



# MONEY METALS INSIDER

An Insider Report for Clients of Money Metals Exchange

## 2024 Sound Money Index Highlights Problematic States, Positive Reforms

BY STEFAN GLEASON  
*President, Money Metals*

With inflation, debt, and financial instability continuing to make headlines, a new national scorecard exposes Vermont, New Jersey, Maine, and Minnesota as America's absolute worst states for sound money...

...while Wyoming, South Dakota, Alaska, and New Hampshire came out on top in the rankings.

Money Metals Exchange, the top-rated precious metals dealer and depository in the United States, has published the 2024 Sound Money Index, ranking all 50 states based on their policies in this increasingly important public policy area.

The Index's scoring system evaluates state laws such as sales and income tax policies concerning precious metals, whether a state affirms gold and silver's role under the U.S. Constitution, the existence of gold or silver in state pension funds or reserves, the existence of regulations that harm or otherwise punish precious metal dealers and investors, and other relevant issues.

Notable changes on the 2024 Sound Money Index since last year include Arkansas's meteoric ascent from 30th to 5th place as well as Mississippi's leap from 43rd to 16th place.

Building on momentum from 2021's precious metals sales tax repeal, Arkansas Gov. Sarah Huckabee Sanders signed a sound money bill to end all income tax liability on the monetary metals, while also reaffirming gold and silver as legal tender and prescribing that state courts should require specific performance when enforcing contracts denominated in gold and silver.

After a multi-year legislative effort, Mississippi lawmakers canceled all sales taxes on precious metals. The Magnolia State became the 43rd state in the country to remove taxes on purchases of gold and silver.

Meanwhile, Florida passed legislation in 2023 to roll back its harassment laws targeting precious metals dealers, and Tennessee enacted a law to empower its state treasurer to protect taxpayer reserves with a modest allocation to physical gold and silver.

This year's Sound Money Index includes a new, 14th criterion: Gross Revenue Taxes. Such taxes are levied against total sales of companies in a handful of states. A gross revenue tax is a percentage of the topline revenue received by a business, and it ignores whether a business category has a high or low gross profit margin.



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## 2024 Sound Money Index Highlights Problematic States, Positive Reforms


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A gross revenue tax on precious metals businesses is extremely burdensome when compared to other types of businesses.

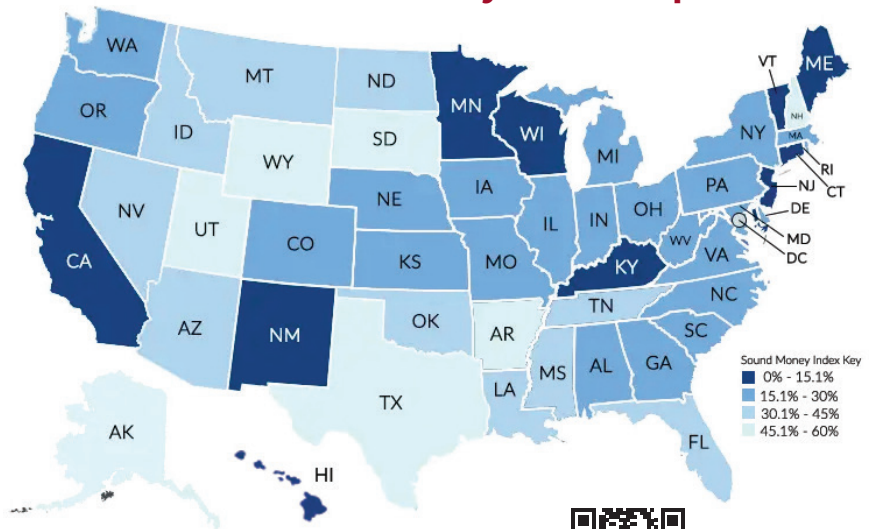
That's because precious metals dealers operate on extremely small gross profit margins — margins that are similar in scale to those on transactions involving real property, investments, or other goods sold by brokerages, which are usually exempt from state gross revenue tax schemes in the first place.

Oregon passed legislation in 2023 joining the vast majority of states that have exempted precious metals dealers from gross receipts tax or which don't impose this tax at all. However, Ohio, Tennessee, Texas, and Delaware all lost points on the 2024 Sound Money Index for their controversial gross revenue tax regimes.

"As inflation eats away at American families, the Sound Money Index holds states accountable for their policies impacting sound money," explained Jp Cortez, Executive Director of the Sound Money Defense League.

"In response to this pressing issue, forward-thinking policymakers in half the states across the U.S., including the five that successfully passed bills, considered legislation in 2023 that promote and protect the use, sale, and purchase of gold and silver in their respective states." 

### 2024 Sound Money Index Map



The complete 2024 Sound Money Index is available here:



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# Demand for Silver Is Greater Than New Supply... Will It Matter?

BY CLINT SIEGNER  
*Director, Money Metals*

Silver production is failing to keep up with rising demand. But you wouldn't know it by looking at the silver price.

Phillips Baker, CEO of Hecla Mining and Chairman of the Silver Institute – the metal's most prominent industry trade group – recently made a presentation at the London Bullion Market Association Global Precious Metals conference in Spain.

The presentation focused on silver's expected role in the transition to green energy, but it included some interesting detail on the silver market in general.

According to the Silver Institute, "Delegates asked Mr. Baker whether we will have enough silver for the green transition. He replied in the affirmative, explaining that while the silver market is currently in a structural deficit, above-ground stocks of silver will be mobilized to meet the demand."

He added, however, that "there are no new significant silver deposit discoveries at present, and that geopolitical issues and mine permitting delays continue to be encumbrances to bringing new sources of mined silver supply to market."

According to the 2023 World Silver Survey, demand outstripped supply in 2022 by nearly 238 million ounces – "possibly the most significant deficit on record." Supply was about 20% short of what was needed to maintain equilibrium.

Silver demand rose in nearly all categories.

Meanwhile mine output fell versus the prior year – confirming what the Hecla CEO said about the difficulties miners face in bringing new production online.

It is getting harder to find high-grade deposits, and it is more difficult and expensive to develop and operate a mine.

With a similar deficit expected for 2023 when that data becomes available, a structural deficit in silver has run for three years consecutively. The shortfall was 50 million ounces in 2021 and 238 million ounces in 2022.

## World Silver Supply & Demand (million ounces) (totals may not add due to rounding)

	2021	2022
<b>Supply</b>		
Mine Production	827.6	822.4
Recycling	175.3	180.6
Net Hedging Supply	-	-
Net Official Sector Sales	1.5	1.7
<b>Total Supply</b>	<b>1,004.5</b>	<b>1,004.7</b>
<b>Demand</b>		
Electrical & Electronics	351.0	371.5
...of which Photovoltaics	110.0	140.3
Brazing Alloys & Solders	50.4	49.0
Other Industrial	126.8	136.0
Photography	27.7	27.5
Jewelry	181.5	234.1
Silverware	40.7	73.5
Net Physical Investment	274.0	332.9
Net Hedging Demand	3.5	17.9
<b>Total Demand</b>	<b>1,055.6</b>	<b>1,242.4</b>
Silver Price (US\$/oz, London Price)	25.14	21.73

Source: Metals Focus

Many would have expected this massive imbalance between supply and demand to have generated a big move in the price since 2021, but it hasn't.

Each year's annual shortfall must be met by pulling silver from above-ground supplies. There are substantially fewer than 2 billion ounces available on exchanges and other publicly disclosed silver stockpiles across the globe.

Beyond that, the amount of silver in the form of coins, bars, rounds, silverware, and other scrap is less known. Some estimates put that number above 5 billion ounces; it's unknown how high prices would have to go before sellers come out of the woodwork.

To be sure, the massive supply of paper silver contracts that can be created on the trading exchanges – especially with the use of leverage – does create the potential for abuse, manipulation, or price dislocations.

However, with silver demand outpacing new mine supply each year, these supply deficits seem likely to put upward pressure on the silver price in the coming years.

In the end, actual physical silver, not paper, is required to satisfy physical demand. ⓘ



# More Pressing Questions from Gold & Silver Investors



*We get lots of questions from the public about precious metals.*

*Some people are curious about the basics. Others are skeptical about the case for owning gold and silver. Still, others are longtime customers who have highly specialized inquiries.*

*Here we will answer a few of the most common, most broadly relevant questions we get...*

## **QUESTION: What Is the Difference between Proof, BU, and Bullion Strike Coins?**

**ANSWER:** There are two general types of coin investors: those who purchase coins as collectibles and those who acquire precious metals as an investment and as wealth protection. Unless you are an extremely knowledgeable collector, gold and silver are best accumulated based on their melt value instead of any sort of numismatic value. Avoid making any significant investment in rare, commemorative, or proof coins.

There are three common grades of coin: proof, brilliant uncirculated (BU), and bullion.

Proof coins are far more expensive and primarily valued for their appearance, design, spiffy packaging, and pristine condition. Proof coins are often made using several strikes in a minting press, making a mirror finish coin. Buyers pay much higher premiums for proof coins and proof sets than for other grades of coins – and these extra costs are rarely recovered when it's time to sell.

The second common grade of coin is brilliant uncirculated. Most brilliant uncirculated coins have been struck at least twice, giving them more detail than lower-grade coins.

The third common grade of coin is bullion grade. Bullion coins are typically struck with one or two strikes, which is why some people call these coins "bullion strike" coins. They are not as pristine as proof or brilliant uncirculated coins but still maintain clearly defined designs and luster.

Bullion coins are by far the most cost-effective of the

options and are valued for their melt content and as a means to build a store of value, protect wealth, and hedge against inflation.

## **QUESTION: What Product Is Best for Barter?**

**ANSWER:** Among the reasons for owning precious metals is a potential failure of the unbacked Federal Reserve note "dollar," economic collapse, or other events that create a need for an alternative means of exchange.

The most practical precious metal for barter is silver because of its relatively low cost compared to other metals.

So-called "junk" silver coins, which are dated prior to 1965 and are 90% silver, are among the more popular silver forms for barter. Other forms include silver rounds, silver bars, and fractional silver such as Geiger and Valcambi bars (e.g. Valcambi CombiBar). These two brands, among others, also offer fractional gold options.

Another option for barter are the fungible Goldbacks which are sheets of fine gold infused into plastic that make them appear like gold banknotes. The one Goldback (GB) denomination is made of 1/1000th of a Troy ounce of 24k gold, a 5 GB is 1/200th of a Troy ounce, a 10 GB is 1/100th of a Troy ounce, a 25 GB is 1/40th of a Troy ounce, and a 50 GB is 1/20th of a Troy ounce.

While it makes sense to own some small increments of fractional gold and silver to facilitate barter, don't put big money into these items, as the premiums due to minting costs are necessarily higher. That's where



*The standard Silver Maple Leaf coin from Canada is a beautiful "bullion strike" coin.*

*Continued on next page*



## More Pressing Questions *(continued)*

gold and silver bars really shine because of their low premiums, low spreads, and high liquidity.

### **QUESTION: Is it a Good Idea to Move Some Gold into Treasury Bills or TIPS Before the Fed Cuts Rates Again?**

**ANSWER:** It's true that short-term Treasuries pay a higher nominal return today than they have in over two decades. It's also certainly possible that the 5% yields currently offered on T-bills won't be available much longer.

Does that mean they presently are a good value? Not necessarily.

As the fiat Federal Reserve note continues to depreciate, investors will find themselves vulnerable to suffering real losses – even on investments that generate nominal gains.

A 5% yield won't keep pace with current inflation by some measures, let alone protect you from a potential rise in price levels. If the Consumer Price Index (CPI) were calculated the same way today as it was in 1990, the government would have to admit to an inflation rate of over 7% – far above the 4% it has recently reported. By the older measure, the inflation rate over the past two years reached well into the teens.

Treasury Inflation Protected Securities (TIPS) may perform better than conventional fixed-rate bonds in an environment of rising inflation, but even that isn't guaranteed.

The actual yield on TIPS doesn't rise automatically with inflation. Instead, the principal adjusts according to changes in the CPI.

The biggest problem with TIPS is that the CPI tends to understate inflation – a reality that is rarely disputed anymore. Over the years, the formula for calculating the Consumer Price Index has been tinkered with for political reasons. By suppressing the CPI, the government reduces the Cost-of-Living Adjustment it has to pay out every year to pensioners, especially Social Security recipients.

Unfortunately, there is no single investment that is guaranteed to deliver inflation-beating returns every single year. But the longer the time horizon, the greater the certainty that gold will retain its purchasing power.

Take the last 100 years, for example. During that time, an ounce of gold went from \$20 to \$2,000 per ounce... that's reflective of a 99% decline in the purchasing power of the Federal Reserve note versus gold. 📈



*Money Metals' newly minted fractional silver rounds have become super popular.*

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# Annual Interest Payments on U.S. Debt Now Top \$1 Trillion

BY BRIEN LUNDIN

The annual cost of financing the U.S. debt has soared to over \$1 trillion per year. Now it's getting serious.

And, as Bloomberg notes, *"That projected amount has doubled in the past 19 months from the equivalent figure forecast around the time."*

This chart shows how quickly interest costs have escalated as not only the debt has grown at a frightening pace, but also as interest rates have soared. The result is a mind-boggling increase in the bottom-line interest expense.

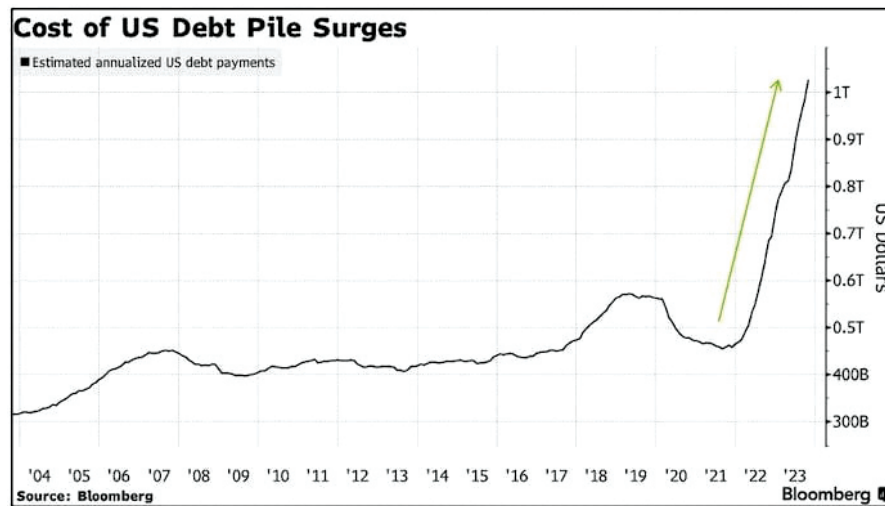
And it's going to get much worse in the months just ahead, as a significant percentage of Treasury debt – most of which was placed in short-term paper even when rates were near zero – is reset at today's far-higher rates.

But none of this is news to you if you've been a reader of ours for any period of time. I've been warning of this precise event... and the resulting political repercussions when interest costs ran past that "big number" of \$1 trillion... for years now.

I've been harping on this inevitable event because it would trigger doubts over U.S. credit worthiness and calls from left-wing politicians to repudiate these debts – and redirect payments toward even more entitlement spending.

...and that kind of talk would spark a crisis in the Federal Reserve note dollar.

Bloomberg agrees: *"The worsening metrics may reignite debate about the U.S. fiscal path amid heavy borrowing from Washington. That dynamic has already helped drive up bond yields, threatened the return of the so-called bond vigilantes and led Fitch Ratings to downgrade US government debt in August."*



The process is gaining steam. In October, Moody's joined Fitch in downgrading U.S. debt from stable to negative:

*"In the context of higher interest rates, without effective fiscal policy measures to reduce government spending or increase revenues, Moody's expects that the US' fiscal deficits will remain very large, significantly weakening debt affordability."*

Bloomberg was the first to report that federal interest expense has now crossed the \$1 trillion threshold. There are other official measures that will soon do the same, including the Fed's own numbers, which are updated quarterly.

When the Fed next updates this figure for the 4th quarter of 2023, it will be above \$1 trillion, and that will spark even more commentary and consternation. ①



*Money Metals' proprietary gold bar designs come in secure assay packaging.*



# Got Gold at Home? Reading This Could Save Your Life

BY GUY CHRISTOPHER

For many of us, it's been a rough few years. We have endured disturbing social and political changes, which too often have been beyond our individual control.

Some rough years still ahead may bring personal demands we haven't yet imagined. How we handle those challenges will depend on our ability to think and act independently – and our appreciation of personal responsibility.

If you own and possess gold and silver, you've taken a big step toward securing financial protection for yourself and your family. You've made the right decisions and taken the right steps. Like most, you probably keep all or some of your precious metals close at hand. After all, that's largely what precious metals are for.

Now it's time to take another important step... one you may not have considered.

## So You've Stored Your Gold and Silver – What's Next?

Now you must take a look at yourself, your personality, and your habits to identify some strengths and weaknesses. It's here that you can and should take control of changing times. *This self-examination could save your life.*

That's because, by storing some (or all) of your gold and silver close by, you could be a potential target of vicious criminals if you aren't careful. The same is true if you have cash or jewelry. The best defense you'll ever have is to keep your business to yourself. Secrecy is key.

*You can become your own worst enemy by ignoring your responsibility to protect your privacy.*

For too many, that lesson was learned too late, or sadly, never learned at all:

**December.** A man, his wife, and his daughter

returned home from dinner at a restaurant near their home just outside Houston, Texas. As they entered the house, two thugs hiding outside broke in waving

pistols, demanding the homeowner open his safe. They terrified the family for over two hours and got what they came for only after shoving a pistol in the daughter's mouth. The brutal criminals escaped with a half million in cash and gold.

**February.** A retiree in Gonzales, Louisiana answered his door around 10 p.m. He recognized his visitor, a former employee. As he opened the door, five others hiding outside rushed in and overpowered the man, his wife, and their son-in-law. The killers cut their throats before stealing a metal safe reportedly containing a hundred thousand dollars in

gold coins and bars, silver, and rare coins. Police learned during their investigation the murdered retiree happily talked to anybody and everybody about the wealth he kept in his safe at home.

**March.** An elderly man living northwest of Baltimore, Maryland answered his door at 3 a.m. Three criminals rushed in with guns. They pistol-whipped the victim, then went straight to a safe containing gold and cash, which they took away with them. As they left, they pistol-whipped the victim again.

**August.** A woman returning home just after midnight in Coeur D'Alene, Idaho, found two strangers parked in her driveway. When she confronted them, they fled. Inside, she found her elderly, disabled father unharmed, but two safes containing a reported quarter million dollars in cash and gold were gone.

**November.** Three armed criminals overpowered a sleeping homeowner living in a luxury high-rise near Palisades Park, New Jersey, and escaped with \$2 million in cash and gold. They knew what they wanted, came prepared, and spent three hours



*See Got Gold at Home?, next page*

## Got Gold at Home?

*continued from previous page*

ransacking his home and his safe.

## While Still Rare, Home Invasions Are Increasing

There are more such stories, particularly involving folks with stashes of cash or jewelry. The common theme to these home invasion crimes is the victims were not randomly selected.

In each case, someone knew about the valuables kept at home but had no business knowing.

Someone talked who should not have talked. What should have been confidential information about fortunes kept at home was out there on the streets.

Professional bullion and coin dealers, jewelry merchants, pawn shop operators, and bank tellers have been living with threats of robbery and murder for as long as they've been in business.

But cases of savage home invasions by criminals looking for gold and silver used to be extremely rare.

Now, those crimes are slowly increasing in number and frequency as public awareness of precious metals grows, as the economy slowly sinks into the mud, and as gold and silver become more sought after.

You surely don't want your name on the list of potential targets.

## Do You Blab about Things You Own?

*Now is the time to take a responsible look at your habits and practices, by asking yourself just a few personal questions. The idea here is not to turn you into a real-life action hero but to avoid the need for close-combat heroics in the first place.*

- Do you generally believe bad things happen to others but never to you?
- Do you like to brag, or can you keep a secret?
- Do you confide your dealings to casual acquaintances?

*These key questions indicate whether you are risking too*

*much by broadcasting your private matters.*

- Do you share too much about your business online through social media?
- Do you use "want ads" to buy or sell valuables?

*Social media is here to stay, but that doesn't mean you have to risk your safety by advertising every private matter in your life, especially those involving your wealth.*

- Do you note your surroundings at home or when traveling?
- Do you believe the growth of crime and civil unrest increases your odds of becoming a victim, or are you someone who believes the police are taking care of all that for you?
- Do you take special note of strangers in your neighborhood? Do you pay attention to barking dogs?



*Developing a keener power of observation during your normal routines can become a valuable habit that will pay off.*

Young children who know about private family business are a special matter.

- Do neighborhood children play in and around your home?
- Have they spotted that safe?
- Do you coach your kids about the importance of keeping things private and not talking to strangers?

*We know children can be raised in responsible homes to respect firearms safety and automobile safety, so they can certainly be raised to understand family privacy.*

## Keeping Your Precious Metals Hidden

A hard look at your honest answers to my questions and other questions of your own will go a long way in preventing criminal horrors from happening to you.

Don't look to friends, relatives, police, government, or media for any answers. Look instead to your own responsible, independent, God-given common sense.

Hold precious metals to protect your wealth. Then keep your mouth shut to protect your safety. 🗨️