SUMMER 2022

MONEY METALS INSIDER

An Insider Report for Clients of Money Metals Exchange

Silver Supply Deficit Frames Bullish Outlook

By Stefan Gleason

President, Money Metals

Silver prices have retreated since hitting a multi-year high in March. While disappointing to bulls, they should find some encouragement in the white metal's technical and fundamental drivers.

To begin with, gold and silver are still up for the year overall. By contrast, stock and bond markets are sticking investors with large losses.

Investors are finding out the hard way that in an environment of high inflation and rising interest rates, there are no safe havens in paper assets.

Precious metals aren't immune from market volatility, but they are exhibiting more technical strength in this environment than conventional financial assets.

The adjacent chart shows silver's 200-week moving average. This longer-term average is currently acting as support for the silver price.

Inside This Issue:

Bulls like to see long-term moving averages turn up, and that has occurred in silver, notwithstanding the choppy sideways action since 2020.

The fundamentals for silver generally support the case for higher prices. Last year was a stellar one for silver demand, as confirmed by the Silver Institute's recently released World Silver Survey 2022.

The Silver Institute reports, "The global silver market realized growth in every demand category in 2021, marking the first time all key sectors rose in tandem since 1997. Surpassing pre-pandemic volumes, total global silver demand achieved its highest level since 2015, surging 19 percent to 1.05 billion ounces…"

Bullion demand came in especially strong: "Physical silver investment (sales of silver coins and bars) leaped by 36 percent to 278.7 Moz, its highest level since 2015, as retail investors in North America and Europe, motivated by safe-haven and inflationary concerns, took advantage of periodically lower silver prices to purchase coins and bars."

Supply, meanwhile, failed to keep up with demand. The silver market experienced a deficit of 51.8 million ounces, according to the World Silver Survey, the biggest since 2010.

See Silver Supply Deficit, next page

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Silver Supply Deficit

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This year, industrial demand for silver is expected to rise to a new record, driven largely by growth in solar and other electrical applications.

Investment demand is more of a wild card but is likely to remain strong given the threats of war and inflation, along with possible further underperformance of financial markets.

Trading out of assets that are being produced in surplus for those that are facing supply shortfalls is an obvious value play.

Inflation is a reflection of the fact that too many currency units are being created. Despite the Federal Reserve's vow to try to tame inflation by hiking rates, total currency supply remains on an upward path.

Owning an asset that is becoming increasingly scarce, like silver, offers tremendous upside potential while providing long-term protection against currency depreciation.

Announcing Money Metals' Statue of Liberty Silver Round!

As investors clamor for more low-premium forms of silver, Money Metals has released another gorgeous silver round design, one based on the iconic Statue of Liberty.

A gift from the French in 1886, the Statue of Liberty has stood tall and proud in the New York City harbor as a beacon of American liberty, lighting the way for the people of the world. Specially designed for Money Metals by renowned artist Tom Rogers, formerly of the U.S. Mint, these one-ounce rounds are minted of .999 fine silver.

To Order, Visit MoneyMetals.com or Call 1-800-800-1865!

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The War on Gold and the Value of Our Currency

By Matthew Cortez

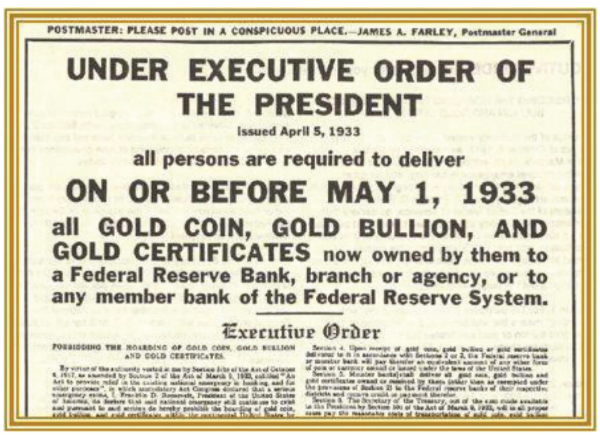
This year is the 89th anniversary of one of America's biggest blunders on her descent from honest, sound money into weaponized political money: Executive Order 6102.

Signed on April 5, 1933, by President Franklin Delano Roosevelt, it required all persons holding more than five ounces of gold to deliver their "gold coin, gold bullion, and gold certificates, now owned by them to a Federal Reserve Bank, branch or agency, or to any member bank of the Federal Reserve System."

By outlawing the so-called "hoarding" of gold, Roosevelt intended to destroy gold as an everyday currency, transferring the purchasing power of gold to the U.S. government.

In exchange for Americans' gold, the government gave them Federal Reserve Notes at the exchange rate of $20 per ounce.

Soon thereafter, FDR devalued the Federal Reserve Note by 40 percent by resetting the exchange rate to $35 and fleecing citizens who complied with the order.


POSTMASTER: PLEASE POST IN A CONSPICUOUS PLACE.—JAMES A. FARLEY, Postmaster General

UNDER EXECUTIVE ORDER OF THE PRESIDENT

Issued April 5, 1933

all persons are required to deliver

ON OR BEFORE MAY 1, 1933

all GOLD COIN, GOLD BULLION, AND GOLD CERTIFICATES now owned by them to a Federal Reserve Bank, branch or agency, or to any member bank of the Federal Reserve System.

Executive Order

FORBIDDING THE HOARDING OF GOLD COIN, GOLD BULLION AND GOLD CERTIFICATES.

Roosevelt's Executive Order 6102

Myths persist today about the likelihood of another gold nationalization. Given that the U.S. dollar is no longer backed by gold, it seems highly unlikely.

In 1933, the U.S. government was required to have gold in order to expand the volume of currency in circulation. Those days have long since passed, as there is no longer any (non-political) standard tied to the increase of America's money supply.

In 1965, President Lyndon Johnson passed the Coinage Act, removing silver from coins and replacing them with clad coins, a mixture of nickel and copper.

And finally, in 1971, President Richard Nixon infamously ditched the Bretton Woods agreement and ended the ability of foreign central banks to convert their dollars back into gold at a fixed rate.

Removing gold backing from our paper currency completed the transition of a monetary system rooted in sound money to a purely fiat system, and this move sparked an explosion of debt and inflation.

The Once Mighty U.S. Dollar Is Coming Undone

It's technically incorrect to refer to the Federal Reserve Note as a dollar – the term "dollar" historically referred to a coin containing 27 grams of silver.

More and more people believe our once-stable medium of exchange to be a ticking time-bomb, fueled by inflationary policies wrought at the federal level.

Public support for reform is increasing, particularly at the state level where legislation has been knocking down barriers to getting out of the moribund Federal Reserve Note and into gold and silver.

This long descent of the dollar has come as no surprise; the federal government has been chipping away at its trust for decades.

Current "economic experts" are seemingly unable or unwilling to diagnose a simple and obvious problem. Jerome Powell, chairman of the Fed, was rightfully lambasted for telling the nation that inflation was "transitory."

For the past 100 years, we were assured that those in charge had the necessary tools to keep inflation from becoming a problem. All the while, the currency's purchasing power has fallen by more than 98 percent.

Today, inflation sits at a 40-year high of greater than

See Currency Devaluation, page 8

Frequently Asked Questions **About Gold and Silver Investing**

We get lots of questions from the public about precious metals. Here we will answer a few of the most common, most broadly relevant questions we receive. Even if you're a seasoned metals investor, you can surely find value in this regular FAQ feature.

QUESTION: For a big purchase, are bullion bars a better option than coins?

ANSWER: They can be if your goal is to pay the lowest overall cost per ounce. However, large bars (especially 1,000-ounce silver or 1-kilo gold) are less practical than smaller-denomination gold and silver bars for the vast majority of investors.

The largest bullion bars can be cumbersome to handle, transport, sell, or use in trade. Potential buyers may insist on an assay to ensure purity. By contrast, one-ounce coins or rounds can be authenticated through a simple hand-held inspection.

The most efficient way to purchase bullion bars and be able to sell at any time with no shipping or other hassles is by holding them through our secure storage facility, Money Metals Depository.

Five-ounce silver bars are a cost-effective item.

QUESTION: Could a central bank digital currency be used to undermine cryptocurrency and precious metals markets?

ANSWER: Federal Reserve Chairman Jerome Powell has acknowledged the Fed is looking into issuing a digital currency. He has been vague about how far along in development the Fedcoin project is and how exactly it would work.

But Federal Reserve Vice Chair Lael Brainard is talking up the potential benefits of a central bank digital currency. She seized on the recent carnage in cryptos to call for new regulations and tout the Fed's ability to provide "safe central bank liability in the digital financial ecosystem."

Fedcoin would theoretically supplant stablecoins and possibly diminish the appeal of Bitcoin as an alternative currency.

But it's difficult to imagine how a central bank digital currency would deal any sort of blow to physical precious metals.

The only real tool central bankers have to intervene in markets and the economy is to create new currency units and try to direct where they go. That tool could become even more prone to abuse with digital dollars that could be sent out as direct stimulus to the digital wallets of politically preferred populations and organizations.

A central bank digital currency would obliterate financial privacy and empower government authorities to control the spending behaviors of the citizenry… and even "turn off" citizens' access to money and their ability to function in society if they run afoul.

If anything, Fedcoin would strengthen the case for owning physical precious metals. They preserve real purchasing power over time and exist outside the purview of digital financial tracking systems.

QUESTION: If inflation has peaked, will gold and silver prices head lower?

ANSWER: Some economists believe inflation pressures peaked overall this spring. Higher costs for businesses and consumers are certainly beginning to bring about some demand destruction in the economy – increasing the odds of a recession.

However, as of this writing, food and energy costs continue to surge. Those all-important markets aren't

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fully reflected in the official "core" inflation rate relied on by the Federal Reserve.

Even if some inflation-sensitive parts of the economy have peaked, that does not necessarily imply that gold and silver markets will follow.

Precious metals markets don't show a direct correlation to year-over-year inflation. Sometimes they lead general price rises, sometimes they lag. (Over longer periods of decades, of course, gold and silver do rise as the purchasing power of fiat currency falls.)

Importantly, gold, unlike industrial commodities, shows virtually no correlation to the economic cycle. So if the next recession is starting now, gold could just be getting warmed up.

Congressman Alex Mooney (R-WV) is a sound money leader.

QUESTION: Where is the sound money movement headed?

ANSWER: The sound money movement is building momentum at the state level. Last year, Arkansas and Ohio repealed sales taxes on gold and silver bullion. This year, Tennessee, Virginia, and Alabama passed or expanded sales tax exemptions on sound money.

According to Money Metals' public policy project known as the Sound Money Defense League, 11 states have considered bills in 2022 to remove sales and income taxation from precious metals or considered bullion depositories or allocating physical gold to state pensions and reserves.

At the national level, the current occupants of Congress and the White House are overtly hostile to most sound money issues. But there is good reason to believe the political tides may soon be shifting.

Voters are fed up with inflation. They are also growing sick and tired of the misinformation and excuses proffered by politicians and central bankers.

The Federal Reserve took another huge hit to its credibility after proclaiming last year that inflation would be "transitory." It certainly has a lot to answer for after pumping trillions of dollars into the financial system during the COVID-19 outbreak.

At the very least, the public deserves a full audit of the Fed's books – including an accounting of its gold holdings and its role in "managing" precious metals markets.

Sound money advocates in Congress, including Rep. Alex Mooney (R-WV), are hoping to build support for auditing the Fed, auditing the Treasury's gold, and eliminating the unfair capital gains tax treatment of precious metals.

Sound Money Movement Scores 2022 Wins

By Jp Cortez

As state legislatures cleared out and headed home this summer, one reality emerged: Sound money is a winning issue in the states.

At a time of record-high inflation and geopolitical uncertainty across the globe, states are wisely taking steps to better enable citizens to acquire, sell, and/or use gold and silver.

Last year, Arkansas and Ohio repealed sales taxes on gold and silver coins, bars, and rounds. And Ohio invested almost $1 billion worth of physical gold in its Ohio Police and Fire Pension fund.

This year brought three new legislative victories in Tennessee, Virginia, and Alabama, thanks largely to efforts by Money Metals Exchange, its customers, and its Sound Money Defense League project.

Money Metals is the leading national force in repealing state sales taxes on gold and silver.

All told, sound money allies introduced bills in 11 states to remove sales and income taxation on the monetary metals, create state depositories, and/or protect state pensions and reserves with an allocation to physical gold.

Here's a full rundown…

Eleven States Considered Sound Money Bills This Year

Virginia had exempted sales taxes on most purchases of precious metals back in 2015, but purchases under $1,000 were still taxed and the whole exemption was scheduled to sunset this year.

Mobilizing grassroots support, the Sound Money Defense League worked with Delegate Amanda Batten's office on House Bill 936 and secured a five-year extension of the existing exemption, while also securing its expansion to cover ALL transaction sizes.

Before the ink dried on Gov. Glenn Youngkin's signature, Alabama finalized sound money legislation of its own.

In addition to prompting in-state supporters to make literally thousands of calls and emails to members of the Alabama House and Senate, Money Metals' public policy team worked closely with legislative allies to extend Alabama's precious metals sales tax exemption and also clarify that the exemption covers ALL common forms of bullion.

The successful Alabama bill also removed some burdensome reporting requirements.

During a house committee hearing on Alabama's Senate Bill 13, the committee chairman proclaimed the precious metals bill was "the most popular bill of the session." Gov. Kay Ivey signed SB 13 into law in April.

Meanwhile, a groundswell of Volunteer State citizens prompted the Tennessee legislature to secure its place as the 42nd state to remove sales taxes from gold, silver, platinum, and palladium coins, bars, and rounds.

During the Senate floor vote, Sen. Janice Bowling commented, "I just want to thank the senator for bringing forward this bill along with half of the state of Tennessee that contacted all of us!"

Meanwhile, sound money bills in other states fell short of passage, but efforts laid the groundwork for victories in 2023 and beyond.

Continued on next page

Sound Money Movement Scores 2022 Wins

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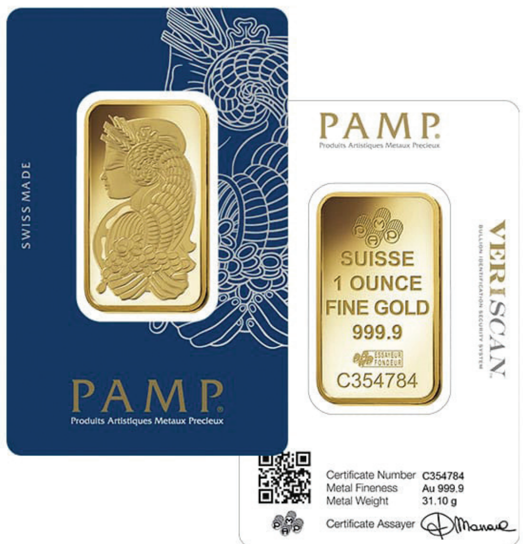
Kentucky House Bill 272 aimed to remove sales taxes on gold, silver, platinum, and palladium coins and bars, but the measure did not receive a hearing this year.

In Mississippi, the Sound Money Defense League worked with Rep. Jill Ford, the Mississippi Center for Public Policy, and in-state supporters to advance House Bill 426, another sales tax exemption effort.

HB 426 passed the Mississippi House by a vote of 121-1 but died in Sen. Briggs Hopson's Senate Appropriations Committee without a hearing.

In Hawaii, Rep. Val Okimoto led the way in pushing sound money legislation (House Bill 1184) out of the House Finance Committee. It passed overwhelmingly out of the full House but failed to receive a hearing before Hawaii's Senate Finance Ways and Means Committee.



Gold bars generally carry lower premiums than coins.

Besides Tax Repeals, States Consider Gold Reserves, Depositories

Meanwhile, lawmakers in Alaska held two hearings on House Bill 167, a measure to declare gold and silver "specie legal tender" as well as prevent boroughs and cities from slapping sales taxes on purchases of the monetary metals.

In the Garden State, Assemblyman Ronald Dancer introduced A3007 to end New Jersey's sales taxes on precious metals. A companion bill was introduced in the New Jersey Senate while other cosponsors joined the effort.

New Jersey's legislature is still in session, so there's still an outside chance of progress there this year.

Meanwhile, Oklahomans appear eager to build on the Sooner State's existing sound money policies. Proponents introduced bills to eliminate capital gains tax on the sale of precious metals, establish an in-state gold depository, and protect taxpayer reserve funds with gold and silver. These bills enjoyed grassroots support, but they did not pass out of any committees.

West Virginia and Washington legislatures introduced measures to eliminate various tax liabilities on precious metals, but these bills didn't receive hearings in 2022.

The Idaho House overwhelmingly passed a bill that would permit the state treasurer to hold gold as a hedge against the state's massive pile of negative yielding debt paper, but the senate failed to act on the bill.

In the end, the big news for 2022 is the newly minted sales tax exemption in Tennessee – followed by more incremental wins in Virginia and Alabama.

Hawaii, Kentucky, Maine, Mississippi, New Jersey, New Mexico, Vermont, and Wisconsin remain as the only states that still charge full sales taxes on precious metals, without any exceptions.

Money Metals Leads the Sound Money Push

As the *de facto* public policy leaders for the entire precious metals industry, Money Metals Exchange and the Sound Money Defense League are preparing to redouble efforts in the remaining eight sales tax states and continue pushing ahead on other policy fronts.

As inflation rages on, the folly of endless currency printing becomes more undeniable.

Thankfully, individuals, states, and even countries are increasingly considering the role of gold and silver in protecting against the twin threats of Federal Reserve Note devaluation and weaponization.

Currency Devaluation Is Baked Into the System

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8 percent according to recent Consumer Price Index readings. The true inflation rate is likely much higher.

Meanwhile, Bloomberg, one of the nation's largest financial media conglomerates, recently published an article encouraging Americans to eat more lentils while forgoing medical needs for their pets as a way to combat the ravages of inflation.

In 2020, in classic "cure becomes worse than the disease" fashion, the Federal Reserve created $4 trillion in new currency units.

Since then, the Fed has continued to create money out of thin air to help finance the deficit, including part of President Joe Biden's latest budget proposal (estimated to cost around $5.8 trillion).

All told, 40% of the dollars currently in circulation were created in the past two years.

As Russia and countries worldwide continue to stockpile gold and devise alternatives to trading in U.S. dollars, America should reexamine sound money principles.

It's clear to see that America's currency unit has been dramatically losing value over time. Will the inflation problem become so obvious that Americans clamor to jettison the fiat currency altogether?