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MONEY METALS INSIDER

An Insider Report for Clients of Money Metals Exchange

Outlook 2022: Gold and Silver to Play Catch-Up

By Stefan Gleason
President, Money Metals

After an overall disappointing year for gold and silver markets, metals investors are looking ahead to 2022.

There are good reasons for optimism – precious metals prices appear poised to reflect broader inflationary pressures – but the bullish outlook isn't without risk.

One of the biggest threats to hard assets this year would be a rising U.S. dollar index in anticipation of Federal Reserve monetary tightening.

Whereas the Fed has signaled its intent to raise interest rates later in the year, the European Central Bank has not. That could bode well for the Federal Reserve Note "dollar" as measured against the euro.

Some investors assume wrongly that a rising greenback on foreign currency exchanges spells doom for gold.

The U.S. Mint changed its American Gold Eagle design for the first time in 25 years.

While it can be a headwind, there is also precedent for precious metals to rally alongside a nominally strong dollar.

All Fiat Currencies Lost Purchasing Power in 2021

To put dollar "strength" in perspective, in 2021 the dollar was up about 7% against a basket of foreign currencies.

In reality, though, the fiat currency actually lost more purchasing power than in any year since 1982. Inflation, as measured by the Consumer Price Index, even hit an annual rate of 6.8%.

The dynamic that played out last year, in which precious metals markets were largely absent from the inflation scene, seems unlikely to repeat in 2022. Metals have a lot of catching up to do.

Low spot prices actually make the fundamental case for gold and silver stronger. Low prices for mined products mean miners have less incentive or ability to ramp up production in the face of rising demand.

The Silver Institute forecasts a supply deficit for the physical silver market in 2022.

Analysts note that industrial demand is rising, especially on the green energy front where the white metal is used in solar power and electric vehicle applications.

See Outlook 2022, next page

Inside This Issue:

Outlook 2022

continued from previous page

Demand for gold is also strengthening. Global jewelry demand recovered impressively last year, especially in India, where it is culturally significant within the world's biggest customer base.

Central bank buying of gold has the potential to expand, especially if tensions rise with China, Russia, and other countries that are adversarial to the U.S. dollar as world reserve currency. Meanwhile, inflation concerns recently prompted Ireland to add to its gold reserves for the first time in 12 years.

The big wild card for 2022 could be the extent of precious metals buying by investors and speculators.

Bullion demand came in strong last year, causing premiums to stay elevated on many products, especially silver American Eagles.

On the speculative side, however, futures trading has been dominated by institutional short sellers.

Small speculators continue to be more enamored with Wall Street products and cryptocurrencies than with anything tangible that comes out of the ground.

If enthusiasm for paper and digital assets begins to diminish, then gold and silver markets could be prime beneficiaries. At some point, stimulus-propelled financial markets will run out of fuel.

High Inflation Rates Likely to Persist in 2022

Inflation itself, though, is almost certain to persist. The question for investors is how to ride the next wave of inflation.

There are many potentially viable plays available – from equities (in favorable sectors), to cryptos, to real estate, to collectibles, to various hard assets.

But at the core of any inflation protection strategy for 2022 (and beyond) is sound money itself in the form of physical gold and silver.

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Investable, Wearable, Exquisitely Beautiful

Now Acquire Fine Gold & Platinum Jewelry at Bullion-Dealer Prices

Fine gold and platinum jewelry has been collected, cherished, and handed down for millennia.

Given the highly desirable nature of wearable gold and platinum, jewelers have often been able to command prices at high multiples above underlying melt value.

If beauty and art are your prime objectives, and you don't mind paying the high jewelry store profit, there's nothing wrong with that.

However, savvy precious metals investors look for more.

They seek fine gold and platinum jewelry with a high precious metals content and low price relative to melt value.

Introducing Nebü Gold and Platinum Jewelry at Money Metals

Money Metals is proud to offer our customers a new line of gold and platinum jewelry with purity as high as 99.99 percent at a far lower spread between retail price and melt value than is often available from jewelers.

That's because we are a bullion dealer, founded with the objective to bring you the most precious metal for your money.

Nebü jewelry merges elegant design with the properties unique to pure gold and platinum into beautiful luxury and relatively low premiums.

Our Nebü products deliver pure authenticity and true value in 24k luxury, each piece designed and produced with fine craftsmanship.

Offerings now available from Money Metals include bangles, charms, rings, pendants, earrings, and cufflinks in gold and platinum. We selected Nebü products not just for their beauty, but because they fit well with our goal of delivering the most metal for the money.

We are confident that you'll agree that these products combine beauty and value like no other wearable form of precious metals.

Please check out our fabulous Nebü collection of investment jewelry at MoneyMetals.com!

FREE SHIPPING AVAILABLE:

Nebü products sold by Money Metals ship from the same Idaho facility as our other precious metals products, with the same high level of customer care. As always, shipping is free on all orders of $500 or more.

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: Since the Fed seems likely to hike interest rates in 2022, should we wait before adding to our gold and silver holdings?

ANSWER: Not necessarily. Trying to wait out the Fed could prove to be a huge mistake.

Consider that the gold market reached its last major bottom in December 2015 at around $1,050 an ounce. That coincided with the onset of a rate-raising campaign.

Previously, a third round of Quantitative Easing was announced in September 2012. Many analysts assumed that QE3 would provide an immediate boost to gold and silver prices. Instead, the metals markets declined for several months following the Fed's announcement.

The lesson is that precious metals markets don't move in lockstep with Fed easing or tightening. Gold and silver prices show virtually no correlation to nominal interest rates.

What matters is real interest rates – meaning, interest rates relative to inflation rates. Real rates are near their most deeply negative levels ever, thanks to the recent inflation spike. And real rates can remain negative throughout a Fed tapering and hiking campaign

QUESTION: What's your overall philosophy when choosing what specific precious metals products to buy?

ANSWER: We encourage folks to focus on the lower premium items so virtually all their investment goes into acquiring the metal itself.

Most importantly, that means avoiding so-called "rare," graded, or proof coins which generally carry high premiums, unrecoverable upon a later sale.

You will almost certainly be better off if you stick with bullion coins, bars, and rounds where the cost is mostly determined by the spot price. Within that group, bars and rounds almost always offer the best value.

QUESTION: Will there be a silver shortage?

ANSWER: Shortages are a symptom of central planning gone awry.

In a properly functioning market economy, price signals cause supply to respond quickly to fluctuations in demand. Those crucial price signals have been distorted by massive interventions into the economy by the government and Federal Reserve.

The Fed is artificially suppressing interest rates. That has the effect of artificially stimulating asset market speculation as well as consumer demand – and exacerbating inflation.

If investor psychology shifts toward inflation protection and hunkering down financially, the physical bullion market could see demand overwhelm supply. Shortages of retail gold and silver products would mean premium spikes and possibly a surge in spot prices as well.

Over the past couple years, the dysfunctional U.S. Mint – a government bureaucracy – has consistently failed to produce adequate quantities of its gold and silver American Eagle coins.

Overall demand continues to strain available inventories, making privately minted bars and rounds a better value than ever.

The good news is that those who hold hard-to-get precious metals will be in the driver's seat. They can choose to sell whenever they believe prices, including potential buyback premiums over spot, are high enough.

If government-induced inflation and supply disruptions continue to get worse, chances are today's bullion prices will look low compared to where they're headed.

U.S. Treasury Refuses to Answer Questions about Disposition of Its Own Gold

By Chris Powell

Recent correspondence between U.S. Rep. Alex X. Mooney (R-WV) and the U.S. Treasury Department suggests that the government has given the Federal Reserve and International Monetary Fund control of a portion of U.S. gold reserves.

Rep. Alex Mooney (R-WV) is a leader on sound money issues.

In a letter to Treasury Secretary Janet Yellen last year, Mooney posed many questions about the U.S. gold reserves, which are owned by the Treasury.

The Treasury Department's deputy assistant secretary for appropriations, Angel Nigaglioni, recently declined to answer most of Mooney's questions, suggesting that the congressman instead pose them to the Fed and the IMF, even though the gold belongs to the Treasury Department (and U.S. taxpayers).

Particularly, Nigaglioni replied, the Treasury Department won't say:

1. How much of its gold is kept at the Federal Reserve Bank of New York (although the Government Accountability Office does provide some information).
2. Why Treasury gold is kept at the New York Fed.
3. Whether any of the Treasury gold at the New York Fed has recently been audited, assayed, or inventoried.
4. Whether the Treasury gold held at the New York Fed is segregated from gold vaulted there by other nations.
5. How much Treasury gold is part of the IMF's gold holdings, nor where Treasury gold assigned to the IMF is kept, nor the purpose of the assignment of Treasury gold to the IMF.

Nigaglioni did say that the Treasury Department and U.S. Mint to not engage in gold or gold derivatives transactions through the Bank for International Settlements, other central banks, or governments. But this did not exclude the Federal Reserve's use of Treasury gold for such transactions.

Since Mooney's questions involved the Treasury's own gold, the Treasury surely knows or should know the answers, or else the Treasury is a negligent custodian of national assets.

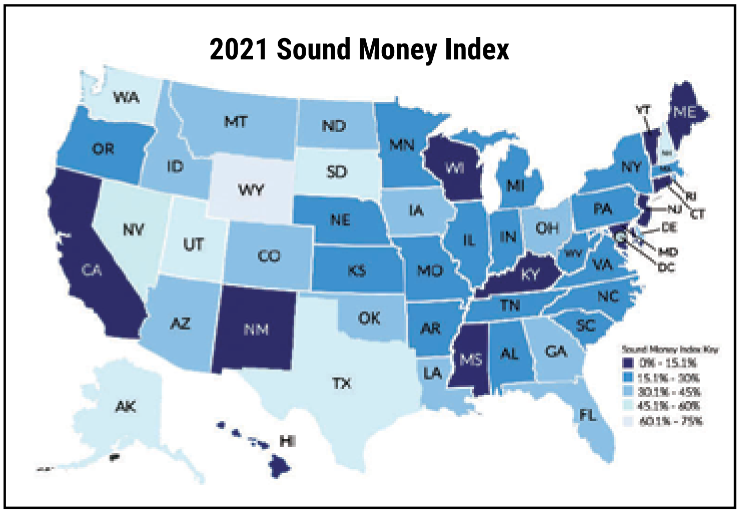
That the Treasury won't answer Mooney's questions is more evidence that it and the Federal Reserve are likely using U.S. gold reserves for surreptitious interventions in the gold market.

Rep. Mooney is sponsor of the Gold Reserves Transparency Act (H.R. 3526) to require the first true audit of America's gold in decades.

New State Rankings Uncover Dramatic Differences on Sound Money

Wyoming, Texas, and South Dakota are the three most pro-sound-money states in America, according to the 2021 Sound Money Index. Meanwhile, Vermont is ranked absolutely last.

Released in December, the Sound Money Index uses 12 criteria to determine which states maintain the most pro- and anti-sound-money policies in the nation.



The Sound Money Index evaluates each state's sales- and income -tax policies involving precious metals; whether a state recognizes the monetary role of gold and silver under the U.S. Constitution; whether a state holds pension, reserves, or bonds in gold or silver; whether a state has imposed precious metal dealer/investor harassment laws; and other criteria.

Money Metals Exchange, the national precious metals dealer recently named "Best Overall" dealer in the United States for the second consecutive year, joined with the Sound Money Defense League, a national, non-partisan sound money advocacy group, to produce the authoritative ranking.

Alaska, New Hampshire, Utah, and Washington round out the fourth- to seventh-place range on the Sound Money Index.

Money Metals Helped Secure Two New Sales Tax Exemptions

During 2021, Arkansas and Ohio each ended their sales taxes on purchases of precious metals in their states, joining the 40 other states that have already ended this unfair practice. Arkansas and Ohio rose from 49th and 45th place to 33rd and 20th place, respectively.

The Buckeye State made a comeback in the past two years when Ohio pension trustees decided to allocate five percent of retirement funds to physical gold – and then the legislature reversed its prior decision to tax the sale of sound money.

In fact, Ohio now stands as the only state in the U.S. currently known to allocate a percentage of state-held pension funds to physical gold. Pension trustees' failure to own gold as financial insurance may violate their fiduciary duties as well as the "prudent investor rule."

According to the 2021 Sound Money Index, the very worst environments for sound money can be found in Vermont, New Jersey, Maine, and Kentucky. However, New Jersey, Maine, and Kentucky are expected to consider bills that would improve their rankings in their upcoming 2022 legislative sessions.

"Inflation is becoming the top economic problem facing America. As politicians and central bankers continue to create trillions in unbacked currency, sound money has never been more important. Citizens in states that foster pro-sound-money environments can better protect their savings," said Jp Cortez, policy director of the Sound Money Defense League.

"Federal policy and the Federal Reserve System are the root causes of inflation, instability, and currency devaluation," said Stefan Gleason, president of Money Metals Exchange.

"However, many states are thankfully taking steps to protect their citizens from the damaging effects of America's fiat money system," Gleason noted.

Local Coin Shops Face Burdensome & Invasive Rules

The Sound Money Index documents several other state policies.

Continued on next page

New State Rankings Uncover Differences

continued from previous page

For example, some states place heavy burdens on local precious metals dealers and their customers. Local coin shops are often required to collect detailed customer information and submit it to law enforcement with the supposed purpose of helping investigate or prosecute thefts.

Money Metals' poured silver bars at low premiums have become extremely popular.

In addition to intruding on the privacy of investors and imposing financial burdens on dealers, these "customer and dealer harassment" policies are a big waste of time as coins and bullion are fungible and generally not trackable anyway.

In more than a dozen states, local dealers are required to photograph items being sold to them by the public, collect copies of customer IDs, take down detailed notes, and upload such information to government databases.

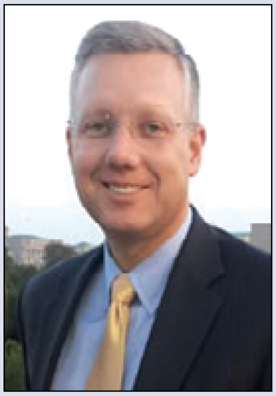
One state (Arizona) even makes it outright illegal to use cash to buy precious metals – all payments must be traceable.

Also in Arizona, minors are barred from buying gold or silver unless accompanied by a parent tendering an ID card.

Taking grandma's birthday gift of cash down to the local coin shop to buy an ounce of silver bears heavy consequences. Any violations of these or other customer/dealer harassment provisions can be prosecuted as Class 1 misdemeanors, punishable by up to six months in jail plus fines!

The complete 2021 Sound Money Index is available at MoneyMetals.com.

Special Letter from Money Metals President Stefan Gleason



Stefan Gleason, President of Money Metals Exchange

When I launched Money Metals Exchange 12 years ago and asked my brother Mike Gleason and my brother-in-law Clint Siegner to join me, I had a vision to create a different kind of precious metals dealer.

Sure, I was hopeful… but I certainly didn't expect Money Metals would so quickly rise to the top of the industry in the United States or grow to nearly 100 employees.

At our founding back in 2010, we had simply identified a major gap in the U.S. precious metals market.

Investors wanting to diversify into physical precious metals could choose from two types of national dealers – and we, frankly, didn't think either option was too great.

First (and worst) was those bait-and-switch "rare coin" outfits who still, to this day, prey on hapless investors with their slick TV ads, paid celebrity spokesmen, "free investor kits," and boiler room sales operations.

These shysters' game was – and is – to pressure investors into buying supposed rarities and other items that are priced way over melt value… dramatically higher than bullion coins, bars, and rounds.

The damage these national "rare coin" peddlers have done to trust in our industry – to say nothing of the financial damage done to investors – is immeasurable.

The other type of national dealer out there was – and is – the generic online store. No educational content, no market news, no advocacy for customers' interests… nothing more than selling of widgets that happen to be fabricated from gold and silver.

I suppose the generic online store model is okay as far as it goes (provided such dealers deliver on their commitments to customers). But I believe we have a responsibility to do more than "just" be an outlet for gold and silver at fair prices.

Americans ought to have a partner in their dealer. It's not simply about making a sale. Not even close.

We founded Money Metals to educate, serve, and protect investors while introducing them to the wealth-protecting qualities of gold and silver.

For us, it's about striving to do business with absolute integrity.

It's about directly advocating for public policies that promote sound money, especially repeal of all forms of taxation on the monetary metals.

It's about offering timely analysis, newsletters, podcasts, and other content – week in and week out.

It's about providing white-glove customer service and an array of related services – like money savings plans, secure storage, precious-metals-backed loans and IRAs, and a two-way market – all seamlessly integrated.

To our loyal Money Metals customers, we want to thank you again for your patronage – and for your trust in us. We will never take your business for granted; we intend to keep earning it with every interaction we have with you.

Stefan Gleason