



# MONEY METALS INSIDER

An Insider Report for Clients of Money Metals Exchange

## Is the Next Financial Crisis Already Unfolding?

BY STEFAN GLEASON  
*President, Money Metals*

Is another epic financial meltdown about to commence? Predictions that a crash will occur in the fall of 2015 are gaining traction. They are bolstered by many of the market events of this summer, which suggest that something big is indeed unfolding.

In August, the Chinese devalued the yuan, setting off huge volatility in currency, commodity, and equity markets worldwide. The U.S. stock market suffered its worst slide in four years, with the Dow Jones Industrial Average falling through major support levels. Crude oil prices careened below \$40 per barrel.

Holding strong amidst the carnage was gold. The yellow metal may now be re-emerging as the premier safe-haven asset. In times of financial crisis, gold tends to benefit – or at least hold up better than most other assets. Gold is the pessimist’s best friend.

The question before us now is whether the pessimists



will be right. Will the doom-and-gloom scenarios that some prominent market gurus have been forecasting play out? It’s worth considering their arguments, keeping in mind that nobody knows the future. All market forecasts are, at best, educated guesses.

### Is the Stock Market Teetering toward a “Devastating Crash”?

Cycles analysts such as Bo Polny, predicted a summer high in the stock market. He was right with that call (though his bullish call on silver for July notably failed to pan out). He now expects stocks will “put in a devastating crash cycle low in 2016 on the 50-year Jubilee,” in keeping with his view that we live in prophetic times. He sees the worst of the stock market meltdown occurring next year – not in September or October of this year as some are predicting.

One of the reasons why there is so much attention focused on this fall is that mid-September marks the end of the 7-year Shemitah cycle, based on the Jewish calendar. Some see Biblical implications in what’s about to unfold. It’s not our place to weigh in on any religious aspects of market-cycle theories. But regardless of what drives the 7-year cycle, it does seem to exert a significant influence on markets.

The financial crisis of 2008 hit 7 years ago. Go back another 7 years and the September 11, 2001 terrorist

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## The Next Financial Crisis

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attack happened, followed by a recession and bear market in stocks. In 1994, we had a brief bond market panic. Seven years before that, in 1987, the stock market crashed. And a little over 7 years before that (in January 1980), gold and silver prices peaked.

Will precious metals bottom in 2015 as stocks top out? It's one very plausible scenario. Many are expecting some kind of disruptive event to take place as the 7-year cycle concludes this year. Precious metals analyst Egon von Greyerz says that "this coming September / October, all hell will break loose in the world economy and markets."

Add to that the Fed's "moment of truth." Earlier this year, the Federal Reserve signaled their intended commencement of rate increases this fall, after nearly seven years of zero-bound rates. But growing turmoil in the financial markets combined with transitory dollar strength could prompt a rattled Fed to throw those plans out the window. The Fed's credibility at that point may be hanging by a thread.

### Fundamental Reasons Why Precious Metals Prices Should Soon Turn Up

Again, nobody knows the future. Investors shouldn't completely rearrange their finances around a narrow window when a major event is predicted to take place. Instead, prudent investors try to anticipate how current *known* fundamentals will play out over the long-term.

For example, in precious metals markets, we know that the mining industry has been gutted. Gold and silver mines are being shut down. And at those mines which remain open, production is being scaled back.

We can therefore reasonably expect supplies to be tight in the years ahead.

We fully expect that the next cyclical uptrend in precious metals will last for years. That's the timeframe investors should be positioning themselves for.

Of course, there is a chance of a sudden dollar devaluation that causes gold and silver prices to spike dramatically overnight. But such an event won't necessarily occur in the timeframe that a market guru identifies in advance. As an investor, you need to already be prepared for an unexpected one-off event to strike at any time.

If you own stocks or other financial assets you are worried could be vulnerable, then hedge your risk. Gold is one of the very best counter-weights to financial assets you can own. It exhibits low correlation (and often negative correlation) to stocks and bonds. When they tank, gold can, and often does, surge.

When the dollar itself becomes the financial asset which investors are fleeing from, then silver will likely emerge as the best asset to hold. Silver tends to perform better than gold in inflationary environments. And few assets are as depressed in price today as silver.

This summer, institutional sellers took on a record short position in silver futures as inventories on both the Comex and Shanghai silver exchanges were drawn down. That sets up the potential for physical shortages. And a massive short-covering rally in prices.

As discussed in the article on the next page, we've seen growing shortages for many types of silver bullion products since late June when depressed prices attracted large-scale bargain hunting. That could be a harbinger for things to come in the broader physical market. Plan accordingly. 

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# Things You Need to Know about Silver Supply and Premiums

BY CLINT SIEGNER

*Director, Money Metals*

Lower precious metals prices on Wall Street aren't necessarily bringing lower prices on Main Street.

The U.S. Mint, the Royal Canadian Mint, and numerous private mints have encountered significant problems keeping up with retail silver demand since late June. The rationing and production breakdowns have pushed up premiums on all government-minted silver coins and triggered delays on many silver products.

## Are Delivery Delays and Higher Premiums Inevitable?

Bullion investors watched spot prices fall during the summer. And a whole lot of them decided to go bargain hunting. Unfortunately, when they called their dealer to buy silver, they found significantly higher premiums and delivery delays on most items.

Seizing the opportunity to buy silver on the cheap when spot prices fell below \$15 per ounce has proven harder than many expected. (We've warned time and time again in the past that low silver prices do not guarantee investors will be able to take full advantage.)

Inventory constraints in the marketplace SO FAR are primarily a function of bottlenecks in manufacturing of certain products – not an outright shortage of raw silver grain or 1,000 oz bars.

**Money Metals Exchange** will only accept orders for precious metals which we already own and for products we know we can fulfill. It is important to us to make commitments to you up front on when we will deliver an order, and then meet (or exceed) those commitments. Some dealers operate differently – taking all the orders they can regardless. And then hoping they can deliver as promised.

If the day comes when demand overwhelms fragile

level of inventory, we will suspend sales of that item or even all items in that metal. We do expect that day will come. And we frankly aren't looking forward to it... it would be a frustrating environment in which to operate. No business wants to be faced with huge demand and yet little to no product to sell!

## Demand during Price Drops Tends to Force Premiums Up

The physical market for precious metals, unlike the paper futures markets for gold and silver, DOES

respond to real-world supply and demand fundamentals. This market is also extraordinarily competitive. Premiums have to be set at fair levels, or customers go elsewhere.

One misconception is that higher premiums go straight into the dealers' pockets. In reality, the wholesale premiums and fabrication costs associated with securing inventory are also rising.

Dealers aggressively bid for scarce inventory and production capacity so their customers can access the supply they want.

That is why, in recent months, **Money Metals** Specialists actively encouraged customers to buy silver rounds, where premiums have risen only modestly, and silver bars, where premiums increased only a few cents. (As of this writing.) Meanwhile, gold products have not yet seen shortages and the resulting high premiums.

Even though **Money Metals** offers some of the most competitive premiums in the market, premiums for popular sovereign silver coins have risen significantly. So we have recommended our customers consider the lower-premium alternatives more than ever.

Bargain hunting for bullion investors is best done when the physical markets are quiet and premiums are coming down. 📉

**SUPPLY & DEMAND**

# Our Readers Want to Know...



*In recent months, more people than ever are either thinking about getting started in precious metals or adding to an existing holding. We are always happy to answer your questions individually. However, we know many people share some of the same questions, because we're hearing them more than once. That's why we like to publish these questions and our responses to them.*

**Question:** Precious metals have not fared too well recently. There are lots of people talking about prices still having a long way to fall. Should I wait for lower prices?

**Answer:** If you are like most people considering buying precious metals, you recognize there is wisdom in diversifying out of paper assets including dollars, stocks, and bonds. The shakier financial markets get, the wiser it looks to get out. The problem is that metals recently have not, for the most part, functioned as an attractive alternative to these conventional assets.

The reason is that gold and silver prices are set in paper futures markets. And these markets are prone to all the same weaknesses: high-frequency trading, bankers manipulating markets in order to cheat their brokerage clients, central bank interventions, and extraordinary leverage. In other words, prices set there do not fully reflect supply and demand – and they certainly do not tell the whole story.

It is understandably tempting to wait for even lower prices before buying. But with price discovery as broken as it is, relying on price charts alone to make investment decisions is unwise. We strongly suggest investors take a deeper look at activity in the physical market for gold and silver coins, rounds, and bars. The fundamentals there paint a radically different picture.

While a handful of traders may be selling half the annual world production of silver short on the COMEX and other futures exchanges in a single day, there is record buying in the physical market.

Mints and refiners are not able to keep up with it. This at

a time when, according to CNBC and most of the financial press, gold is little more than a “pet rock.” What will happen to prices when sentiment in this crowd starts to shift and a whole lot of former “paper bugs” jump into the bullion markets?

Don't let a fixation on trying to pick the bottom in prices distract you from the more important mission – diversifying out of paper assets. It's vitally important, and you shouldn't fool around trying to predict spot prices.

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*“If you own little to no gold and silver now, we believe you are taking a huge risk in not fixing that problem immediately.”*

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If you own little to no gold and silver now, we believe you are taking a huge risk in not fixing that problem immediately. You don't have the luxury of timing the market.

Investors aren't going to get advance warning of the next crisis in financial markets. When it happens, most will be caught short.

And by the time it is clear metal prices have bottomed in the paper futures markets, it may be hard, if not impossible, to get actual physical metal. Don't wait.

**Question:** Should I buy 90% silver U.S. coins? I'd like something I can use if I need to buy food or other necessities when store owners won't accept dollars. A friend recommended I get a bag of these coins, but the premiums are a lot higher than some of the other choices.

**Answer:** We too have often recommended pre-1965 silver coins. They are official government-issue coinage, and just about anyone would be confident in their authenticity and value. That, along with their small size, makes them a great

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# Owning Fractional Gold at the Lowest Premiums

**Money Metals Exchange** customers worry that America's leadership, like other governments around the world and throughout history, could completely destroy the economy and the currency. That's one reason for the growing popularity of fractional-sized silver and gold products. Preparedness-minded investors want them to barter with should history repeat.

Now there is a great, lower cost way to own fractional gold. **Money Metals Exchange** now carries the world's most popular divisible product – the Valcambi gold CombiBar in 50 gram and 1 troy oz sizes. The Swiss-made bar can be snapped along its scored lines into 50 individual 1-gram gold pieces or 10 individual tenth-oz pieces, respectively.

The bars come in a security package with Valcambi's certification. Each small section also carries the refiner's



trademark, weight (1 gram or 1/10th oz), and purity (.9999 fine). Should the holder snap a section off for trade, it will be clearly identifiable. The Swiss refiner is known for quality, and Valcambi products are trusted around the world.

These bars offer the versatility and barterability of fractional coins such as the 1/10 oz American Eagle – but at a far lower premium. The savings are in the cost of fabrication. Valcambi manufactures these larger scored bars for far less than the cost of producing 50 1-gram bars or 10 tenth-oz coins. Both the 50-gram and 1-oz CombiBars carry only modest premiums over the melt value – in the range of 8 or 9%. Compare that with the small coin or bar alternatives which routinely fetch premiums of 15% or more.

These fantastic gold bars are in-stock and ready to ship promptly. Grab yours today! ⓘ

## Our Readers Want to Know...

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option for people who want something for barter and trade. We would still be heartily endorsing them if only they were still at a low premium.

Often, in times past, these coins were also one of the cheapest ways to buy silver. Investors could buy them at or near their melt value.

However, “junk silver” coins have become less of a bargain since silver prices began falling in 2011. All of the available inventory in the market must come from investors willing to sell existing stockpiles. (Obviously, these coins are no longer minted.)

Most folks aren't willing to part with their stash as prices

dip lower. There is plenty of bidding for what little does come to market.

As premiums on junk silver have risen, Money Metals Exchange has been adding alternatives in the form of fractional-sized silver rounds. These 1/10 oz, 1/4 oz, and 1/2 oz pure silver rounds are now very popular, as their small size makes them suitable for barter.



*Our 1/10 oz silver rounds are super popular.*

They are much more attractive (aesthetically) than circulated pre-1965 coins. And they are clearly marked with their weight and purity.

These days, there is just no way around paying higher premiums for the gold and silver products best suited for bartering. It makes sense to prepare for a currency crisis, so getting a portion of your holding in small-sized coins or rounds may be well worth a few extra dollars per ounce. We simply suggest investors concentrate the bulk of their buying in lower premium products – 1 oz and larger. ⓘ

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

BY GUY CHRISTOPHER  
*Columnist, Money Metals*

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 absolutely 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 Obtained Your Gold and Silver – What's Next?

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

That's because by storing some (or all) of your gold and silver close by, which minimizes counterparty risk and boosts emergency preparedness, you could be a potential target of vicious criminals if you aren't careful. The same is true if you hold 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 own privacy. For too many, that lesson was learned too late, or sadly, never learned at all. Let's look at these incidents:



**February, 2012.** 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, silver,

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

**March, 2013.** 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, 2013.** 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

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## Wisdom of Keeping Your Mouth Shut

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quarter million dollars in cash and gold were gone.

**November, 2013.** 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 ransacking his home and his safe.

**December, 2014.** An organized gang of four criminals arrested in Texas targeted gold owners across five states. It took several months for clueless investigators, including FBI, to catch on. The gang staked out public celebrations of Diwali, the Hindu festival celebrated by Indian-Americans, where gold is famously worn and proudly displayed as part of the religious ceremony. The gangsters watched and waited – then followed religious celebrants home. The four criminals were charged with several vicious, armed home invasions and assorted charges of terrorism in Texas, Georgia, Michigan, New York and five robberies in New Jersey. Each is now behind bars under million-dollar bonds.

**May, 2015.** Two armed thugs broke in and robbed an elderly New Hampshire woman of gold and silver coins, bars, and jewelry valued at \$25,000. The criminals left her tied to a support beam in her basement. The victim runs a coin shop near her home. Police said she “was specially targeted” because of the loot the criminals expected to find in her home. But police also naively stated a targeted

home invasion “is not something you’d normally see.” The victim, tied up for nine hours, had to be hospitalized. The criminals were taped on surveillance cameras inside the victim’s home but still have not been arrested. Police say some of the stolen items showed up in Manhattan, New York pawn shops.



## 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 who had no business knowing knew about the valuables kept at home.*

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 widely held.

That puts your name squarely on the list of potential targets.



## Do You Blab about Things You Own?

*Now is the time to take a responsible look at your own 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?

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## Wisdom of Keeping Your Mouth Shut

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- Do you confide your personal dealings only to a short list of friends, or do many casual acquaintances know your business?

*These key questions indicate whether you are risking too much by broadcasting your private matters.*

- Do you share too much about your personal business online through social media such as Facebook?
- Do you use Craigslist or newspaper 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.*

- How would you describe your patterns of noting 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 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?

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

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

Own precious metals to protect your wealth. Then keep your mouth shut to protect your safety. ⓘ



*MoneyMetals.com columnist Guy Christopher is a seasoned writer living on the Gulf Coast. A retired investigative journalist, published author, and former stockbroker, Christopher has taught college as an adjunct professor and is a veteran of the 101st Airborne in Vietnam.*

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