



# MONEY METALS

## INSIDER

An Insider Report for Clients of Money Metals Exchange

# Precious Metals Set to Keep Powering Ahead in 2020

BY STEFAN GLEASON

*President, Money Metals*

Precious metals got off to an explosive early start to 2020 as tensions between the U.S. and Iran drove safe-haven buying.

Of course, gold and silver markets will need more than a geopolitical flare up to drive a long-term bull market advance.

The question for investors is whether the fundamental picture now looks promising or fleeting.

In our view, the fundamentals are turning in favor of higher gold and silver prices.

From fiscally reckless trillion-dollar deficits in Washington, to a Federal Reserve obsessed with generating higher rates of inflation, to mining supplies of gold and silver tightening, the ingredients for a big bull market are in place.



## Fed Doubles Down on Higher Inflation

With the Fed now on pause with interest rates after having thrice cut in 2019, it is also engaging in massive backdoor debt monetization (“not QE”). Its balance sheet will likely rise to an all-time record sometime this spring, further cheapening the real value of the Federal Reserve Note in the process.

Loose monetary policy should continue being supportive of higher asset prices in general.

During a press conference in late 2019, Fed Chairman Jerome Powell indicated he would like to see a significant and sustained rise in inflation before hiking rates again.

In January, John Williams, president of the New York Federal Reserve Bank, said the Fed should consider “doubling down” on its inflation target – pushing consumer prices higher by reinforcing public expectations that the Fed will remain accommodative.

Higher inflation coupled with low interest rates could potentially be rocket fuel for precious metals markets.

## Why Silver May Be the Metal to Own in the 2020s

One of the most remarkable technical developments of 2019 was the gold:silver ratio spiking to 95:1 – its highest level since the early 1990s. It finished the year at 85:1.

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A continued decline in the gold:silver ratio toward more historically normal levels would entail not only an outperformance in silver – but also likely a bull market in both gold and silver.

The last powerful decline in the gold:silver ratio from 2009 to 2011 translated into silver surging up over \$49/oz and gold making a record high at \$1,900/oz.

Silver may be the metal to watch (and own) in 2020 and beyond. If global industrial and investment demand picks up even slightly, supply will struggle to keep pace.

In fact, silver mining supply is heading in the opposite direction. The Silver Institute's World Silver Survey shows production falling at an annual rate of 2%.

Mines have been depleting their silver reserves and haven't had the incentive to develop new projects given low spot prices and geological challenges due to declining ore grades.

According to Katusa Research, "The average head grade (metal content of mined ore) has fallen by over 50% since 2010. This is not a good situation for a miner. In a world where input and production costs are rising yet profit per tonne of rock has fallen by 50%, this poses serious long-term potential problems."

Investing in a miner is always an iffy proposition, even if you do your homework. The busts tend to

outweigh the booms.

And in the case of silver miners, most are primarily in the business of mining other metals (such as lead, copper, nickel, zinc, or gold) – and only mine silver as a byproduct.

The lack of a healthy primary silver mining industry can work to the advantage of physical silver investors. It means that supply will remain constrained in the years ahead.

Even if higher spot prices begin to make mining silver more profitable, the beaten and battered industry won't have the immediate capacity to grow production to any significant degree. It will take years of rebuilding.

In the meantime, once silver breaks above overhead technical resistance from \$20-\$21/oz, the path should be clear for a run toward its old record high.



*A return of the silver bull market points to its outperformance versus gold.*

## The Platinum Wild Card

The other metal with big upside potential in the 2020s is platinum. It has gotten clobbered by palladium and rhodium in recent years. But the extreme price disparity between platinum and those other two platinum group metals makes it a compelling alternative for automakers and other industrial users.

"Platinum had fallen out of favor among investors after Volkswagen AG's emissions-cheating scandal in 2015 prompted commuters to turn away from diesel

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## Precious Metals Keep Powering Ahead

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vehicles. The market has overestimated the decline in demand for autocatalysts,” reports Bloomberg (via Mining.com).

“By 2025, about 850,000 ounces of palladium used in autocatalysts could be substituted with platinum...”

Although downside is likely limited, platinum could spend much of 2020 basing out before substitution kicks in to push prices much higher in the years ahead. Adding to the fundamental story will be a rise in the use of fuel cells for power generation, which use platinum.



*Money Metals sells numerous platinum coins and bars, including the American Eagle coin.*

## The Gold Safe Haven

As always, precious metals investors should first stake out core positions in gold and silver. They are money, first and foremost.

Monetary demand for gold – led by central banks in Russia, China, and elsewhere – is likely to remain strong.

Even if the global economy falters and causes industrial demand for the white metals to slip, gold buying won't necessarily go down. It could even increase on a flight to safety.

Gold may not be the cheapest metal, but it is cheap relative to the U.S. stock market. And the protection physical gold provides from the risks of financial turmoil is invaluable. 📌



## Money Metals Depository

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*Money Metals customers know the importance of protecting their wealth from inflation and financial turmoil. Building a precious metals holding is one vital step. Securing that holding is quite another.*

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- Located in low-crime Eagle, Idaho, with the county sheriff's office located in the same building.

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- Nor is there any cost to ship and insure when you sell precious metals stored with Money Metals Depository to Money Metals Exchange.

### Contents fully insured by Lloyd's of London

- All metals stored in your account are fully segregated and are never commingled with any other customer's holding or our own.
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**If you need storage for any portion of your metals stockpile, take advantage of the most secure, convenient, and affordable option available anywhere. Just call us at 1-800-800-1865 or visit [MoneyMetals.com/depositary](https://www.MoneyMetals.com/depositary) to get started.**





# Frequently Asked Questions

## About Gold and Silver Investing



*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...*

*Even if you're a seasoned metals investor, you can surely find value in this FAQ. Just about every gold and silver bug has been hit with questions from doubting friends and family members to the effect of, "What's the point in owning these shiny objects?" In fact, there are many points – including some you may have overlooked.*

### **QUESTION:** What determines the premium on gold and silver products?

**ANSWER:** Premiums vary according to the product in question (American Eagles will always carry a slightly higher premium than common rounds) and market conditions. When demand is soft, premiums may fall, especially on secondary market products such as pre-1965 U.S. silver coins.

Secondary market products – items that are being resold rather than sold for the first time as brand new – can often be purchased at a discount to newly minted products and very close to actual spot prices.

### **QUESTION:** Which bullion products offer the absolute lowest premiums?

**ANSWER:** Privately made bars and rounds, as opposed to government issue coins, are hard to beat when it comes to low premiums. That is why Money Metals recommends them so often. Investors will often find the combination of uncirculated beauty and low cost to be a "sweet spot."

About the only way to lower costs even further is to make some compromises when it comes to condition. It is sometimes possible to buy scratched, dented, and/or tarnished items at a discount. Investors who don't care much about aesthetics may be able to get slightly more precious metal for their dollars.

We classify scratched or dented gold and silver items as "Bargain Bin," and they are discounted at MoneyMetals.com.

### **QUESTION:** When considering what types of gold and silver bullion products to buy, does purity matter?

**ANSWER:** Not usually. The only real factor that matters is the melt value of the gold or silver product in question. For instance, while not all of the popular one-ounce gold bullion coins have the same purity, they do all contain one full troy ounce of gold.

The most popular retail silver bullion product where this purity question comes into play is with "junk silver" – aka 90% or 40% U.S. silver coins.

When buying junk silver, you effectively get the copper filler for free. You pay only for the silver content. When it comes to Pre-1965 90% silver dimes, quarters, and half dollars there is 0.715 ounces of silver for every \$1 of face value (i.e. 10 dimes, 4 quarters or 2 half dollars or any combination thereof that adds up to exactly \$1).

There are some situations where purity *does* matter and must be considered. For example, when purchasing bullion specifically for a precious metals IRA, the IRS requires that products (other than American Gold Eagles) meet a certain purity standard.

### **QUESTION:** Are gold and silver prices manipulated?

**ANSWER:** All markets are susceptible to manipulation by large institutional traders, central banks, and governments. Precious metals markets are

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## Frequently Asked Questions *(continued)*

no exception.

In fact, Deutsche Bank, HSBC and ScotiaBank, Merrill Lynch, and JP Morgan Chase have all been hit with criminal and/or civil charges for rigging gold and silver markets. Since 2015, big banks have paid penalties totaling over \$10 billion to settle charges of market manipulation.

Government directed/sanctioned manipulation is more insidious and tougher to combat. The U.S. government's Exchange Stabilization Fund and Working Group on Financial Markets (i.e., "Plunge Protection Team") intervene in markets when they veer off course. Evidence suggests central planners suppress gold prices through a variety of mechanisms, such as engaging in secret "swaps" with other central banks.

**QUESTION:** If gold and silver prices are being artificially suppressed, then why should I bother investing?

**ANSWER:** Market manipulators can't overturn the laws of supply and demand. Over time, prices will reflect the realities of limited supply and growing

demand for gold and silver. To the extent that metals prices are currently suppressed, supply shortages will eventually emerge, so it's an opportunity to obtain them at a discount to their fundamental value.

**QUESTION:** How do I safely store my physical gold and silver?

**ANSWER:** We recommend a two-pronged approach. First, store some of your bullion at home in a well-concealed safe for immediate access in case of emergency.

Store the remainder of your bullion in a secure, insured precious metals storage facility. Insist on segregated storage like that provided at Money Metals Depository to avoid any commingling of your bullion with that held by other customers.

Safe-deposit boxes at banks are generally *not* suitable for precious metals storage. In fact, some banks have policies that explicitly prohibit gold bullion. Plus, your gold would be at risk in the event the bank goes under or gets raided by government agents. You don't want your gold tied into the banking system, even indirectly. 📍

## Get Cash Without Selling Your Precious Metals!

Do you own precious metals you would rather not sell, but need access to cash?

You were wise to stash away precious metals to meet your future financial needs. Now Money Metals Capital Group can extend you a cash loan on your gold, silver, platinum, and/or palladium bullion coins, bars, and rounds.

It only takes a few days to close and fund your loan, all without tapping the equity in your home or selling off any of your precious metals, stocks, bonds, or other financial instruments!

Our minimum loan size is \$25,000, and we loan up to 75% against the market value of your metals (not available in all states). For more information or to apply, call 1-800-800-1865 or visit at [MoneyMetals.com/gold-loan](http://MoneyMetals.com/gold-loan). 📍



# Outmaneuvering the Fed (and the Crooked Banks) by Holding Gold

BY CLINT SIEGNER  
*Director, Money Metals*

Market forecaster Martin Zweig famously warned investors against underestimating the power of the Federal Reserve Bank to control markets. He coined the phrase “Don’t fight the Fed” back in the 80’s. Precious metals investors are wondering if this is still good advice.

On one hand, it is pretty hard to argue with that bit of wisdom.

The Fed Zweig was referencing had begun taking a more overt role in markets, using interest rates as a tool for managing the economy.

Paul Volcker dramatically raised interest rates to put price inflation from the late 1970’s back under control.

Zweig hailed from an era of less irresponsible central bankers. He expected them to use their immense power in rational ways.

Today he might be disturbed by just how vast the powers of the central bank have become. Officials there recognize no limits on their authority. They buy stocks, spearhead bank bailouts, monetize federal debt, and act as a lender of last resort in the repo markets.

The Fed’s balance sheet exploded to 4 trillion dollars over the past decade. It is stuffed with assets few others wanted to buy: U.S. debt with very low yields, dodgy mortgage securities and who knows what else.

Officials there have unlimited power, but the way they use it undermines – not inspires – confidence. The feeble attempt to normalize interest rates and unload some of the junk on their balance sheet failed a year ago when the stimulus addicted equity markets went

into withdrawal.

Past assurances about being able to throttle back when the economy recovered proved to be worthless. They are back to spiking the punch bowl, and investors have to worry about how crazy things will get this time around.

Fed bankers won’t give an honest accounting for their extraordinary intervention in the repo markets, but it smells like trouble. If it spreads, rates will be headed back toward zero.

They talk openly about even more bizarre and extreme policies, including negative interest rates, as tools to combat an economic slowdown.

The power of the Fed isn’t the only consideration when deciding how to invest. It is

just as important to think about who wields that power and how well they do it.

For the most part, today’s central bankers lack wisdom or principles. They have Politburo-like arrogance in their ability to centrally plan the economy. And they lack Volcker’s tolerance for pain which explains why the bubbles they blow just keep getting bigger and more dangerous.

Fighting the Fed may be a bad idea. But so is climbing on board with the people running policy there. We suggest the best plan is to try and get out of their way. That is what an investment in physical gold and silver is really about. 📍



# Wyoming, Texas, Utah Top 2019's Sound Money Index – Vermont, Arkansas, New Jersey Among the Worst States

*“Is Your State Destroying Your Money?”* asks the Sound Money Defense League and Money Metals Exchange with the release of the 2019 Sound Money Index.

The Sound Money Index is the first index of its kind, ranking all 50 states using twelve different criteria to determine which states maintain the most pro- and anti-sound money policies in the country.

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 debt denominated in gold or silver, whether a state has imposed precious metal dealer/investor harassment laws, and other criteria.

Wyoming, Texas, and Utah emerged the best states on sound money in the nation, and South Dakota, Alaska, New Hampshire, and Washington are not far behind.

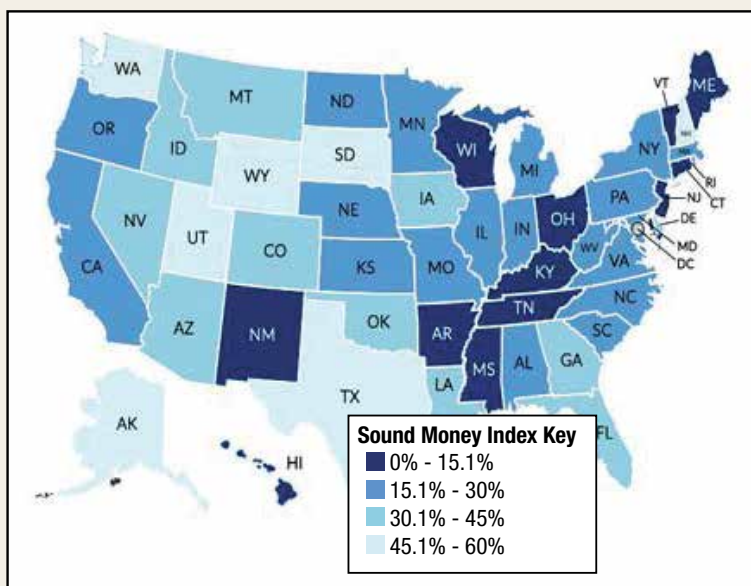
Maine, Tennessee, Ohio, and Kentucky joined Vermont, Arkansas, and New Jersey as the worst states on this issue.

Money Metals Exchange, a national precious metals dealer recently ranked “Best in the

USA,” and the Sound Money Defense League, a national, non-partisan sound money advocacy group joined together to produce the authoritative ranking.

“Federal policy and the privately owned banking cartel known as the Federal Reserve System are the root causes of inflation, instability, and currency devaluation,” noted Jp Cortez, Policy Director at the Sound Money Defense League.

“However, there are steps states can take to protect their citizens from the ill effects of America’s unbacked paper money system, and many of them are taking those steps,” Cortez noted.



“Thanks to our sound money project, Money Metals Exchange is without question the national leader on this important subject, and we’ve put major resources behind efforts to defend and expand sound money at both the state and federal level,” said Money Metals president, Stefan Gleason.

“Our customers get access to the most up-to-date information and are alerted to opportunities to help.”

The complete 2019 Sound Money Index is available at [MoneyMetals.com](https://www.MoneyMetals.com).



# It's the Final Year of Silver and Gold Eagles As We Know Them

BY MIKE GLEASON  
*Director, Money Metals*

The Silver and Gold Eagles, considered to be the most popular bullion coins in the world, will finally be getting a face lift... or least a "tail" lift.

I'll explain momentarily. But first, some background...

As a result of legislation backed by Senator Jesse Helms and Congressman Ron Paul, the U.S. Mint first struck Silver and Gold Eagles in 1986. The iconic design has remained the same since the coins were first minted over three decades ago.

The obverse of the Silver Eagle has featured Adolph Weinman's famous "Walking Liberty" along with the year at the bottom of the coin's front side. This design was first used on the Walking Liberty half dollar in the early 1900s.

While the obverse will remain unchanged, the silver American Eagle's reverse will undergo changes in 2021.

Sculptor-engraver John Mercanti, who created the Heraldic Eagle on the coin's reverse, will see his design replaced by a new motif starting with the 35th anniversary coins to be released next January.

These changes will mark the first design change of

any kind on either side in the coin's history.

As for the 2021 Gold Eagle design, the obverse will also remain unchanged and will continue to feature Augustus Saint Gaudens' magnificent striding Liberty image, first made famous on the Double Eagle gold coin minted between 1907 and 1933.

However, Miley Busiek's "Family of Eagles" reverse will be changed out for a new scene starting with the 2021 coins.

As we near the end of 2020 and word of the 2021 changes becomes common knowledge, look for a mad dash by those clamoring at the last opportunity to purchase newly minted coins with the original design.

If the new Gold and Silver Eagle designs are not well received by the public, the frenzy to buy the 2020s may be even more intense.

Based on the government-run Mint's failure to keep up with demand during periods of heavy buying, a shortage (and thus rising premiums) may be in the cards later this year. Time will tell. 🕒



## Special Discounts for Monthly Silver and Gold Savers!

Money Metals Exchange's monthly gold and silver savings program is extremely popular with customers, especially because they get access to lower premiums than the general public. The minimum purchase is only \$100! A program description and enrollment form is posted at [www.MoneyMetals.com](http://www.MoneyMetals.com). Monthly accumulation is a savvy, no-hassle way to protect and save your money. We can even set up bank debiting, so you never need to write a check. Our premiums above the spot market price are minimal!

**Call 1-800-800-1865 or visit  
[www.MoneyMetals.com](http://www.MoneyMetals.com) today.**



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