change	-1.4	
Platinum Range	98.00	6.3%
Net Change	+31.00	
Platinum/Gold Ratio	1.33	

Date	Gold	Silver	Platinum
Jun 29	1,242.00	18.59	1,555.00
Jun 30	1,245.50	18.67	1,537.00
Jul 01	1,206.25	17.76	1,507.00
Jul 02	1,207.50	17.70	1,504.00
Jul 05	closed		
Jul 06	1,194.75	17.83	1,519.00
Jul 07	1,197.00	17.98	1,526.00
Jul 08	1,195.75	17.85	1,516.00
Jul 09	1,209.50	18.05	1,533.00
Jul 12	1,198.50	17.90	1,515.00
Jul 13	1,213.25	18.24	1,535.00
Jul 14	1,206.75	18.27	1,521.00
Jul 15	1,208.00	18.35	1,534.00
Jul 16	1,188.00	17.77	1,512.00
Jul 19	1,181.75	17.53	1,513.00
Jul 20	1,191.50	17.66	1,513.00
Jul 21	1,191.50	17.80	1,528.00
Jul 22	1,195.50	18.12	1,528.00
Jul 23	1,188.00	18.10	1,541.00
Jul 26	1,183.00	18.20	1,556.00
Jul 27	1,158.00	17.62	1,537.00
Jul 28	1,160.50	17.42	1,542.00
Jul 29	1,168.50	17.60	1,563.00
Jul 30	1,181.75	17.99	1,577.00
Aug 02	1,183.50	18.40	1,602.00
Aug 03	1,185.25	18.41	1,587.00
Aug 04	1,193.75	18.26	1,586.00

London Silver Market Premium To New York Silver Market = 4¢

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

LCS Begins A Weekly Radio Program

In response to growing public interest, LCS General Manager Pat Heller last week broadcast his first radio program under the title of "Things You -Know-That Just Aren't So, And Important News You Need To Know."

This 3-4 minute program will broadcast every Wednesday morning about 8:45 AM Eastern on Lansing station 1320-AM WILS. The program is simultaneously broadcast on the internet at <http://www.1320wils.com>, where those who are interested can also access (when it is set up) the audio and text archives of past programs.

LCS's Heller Acquires Premier Coins & Collectibles

This afternoon, LCS General Manager Pat Heller closed on the acquisition of Premier Coins & Collectibles in the west Lansing suburb of Delta Township. The acquisition was settled in cash.

Premier was founded last year by former LCS employees Bob and David Sweet, who will continue to operate the company.

As Liberty's volume has grown over the years, there has been more of a need to provide a more convenient location to the sizeable population living five to 20 miles west of our stores located on the eastern border of Lansing.

When Bob and David open the store, they also expanded the product line to areas not handled by Liberty, such as classic era sports cards and collectibles, Magic the Gathering cards, comic books, and arrowheads. Premier already has a greater presence selling merchandise on the internet than does Liberty (go to <http://www.premier-coins.com>).

Bob first started working at Liberty in the mid-1980s and is well versed in the Liberty philosophy of being an aggressive purchaser and competitive seller. Customers can now go to the more convenient location to obtain the same prices, whether buying or selling.

It is expected that the cooperative relationship between the two businesses will generate some synergistic effects. First, both companies will be able to market out of a larger pool of inventory. Second, LCS and Premier will have greater representation at both national and local trade shows, where staff for either company could handle transactions for both companies. Third, there will be some cost savings through joint advertising programs.

If you live in or near the Lansing area and have not yet visited them, you can check them out at 7050 W. Saginaw Hwy, Suite #4, Lansing, MI 48917. It is located about a half mile east of Horrocks Farm Market. Premier's phone number is 517-886-2646.

Liberty's Outlook is published monthly by Liberty Coin Service, 300 Frandor Ave., Lansing, MI 48912. Telephone: National 800/527-2375 Fax: 517/351-3466 Website: <http://www.libertycoinservice.com>, E-mail: path@libertycoinservice.com Patrick A. Heller, Editor. Subscriptions are available at \$139.00 per year (12 issues). Send subscription orders and changes of address to the above address. Weekly precious metals commentaries by Patrick A. Heller are available online at <http://www.numismaster.com> (click on "News & Articles" and search for "Heller") and <http://www.coinupdate.com> (click on "Patrick A. Heller" under the Authors list at the bottom right of the home page). Patrick A. Heller's radio program "News You -Know-That Isn't So, And Important News You Need To Know" is broadcast every Wednesday morning about 8:45 AM on 1320-AM WILS in Lansing (also streaming live at <http://www.1320wils.com>, where audio and text archives are available). Patrick A. Heller also owns Premier Coins & Collectibles, 7050 W. Saginaw Hwy, Suite #4, Lansing, MI 48917, Telephone: 517-86-2646 Website: <http://www.premier-coins.com>. All information is derived from sources believed to be reliable, but accuracy cannot be guaranteed. No guarantee of profitability of any investment or recommendation contained herein is made or implied. Liberty Coin Service has been a dealer in rare coins and precious metals since 1971. The publisher, its principals and associates may, from time to time, have a position in items recommended here. Copyright 2010, all rights reserved.