Liberty's Outlook

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As US Dollar Continues To Drop And Gold And Silver Keep Rising—

Exports Of 175 Million Ounces Of US Gold In 2007 And 2008 Uncovered!

Pg 2: Is Inflation Under Control?

In the past month, the outlook of investors has changed in a fundamental way.

As a result, we are seeing a shift in investors' behavior. This shift has already had major consequences on the prices of the US dollar, long-term bond markets, and precious metals. Within the next month, we may also see a huge impact on stock markets and short-term debt.

This shift will have a major effect on your wealth. The actions you have already taken and take in the near future could determine whether you can sleep peacefully at night or whether you can even afford to pay for a place to sleep.

The report released by analyst Rob Kirby last Friday gives greater publicity to the reports issued by the US Geological Survey (www.usgs.gov) which detail massive exports of US gold in 2007 and 2008.

As public awareness of the huge scale of these exports becomes more widespread, I expect the US government will be subjected to strong pressure to come clean about where all this gold came from and how much gold the government still has.

Before I get into more details about the 175+ million ounces of net US gold exports in 2007 and 2008, let me discuss why I think it has taken so long for this fundamental shift in investors' outlook to occur.

2009 Year To Date Results

Through June 2, 2009

Precious Metals	
Silver	+39.1%
Platinum	+30.8%
Palladium	+23.0%
Gold	+10.8%
Numismatics	
US MS-63 $20 St Gaudens	+19.2%
US MS-63 $20 Liberty	+15.8%
US MS-65 Morgan Dollar, Pre-1921	-6.3%
US Dollar vs Foreign Currencies	
Japan Yen	+5.3%
Singapore Dollar	+0.2%
China Yuan	+0.1%
Hong Kong Dollar	+0.0%
Switzerland Franc	-0.6%
South Korea Won	-2.2%
Euro	-2.5%
India Rupee	-3.7%
Mexico Peso	-4.0%
New Zealand Dollar	-10.8%
Canada Dollar	-11.2%
Great Britain Pound	-12.1%
Australia Dollar	-13.4%
South Africa Rand	-15.4%
Brazil Real	-16.9%

U.S. Dollar Index	78.404	-3.6%
US And World Stock Market Indices		
Shanghai Composite		+49.6%
Sao Paulo Bovespa		+43.8%
NASDAQ		+16.5%
Dow Jones World (excluding US)		+16.1%
Nikkei 225		+9.5%
Frankfurt Xetra DAX		+6.9%
Australia S&P/ASX 200		+6.3%
Russell 2000		+5.4%
S&P 500		+4.6%
London FT 100		+1.0%
Dow Jones Industrial Avg		-0.4%
10 Year US Treasury Note interest rate	3.64%	+61.5%
Intrinsic Metal Value Of U.S. Coins		
Lincoln cent 1959-1982		1.51¢
Lincoln cent 1982-date		0.41¢
Jefferson nickel non-silver		3.70¢
Roosevelt dime, 1965-date		1.68¢
Washington quarter, 1965-date		4.19¢
Kennedy half dollar, 1971-date		6.38¢

For information on commodity price changes, see page 2

Why Are So Many People Blind To What Is Really Happening?

Two nights ago, I participated in a telephone meeting of the board of directors of a non-profit organization. One of the subjects covered was the organization's investment policy.

I advocated that the organization should have 5-10% of its investment assets in precious metals as a counterbalance to the risk of declining values in its paper investments like stocks and bonds. The directors who are professional investment managers were generally comfortable with my recommendation, but what struck me was the open fear expressed by some other directors that the US economy was improving and that the price of gold could drop significantly if it were purchased at today's near record levels (ignoring inflation).

Yes, there is a stream of what could be described as positive financial news. However, it seems like every bit of supposed good news turns out not to be so good when you check into the nitty-gritty details.

Let me give you some examples.

1) A large number of people simply believe whatever the US government says. Many believe any reported statistics and also believe that the reported statistics are comparable to apparently similar statistics reported in the past.

What such people don't realize is that the standards of compiling statis-

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tics change over time. Take inflation reports for instance. Changes are inevitable as technology evolves. Tracking inflation by following the prices of buggy whips, tongue-and-groove wood flooring, and reusable baby diapers is now irrelevant. Adjustments for technological innovation are needed. However, the government's policy to reduce the statistical impact of products that are rising in price faster than others (think energy and food) and to increase the weight of items with relatively stable prices is a form of distortion.

Last year, as commodity prices were rising sharply early on, the Bureau of Labor Statistics emphasized inflation reports that specifically excluded energy and food costs. In the latter part of the year, when commodity prices fell, the Bureau of Labor Statistics crowed about the inflation reports that included energy and food costs.

2) Maybe you've seen the reports on home sales. These reports include the number of accepted offers to sell a home. However, what these reports fail to subtract are the rising percentages of sales that fall through when the buyers are unable to obtain a mortgage. If these were subtracted (and I have been told that in some months as many as one third of accepted offers have failed to consummate), the number of home sales would have fallen in most months where the reports claimed that home sales were rising. To give one personal example, a friend in the real estate industry told me of an instance recently where the mortgage lender withdrew their financing during the meeting to close on the purchase!

Actually, there has been an increase in the quantity of home sales in recent months, but that reflects the soaring number of homes being sold in foreclosure at fire sales prices, not homes sold at current market prices. This increase in the number of homes sold does not reflect a strengthening real estate market, contrary to what these reports imply.

3) Or how about the supposed increase in profits that were reported by some major banks this year. If you examine all the accounting contortions they go through to accomplish a better bottom line, you would see that most are disguising dismal results.

A common tactic practiced by banks is to slow down the recognition of their bad debts. Capitol One, to give an example, used to write off their bad debts almost immediately. They recently changed their practice to now wait 30-60 days before booking the loss.

Accounting gimmicks are not only practiced by banks. One detailed analysis released a few months ago projects that General Electric has failed to book at least $40 billion in losses it has incurred. GE's stock price plummeted when this report was issued, but many people still think that the company's shares are among the safest.

4) Then you have stories widely reported earlier this year how General Motors and Chrysler were doing so well that they were planning to return the government's loans received in late 2008. That sign of financial strength has now been replaced by both companies filing for bankruptcy despite receiving tens of billions more of government (read: taxpayer) money.

5) Unemployment statistics are a joke. If you are unemployed and have not had a job interview in the past four weeks, the government probably considers you as having left the labor force, and therefore no longer unemployed. If the US government reported unemployment data by the same standards that it did 20 years ago, the current reported unemployment rate would about 4-5 percentage points higher.

6) The President's Working Group on Financial Markets, popularly known as the Plunge Protection Team, was established by former President Reagan after the huge one-day stock market drop in late 1987. The Treasury Secretary is the designated

Is Inflation Under Control?

For the past seven years, I have regularly tracked the wholesale prices of 32 commodities among the categories of precious metals, other metals, food, grains, textiles, and others. While this is not a scientific index of price changes, I believe this analysis shows that inflation is rearing its head.

Of the 32 commodities, I was able to find price change information for 31 of them for the four weeks ended June 2. **Out of these 31 commodities, 18 of them saw their wholesale price rise by 10% or more in the past four weeks!** Ten other commodities also rose in price, only one was unchanged and just two declined!

Of the 30 commodities where I was able to compute a year to date price change, 15 of them have increased at least 20% (of which five rose more than 50%)! Another five rose by at least 10%. Only five showed a price decrease so far in 2009.

According to the US Government, overall prices are falling this year. Take a look at the list of commodities I am tracking and decide for yourself whether you agree with the government.

	Wholesale Price Changes	
Commodity	*5/5 to 6/2*	*12/31 to 6/2*
Eggs	+32.6%	-26.0%
Crude Oil Brent	+27.0%	+95.2%
Oats	+26.9%	+28.0%
Nickel	+22.1%	+33.6%
Tallow	+21.6%	+47.6%
Wheat	+21.2%	+13.5%
Wool	+20.7%	not available
Flour	+16.7%	not available
Silver	+19.0%	+39.1%
Corn oil	+15.9%	+60.0%
Coffee	+14.8%	+70.5%
Hogs	+14.3%	+15.9%
Palladium	+12.6%	+23.0%
Corn	+12.6%	+13.5%
Natural gas	+11.8%	-28.1%
Soybeans	+11.5%	+27.4%
Sorghum	+11.0%	+9.0%
Gasoline	+10.0%	+85.8%
Platinum	+9.2%	+30.8%
Gold	+8.6%	+10.8%
Copper	+8.3%	+73.3%
Hominy feed	+4.2%	+20.5%
Sugar	+3.1%	+32.9%
Zinc	+3.1%	+38.0%
Butter	+2.8%	+12.0%
Chicken broilers	+2.6%	+0.4%
Cocoa	+1.8%	-10.3%
Cheddar cheese	+0.2%	+2.0%
Cottonseed meal	0.0%	-8.3%
Beef, choice	-2.7%	-2.6%
Aluminum	-4.3%	-5.7%
Lard	not available	+45.2%

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chair of this panel, with other members being the chairs of the Federal Reserve, Securities and Exchange Commission, and Commodities Futures Trading Commission.

Various members of the Plunge Protection Team have openly stated over the years that the US government intervenes in the stock and bond markets, futures markets, credit markets, and just about every financial market, but the general public is largely unaware that prices and indices are often manipulated "for the common good." Existing evidence points to manipulations somewhere just about every single day in the past couple of years.

7) The massive amounts of US government debt held by foreign investors and central banks has enabled huge trade and budget deficits. Such a string of deficits of the magnitude experienced by this country for many years have never been sustainable. These deficits are not sustainable now, even if it is the United States.

The real news, if someone just digs behind and below the news headlines and press releases, is much more grim.

I could to into far more details, beyond the space I have available, but I think you get the idea. A large number of people don't want to do their homework to understand just what is really happening in the world. They would like to pretend that the government is always truthful and that the media is always competent in its reporting.

Unfortunately for such people, the government is counting on them to ignore the plethora of warning signs that not all is right. As long as so many people will just coast along, that makes is easier for the deceptions and distortions to succeed or to succeed for a longer period of time than would otherwise occur.

Let me now dissect one distortion/deception.

What About Inflation?

Inflation is the increase in the money supply. Higher prices are simply the result of inflation, not the cause of it. However, a large part of the general public thinks that inflation is the condition of rising prices.

According to the US government, overall price levels have declined thus far in 2009. Therefore, inflation is in check.

I beg to differ.

- Since the beginning of the year through yesterday, the 10 Year US Treasury Note interest rate jumped 61.5%, from 2.253% to 3.64%. This interest rate is a key factor in determining future mortgage interest rates.
- The recent surge in this interest rate prompted one real estate market analyst to opine that it could become almost impossible to obtain a new mortgage if the would-be borrower did not have an interest rate lock as of May 27. The effect of higher mortgage interest rates means that homebuyers will be paying higher prices to purchase homes, even though the base price of the home may be much lower than it was in the past few years.
- If you refer to my table on page two, you will see the details of 32 commodities for which I have tracked wholesale prices for the last seven years. Of these commodities, 15 of them are up more than 20% in price so far this year. There are also 18 of them that have seen price increases of at least 10% in just the past four weeks! There are very few price declines.
- Even with massive obvious intervention on behalf of the US government to suppress the price of gold, it was still up more than 10% so far this year. The other three precious metals were up at least 23%!
- The US Dollar Index is down 3.6% since the start of 2009 and has continued to decline almost every day for the past two weeks.

For the past two years, the US money supply has soared more than 10% annually. Therefore, there has been rampant inflation.

Normally the effects of this inflation would have pushed up price levels long ago.

There are two reasons that prices rises have been moderated so far. First, as the government has borrowed more money, the private sector has scaled back. Some of the reduction in loans was forced when would-be buyers were unable to borrow. The rest of the debt reduction came from people being careful with their money and trying to cut back on their spending and debt levels.

Second, as financial activity has slowed, the number of times that a given unit of money changes hands has also slowed down. This is referred to as the velocity of the money supply. When velocity decreases, it has the same effect as a reduction in the money supply.

These counteracting effects holding back rising prices seem to be coming to an end. If the economy were actually to recover, that would increase the velocity of the money supply. Demand for debt in the private sector would also rise.

Even if there is no near term economic recovery, the rise in commodity prices could spur a general increase in price levels. The obvious question to ask is why are commodity prices rising when they are not in demand for current consumption.

A Suspicion Why Commodity Prices Are Rising

Commodity prices are not rising in a vacuum. They are going up only because there is significant demand from buyers. With the global economic slowdown, this demand is not coming from regular commercial and industrial channels.

I have a suspicion what may be happening.

There are a number of central banks that are holding huge quantities of US dollars and dollar-denominated debt, especially US Treasury bills and notes.

These central banks are concerned about the huge inflation of the US money supply and the risk that its value may plummet. If any large holder of dollars is discovered to be aggressively unloading them, that would cause panic dumping that could cripple the US dollar.

So, as much as possible, none of these central banks holding large quantities of dollars want to be seen to be abandoning the US dollar.

An alternative to dumping dollars would be to use these dollar-denominated assets as collateral to buy other assets—like commodities!

Russia has been buying a lot of gold reserves over the last couple of years, but this is not a secret.

What makes the most sense to me is that China, the largest holder of US dollars and debt, could be buying commodities at today's prices and using the US dollar assets as collateral, again at today's prices.

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China has a growing industrial base that will need ever more supplies of raw materials in years to come. The trading strategy I just described makes perfect sense. China gets to buy commodities at depressed prices while at the same time reducing its risk of holding large quantities of US dollars. In fact, the Chinese could continue absorbing more US debt, which the US government would appreciate, without adding much to their risk.

The Chinese government would never dare admit to this scheme, if this is what is happening, until after they have laid off the bulk of their US dollar exposure.

Can You Trust The Chinese?

I cannot give a blanket answer to this question, but there are several indications that the Chinese make financial decisions with access to information that other parties do not have. At least some of the time, this knowledge has been deliberately withheld to give the Chinese a negotiating edge.

The most blatant recent example was six weeks ago when the Chinese revealed that they had increased their gold reserves by 14.6 million ounces since the end of 2002. As the Chinese were adding these reserves, they kept it a secret, so that sellers would not realize that demand was actually higher than they thought.

Now that the Chinese have admitted adding this much more gold reserves, there is reason to be suspicious that they have already purchased even more. Last month, the Gold Anti-Trust Action Committee (GATA) learned that the buyer for China was planning to make further purchases at least until the price reached the range of $940-960.

Even stranger is that the Chinese government may be misleading the major gold market tracking agencies such as the World Gold Council, GFMS, and CPM Group. GFMS, for instance, claims that the Chinese bought its gold out of rising domestic production, which has supposedly climbed from 5 million to 9.2 million ounces in the past several years.

Experts familiar with the state of the Chinese gold mining industry say this increase is simply not possible. The infrastructure does not exist for such an expansion.

Once again, the Chinese could be using this deception to hide the fact that they are buying most of their gold reserves from foreign sources. If the sellers believe that demand is less than it actually is, they would be willing to sell for lower prices, which is what the Chinese want.

The one thing that you can trust about the Chinese is that they will do business—their way.

Back To The Huge US Gold Exports

The United States Geological Survey (USGS) publishes monthly Mineral Industry Surveys with one series that focuses on gold production, imports, and exports. These reports pick up information provided by the US Census Bureau.

The latest report is dated February 2009, which includes annual 2008 data. The February 2008 report is also available from the website, which covers 2007 data. Prior year information is contained in annual reports which are in a different format that kept me from extracting comparable data.

In quick summary, here is the reported information on 2007 and 2008 domestic gold production, imports, and exports of gold:

	Millions of ounces		
Activity	*2007*	*2008*	*Total*
Mine production	7.8	7.4	15.2
Exports less imports of refined gold	11.2	10.8	22.0
Exports less imports of compound gold	63.9	90.6	154.5
Net change in domestic gold inventories	(67.3)	(94.0)	(161.3)

The data about compound gold exports came from the Census Bureau. The figures were so unusual that the USGS contacted the Census Bureau to confirm that there were no typographical or reporting errors.

Rob Kirby of Kirbyanalytics in Toronto contacted a USGS employee who was knowledgeable in the preparation of these reports. The USGS employee told Kirby that the figures had been verified with the Census Bureau.

Kirby mentioned to the USGS employee that the increase in exports from 2007 to 2008 did not make sense given the global economic downturn. The employee explained that this was one of the reasons the data had been double-checked with the Census Bureau.

The definition of compound gold supposedly is industrial gold in low purity or small quantity forms.

Kirby then observed that the high value of the exports did not make sense if it only included industrial goods, especially with the decline in commercial activity. When Kirby speculated that the amount of gold exported was more likely to be gold bullion or equivalent forms, the USGS employee said, "That would be correct."

If gold coin melt bars were exported, they would be reported in this survey under compound gold, not refined gold.

If the US exported over 175 million ounces of gold in 2007 and 2008, which is more than 11 times domestic mine production, and actually more than global mine production, where did all this gold come from?

This amount of gold exceeds what is being held by all private parties in the US combined.

When the US government forced the public to sell their gold to the government for full face value in 1933, the government then melted down the gold without refining it. As a result, most of these bars are about 90% pure, which is the purity of US gold coins struck before then.

In the past few years, several gold traders have commented on the surprising number of coin melt gold bars being delivered in London and Zurich, bars which almost certainly came from US Treasury vaults.

There are really only two places where this much gold could have come from. It could represent the repatriation of foreign gold holdings that were stored at the New York Federal Reserve. If such transfers occurred, they would be counted as exports for purposes of the USGS reports.

The other possibility is that the gold could have come from the only central bank with enough gold reserves to cover this level of exports—the United States.

Wherever this gold came from, it is bad news for the US government.

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There would be no reason for foreign central banks to pull their holdings out of the US unless they were more than a little concerned about the stability of the US government and the dollar.

If the US government was exporting its own gold while pretending that it is still in the vaults, this revelation will cripple the credibility of the US government, hurting the strength of the US dollar.

The US government has not had a genuine audit of its gold holdings in decades. In recent years, it has changed the description of gold holdings from gold reserves to "custodial gold."

Besides missing the data on the Chinese gold transactions, the World Gold Council, GFMS, and CPM Group also missed this huge movement in gold, making their analyses of supply and demand grossly inaccurate.

The US government has a huge interest in hoping that the general public will not notice or care where all this gold came from. But it is just this kind of information that the public needs to take steps to protect their wealth.

As news of Kirby's report spreads, I expect that there will be a growing clamor for the US government to come clean about the source of these exports. No matter which path that government takes—refusal to answer, to lie, or to tell the truth—I anticipate that this news will spark even stronger interest in owning precious metals in the coming months.

Gold Demand Overcomes Price Suppression Tactics

Last week, the efforts to suppress the gold spot price failed at three major points. When the COMEX gold options contracts for May expired on May 26, a day-long effort to force the US market close below $950 failed. Then on Thursday, a similar effort to force gold below $950 when the over the counter options expired also failed. Finally, efforts to hold the close below $972 failed, allowing gold to set a record for the highest ever end of month price.

The higher the gold price is when options expire results in more call contracts being "in the money." This means that they owners will demand immediate delivery of physical gold. The higher month-end gold price is a sign to technical traders to jump into the gold market.

In the past few weeks, every time the price of gold slipped, buyers jumped in to snap up gold at bargain prices. In the past, when traders observed a major player trying to force down prices, they simply piled on to take advantage of the trend.

Obviously a lot of major players now expect gold prices to rise significantly.

Yesterday, the CEO of Northwestern Life Insurance announced that the company had made a gold investment for the first time in the more than 150 years of the company's existence. The $400 million investment may not be a large percentage of Northwestern's total assets, but it is significant in the gold market. In making the announcement, the CEO observed that he expected gold's price to at least double and could quintuple! He also noted the company had owned stocks that had fallen more than 95% in value but was confident that gold would never drop to $90 in price.

In May, John Paulson, who made billions of profits in the past two years short-selling debt, invested $1.3 billion to purchase 11% of the outstanding shares of AngloGold, a major gold mining company.

These are just two examples of new major buyers in the gold market. There are many more. This is part of the shift in the investment market where those who were not interested in holding gold are rethinking their strategy.

Back in 1992 George Soros and Jim Rogers became famous for selling $10 billion short in the British pound, eventually reaping a billion dollar profit. They demonstrated that investors can stand up to an "invincible" foe (theirs was the Bank of England) and make huge profits when the foe fails to defend a weak position. I think investors sense the weakness in the US dollar and are taking on the US government. The US government may delay the outcome, but I don't think it can prevent the eventual major decline or outright collapse of the dollar.

Just today, the price of gold and silver dropped significantly for the first time in the last month. Maybe part of the reason is that Congress is expected this week to pass approval for the International Monetary Fund (IMF) to sell about 12.7 million ounces of gold.

This IMF gold sales has been threatened since 2002 as a gold price suppression tactic. If the sale actually goes through, that could backfire on the US government. Once the IMF sells any of its gold, it could no longer threaten to sell it again.

Over the next few days, there may be more signs of desperate measures to knock down the gold price, but I expect this to be temporary. There are too many June gold call options outstanding which could actually lead to a major rise in the price of gold before the end of the month.

Royal Canadian Mint Investigating Missing Gold, Silver, And Palladium

Today the Royal Canadian Mint (RCM) announced that they are bringing in external auditors to investigate a discrepancy between inventory levels stated in the Mint's financial statements and the actual amount of metals in inventory.

The spokeswoman for the RCM said that it was not yet a police matter and there was no suspicion of theft. The investigation was expected to take about a month.

The RCM has a certificate program where investors can purchase a certificate that supposedly represents an exact amount of metal stored at the Mint. Before this report I considered the RCM to be more trustworthy than other certificate programs. Now, I am even more adamant urging customers to take delivery of their precious metals purchases or to arrange their own storage.

How Do You Know It's Manipulation?

Just because prices rise and fall does not mean there is outside intervention and manipulation. However, the trading patterns in the gold and silver commodity exchanges are obvious to experienced traders.

If a commodity trader wants to unload a very large position yet obtain the maximum possible price, he has several options to mask what is happening. The sale can be spread over time. The sale can be spread

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through multiple dealers. A net seller may actually purchase occasional contracts to throw off suspicion.

The major attacks on gold and silver prices now involve the sale of huge quantities in a very short time, sometimes as short as one to five minutes. The sales are also placed with no regard to setting a minimum price below which the seller will not sell. These sales are also timed precisely to have the strongest influence on other traders. There are even sales made just before the close of a market to a buyer who is bidding less than the top bidder, because the last trade is what is reported in the financial media.

In other words, these sales do not indicate a profit-maximizing seller. Rather, they are conducted in such a way that the only motive can be to try to drive down the price.

Silver and Silver Coins

Silver closed today at $15.30, up an impressive $1.60 (11.7%) from a month ago!

As the prices of gold and silver continued rising over the past month, physical supplies increased and premium levels fell. Premium levels are now close to what I consider to be normal levels for US **90% Silver Coin** (3.5%) and US **40% Silver Coin** (3.0%) and you can obtain immediate or fast delivery of them.

Premiums are also down on **100, 10, and 1 Oz Ingots** (5.2-8.2%) though prices for the Engelhard and Johnson Matthey brands are still farther above generic prices than they used to be. Even the premiums for US **Silver Eagle Dollars** (14.7%) and Canada **Silver Maple Leafs** (15.7%) are well down from earlier this year.

Like gold, silver made a steady rise over the past four weeks before today. Even with today's pullback, I would not be surprised to see silver test the $20 level before the end of June.

We had some success finding nice Silver Dollars for collectors. During my trip to Texas in mid-May, I was able to hand select the nicest specimens of **Choice Mint State-63 and Very Choice Mint State-64 Morgan and Peace Silver Dollars** from batches that were fresh from the grading services. These were coins sent in with the hopes of grading MS-65, so you know that they look nice. In our store, we also paid the highest price ever for a roll of silver dollars and can now offer you **Mint State-60+ 1899 Morgan Dollars.** This date is the fifth lowest mintage of the entire series that were struck for circulation! See our offers for the particulars.

The Month

Gold Range	71.00	7.8%
Net Change	+54.00	
Silver Range	2.25	16.4%
Net Change	+1.60	
Gold/Silver Ratio	63.0	
Net change	-3.5	
Platinum Range	134.00	11.7%
Net Change	+94.00	
Platinum/Gold Ratio	1.28	

Date	Gold	Silver	Platinum
May 06	910.50	13.70	1,143.00
May 07	915.00	14.01	1,157.00
May 08	914.50	13.94	1,147.00
May 11	913.00	13.89	1,121.00
May 12	923.50	14.20	1,133.00
May 13	925.50	14.00	1,123.00
May 14	928.00	14.02	1,116.00
May 15	931.00	13.99	1,109.00
May 18	921.25	13.81	1,138.00
May 19	926.25	14.11	1,145.00
May 20	937.00	14.27	1,145.00
May 21	950.75	14.44	1,154.00
May 22	958.50	14.68	1,160.00
May 25	closed		
May 26	953.00	14.59	1,140.00
May 27	953.25	14.85	1,141.00
May 28	961.50	15.15	1,149.00
May 29	978.75	15.60	1,149.00
Jun 01	978.50	15.73	1,220.00
Jun 02	981.50	15.95	1,243.00
Jun 03	964.50	15.30	1,237.00

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.

Gold And Gold Coins

Gold ended today at $964.50. That is up a huge $54.00 (5.9%) in the past four weeks!

Even with the decline today, there is a good likelihood that gold will test $1,000 in the coming weeks. It is not out of the question that it could push towards $1,200 by the end of the month.

Gold and silver prices fell today under a major intervention to accomplish that purpose. As usual, major amounts of the metals were sold right at 3:00 AM Eastern time when the London market opens and right after the second London fixes were announced. In Asian markets last night, gold had reached $990 and silver $16.20. Obviously, it was time for a major counterattack before prices got out of hand.

Premiums are down and supplies of almost everything other than US **Buffaloes** are readily available. The low premium favorites continue to be the Austria **100 Corona** (3.8%), U.S. **American Arts Medallions** (3.8%), **1 Oz Ingots** (4.3%), and Mexico **50 Peso** (4.0%). Premiums may keep falling as the price rises, unless we start to see panic buying.

In the past month, high grade **US Common-Date Gold Coins** have tended to rise while lower grade coins have seen their premiums drop. It is virtually impossible to locate any groups of **US Better Date Gold Coins**.

Increase In Postage Charges

The Postal Service hiked postal rates last month, with the cost of shipping a package increasing by a higher percentage than a first-class envelope.

While the US government pretends there is no inflation, we must increase our standard registered mail charge for numismatic and gold bullion packages to $27. As before, we will continue to calculate actual postage for shipping silver-bullion priced merchandise. For instance, the cost for shipping $1,000 face of US 90% Silver Coin will now be about $43, roughly a $10 increase.

The higher value of gold and silver has also increased insurance costs, even if we were still at former postage rates.

We will are checking if we can obtain our own insurance for post office Express Mail that might lower costs. Also, if it turns out that you are making a purchase where it would save money to ship by insured mail, we can do that.

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Liberty Coin Service Computer Quotes 2PM EDT 06.03.09

Item	Qty	Fine Wt	Price	Cost/Oz	Premium
*U.S. 1 Oz Gold Eagle	10	1.0000	1,019.50	1019.50	5.7%
*U.S. 1/2 Oz Gold Eagle	10	0.5000	549.75	1099.50	14.0%
*U.S. 1/4 Oz Gold Eagle	10	0.2500	287.00	1148.00	19.0%
*U.S. 1/10 Oz Gold Eagle	10	0.1000	123.90	1239.00	28.5%
*U.S. 1 Oz Gold Buffalo	10	1.0000	Not available		
*Australia 1 Oz Kangaroo	10	1.0000	1,021.50	1021.50	5.9%
*Austria 100 Corona	10	0.9802	981.25	1001.07	3.8%
*Austria 1 Oz Philharmonic	10	1.0000	1,021.50	1021.50	5.9%
*Canada 1 Oz Maple Leaf	10	1.0000	1,017.50	1017.50	5.5%
*China 1 Oz Panda	10	1.0000	1,040.75	1040.75	7.9%
*Mexico 50 Peso	10	1.2057	1,209.50	1003.15	4.0%
*S. Africa Krugerrand	10	1.0000	1,012.75	1012.75	5.0%
*U.S. Medallion	10	1.0000	1,001.25	1001.25	3.8%
*1 Oz Ingot	10	1.0000	1,006.00	1006.00	4.3%
*Austria 1 Ducat	10	0.1107	123.90	1119.24	16.0%
*Austria 4 Ducat	10	0.4428	465.50	1051.26	9.0%
*British Sovereign	10	0.2354	252.50	1072.64	11.2%
*British Sovereign, BU	10	0.2354	257.50	1093.88	13.4%
*France 20 Franc	10	0.1867	205.00	1098.02	13.8%
*Germany 20 Mark	10	0.2304	260.00	1128.47	17.0%
*Swiss 20 Franc	10	0.1867	205.00	1098.02	13.8%
$20 Liberty BU	10	0.9675	1,270.00	1312.66	36.1%
$20 St Gaudens BU	10	0.9675	1,300.00	1343.67	39.3%
$20 Liberty Extremely Fine	10	0.9675	1,185.00	1224.81	27.0%
$10 Liberty Extremely Fine	10	0.4838	593.00	1225.71	27.1%
$5 Liberty Extremely Fine	10	0.2419	300.00	1240.18	28.6%
*U.S. 90% Silver Coin	1,000	715	11,325.00	15.84	3.5%
*U.S. 40% Silver Coin	1,000	295	4,650.00	15.76	3.0%
*U.S. Circulated Dollars	1,000	760	15,250.00	20.07	31.1%
U.S. Silver Eagle-2008	1,000	1,000	17,550.00	17.55	14.7%
Canada Silver Maple Leaf	1,000	1,000	17,700.00	17.70	15.7%
*100 Oz Silver Ingot	10	100	1,610.00	16.10	5.2%
*10 Oz Silver Ingot	100	10	165.50	16.55	8.2%
*1 Oz Silver Ingot	1,000	1	16.55	16.55	8.2%
*1 Oz Platinum Ingot	10	1.0000	1,316.00	1316.00	6.4%
*U.S. 1 Oz Platinum Eagle	10	1.0000	Not available		
*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	Not available		

Spot Prices

Gold:	$964.50
Silver:	$15.30
Platinum:	$1,237.00
Palladium:	$242.00

Notes from Liberty

by Allan Beegle
Chief Numismatist

The beginning of May continued to be active like the previous months. Then volume soared over the past two weeks, with almost everyone being a buyer of gold and silver.

We were able offer our largest selection of goodies so far in 2009 with last month's newsletter. Even though we had lots of product to offer, there were a number of sellouts. The Mint State Peace Dollar Rolls sold out even though we thought we had a huge quantity. We managed to find enough nice rolls from other sources to fill continuing demand, but it proved more difficult than I would have expected.

We have been active here in our shop and on the road. In mid-May, General Manager Pat Heller flew to attend the Texas Numismatic Association show in Fort Worth. He left a day early to visit some dealers in the area and came up with some great buys from them and at the show.

Last week, I flew to California to attend the huge Long Beach Exposition. My sales there doubled what I expected, since I brought comparatively little inventory. I had a more difficult time finding bargains than did Pat, but still brought back some great small deals.

Pat was able to sort through some fresh batches of **Choice Mint State-63 and Very Choice Mint State-64 Morgan and Peace Silver Dollars**. These were coins that dealers had hoped might grade Gem MS-65 from the grading services, but they didn't quite make it. If you want the nicest looking specimens for MS-63 and MS-64 quality, this is the time to buy—especially since we price them the same as we would charge for average solid quality coins!

While I was in California, Pat and Senior Numismatist Bob Sweet bought a roll of **Mint State 1899 Morgan Silver Dollars** for the highest price our company has ever paid for any roll of silver dollars in our 38 year history! By far, this

-over-

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Liberty Coin Service Computer Quotes 2PM EDT 06.03.09

Coins, Rolls and Sets	
U.S. 10 pc Gold Medallion Set, 1980-1984, BU	$8,000
U.S. Morgan Dollar, 1921, Brilliant Uncirculated Roll/20	$490
U.S. Morgan Dollar, Pre-1921, Brilliant Uncirculated Roll/20	$695
U.S. Peace Dollar, Brilliant Uncirclated Roll/20	$475

Numismatic Coins (PCGS/NGC/ICG Graded)	*MS-63*	*MS-64*	*MS-65*
U.S. $20.00 St Gaudens	1,740	1,925	2,225
U.S. $20.00 Liberty	2,200	2,875	5,450
U.S. $10.00 Liberty	1,400	2,650	5,350
U.S. $5.00 Liberty	1,075	1,600	4,100
U.S. 4 pc Indian Gold Type Set	6,190	9,450	26,875
U.S. 4 pc Liberty Gold Type Set	5,475	8,125	17,350
U.S. 8 pc Gold Type Set	11,565	17,425	43,775
U.S. Morgan Dollar (Pre-1921)	52	66	150
U.S. Peace Dollar	42	56	150

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.

Spot Prices

Gold:	$964.50
Silver:	$15.30
Platinum:	$1,237.00
Palladium:	$242.00

is the largest quantity of Mint State specimens of this very low mintage date we have ever owned at one time. Because of our fortunate purchase, we can offer them at a surprisingly bargain price—but only while they last.

At the show in Fort Worth, Pat picked up the largest group of **Crisp Uncirculated 1864 Confederate States of America $5.00 and $10.00 Notes** that we have handled in at least a quarter century. There are some runs of consecutive serially numbered notes, which we offer first to those who purchase two or more pieces of the same denomination.

Not so good news is the impact of the hike in postage rates and fees in mid-May. We have been forced to raise our postage charge for registered mail shipments of gold bullion products and rare coins to $27. As before, we calculate actual postage costs for shipments of silver bullion-priced items, though costs are up for them as well.

With the activity we have enjoyed in the past two weeks, I think we are even more likely to see quick sellouts on these offers. For best selection, I recommend that you call in your order promptly. You can reach me or another trader at our Trading Desk, toll-free at **800-527-2375.**

Please— tempt yourself with these other special recent additions to our inventory:

Very Choice Mint State-64 Low Mintage US Gold Rarities: The Type 3 Indian Princess Gold Dollar series has some dates with very high mintages. But it is also possible, with patience and a sharp eye, to sometimes pick up some low mintage dates close to the price you would pay for the common issues.

During his trip to Texas, Pat snapped up three different lovely PCGS-certified Very Choice Mint State-64: **1881** (mintage 7,620), **1882** (mintage 5,000), and **1887** (mintage 7,500). They are among the finest specimens of the few pieces of each date that we have ever handled.

At the last major market peak in mid-1989, these coins would have cost you $5,275 each. They now list in *Coin Values* for just $2,000. With Pat's great bargain hunting, you can own any of them for just $1,175—only $100 more than the price you would pay the 1862 date of the same quality (which has a mintage of 1,361,355).

Ultra Low Mintage US 1885 Half Dollar: In 1885, the US Mint struck only 5,200 Seated Liberty Half Dollars for circulation plus 930 proofs.. That makes this date one of the scarcest of the entire series that was struck from 1839-1891.

We can probably count on the fingers of one hand all of the 1885 Half Dollars we have handled in our 38 years in business.

This PCGS-certified Choice Proof-63 specimen have lovely even golden toning with hints of brown around the periphery. It has a lot more eye appeal than typical proofs of the era. It is also one of the nicer looking Proof-63 specimens you could hope to find.

This coin catalogs in *Coin Values* for $1,600. At our price of $1,450 for all this rarity and beauty, it is sure to please you. (P.S. Even a well circulated 1885 half dollar would easily cost you $500.)

Indian Gold Fanams Issued By The Tiger of Mysore: Tipu Sultan, King of Mysore in India, earned the nickname of the Tiger of Mysore when he killed a tiger using only his dagger.

Tipu Sultan was adept at war, conquering multiple neighboring states and even defeating the British in the Second Mysore War. The Treaty of Mangalore, settling this war, was the last time that an Indian ruler dictated terms to the British government

While serving in the army during his father's reign, Tipu was reported to be the first to use rockets for military weapons. His rocket units so harassed his enemies that even Colonel Arthur Wellesley, who later became famous as the Duke of Wellington when he defeated Napoleon at Waterloo, lost a battle to Tipu Sultan during the Fourth Anglo-Mysore War.

Tipu Sultan died in battle on May 4, 1799, not long after a British artillery shell exploded a magazine of rockets.

From a dealer friend we have picked up a modest group of unusually nice condition Gold Fanams issued by Tipu Sultan. They are small, about 3/16" in diameter, but are sharply detailed on both sides. These were struck in the city that used to be known as Calcutta. For just $45 each, you get a bit of gold with a lot of history and culture.

Huge Low Mintage 1976 Panama Gold 500 Balboas: For a few years, Panama issued a large (1.2067 Oz gold content) 500 Balboas before lack of interest in the high price tag persuaded Panama to stop. This Brilliant Uncirculated 1976 piece has a mintage of just 160. The serial number on the display box lists this as coin #35. You can own this beauty for only 25% over gold value. Call for current price.

Please Note: Liberty Coin Service will be **closed** Friday, July 3 and Saturday, July 4 for the Independence Day weekend..