

Liberty's Outlook

Volume 20 Issue 10 Liberty Coin Service's Monthly Review of Precious Metals and Numismatics October 8, 2014

Why You Should Own Some Bullion-Priced Gold And Silver

At the end of April 2011, the spot price of silver reached almost \$50 per ounce. In early September 2011, the gold spot price surpassed \$1,900. Since then, both have come down by a large percentage.

Using inflation adjusted dollars, neither 2011 peak surpassed the January 1980 highs of about \$50 for silver and \$850 for gold.

Through the first six months of 2014, precious metals prices were regaining some luster. All four of them were up at least 8% since the beginning of the year.

In the months since, especially in September, prices again fell. As of yesterday, both platinum and silver were below their levels at the start of the year. Only palladium was noticeably higher year-to-date.

At the same time, the US dollar has seemed to be the strongest asset thus far this year.

Many people who have studied what is really going on in the world now own bullion-priced physical gold and silver. Yet, over the past few months, even a significant percentage of such well-informed people have come to doubt the wisdom of continuing to own, much less add to, any physical precious metals.

We'll come back to a discussion of what is going on in the global economy. However, rather than dish out explanations that might now seem like just more of the same old story, I

2014 Year To Date Results

As of October 7, 2014

Precious Metals

Palladium	+10.3%
Gold	+0.7%
Platinum	-7.7%
Silver	-11.3%

Numismatics

US MS-63 \$20 Liberty	+1.8%
US MS-63 \$20 St Gaudens	-2.7%
US MS-65 Morgan Dollar, Pre-1921	-11.5%

US Dollar vs Foreign Currencies

Euro	+8.5%
Switzerland Franc	+7.2%
South Africa Rand	+6.6%
Canada Dollar	+5.2%
New Zealand Dollar	+4.9%
Mexico Peso	+3.4%
Great Britain Pound	+2.7%
Japan Yen	+2.6%
Brazil Real	+1.5%
China Yuan	+1.4%
South Korea Won	+1.2%
Australia Dollar	+1.1%
Singapore Dollar	+1.0%
Hong Kong Dollar	+0.0%
India Rupee	-0.9%
U.S. Dollar Index	85.67 +6.9%

US And World Stock Market Indices

Shanghai Composite	-11.7%
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Sao Paulo Bovespa	+11.5%
NASDAQ	+5.0%
S&P 500	+4.7%
Dow Jones Industrial Average	+0.9%
Australia S&P/ASX 200	-1.3%
Nikkei 225	-3.1%
Dow Jones World (excluding US)	-3.4%
London FT 100	-3.8%
Frankfurt Xetra DAX	-4.9%
Russell 2000	-7.5%

10 Year US Treasury Note interest rate	2.352%	-22.38%
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Wholesale Food Commodities

Butter, AA Chicago	+87.0%
Hogs, Sioux Falls	+30.4%
Beef, Choice	+21.5%
Broilers, Dressed A	+8.2%
Cheddar Cheese, Bulk Chicago	+8.0%
Flour, Hard Winter KC	+0.0%
Oats, #2 Milling Minneapolis	-4.6%
Eggs, Large White Chicago	-8.6%
Corn, #2 Yellow	-26.5%
Soybeans, #1 Yellow	-30.1%

Intrinsic Metal Value Of U.S. Coins

Lincoln cent, 1959-1982	2.02¢
Lincoln cent, 1982-date	0.60¢
Jefferson nickel, non-silver	4.61¢
Roosevelt dime, 1965-date	2.09¢
Washington quarter, 1965-date	5.23¢
Kennedy half dollar, 1971-date	10.45¢

think it is an excellent opportunity to review why you should own some bullion-priced physical gold and silver.

Should You Own Gold And Silver For Wealth Preservation Or For Profit?

There seems to be some confusion among buyers of bullion-priced precious metals as to their motivation for making such purchases. Are they buying gold and silver to preserve their wealth indefinitely through diversification (which I refer to as owning precious metals for insurance pur-

poses)? Or are they thinking in terms of seeking a "profit" meaning that they are planning to sell at some point—however they define it?

I believe that many people think of the "insurance" aspect of owning physical precious metals as protection against possible future calamities with paper assets such as stocks, bonds, and currencies. It no longer surprises me when our customers tell us that they plan never to sell the gold and silver they are purchasing, but intend to leave it to their heirs.

Value Of US Dollar As Measured Against Gold

Value of \$1.00 at creation of Federal Reserve in 1913	0.0484 tr oz
Value of \$1.00 today	0.0008 tr oz
Change in value of US Dollar against gold since 1913	-98.3%

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However, there are also a number of customers who ask for guidance on how they will know when it is the best time to sell their holdings.

In my mind, it is prudent to have an insurance position of physical precious metals in your direct custody or stored in an account under your name (as opposed to the name of the company that sold it to you or an outside trustee of some kind).

Just as I would suggest that people pay for home or renter's insurance, vehicle insurance, life insurance, at least catastrophic health care coverage, and possibly even umbrella insurance, I suggest that people put a bare minimum of 5% of their net worth or what they consider their investment portfolio into physical gold and silver. Actually, with the current state of the world's problems, I suggest looking at owning a minimum of 10% for wealth preservation purposes.

For this reason, any time would be the right time to purchase precious metals, without trying to "time" a purchase to get best value.

At the same time, also plan to hold onto the insurance portion of your gold and silver until you die. Yes, emergencies do come up and sometimes people have to liquidate what they intended to hold forever. But, try to hold onto your "wealth preservation insurance" indefinitely, just as you would continue paying premiums for any other insurance policies.

For the insurance holdings of physical precious metals, it doesn't really matter what happens to the price.

If you think about it, few people consider that they made a bad investment when paying their insurance premiums simply because their house never burned down, they didn't total their car in a crash, they didn't die, and so forth. If the US and world economy does well and all of your other investments prosper, taking a loss on your gold and silver holdings is a small burden to bear for having the peace of mind just in case

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

the future had turned out otherwise.

On the other hand, when the 1997 Far East Currency Crisis hit, citizens of Indonesia who had all of their wealth tied up in paper assets were destitute. The Indonesians who happened to own gold or silver saw their standard or living largely untouched.

This is why you own an insurance position of physical gold and silver—you hope that you really never have to think about it for the rest of your life!

Now, there is a practical side to diversifying your investments with owning some gold or silver. Various analysts have performed 5-year, 10-year, and longer term analyses of investment portfolios. What they consistently found is that portfolios that included some gold or silver investments tended to perform about the same as the same portfolios except they did not include gold or silver. However, the major difference is that the portfolios that included gold and silver achieved these similar results with much less volatility along the way. In other words, owners of portfolios holding precious metals were able to sleep better at night because they were relieved of having to worry so much about their investments.

Now, let's look at the other motive in wanting to own bullion-priced gold and silver.

Once you have your insurance position of precious metals, you may consider purchasing additional amounts on a profit-seeking basis. This is something to pursue only if you judge that future price changes for gold and silver are likely to outperform other assets you might acquire.

In making such purchases, you need to evaluate the current markets and make judgments on what you expect in the future—on whatever time frame suits your situation. You need to consider the level of risk you are willing to accept, as a higher percentage of your total net worth or investment portfolio devoted to owning gold and silver could defeat the benefits of asset diversification. For most people, I consider a maximum of 25% of your total devoted to precious metals as being prudent. For a few people, who understand the risks, they might go as commit as much as 1/3 or their net worth or investment portfolio to owning gold and silver. To go beyond that level, you seriously need to think about whether you could manage, in case the prices of gold and silver go against your expectations.

Now, if you are going to own gold and silver with the idea of later selling it for a profit, you should have some idea in your own mind how you will know when it is time to sell.

When people ask me what kind of price target I have as to when it would be a good time

Patrick A. Heller's Upcoming Speeches and Appearances

October 12, East Lansing, Michigan, People's Church Adult Forum, "Collecting Coins For Fun And Profit", at People's Church Rosemary Room, 200 W. Grand River Ave. at 9:30 AM. No admission charge.

October 23, Spokane, Washington, 2014 Silver Summit, showing of the movie *Alongside Night* at the AMC River Park Square 20 & IMAX Theater, 8:30 PM. The first 100 attendees at Silver Summit 2014 to ask will receive a complimentary ticket courtesy of Silver Summit and Liberty Coin Service. Other tickets may be purchased in advance, beginning about September 19 at <http://www.tugg.com/titles/alongside-night>. No tickets sold at the theater.

October 24, Spokane, Washington, 2014 Silver Summit, "Why You Should Own Some Bullion-Priced Physical Silver" Registration for the entire conference is either \$40 or one ounce of silver at the door. Contact: <https://cambridgehouse.com/event/32/the-silver-summit-2014>.

For more information on any event or to arrange for a presentation by Patrick A. Heller, call 800-933-4720 or email path@libertycoinservice.com.

to sell their physical gold or silver, I explain that I don't know the numbers. Instead, the answer will be revealed by the behavior of people.

For example, if you get a shoe shine, haircut, or served at a beauty salon and the person serving you says they heard it's a good time to buy gold or silver, and then you hear the same advice from a taxi driver—SELL NOW!

This kind of mass public thinking occurred when gold and silver reached their top in January 1980, and was a perfect signal of the right time to sell.

When almost everyone who could be in the market to acquire precious metals has already done so, there will be little future potential gains after that. However, if this time to sell comes around, I would still recommend holding onto 5-10% of your total net worth or investment portfolio in the form of physical gold or silver.

Obviously, each person considering the ownership of physical precious metals should at some point, perhaps before making the first purchase, decide why they are acquiring them.

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You Will Never Buy At The Very Bottom Or Sell At The Very Top

With an investment, the general idea is to buy lower than the price at which you will sell it. Over the decades, I have witnessed customers wanting to either buy or sell, but worried that prices might be a bit better for them if they wait another day, week, or month.

Guess what—such concerns often end up being excuses to do nothing and missing out on a great buying or selling opportunity altogether.

After the peak in January 1980, the price of silver fell about 85% within 30 months. It was mostly under \$10.00 through the 1980s and 1990s.

One day in June 1982, as I recall, silver sank to near \$7.50, which was its lowest price for a long time. Within 48 hours, the spot price jumped up over \$11.00, then settled below \$10.00.

On the day in June when the market hit the very bottom of that cycle, I served a number of customers that bought silver. Almost all of them commented that they thought it was a good time to be buying. Not one of them talked about trying to buy right at the very bottom of the market cycle. They simply lucked out.

When silver neared \$50 at the end of April 2011 and gold surpassed \$1,900 in early September that year, we had more investment customers buying than selling to us.

Should those buyers have known that prices were at temporary peaks then? Not necessarily.

Even though both metals had experienced strong rallies, an analysis of world financial and political crises pointed to the potential for gold and silver to at least double from those peaks. At the time, even I considered that the prospects of higher prices were greater than that prices might decline as they actually have done in the years since.

Back in the late 1990s, I called silver, when its spot price was in the \$3.50 to \$6.00 range, to be the closest to a “sure thing” that I ever expected to see in the investment world. That forecast proved accurate. Now that the price has risen 200-400% from those levels, it is not

a “sure thing” any more than we will see another price jump of that magnitude in the short to intermediate term.

“Experts” Can Be Wrong, So Double-Check

I’d like to think I have done a decent job over the years at understanding the precious metals and numismatic markets, and also in sharing what I think I have learned and understood. I know that LCS has thousands of customers who are in a nice paper profit position or have cashed out some nice gains.

Still, I have had my share of misjudgments and poor forecasts. Some have been totally off the mark, which others came to pass, but further in the future than I expected.

The same can be true about even the best market analysts and forecasters. No one is perfect. Even if the data someone is reviewing points in one direction, they may completely miss other data that would contradict that indication. More than one investment professional has told me that anyone in the market who is right at least 55% of the time will end up doing very well.

Beyond simply not being perfect, there are also people who seem to have the trappings of knowing what they are talking about, but the either do not or they are trying to steer readers toward something that will financially benefit the “expert” at the expense of those who listened to him or her.

Over this past weekend I read an article that appeared to explain the nuts and bolts of putting retirement assets into a precious metals IRA and touting the advantages of doing so.

Since I am using this article as an example of the need to cross check information from one source, I am not going to embarrass the author or the glossy publication in which the article appeared by naming them.

Much of what was in the article was relatively accurate. However—there were some significant factual errors that could lead readers into tax traps. The article also neglected to list a number of reasons why precious metals IRAs are not suitable for most people.

Here’s some examples:

“However, after reaching age 59-1/2, account holders may take physical possession of the precious metals in their IRA at any time, tax and penalty-free.” This statement is absolutely incorrect. An advantage of having and IRA is that those contributing to one can get a tax deduction for that. The income taxes are deferred until they funds or assets are distributed to the account owner. Distributions before the owner reaches the age of 59-1/2 are subject to a 10% excise tax on top of the income taxes that are otherwise due.

However, if an account holder takes physical

possession of the precious metals in their IRA, they are subject to paying federal income taxes on 100% of the gross proceeds.

The article also lists what it claims is a comprehensive list, as specified by the IRS, of what a precious metals IRA may hold. The list is incomplete and, as far as I know, there is no such official IRS list. Instead, the IRS specifically identifies some coins and then provides guidelines that other items must meet to be eligible for inclusion in the IRA.

Again, the article lists what they claim is the IRS-approved list of six depositories that can store any of the four precious metals that may be owned in an IRA, but I know of at least one more depository that does so that was not listed.

The article also provides information on the annual costs for trustees and custodians of a precious metals IRA account that are less than what is actually being charged.

Also, the article explains some of the differences between segregated and unallocated storage at depositories, but never mentions that unallocated assets are considered to be owned by the storage company. That makes such assets subject to third-party claims against the storage company.

Among the omissions are that the purpose of an IRA is to postpone paying income taxes. Precious metals already defer income taxes until the time they are sold, so there really no reason to put them in an IRA to achieve a tax deferral. Instead, IRAs are more appropriate for assets that generate regular income such as dividends or interest.

Another omission is that IRAs limit what kinds of precious metals may be placed in the account, which does not allow other coins that may be more suitable for the owner’s purposes.

Additionally, establishing a precious metals IRA means that the information about these holdings is reported annually to the IRS, negating the value of owning these precious metals privately.

There are other negatives involving precious metals IRAs, but I think you get the idea.

While I would like to think that there are many helpful market observers, including me, don’t take anyone’s word as gospel. Cross-check. Double-check. Triple-check what people say, even what I say and write. It is for your own benefit.

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What Happened Over The Past Six Weeks?

The spot price of silver last Friday settled on the COMEX at \$16.78. That was its lowest close since it closed at \$16.45 on March 1, 2010.

On the same day, gold briefly dipped below \$1,180 during the trading day, which was the 2013 low intra-day level last year.

Why are gold and silver prices falling?

In my judgment, gold and silver prices are being deliberately suppressed by the US government, its trading partners, and its central bank allies.

Why, you ask?

I think this is being done because of some looming horrible financial calamities that will have a devastating impact on the US economy, government, and dollar and also across the globe. The politicians don't want "victims" to escape by buying gold and silver.

Here are just some of the recent desperate steps underway to buy a bit more time before the economy built on debt collapses:

1. The announcement by the CME Group in late August, which owns the COMEX, NYMEX, and GLOBEX in New York and the Chicago Board of Trade and the Chicago Mercantile Exchange in Chicago (among others) that it would prohibit multiple forms of market manipulations in the commodity and financial exchanges owned by the company. The prohibitions went into effect September 15. In announcing that such market manipulation would be prohibited in the future, the CME Group is effectively admitting, contrary to all its past statements, that manipulation of its markets have occurred in the past.

2. Almost at the same time, the CME Group announced tighter restrictions on leveraged accounts effective on October 1. In the past, investors had 1-3 days to cover margin calls. Now they only have one day, with some brokers requiring cash payments the same day!

3. In early September, the Federal Reserve, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency announced a change that will kick in

on January 1, 2015. US banks that have \$250 billion or more of assets (which cover about 75% of all US bank deposits) will no longer be allowed to count municipal bonds as part of their High Quality Liquid Assets that might be needed to help a bank survive a run on its assets in the event of a credit crisis. Instead, it is likely that the bank will replace their municipal bond holdings with more US Treasury debt. In effect, the US government will soon be directly competing with state, county, and local governments and government school districts to gain access to the same funding. This will force the lower level governments to pay higher interest rates, pushing more of them into bankruptcy.

4. The quantity of open contracts in the COMEX silver market is near an all time high. Currently, there are over 171,000 open contracts. At 5,000 ounces of silver per contract, that represents over 850 million ounces of silver. Remember, each contract has a short-seller who owes the metal and the owner of the long position to whom the silver is owed. The level of open positions is about the same as when silver was near \$50 per ounce at the end of April 2011. How desperate are all of these short sellers in hoping to hold down prices lower than they are now?

5. The US Dollar Index is at a multi-year high. However, the largest component of the Index is the Euro, which has fallen more against the dollar than the Index has increased. The Swiss Frank has also decline more than the Index has increased. Other smaller components such as the Canada Dollar, British Pound, Japanese Yen, and Swedish Krona are nowhere near that bad as the overall Index.

In fact, if you look at many other nations that are not included in the US dollar index, you will probably conclude—accurately—that the dollar is not as strong as the Index indicates.

What is happening is not that the US dollar is necessarily strong (it isn't), but that the Japanese government and the European Central Bank have committed themselves to massive inflation of the money supply to reduce their respective currency values. In the meantime, because the dollar has grown stronger this year, that is making US exports too expensive for other nations. If the US Dollar Index stays at its current lofty level, that will hurt the US economy in the coming months.

6. Over the summer, it was disclosed that the world's central banks own more than 50% of global publicly traded stocks. That gives them a huge incentive to manipulate stock prices upward, regardless of whether the market would support such values. Further, such assets are more volatile in price than the more

stable gold and currencies that central banks used to exclusively hold.

7. In September, former Commodity Futures Trading Commission Chair Gary Gensler was asked off the record about the rigging of financial markets. Gensler's answer was to the effect that if it was possible for any market to be manipulated, then investors have to assume that market is being manipulated.

8. The Governmental Accounting Standards Board completed in late August the public comment period on three exposure drafts to require all levels of governments in the US to be more financially transparent about the extent of their unfunded pension and retiree health care benefits. If governments are required to put these on their financial statements, possibly as early as fiscal 2016, the combined hit could exceed \$200 trillion! This is greater than the value of all the world's assets other than currency! The government of the city of Chicago, for example, is considering a 100% repudiation of all future retiree healthcare benefits.

9. There has been an almost perfectly consistent pattern for several years for gold and silver prices to be suppressed heading into the Federal Open Market Committee meetings. Then, after the announcement at the end of the meeting, gold and silver prices surge. That price recovery did not happen at the end of the meeting on September 17. The price of gold closed on the COMEX down 75 cents over the previous close, while silver was only up one cent.

Since then, prices of both metals have been pushed down further. This change in the pattern could be one more major sign of the extent of desperation that the US government is facing at trying to prevent a crash in paper asset markets.

10. Just in the past week, a new regulation has been handed down that takes effect on January 1, 2015. It will prohibit the large banks that hold hundreds of trillions of dollars of derivatives from collecting on those contracts in the event of a financial crisis. Why should such a step even be necessary unless there was a significant prospect of a major financial calamity. Obviously, if these banks cannot call in the contracts that are supposed to protect them from financial ruin, the US government must have some plan to bail them out. But—where will that money come from?

Even though this is a long list, it still leaves out many brewing crises.

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However, there are two stories going around that I consider to be nonsense.

First, major bank analysts are still calling for the prices of gold and silver to fall from current levels, to perhaps as low as \$600 and \$15, respectively. While it is possible that the price of gold may not have reached the bottom of its current cycle (though maybe it has), pretty much every privately owned gold mine would cease production by the time the spot price would get down to \$1,000. If a price of even \$1,000 would eliminate at least 75% of the world's new supplies of physical gold, that would push the supply/demand curve toward rapidly increasing prices.

As for silver, it has already fallen by a much greater percentage from its 2011 peak than has gold. There have already been some production halts at primary silver mines. However, remember that 70% of newly mined silver comes as co-products or by-products of mines that produce, gold, copper, zinc, lead, and other metals. The price of silver will not really impact whether or not such mines continue to operate.

For example, the world's second largest silver-producing mine is a copper mine in Poland. It is the price of copper, which has been relatively strong of late, that will determine if this mine will continue to produce 30 million ounces of silver each year.

So, supplies of silver would not be affected as much were the price to drop to \$15. However, demand would soar, especially in China and India. Of course, our customers have spent many more of their dollars buying silver in the past few weeks than they are for purchasing gold.

In sum, gold will just never get anywhere close to \$600. Silver might fall a bit from current levels, but I think around \$15 is the absolute bottom if it gets that low.

The other nonsense rumor is that the Federal Open Market Committee sometime this month will prohibit all transactions that use currency or coins for payment in the US. It is true that well over 90% of all financial transactions are done electroni-

cally already. I'm sure it will be even higher in the future.

However, there are practical obstacles to imposing an instant 100% ban on the use of currency and coins. Vending machine owners would need time to accommodate a changeover. Something would have to be established for people who don't have computers or cell phones. What would happen to all the customer service representatives at banks?

Especially important—I don't think the US government could handle the redemption of trillions of dollars of coin and currency that an instant changeover would entail. I'm sure it could manage the financial side by just entering more credit entries into the electronic system. However, I just don't see how the government would be able to handle hundreds of millions of people all trying to convert their currency and coins at the same time.

There are enough financial threats around, that one or more could give way at any time. Or, the politicians might be able to patch things to hold together for a while longer. I don't see any way that the US government can manage its current level of debt and unfunded liabilities other than by outright repudiation or by the collapse of the value of the dollar.

Either way, those who own and have in their possession bullion-priced physical gold and silver will preserve their wealth much better than those whose assets are all tied up in paper forms such as stocks, bonds, and currencies. And that is why you should own some bullion-priced physical gold and silver.

By the way, I'm not the only one who appreciates the value of holding physical precious metals. David Morgan, a well-known silver guru and Roger Wiegand, who advises on trading commodities, both focus most of their investment in silver to mining company stock or commodity or option contracts. However, they have each told me that of any funds an investor might direct toward silver, they recommend that the first 10% of the total be used to purchase physical metal that you have in your direct custody.

Silver and Silver Coins

Silver technically settled on the COMEX today at \$17.02, a massive decline of \$2.35 (12.1%) from late August. At the close silver is now down more than 12% since the start of the year.

Notice that I used the word "technically" in

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	35%	32%	24%
Silver	65%	58%	52%
Rare Coins	0%	10%	24%
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.

the previous paragraph. Although \$17.02 is the official closing number for the COMEX, it never got closer to that than \$17.10 on our reporting systems that update every few seconds. What that means, is that we were using higher silver prices to both buy and sell physical silver at the time that the paper COMEX market was technically showing \$17.02.

With lower gold and silver prices, customer demand for both gold and silver products rose significantly. However, the demand for silver accounted for a greater dollar volume in sales than did demand for gold.

I think the reason for the greater tilt toward demand for silver is obvious. As of today's close the gold/silver ratio exceeds 70:1. There are all sorts of forecasts of what may be the long term equilibrium gold/silver ratio, but none I have seen are anywhere close to this lopsided.

In my non-scientific view, I forecast a long term gold/silver ratio of 35-40:1. I don't recall any other analysts who are any higher than that.

If my ratio forecast proves accurate, that means that whatever positive results that gold may achieve from now into the future, silver could double that. If the price of gold doubles, for instance, then I think the spot price of silver might quadruple.

In late August, there were plenty of bullion-priced physical silver coins

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and bars around—at mostly reasonable premiums above their silver value.

That has changed with the increase in demand and the decrease in public liquidation. A month ago, we were selling US **90% Silver Coin** (8.5%) for 5.1% above the ask silver spot price. Today, you would be paying a premium of 8.5%, US 90% Silver Coins have not been struck for circulation since 1964, so the only way to acquire them is by finding someone who owns it who is willing to part with it near today's levels. There are now some delivery delays.

This premium on US 90% Silver coins is high enough that none are being melted down by refiners to fabricate into ingots or other products.

Premiums on **100, 10, and 1 Ounce Silver Ingots** (6.1-7.3%) are also up in the past month. But, since they are in current production they have not increased as much as for 90% Silver Coins.

I really like 90% Silver Coins. They are the most widely traded form of bullion-priced physical silver for investors. They are the most divisible, where a single dime contains about 1/14 of an ounce of silver. They are highly liquid as tens of millions of Americans remember when these coins were used in circulation. Much of the time, they were also among the lowest premium forms of physical silver that could be purchased.

Right now, the 1 Ounce Ingots have a 20 cents per ounce price advantage over 90% Silver Coins. The 100 Ounce Ingots have a 40 cents per ounce advantage. If you are purchasing a quantity of silver today, I would recommend putting up to the first \$20,000 into mostly the 1 Ounce Ingots and a lesser amount of 90% Silver Dimes and Quarters. For larger amounts, I would put that into 100 Ounce Ingots.

I would not recommend the US **Silver Eagle Dollars** (15.8%) or Canada **Silver Maple Leafs** (12.9%) because you do not get as much silver for your money. From multiple past experiences where the spot price of silver has jumped up quickly, all premiums tend to decline. However, the premiums for the Silver Eagles and Silver Maple Leafs tend to drop by a greater amount than for lower-premium products.

A declining silver spot price hurt the prices of many numismatic silver coins. Perhaps the most dramatic falls were for

The Month

Gold Range	96.50	7.5%
Net Change	-78.50	
Silver Range	2.75	14.2%
Net Change	-2.35	
Gold/Silver Ratio	70.8	
Net change	+4.5	
Platinum Range	190.00	13.3%
Net Change	-167.00	
Platinum/Gold Ratio	1.05	

Date	Gold	Silver	Platinum
Aug 26	1,283.75	19.37	1,429.00
Aug 27	1,282.00	19.40	1,426.00
Aug 28	1,288.75	19.53	1,425.00
Aug 29	1,286.00	19.49	1,420.00

Sep 01	closed		
Sep 02	1,263.75	19.07	1,409.00
Sep 03	1,269.00	19.11	1,412.00
Sep 04	1,265.00	19.06	1,408.00
Sep 05	1,265.75	19.08	1,411.00

Sep 08	1,252.75	18.89	1,397.00
Sep 09	1,246.75	18.84	1,385.00
Sep 10	1,243.50	18.85	1,381.00
Sep 11	1,237.50	18.53	1,370.00
Sep 12	1,228.00	18.53	1,371.00

Sep 15	1,234.00	18.53	1,364.00
Sep 16	1,235.25	18.65	1,367.00
Sep 17	1,234.50	18.66	1,362.00
Sep 18	1,225.75	18.45	1,349.00
Sep 19	1,215.25	17.78	1,337.00

Sep 22	1,216.75	17.70	1,330.00
Sep 23	1,221.00	17.71	1,332.00
Sep 24	1,218.50	17.64	1,319.00
Sep 25	1,221.25	17.38	1,314.00
Sep 26	1,214.00	17.48	1,302.00

Sep 29	1,217.50	17.51	1,307.00
Sep 30	1,209.50	16.98	1,295.00
Oct 01	1,214.50	17.21	1,289.00
Oct 02	1,214.25	17.00	1,270.00
Oct 03	1,192.25	16.78	1,248.00

Oct 06	1,206.00	17.16	1,239.00
Oct 07	1,210.75	17.16	1,259.00
Oct 08	1,205.25	17.02	1,262.00

London Silver Market Premium To New York Silver Market = 2¢

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

Gem Mint State-65 Morgan and Peace Dollars, both down 10% or more from last month. Although prices for Mint State-63 and 64 Morgan and Peace Dollars and for Mint State Rolls of these coins declined over the past six weeks, they fell by much less than the silver spot price.

This month we have two opportunities in numismatic silver coins. First, there has been growing demand all year for **Affordable Very Choice Mint State-64 Morgan Dollars**. When we can find them, which is getting progressively more difficult, it is not unusual for dealers to quote us prices higher than retail catalog listings. We offer moderate quantities of four different dates, all priced under \$200. I don't expect them to last long.

For our second offering, we were fortunate to purchase some **1989 and 1990 China Silver Pandas** from a customer who bought them from us in those years. The coins were in such nice condition that we sent almost all of them to the Professional Coin Grading Service. Nearly all of them came back graded as Near Perfect Mint State-69. Had we acquired these two years ago, when the Chinese numismatic market was overheated, we would not have offered them to you at prices we considered too high to represent good value. They are much more attractively priced now. See our enclosed flyer for details.

Gold And Gold Coins

Gold closed today at \$1,205.25, down a sizeable \$78.50 (6.1%) from six weeks ago.

Lower prices sparked more demand in the past few weeks, so a few premiums are up. However my three low premium favorites: the US **American Arts Medallions** (2.2%), Austria **100 Coronas** (2.0%), and the Mexico **50 Pesos** (2.2%) are still at their former attractive premium levels. Even the British **Sovereign** (7.1%), a low premium favorite among smaller size gold coins, still has the same premium.

With such a large drop in the gold price, it is not surprising that **Common-Date Pre-1934 US Gold Coins** almost all fell in price as well (though the MS-63 \$5 Liberty in MS-63 quality was a surprising exception). I think they are almost all at attractive levels right now, though I would still prefer **Better-Date US Gold Coins** if and when they can be found in nice condition and at reasonable prices.

For the first time ever, we offer a modest group of **Late 5th Century Kashmir Base Gold Staters**. They come from a part of the world where numismatic demand is growing. We offer them at our usual money-saving price..

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Liberty Coin Service Computer Quotes 2PM EDT 10.8.14 Spot Prices

Item	Qty	Fine Wt	Price	Cost/Oz	Premium
*U.S. 1 Oz Gold Eagle	10	1.0000	1,267.50	1267.50	5.0%
*U.S. 1/2 Oz Gold Eagle	10	0.5000	653.00	1306.00	8.2%
*U.S. 1/4 Oz Gold Eagle	10	0.2500	337.50	1350.00	11.8%
*U.S. 1/10 Oz Gold Eagle	10	0.1000	137.70	1377.00	14.1%
*U.S. 1 Oz Gold Buffalo	10	1.0000	1,268.75	1268.75	5.1%
*Australia 1 Oz Kangaroo	10	1.0000	1,268.75	1268.75	5.1%
*Austria 100 Corona	10	0.9802	1,207.00	1231.38	2.0%
*Austria 1 Oz Philharmonic	10	1.0000	1,270.00	1270.00	5.2%
*Canada 1 Oz Maple Leaf	10	1.0000	1,252.00	1252.00	3.7%
*China 1 Oz Panda	10	1.0000	1,291.75	1291.75	7.0%
*Mexico 50 Peso	10	1.2057	1,487.50	1233.72	2.2%
*S. Africa Krugerrand	10	1.0000	1,256.75	1256.75	4.1%
*U.S. Medallion	10	1.0000	1,233.75	1233.75	2.2%
*50 Gram Combibar	10	1.6077	2,125.25	1321.92	9.5%
*1 Oz Ingot	10	1.0000	1,242.25	1242.25	2.9%
*Austria 1 Ducat	10	0.1107	145.50	1314.36	8.9%
*Austria 4 Ducat	10	0.4428	592.25	1337.51	10.8%
*British Sovereign	10	0.2354	304.25	1292.48	7.1%
*British Sovereign, BU	10	0.2354	316.25	1343.46	11.3%
*France 20 Franc	10	0.1867	246.25	1318.96	9.3%
*Swiss 20 Franc	10	0.1867	246.25	1318.96	9.3%
\$20 Liberty BU	10	0.9675	1,375.00	1421.19	17.7%
\$20 St Gaudens BU	10	0.9675	1,385.00	1431.52	18.6%
\$20 Liberty Extremely Fine	10	0.9675	1,340.00	1385.01	14.7%
\$10 Liberty Extremely Fine	10	0.4838	670.00	1384.87	14.7%
\$5 Liberty Extremely Fine	10	0.2419	365.00	1508.89	25.0%
*U.S. 90% Silver Coin	1,000	715	13,250.00	18.53	8.5%
*U.S. 40% Silver Coin	1,000	295	5,335.00	18.08	5.9%
*U.S. Circulated Dollars	1,000	760	21,750.00	28.62	67.6%
*U.S. Silver Eagle-2014	1,000	1,000	19,780.00	19.78	15.8%
*Canada Silver Maple Leaf	1,000	1,000	19,280.00	19.28	12.9%
*100 Oz Silver Ingot	10	100	1,813.00	18.13	6.1%
*10 Oz Silver Ingot	100	10	182.80	18.28	7.0%
*1 Oz Silver Ingot	1,000	1	18.33	18.33	7.3%
*1 Oz Platinum Ingot	10	1.0000	1,327.00	1327.00	4.7%
*U.S. 1 Oz Platinum Eagle	10	1.0000	1,352.00	1352.00	6.7%
*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	837.00	837.00	5.2%

Gold: \$1,207.25
Silver: \$17.08
Platinum: \$1,267.00
Palladium: \$796.00

Notes from Liberty

by Allan Beegle
LCS Chief Numismatist

With lower gold and silver prices last month, customer buying activity soared. Our September sales volume was the highest for any month going back to October 2013, despite the lowest silver prices in four years! Demand for bullion-priced gold and silver products led the way.

We enjoyed mostly sellouts of our offerings featured last month, led by the 2014 Canada \$5.00 Bald Eagles.

To our surprise, there was virtually no interest in the special Standing Liberty Quarters that we offered. We held them aside for our retail customers for two weeks. Now almost all of them have sold to other dealers—at close to or the exact same prices as listed in our offering!

We were so busy serving customers in our store and over the phone in September that I skipped going to a coin show I would normally attend.

Even so, we still have several bargains to offer this month. First, we have some **Affordable Mint State-64 Morgan Dollar Rarities!** For all their rarity, each coin is available for under \$200. Some of these coins are now selling at prices higher than catalog value and supplies are tight. We've decided to offer them now with the quantities we have rather than risk further price increase while we try to find more specimens.

From a long-time customer, we repurchased a lovely group of 1989 and 1990 China Silver Pandas. They were so lovely, that we sent them to PCGS for grading. We received them two weeks ago and can now offer you **Near Perfect Mint State-69 China 1989 Silver Pandas (and a few from 1990)**. The Chinese numismatic market overheated and peaked about two years ago. Prices for many coins fell sharply. Today you can acquire these top quality coins for much lower prices. It seems like a good time to get into these.

Finally, LCS General Manager Pat

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Trading Desk Hours (Eastern): Mon-Fri 9:30AM-6PM, Sat 10AM-2PM

Coins, Rolls and Sets

U.S. 10 pc Gold Medallion Set, 1980-1984, BU		\$10,040
U.S. Morgan Dollar, 1921, Brilliant Uncirculated Roll/20		\$695
U.S. Morgan Dollar, Pre-1921, Brilliant Uncirculated Roll/20		\$920
U.S. Peace Dollar, Brilliant Uncirculated Roll/20		\$595

Numismatic Coins (PCGS/NGC/ICG Graded)

	MS-63	MS-64	MS-65
U.S. \$20.00 St Gaudens	1,470	1,540	1,995
U.S. \$20.00 Liberty	1,700	1,850	3,205
U.S. \$10.00 Liberty	1,020	1,245	2,915
U.S. \$5.00 Liberty	610	725	2,065
U.S. 4 pc Indian Gold Type Set	4,030	5,205	16,495
U.S. 4 pc Liberty Gold Type Set	3,835	4,445	9,320
U.S. 8 pc Gold Type Set	7,800	9,495	25,365
U.S. Morgan Dollar (Pre-1921)	63	80	162
U.S. Peace Dollar	52	64	147

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.

Heller purchased a modest group of **Late 5th Century Kashmir Base Gold Staters** from a West Coast dealer friend. Numismatic demand for coins from the Indian sub-continent is starting to grow as the size of India's middle class keeps rising. These coins come from the Kidarite kingdom, which only survived about 150 years. Lots of history at a price that won't break the budget.

In the past few years it has been difficult coming up with large groups of any historic issues. The same goes for this month's special deals. Quantities for all offerings are less than I would really desire.

So, as I do almost every months, I urge you to place your order quickly. Reach our **Trading Desk toll-free at 800-527-2375** to check on availability and to confirm your purchase.

We have acquired a number of interesting treasures over the past month. Here are some of the most enticing:

Hard-To-Find Shield Sovereigns:

Almost all the Gold Sovereigns you see have the famous artwork of St. George (the patron saint of England) slaying the dragon/devil. But, going back more than 140 years, many Sovereigns depict the shield of the United Kingdom (England, Scotland, Ireland, and Wales) instead.

On average, the number of pieces struck

and the quantity of surviving coins from these earlier years was much lower than Sovereigns from more recent years.

We not have in stock a total of 33 specimens from 17 different dates struck between 1843 and 1873 at the Royal Mint in London. The quality ranges from Very Fine to About Uncirculated. Some pieces have been cleaned or have other minor problems. Catalog values range from \$525 to \$1,300, depending on the date and condition. While they last, you can acquire one or more coins at prices starting at just \$349 (barely 14% higher than common-date later Sovereigns) to a maximum of \$625. Most are under \$400 each. Call for details on the dates, quality, and prices.

We have several customers who enjoy collecting different dates of Sovereigns. First-come, first-served.

Low Mintage 2007-W Burnished

MS-69 1/4 Platinum Eagles: The US Mint introduced the Platinum Eagle series in 1997, issuing 1, 1/2, 1/4, and 1/10 ounce sizes in both Mint State and Proof condition. After an initial surge of demand, public interest fell sharply. The US Mint suspended production of all fractional-size Platinum Eagles after 2008. The Mint also stopped striking Mint State 1 Ounce issues from 2009 through 2013.

We now have two specimens of the 2007-

Gold:	\$1,207.25
Silver:	\$17.08
Platinum:	\$1,267.00
Palladium:	\$796.00

W Burnished 1/4 Platinum Eagle. Both are graded Near Perfect Mint State-69, one by PCGS (also labeled a "First Strike") and one by NGC (also labeled as "Early Release"). Mintage is only 3,690 which is the third lowest of all 14 Mint State issues. These catalog in *Coin Values* for \$550. You can own either for just \$495.

MS-62 1908 With Motto \$20.00

Saint Gaudens Rarity: In 1908, the Philadelphia Mint struck 4,271,551 \$20.00 Saint Gaudens Gold Double Eagles without the motto "In God We Trust." The No Motto version was struck in 1907 and 1908 at the insistence of President Theodore Roosevelt, who did not want this motto appearing on coins that could be used for blasphemous purposes.

However, public clamor led to the alteration of the coin to add the motto in late 1908. The Philadelphia Mint then produced a modest total of 156,258 1908 With Motto Saints.

The With Motto coins are uncommon in higher grades. PCGS and NGC together have certified over 230,000 of the 1908 No Motto Saints in MS-62 or higher grades, but just 3,563 of the 1908 With Motto Saints.

We have two lovely PCGS-certified 1908 With Motto Saints in MS-62 quality available, recently repurchased from a long-time customer. In recent auctions these have all sold for more than \$1,700, so at our price of \$1,695 they won't last long.

1988 Isle Of Man Gold Proof Set

Honors Australia Bicentenary: To honor the 200th anniversary of the British settlement of Australia in 1789, The Isle of Man issued a 4-piece Gold Proof Set. Each coin contains 1/2 ounce of gold. Each commemorates an animal native to Australia—the kangaroo, koala, kookaburra, and platypus. Total mintage was 7,500 sets. We have a set still in the original government packaging.

We've never seen this set before. It appears to have been commissioned by another American coin dealer.

One of our national competitors is currently offering this set for over \$2,930. Ours is a better deal—just \$2,795. At such a low premium over gold value, we cannot accept a credit card payment for this. Instead, you must send a payment.