Liberty's Outlook

Our 40th Anniversary! 1971-2011

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Gold And Silver Prices Clobbered Repeatedly, Hit Bottom, Start To Recover!

Beware June 30—The End Of QE2!

US Government Takes Two More Steps Toward Nationalization Of Private Retirement Account Assets!

In aftermarket trading on April 29, the price of gold reached around $1,570 and silver climbed to about $49.50.

With building momentum, it looked like gold had a good chance to reach $1,600 the following Monday and for silver to reach an all-time high (ignoring inflation) above $50.

Neither metal made those targets.

In plain English, the prices were bushwhacked.

Before I give you the nuts and bolts of what has happened over the past month, let me review what happened to end the 1979-1980 bullion boom.

2011 Year To Date Results

Through May 27, 2011

Precious Metals		
Silver		+22.5%
Gold		+8.1%
Platinum		+1.2%
Palladium		-5.1%
Numismatics		
US MS-65 Morgan Dollar, Pre-1921		+29.6%
US MS-63 $20 St Gaudens		+0.5%
US MS-63 $20 Liberty		-10.5%
US Dollar vs Foreign Currencies		
South Africa Rand		+4.6%
India Rupee		+1.1%
Hong Kong Dollar		+0.1%
Japan Yen		-0.5%
China Yuan		-1.5%
Canada Dollar		-2.0%
South Korea Won		-3.5%
Singapore Dollar		-3.6%
Brazil Real		-3.9%
Australia Dollar		- 4.4%
New Zealand Dollar		-4.6%
Great Britain Pound		-5.4%
Mexico Peso		-5.9%
Euro		-6.4%
Switzerland Franc		-8.8%
U.S. Dollar Index	74.92	-5.2%
US And World Stock Market Indices		
Dow Jones Industrial Avg		+7.5%
Russell 2000		+6.7%
S&P 500		+5.8%
NASDAQ		+5.4%
Frankfurt Xetra DAX		+3.6%
Dow Jones World (excluding US)		+2.5%
London FT 100		+0.7%
Australia S&P/ASX 200		-1.3%
Shanghai Composite		-3.5%
Nikkei 225		-6.9%
Sao Paulo Bovespa		-7.2%
10 Year US Treasury Note interest rate	3.077%	-676%
Intrinsic Metal Value Of U.S. Coins		
Lincoln cent 1959-1982		2.76¢
Lincoln cent 1982-date		0.65¢
Jefferson nickel non-silver		6.82¢
Roosevelt dime, 1965-date		3.10¢
Washington quarter, 1965-date		7.74¢
Kennedy half dollar, 1971-date		15.48¢

How The 1979-1980 Bullion Boom Ended

Back in January 1980, when the Hunt brothers pushed up the price of silver to $50, many politically well-connected Wall Street firms were facing massive losses. Suddenly, the COMEX changed the rules for trading specifically to punish the Hunts and help these Wall Street firms recoup some of their losses.

Among the most outrageous rule changes was a prohibition against new purchases of long silver contracts on the COMEX. Parties who already owned long silver contracts were restricted to only one option—to sell it to a party holding a short position. Prices quickly collapsed.

What Happened This Time Around?

Jump to the past six months. When the December 2010 and March 2011 COMEX silver contracts matured, the available COMEX registered inventories were hopelessly inadequate to meet delivery commitments. So, as COMEX rules permit, unusually large numbers of these contracts were settled for cash. There were multiple reports of March contracts being settled for cash at prices more than 30% above the spot price.

Further, the US dollar had been incredibly weak in late April. Adjusted for inflation, it was at its lowest level since the US government allowed its value to float against other currencies starting in 1973. Even without adjusting for inflation, the US Dollar Index, a measure of the value of the dollar against a market basket of other currencies, had reached a three year low and was not that far from its all-time lowest level.

Both silver and gold prices started to climb after Fed Chair Ben Bernanke's press conference on April 27, a sure sign that foreign and domestic investors realized that Bernanke's remarks did not instill confidence in matters American.

It was obvious that the US government had to take further measures to cap gold and silver prices. Fortunately

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Inside this issue:

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for the feds, the Tokyo market was closed on Friday and China, Vietnam, and most European markets were closed on Monday. More thinly traded markets magnify the impact of any manipulation efforts.

The basic reason the US government wants to hold down gold's price is that it is basically a report card on the US dollar, the US government, and the US economy. If the price of gold is rising, that is a sign that one, two, or all three are headed in the wrong direction. Silver often trades in sympathy with gold. If the prices of gold and silver were to rise, that would eventually force the US government to pay higher interest rates on its soaring debt. A fall in the value of the US dollar (the counterparty to rising gold and silver prices) would also lead to much higher consumer prices. Higher interest rates would also force up the cost of mortgages.

On Friday April 29, the COMEX, for the second time in one week, imposed a 13% increase in silver margin requirements. Late the same day, a subsidiary of TD Ameritrade raised its internal margin requirement for silver contracts to $30,000, more than double the new COMEX margin requirements. Also that Friday, Man Financial Global (MFG) raised its internal margin requirements for its customers holding leveraged silver accounts to $25,000 per contract.

As part of the network of allies working on the suppression of precious metals prices, you need to understand some of the relationships. JPMorgan Chase is the lead trading partner for the Federal Reserve and Goldman Sachs is the lead trading partner for the US Treasury. These firms are intimately involved in helping the US government pass along orders to other trading partners about the execution of tactics designed to meet the goals of the respective agencies. For instance, former top Goldman Sachs officials hold significant positions, including Jon Corzine (CEO of Man Financial Global), Gary Gensler (chair of the Commodity Futures Trading Commission, and William Dudley (president of the Federal Reserve Bank of New York).

Now, let me get back to the silver market. As I had previously written, there was also a developing shortage of available physical silver outside of the COMEX.

It looked to me that the Wall Street firms that had (and still have) huge short positions in gold and silver were on the brink of default on these contracts, if not outright bankruptcy.

So, it was not a total surprise to me that, once again, there were numerous rule changes during the last week of April into early May made by the COMEX and some trading houses to force down the silver price (in particular) and gold.

Many people make investments borrowing money to leverage their results. As prices rise, it is sensible for the exchanges to raise margin requirements on such investments. However, the COMEX raised margin requirements for silver contracts five times over a two week period!

Before these hikes, the minimum margin per contract was $8,700. On May 9, when the fifth increase took effect, it then took more than $21,000 minimum per contract!

The last four margin requirement hikes occurred after the price of silver was falling—which does not make sense unless the real purpose was to suppress prices!

The net effect of these rule changes was that it has left many leveraged investors unable to meet these margin calls. As a result, a significant number of long contracts were liquidated during the first half of May without regard to the price.

In addition, the mainstream media gave more coverage to the silver market in early May than it seemed like they had given it over the past few years. Virtually all of this coverage was along the lines that there were major sellers out there, everyone was taking profits, the "bubble prices" of gold and silver had peaked, and the like.

Yes, it is true that in an overall boom market for gold and silver, there will be periodic bouts of profit-taking, where prices dip for a short-time. The trick is to ascertain whether such a decline is a normal market correction, a permanent reversal, or if it was the result of price manipulation at the behest of the US government.

The information available indicates that virtually the entire decline in prices can be attributed to the desperate actions by the US government, its trading partners, and allies. As prices started to drop there was some profit-taking selling by "weak hands" buyers locking in profits, but this was not significant.

Let me list some of the more obvious gold and silver price manipulation tactics used during early May.

As I said, the raising of internal margin requirements had the effect of forcing many customers of these companies to liquidate leveraged accounts.

In addition to the manipulation of trading activity, there were also three storylines fed to the mainstream media on Sunday as supposedly explaining why gold and silver prices should fall. First, the death of Osama bin Laden was claimed to have instantly made the world a safer place, so there was less demand for gold and silver as safe haven assets.

Second, the president of Bolivia in his May Day speech did not announce further nationalization of the country's mining industry as he had sometimes done in recent years. Opposition to doing so had come from that nation's miners. Therefore, the threat of a small decline in silver mine production did not come to pass.

Third, China was supposedly backing off its demand to purchase commodities as part of the nation's efforts to combat rising consumer prices. This story was especially spurious, as the only commodity that experienced a significant price decline was silver.

As would be expected in the circumstances, a large number of sell orders were executed as the Japanese market opened for trading on Monday May 2 (at 6 PM Eastern time zone Sunday evening). Shortly after trading started, the price of silver dropped 12% in only eleven minutes. Freely traded markets do not move like this in the absence of major market developments.

While gold was comparatively little

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affected, it also declined a few percent. Some "weak hands" technical traders, who focus more on price movements than the reasons behind the changes, sold their long gold and silver positions to lock in some profits.

Both prices proved to be more volatile than normal on Monday. Lower prices continued into Tuesday.

This greater price volatility had the desired impact (from the perspective of the US government) that owning gold and silver were less attractive as safe haven options for investors. Demand for physical precious metals on May 2 and 3 was subdued compared to the past two weeks. Beginning on May 4, bargain hunters resumed buying, though not quite at the same frenzied pace we experienced in March and April.

What Does This Mean For The Future?

In my judgment, the extreme measures taken by the US government to suppress gold and silver prices in late April and early May were signs that the COMEX and London Bullion Market Exchange were at heightened risk of default. If they were not at a greater risk of default, the US government would have pursued less blatant tactics that they have used in the past such as sneaking physical gold and silver on to these exchanges. That such a tactic was not used can be interpreted as meaning that supplies of physical gold and silver are becoming more difficult to locate.

One report that circulated was that Carlos Slim, the current richest man in the world, has presold more future gold and silver production from the mines that he owns. I did not see one story reminding people that Slim's companies last October reported that they had pre-sold 27% of anticipated gold production through the end of 2013 at an average price of $1,189 per ounce and 43% of expected silver production through the end of 2013 at an average price of $18.71 per ounce. Although Slim is apparently savvy enough to own such mining interests, he is obviously getting bad advice or making poor decisions on how to maximize his profits in these markets.

Much also made of George Soros reporting that he has sold a significant chunk of his gold holdings, while little was reported that John Paulson's much larger holdings are being held until gold reaches $4,000 per ounce. Among LCS customers, there are those who have sold seven figures worth of paper silver contracts above $49 per ounce on the anticipation that they would be able to replace them with physical silver at lower prices. These customers of ours expect gold and silver prices to be much higher than they reached in April. They were not getting out of the market, they were just trying to maximize profits over the long term.

As for the early May claims that the "bubble" had burst, the quantity of open COMEX contracts in the gold and silver markets proved that to be false. When a bubble market starts to tumble, the quantity of open contracts drops sharply. The number of COMEX gold and silver contracts had only dipped slightly (and have since increased!).

As prices started to fall, some unleveraged owners also opted to take some profits and reduce their holdings or get out of the gold and silver markets. Because of the heightened volatility, other potential buyers chose to do nothing for the time being. Although these actions helped push prices down further, the main force behind falling prices was the COMEX and Wall Street firms' increases in margin requirements.

As you might imagine, I have been deluged with visitors, callers, and emails asking me what is happening and what will happen in the future.

It now looks like the gold and silver markets have both hit their bottoms and are recovering. Gold got as low as about $1,460 and silver fell all the way to around $32.60.

During most of the month of May there were repeated knock downs of gold and silver prices when they reached $1,500 and $38, respectively.

One reason I think we are now past the bottom of this round of price suppression is that gold was allowed to settle above $1,500 during the expiration of COMEX June gold options last week and gold rose further going into the three-day holiday this past weekend. Even silver was allowed to settle very close to $38 last Friday and has surpassed that level this week.

The lack of successful price suppression this past week leads me to suspect that those trying to hold down prices are running out of ammunition to do so. When that happens, you then see precious metals prices rise further, until they bump up against the next battle lines. For the time being, I suspect that the next resistance points will be somewhere from $1,580 to $1,600 for gold and $40 for silver.

Above all, remember that the fundamental reasons for owning gold and silver for protection against calamities affecting the value of paper assets such as currencies, stocks and bonds have not changed at all as a result of the activity of the past month that caused the decline in prices.

Here are just some of the reasons why you should hold and consider adding to your precious metals position:

- The US government is still running such huge budget deficits that it now has to borrow 43 cents of every dollar it is spending!
- During all of this turmoil, the value of the US dollar has continued to decline almost every day except today!
- US Treasury debt is so unpopular among foreign and domestic investors at current low interest rates that the Federal Reserve is now purchasing 85% of all long-term issues!
- State and local governments (including public school districts) have not really done anything to cope with the more than $1 trillion in unfunded retirement liabilities.
- I have not seen the prices of any food products or gasoline drop by 30% this week! In fact, worldwide food costs are rising at a faster pace this year than ever before!
- The US government is faced with

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an impossible resolution of its inflation of the money supply (also called Quantitative Easing 2) program that ends June 30. The government has to make a decision which of two methods it will choose to further destroy the value of the US dollar—either by stopping quantitative easing or by continuing with a new program.

- The jobs market continues to be horrible. As I understand it, the US needs to create 115,000 new jobs every month so that the rising population's unemployment rate will be unchanged. Even if the Bureau of Labor Statistics reports a higher number of jobs, you have to back out this figure and also the number of double-counted new jobs attributable to the birth/death adjustment.
- Residential housing prices have now declined lower than the so-called market bottom in March 2009. In fact, the latest Case-Schiller report today said residential prices are at their lowest average levels in eight years! (I do not consider the Case-Schiller Index to be valid as excludes the selling prices of bank-owned properties, thus overstating average real estate prices.) In the latest report, 34.5% of homes sold were bank-owned properties, a much higher proportion than in the past. Don't be surprised of home prices continue to fall.

I could go on, but I think you get the picture.

From now, it looks to me like gold and silver prices will generally continue to rise, though never in a straight line. It may take as long as September for gold and silver to reach new record highs (ignoring inflation) or it may happen before the end of June.

Beware June 30—The End Of QE2

Last summer, I told you that the politicians had boxed themselves into a corner where the only option they would choose would be to further inflate he US money supply. However, I predicted that the official announcement of this program would not come until after the 2010 elections.

Sure enough, in the weeks before the election, from President Obama on down, top officials stated that they weren't sure whether another round of inflation of the money supply (disguised by calling it Quantitative Easing) would be needed. But, the day after the elections, the Federal Reserve made the official announcement for the program referred to by the acronym QE2.

QE2 was described as a program to increase the money supply by $600 billion, even though it actually was a program to increase the supply by $850-900 billion. It was to end on June 30, 2011.

Once again, the politicians are trying to talk out of both sides of their mouths at the same time. They are trying to say that no further inflation of the money supply is needed while also saying that maybe it should be continued on a temporary basis.

If the politicians really meant that quantitative easing would be ended, that would mean that hundreds of billions of dollars flooded into the economy would have to be pulled back out. The federal government lacks that assets to do that, so it just won't happen. By default, politicians will through truth and responsible behavior out the window and begin a new round of inflation of the money supply. They may use fancy names for the new program, but don't be fooled.

The current round of the US government inflating the money supply resulted in the value of the US dollar falling against almost all other world currencies (don't let the temporary strength of the dollar against the troubled Euro mislead you into thinking otherwise). Quantitative Easing 3 will cause an even further decline in the dollar.

If you have not yet established your gold and silver hard asset position to protect you against the further ravaging of the US dollar, start to do so now!

US Government Takes Two More Steps Toward Nationalization Of Private Retirement Account Assets!

The slow process of the US government to eventually nationalize (seize) private retirement account assets recently took two more significant steps.

Many of you are already aware that back in the early 1990s there was discussion about changing private retirement accounts so that the US government could accelerate getting its hands on some of these assets. Back then the idea was to impose a one-time 15% tax on existing private retirement plan assets and a 15% tax on any new contributions to such plans in return for making later retirement distributions exempt from income taxes. This plan was being pushed by the White House and the Democrat-controlled Congress early during President Clinton's first term. After the Republicans gained control of Congress following the 1994 elections, no further progress was made on this plan.

As long as a Republican was in the White House or at least one chamber of Congress was controlled by the Republicans, the idea of seizing private retirement account assets stayed dormant. However, I have continued to warn my readers that this multi-trillion dollar pile of assets was too large for the US government to keep its hands off of forever.

The dormancy ended in anticipation that the Democrats would gain the White House and control of both chambers of Congress in the 2008 election. On October 7, 2008 the House Committee on Education and Labor held hearings titled, "Saving Retirement in the Face of America's Credit Crisis: Short and Long Term Solutions." The focus of the hearing was a presentation by Teresa Ghilarducci, an economics professor from the New School for Social Research.

Professor Ghilarducci advocated that, in the short term, "Congress let workers trade their 401(k) and 401(k) – type plan assets . . . for a Guaranteed Retirement Account composed of government bonds (earning a 3% return, adjusted for inflation)."

For her long term solution, she said, "I propose Congress establish universal Guaranteed Retirement Accounts. . . . Every worker (not in an equivalent defined benefit plan) would save 5% of their pay into their Guaranteed Retirement Account to which the

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government pays a 3% inflation-indexed guaranteed return."

As part of the plan, at retirement the assets of the plan would be turned over to the US government, which would then pay an annuity to the retiree. The retiree's heirs would not receive the residual assets upon the death of the retiree. To overcome public resistance, Ghilarducci advocated that this program begin as an optional and voluntary conversion to government accounts and annuities.

In effect, Ghilarducci was advocating a series of small steps that would eventually result in the US government seizing all private retirement account assets and replacing them with US government bonds, under the guise of "retirement income protection."

The Democrats did take control of Congress and the presidency in 2008. So, in mid-September 2010 the Departments of Labor and Treasury held hearings on the next step toward achieving Ghilarducci's goals. The stated purpose was to require all private plans to offer retirees an option to elect an annuity. The "behind-the-scenes" purpose for this step was to get people used to the idea that the retirement assets they had accumulated would no longer be part of their estate when they died.

Then the 2010 elections brought the Republicans back in control of the House of Representatives. As part of my Ten Fearless Forecasts for 2011 in the January 2011 issue of *Liberty's Outlook*, I predicted "I suspect that further progress on nationalizing private retirement accounts will be slowed, but will not stop entirely."

That prediction has now come true. In the political wrangling over raising the federal debt ceiling, the Treasury borrowed so much money that it exhausted its authority to borrow additional funds. In a purely political move, the Treasury has started borrowing funds from the federal employees' retirement program in order to continue deficit spending in anticipation that the debt ceiling will be raised by August.

I can see the political argument now. "Why should federal employees be the only workers whose retirement assets are 'temporarily' loaned to the US government to help avert a fiscal crisis? Why not force private retirement plans to carry their 'fair share'?"

But that isn't the only new development towards the US government controlling private retirement account assets. On May 18, Senators Herb Kohl (D-WI) and Mike Enzi (R-WY) introduced the "Savings Enhancement by Alleviating Leakage in 401(k) Savings Act of 2011", referred to in short as the SEAL 401(k) Savings Act. It is now Senate Bill 1020.

Senator Kohl noted that the 401(k) plans in total are currently underfunded by $6.6 trillion dollars needed to provide reasonable retirements to the retiring workers. This problem is getting worse because approximately 28% of the retirement plan assets consist of loans made to the beneficiaries. In today's difficult economy, more people are seeking such loans and a growing number for these debtors are defaulting on repayment of these loans. These defaults are described as "leakage" that is reducing the amount of assets available to pay retirement benefits.

While this new legislation provides some extended repayment relief for those borrowers from their 401(k) plans who have lost their jobs, the basic point of the Bill is to restrict the ability of retirement plan beneficiaries to borrow against their future retirement benefits. For instance, Section 4 of the Bill prohibits making loans through the use of credit cards and other similar arrangements.

Make no mistake, the provisions of this Bill, under the pretense of supposedly helping to protect future retirement benefits, are really making it more difficult for people to gain access to what is supposedly "their assets." If this Bill becomes law, it will be one more step toward putting private retirement plan assets under the control of the US government. Unfortunately, such a move is just one more bit of evidence of the US government's bankruptcy and shakiness of the value of the US dollar.

The governments of Argentina and, I believe, Hungary have already nationalized (seized) private retirement accounts, so don't think it can't happen here.

These two steps toward nationalizing private retirement account assets are simply more reasons to do what you can to move your assets out of the US dollar and beyond the reach of the US government. Physical gold and silver in your direct possession are perfect alternatives to gain this self-protection.

It is legislation like this that is just one of the reasons I have advocated that people not establish Precious Metals Investment Retirement Accounts (IRAs). You are far safer holding your physical precious metals in your direct possession and control, rather than leave it in an account that I am concerned may be seized by the US government in a few years. If you hear of any coin dealer suggesting that you establish a precious metals IRA, that could be sufficient reason to avoid doing business with that company.

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?

Conservative	Moderate	Aggressive
10%	20%	25-33%

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

	Conservative	Moderate	Aggressive
Gold	50%	45%	38%
Silver	50%	45%	37%
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.

Silver and Silver Coins

Silver closed today at $38.30, a

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major drop of $7.66 (16.7%) from last month.

When the gold/silver ratio was above 70 for much of the past few years, it was easy for me to prefer the appreciation potential for silver to that of gold, though I did like the prospects for both metals.

However, the extreme volatility in silver over the past month has led me to suspect that it has helped the popularity of gold as being more stable. Accordingly I have now shifted to recommend that your investment dollars be evenly split between owning silver and gold bullion-priced coins and ingots. See my chart on page 5 for reference.

I still think silver will outperform gold for the next year or so, but my crystal ball gets a little foggier going further into the future. I continue to like the future prospects for both metals, especially compared to a depreciating asset like the US dollar—and actually against all paper currencies. On the high side, I do not consider it impossible that silver could reach $100 and gold surpass $2,000 this year.

I continue to recommend US **90% Silver Coin** (2.7%) as the best value in physical silver today. It has several advantages—low cost per ounce, they are actual coins struck by the US Mint, and they have the greatest liquidity and divisibility. The rise in premium was caused by the sharp decline in the spot price.

Supplies of US **Silver Eagle Dollars** (11.5%), Canada **Silver Maple Leafs** (10.6%), and **1 and 10 Ounce Size Silver Ingots** (5.6-5.2%) continue to be tight, with large orders normally taking about four weeks to get delivered.

Demand for **High Grade Common Date Morgan and Peace Dollars** took a hit as the silver spot price fell. Some coins dropped as much as 20% in price within the past month. However, that doesn't mean that coins are now plentifully available. I'm not sure that this particular market niche has reached bottom, but I don't expect it to fall much further from where it is.

The Royal Canadian Mint just released the second issue of its **Wildlife $5.00 1 Ounce Silver Commemoratives. This issue honors the Grizzly Bear**. The entire mintage sold out before release. We were fortunately to obtain an allotment that we can offer at attractive bullion-related prices. See our enclosed flyer.

The Month

Gold Range	77.00	5.1%
Net Change	+19.25	
Silver Range	15.10	32.9%
Net Change	-7.66	
Gold/Silver Ratio	40.1	
Net change	+7.1	
Platinum Range	106.00	5.8%
Net Change	+15.00	
Platinum/Gold Ratio	1.19	

Date	Gold	Silver	Platinum
Apr 27	1,516.75	45.96	1,819.00
Apr 28	1,530.75	47.52	1,840.00
Apr 29	1,556.50	48.59	1,866.00
May 02	1,557.00	46.08	1,876.00
May 03	1,540.00	42.58	1,861.00
May 04	1,515.25	39.39	1,826.00
May 05	1,481.50	36.24	1,778.00
May 06	1,491.50	35.29	1,786.00
May 09	1,503.25	37.11	1,795.00
May 10	1,517.00	38.48	1,801.00
May 11	1,501.50	35.51	1,778.00
May 12	1,506.75	34.79	1,771.00
May 13	1,493.50	35.01	1,769.00
May 16	1,490.50	34.13	1,760.00
May 17	1,480.00	33.49	1,761.00
May 18	1,495.75	35.09	1,780.00
May 19	1,492.50	34.93	1,769.00
May 20	1,509.00	35.08	1,769.00
May 23	1,515.50	34.90	1,756.00
May 24	1,523.25	36.12	1,763.00
May 25	1,526.75	37.63	1,780.00
May 26	1,522.75	37.92	1,778.00
May 27	1,536.25	37.86	1,800.00
May 30	closed		
May 31	1,536.00	38.30	1,834.00

London Silver Market Premium To New York Silver Market = 7¢

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 finished on the COMEX today at $1,536.00, up $19.25 (1.3%) from last month.

Premiums and availability have not changed much in the past month other than it has become a bit more difficult to acquire US **1/2 and 1/4 Ounce Gold American Eagles** (8.0% and 10.0% respectively). They will never be rare coins, though the issues of a few years currently command significant premiums.

For physical gold, the issues I consider to be the best values remain US **American Arts Medallions** (3.7%), the Austria **100 Coronas** (3.7%), and the Mexico **50 Pesos** (3.8%).

In mid-May, the prices for many **Classic US Gold Coin** issues declined, some by 10% or more. Some wholesalers had huge inventories that were not moving while gold prices dropped, so they became less active bidders for the coins. This temporary buying opportunity gave me the chance to snap up some hand-selected beautiful treasures such as **US Choice Mint State-63 $5.00 Liberties from the 1880s** at prices as low as the more common issues from the early 1900s. Please see the enclosed brochure for more details.

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