



Investment Grade Gold A "hedge" on Steroids

What is the best hedge against a falling dollar? In traditional investment circles, the answer is gold, now trading near \$900/oz.

As a hedge against devaluating currency, rare coins have greatly out-performed gold over the long term.

That being said, numismatic collectibles (Patterns, gem Peace dollars, National Bank Notes, etc.) do not appeal to and are not ap-

propriate for everyone.

For people who like the simplicity of gold, but desire the explosive potential of rare coins, the answer may lie in a narrow range of coins referred to as "investment grade gold."

Unlike simple gold whose full value is its gold content, investment grade gold coins generally split the value between gold and rarity.

My preference in this area right now are

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What Exactly is "Investment Grade Gold?"

"Investment grade" gold coins have three distinguishing characteristics.

1) They are certified in high uncirculated grade by PCGS or NGC.

2) A significant portion of their value is derived from actual bullion content of the coin.

3) They exist in sufficient quantities such that they trade daily and in volume.

Like gold bullion, they are quite liquid—but like numismatic coins, they tend to appreciate faster

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"Until the US approaches energy self-sufficiency, the Dollar should continue falling—at least 20-30% to as much as 50-75% in the next 5-10 years."



Message from the Owner

Happy New Year! Prepare yourself for a wild 2008. Already, banks have written down billions in loans, stocks are volatile, the dollar is dropping, gold broke \$900, recession looms, and politicians vying for power in the most unpredictable presidential election in decades insure the tumult will continue throughout the year.

Fortunately, while in India, I kept abreast of economic news and its strong, immediate impact on the coin market, which is why you're getting the Rare Coin Report now instead of in February as originally scheduled.

For most people, now is a time for action. Call me now at **800-334-3325** to see what action is best for you.

— Lawrence Goldberg
Owner of CNP

Rare Coins and the Economy

2008 presents a confusing cacophony of financial issues which powerfully impact us all.

In addition to the sub-prime loan crisis that has infected the entire financial market, the US government owes over \$9 trillion. Spiking oil prices spearhead our trade deficit while fear of recession prompts the election mortified Congress to enact panicky, gimmicky economic "stimulus" programs. To top it off, the "recession-o-phobic" Federal Reserve lowers interest rates and adds significant dollar liquidity, feeding an unstable worldwide morass of fiat currency, and guaranteeing a lower dollar for years to come.

The Fed strategy is obvious—avoid recession by flooding the market with liquidity. This might be inflationary in the long run, but unlike US travelers abroad, the Fed prefers a weaker dollar.

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The
Mood
of the
Market
(see page 3)

Reasons to Sell Your Coins

- ◆ Upgrade your collection trading bulk/common coins for rarities
- ◆ You overpaid for coins in the past and need a tax loss
- ◆ You have lost interest in coins
- ◆ Your age or condition makes collecting/enjoying difficult
- ◆ You need cash
- ◆ You want to consolidate a "too bulky or heavy" accumulation.
- ◆ You have security issues and cannot keep your coins in a safe place.
- ◆ You inherited a collection you must sell or split among heirs.
- ◆ You want to upgrade to a high grade collection for your heirs.

I need coins now.
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Rare Coin Report
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 Lawrence D. Goldberg,
 owner of
 Customized Numismatic Portfolios
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"What Exactly is "Investment Grade" Gold (cont')

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and further per dollar invested—especially over the long term, than do bullion only coins, like American Eagles or Canadian Maple leaves.

The coins most referred to as "investment grade" gold are MS-65 St. Gaudens and MS-64 \$20 Liberties. Both are valued at a bit more than double the gold bullion price.

Thus, the value of these coins rise with gold bullion as well as when the value of numismatic coins rise. Furthermore, and unlike most modern gold, the supply is sufficiently small that their values can rise significantly in volatile markets, even without mass buying. This is what we are so far experiencing

India in Brief

It was a wonderful two and a half weeks. I'm still digesting the experience of a three day Hindu Wedding, and visiting some of the most magnificent sights in the world (Lotus Temple, Agra Fort, Taj Mahal) in a place where much of the population lives in poverty, and many in squalor. It is humbling to say the least.

Motorcycles, trucks, buses, autos, pushcarts, and rickshaws drove chaotically and shared the road with cows, dogs, elephants and camels but there was zero road rage.

Air pollution and

in 2008. If shortages of supply result, price increases can be extraordinary.

This happened in 1889 when MS-65 St. Gaudens hit over \$3300, and that was when gold was under \$400/oz. With today's much larger market with far greater buying power, such explosive price increases are more likely.

Sometimes \$10, \$5, and \$2.5 gold coins certified MS-62 to MS-64 are also considered to be "investment grade." The smaller denomination coins generally have more value in the numismatic side of the equation than do the \$20 gold coins, and are therefore less dependent on the

Gold on "Steroids" (cont')

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\$20 gold coins—specifically MS-65 St. Gaudens and MS-64 Liberties, because roughly half their value is bullion, and half is their collector or numismatic value. Thus, their value rises with the gold price, as well as with the collector market. It's like getting the best of both worlds.

Furthermore, these coins are common enough to trade every day in volume, which means they are among the most liquid of all coins, pretty much as liquid as gold bullion. And yet, because they are much more rare than regular gold, they possess strong upward value potential.

Unlike gold bullion or modern gold coins, the supply of MS-64 \$20 Liberties and MS-65 St. Gaudens is low enough that it potentially can be cornered. In other words, should a strong demand occur, especially if many of those buyers are long term buyers (which most are these days—and you should be also!) the supply of these \$20 investment grade gold coins could literally run dry, forcing price increases far beyond that of nor-

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Rare Coins and the Economy (cont'd)

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Look at it this way: A 50% drop in the dollar effectively lowers value of the debts by 50%. Thus, a \$9 trillion dollar debt is effectively morphed into a \$4.5 trillion dollar debt (in inflation adjusted dollars).

A lower dollar also discourages imports and stimulates exports, thus spurring our economy. It also encourages tourism. Europeans are visiting America in vastly increasing numbers, and shopping is on their list of main attractions. Unemployment should remain low. Recession, if it happens, should be shallow and short, but the price tag will be inflated currency, and concurrent value shrinkage of dollar denominated assets. Expect the dollar to drop at least 20-30%, perhaps as much as 50-75% of its value over the next 5-10

stench in cities had me craving "clean" Los Angeles air.

India challenges one to ask what is really important in life. Perhaps that is why it remains a place of spiritual questing.

Experiencing India gave me a new appreciation of living in America. We are truly blessed with opportunities and possibilities of which millions of people can only dream.

years. Gold should easily crack \$1000, to \$1100 or more in 2008 as world economic growth increases demand for all commodities.

Expect US gold coin demand to intensify as the "if it bleeds it leads" media promotes economic meltdown attempting to support Democratic Party victory in November. Unlike the 1980's, this gold price increase should sustain powerfully, and continue rising from the economic fallout for years to come.

The Mood in the Coin Market

Most coin dealers right now are feeling excitement and trepidation. Like everyone, coin dealers are concerned about volatile markets. We don't like to see US companies begging foreigners for cash to bail them out of their greed, mismanagement or incompetence. We don't like massive carnage on Wall Street, frequent interest rate changes, or a spendthrift Government.

Many of us were around in the 1980's, an extremely volatile decade for coins and precious metals. We saw gold and silver spike, then fall, then rise, then fall. We saw the huge bull market in coins, followed by the "dead" 90's.

We know markets are cyclical, and that everything always changes. We also know the force of history is upon us when it comes to the value of the dollar. One cent coins used to be the size of half dollars. An ounce of gold used to really be worth \$20. We see evidence of this at all the shows we attend, and in a lot of the business we do. The dollar is headed downward and that means coins, gold and silver are headed upward—and they are headed up in a gradual sustainable way. Which means people will be buying coins, gold and silver. That's good for business, so mostly, the mood in the coin market is very excited. The only thing we fear—here is the "trepidation" part—is prices rising too far too fast, creating a massive fall. Fortunately, we are nowhere near that point—at least not yet.



Me and Philleen at the Taj Mahal, January 12, 2008.

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Inside Look at Coins!**

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Gold on Steroids

mal gold. If that sounds like a super fantasy, consider that in 1989 - the last truly explosive coin market - MS-65 St. Gaudens peaked at \$3350 while gold was under \$400. If significant investment money comes into rare coins (this is already starting to happen) and those proportions held, MS-65 St. Gaudens now at \$1850, would be valued at close to \$8000!

In any event, I have no doubt that if gold were to double, MS-65 St. Gaudens would triple or quadruple even without a massive bull market in coins. That is why I am recommending a strong buy in this area.

Considering stock market volatility, the weak and faltering dollar, and the long term economic picture, a shift of at least 10-15% of one's investment portfolio into this area right now is probably justifiable for most people. As a wise man once told me: "No one ever went broke with a safe deposit box full of gem condition gold."

For a **FREE** portfolio analysis, specific questions on the direction of the coin market, or to buy or sell coins, please call me, Lawrence Goldberg, toll free at

(800) 334-3325

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