

Liberty's Outlook

Volume 21 Issue 8 Liberty Coin Service's Monthly Review of Precious Metals and Numismatics August 5, 2015

The US Dollar Will Not Collapse In October!

Gold And Silver Fall To Five Year Lows; Physical Demand Soars!

Today, gold's price settled in US markets at its lowest level since it ended the day at \$1,075.75 on February 10, 2010. On July 24, the spot price of silver closed at its lowest level since it settled at \$14.22 on August 27, 2009.

Through today's closes, gold has fallen \$86.25 (7.4%) and silver dropped \$0.95 (6.1%) since last month's newsletter.

Part of this increase can be attributed to the rise in the value of the US dollar in the past few weeks against other currencies. Even though the price of gold and silver are down since the beginning of this year, as measured in US dollars, there are a handful of nations where the price of gold in the local currencies has risen thus far this year. The price of silver in 2015 has risen in more than twenty foreign currencies, as you can see in the table to the right.

While there is far more to discuss about developments in precious metals, there is a subject I need to cover, which is now being brought up by customers on almost a daily basis.

The US Dollar Will Not Collapse In October!

Yesterday morning, I gave a presentation to a local Kiwanis group titled "Collecting Coins For Fun And Profit." There were about 20 people in the audience. Two attendees were

2015 Year To Date Results

Through August 4, 2015

Precious Metals

Silver	-7.5%
Gold	-18.6%
Platinum	-19.6%
Palladium	-26.5%

Numismatics

US MS-65 Morgan Dollar, Pre-1921	+7.1%
US MS-63 \$20 Liberty	+0.3%
US MS-63 \$20 St Gaudens	-1.1%

US Dollar vs Foreign Currencies

Brazil Real	+30.6%
Colombia Peso	+23.0%
Turkey Lira	+19.2%
New Zealand Dollar	+19.2%
Uruguay Peso	+18.7%
Canada Dollar	+13.5%
Chile Peso	+12.5%
Sweden Krona	+11.6%
Denmark Krone	+11.4%
Norway Krone	+11.3%
Euro	+11.2%
Australia Dollar	+10.7%
Malaysia Ringgit	+10.5%
Mexico Peso	+10.4%
South Africa Rand	+10.2%
Egypt Pound	+9.5%
Hungary Forint	+8.9%
Argentina Peso	+8.7%
Czech Republic Koruna	+8.7%
Indonesia Rupiah	+8.6%
Poland Zloty	+8.5%
South Korea Won	+6.9%
Peru New Sol	+6.9%
Thailand Baht	+6.7%

Singapore Dollar	+4.2%
Japan Yen	+3.9%
Kuwait Dinar	+3.5%
Philippines Peso	+2.3%
India Rupee	+1.2%
Pakistan Rupee	+1.0%
Taiwan Dollar	+0.2%
China Yuan	+0.1%
Great Britain Pound	+0.1%
Hong Kong Dollar	-0.1%
Saudi Arabia Riyal	-0.1%
Switzerland Franc	-1.6%
Israel Shekel	-2.4%

U.S. Dollar Index	97.92	+8.69%
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US And World Stock Market Indices

Shanghai Composite	+16.1%
Tokyo Nikkei 225	+17.6%
Frankfurt Xetra DAX	+16.8%
Sao Paulo Bovespa	+0.1%
NASDAQ	+7.8%
Russell 2000	+2.0%
Dow Jones World (ex-US)	+2.1%
London FT 100	+1.8%
Australia S&P/ASX 200	+5.3%
S&P 500	+1.7%
DJIA	-1.5%

10 Year US Treasury Note interest rate	2.211%	+1.75%
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Intrinsic Metal Value Of U.S. Coins

Lincoln cent, 1959-1982	1.57¢
Lincoln cent, 1982-date	0.50¢
Jefferson nickel, non-silver	3.31¢
Roosevelt dime, 1965-date	1.50¢
Washington quarter, 1965-date	3.75¢
Kennedy half dollar, 1971-date	7.51¢

convinced that the US dollar was going to collapse on October 20, about ten weeks from now.

Other people often tell me that the US government will outlaw the use of cash payments in October.

A lot of this concern seems to be coming from investment newsletter writers try to

sell more subscriptions. Selling subscriptions to financial investment newsletters is tough. First, the writer needs to be perceived as knowing what he or she is talking about. Second, they also need to scoop other sources on coming out with new information first. Third, they need to discuss subjects that are of direct concern

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	0.0009 tr oz
Change in value of US dollar against gold since 1913	-98.1%

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to potential readers.

Like I suspect just about all of you do, I get my share of mail urging me to subscribe to a wide variety of publications, all promising that they will guide me to the financial promised land if I first send them a payment. Some claim to have secret information (and there are a small percentage who legitimately have really good sources). A number proclaim that they accurately predicted a number of market turns in the past. Many of these claims stretch the truth a bit and almost all of them “forget” to mention their forecasts that were duds.

In truth, there is a lot of uncertainty in the world. There is no single financial expert who has a perfect crystal ball seeing into the future. How many of these know-it-all's forecasted in advance the March 11, 2011 9.0 magnitude earthquake and following tsunami that struck the east coast of Japan and the global economic impact it had?

Any guru who could be right even 60% of the time will, in the long run, be highly successful and attract followers. But, there are even more self-proclaimed experts who are trying to sell newsletters by taking a little bit of truth about coming financial developments and exaggerating how it will impact people's lives.

As I said, I am regularly asked about what people should do to protect themselves against the event that (in the most extreme descriptions) 1) the US government makes it illegal to spend cash, or 2) the US dollar collapses after the Chinese yuan is added as a component of the International Monetary Fund's Special Drawing Rights. The people asking me these questions all pinpoint the month of October as when these events will occur.

Neither of these extreme developments will happen in October. However, it is possible for newsletter promoters to incorporate enough elements

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of truth in creating these stories that some people are panicking at the thought that they might occur. Let me explain what is really going on so that you can take a balanced perspective on what will then be happening.

It is true that there will be two events in October which will impact people's finances. First, the Payment Networks' Liability Shift will occur. This involves the Visa, Mastercard, and Europay credit and debit cards. Worldwide, it will affect 1.24 billion payment cards, 15.4 million point of sale terminals, and 360,000 automated teller machines. What is involved is an attempt to eliminate much of about \$10 billion in annual fraudulent payment card transactions and to facilitate mobile payment technology.

The means to achieve this transition is with the abandonment of magnetic stripe payment cards and replacing them with cards embedded with a smart chip. The smart chip processes each transaction using a unique set of codes instead of the card number. That way, should someone hack into a computer that has stored payment card numbers, it would be impossible to use that information for subsequent transactions.

The rest of the world is about 75% switched over to smart chip-embedded payment cards. Some nations have already banned the usage of magnetic stripe payment cards. The United States, where the greatest number of payment cards, point of sale terminals, and ATMs exist, is the last to switch over. The costs in switching to the new technology could be as much as \$9 billion. That is a massive amount, but is actually less than annual payment card fraud losses.

As part of this conversion, every US merchant needs to obtain new payment card processing equipment and software. LCS purchased the needed hardware a few months ago, but we cannot use all of its features until new software is created and installed.

Payment card users also need to receive their chip-embedded cards to replace their current magnetic stripe cards by October.

There are two other aspects to the reduced use of cash which can make it appear that somehow the US's catching up to the rest of the world in payment card processing technology seem to be part of a plot to eliminate the use of cash entirely.

A reason given by some of these sensationals trying to sell newsletters is that the US government is anti-cash because it allows people financial privacy from the government, and the government wants to eliminate such privacy. It is true that governments are reducing financial privacy. The US has crippled the ability of its citizens to have accounts outside of the country by subjecting

Patrick A. Heller's Upcoming Speeches and Appearances

September 19, Grand Rapids, Michigan, “Consumer Protections When Buying and Selling Precious Metals,” part of the Michigan State Numismatic Society Educational Program, at the Neal E. Fonger Post #179 American Legion at 2327 Wilson Ave SW, Grand Rapids, MI 49534. Registration required at <http://www.michigancoinclub.org/westside%20seminar.html>. Cost \$20 to MSNS members, \$25 for non-members. Entire four programs run from 9AM to 4 PM, lunch and refreshments included in the fee.

November 23-24, San Francisco, California, Silver Summit at the Davenport Hotel, 10 S. Post Street. Subject and time to be determined.

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.

foreign banks and brokerages with expanding onerous regulations of the Foreign Account Tax Compliance Act (FATCA). Other nations, such as France and Italy, are lowering the size of cash transactions that must be reported to those governments.

In America, the Federal Bureau of Investigation and the Department of Justice as part of their “Communities Against Terrorism” program have prepared 25 flyers for businesses to be on the lookout for terrorists (see <https://publicintelligence.net/fbi-suspicious-activity-reporting-flyers/>). To comply with these guidelines, a few examples of people that merchants are supposed to keep an eye on are those who patronize a business more than once and wear different clothes each time, or who support Ron Paul—or who pay for goods and services with cash!

As technology evolves, the need for cash is declining. Today people use cell phones instead of pay phones. More parking meters and vending machines now accept payment cards instead of coins.

Even though the US and other governments are discouraging financial privacy through the use of cash payments and technology is displacing the need for currency and coins, there is no full-blown effort to totally elimi-

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nate financial privacy by prohibiting the use of cash payments in October.

On the other subject, earlier this year the Chinese government announced that it wanted the Chinese yuan to be added to the other four currencies (the US dollar, Japan yen, British pound, and the euro) that are components of the International Monetary Fund's Special Drawing Rights (SDR) when modifications could be considered at a meeting in Lima, Peru October 9-11.

This request reflects the rise in the use of the yuan in international transactions and the growth in the Chinese economy. China's economy is the second largest worldwide and the nation's reported gold reserves are the fifth highest of any central bank. The yuan is already the world's fifth most used currency for international transactions.

There are two requirements to be considered for inclusion in the SDR. First, at least 60% of the IMF's member nations must agree, which has already been achieved. Second, at least 85% of the IMF's voting power has to support this change. The US holds 16% of the IMF's voting power, which means it can veto this change. If the US government supported China's request, then China will have surpassed the support threshold for this requirement.

The US dollar currently makes up 41.9% of the value of the SDR, and is the largest component. It is obvious that adding the Chinese yuan to the SDR will reduce the dollar's share of the value of the SDR. If the yuan is added to the SDR, the US dollar will be perceived as somewhat less important in international commerce. The result of such a shift would be 1) that some US currency and government debt now held in foreign hands would be repatriated, forcing the government to pay a higher interest rate to place its debt with other parties, and 2) that the value of the US dollar against other major currencies could decline further.

Decades ago, the US dollar was used for payment in more than 90% of all international transactions. As the rest of the world has grown economically faster than America, that percentage has declined, now down

to about 60%. The trend is clear for the dollar to be used in a lesser percentage of international payments over time. This decline is being somewhat accelerated by China's aggressive campaign to promote the international use of the yuan. However, the yuan accounts for less than 3% of international payments.

Even if the use of the yuan in international payments were to double in the next three months, that would have a barely noticeable impact on the foreign demand for US dollars. The use of the dollar in worldwide commerce is so pervasive that it will take far longer for it to be significantly displaced. In other words, while the US dollar will continue to diminish in global importance over the coming decades, it will not crash or even fall sharply in value in October 2015.

The foregoing was written before it was announced yesterday that the IMF will not add the Chinese yuan as a component of the Special Drawing Rights at the October meeting.

Instead, the IMF announced that it will defer consideration of adding the yuan to the SDR until a November meeting.

In a perfect combination of "saying yes" while simultaneously "saying no," the IMF (which is effectively controlled by the US government) report stated "If the RMB (Chinese renminbi yuan) were determined to be a freely usable currency, it would play a more central role in the Fund's financial operations going forward, and it would qualify for inclusion in the SDR basket."

The IMF report further said that any decision to include the yuan in the SDR should not be made before September 2016 to avoid disrupting global financial markets on the first trading day of the calendar year. It was also stated that central banks and private asset managers would need six months of lead time to adjust to the forthcoming change.

Separately, German Finance Minister Wolfgang Schaueble said in late May that the G-7 Group of Nations agreed in principle that the yuan should eventually become a component of the SDR. He stated, "We were completely agreed that it is desirable, in principle, that the technical conditions must be examined, but there are no politically divergent views on this. We are in full agreement on the goal, but it would not be good to rush it."

So, there you have it. The US government, through the IMF and the G-7 Group of Nations is saying "yes, but not right away." But, even when the yuan becomes a component of the Special Drawing Rights, that will only involve a minor diminution of the US dollar's weight in the overall calculation. There would not be an instant and total ejection of the dollar from the SDR.

Why can I say that so confidently? Easy.

The US dollar is still used for payment in 60% of international transactions. Beyond that, more than 50% of worldwide central bank reserves are held in US dollars. This means that there is strong international interest in keeping the dollar a viable currency for the time being.

Conclusion: There are plenty of rational reasons to own physical precious metals as insurance against the risk of decline in the values of paper assets such as stocks, bonds, and currencies. Rushing out to buy some because of the prospect of it becoming illegal to hold cash or that the US dollar could fall sharply or fail in October are not on that list of reasons.

Why Greece Will Never Pay Off Its Government Debts

While there may be some who have hopes that Greece's debt problems may be resolved without a financial crisis, the long term prospects are virtually nil. A review of US monetary policy from 1944 to 1980 demonstrates just how difficult it will be to avoid an economic collapse, either in Greece, across the Eurozone, or possibly even globally.

Coming out of the 1944 Bretton Woods agreement and the end of World War Two, the US had the world's strongest economy and political clout. As such, a "gold-exchange" system was set up. Under this system, the US dollar would be kept at a hard peg against gold (\$35.00 per troy ounce). Other nations could then fix their currency against that of the US dollar. Should another nation receive excess US dollars, it could turn them back over to the US Treasury and receive gold in exchange. The potential risk of being forced to exchange gold reserves for US dollars was, theoretically, a sufficient discipline to pressure the US government to maintain a stable value of the dollar.

This system worked well for a number of years. By the early 1960s, however, the US government began to abuse its "exorbitant privilege" by incurring more and more debt in US dollars. US federal budget deficits soared with the costs of the war in Vietnam and the new War on Poverty. The US government borrowed so much, in fact, that it exceeded the

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US Paper Dollar Inflation, 1945-2015

From information in the July 27, 2015 issue of *Barron's*

Event	Year	Outstanding Paper Dollars per ounce of US Treasury Gold
Start Bretton Woods	1945	\$39.00
Start London Gold Pool	1961	\$64.97
Kennedy Assassination	1963	\$81.42
End London Gold Pool	1968	\$135.01
Close US Gold Exchange	1971	\$198.82
Barron's Article 7/27/15	2015	\$5,234.84

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amount that the world wanted to absorb.

The West German government, in particular, experienced upward pressure on its currency, the mark. To help the US government, it resisted turning in dollars to get gold. However, other countries such as France and the Netherlands challenged the Johnson administration to continue to honor its commitment to exchange gold for repatriated dollars. In theory, this demand for gold should have imposed monetary and fiscal discipline on the US government. In reality it did not.

Instead of curtailing the excess issues of US dollar debt, the Johnson administration imposed capital controls, taxed foreign travel by Americans, and subsidized exports as ways to absorb the excess dollars outside of US borders.

Then the London gold pool, established in 1961 by governments to suppress the price of gold, collapsed. This led in 1968 to the US government ending the gold backing of Federal Reserve Notes (the predominant form of outstanding US currency) and to using its political clout to pressure most other nations into not redeeming United States Notes and Silver Certificates for gold.

In the last year of Johnson's presidency, a 10% surtax on personal and business incomes was imposed. When the West German government revalued the mark, a temporary stability was achieved.

Still, the US government would not adopt prudent monetary policy. A mild recession in the US led the government to adopt a loose policy. As 1971 began, the world was again flooded with excess US dollars. By mid-1971, US policy makers faced a dilemma. They could 1) continue with a highly expansionary monetary

and fiscal policy, continue to lose gold reserves, and accelerate increases in consumer prices, or 2) cut back on monetary expansion and put the nation back into a recession in the months leading up to the 1972

elections.

American politicians did neither. Instead, on August 15, 1971, President Nixon "temporarily" closed the gold-exchange window (which has been closed continuously for the past 44 years!). They also floated the value of the US dollar and imposed wage and price controls on the populace. The impact of the inflation of the money supply did not lead to significant consumer price increases until after the 1972 elections (how convenient for the incumbents, heh). The Bretton Woods agreement collapsed and the US suffered a worse recession.

The US government did not learn to practice monetary and fiscal restraint. During President Carter's administration, foreign governments and central banks finally forced the US government to borrow money denominated in West German marks and Swiss francs (these were called "Carter Bonds"). This fiscal restraint resulted in lower federal budget deficits, lower increases in consumer prices, and rapid economic growth during the Reagan administration.

If a nation like the United States, with the greatest economic and political power after World War Two and a currency initially convertible into gold, was unable to practice monetary and fiscal self-restraint, why should this be expected of the Greek, Puerto Rican, or any other government? So, why should anyone expect a good result out of the current Greek financial crisis?

Why Governments Cannot Sustain Their Currencies

The life of an average paper currency is about forty years. Why is it that governments cannot sustain the value of their paper currencies over the long term?

In my opinion, which history seems to back up, the reason is that when governments spend money, it is not widely perceived ultimately being paid for by that nation's citizenry.

The concept of government money is a fiction. There are only three ways that govern-

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%	20-25%	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%	35%	25%
Silver	60%	55%	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.

ment can pay for what it spends—taxes on the nation's citizenry, borrowing the funds which will have to be paid off by future generations of taxpayers, and inflation of the money supply—which steals the wealth from private sector now and into the future.

No matter what form of government, politicians find it easier to pacify the populace by spending "government" money rather than practicing fiscal restraint. For this reason, paper currencies, with no backing other than the "full faith and credit of the issuing government" are doomed to eventually fail.

In contrast, physical gold and silver have never failed as money over the course of thousands of years. An ounce of pure gold from long ago is still worth an ounce of gold today.

Report From *Alongside Night* National Sales Celebration And Freedom Fest 2015 Coming Next Month

In July I attended two events in Las Vegas—the celebration of the start of national sales for the *Alongside Night* Blu-Ray 3-disc Combo Pack and the annual Freedom Fest. There is significant news to report from these events. However, there are so many developments in US and global finance and the precious metals markets, that you will have to wait until

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next month for a more in-depth report.

In the meantime, Liberty Coin Service has begun a new series of "Things You Need To Know Interviews." By going to www.youtube.com you can do a search for Liberty Coin Service and click to listen to seven interviews posted thus far that were recorded in Las Vegas. Enjoy listening to insights from guests such as Elizabeth Ames, Patrick Byrne, Adrian Day, Steve Forbes, Gary Johnson, Katie Kieffer, and Lawrence Reed

Back To Recent Global Financial Crises

The Greek and Puerto Rico government debt problems. A plummeting Shanghai Composite Index. Bankruptcies galore in the US coal mining industry. Canada officially in recession. Commodities suffering their worst month since October 2008. And much more.

Yet, despite all these problems, last week the Federal Open Market Committee (FOMC) declared that the US economy was making progress to making it possible to consider raising the federal funds interest rate at some point in the not to distant future.

Let's review some of the problems in a bit more detail so that you can decide if the members of the FOMC have any grounds for their assertion.

1. As I explained last month, I expected the Greek government would eventually come to some kind of agreement. Negotiations have been rocky, at best. The Greek government announced it was ready to accept a bailout under terms worse than it had previously rejected.

To make matters even worse, the IMF now says that it will not participate in the forthcoming bailout. German negotiators had extended the proposal to the Greek government on the condition that the IMF would again be part of the bailout package.

Greek banks reopened after three weeks, but people were limited as to how much funds they could withdraw. This week, the Greek stock market reopened with horrendous results.

As I said last month, the only real-

istic long-term solution is for the Greek government to quickly default on the debt it will never be able to repay. This would be extremely painful for Greek citizens in the short to intermediate term. It would be a disaster for European central banks and private European and US banks that hold the debt on their books at full face value or are liable on derivatives contracts in the event of default on the debt. Still, there is no solution, so the least pain would be to default now.

2. This week, Puerto Rico defaulted on paying most of a \$58 million debt payment. The commonwealth has been going downhill economically for decades, with the government constantly spending more than it collected. There are now more than \$70 billion in debts that will not ever be repaid without a bailout. President Obama has stated that there will be no bailout, as that would set a precedent for the federal government to do the same for Illinois, California, New York, and other governments that are also insolvent.

This week's default will mostly hurt the credit unions in Puerto Rico and those who are members of them. However, many US mutual funds and pension plans are holding Puerto Rico debt. Eventually, a lot of Americans who don't even realize that part of their investments or retirement assets include this debt will also suffer losses.

3. Canada has now experienced two consecutive quarters of economic contraction ("negative growth" in the language of the rest of the media), which means they are officially in recession.

4. The July 20% oil price decline was the largest for one month since October 2008. The large declines across a wide swath of commodities, including gold and silver, were possibly the worst since before the 2008 stock market crash.

5. Alpha Natural Resources, the largest miner of coal used in steelmaking, filed for Chapter 11 bankruptcy two days ago. This follows the bankruptcy of six other US coal mining companies in the past year.

6. The Shanghai Stock Exchange is the world's second largest stock market by value of its listed companies, behind only the New York Stock Exchange. The Shanghai Composite Index fell 13.4% in July, its worst month since October 2009.

7. Exxon Mobil's second quarter profit fell 51% from year-earlier levels, with the lowest profits since the first quarter of 2009. Chevron's second quarterly earnings fell 90% from year earlier levels.

8. JPMorgan Chase has been identified by regulators as the US bank at greatest risk of causing a financial crisis in this country.

9. The London Metals Exchange an-

nounced last week that it will begin accepting Chinese yuan as collateral from banks and brokers. This is only the fifth currency to be accepted.

10. Another national bullion dealer has filed for bankruptcy. Bullion Direct in Texas revealed that the bullion it sold to customers who left it on storage at that dealership was never purchased to fulfill such orders. It looks like at least 6,000 customers will lose almost everything. This follows just months after the bankruptcy of the Tulving Company, another once-active online bullion dealer.

11. US government statistics are become almost comical in their divergence from reality. Whether it is the monthly jobs and unemployment report, the consumer price index changes, the growth or contraction of the Gross Domestic Product, or home sales, the numbers almost seem to be made up rather than based on statistically value survey data. Actually, the Census Bureau and Bureau of Labor Statistics has been forced to admit that some of the recent data gathering efforts fell short of being statistically valid.

As it looks now, there is a chance that the jobs and unemployment report headline in two days may fall well short of the consensus forecast of +223,000 jobs. Of course, the underlying data will reveal that the headline is faked. Full-time jobs are declining while part-time jobs are increasing. The percentage of males aged 25-64 with no jobs and not looking for work (therefore not counted among the unemployed by the BLS) has increased from 9% to 12%. The job growth is coming from workers aged 55 and older, while it is declining among those 54 and younger. And on and on.

I could go on for pages with problems threatening the US and global financial stability. But I think you get the idea.

As the world's financial situation gets more dire, the US government has even more incentive to suppress gold and silver prices. As I have said before, the price of gold is effectively a report card on the US government, US economy, and US dollar. [The worse things look for the US government, the greater the incentive to push down gold and silver prices.](#)

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The point to take away from here is that I expect to see major attempts to hold down gold and silver prices the closer we get to the time when precious metals prices will explode upwards.

Are we approaching the breaking point when gold and silver prices will soar? Possibly. Unfortunately, we will only know for sure later.

In the meantime, take advantage of much lower precious metals prices to add to your physical position.

Silver and Silver Coins

Silver closed today at \$14.60, down another 95 cents (6.1%) from the end of June.

With lower precious metals prices, investors have mostly stopped liquidating their physical holdings and buyers have become extremely active. Demand for silver is so much stronger than gold that LCS's sales dollars for silver far exceed that for the other metal.

As you would expect when there is a sudden buying surge, wholesale inventories have been exhausted. Deliveries for almost anything priced in relation to silver value are running at least two weeks to as long as three months after payment is made.

On June 3, the premium for US **90% Silver Coin** (29.1%) was 9.7%. At the end of June it was 19.0%. Now, it would cost you about \$2.87 per ounce of silver to purchase 90% Silver coin compared to the cost of a similar quantity of privately manufactured **1 Ounce Silver Ingots** (9.2%).

The reason for the disparity is that 90% Silver Coins have not been struck for 50 years! Those who own it are reluctant to sell at current levels unless they get a significant premium. On the other side, privately manufactured Silver Ingots are still in current production. Although manufacturers may be struggling to keep up with soaring demand for physical silver, you can still wait for it to be made rather than having to acquire it, effectively, from the holdings of another investor.

Soaring silver demand caught the US Mint short of US **Silver Eagle Dollars** (23.1%). It cut off sales on July 7 for two weeks. Still, the Mint has sold more than 5 million of these coins in July. At current pace, the 2015 Silver Eagles may end

The Month

Gold Range	87.75	7.5%
Net Change	-86.25	
Silver Range	1.25	8.0%
Net Change	-0.95	
Gold/Silver Ratio	74.3	
Net change	-1.1	
Platinum Range	143.00	13.3%
Net Change	-127.00	

Platinum/Gold Ratio 0.88

Date	Gold	Silver	Platinum
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Jul 30	1,171.50	15.55	1,078.00
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Jul 01	1,169.00	15.55	1,087.00
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Jul 02	1,163.00	15.54	1,094.00
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Jul 03	closed		
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Jul 06	1,173.00	15.73	1,066.00
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Jul 07	1,152.50	14.95	1,041.00
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Jul 08	1,163.25	15.14	1,035.00
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Jul 09	1,159.00	15.34	1,022.00
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Jul 10	1,157.75	15.47	1,032.00
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Jul 13	1,155.25	15.44	1,036.00
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Jul 14	1,153.25	15.30	1,028.00
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Jul 15	1,147.25	15.02	1,021.00
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Jul 16	1,143.75	14.96	1,011.00
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Jul 17	1,131.75	14.82	1,011.00
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Jul 20	1,106.75	14.75	989.00
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Jul 21	1,100.00	14.85	979.00
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Jul 22	1,091.50	14.72	980.00
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Jul 23	1,094.00	14.68	981.00
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Jul 24	1,085.50	14.48	981.00
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Jul 27	1,095.50	14.59	989.00
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Jul 28	1,093.50	14.54	981.00
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Jul 29	1,092.75	14.73	985.00
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Jul 30	1,088.50	14.69	990.00
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Jul 31	1,095.00	14.76	985.00
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Aug 03	1,089.50	14.51	967.00
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Aug 04	1,090.75	14.55	958.00
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Aug 05	1,085.25	14.60	951.00
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London Silver Market Premium To New York Silver Market = 2¢

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

up with the highest mintage of any year thus far. Don't buy them because they are touted as being "scarce."

Despite the major drop in the spot price, demand for **Common-Date Morgan and Peace Silver Dollars in various Mint State grades** remained solid, with virtual-ly no price changes.

However, LCS Chief Numismatist Allan Beegle took advantage of price declines for **Superb Gem Mint State-66 Walking**

Liberty Half Dollars to pick up some bargain lots. See our enclosed flyer.

Gold And Gold Coins

Over the past five weeks, the price of gold fell \$86.25 (7.4%).

This spurred a surge in buying demand, though not on the scale of silver. Premiums are up on almost everything. You can occasionally find product for immediate delivery, but usually you have to wait a short time for coins and ingots to come in. The longest delay right now is for Canada **Maple Leafs** (4.4%). The Royal Canadian Mint is now offering these coins packaged in individual sleeves to protect them. While the RCM is preparing sufficient inventory to the official release next week, it is unable to fill continuing orders.

Last month, I forecasted that prices for most **Pre-1934 US Gold Coins** would continue to appreciate. Even though some coins are down in price from last month, premiums are up almost across the board. In fact, most \$2.50 to \$10.00 denomination coins are now priced higher than they were five weeks ago. I would not be surprised for price increases to continue.

In July we purchased a lovely group of **Mint State-60+ 1902-S Australian Sovereigns**. These coins, showing British King Edward VII on the obverse, are less common than the later King George V issues. Recent pieces are selling for prices above catalog value, but was pass along a money-saving opportunity to you. See our brochure for details.

Sign Up For Automatic Emailed Issues Of Liberty's Outlook

At the end of April, we debuted a new state-of-the-art website at www.libertycoin-service.com. As part of that expanded capability, we could send an email of forthcoming issues of *Liberty's Outlook*, our monthly newsletter.

We have now made signing up for emailed copies even easier. At the right side of the home page of the website is a section to add your name and email address to our Mailing List. Right below that is an "unsubscribe" option if you wish to discontinue receiving the newsletter by email.

There is no charge to request *Liberty's Outlook* by email.

Liberty Coin Service Computer Quotes 2PM EDT 8.5.15

Spot Prices

Item	Qty	Fine Wt	Price	Cost/Oz	Premium
*U.S. 1 Oz Gold Eagle	10	1.0000	1,143.75	1143.75	5.2%
*U.S. 1/2 Oz Gold Eagle	10	0.5000	590.50	1181.00	8.6%
*U.S. 1/4 Oz Gold Eagle	10	0.2500	302.00	1208.00	11.1%
*U.S. 1/10 Oz Gold Eagle	10	0.1000	125.30	1253.00	15.2%
*U.S. 1 Oz Gold Buffalo	10	1.0000	1,143.75	1143.75	5.2%
*Australia 1 Oz Kangaroo	10	1.0000	1,142.75	1142.75	5.1%
*Austria 100 Corona	10	0.9802	1,089.25	1111.25	2.2%
*Austria 1 Oz Philharmonic	10	1.0000	1,135.00	1135.00	4.4%
*Canada 1 Oz Maple Leaf	10	1.0000	1,135.00	1135.00	4.4%
*China 1 Oz Panda	10	1.0000	1,162.25	1162.25	6.9%
*Mexico 50 Peso	10	1.2057	1,342.25	1113.25	2.4%
*S. Africa Krugerrand	10	1.0000	1,135.00	1135.00	4.4%
*U.S. Medallion	10	1.0000	1,117.75	1117.75	2.8%
*50 Gram Combibar	10	1.6077	1,922.75	1195.96	10.0%
*1 Oz Ingot	10	1.0000	1,122.00	1122.00	3.2%
*Austria 1 Ducat	10	0.1107	135.30	1222.22	12.4%
*Austria 4 Ducat	10	0.4428	551.25	1244.92	14.5%
*British Sovereign	10	0.2354	277.75	1179.91	8.5%
*British Sovereign, BU	10	0.2354	295.75	1256.37	15.6%
*France 20 Franc	10	0.1867	222.50	1191.75	9.6%
*Swiss 20 Franc	10	0.1867	225.75	1209.16	11.2%
\$20 Liberty BU	10	0.9675	1,285.00	1328.17	22.2%
\$20 St Gaudens BU	10	0.9675	1,300.00	1343.67	23.6%
\$20 Liberty Extremely Fine	10	0.9675	1,265.00	1307.49	20.3%
\$10 Liberty Extremely Fine	10	0.4838	640.00	1322.86	21.7%
\$5 Liberty Extremely Fine	10	0.2419	355.00	1467.55	35.0%
*U.S. 90% Silver Coin	1,000	715	13,525.00	18.92	29.1%
*U.S. 40% Silver Coin	1,000	295	4,765.00	16.15	10.3%
*U.S. Circulated Dollars	1,000	760	22,000.00	28.95	97.6%
*U.S. Silver Eagle-2015	1,000	1,000	18,040.00	18.04	23.1%
*Canada Silver Maple Leaf	1,000	1,000	17,250.00	17.25	17.7%
*100 Oz Silver Ingot	10	100	1,585.00	15.85	8.2%
*10 Oz Silver Ingot	100	10	160.00	16.00	9.2%
*1 Oz Silver Ingot	1,000	1	16.05	16.05	9.6%
*1 Oz Platinum Ingot	10	1.0000	1,026.00	1026.00	6.8%
*U.S. 1 Oz Platinum Eagle	10	1.0000	Not available		
*U.S. 1/2 Oz Plat Eagle	10	0.5000	Not available		
*U.S. 1/4 Oz Plat Eagle	10	0.2500	Not available		
*U.S. 1/10 Oz Plat Eagle	10	0.1000	Not available		
*Other 1 Oz Plat Coins	10	1.0000	Not available		
*Canada Palladium ML	10	1.0000	640.00	640.00	6.7%

Gold:	\$1,087.25
Silver:	\$14.65
Platinum:	\$961.00
Palladium:	\$600.00

Notes from Liberty

By Allan Beegle
LCS Chief Numismatist

July's sales volume easily topped June's, which had been the best sales month thus far in 2015!

The sudden decline in precious metals prices at several points during the month, especially in Asian markets on Monday, July 20 (late Sunday, July 19 in the US) brought gold and silver prices down to five year lows. In response, there has been a surge in demand for physical precious metals and little liquidation by investors.

As expected, most of the different Better Date Early Morgan Silver Dollars offered last month sold out. We still have a specimen or two of a handful of dates, so please call in case we might have what you seek.

Sales of the Alongside Night Blu-Ray/DVD Combo Packs and the items listed in this column were also satisfying.

No one from Liberty attended any major coin shows since the last month, which is just as well. There were several days where customer activity was so strong that we sometimes had trouble serving all customers promptly.

Four weeks ago, LCS Owner Emeritus and Communications Officer Pat Heller flew to Las Vegas for the kickoff of national sales of the Alongside Night videos and to attend Freedom Fest. There he met a number of interesting people and was able to record interviews with many of them. We have posted some of them at YouTube.com. Once you are on that website, search for Liberty Coin Service and they will pop up.

From time to time, a customer comes in to our store to sell us an out-of-the-

LCS Postage Charges	
Value of Contents	Postage Charge
Under \$50	\$4
\$51-250	\$8
\$250-499	\$15
\$500-999	\$22
\$1,000-4,999	\$30
\$5,000 and higher	None

Liberty Coin Service Call Toll-Free: **(800) 527-2375 National**
400 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 9:30AM-6PM, Sat 10AM-2PM

Coins, Rolls and Sets

U.S. 10 pc Gold Medallion Set, 1980-1984, BU				\$9,325
U.S. Morgan Dollar, 1921, Brilliant Uncirculated Roll/20				\$700
U.S. Morgan Dollar, Pre-1921, Brilliant Uncirculated Roll/20				\$925
U.S. Peace Dollar, Brilliant Uncirculated Roll/20				\$630

Numismatic Coins (PCGS/NGC/ICG Graded)

	MS-63	MS-64	MS-65
U.S. \$20.00 St Gaudens	1,390	1,490	1,975
U.S. \$20.00 Liberty	1,600	1,840	3,455
U.S. \$10.00 Liberty	1,060	1,625	3,055
U.S. \$5.00 Liberty	645	915	2,670
U.S. 4 pc Indian Gold Type Set	4,155	6,020	14,800
U.S. 4 pc Liberty Gold Type Set	3,850	5,000	10,145
U.S. 8 pc Gold Type Set	7,945	10,870	24,495
U.S. Morgan Dollar (Pre-1921)	65	80	166
U.S. Peace Dollar	52	62	123

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.

ordinary batch of items that we can turn around to make a general offering of them. In mid-July a customer sold us a variety of items including a modest group of **Mint State-60+ 1902-S Australia Sovereigns**. These were issued with the portrait of British King Edward VII, whose coinage was only struck from 1902-1910. These coins are less common than the later Sovereigns for the reign of King George V, though catalogs don't really show a higher value until specimens grade at least Choice Mint State-63. Still, our survey of coins auctions since the beginning of the year found the 1902-S specimens selling for much higher prices than expected. Get yours at a near bullion price while they last.

When the silver spot price dropped, I noticed that the prices for **Superb Gem Mint State-66 Walking Liberty Half Dollars** dropped 5-10%. So I got busy contacting dealer friends to see what I could find. There weren't a lot but I was able to come up with enough coins to offer them to you this month.

While we have enough of both coins to make an offering, that does not mean that we have large supplies. When we offered a group of MS-66 Walkers over three years ago, it took us several months to find additional coins to fill customers on the waiting list. I expect that both of this month's fea-

tured offers will sell out quickly. So, as usual, I recommend you reach us early to check on available supplies and to lock in your order.

Call our **Trading Desk toll-free at 800-527-2375** to execute your order.

We also have some other treasures that have come in during the past month to tempt you:

US 2010 Perfect Mint State-70 First Strike One Ounce Gold Buffaloes: We just picked up five specimens of these PCGS-certified beauties. Mint State-70 is theoretical perfection—with no marks or flaws detectable at 10x magnification.

A few months ago these were selling for around \$1,700. Now we see them selling for \$1,375 or more. Save money and buy one or more of these for just \$1,350. This is a cash or check price; credit card payments not accepted.

Series 1896 \$1.00 Silver Certificate: In 1896, the Bureau of Engraving and Printing unveiled new designs for the \$1, \$2, and \$5.00 Silver certificates which are popularly called the Educational Series. They were printed for just three years before new designs were adopted.

The \$1.00 Educational depicts a seated Liberty with her right arm around a young boy. Her left arm is pointing to the Washington

Gold:	\$1,087.25
Silver:	\$14.65
Platinum:	\$961.00
Palladium:	\$600.00

Monument and the US Capitol. To the right is the Preamble and beginning of the United States Constitution. The overall design is described as "History Instructing Youth." Vignettes of Martha and George Washington fill the reverse side.

This well circulated note, at first glance, appears to be of nicer quality than its technical grade of Fine. There is a small spindle hole that you can spot when you hold the note up to the light. At \$325, you would have to look far and wide to find a specimen of equal quality available at this price.

A Beautiful Classic US Silver

Commemorative: Early US Gold and Silver Commemoratives are currently in kind of a limbo land. They are generally scarce enough that no promoter can obtain sufficient quantities to market them en masse. Yet, without promotions, prices lag the market compared their relative rarity and past price history.

At current low price levels, serious collectors are mostly holding on to their beautiful specimens. So, when you have the opportunity to acquire nice looking coins today, don't hesitate to jump on them. We have a newly acquired exceptional specimen that demonstrates what we mean:

1915-S Panama-Pacific Half Dollar, Superb Gem Mint State-66, NGC—\$2,350. This is the highest quality specimen of this issue that we have handled in decades, if not in our entire 44 years in business!

This and four gold commemoratives were issued to celebrate the opening of the Panama Canal. The packaging did not protect the coins very well from picking up scratches and damage, with the result that wonderful examples such as this piece are few and far between. In 29 years, PCGS and NGC together have certified just 164 coins in higher grade.

This coin has a slim ring of toning around the inside of the periphery, attesting to its original surfaces. In mid-1989, this coin would have cost your more than \$17,500 if you could have found it. *Coin Values* is now just \$2,750.

Please Note: Liberty Coin Service will be **closed** Saturday, September 5, and Monday, September 7 for the Labor Day holiday.

Less Common King Edward VII Issue!

Mint State-60+ 1902-S Australia Sovereigns!



S Mintmark
for Sydney



At A Near Bullion-Related Price!

Many of our special offerings come from dealer friends, either in our store, over the phone, or at trade shows.

Much less often, a customer brings in something out of the ordinary that we are then thrilled to be able to share with all customers.

In July, a customer sold us a variety of items, including a nice selection of British Sovereigns. There were a handful of rarer date Sovereigns plus a small group of Mint State-60+ 1902-S Sovereigns struck at the Royal Mint in Sydney, Australia!

Mint State specimens of Gold Sovereigns featuring British King Edward VII are much less common than those depicting his successor, King George V. Further, Australian Sovereigns tend to be less common than issues struck by the Royal Mint in London.

If you refer to the latest *Standard Catalog of World Coins, 1901-2000*, the 1902-S Sovereign in Mint State-60 quality catalogs for no more than the most common Sovereigns. However, in Choice Mint State-63, they catalog for \$525. That is \$100 higher than the catalog value for common-date Choice MS-63 Sovereigns.

The Hidden Value

Upon checking auction records, we found two certified specimens that have sold this year. In January, a Choice Mint State-63 piece graded by the Professional Grading Service sold for \$646. Three months later, a Very Choice About Uncirculated-58 coin certified by the Numismatic Guaranty Corporation sold in auction for \$332. In both instances, the selling price was well above catalog value!

An Unexpected Opportunity!

Because they are somewhat less common than the later Gold Sovereigns issued for King George V, the Edward VII Sovereigns have traded on the wholesale market at a slight premium to the

more common coins.

However, because of our fortunate purchase, we can offer these lovely Mint State-60+ coins to you at a price lower than the About Uncirculated coins sold at auction in April.

While our supply lasts, you can own one, two, or up to five of these flashy Mint State-60+ 1902-S Australian Gold Sovereigns for just \$325 apiece.

As with all of our rare coin offerings, you must be satisfied with your purchase. You have fourteen days upon your receipt to return any or all coins for a full, prompt refund of your purchase price.

Don't Delay!

Call Today! With strong nationwide demand for all Gold Sovereigns at today's lowest gold prices in more than five years, we expect to sell out completely. To give more customers the opportunity to acquire them, we must limit orders to five coins per customer.

Call us toll-free at 800-527-2375 to confirm your order. Or return the coupon below. Remember, you can use your Visa, Mastercard, or Discover card for purchases shipped to the credit card billing address.

—Tom Coulson, LCS General Manager

Yes! Please send me the Mint State-60+ 1902-S Australia Sovereigns that I have selected below. I understand that that each coin is backed by LCS's exclusive guarantees; I may return any of these coins for a prompt 100% refund at any time within 14 days of my receiving it. Limit 5 coins per customer.

_____ Australia Sovereign, 1902-S, MS-60+ @ \$325 = _____
Postage (see table) _____
TOTAL _____

Name _____

Address _____

City/State/Zip _____

Phone _____ Confirmation # _____

Liberty Coin Service 400 Frandor Ave., Lansing, MI 48912
Toll-free 800-527-2375

Superb Gem Mint State-66 Walking Liberty Half Dollars!



At Money Saving Prices!

The Walking Liberty Half Dollar series that debuted in 1916 made an artistic statement of the emergence of the United States of America as a world power.

The obverse shows Liberty striding toward a rising sun in the East (and possibly toward war-torn Europe). She is wrapped in an American flag and carrying oak and laurel branches, symbols of military and civil honors. On the reverse, a proud eagle stands guard with partly spread wings. In front of the eagle is the sapling of a gnarled Mountain Pine, symbolic of America. Significantly, the eagle is not clutching arrows in its talons, a symbol of war that appears on many other US coins (including US Half Dollars issued from 1801 through 1915 and from 1964 onward).

Walking Liberty Half Dollars are so popular among collectors that the U.S. Mint adapted the obverse design for the new U.S. Silver Eagle Dollar series that debuted in 1986.

High-grade Walkers today trade for price levels that are a small fraction of what they did in years past. For instance, in mid-1989, common-date Superb Gem Mint State-66 specimens would have cost you \$1,280 apiece.

Today, the common-date Walking Liberty Half Dollar in MS-66 quality catalogs in *Coin Values* from \$200 to \$225 or more.

It has been three years since we last offered a group of Walkers in this lofty grade. We sold out quickly and took months to locate enough coins to fill customer waiting lists.

As a result, we kept looking for more attractive groups of top condition Walkers at money saving prices. Coins were few and far between and often priced to us higher than represented a good value!

Good News! With the latest dip in the spot price of silver, the price of these coins have dropped enough that, in my judgment, they now represent great long-term value. By calling some dealer friends, I was able to secure enough

supplies of Superb Gem Mint State-66 Walking Liberty Half Dollars to again make an offering.

Each coin has been independently certified by either the Professional Coin Grading Service (PCGS) or Numismatic Guaranty Corporation (NGC) as well as meeting our requirements for eye appeal and quality.

Together, PCGS and NGC have certified **fewer than 43% the number of MS-66 or higher quality Walking Liberty Halves compared to the MS-66 or better Morgan Dollars they have graded.**

Although this is the largest quantity of these high-grade coins that we have handled in over three years, I'm not sure that we have enough coins to meet possible demand.

The good news now is that prices for these coins have come down since 2012. While they last, you can pick up one or more of these Superb Gem Mint State-66 Walking Liberty Half Dollars for just \$159 apiece.

Save in quantity! If you order five to ten coins, pay just \$155 for each of them. Bonus: Orders of 10 coins will receive the greatest variety of dates and mintmarks.

As with all our numismatic offerings, your satisfaction is guaranteed. You have 14 days upon your receipt to return them for a full refund.

Since we could not locate as many coins as we hoped, we must limit orders to ten specimens of this large coin. We have also omitted the order blank. You must call to confirm availability and reserve your purchase. **Call our Trading Desk today at 800-527-2375!** Visa, Mastercard, and Discover charge cards are accepted for orders shipped to the card's billing address.

—Allan Beegle, Chief Numismatist