

Liberty's Outlook

Volume 20 Issue 1 Liberty Coin Service's Monthly Review of Precious Metals and Numismatics January 15, 2014

December 31, 2013—Blatant Gold And Silver Price Manipulation Fail! Is The Suppression Nearly Over?

In 2013, the prices of precious metals performed horribly. Only palladium managed to rise over the course of the year, but by less than 1%. The other three metals were all down by a lot: platinum fell 11.4%, gold dropped 28.2%, and silver plummeted 35.9%!

When you compared how precious metals prices did in 2013 against the major US stock indices, the results were even worse. The four major US indices were each up more than 26% for the year.

While precious metals performed poorly in 2013, most of our customers who followed our recommendations about how much of their net worth or investment portfolio to allocate to precious metals (see page 5) still profited in 2013.

If only 10% to 33% of your total investments were in precious metals and rare coins, the odds are that the balance was held in assets that appreciated in 2013 by more than precious metals prices declined.

Gold suffered its first annual decline after an impressive 12 consecutive annual increases. Silver fell for only the third year of the past thirteen years.

While those holding gold and silver in 2013 were not happy with the results, keep in mind the longer term track record for precious metals and US stocks. Just look at the percentage change in the following prices and indices for the 14 years ended December 31, 2013:

Gold	+317.0%
Silver	+257.5%
Platinum	+220.2%
Russell 2000	+130.5%

2013 Annual Results

Precious Metals		China Yuan		Euro	
Palladium	+0.9%	China Yuan			-2.8%
Platinum	-11.4%	Euro			-4.0%
Gold	-28.2%	U.S. Dollar Index	80.16		+1.24%
Silver	-35.9%	<i>US And World Stock Market Indices</i>			
<i>Numismatics</i>		Nikkei 225			+56.7%
US MS-65 Morgan Dollar, Pre-1961	+14.4%	NASDAQ			+38.3%
US MS-63 \$20 Liberty	-27.4%	Russell 2000			+37.0%
US MS-63 \$20 St Gaudens	-26.9%	S&P 500			+29.6%
<i>US Dollar vs Foreign Currencies</i>		Dow Jones Industrial Average			+26.5%
South Africa Rand	+24.0%	Frankfurt Xetra DAX			+25.5%
Japan Yen	+21.4%	Australia S&P/ASX 200			+15.1%
Australia Dollar	+16.6%	London FT 100			+14.4%
Brazil Real	+15.3%	Dow Jones World (excluding US)			+13.3%
India Rupee	+12.4%	Sao Paulo Bovespa			-6.8%
Canada Dollar	+7.0%	Shanghai Composite			-15.5%
Singapore Dollar	+3.4%	<i>10 Year US Treasury Note interest rate</i>			
Mexico Peso	+1.4%				3.03% +72.3%
New Zealand Dollar	+0.7%	<i>Intrinsic Metal Value Of U.S. Coins</i>			
Hong Kong Dollar	-0.0%	Lincoln cent, 1959-1982			2.23¢
South Korea Won	-0.8%	Lincoln cent, 1982-date			0.56¢
Great Britain Pound	-1.9%	Jefferson nickel, non-silver			4.53¢
Switzerland Franc	-2.4%	Roosevelt dime, 1965-date			2.06¢
		Washington quarter, 1965-date			5.13¢
		Kennedy half dollar, 1971-date			10.27¢

Palladium	+61.4%
Dow Jones Indust Average	+44.2%
Standard & Poors 500	+25.8%
NASDAQ	+2.6%

Still, even if your net worth increased through diversification, I still judge that I let down my readers and listeners last year.

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, my predictions at the beginning of 2013 were the least accurate of any year. Out of the ten predictions, three were right on the nose and three others I would say were half correct. The three that I had correct were 1) that Chinese and other Far Eastern governments and private citizens would ramp up their purchases of physical gold and silver, 2) that the US dollar would continue its decline as the world's reserve currency for international transactions, and 3) that no governments at the federal, state, or local level in the US would adopt the more ac-

Inside this issue:	A Look Back At 2013	page 2
	Twelve Fearless Forecasts For 2014	page 4
	Draconian Minnesota Coin Dealer Law	page 5

(Continued from page 1)

curate form of financial reporting using accrual basis accounting standards. In my predictions, I also stated a probability for each to occur. These three events had my highest probabilities—from 95% to 100%.

The three forecasts where I give myself partial credit were 1) that the US economy would officially enter a recession or worse before the end of the year (which effectively happened if you consider the 35-year low percentage of the working force that has a job)—which actually occurred but was not officially labeled as such, 2) the possible default on delivery of COMEX gold and silver contracts only occurred in sporadic instances—what happened instead was that a number of people looking to take physical promised delivery of their gold held in the GLD exchange traded fund were denied, and 3) that the US government would take further steps toward seizing private retirement accounts—which did not occur even though Poland and other nations did and many big-name market commentators such as Steve Forbes and Jim Rogers have begun predicting that this will come to pass.

What I really blew was my prediction that the prices of gold and silver in 2013 would rise by a greater percentage than they did in 2012 and that the increases would also outperform the Dow Jones Industrial Average, the Standard & Poors 500, and the NASDAQ.

Those who acquired gold or silver early in 2013 on the basis that my forecast would prove to be accurate took a bath in the following months. Since I also bought and sold metals in line with my forecast, my year personally was not good at all.

In order for me to be so far off, it would seem to me that the only way that could happen is if a miracle occurred in Washington and governments around the globe to establish sound financing and financial reporting, that government expenditures

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

underwent massive reductions (75% or more to start) and that the US government would have stopped trying to control and suppress the prices of gold and silver. Obviously, none of these events happened in 2013.

In fact, 2013 brought on more of the same government malfeasance and incompetence, the very factors on which I counted to result in strong precious metals markets and poor returns for paper assets.

So what really led such poor results for gold and silver prices in 2013?

I don't know all of what went on behind the scenes. However, there are two developments that I suspect happened, and were brought about by the desire to clobber precious metals prices during 2013.

First, the more desperate that the US government becomes at propping up the value of the US dollar and US stock prices, the more extreme measures it will take to suppress gold and silver prices. This is exactly what occurred in 2013, where massive paper contracts of the metals were blatantly sold so as to have the effect of driving down gold and silver. These expanded manipulation efforts were so obvious that many more market observers joined the ranks of those, like me, who report that the US government is suppressing gold and silver prices.

Second, I speculate (meaning I have no hard supporting evidence) that China's desire to increase its gold reserves for the long term means that they would like the prices to remain low for as long as possible. China's hoard of US dollar and Treasury debt in its reserves is so large that it effectively gives enough leverage for that nation's government to "give orders" to the US government.

I think it is quite possible that the Chinese government has ordered their US counterparts to go to extraordinary lengths to hold down gold and silver prices in order for China to make continuing bargain purchases. All China would have to do to apply enough pressure is to threaten to dump some of its US Treasury debt.

So, it is entirely possible that the low gold and silver prices right now happened with a conspiracy between the US and Chinese government. If so, this will change at some point in the future. Could this occur in 2014? Maybe. Stay tuned for what I am sure will be an interesting year.

There are a number of offsetting factors that either pushing precious metals prices up or down. My crystal ball is foggy on which way prices will end up at a year end. Before I out-

2013 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.

However, look at the 2013 annual change for the following commodity wholesale prices I regularly track. I have separated the commodities into two categories of human food and other commodities.

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

There were a number of industrial and precious metals that declined in price in 2013. Declines in these wholesale prices will moderate consumer price increases, though on a more delayed basis than for food and energy.

Human Food

Cocoa Ivory Coast	+21.7%
Eggs, large white Chicago	+17.4%
Cheddar cheese, bulk, Chicago	+13.6%
Oats #2 Minneapolis	+7.4%
Broilers, dressed A	+6.4%
Beef, choice	+3.8%
Butter, AA Chicago	+2.3%
Hogs, Iowa	+0.4%
Flour, hard winter KC	-11.8%
Corn oil, crude wet/dry mill	-22.2%
Wheat, hard KC	-31.0%

Other Commodities

Cottonseed meal	+21.5%
Natural gas	+26.8%
Palladium	+0.9%
Zinc	-0.3%
Copper	-8.0%
Platinum	-11.4%
Aluminum	-14.8%
Nickel	-20.2%
Sorghum (Milo) #2 Gulf	-24.9%
Gold	-28.2%
Silver	-35.9%

Keep these specific examples in mind when seeing the misleading headlines about 2014 consumer price increases.

line some positive and negative factors, lets look at just what happened to precious metals and rare coins in 2013.

A Look Back At 2013

Gold: After finishing 2012 at \$1,674.75, gold gradually climbed to its 2013 peak close of \$1,692.75 on January 22. From then through April 11, the metal gently declined to settle at \$1,564.25. Then action became extremely volatile.

On April 11, US President Barack

(Continued from page 2)

Obama convened an emergency meeting with the heads of 15 of America's largest banks. Several banks in attendance were trading partners of the US government. No details of the subject of this meeting have ever been released.

On Friday April 12, the very next day, massive quantities of paper gold contracts were sold on the COMEX. The price of gold plummeted 4% to settle at \$1,501.00.

The following Monday April 15, gold was hit even worse with more selling of paper contracts on the COMEX. Gold fell more than \$100 to settle at \$1,395.00. On April 16, gold hit a temporary low close at \$1,376.00.

The sudden drop in gold (and also silver) prices prompted a massive surge in the buying of physical precious metals. Demand was so strong that the price of gold was bid up to close on May 8 at \$1,478.00.

But, the US government, its allies, and trading partners, were not finished. By May 15, gold was knocked back down to \$1,396.50. From there to June 19 gold traded around \$1,400.

On June 20, another massive quantity of paper gold contracts were sold on the COMEX pushing the close down almost \$90 that day to close at \$1,286.00. By the last trading day of the month and quarter, June 28, gold was pushed all the way down to \$1,211.75. At one point during intraday trading on June 28, gold fell as low as \$1,182.00.

Once again, physical demand surged. The price of gold gradually pushed its way back up to close at \$1,420.50 on August 27. Then gold was once again pushed down to trade in the lower \$1,300s through November 7. The next day, gold fell below \$1,300, a level not seen since.

On December 19, gold settled at \$1,194.25, the first time it closed below \$1,200 since August 11, 2010. The price held right around \$1,200 until fireworks erupted on December 31.

Normally, the final trading day of a calendar year is quiet. Those planning to buy or sell have already done so. Trading is also normally thin because many people are on vacation.

That's not what happened Decem-

ber 31, 2013. Once again, a large number of COMEX paper contracts were dumped on the market early, pushing gold down to about \$1,182 during the day.

At that point, it looked like the US government was going all out to force the price of gold to settle at the lowest level of the year. That would have sent a strong negative signal to technical traders that the price of gold was likely to go lower in 2014.

It didn't work out that way. Buyers came out in droves to buy gold. In little time, the spot price shot up to about \$1,260, the strongest intraday rally in years!

Still, the US government was not to be denied. More selling hit the COMEX until it settled that day at \$1,202.00, a massive decline of \$472.75 from the end of 2012. Instead a quiet trading day on the COMEX, volume was 23% higher than average!

This massive recovery in gold (and silver) prices on December 31 that blunted the plans of the US government is a signal to me that gold has quite possibly passed the bottom of the current cycle. I thought that might have been true after various sudden drops during 2013, so I cannot say for sure that gold will never fall below \$1,200 again. If it does, however, I am confident that such a drop will be much less than we saw in 2013 and will also be temporary.

Silver: Silver finished 2012 at \$30.18. Its price moves in 2013 largely paralleled what happened to gold.

After closing at its 2013 high of \$32.41 on January 23, silver's price swooned down to \$27.69 on April 11. Just like gold, silver's price was whacked on April 12, closing on the COMEX at \$26.32. And like gold, it was clobbered more severely the following Monday, falling all the way to close on April 15 at \$23.65.

Silver never really recovered after that. It did get all the way back up to close at \$24.14 on April 25 and April 30. But it was pretty much downhill going forward, settling at \$21.62 on June 19.

Again like gold, silver was crushed on June 20, falling all the way to close at \$19.82, the first close below \$20.00 since September 10, 2010.

The US government was not done with its price suppression tactics yet. If further pushed down silver to close at \$18.53 on June 27, the low close for the year. An attempt to push it down further on June 28, the last trading day of the month and quarter failed, with silver soaring all the way to close at \$19.45.

Again like gold, silver recovered over the next two months to close at \$24.65 on August 27.

Thereafter, silver sagged. On November

21, the price again fell below \$20.00.

Once more just like gold, silver was savaged on December 31. During intraday trading the price fell all the way to about \$18.40, then soared to about \$19.65. The US government was thwarted in its attempt to have silver close at its low point of the year when the December 31 close came in at \$19.34. Still, silver fell a huge \$10.84 per ounce for 2013. This was the first annual decline since 2008 and the largest annual percentage decline since the 1990s.

Platinum: Platinum ended 2012 at \$1,539.00, which was below gold's price at the time. It touched its 2013 high on February 6 at \$1,736.00 which was also the highest platinum price since September 21, 2011.

Platinum hit its 2013 low at \$1,303, which was the lowest close for the metal since September 30, 2009.

The metal closed the year at \$1,364.00 on December 31, down \$175.00 for the year.

Palladium: From the end of 2012 to the end of 2013, palladium climbed from \$704.00 to \$710.00, a trivial increase of \$6.00 for the year.

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, we experienced a significant increase in our retail sales of rare coins. This was made possible, in part by 1) our move early in the year to a larger store in our shopping center that allowed us to almost quadruple the size of our showroom, and 2) our significant increase in sales on eBay which became possible when we also greatly expanded our office space to serve this market.

Our experience was not typical of most coin dealers it seems. Toward the end of the year, a number of dealer friends across the country told me that their sales had fallen dramatically from 2012, often on the scale of 50%.

Demand for **Pre-1934 US Gold Coins** fell sharply, resulting in price drops even greater than the decline in the gold price. At the huge Florida United Numismatists show in Orlando last week, one wholesaler who travels around Europe seeking US Gold Coins told me that the sellers there were not interested in parting with their inventory at such low prices

(Continued on page 4)

(Continued from page 3)

es and premiums. (Note: this is a good indicator that supplies will tighten in 2014, bringing higher premiums once again.)

The paper money market seemed to chug along steadily, with prices gradually rising overall, though not as fast as they did in the late 1980s and 1990s.

One area where demand was strong was **Mint State Morgan and Peace Dollars**. Prices for Gem Mint State-65 Pre-1921 Morgan Dollars rose nicely, even as the silver spot price declined. Mint State-63 and -64 quality Morgans dropped slightly in price for the year, but nothing like the fall in the price of silver.

Summary: My 2013 predictions for gold and silver were way too optimistic. I am much more comfortable with my new forecast for 2014 (see #1 below).

How Did Last Year's Ten Fearless Forecasts Turn Out?

I have already discussed that six of my ten forecasts of a year ago turned out to be fully or partially accurate. Where I missed were my forecasts that the US government would become mired in even greater overseas military conflicts, that civil unrest would increase in the US, that there would be another major bankruptcy on the scale of the MF Global Holdings in 2011, and that the US government would take further steps toward seizing private retirement accounts.

I still foresee all of these events coming to pass, although they will not necessarily occur in 2014.

Still, in absolute terms, those who followed my advice to build insurance positions of gold and silver did not fare well with the purchases they made in 2013. Yet, I anticipate that it will not be that many years before gold and silver prices soar, resulting in all prices paid to buy them in 2013 to be bargains.

Considering myself to be properly chastised, let me ring in the New Year with another round of predictions.

Twelve Fearless Forecasts For 2014

1. The prices of gold and silver

will outperform their 2013 results—I give this at least a 95% probability of occurrence.

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. Caterpillar suffered so much decline in demand for earth-moving equipment from mining companies late in 2013 that its total sales and profitability plummeted.

Toward the end of 2013, demand for gold from China exceeded total global mining and recycling supplies. On top of that, demand in India also surged even though that government hiked import taxes and placed other restrictions to limit demand. As a result of the bungling by the Indian government, demand for physical silver soared there in 2013, so much that total demand in 2013 may exceed 2012 levels by 17%.

There are a number of other reasons to expect physical demand to swamp supplies in 2014, which I will detail in the coming months. While it may still be possible for the US government to continue to suppress prices for a bit longer, maybe even beyond 2014, it cannot go on indefinitely..

2. China's central bank gold reserves will exceed those of the US—I think there is at least a 50% likelihood this will happen. It is obvious that Chinese government is accumulating massive quantities of gold reserves, even though it has not reported updated holdings since 2009. In the past week, even Bloomberg published a projection that China's reserves have grown so much that it may now hold the third or fourth largest gold reserves of any central or international agency. Even the quantity stated in this article, 2,760 tons is almost certain to be way too low. When you consider that the US government may have disposed of a significant percentage of its alleged gold reserves, this possibility may deserve a higher probability.

3. The US government will become mired in even greater overseas military conflicts—I project a 75% prospect of occurrence. I am repeating this one from last year. There are so many places where the US government could get bogged down in a "military action" such as Iran, Libya, Syria, and the South China Sea, just to name a few. How much longer can the US government dissuade Israel and Saudi Arabia from attacking Iran?

4. The US dollar will continue its decline in use as the world's reserve currency for international transactions—a 100% certainty! In 2013, China made significant progress at expanding the use of the yuan to pay for international transactions. Already this month, it has announced a pending agreement with Switzerland where that nation's banks will add

significant holdings of the yuan.

5. There will be a rise in government bankruptcies in the US, resulting in significant civil unrest—I estimate at least an 90% likelihood of occurrence. Detroit's bankruptcy filing in 2013 is going to open the floodgates for many other cities to follow suit in 2014. When people are confronted with the fact that there just isn't the money to meet all obligations, especially retirement pensions and healthcare benefits, the mood will turn uglier than it already is now.

6. A major US bank will fall into financial insolvency with the result that customer bank accounts will be partially stolen from them as a portion of the bailout—I expect an 40% prospect of occurrence. Beyond bank accounts, even precious metals supposedly secured in "allocated" accounts may be at risk of seizure.

7. COMEX Registered Gold inventories will drop to near zero—I project a 75% chance of occurrence. The COMEX registered gold inventories plummeted more than 80% during 2013. Already in January, there are approximately 200,000 ounces of required gold deliveries December that are overdue out of COMEX warehouses.

While I am on this subject, I expect the gold and silver exchange traded funds, like 2013, will also see another dramatic decline in physical metals they are holding.

8. Chinese and other Far East national governments and private citizens will continue massive acquisition of physical gold and silver—I estimate a 95% probability of occurrence. This is an easy prediction to repeat.

9. The US government takes further steps toward seizing the assets of private retirement accounts—I expect a 75% chance of occurrence. There are too many trillions of dollars in private hands for the US government to keep their hands off for much longer. The seizure of such assets, replacing them with US Treasury debt, would be sold to the public as a means of "protecting" and "guaranteeing the safety" of such assets. About the only thing that could stop such a move would be such a strong negative fallout from the implementation of the Affordable Care Act that the Demo-

(Continued on page 5)

(Continued from page 4)

crats become afraid of losing too much political clout in the November 2014 elections.

10. Politicians in Washington and state and local governments will begin reporting their financial activities using the more accurate accrual basis of accounting such as publicly held companies are required to use, then start taking genuine actions to stop inflating the money supply, to adopt budget surpluses so as to reduce existing debt, and honestly tell voters the true costs of every government program—I foresee a 0% probability of occurrence. This is another easy repeat from last year. Truth in government financial reporting would go a long way toward eliminating government fiscal mismanagement. But politicians would rather drive governments into bankruptcy than give up the ability to spend beyond their means.

11. The Shanghai Gold Exchange will replace the London Bullion Market Association and the COMEX as the standard used to quote the gold spot price—which I forecast a 25% chance of happening. The Shanghai Gold Exchange contracts are meant for delivery of physical metal, whereas both the London and New York markets are heavily influenced by the trading of paper contracts. Currently, the Shanghai prices are about \$20 per ounce higher than the London and COMEX markets. It is the world's largest trading platform for physical gold.

However, the Shanghai market has a significant disadvantage in that its trading hours do not match either European or US markets. That is the reason I give this development such a low probability for 2014. I expect it to happen some year, but don't expect it until at least 2015.

12. It becomes public knowledge that the US and Chinese governments have made a secret agreement for the US to suppress gold prices to enable China to buy more reserves at lower prices—I give this a 50% change of happening. The Chinese government holdings of US Treasury debt and dollars are so large that it gives them huge leverage into being able to boss around the US government. I have no hard evidence that this is exactly what is going on be-

hind the scenes. However, if you watch the actions that are taking place, they seem to match right up with the possibility that there is such a secret agreement.

This list is by no means complete, but I am confident you understand my general outlook for 2014.

As any of these events occur, that will inevitably increase the prospect of other events coming to pass.

Where Are We Headed In 2014?

The year 2014 will be a battle between massive demand for physical gold and silver against every trick in the book that can be played with trading rules and paper contracts.

The manipulation tactics became more blatant in 2013, which indicates that the US government is becoming more desperate. It is running out of tactics and the ability to finance further price suppression. At some point it will have to end.

The magic question is when will the suppression all end? It could occur in 2014. But don't make plans assuming it will necessarily occur this year.

So-called bank and brokerage experts in precious metals are all calling for weak gold and silver prices in 2014. There is a slight possibility they could be right.

But, once the Chinese government is convinced it has the financial strength to push the dollar aside as the world's reserve currency, the game will be over. You would not want to be holding US dollars or paper assets such as stocks and bonds that are measured in US dollars when this comes to pass.

At the minimum, I recommend acquiring an insurance position of bullion-priced physical gold and silver in your direct possession or stored in accounts under your personal name.

If using storage, it would be safest to avoid using a storage facility owned by a bank. There are a growing number of privately owned storage facilities around the country, being opened to meet rising demand. Further, avoid opting for the less expensive unallocated storage. Under unallocated storage, your bullion is technically an asset of the storage company and is subject to claims by all parties against the storage company.

Even allocated or segregated storage may not be fully safe. In these accounts, the holdings are the property of the account holder and are not assets of the storage company. Still, there are a growing number of reports that even allocated bullion is being delivered

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.

by the storage companies to parties other than the owners.

Each storage option has advantages and disadvantages. I suggest considering holding some gold and silver in your direct custody, perhaps some in a safe deposit box, and maybe some in as non-bank storage facility. In the event that something bad happens to your holdings in any one place, it is not likely that the other locations will be compromised.

By the way, more onerous provisions of the Foreign Account Tax Compliance Act (FATCA) take effect on July 1. If Americans have interest in getting any of their assets out of the US, it would be best to finish doing so before then.

Coin Dealers Facing A Draconian Minnesota Law

Last year, politicians in the state of Minnesota, pretending to increase consumer protection, enacted a law imposing extreme compliance provisions on coin dealers across the nation. It takes effect on July 1, 2014.

You can read the law at <http://legiscan.com/MN/text/SF382/2013>.

In order to try to half consumer fraud, any coin dealer that buys or sells \$5,000 or more of gold or silver products (defined as having at least a 1% purity of gold or silver) in a 12 month period to customers in Minnesota must register with the Minnesota

(Continued on page 6)

(Continued from page 5)

Department of Commerce, perform a nationwide 10-year background check on any employee that may interact with Minnesota customers, and must purchase a security bond.

The sad part is that the law will likely backfire, where it will not stop coin dealer scams but will burden good dealers.

At least one national dealer had decided that it will no longer buy or sell with any retail customers in Minnesota. Minnesota dealers are trying to get clarification on how tightly the law will be enforced.

When I discussed this law with several national coins dealers at the show in Orlando last week, I learned that most have not yet decided on their course of action.

Further developments will be reported as they come in.

Silver and Silver Coins

Silver settled today at \$20.10, an increase of 31 cents (1.6%) from six weeks ago.

Although there was a small surge in demand for physical silver because of the year-end price dip, it was not enough to cause supply shortages or delivery delays. Premiums are little changed from early December.

The US Mint cut off orders for 2013-dated Silver Eagles in early December in order to provide more time to strike 2014-dated coins for the initial release this week. Even before the first sale this week, the Mint announced that it is rationing supplies.

In 2013, the US Mint sold a record of more than 42 million Silver Eagle Dollars. I expect it will sell even more in 2014. They will not be rare.

Sunshine Minting, one of the US Mint's suppliers of planchets to strike Silver Eagles, is bringing a new production facility online that will add more than one million planchets per month to its capacity.

Most of the time, I recommend purchasing US **90% Silver Coin** (10.0%) as the best form of physical silver to own. It is highly liquid, has legal tender status, and is highly divisible. Each dime contains about 1/14 of an ounce of silver.

However, 90% Coin is not in current production. Demand has been strong enough since April that supplies have tightened. Since they have not been struck since 1964, new supplies are not in

The Month

Gold Range	56.75	4.5%
Net Change	-9.50	
Silver Range	1.21	6.1%
Net Change	+0.31	
Gold/Silver Ratio	61.6	
Net change	-1.4	
Platinum Range	126.00	9.2%
Net Change	+52.00	

Platinum/Gold Ratio 1.15

Date	Gold	Silver	Platinum
Dec 04	1,247.50	19.79	1,376.00
Dec 05	1,232.50	19.53	1,367.00
Dec 06	1,229.50	19.48	1,356.00
Dec 09	1,235.00	19.66	1,368.00
Dec 10	1,261.75	20.27	1,388.00
Dec 11	1,258.00	20.31	1,385.00
Dec 12	1,225.75	19.15	1,318.00
Dec 13	1,235.50	19.56	1,363.00
Dec 16	1,245.25	20.06	1,360.00
Dec 17	1,230.75	19.80	1,344.00
Dec 18	1,235.75	20.02	1,342.00
Dec 19	1,194.25	19.15	1,318.00
Dec 20	1,203.00	19.37	1,332.00
Dec 23	1,198.50	19.37	1,327.00
Dec 24	1,205.00	19.45	1,336.00
Dec 25	closed		
Dec 26	1,214.00	19.89	1,362.00
Dec 27	1,216.00	20.01	1,379.00
Dec 30	1,203.00	19.58	1,361.00
Dec 31	1,202.00	19.34	1,364.00
Jan 01	closed		
Jan 02	1,225.00	20.10	1,404.00
Jan 03	1,238.50	20.18	1,414.00
Jan 06	1,238.50	20.15	1,413.00
Jan 07	1,229.50	19.76	1,415.00
Jan 08	1,225.25	19.52	1,414.00
Jan 09	1,229.25	19.66	1,420.00
Jan 10	1,246.75	20.20	1,437.00
Jan 13	1,251.00	20.36	1,444.00
Jan 14	1,245.25	20.25	1,433.00
Jan 15	1,238.00	20.10	1,428.00

London Silver Market Premium To New York Silver Market = 3¢

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

production. As a consequence, I recommend acquiring the **100, 10, and 1 Ounce Ingots** (5.2-6.2%) to get more silver for your money. Be sure to pick up at least some quantity of the smaller pieces as the 100 Ounce ingots are not divisible.

Until silver closes at \$20.60 or higher for three consecutive days, I do not expect

a significant surge in prices. However, this could occur on short notice. Once the price starts to recover, I expect demand to explode. I recommend not waiting until the last possible moment, even if the major surge does not occur in 2014. When demand surged in the second half of April 2013, delivery backed up as long as one month after payment was made.

Gold And Gold Coins

Gold closed today at \$1,238.00, down a modest \$9.50 (0.8%) from early December.

Like silver, there has been a small surge in demand with the price drop at the end of December. Still, premiums are largely unchanged and most product is readily available.

I do not expect any solid price increases for gold until it can close for three consecutive days at \$1,260.00 or higher. Once it does, the sky could be the limit.

The Perth Mint reported that gold sales in 2013 were 41% higher than the year before. The Royal Mint in the United Kingdom reported that it has already sold out of its 2014-dated Sovereigns, though I expect that more will be minted.

My low premium favorites for physical gold continue to be the **US American Arts Medallions** (2.3%), the **Austria 100 Corona** (2.1%), and the **Mexico 50 Pesos** (2.4%).

Common-Date Pre-1934 US Gold Coins almost across the board are available the attractive low premiums. **High grade \$5.00 Liberties and \$10.00 Liberties** are available at a tiny fraction of what they were selling for almost 25 years ago when gold prices were much lower. I recommend picking some up.

However, even better than that would be the opportunity to acquire much rarer-date US Gold Coins at prices not much higher than common-date issues when you consider the relative rarity. These have been difficult to find in any quantity, but we struck paydirt last month. See our offering for the **Mint State-62 and -63 1899-S \$10.00 Liberties**. We've never seen any hoards of these before and may never again.

Liberty Coin Service Computer Quotes 2PM EST 1.15.14 Spot Prices

Item	Qty	Fine Wt	Price	Cost/Oz	Premium
*U.S. 1 Oz Gold Eagle	10	1.0000	1,300.75	1300.75	5.0%
*U.S. 1/2 Oz Gold Eagle	10	0.5000	668.25	1336.50	7.9%
*U.S. 1/4 Oz Gold Eagle	10	0.2500	346.50	1386.00	11.9%
*U.S. 1/10 Oz Gold Eagle	10	0.1000	141.50	1415.00	14.2%
*U.S. 1 Oz Gold Buffalo	10	1.0000	1,302.00	1302.00	5.1%
*Australia 1 Oz Kangaroo	10	1.0000	1,307.00	1307.00	5.5%
*Austria 100 Corona	10	0.9802	1,239.75	1264.79	2.1%
*Austria 1 Oz Philharmonic	10	1.0000	1,299.50	1299.50	4.9%
*Canada 1 Oz Maple Leaf	10	1.0000	1,287.00	1287.00	3.9%
*China 1 Oz Panda	10	1.0000	1,340.25	1340.25	8.2%
*Mexico 50 Peso	10	1.2057	1,529.50	1268.56	2.4%
*S. Africa Krugerrand	10	1.0000	1,290.75	1290.75	4.2%
*U.S. Medallion	10	1.0000	1,267.25	1267.25	2.3%
*1 Oz Ingot	10	1.0000	1,273.50	1273.50	2.8%
*Austria 1 Ducat	10	0.1107	149.50	1350.50	9.0%
*Austria 4 Ducat	10	0.4428	608.75	1374.77	11.0%
*British Sovereign	10	0.2354	316.50	1344.52	8.5%
*British Sovereign, BU	10	0.2354	327.50	1391.25	12.3%
*France 20 Franc	10	0.1867	254.75	1364.49	10.2%
*Germany 20 Mark	10	0.2304	339.75	1474.61	19.0%
*Swiss 20 Franc	10	0.1867	255.25	1367.17	10.4%
\$20 Liberty BU	10	0.9675	1,450.00	1498.71	21.0%
\$20 St Gaudens BU	10	0.9675	1,455.00	1503.88	21.4%
\$20 Liberty Extremely Fine	10	0.9675	1,420.00	1467.70	18.5%
\$10 Liberty Extremely Fine	10	0.4838	720.00	1488.22	20.1%
\$5 Liberty Extremely Fine	10	0.2419	360.00	1488.22	20.1%
*U.S. 90% Silver Coin	1,000	715	15,850.00	22.17	10.0%
*U.S. 40% Silver Coin	1,000	295	6,250.00	21.19	5.1%
*U.S. Circulated Dollars	1,000	760	21,850.00	28.75	42.7%
*U.S. Silver Eagle-2014	1,000	1,000	24,150.00	24.15	19.9%
*Canada Silver Maple Leaf	1,000	1,000	22,650.00	22.65	12.4%
*100 Oz Silver Ingot	10	100	2,120.00	21.20	5.2%
*10 Oz Silver Ingot	100	10	214.00	21.40	6.2%
*1 Oz Silver Ingot	1,000	1	21.40	21.40	6.2%
*1 Oz Platinum Ingot	10	1.0000	1,500.00	1500.00	4.7%
*U.S. 1 Oz Platinum Eagle	10	1.0000	1,609.00	1609.00	12.3%
*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	795.00	795.00	6.1%

Gold: \$1,238.75
Silver: \$20.15
Platinum: \$1,433.00
Palladium: \$749.00

Notes from Liberty

by Allan Beegle

LCS Chief Numismatist

December sales were our lowest for any month in 2013. That is not unusual as people tend to think about the holidays rather than about making investments. Despite that slowdown, our 2013 sales volume as measured in dollars easily surpassed 2012. With lower gold and silver prices last year, that also means that our unit volume of gold and silver sales soared when compared to 2012.

Despite the lower overall sales for December, last month's offerings almost all sold out quickly. Unfortunately, the few instances where we could find additional pieces would almost all have cost us more than the prices at which we sold these bargains to our customers.

Last month, a Midwest dealer friend called to offer me a group of **High Grade 1899-S \$10.00 Liberties**. He had just received these coins back from the Numismatic Guaranty Corporation (NGC) and didn't want to pay inventory tax on them if they were still in his inventory at the end of last month.

Neither my friend nor I, who each have more than 40 years of numismatic experience, had ever before heard of any hoard of this date! The ultra low certified populations for this date confirm their rarity. Yet, because of our opportune purchase, we can offer them to you at prices closer to those of the common-date issues in the same grades than you might expect.

Last week, LCS General Manager Pat Heller attended the enormous Florida United Numismatist (FUN) show in Orlando. Because our numismatic sales have been so strong over the past year, he took relatively little inventory to offer to sell. So, his sales were modest. He didn't bring home any groups of bargain purchases, but he was able to pick up coins to fill customer want lists and find **More Bargain Rarities**. Some of these coins are the finest we have ever handled for the issues! Pat was also began negotiations over groups of desirable coins

Liberty Coin Service
400 Frandor Avenue
Lansing, MI 48912

Call Toll-Free: **(800) 527-2375 National**
(517) 351-4720 Local
(517) 351-3466 Fax

web: www.libertycoinservice.com email: path@libertycoinservice.com
 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		\$10,980
U.S. Morgan Dollar, 1921, Brilliant Uncirculated Roll/20		\$820
U.S. Morgan Dollar, Pre-1921, Brilliant Uncirculated Roll/20		\$945
U.S. Peace Dollar, Brilliant Uncirculated Roll/20		\$775

Gold:	\$1,238.75
Silver:	\$20.15
Platinum:	\$1,433.00
Palladium:	\$749.00

Numismatic Coins (PCGS/NGC/ICG Graded)

	<i>MS-63</i>	<i>MS-64</i>	<i>MS-65</i>
U.S. \$20.00 St Gaudens	1,510	1,560	2,000
U.S. \$20.00 Liberty	1,655	1,975	3,530
U.S. \$10.00 Liberty	995	1,385	3,275
U.S. \$5.00 Liberty	630	940	2,225
U.S. 4 pc Indian Gold Type Set	4,435	5,875	18,030
U.S. 4 pc Liberty Gold Type Set	3,830	4,945	10,045
U.S. 8 pc Gold Type Set	8,205	10,670	27,625
U.S. Morgan Dollar (Pre-1921)	74	92	184
U.S. Peace Dollar	62	82	155

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.

that might become available in the coming months.

As I regularly do, and last month's almost complete sellout proves, I urge you to contact us early for best selection.

Contact our **Trading Desk toll-free at 800-527-2375** to check availability and confirm your order today.

Here are even more desirable rarities for your consideration:

Lowest Printage \$5.00 Silver Certificate Beauty: The US government issued 689 million Large Size \$5.00 Silver Certificates from 1886 through 1928, then another 2.64 billion Small Size \$5.00 Silver Certificates through 1962. Among the six different series of \$5.00 Silver Certificates ever issued, only 6,316,000 of the Large Size Series 1923 notes were ever issued. By far, it is the lowest printage of all \$5.00 Silver Certificates.

The Series 1923 \$5.00 Silver Certificate is nicknamed the "Porthole" because Abraham Lincoln's portrait is surrounded by a circle reading "The United States of America."

We probably average about one Porthole every two years in our inventory. One researcher estimates that only about 2,500 pieces survive in all grades combined.

This PCGS Currency-certified Very Choice New-64 PPQ (Premium Paper Quality) specimen is one of the finest we have

ever handled in our 43 years in business. In checking auction records, we did not find any specimens of this grade certified as PPQ (or EPQ by PMG) that sold for less than \$5,175. You can own this fresh-looking beauty for only \$4.995.

Affordable Julius Caesar Silver

Denarius: Julius Caesar, one of the most famous people in history, began issuing his own coinage about 49 BC, three years before he became the undisputed master of the Roman world.

The most popular coins issued by Julius Caesar were issued about 49 BC. On the obverse, they feature an elephant trampling on a serpent with the word Caesar below. The reverse shows several items including a simpulum, sprinkler, axe, and a priest's hat (Caesar was a chief priest).

Coins issued by Julius Caesar normally start about \$500 and go up from there. The silver denarius we offer here was poorly centered when it was struck. The elephant is about 50% shifted to the left. And the implements are about 20% to the right. Such crude work was not uncommon in that era, when coins were hand-struck one at a time. The coin grades Fine-Very Fine but, because of being struck off-center, you can own it for just \$275.

1768 2/3 Silver Thaler Issued For Germany, Poland, and Lithuania:

With so many German principalities, kingdoms, and protectorates before the founding of the Empire in 1870, it was inevitable that a ruler could end up in charge of more than one jurisdiction.

Prince Franz Xavier was the oldest surviving son of Polish King and Lithuanian Grand Duke Augustus III, succeeding his father in 1763. Xavier's older brother also died in 1763, which made Xavier the Regent Elector of the German Kingdom of Saxony.

The Regency ended in 1768 when his nephew was declared an adult. About the same time, Xavier renounced the Polish-Lithuanian throne. Shortly thereafter, Xavier moved his family to France. Another nephew became French King Louis XVI. When the French Revolution started, Xavier's family fled to Rome. Xavier eventually returned to live out his life in Saxony.

This Saxony-Albertine 1768 2/3 Silver Thaler identifies Xavier as the ruler of Poland and Lithuania on the obverse and as the Regent Elector of Saxony on the reverse. As you can tell from the above description, Xavier led an interesting life. This Fine+ specimen can be yours for \$150.

Napoleonic Siege Of Antwerp

1814 10 Centimes: As Napoleon's Empire was crumbling, a sizeable part of his forces were besieged in February 1814 in Antwerp, Belgium. In March, 29,000 bronze 10 Centimes were struck from captured melted cannon. Napoleon abdicated on April 6, but the French garrison in Antwerp held out until ordered to surrender by French King Louis XVIII in May. This half dollar-sized coin is somewhat crudely struck, understandable in the circumstances. It grades Extremely Fine. Only \$325 for this rarity.

Napoleon III Gold 20 Francs:

Louis-Napoleon Bonaparte was the nephew and heir of Napoleon Bonaparte. He was elected France's first president in 1848, then orchestrated a coup d'état in 1851 to make himself Emperor until 1870. His gold 20 Francs (0.1867 Oz gold content) are bullion-related coins in typical Very Fine-Extremely Fine condition, but some dealers price them as collector rarities. We just purchased a 50-coin lot. You can take any or all at just 11% over gold value.