

Liberty's Outlook

Our 40th Anniversary!
1971-2011

Volume 17 Issue 10 Liberty Coin Service's Monthly Review of Precious Metals and Numismatics October 4, 2011

Global Financial System Nearer To Collapse! Gold And Silver Prices Crushed To Scare People From Abandoning Paper Assets! Have Markets Peaked Or Is This A Bargain Buying Opportunity?

The horrible global financial mess that I discussed last month has deteriorated since then.

Among the 17 nations that officially use the Euro as their common currency there has yet to be a proposed bailout plan that meets with all around approval. It seems like heads of state and finance ministers of the Eurozone are meeting almost every other day to try to work out a deal, with no success.

The debts of nations like Greece are already trading at such huge discounts to face value that they already reflect a certainty of default.

It is now pretty much obvious to everyone that major European banks holding shaky sovereign debt issued by countries such as Greece, Ireland, Portugal, Italy, and Spain have suffered major losses no matter what kind of rescue plan is ever put into place. The banks are trying to pretend that they have adequate capital to absorb the losses while governments insist that they need to raise replacement capital (from who knows where?).

Unfortunately, large US banks also hold some of this toxic debt, but have not yet completely booked the losses from such debt. On September 21, Moody's Investor Services cut the credit rating of the long-term debt of Bank of America and Wells, Fargo & Co. and the short-term debt of Citigroup, Inc.

In the past month, Washington politicians from President Obama, Fed Chair Bernanke, and Treasury Secretary Geithner on down have stopped talking about an economic recovery. Grudgingly, they are admitting that the US is in a real jam.

In times of economic turmoil, the response over thousands of years has been a flight from paper assets into the relative safety of gold and silver.

However, any widespread shift away from paper assets like stocks and bonds

2011 Year To Date Results Through October 3, 2011			
<i>Precious Metals</i>		China Yuan	-3.1%
Gold	+16.8%	Japan Yen	-5.6%
Silver	+0.0%	U.S. Dollar Index	79.37 +0.4%
Platinum	-13.6%	<i>US And World Stock Market Indices</i>	
Palladium	-24.2%	Dow Jones Industrial Avg	-8.0%
<i>Numismatics</i>		NASDAQ	-12.0%
US MS-63 \$20 St Gaudens	+15.1%	S&P 500	-12.6%
US MS-65 Morgan Dollar, Pre-1921	+8.0%	London FT 100	-14.0%
US MS-63 \$20 Liberty	+3.4%	Shanghai Composite	-16.0%
<i>US Dollar vs Foreign Currencies</i>		Nikkei 225	-16.0%
South Africa Rand	+25.1%	Australia S&P/ASK 200	-17.9%
Mexico Peso	+13.7%	Dow Jones World (excluding US)	-20.6%
Brazil Real	+11.5%	Russell 2000	-22.2%
India Rupee	+9.8%	Frankfurt Xetra DAX	-22.2%
Australia Dollar	+7.2%	Sao Paulo Bovespa	-26.7%
South Korea Won	+6.2%	10 Year US Treasury Note interest rate	1.787% -45.8%
Canada Dollar	+5.7%	<i>Intrinsic Metal Value Of U.S. Coins</i>	
New Zealand Dollar	+3.4%	Lincoln cent 1959-1982	2.03¢
Singapore Dollar	+2.8%	Lincoln cent 1982-date	0.49¢
Euro	+1.5%	Jefferson nickel non-silver	4.81¢
Great Britain Pound	+1.1%	Roosevelt dime, 1965-date	2.18¢
Hong Kong Dollar	+0.2%	Washington quarter, 1965-date	5.46¢
Switzerland Franc	-1.4%	Kennedy half dollar, 1971-date	10.9¢

into precious metals could easily lead to an outright collapse of the existing global financial system. This would almost certainly bring down several heads of state.

Therefore, the US and other governments had a huge incentive to suppress gold and silver prices in September to instill fear in investors who otherwise might abandon stocks and bonds.

Gold and silver prices were strong early in the month. In Asian market trading on the morning of September 6, gold had reached an intraday high of \$1,922 and silver topped \$44.00.

Precious metals prices should have taken off when Switzerland announced on September 6 that it would deliberately devalue its currency and was ready to spend unlimited amounts to tie the value of the Swiss franc to

the Euro. Instead, gold was capped almost instantly.

Gold and silver prices were not seriously attacked until September 12.

The real fireworks started after the end of the regularly scheduled meeting of the Federal Open Market Committee (FOMC) on September 21. From that day's COMEX close until Asian market trading early on September 26, the price of gold dropped more than 14%, its largest four day price drop in the past 30 years. The price of silver tumbled more than 35% over the same period. Gold touched bottom in Asian markets at about \$1,550 and silver went all the way down to about \$26.00 before making a quick partial recovery.

(Continued on page 2)

Inside this issue:	Was Precious Metals Demand Affected?	page 2
	Greater Volatility = Wider Buy/Sell Spreads	page 3
	More Information On The internet	page 4

(Continued from page 1)

Part of the reason such a desperate move was needed is that the conclusion of the FOMC meeting led to an announcement that the Federal Reserve would be replacing \$400 billion of shorter maturity (up to 3 years) US Treasury debt with the same quantity of longer term issues (6 to 30 years maturity).

While this shift to longer term maturities had been anticipated, the announcement of simply replacing total debt without inflating the money supply (also known as quantitative easing) took analysts and investors by surprise.

In the absence of a formal announcement of further inflation of the money supply, investors became even more nervous about further declines in stock prices, which is exactly what happened for the next several days.

On September 22, the COMEX announced an increase in margin requirements for leveraged gold and silver accounts. Increases in margin requirements make sense as prices are rising, as that helps keep the market in order, but it does not make sense when prices are falling.

At the time of the announcement, the price of gold was already down more than 6% from its August 23 high. Silver was then down 20% from its late April high. Consequently, the margin hike was not done to maintain orderly markets. Instead, it was a deliberate move to help knock down gold and silver prices.

There was even more suspicious activity. In early September, gold leases up to three months maturity turned to negative interest rates. That meant that a party leasing gold would not only not be charged any interest, the lender would actually pay money to a party borrowing the gold. Two weeks ago, the 6-month gold lease rate also turned negative.

Also two weeks ago, the interest rates on silver leases up to three months maturity also turned negative. These are not normal market conditions. Typically over the years, negative lease rates have been tied into efforts to suppress gold and silver prices by artificially forcing physical metal onto the market. This gives the appearance (though not necessarily the reality) that there is more supply of physical metal, which intimidates potential gold and silver investors.

We may never know all the specific price manipulations that occurred to

gold and silver prices in September. Was it just a coincidence that on the majority of days that month, the highest gold price occurred at 3 AM Eastern time, and that the price invariably dropped precipitously right after that?

Without knowing just what further information will come out, let me now speculate on other possible events that contributed to the decline in precious metals prices.

I speculate (and I have to emphasize that this is not hard news) it is possible that the US government may have informed the Chinese government in advance that it was preparing a major intervention to suppress gold and silver prices and asked the Chinese to refrain from jumping in to purchase physical metals until the market had been pushed near the bottom.

In mid-September, a long-time reliable source told me that there were massive quantities of Asian buy orders placed in the London market to execute if spot prices dropped to \$1,760 all the way down to \$1,715. I have every reason to believe that at least a sizeable percentage of these buy orders may have been placed by the Chinese government as this would be consistent with their trading activity since 2003. If the Chinese were alerted that they could have the opportunity to purchase gold even cheaper, it would be reasonable for them to cooperate by pulling their buy orders prices in the \$1,700s.

On the basis of the hard information available, I conclude that gold and silver prices were pushed down rather than fell as a result of free market trading. The sudden drops in gold and silver prices were in excess of 5 standard deviations, which means that the price declines of the magnitude that took place had only a 1 in 7,440,000 chance of occurring at random.

These price drops were not the result of an announcement that all of the world's financial problems were magically cured. Far from it.

In fact, the global financial system is closer to a total meltdown than any time since September 2008!

How Was Demand For Physical Precious Metals Affected?

As prices initially fell from September 21-23, there were a handful of parties that liquidated sizeable positions. Starting September 26, however, traffic has been overwhelmingly in the direction of customers purchasing precious metals, especially silver.

Demand was so strong, that dealer and wholesaler inventories were tested. By the middle of last week, there was a significant slowdown in deliveries of physical silver.

Now products such as **US Silver Eagle Dollars**, **Canada Silver Maple Leafs**, and **100, 10, and 1 Ounce Silver Ingots** that used to be available live or could be delivered within a week are now mostly available two to three weeks after you make payment.

The surge in demand caught the Johnson Matthey refineries entering their annual sabbatical,

which regularly occurs during October, as that tends to be the slowest month of the year for their business. Orders placed now for Johnson Matthey silver ingots can look to delivery around Thanksgiving.

Not only is demand soaring, but premiums are on the rise. Part of the percentage rise in premiums is simply mathematical. Even if you can still purchase ingots at the same dollars and cents premium above spot price than three weeks ago, the lower silver spot price means that the percentage premium has risen. A \$1.00 per ounce premium at \$40.00 spot is only 2.5% whereas it would be a 3.3% premium at \$30.00 silver spot.

However premiums are also rising because of the sudden difficulty in procuring immediately available physical silver. **US 90% Silver Coin**, a physical silver product that has not been in production since 1964, is no longer available on the wholesale market at prices below the intrinsic value of the silver. Although the drop in the silver spot price is by a smaller percentage than occurred in the fall of 2008, we are starting to see the development of a buying frenzy for physical gold and silver.

Three years ago, physical demand soared so high that the premium on US 90% Coin rose to more than 40% at the peak. Part of the reason people were willing to pay such a high premium is that the lower-cost silver ingots were taking as long as five months after payment to receive delivery!

I would not be surprised to see premiums continuing to rise in the coming weeks. For now, supplies are plentiful, but that could change within days.

The fact that US 90% Silver Coin is now worth more than intrinsic value on the wholesale market could result in quickly rising spot prices.

When 90% Silver Coin is trading wholesale for 1-2% below silver value, refiners can profitably melt down the coins and refine the silver. This effectively expands the supply of available physical silver. Now that refiners no longer have this source of supply available, because the 90% Silver Coin is costing them more for the silver than their selling prices, you could see a rapid physical supply squeeze.

By the way, though overwhelming buyer demand has been for silver rather than gold in the past few days, there has also been a surge in demand for physical gold bullion-priced coins and bars. One primary distributor in the US has

(Continued on page 3)

(Continued from page 2)

stopped accepting any orders for the South African **Krugerrand**, even though this coin is still in production! Premiums have increased slightly for the Krugerrand and also the Canada **Gold Maple Leaf**. I would not be surprised to see more delivery delays and premium increases for physical gold, though not to the extent it is already occurring for physical silver.

To summarize: I think there is virtually no chance that gold and silver prices are past their peak. In addition, I believe that right now is a great opportunity to acquire physical gold and silver.

I urge relatively prompt action as I expect prices to generally rise, supply shortages to develop, and premiums to rise. I expect that those who make their purchases now will be well pleased in the medium to long term.

A Shift In My Recommended Allocation Between Gold And Silver

For much of the past few years, when the gold/silver ratio was 50 and higher, I skewed my recommended allocation between gold and silver to be about 2/3 silver and 1/3 gold. When the price of silver neared \$50 toward the end of April this year, the gold/silver ratio fell into the 30s. At that level, I shifted to advocate that about 50% of the value of your precious metals holdings be in gold and 50% in silver. Now that they gold/silver ratio has jumped above 50 again, I am returning to my returning to my recommendation that about 2/3 of the total value be in silver and 1/3 in gold. The physical silver market is much smaller than gold. When prices rise or fall, silver tends to move by a greater percentage—in both directions.

I have recently been asked, more frequently than usual, if or when I would ever recommend selling one's gold or silver holdings. This answer needs to be broken down into two parts. First, the basic reason for someone to own precious metals is for insurance against potential calamities with the value of paper assets. In quiet markets in years past, I suggested that 5-10% of one's net worth or investment portfolio be held as this insurance position.

For the past couple of years, I have recommended 10-20% for an insurance position. I made this change because I perceived a growing risk that the US dollar would decline in value and other financial problems around

the globe would become worse. In my mind, the insurance portion of gold and silver is intended to be held indefinitely, no matter what the financial markets do. The reason for never selling this core position is the same purpose as buying various other insurance policies. However, it is theoretically possible that financial markets could return to stability and normalcy, in which case I may again reduce my core position back to 5-10% of one's net worth or investment portfolio.

My recommendation to own an insurance position in gold and silver applies no matter what the spot prices are at the time you make your purchase. I regard it as more prudent to make sure you have your position established soon than trying to wait for a sizeable dip.

Second, any precious metals holdings above that considered as insurance should be thought of as a trading position. If someone is looking for an expert to advise them for extremely short-term trading of gold and silver, I am not their guru. My perspective is the medium to long term. I have had prospective customers (including some of my own staff) ask if they should park some temporarily available funds into gold or silver knowing that they would need cash out to pay for an expense nine to twelve months in the future. Even though I thought and now think the prospects look bright for that time frame, I have always recommended against making a gold or silver purchase because there is some risk that prices could decline by that deadline.

For those looking to trade gold and silver in amounts beyond what they are holding for insurance purposes, I recommend being willing to commit to at least a three year holding period. If your metals reach your selling target within six months, fine. But what if it takes 30 months to reach your target? You need flexibility to be able to reach your goals. You also need to pay attention to what is really going on in the financial and political world and compare it to comparable eras in history. Unfortunately, following only one or two indicators or one or two so-called experts is not sufficient. There are an incredible number of factors that affect supply and demand and, ultimately, the value of any investment.

Keep in mind that markets are cyclical. My company generally warned customers away from owning bullion silver (in favor of owning gold) for much of the 1980s other than as part of an insurance holding, which proved to be profitable advice. Be mature enough to accept that you will lose money or make just a small profit on a number of your investment decisions. Establish long-term goals that can be achieved despite these bumps along the way. From my ex-

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%	30%	25%
Silver	60%	60%	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.

perience, those who think they have a sure fire "system" to make sure they never lose money will end up with some of the worst long-term results.

It is also financially prudent to have a diversity of investments. Even for my most aggressive customers, the highest percentage of their net worth or investment portfolio that I suggest they hold in precious metals is one-third (and I include mining company shares and all the other paper forms of investing in gold and silver in this limit). If you concentrate your investments too much, you are increasing your risk with only a small chance of a significantly better than average return. (P.S. Don't ask me where to invest the balance as I am not an expert at other investment categories.)

Greater Volatility = Wider Buy/Sell Spreads

When markets are volatile, past experience is that bullion wholesalers widen their buy/sell spreads, forcing retailers to do the same.

With the extreme volatility in the markets over the past few weeks, wider buy/sell spreads have happened again, with some new twists.

After gold and silver prices plunged in Asian markets on September 26, one primary distributor was effectively using two different spot prices for each metal, depending on whether they were buying or selling. For gold, their selling spot price was as much as \$25 higher than their buying spot price. For sil-

(Continued on page 4)

(Continued from page 3)

ver, the spread in the spot price reached \$1.25. For platinum it was as wide as \$100!

The new wrinkle is that virtually all wholesalers are now closed on Saturdays. On top of that, after the COMEX closes at 1:30 PM Eastern time on Fridays, there is only a thinly traded ACCESS electronic market available, where prices are easily manipulated. For the past two Friday afternoons, this major wholesaler has instituted wide spot price spreads of \$25 for gold, \$1.25 for silver, and \$100 for silver. Other wholesalers have taken similar measures.

For your own protection, I don't recommend making significant bullion purchases from early Friday afternoon until Monday morning. Even if spot prices move against you, the buy/sell spreads will be closer on Mondays.

Gold And Gold Coins

Gold settled on the COMEX today at \$1,614.75, a huge fall of \$199.50 (11.0%) from four weeks ago.

About the only bullion-prices gold coins and bars that have experienced any significant premium increase recently are the South Africa **Krugerrand** (4.9%) and the Canada **Maple Leaf** (4.6%).

They physical gold issues with the lowest premiums (unchanged from last month) continue to be the US **American Arts Medallions** (3.5%), the Austria **100 Coronas** (3.5%), and the Mexico **50 Pesos** (3.6%).

By the way, my long term prediction from a few years ago that the price of gold would exceed platinum has definitely happened. Gold is currently worth about 10% more than platinum. I expect gold to continue to be more valuable than platinum.

Lower gold prices led to drops in the prices of many **Common Date Classic US Gold Coins**. Despite this, there are still some attractive bargains in **Better-Date High-Grade \$2.50 and \$5.00 Liberties** whose prices had not run up as much as the spot gold price in the past few months. See our enclosed flyer for details.

Silver and Silver Coins

Silver closed today at \$29.80, a major decline of \$11.77 (28.3%) from last month! Note that many of the closing spot prices for the past two weeks listed in the table on

The Month

Gold Range	255.50	12.4%
Net Change	-199.50	
Silver Range	12.67	30.5%
Net Change	-11.77	
Gold/Silver Ratio	54.2	
Net change	-10.6	
Platinum Range	385.00	21.0%
Net Change	-360.00	
Platinum/Gold Ratio	0.91	

Date	Gold	Silver	Platinum
Sep 07	1,814.25	41.57	1,829.00
Sep 08	1,854.50	42.47	1,854.00
Sep 09	1,856.00	41.57	1,838.00
Sep 12	1,810.00	40.16	1,809.00
Sep 13	1,827.00	41.12	1,813.00
Sep 14	1,823.50	40.47	1,816.00
Sep 15	1,779.00	39.45	1,781.00
Sep 16	1,812.00	40.78	1,818.00
Sep 19	1,776.50	39.11	1,772.00
Sep 20	1,806.50	40.08	1,782.00
Sep 21	1,805.50	40.42	1,788.00
Sep 22	1,739.25	36.54	1,711.00
Sep 23	1,637.50	30.05	1,613.00
Sep 26	1,600.50	30.33	1,562.00
Sep 27	1,656.50	31.80	1,587.00
Sep 28	1,622.50	30.39	1,558.00
Sep 29	1,620.50	30.72	1,553.00
Sep 30	1,624.50	30.34	1,544.00
Oct 03	1,659.00	30.90	1,537.00
Oct 04	1,614.75	29.80	1,469.00

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

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

this page reflect the "ask" prices in effect at that time which were higher than the "buy" spot prices.

The spot price of silver has fallen so far it is now below that at the end of 2010.

Remember, silver prices are much more volatile than gold, in both directions! I still think there is a good prospect that the spot price will reach \$55 by the end of 2011. Even if it does not get there by then, I expect it will easily surpass that target in early 2012.

Even though the premium has risen, I still recommend US **90% Silver Coin** (3.9%).

It has several advantages—lower cost per ounce, they are coins struck by the US Mint, and they have the greatest liquidity and divisibility. Just don't pay a premium for half dollars. When you want to sell, you can just about guarantee that you will not be paid more for them than you get for your dimes and quarters.

Prices for **Common Date High Grade Common Date Morgan and Peace Dollars** have slipped, though not as far as bullion silver.

The drop in prices has created an interesting opportunity. Most surviving Morgan Dollars issued from 1878 through 1904 tend to be in well worn or in Mint State condition. Coins that actually circulated, but only a little bit, are actually more difficult to find in quantity than Mint State issues. Because of this relative rarity, they tend to trade at significant premiums to the lower grade coins. today, that premium is smaller than usual. We now have our largest group of **Extremely Fine 1878-1904 Morgan Silver Dollars** that we have had in stock for more than 20 years! We priced them below other dealer prices, but will have to withdraw the offer when they are sold out.

Over the past two months, we have acquired a nice variety of **Spectacular Silver Commemorative Half Dollars** from multiple collectors and other dealers. They are priced today far less than what they would have cost you at their market peak. Review both offers for details.

More Information On The Internet

There simply isn't room for all the breaking news in this issue. The weekly COMEX Commitment of Traders Report that came out last Friday has some of the most bullish news for future gold and silver prices. If you have internet access, you can read my Numismaster column that was published today titled "Short Covering Signals Higher Prices." The link is <http://www.numismaster.com/ta/numis/Article.jsp?ad=article&ArticleId=24171>.

Liberty's Outlook is published monthly by Liberty Coin Service, 300 Frandor Ave., Lansing, MI 48912. Telephone: National 800/527-2375 Fax: 517/351-3466 Website: www.libertycoinservice.com, E-mail: path@libertycoinservice.com Patrick A. Heller, Editor. Subscriptions are available at \$139.00 per year (12 issues). Send subscription orders and changes of address to the above address. Weekly precious metals commentaries by Patrick A. Heller are available online at <http://www.numismaster.com> (click on "News & Articles" and search for "Heller") and <http://www.coinupdate.com> (click on "Patrick A. Heller" under the Authors list at the bottom right of the home page). Patrick A. Heller's radio program, "News You 'Know' That Just Isn't So, And Important News You Need To Know" is broadcast every Wednesday morning about 8:45 AM on 1320-AM WILS in Lansing (also streaming live at <http://www.1320wils.com>, where audio and text archives are available). Patrick A. Heller also owns Premier Coins & Collectibles, 7050 W. Saginaw Hwy, Suite 4, Lansing, MI 48917, Telephone 517-886-2646 Website: <http://www.premier-coins.com>. Patrick A. Heller also writes bi-monthly columns about collectibles for *The Greater Lansing Business Monthly* (posted online at <http://www.lansingbusinessmonthly.com> under "Articles" then "Department Columns" then "Collectibles." All information is derived from sources believed to be reliable, but accuracy cannot be guaranteed. No guarantee of profitability of any investment or recommendation contained herein is made or implied. Liberty Coin Service has been a dealer in rare coins and precious metals since 1971. The publisher, its principals and associates may, from time to time, have a position in items recommended here. Copyright 2011, all rights reserved.

Item	Qty	Fine Wt	Price	Cost/Oz	Premium
*U.S. 1 Oz Gold Eagle	10	1.0000	1,705.25	1705.25	5.6%
*U.S. 1/2 Oz Gold Eagle	10	0.5000	872.75	1745.50	8.1%
*U.S. 1/4 Oz Gold Eagle	10	0.2500	444.00	1776.00	10.0%
*U.S. 1/10 Oz Gold Eagle	10	0.1000	182.80	1828.00	13.2%
*U.S. 1 Oz Gold Buffalo	10	1.0000	1,706.75	1706.75	5.7%
*Australia 1 Oz Kangaroo	10	1.0000	1,710.00	1710.00	5.9%
*Austria 100 Corona	10	0.9802	1,638.25	1671.34	3.5%
*Austria 1 Oz Philharmonic	10	1.0000	1,708.50	1708.50	5.8%
*Canada 1 Oz Maple Leaf	10	1.0000	1,689.00	1689.00	4.6%
*China 1 Oz Panda	10	1.0000	1,763.25	1763.25	9.2%
*Mexico 50 Peso	10	1.2057	2,017.00	1672.89	3.6%
*S. Africa Krugerrand	10	1.0000	1,693.75	1693.75	4.9%
*U.S. Medallion	10	1.0000	1,671.25	1671.25	3.5%
*1 Oz Ingot	10	1.0000	1,676.00	1676.00	3.8%
*Austria 1 Ducat	10	0.1107	193.00	1743.45	8.0%
*Austria 4 Ducat	10	0.4428	796.50	1798.78	11.4%
*British Sovereign	10	0.2354	410.50	1743.84	8.0%
*British Sovereign, BU	10	0.2354	418.50	1777.82	10.1%
*France 20 Franc	10	0.1867	328.50	1759.51	9.0%
*Germany 20 Mark	10	0.2304	435.25	1889.11	17.0%
*Swiss 20 Franc	10	0.1867	329.25	1763.52	9.2%
\$20 Liberty BU	10	0.9675	1,840.00	1901.81	17.8%
\$20 St Gaudens BU	10	0.9675	1,850.00	1912.14	18.4%
\$20 Liberty Extremely Fine	10	0.9675	1,810.00	1870.80	15.9%
\$10 Liberty Extremely Fine	10	0.4838	925.00	1911.95	18.4%
\$5 Liberty Extremely Fine	10	0.2419	475.00	1963.62	21.6%
*U.S. 90% Silver Coin	1,000	715	22,135.00	30.96	3.9%
*U.S. 40% Silver Coin	1,000	295	8,990.00	30.47	2.3%
*U.S. Circulated Dollars	1,000	760	29,000.00	38.16	28.0%
*U.S. Silver Eagle-2011	1,000	1,000	33,300.00	33.30	11.7%
*Canada Silver Maple Leaf	1,000	1,000	33,050.00	33.05	10.9%
*100 Oz Silver Ingot	10	100	3,125.00	31.25	4.9%
*10 Oz Silver Ingot	100	10	316.50	31.65	6.2%
*1 Oz Silver Ingot	1,000	1	31.75	31.75	6.5%
*1 Oz Platinum Ingot	10	1.0000	1,547.00	1547.00	5.3%
*U.S. 1 Oz Platinum Eagle	10	1.0000	1,573.00	1573.00	7.1%
*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	606.00	606.00	7.4%

Gold: \$1,614.75
Silver: \$29.80
Platinum: \$1,469.00
Palladium: \$564.00

Notes from Liberty

by Allan Beegle
 LCS Chief Numismatist

Wow! Sales volume in September was the highest of any month in the 40 year history of Liberty Coin Service! Part way through the month, we also set a new annual sales record, with more than three months left in the fiscal year!

Last month's offerings, other than the Saudi Arabia Silver Riyals, sold out almost instantly. We were able to find a few more pieces of the MS-65 1914-S \$20.00 St Gaudens and the Napoleon 1 20 Francs that we could offer at the same price—selling every one that we could find!

With the heavy store traffic last month, it was helpful that no one traveled to a major coin show. However, staying in the store did not hinder our purchasing opportunities.

From a few collectors and dealers, we have assembled a group of **Spectacular Silver Commemorative Half Dollars**. Every coin in this group grades a minimum of Gem Mint State-65, with several pieces grading MS-66 or MS-67! Prices today are a fraction of what they have sold at the previous market peak, so these coins are likely to go quick.

From a few sources, we have also acquired the largest group of **Extremely Fine 1878-1904 Morgan Silver Dollars** that we have handled in more than 20 years. The typical surviving Early Morgan Dollar tends to be either well worn or in Mint State quality. Finding high grade circulated specimens such as we offer this month is a real challenge. Best of all, we offer these strictly graded coins at a lower price than we see quoted by other dealers.

Finally, LCS General Manager Pat Heller used his connections to acquire a few pieces of **Better-Date High-Grade \$2.50 and \$5.00 Liberties** at prices surprisingly close to that of common-date issues. Unfortunately, each coin is one-of-a-kind, so they will probably go fast.

When these coins sell, we will not be able to find more. So I again suggest

Liberty Coin Service Call Toll-Free: **(800) 527-2375 National**
300 Frandor Avenue **(517) 351-4720 Local**
Lansing, MI 48912 **(517) 351-3466 Fax**

web: www.libertycoinservice.com email: path@libertycoinservice.com
 Trading Desk Hours (Eastern): Mon-Fri 10AM-5:30PM, Sat 10AM-2PM

Coins, Rolls and Sets

U.S. 10 pc Gold Medallion Set, 1980-1984, BU			\$12,825
U.S. Morgan Dollar, 1921, Brilliant Uncirculated Roll/20			\$895
U.S. Morgan Dollar, Pre-1921, Brilliant Uncirculated Roll/20			\$975
U.S. Peace Dollar, Brilliant Uncirculated Roll/20			\$875

Numismatic Coins (PCGS/NGC/ICG Graded)

	MS-63	MS-64	MS-65
U.S. \$20.00 St Gaudens	2,100	2,175	2,575
U.S. \$20.00 Liberty	2,275	2,850	4,700
U.S. \$10.00 Liberty	1,425	2,050	4,150
U.S. \$5.00 Liberty	995	1,495	3,050
U.S. 4 pc Indian Gold Type Set	7,320	9,750	21,075
U.S. 4 pc Liberty Gold Type Set	5,420	7,345	13,450
U.S. 8 pc Gold Type Set	12,680	16,945	34,075
U.S. Morgan Dollar (Pre-1921)	65	88	175
U.S. Peace Dollar	62	75	170

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 you review the offers right away, then call early to check on availability and to confirm your purchase. Call direct to our Trading Desk direct, toll-free, at **800-527-2375**.

The interesting purchases did not stop with these three offers. Here are some other bargains to tempt you:

Awesome Philippines Very Choice Mint State-64 1882 Gold 4 Pesos

Rarity: In its 24 years of business, NGC has only certified one specimen of any date of Philippine Gold 4 Peso nicer than this coin. In fact, among all fifteen years of this denomination, NGC has certified just ten pieces of equal quality to this coin.



The 4 Pesos featuring Spanish king Alfonso XII that were struck from 1880 through 1885 are incredibly scarce. The 1882 date is the only one of the six years where Mint State-60 specimens catalog for less than \$25,000!

One of the other 1882 MS-64 4 Pesos sold in auction nine months ago for \$5,175. In pushing to offer our customers a better deal, you can buy this rarity for only \$4,495.

About Uncirculated 1837 Feuchtwanger Cent Token:

In 1837, Lewis Feuchtwanger produced some tokens from an alloy of nickel, copper, and zinc. He proposed that Congress adopt the alloy for production of cents and three cents coinage. Although his alloy was not adopted, these pieces actually circulated during the coinage shortage that lasted until 1844. This ANACS About Uncirculated-50 specimen is as nice as any we have handled in a few years.

The obverse bears the date beneath a defiant eagle. The reverse has the words "Feuchtwanger Composition" around the periphery and "One Cent" in the center. It catalogs in the *Red Book* for \$325, but you can own this one for \$265.

157 Year Old Gold \$3.00 Indian Princess:

The US struck \$3.00 Gold Coins from 1854 through 1889. In the initial year, the Philadelphia Mint struck 138,618 specimens. That was a small quantity by production levels of other gold coins. In 1854, the Philadelphia Mint struck at least a half million each of Gold Dollars, \$2.50 Quarter Eagles, and \$20.00 Double Eagles.

As it turns out, production of \$3.00 Indian Princesses tailed off immediately. In the 36-year history of the denomination, fewer than 540,000 coins were struck for circulation,

Gold:	\$1,614.75
Silver:	\$29.80
Platinum:	\$1,469.00
Palladium:	\$564.00

with 1854 being the high mintage year.

This PCGS-certified About Uncirculated-53 piece is an affordable way to own a coin of this unusual denomination. *Coin Values* lists AU-50 specimens of this date at \$1,750. You can own this flashy coin for \$1,375.

Affordable Alexander The Great

Silver Tetradrachm: Numismatic researcher Richard Doty of the Smithsonian considers the Greek Silver Tetradrachm to be one of the four most important coins in history. (The other three are the British Silver Penny from the 700-800 AD era, the Venetian Grosso that appeared about 1200 AD, and the Latin Monetary Union standard coinage introduced by Napoleon in the early 1800s.)

Alexander the Great was actually king of Macedonia, a country historically part of Greece. At the peak of his empire, he had conquered virtually the entire shoreline of the Mediterranean Sea and all the way into India. His armies accomplished this in the 13 short years of his reign then ended with his death in 323 B.C..

This large silver Tetradrachm features a young Herakles (Hercules) on the obverse wearing a lion skin over his hair. The reverse depicts a seated Zeus holding an eagle and a scepter.

This reasonably well centered specimen can be yours for just \$350. Slightly nicer pieces would cost you double the price. If you think about it, that is barely 15 cents per year for all this history!

Special Notice: With the recent price volatility, bullion wholesalers have widened their buy/sell spreads. In particular, they have significantly increased spreads late on Friday afternoons. This past week, late day trading saw a difference of \$25.00 per ounce for gold between a wholesalers "buy" spot price and their "sell" spot price. Similarly, the spread between the buy and sell silver spot prices was \$1.25. Platinum also experienced a huge spread of \$100 between the buy and sell spot prices.

Until the markets return to some kind of normal stability, we recommend that all bullion trading you are contemplating be confirmed by noon Eastern on Fridays to avoid the risk of working with wider buy/sell spreads until the following Monday.