SUMMER 2023

MONEY METALS INSIDER

An Insider Report for Clients of Money Metals Exchange

Divergences in Ratios Show Silver Is Undervalued

Jon Forrest Little

Citigroup analysts recently published a report calling for silver to reach $30 per ounce within 9 months. Could these analysts be exaggerating, or are they on target?

Let's look at a few data sets that augur for higher silver prices.

Throughout human history, about 8.5 ounces of silver have been extracted from the earth for every one ounce of gold.

According to the World Gold Council, an estimated 208,874 tonnes of gold have been mined. The distribution of gold above ground is as follows:

1. Jewelry.. 46%
2. Bars and coins 22%
3. Central banks 17%
4. Other 15%

According to the U.S. Geological Survey (USGS), about 1.74 million tonnes of silver have been mined.

Here are the top uses of silver over time:

1. Jewelry / Flatware 40%
2. Industrial / Electronics / Solar 40%
3. Bullion / Coins / Currency 15%
4. Other *(art, religious objects, etc.)*.............. 5%

The gold-to-silver price ratio is influenced by supply-and-demand trends, macro-economic conditions, and investor sentiment. In particular, industrial demand is an enormous tailwind for silver.

When it comes to mining production, the gold-to-silver ratio is currently nine ounces of silver mined for every ounce of gold. Meanwhile, the gold-to-silver price ratio average for the past 250 years is 40:1.

So now we get to the GREAT NEWS... Today, the gold-to-silver ratio is about 85:1.

That number screams there is something incredibly bullish looming.

Let's look at who else is noticing and taking action to profit from this divergence.

In March, BlackRock Inc., the world's largest asset manager, disclosed in a regulatory filing that it had purchased 16.1 million shares of the silver exchange-traded fund (ETF) Sprott Physical Silver Trust (PSLV), representing a whopping 10.9% stake in the fund.

There has been a lot of social media chatter about a silver squeeze and even social media movements trying to organize a syndicate of retail "stackers" to drain the COMEX inventory as a strategy for "sticking it to short sellers."

But when institutional investors move into silver, it's an explosive signal that significant gains are nigh.

The top 5 institutional investors are BlackRock,

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Vanguard, State Street Global Advisors, Fidelity Investments, and Capital Group. The combined assets of these five institutions are over $30 trillion.

These institutional investors manage various assets, including stocks, bonds, and real estate. They invest for multiple clients, including pension funds, insurance companies, and endowments.

These institutional investors have been on the sidelines – not really investing in gold or silver. This is mainly because the equity market has been on a bull run in nominal terms for decades.

Moreover, most fund managers are relatively young. They have not lived through a 1970s-style inflation cycle, nor did their finance schools teach classes on precious metals and investing.

Institutional investment has averaged under 0.5%. Moving to the historic mean of 3% would be a six times larger investment into silver and gold. If that happens, the real silver squeeze will be on.

10-oz silver bars carry low premiums.

Getting back to the 85:1 gold-to-silver (GSR)ratio; historically, when the spread gets this wide, silver can explode higher to close the gap in a short time. Since January 2000, this has happened four times.

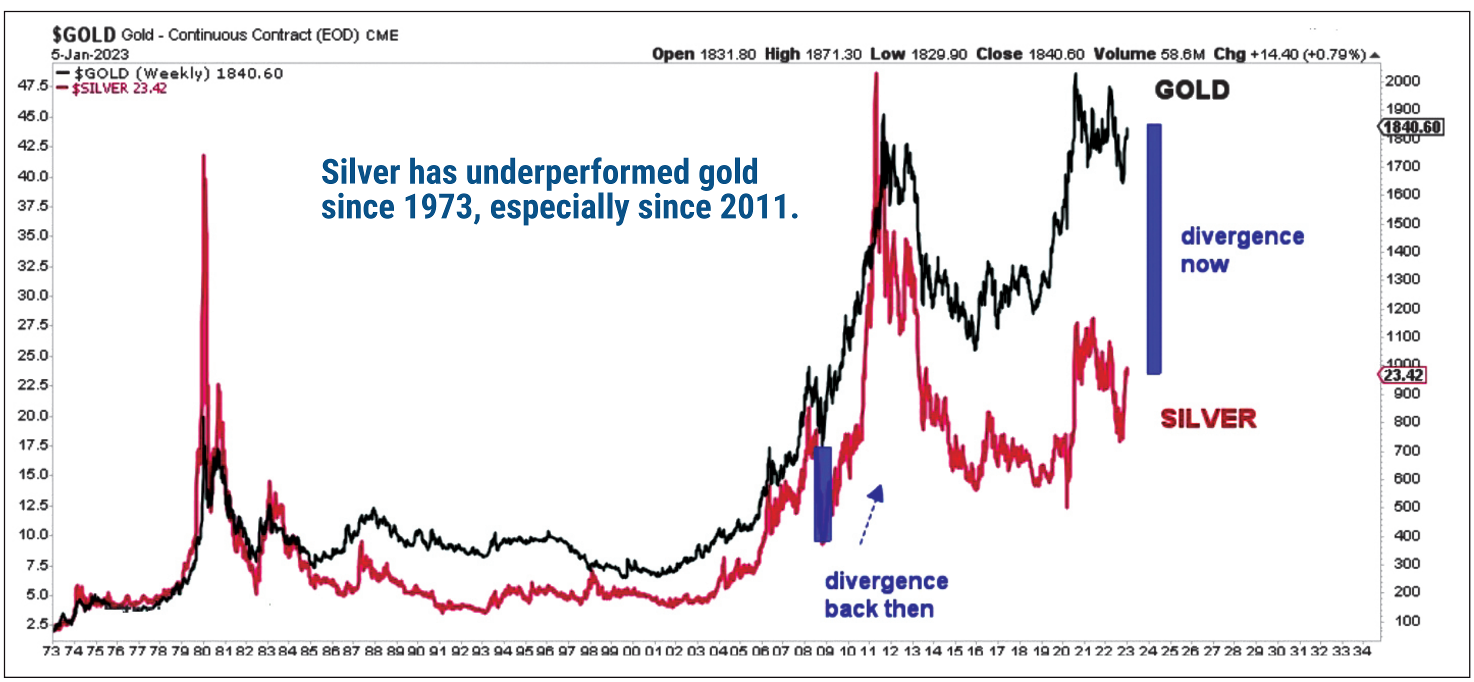
As stated previously, the average GSR in our modern era has been around 40:1.

Historically, the ratio has often moved sharply lower. And when it does, it does so swiftly and lucratively for those positioned before the move.

The ratio fell to 30:1 in 2011 and below 20:1 in 1979. Let's just say it goes to 60:1 (padding it to be conservative). A gold price of $2,000 would translate into a silver price of over $33.

If, as many analysts predict, gold rises to $3,000 per ounce in the next up cycle, and the gold-to-silver ratio reverts to 40:1, silver would more than triple to $75.

That could still be a conservative price target for a raging silver bull market. Time will tell.



Rep. Alex Mooney Aims to Block Fed's Digital Currency Scheme

By Jp Cortez

Sound money champion Congressman Alex Mooney (R-WV) recently introduced H.R. 3712, the Digital Dollar Pilot Prevention Act – legislation that would block the Fed from unilaterally pursuing any form of central bank digital currency (CBDC) scheme.

"Congress cannot give an inch when it comes to CBDCs. CBDCs would threaten the liberties of law-abiding Americans and are being used by authoritarian countries right now to crack down on dissent," said Rep. Mooney.

H.R. 3712 is the latest in a growing backlash to central planners' designs to further centralize government control of currencies, including creating a greater ability to track all financial transactions, disallowing certain types of purchases, and even outright "turning off" a targeted individual's access to money.

Rep. Alex Mooney (R-WV) is [now running for U.S. Senate](#).

Rep. Mooney's bill defines *"central bank digital currency"* as *"a form of digital money or monetary value, denominated in the national unit of account, that is a direct liability of the Federal Reserve."*

The bill continues, *"Unless authorized by an Act of Congress enacted after the date of the enactment of this act, the Board of Governors of the Federal Reserve System and the Federal reserve banks may not establish, carry out, or approve a program intended to test the practicability of issuing a central bank digital currency, including by partnering or coordinating with a private sector entity to carry out such a program."*

H.R. 3712 has already attracted support, with more than a dozen original cosponsors and several endorsements from pro-liberty groups.

"Spending time and taxpayer resources on research or pilot programs would be an end-around on Congressional intent, authorization, or jurisdiction. The Federal Reserve should be focused on fulfilling its formal mandate of taming Bidenflation, not mimicking China," said David McIntosh, president of Club for Growth.

Meanwhile, the opposition to central bank digital currencies is actually somewhat bipartisan.

Republican Presidential hopefuls Ron DeSantis and Vivek Ramaswamy, along with Democrat Robert F. Kennedy Jr., have spoken out about the dangers of a centralized government-run digital currency.

Sen. Ted Cruz (R-TX) and Rep. Tom Emmer (R-MN) have also come out against CBDCs, with the latter claiming that Democrats quietly support anti-CBDC legislation as well.

Governor DeSantis recently signed an order banning any involvement with a digital dollar by the State of Florida, including any CBDC being viewed as money within the meaning of Florida's Uniform Commercial Code (UCC). Several other states are now considering similar measures to pump the brakes on a potential FedCoin.

Under a CBDC scheme, a time-stamped ledger of every single transaction by every single individual and/or firm would create existential threats to privacy. Centralizing the financial history of every U.S. citizen poses other dangers as well.

It's easy to imagine how this level of data collection could be weaponized against individuals who step outside of government-favored opinions and activities.

Donate to a cause the political class has bashed as dangerous? There goes access to your life savings. Buy or sell a product not approved by the powers that be? Your assets are frozen with the click of a mouse.

CBDCs enable what amounts to a government-granted allowance.

Rep. Mooney said, "CBDCs are not about innovation – they are about control."

By contrast, returning to a monetary standard based in gold would help restore the freedom and privacy of the

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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: Could you tell me more about Money Metals' scholarship program?

ANSWER: Beginning in 2016, Money Metals and its affiliates have set aside 100 ounces of physical gold (currently worth about $200,000) to reward outstanding students who display a thorough understanding of economics, monetary policy, and sound money.

The Sound Money Scholarship is open to high school seniors, undergraduate, and graduate students with an interest in economics, specifically the free-market tradition.

Applicants are not required to be economics majors to be eligible to receive a scholarship, but they do need to be able to articulate cogent views in response to an essay prompt on a monetary topic.

In prior years, the Sound Money Scholarship has received entries from students attending more than 150 different schools across 44 states, Puerto Rico, Washington D.C., six countries, and three continents.

The deadline to submit applications is October 31, 2023. For more information, please visit moneymetals.com/scholarship or email scholarship@moneymetals.com.

QUESTION: What are the IRS reporting requirements when I buy precious metals?

ANSWER: As with other types of businesses, virtually all of our transactions are conducted without any IRS reporting requirement whatsoever. However, businesses like ours are subject to the anti-money laundering provisions in the so-called "Patriot Act," enacted in 2001.

Some dealers report more customer transactions than the law actually requires. Money Metals does not. We are not required to report purchases of precious metals about 99.998% of the time. There is one extremely rare exception.

For a Form 8300 "cash transaction" disclosure requirement to be triggered, both of the following conditions have to be met:

1. The transaction is (or related transactions are) larger than $10,000 in size, AND
2. Payment is made using actual cash (i.e. Federal Reserve notes and U.S. coins) or with two or more cash instruments (defined as money orders, cashier's checks, or traveler's checks) which, individually, are $10,000 or less but when totaled together equal more than $10,000.

Personal checks, debits, bank wires, and credit card payments are NOT considered cash or cash instruments, and, therefore, purchases using them do not trigger disclosure by a dealer regardless of their amount(s).

QUESTION: Do you report my sales back to you to the IRS?

ANSWER: We are required to report the SALE of your precious metals only in extremely rare circumstances: According to IRS regulations, only those items and quantities that can be used to fulfill a regulated Futures Contract (RFC) trigger the 1099B reporting requirement. Those items are currently as follows:

1. Sales of 50 oz. of platinum (purity requirement of .9995) in bar sizes of 10 oz. or larger trigger a 1099B.
2. Sales of 100 oz. of palladium (purity requirement of

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.9995) in bar sizes of 10 oz. or larger trigger a 1099B.

3. Sales of 100 oz. of gold (purity requirement of .995) in not less than one 100-oz. bar or three (3) one-kilo bars (32.15 oz each) trigger a 1099B.
4. Sales of 5,000 oz. of silver (purity requirement of .999) in not less than five 1,000-oz. bars trigger a 1099B.

Sales of silver bullion rounds, silver coins, one-, five-, 10-, kilo, and 100-oz. silver bars, or any gold coins, rounds, or bars that are smaller than one kilo – no matter how larger or small the sale may be – do not trigger a Form 1099B filing requirement.

Money Metals' new Irish Shamrock silver round is a big hit.

It should be noted, however, that individual taxpayers have their own reporting obligations as to their own tax returns.

Because the IRS currently considers precious metals to be property, not money, it expects investors to accurately report any capital gains or losses measured in Federal Reserve note "dollars" when the bullion is sold.

QUESTION: What states tax precious metals purchases?

ANSWER: There are fortunately only a handful of states remaining that still tax all precious metals purchases – specifically Maine, Wisconsin, New Jersey, Vermont, New Mexico, Kentucky, and Hawaii.

Thanks to efforts by the Sound Money Defense League, Money Metals Exchange, and grassroots involvement from Money Metals' customers, Mississippi, Arkansas, Ohio, and Tennessee are the most recent states to enact full exemptions.

Meanwhile, there are a handful of states that tax smaller, but not large, gold and silver purchases. Those states are Massachusetts, Connecticut, New York, Maryland, Florida, and California.

It makes no sense to tax the exchange of one form of money for another. Also, gold and silver are not consumed; they inherently held for resale, making the whole notion of assessing sales tax invalid from the start.

For these and other reasons, we've seen a strong trend to eliminate taxes on the purchase of the monetary metals

5 Reasons Young People Should Give Gold a Look

By Joshua Glawson

The precious metal is a time-tested hedge against inflation, economic uncertainty, and more.

In 1946, when the Foundation for Economic Education was founded, an ounce of gold traded for around $38.25. This spring, it was trading above $2,000!

I can only imagine how much money could have been made with earlier investments in gold. I sure wish I had invested extra Christmas or birthday money in the precious metal in 2000, when gold was about $280 an ounce.

While there's no guarantee on any investment, it's clear we're entering a period of great economic uncertainty. In recent economic news, several banks and major financial institutions have filed for bankruptcy. Combine that with weakening economic data elsewhere, and a recession appears imminent.

1-oz gold bars typically carry lower premiums than bullion gold coins.

The U.S. dollar is losing significant value caused, in part, by monetary inflation, overspending, and fading market confidence. Some economists speculate that the U.S. will consider a centrally controlled, government issued, cryptocurrency as a means to promote Modern Monetary Theory.

Throughout history, as fiat currencies have come gone, gold has stood the test of time again and again, and there's reason why.

"Commodities such as gold and silver have a world market that transcends national borders, politics, religions, and race," writes Robert T. Kiyosaki, author of *Rich Dad, Poor Dad*. "A person may not like someone else's religion, but he'll accept his gold."

Buying gold or even holding it was not always an option for Americans. As FEE President Emeritus Lawrence W. Reed has pointed out, "…on April 5, 1933, FDR told Americans—in the form of Executive Order 6102—that they had less than a month to hand over their gold coins, bullion, and gold certificates or face up to ten years in prison or a fine of $10,000, or both."

This essentially made private ownership of gold illegal from 1933 until December 31, 1974, when the executive order was rescinded. These laws negatively impacted the U.S. economy, markets, and the U.S. dollar, and in many ways continue to plague the U.S. and world today.

As economist F.A. Hayek suggested, the U.S. government was monopolizing the currency, while debasing it, expanding social programs, and funding them through fiat monetary inflation schemes.

While there's no way to undo the past, we can capitalize on the future, and gold can be a great way to do that. Here are five reasons to consider giving gold a look if you're starting a portfolio or looking to diversify.

1. Gold Maintains Value Over Time

Although there are short-term volatility concerns with gold compared to the U.S. dollar, the long-term investment in physical gold has maintained its value throughout history. If we look at 1946, the value of an ounce of gold was around $38.25.

Today, in 2023, the value of an ounce of gold is steadily pushing past $1,900 into the $2,000 range. Even 10 years ago, an ounce of gold was around $1,400.

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5 Reasons to Give Gold a Look

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Considering gold for long-term investment is a great way to hedge against inflation and crumbling fiat dollars as opposed to storing your hard-earned money in a savings account where it earns virtually no interest even as inflation erodes its purchasing power.

2. Gold Is Easy to Trade

Gold's value is nearly universal—it is appreciated throughout the world and has held value throughout time. This international and cross-cultural appeal of gold makes it relatively easy to buy and sell throughout the world, a contrast to many other investments.

When there are government policies in place that control bank accounts, monitor stock trading, restrict sending or receiving digital funds, limit lines of credit, shut down credit cards, debase currencies, and regulate crypto transactions, having physical gold is still usually a viable option for trade. This is seen quite often in periods of inflation, deflation, and war.

If you are interested in buying gold, but do not have an extra $2,000 to drop on an ounce of gold, there are a few other ways to invest without buying a full physical ounce, such as fractional coins and bars.

3. Gold Has Low Maintenance

Unlike many other investments, gold has a historic and logical propensity to increase in value over time all on its own.

Stocks might offer a higher rate of return on average, but with gold you don't have to hover over a computer day-in and day-out in order to decide when to buy and sell. You don't have to research company financials or listen in on earnings reports as intensely.

Sure, it is typically best to buy low and sell higher than what you originally paid. However, it is also likely that whatever price you pay for gold today, in 10, 15, or 20 years from now it will be worth far more, making it a low-maintenance investment.

Gold offers durability and imperishability, while also having wide-ranging industrial uses.

4. Gold Is a Path to Generational Wealth

When you own physical pieces of gold—whether in the form of coins or bars or some other physical form—these can be transferred between people without necessarily having government involvement. When the gold is bought or sold, there may be times when a tax is enforced.

However, when gold is given as a physical gift or as an inheritance, or heirloom, simply to hold onto as opposed to selling for profits, you will likely be able to keep it without taxation up to a certain amount.

Having gold can help transfer wealth between generations. Some cultures melt and mold the gold into basic styles of wearable jewelry, coins, ornaments, or cutlery, to further aid in this transferring process.

5. Gold Inspires Competition

Economist Henry Hazlitt agreed with F.A. Hayek that having competition among currencies helps fight inflation while giving free people more options to choose from. Competition and choices are not given to people who are not free from state currency monopolization.

If more people invest in gold, it is likely to inspire progressively greater competition for the US dollar and other world currencies. Currency competition presses governments to reliably hold their value compared to monetary inflation and price inflation rates.

Hazlitt explained, "Let us not reject the gold standard because governments once embraced it. After all, it was the end-product of centuries of experience. It was the survival of the fittest against the early competition of oxen, sheep, hides, wampum, tobacco, iron, copper, bronze, and finally of silver.

"It was the outcome of competition in the market place, as I am confident it would be again. It was only after its victory in private use that governments took it over, exploited it for their own purposes, diluted it, perverted it, and finally destroyed it."

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individual. And gold has historically been a stable and trusted store of wealth, largely outside the clutches of central planners.

Sound money is subject to – and determined by – market forces, serves as a natural check against unrestrained currency creation, and protects purchasing power over time.

To be sure, the Federal Reserve note system is broken. But doubling down on this failed experiment in fiat currency by adding more government tracking and control will bring about even greater destruction.

Rep. Mooney Also Introduces the Gold Standard Restoration Act

Meanwhile, Rep. Alex Mooney (R-WV) – joined by Reps. Andy Biggs (R-AZ) and Paul Gosar (R-AZ) – introduced H.R. 2435, the "Gold Standard Restoration Act," to facilitate the repegging of the volatile Federal Reserve note to a fixed weight of gold bullion so that it can regain stable footing for the first time in more than half a century.

Upon passage of H.R. 2435, the U.S. Treasury and the Federal Reserve would be given 24 months to publicly disclose all gold holdings and gold transactions, after which time the Federal Reserve note "dollar" would be formally repegged to a fixed weight of gold at its then-market price.

Federal Reserve notes would become fully redeemable for and exchangeable with gold at the new price, with the U.S. Treasury and its gold reserves backstopping Federal Reserve Banks as guarantor.

Monetary experts have noted a return to a gold standard would substantially curtail the economic damage caused by inflation, runaway federal debt, and monetary system instability.

"A gold standard would protect against Washington's irresponsible spending habits and the creation of money out of thin air," Rep. Mooney told Money Metals.

"Prices would be shaped by economics rather than the instincts of bureaucrats. No longer would American families, businesses, and the economy as a whole be at the mercy of the Federal Reserve and reckless Washington spenders."