Liberty's Outlook

Our 40th Anniversary! 1971-2011

Volume 17 Issue 9 Liberty Coin Service's Monthly Review of Precious Metals and Numismatics September 7, 2011

Leaked State Department Documents Confirm US Government Gold Price Suppression!

US Government Knows That Chinese Government Knows About Manipulation!
Extreme Volatility Points To Higher Gold And Silver Prices Soon!
Swiss National Bank Debases Its Own Currency!

In the past five weeks, the prices of gold and silver have been extremely volatile. Price ranges for both metals have exceeded 14% during that time.

Through today, the price of gold is up 9% from August 3 while silver is down a fraction of 1%.

During such turbulent financial times gold is likely to outperform silver. The reason for that is that gold is almost exclusively a financial asset, where even the bulk of gold jewelry sold around the world is bought on the basis of its intrinsic metal value.

Silver, in contrast, has a significant industrial demand that is generally growing over time. If manufacturers see their sales slump, they will cut production and need fewer raw materials. That will tend to knock down prices of all commodities, including silver, platinum, and palladium.

Overall, I think the extreme volatility reflects a surge of safe haven demand for physical gold and silver which is being vigorously opposed by continuing efforts by the US government, its trading partners, and European allies to keep a lid on prices.

There are so many recent eruptions of bad news that would drive gold and silver prices higher that perhaps the easiest way to grasp the big picture is to discuss some of the highlights in reverse chronological order.

2011 Year To Date Results

Through September 6, 2011

Precious Metals		
Silver		+35.3%
Gold		+31.6%
Platinum		+4.5%
Palladium		-7.0%
Numismatics		
US MS-63 $20 St Gaudens		+26.0%
US MS-65 Morgan Dollar, Pre-1921		+16.1%
US MS-63 $20 Liberty		+12.5%
US Dollar vs Foreign Currencies		
South Africa Rand		+8.0%
India Rupee		+2.9%
Mexico Peso		+1.4%
Hong Kong Dollar		+0.3%
Brazil Real		-0.5%
Canada Dollar		-0.7%
Great Britain Pound		-2.2%
Australia Dollar		-2.5%
China Yuan		-3.1%
South Korea Won		-3.9%
Japan Yen		-4.4%
Euro		-4.5%
New Zealand Dollar		-5.4%
Singapore Dollar		-5.6%
Switzerland Franc		-7.7%
U.S. Dollar Index	75.99	-3.8%
US And World Stock Market Indices		
Dow Jones Industrial Avg		-3.8%
NASDAQ		-6.8%
S&P 599		-7.4%
Shanghai Composite		-12.0%
London FT 100		-12.6%
Russell 2000		-13.1%
Dow Jones World (excluding US)		-13.8%
Australia S&P/ASX 200		-14.1%
Nikkei 225		-16.0%
Sao Paulo Bovespa		-18.3%
Frankfurt Xetra DAX		-24.9%
10 Year US Treasury Note interest rate	1.979%	-40.0%
Intrinsic Metal Value Of U.S. Coins		
Lincoln cent 1959-1982		2.67¢
Lincoln cent 1982-date		0.58¢
Jefferson nickel non-silver		5.92¢
Roosevelt dime, 1965-date		2.69¢
Washington quarter, 1965-date		6.72¢
Kennedy half dollar, 1971-date		13.43¢

What Is Driving Prices Up And Down?

September 7, 2011 #1: US President Obama is scheduled to give a speech tomorrow night pretending to be a serious attempt to address the need to create jobs in America. Many of the details were revealed today.

In sum, the plan supposedly will take another $300 billion from taxpayers—but not until after the 2012 presidential elections—in order to fund temporary jobs over the next year for people that generally support Democrat candidates.

Part of the funds will come from one more round of inflation of the money supply (disguised by calling it quantitative easing). Little to none of the increase in government expenditures will be offset by decreasing other government outlays.

The planned programs are only slight variations of the previous failed bailouts of the past 32 months of this administration (which has continued the failed policies of previous administrations, only on a grander scale).

Since Obama took office on January 20, 2009, the value of the US dollar has fallen by 53% against gold and by 73% to silver!

The repetition of the same failed policies will quickly drive down the value of the US dollar even further in the coming months.

The announcement tomorrow night won't have anything to do with trying to create permanent jobs in the US. It will be strictly a political ploy by a US president in great danger of not being re-elected in 2012.

September 7, 2011 #2: Today, Germany's Federal Constitutional Court upheld the legality of that nation's past participation in Eurozone bailout programs.

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However, the court also said that the German parliament had the authority to decide how taxpayer money is spent and that no further emergency bailouts could be allowed without first gaining the support of the budget committee of the Bundestag's lower legislative chamber.

This restriction on future bailouts will slow the process and runs the risk that such bailouts would not be approved.

Many German citizens are incensed at being taxed to support the Euro with bailouts of spendthrift governments in Greece, Ireland, Italy, Spain, and Portugal. These bailouts are seen as endangering Germany's financial prosperity. There is so much dissension, even among her own party, that there is a possibility that Chancellor Angela Merkel may see her government fall.

Should Merkel be replaced, it is possible that Germany may elect to abandon the use of the Euro. If this happens, a number of major European banks would be at risk of collapse.

September 7, 2011 #3: To reinforce the German court's announcement, there was a single very large gold sale made with no restrictions on how low of a price at which it might be sold. Within a few minutes, the price of gold dropped about $35.

This is not the trade made by someone interested in receiving the highest possible price for the asset they are selling. When selling large gold lots, prices are maximized by spreading the sale among a number of brokers (each acting without the knowledge of the other brokers' involvement) around the globe over a period of days. For gold to be sold in the way it was today signifies that it was sold for the express purpose of driving down the price of gold instead of maximizing the return for the seller.

September 7, 2011 #4: In reaction to all of the dismal news, the 10-year Treasury debt interested rate soared by more than 10% today, from 1.979% at the close yesterday to 2.20% at today's close of trading.

Actually, both interest rates are ridiculously low when you consider the severe drop on the value of the US dollar in recent years. Yesterday's interest rate was close to the lowest rate since World War 2, virtually matching the low reached on August 18.

With the dollar falling so far in value, the interest rate should be soaring—if this debt were being traded in a free market. However, the Federal Reserve has bought 70% of long-term US debt since last November, so it can almost set any interest rate it chooses. The interest of the US government is that the rate be as low as possible in order to minimize interest costs on the federal debt.

That this interest rate soared by more than 10% today is a warning signal that other financial problems could be imploding soon.

September 7, 2011 #5: The British and Japanese governments both announced that they are considering introducing their own quantitative easing programs to drive down the relative values of their currencies.

September 6, 2011 #1: The Swiss National Bank stunned the world by announcing that it would peg the value of the Swiss franc to the Euro. The Swiss franc has risen from a value of 1.7 francs per Euro to near parity over the past few years.

Further, the Swiss National Bank stated that it stood ready to purchase "unlimited quantities" of other currencies (meaning the Euro) should it be necessary to force down the value of the Swiss franc to the peg ratio.

In effect, the Swiss are joining the currency wars in which governments around the world are trying to reduce the values of the own fiat paper money more than other nations.

As might be expected, the market reaction was quick and dramatic. The Swiss franc almost instantly dropped more than 7% against the US dollar and by more than 8% in relation to the Euro. The price of gold rose to an all-time high against the franc.

The Swiss weren't totally crippling a stronger currency to support a weaker one. They announced that if they had to purchase Euros, they would only do so in the form of German or French government bonds. They would not acquire shakier bonds from other nations.

This announcement will have a huge effect on reducing the desire to own Swiss francs as a "safe haven" asset. When you couple this announcement with the Swiss banks caving in to the US government to disclose within a few days the extent of secret US bank accounts they hold (projected to include perhaps $38 billion in assets), there really isn't any reason to want to hold Swiss francs or any kind of assets (like precious metals) in Switzerland.

In sum, the Swiss announcement reinforces the lesson that there is no fiat paper currency that can be considered a safe haven asset. As a result of this one event, look for demand for gold and silver to rise in the coming months.

September 6, 2011 #2: Literally a few minutes before the Swiss announcement, there was a coordinated global string of gold sales that knocked the price drown from a then record level of $1,920 to about $1,870.

Such events do not occur by accident. It is a clear case of central banks being notified in advance of this announcement and conspiring to counter the expected result of a surge in demand for gold. In years past, such price suppression was done by more subtle means. That this manipulation was so blatant is an indication that the US government is running out of ammunition for future price suppression efforts.

September 2, 2011 #1: the minor event of the day (which was misreported by the mainstream media as being THE story of the day) was the Bureau of Labor Statistics (BLS) release of the monthly jobs and unemployment report. The headline that was widely reported was that the number of employed and the unemployment rate was unchanged from July to August.

Even these misleading headlines represented horrible news. US stock markets dropped significantly while gold and silver prices rose.

The entire BLS report consists of more than 200 pages. If anyone in the mainstream media had cared to dig down in the data, they would have seen an even worse employment picture. In Table A, the BLS reported that there were 165,000 fewer jobholders in August than there were in July. In the Birth/Death Adjustment, another 87,000 jobs were double counted in August.

As I have told you before, even the BLS statisticians admit that the Birth/Death adjustment is erroneous to such an extent that once a year, for the January report released in early February, they make an annual correction to pretty much eliminate the prior 11 months of this adjustment.

But wait, there's even more. The BLS also revised the prior two months reports to correct an overstatement of 58,000 jobs (which statistic did receive limited coverage by the mainstream media). So, in total, there were really a decrease of more than 300,000 jobholders in August than were reported for July.

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September 2, 2011 #2: WikiLeaks released another mass of US State Department documents. Although it will take time to sift through the entire lot, already three documents have been identified having to do with the US government's efforts at gold price suppression.

All three were cables sent from the US Embassy in Beijing, China to the State Department in Washington.

The most significant one discussed several commentaries posted in the Chinese news media on April 28, 2009. This particular cable reads, in part:

"According to China's National Foreign Exchanges Administration, China's gold reserves have recently increased. Currently, the majority of its gold reserves have been located in the United States and European countries. The U.S. and Europe have always suppressed the rising price of gold. They intend to weaken gold's function as an international reserve currency. They don't want to see other countries turning to gold reserves instead of the U.S. dollar's roll as the international reserve currency. China's increased gold reserves will thus act as a model and lead other countries toward reserving more gold. Large gold reserves are also beneficial in promoting the internationalization of the renminbi."

You can read the original US embassy cable at http://www.gata.org/files/USEmbassyBeijingCable-04-28-2009.txt.

A later cable discusses how the US government sought to restrain China from converting its foreign exchange reserves into gold. Instead, the US government wanted to pretty much force China to purchase US Treasury debt. In response, the Chinese realized that increasing their gold reserves would increase their international clout. The link to that cable is http://www.gata.org/files/USEmbassyBeijingCable-02-08-2010.txt.

Finally, a December 4, 2008 cable warns that China's acquisition of gold would be a problem for the US and European governments in their consideration of restoring a partial gold reserve system. That problem would arise because the US and European governments, at that time, held the majority of central bank gold reserves, which would effectively give these governments greater control at resurrecting a partial gold standard. The link to this cable is http://www.gata.org/files/USEmbassyBeijingCable-12-04-2008.txt.

I suspect that there will be little coverage of these three disclosures by the mainstream media. However, you can be sure that other governments will be paying close attention to the revelations. The latest report shows that about 10 central banks reported increases in their gold reserves during the first half of 2011 (with Mexico leading the way), while only about two nations reported declines. Since then, Colombia has added gold reserves for the first time in more than a decade.

It is entirely possible that this development could end up having a greater impact than yesterday's Swiss announcement. In the coming months, look for other central banks to protect themselves by becoming even more aggressive at adding to their gold reserves, whether or not they officially report doing so. You will also see a higher demand from people who understand the implications that the US and European governments are talking about remonetizing gold and a means to support their paper currencies. Inevitably, that will tend to push gold prices even higher. At some point, a buying frenzy could develop. Don't get left behind.

I could go on with many more stories of what has happened in the past five weeks, but I think you get the idea. Most every development points toward rising demand for gold and silver along with soaring prices.

Global finances are now so shaky that I think there is greater than a 50% probability that gold will surpass $2,000 by the end of September and silver will surpass $50. When I have made such short-term forecasts in the past, my direction has almost always been on target, though it seems like most of the time it has taken slightly longer to reach the forecasted numbers.

It is still possible to acquire physical gold or silver at reasonable premiums for quick delivery. A couple weeks ago, demand for silver was so strong that delays of up to two weeks appeared for some silver bars. Don't wait for higher prices and the risk of higher premiums and long delivery delays. If you don't already have 10-20% of your net worth or investment portfolio in physical gold and silver, simply for insurance purposes to protect you against the potential further losses in the value of your paper assets, I urge you to make your acquisitions soon.

It's Time To Close Out Your Gold And Silver ETF Holdings And Convert To Physical Metals.

The concept of owning gold and silver by investing in an exchange traded fund (ETF) is appealing. Theoretically, it allows you to invest in the "physical" metals without having to be concerned about handling the goods yourself.

However, there are a number of drawbacks to ETFs. If you read the fine print in the various prospectuses, you will see a number of escape clauses where the operator of the ETF does not necessarily have to back your shares with physical metal, nor keep it in allocated or segregated accounts. If you want to ever take delivery, which would involve having to own a huge number of shares and being required to work through an authorized broker, the owner of the ETF has the option to pay you cash instead.

My biggest worry is that some or all of the gold and silver stored in ETF vaults may actually be subject to competing ownership claims. If the ETF, for instance, had conspired to borrow some of the metal to sell it short to help suppress prices, the owner of the long contract may have a claim on some of the ETF assets.

Yesterday, the largest gold ETF (symbol: GLD) fell to a 2% discount to the price of gold. While all ETF shares trade at a discount to spot price to reflect the ongoing storage and management costs, this sudden drop in relative value is a possible indication that this one ETF may have brewing problems with ownership of sufficient metal to redeem all outstanding shares.

If you own physical metal in your direct custody or stored in a segregated account titled in your own name, you don't have to worry about other claims against your ownership of the metals. I think it is now too risky to continue to own the standard gold and silver ETFs. To maintain your position in gold and silver I suggest selling your shares of the ETF and replacing them with the physical metals.

American Numismatic Association Show Report

The American Numismatic Associa-

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tion (ANA) held its annual Worlds Fair of Money show three weeks ago in the Chicago suburb of Rosemont. LCS Chief Numismatist Allan Beegle and I attended the show for part of three days.

This is one of the largest coin shows in the country. This year, activity was humming, with virtually every dealer pleased with their sales volume—even the ones who typically complain how poorly they are doing.

We drove to the show, which meant that we were able to bring along a greater amount of inventory than we could if we flew. To such shows we typically take inventory that we have acquired in excess of what we need to serve our customers, rare coins that do not meet our strict quality standards for offering to our retail customers, plus items that we judge to be overpriced and would not represent a good value to offer to our retail customers.

Our sales volume was spectacular. This was partly because we were able to bring more inventory, but also reflected the interest in dealers at the coins and paper money we offered at reasonable prices.

It is common at such shows to sell about 1/4 to 1/3 of the value of the inventory we take. This time, we sold more than 80% of the value of the currency we brought and well over 50% of the value of the coins.

Interest was widespread except for one area: circulated common-date Classic US Gold Coins. Even so-called wholesale market makers in such coins simply refused to look or purchase such coins at their "bid" prices.

The best explanations I received for this lack of interest is that there is a lot of material coming in from Europe, to take advantage of the strength (?!) of the US dollar versus the Euro and other currencies, though there was one wholesaler who told us that European supplies were drying up.

Areas of especially strong interest included Mint State specimens of $2.50, $5.00, and $10.00 Indians, Better-Date Morgan and Peace Dollars, and US paper money. We were able to sell an entire sizeable group of Better-Date Morgans that we judged to be not of nice enough quality for our retail customers at prices very close to those we charged our retail customers to purchase the nicer specimens!

As we were at the show, the volume of activity in our stores back home soared. After enjoying such strong sales at the start of the show, we came home two days early in order to help serve waiting customers.

I received two honors during the ANA show. First, I was re-elected to the board of directors and as treasurer of the Industry Council for Tangible Assets (ICTA), the national trade association for rare coin and precious metals dealers.

Second, the Numismatic Literary Guild honored by weekly radio program titled "Things You 'Know' That Just Aren't So, And Important Things You Need To Know" as the best radio (broadcast or online) program. These programs are archived at www.1320wils.com. On the homepage, click on my picture in the upper left corner. Then scroll down to the particular program you wish to hear.

Why I Am A Coin Dealer

Someone recently asked me why I was a coin dealer. After giving a quick answer, I later thought about it in more depth. It turns out that there is a more to my choosing to be a coin dealer than simply trying to earn a decent living at something I find interesting.

I have always been an idealist, thinking that I could help improve the world one person at a time. This attitude largely came to me by observing both of my parents doing exactly this. They went above and beyond their job descriptions to improve people's lives, with the result that many people they never knew benefitted from their efforts.

People dream of improving their financial well-being and security. As a coin dealer, I actively assist customers (and others) in making such dreams a reality. How? Offering customers nationally competitive buy and sell prices on a wide range of inventory is just the beginning. The real value comes from providing these following services:

- Doing constant research to understand what is really happening in financial circles, going beyond the often deceptive headlines, then truthfully educating customers on why they need to own precious metals to protect their financial well-being. That my weekly writings are now are regularly quoted, cited, linked, or otherwise distributed in hundreds of other venues is merely confirmation of the value I offer to those who read and listen to analyses and forecasts.
- Standing up for people trying to realize the highest prices for what they own. That means becoming a consumer advocate and doing such activities as writing a multitude of consumer protection articles, exposing unethical practices of a handful of coin dealers, and providing volunteer professional expert services for the state attorney general's fraud investigators.
- Becoming a trusted long-term advisor for the best interests of collectors, providing an honest opinion of the quality and value of items, no matter whether they were purchased from me or from someone else. This also means selling merchandise of solid quality where I would want to repurchase it someday.
- Providing a friendly and safe environment to visit.
- Maintaining the maximum customer confidentially allowed by law.
- Realizing that customers don't have any "stupid" questions. Instead, perceive that they are demonstrating wisdom by seeking information about something where they lack knowledge. Further, realize that I am being complimented that they chose me as the expert to help them out.
- Surrounding myself with a knowledgeable and experienced professional staff that can handle almost any question a customer may have.
- Achieving a statewide sales tax exemption on the retail sales of rare coins and precious metals that created hundreds of jobs in my state and even resulted in a profit to the state treasury tax collections. This exemption also benefited hundreds of thousands of Michigan consumers with more competition and lower costs.
- Aggressively cooperating with police departments and county sheriffs to prosecute the occasional crook that sells me stolen merchandise. This attitude helped to reduce crime in my area.
- Avoiding cold calls to customers.
- Offering education to the visitors viewing the "treasures" on exhibit in my store. There is so much fascinating history involving

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coins, paper money, and exonumia.

- Sharing the fascination of numismatics with schools, fraternal organizations, senior citizens groups, and the like, making sure to pass around actual treasures that listeners can touch.
- Assisting fellow dealers and collectors for the mutual benefit on the hobby and industry. Supporting organizations and trade associations both financially and with a commitment of time.
- Last, but not least, helping student employees develop their entrepreneurial spirit. This has been one of the greatest satisfactions in my 30 years as a coin dealer.

Maybe you thought that all you had to do to be a successful coin dealer was figure out how to acquire merchandise at prices below what you could sell it. While that is certainly necessary, I think you will find that other coin dealers who engage in providing many of these extra values derive greater enjoyment from their career.

In a nutshell, it is not the price that the customer pays to me but the value that they receive in return for their patronage.

What Is The Fed Doing With The Money Supply?

Using the M2 definition of the money supply, the Federal Reserve reported in mid-August that the weekly increase in the money supply rose by its greatest percentage in history except for two other weeks. The first was the week that included September 11, 2001. The second exception was the week when Lehman Brothers failed in 2008.

For the Federal Reserve to create so much liquidity must mean that "something" really bad and very big is on the brink of financial catastrophe.

I don't know why the Fed took this step. As you can see from the earlier discussion, there are a lot of possible reasons right there.

Among other subjects I didn't take the time to discuss more fully are some that might also account for this huge increase in the money supply.

For instance, when Standard & poor's downgraded the US government debt, that triggered default provisions or credit downgrades in a number of municipal bonds and corporate debt. Such problems are almost certain to be putting a strain on potentially trillions of dollars of derivatives contracts that theoretically protect against such an event.

Another possibility might be that the financial condition of many major European banks could be so dire that they are at risk of failure. At least one of the banks received a $500 million overnight loan from the European Central Bank to survive. Many of the largest banks in Europe have seen their share prices plummet 20-40% (or more) in the past month or so. There is still an outside chance that banks in the 17 nations using the Euro could be subject to a "bank holiday."

A further potential risk is if the US dollar index closes on a Friday below 73.70, that will be a signal to technical traders that the US dollar may quickly fall further in value. Although the Index has not closed below that level on a Friday yet, it recently closed lower than that threshold on earlier days of the week.

Yet another danger is that the current difference in the interest rate between BBB and BB-rated US bonds now exceeds 3%. That is a technical signal that the financial risk in the US economy has more than doubled since the beginning of July. This disparity in interest rates says there is a developing liquidity crisis similar to the worst that occurred in 2008.

I also need to mention the announcement by Venezuela that it was going to repatriate the 211 tons of its gold reserves held by banks in the US, England, and elsewhere. Further, that government said that it would move billions of dollars worth of its currency reserves out of western banks.

If there are any glitches or delays in Venezuela reclaiming its gold and currencies, that could ignite a frenzy by other central banks to also repatriate any gold and currency reserves stored outside of their borders.

The last risk that I will mention here is the growing number of investors that are anticipating much higher gold prices. As of mid-August (I haven't had time to update this information) there were more than 14,500 December 2011 COMEX call option contracts, representing demand for 1.45 million ounces of gold, at a contract price of $3,000 per ounce! There were also 189 December 2012 COMEX call option contracts at a strike price of $5,000 per ounce!

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.

If you have any doubts that you have "missed the boat" by not having purchased gold or silver when prices were lower, just look at the kinds of prices that professional investors are contemplating. In my mind, the easy money has already been made in gold and silver, but the largest appreciation is still in the future.

Gold And Gold Coins

Gold closed today at $1,814.25, up a very impressive $150.75 (9.1%) from last month.

Even though the price of gold is up more than $300 in the past ten weeks, I need to reiterate that we are nowhere near a peak. As I said in the last issue, there is a bedrock reason that I expect gold (and silver) prices to continue rising:

The global financial problems that resulted in the impressive rise in gold and silver prices over the past decade have not been resolved. Until, and unless, they are properly managed, the reasons for higher gold and silver prices will continue to apply in the future.

At the longest, It might take until 2012 for the gold price to reach $2,000, but I think it will likely reach that level by the end of this month. I'm not just saying that to sell metal to others. I have continued to acquire precious metals for my personal account.

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Once again, among physical gold issues, my recommended best values continue to be the US **American Arts Medallions** (3.5%), the Austria **100 Coronas** (3.5%), and the Mexico **50 Pesos** (3.6%). As I stated earlier, supplies still continue to be available for immediate or quick delivery.

Although rising gold prices also pushed up prices for **Common Date Classic US Gold Coins**, the premiums have declined on most circulated issues. However, for the second month in a row, higher grade Mint State specimens are up significantly. Both the 8-piece US Gold Type Sets in Mint State-63 and Mint State-64 quality are up more than 13% in the last five weeks, a greater appreciation than gold bullion!

I still think the MS-63 and higher coins up to the $10.00 Eagles have more appreciation in the near term. I don't recommend selling them yet.

However, I have another favorite to recommend. The popular $20.00 Saint Gaudens has seen premium levels fall in almost all grades, so that now lovely MS-65 specimens are surprisingly close to the prices of even circulated coins. Even more appealing is the **Gem Mint State-65 1914-S $20.00 Saint** Gaudens. For not much more than a common date MS-65 Saint, you can acquire a coin with more than 23 times the rarity of the 1924 issue.

Demand for European Gold Coins remains strong, especially in Europe. We have the good fortune this month to be able to offer some **Very Fine Napoleon I Gold 20** Francs for the first time in more than two years. Seer our enclosed flyer for details on both of these coins.

Silver and Silver Coins

Silver settled on the COMEX today at $41.57, a modest net decline of 18 cents (0.4%) from five weeks ago. Still, the price of silver is up much more than 20% since the end of June.

In August, retail demand for physical silver products was noticeably higher. However, enough coins and ingots were available that premiums were largely unchanged.

US **90% Silver Coin** (1.2%) was by far our most popular selling silver form in the past five weeks. It continues to be the form of physical silver I most recommend. It has several advantages—lower cost per ounce, they are coins struck by the US Mint, and they have the greatest liquidity and divisibility. Reminder—don't pay a premium to get half dollars. When you want to sell, you can just about guarantee that you will not be paid any extra.

Demand for some issues of **High Grade Common Date Morgan and Peace Dollars** appear to have treaded water in the past month. That stability may have helped resurrect interest in the **Better-Date Morgan and Peace Dollars.**

This month, for the first time in our history, we offer a 300-piece group of **Saudi Arabia Silver Riyals.** Although these coins are dated from 1935 through 1954, a sizeable percentage of the ones dated 1935 were actually struck as a World War 2 emergency measure at the Philadelphia Mint between 1944 and 1949. Review our enclosed offer for details.

A Retirement And A New Policy

Jon Chalfant has worked for just about every coin dealer in the Lansing area over the past 40 years. He has served customers at LCS for the past three years. Unfortunately, he is being forced to retire sooner than planned to attend to family matters. Tomorrow will be his last day. He will be missed.

LCS also has a new policy for trading bullion on Saturdays. In years past, several bullion wholesalers were open for trading on Saturdays, so we could easily balance our position on large transactions. Unfortunately, none of the top wholesalers are open on Saturdays any longer. So, we may find it necessary to postpone confirming a larger transaction with you until a weekday. By possibly limiting the size of Saturday bullion transactions, we will continue to be able to offer competitive buy/sell spreads. Please call if you have questions.

The Month

Gold Range	248.25	14.9%
Net Change	+150.75	
Silver Range	5.86	14.0%
Net Change	-.18	
Gold/Silver Ratio	43.6	
Net change	+3.8	
Platinum Range	187.00	10.5%
Net Change	+44.00	
Platinum/Gold Ratio	1.01	

Date	Gold	Silver	Platinum
Aug 03	1,663.50	41.75	1,785.00
Aug 04	1,656.25	39.42	1,729.00
Aug 05	1,648.75	38.20	1,719.00
Aug 08	1,710.25	39.37	1,723.00
Aug 09	1,740.00	37.88	1,756.00
Aug 10	1,781.25	39.33	1,772.00
Aug 11	1,748.75	38.66	1,792.00
Aug 12	1,740.25	39.10	1,797.00
Aug 15	1,755.50	39.30	1,797.00
Aug 16	1,782.50	39.82	1,818.00
Aug 17	1,791.25	40.36	1,838.00
Aug 18	1,824.25	40.65	1,841.00
Aug 19	1,848.75	42.33	1,870.00
Aug 22	1,897.00	43.74	1,906.00
Aug 23	1,858.25	42.28	1,880.00
Aug 24	1,751.25	39.69	1,803.00
Aug 25	1,759.75	40.74	1,822.00
Aug 26	1,794.00	40.95	1,828.00
Aug 29	1,788.50	40.54	1,825.00
Aug 30	1,826.75	41.40	1,853.00
Aug 31	1,828.50	41.70	1,856.00
Sep 01	1,826.00	41.48	1,853.00
Sep 02	1,873.75	43.02	1,885.00
Sep 05	closed		
Sep 06	1,870.00	41.82	1,858.00
Sep 07	1,814.25	41.57	1,829.00

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.

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