

Lawrence D. Goldberg's

Rare Coin Report

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Rare Coins & the Economy

Recovery?, Inflation? Collapse? Action...

Doomsayers say the dollar will crash if, as proposed by the French, Chinese and others, the US dollar ceases being the World's reserve currency. Whether this happens or not, price inflation has hit gas, food and commodity prices. Inflation in some European and Asian countries who printed money and initiated "economic stimulus" prior to the US is already approaching double digits. Because the

1099 Filing Update, see page 2

US has printed and is printing much more money, the inflation potential is far greater here, and it is being fueled even more by US Government debt which will exceed \$15 Trillion after 2010's record \$1.5 Trillion deficit is recorded. We are borrowing to pay interest on the debt—a recipe for disaster.

Largely sitting on the sidelines is an estimated \$24 Trillion in new money created by the Federal Reserve in the last few years. As the busi-

Continued Page 2

Message from the Owner

Happy New Year! 2011 is special for CNP: it marks the 12th year of publishing "Rare Coin Report" and our 20th year in business. That seems like a long time but it also seems like only yesterday. As I observe current events through that history, I am more and more convinced that this will be a year for action when it comes to gold, silver and rare coins.

Knowing where you're going is crucial during a time of action, but knowing where you are is equally important. Thus, on page 3 I share a "snapshot" of several main segments of the market. 2011 will likely be an economic game changer and I want all of us be ahead of the curve.

Please feel free to contact me at 800-334-3325 any time if you have questions or want to discuss your options. For non-buy or sell questions, please call Customer Service Director Mike Clarke at 424-238-5159.

I am committed to provide you with the best per-



Lawrence D. Goldberg
Owner, CNP, Inc.
Editor in Chief

sonal service and coin buying and selling experience possible. By focusing on serving your needs, I give you much more value on buys and sells than if I were running expensive ads on TV, radio or in the newspapers. The happy result is that you refer so many people to us our business is booming, and we broke all transaction records in 2010!

For all this, I am truly grateful to you, for I know that it is your patronage that makes this possible. Thank you!

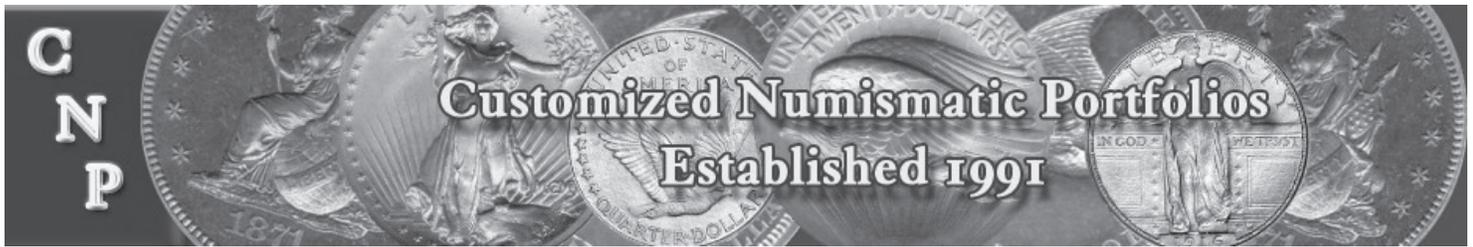
INSIDE THIS ISSUE

- ◇ *Spring Show Schedule*
- ◇ *Action Opportunities*
- ◇ *Today's best buys*
- ◇ *We need coins*
- ◇ *Market blips—what's happening where.*

BUYING NOW!

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(continued from p. 1) **“Inflation? Collapse?”**

ness climate improves, more of this money will move into the flow of the global economy.

If economic recovery does not occur, US government debt will balloon as the US raises the debt ceiling trying to stay solvent. In this scenario, the doomsayers could be right, as a weakened dollar could no longer effectively serve as the reserve currency, and trillions of dollars now in reserves would flood international markets.

In either scenario, it's like throwing a shoe-box of play money into a monopoly game: prices rise faster than the economy can grow causing spiraling price increases, much stronger inflation, and potentially hyper-inflation.

Much depends on Congress. Will the Republican House hold the hard line on spending, regulatory reform and gutting recently passed legislation? The stronger they hold, the better the business outlook. Extending Bush era tax cuts has already helped; the economy is picking up slightly. Government workers pensions reforms are finally on the table. States are trimming budgets. But political gridlock is still possible. The simple fact is no matter what politicians do, it would take years to turn the massive ship of state around even if a “libertarian bare bones” budget were adopted tomorrow.

No one knows for certain what will happen, but a rapidly falling dollar seems increasingly inevitable. Preparing for it has little downside if it does not occur, but failing to prepare could be disastrous. The best preparation is making sure you have sufficient gold, silver and rare coins to hedge your liquid asset positions. Many financial planners peg this at 10-20% of liquid assets, depending on personal factors.

Because the economy is starting to shift, we are experiencing temporary softness in precious metals and numismatic material. Unlike real estate however, these markets are pure supply and demand, and reset quickly, hitting support levels and holding. These slightly lower prices are like the lull

Continued page 4

Spring Coin Show Schedule

Long Beach, CA

February 3-5, 2011

Long Beach Convention Center
(Set up with Miracle Mile Coin Co.)

San Francisco, CA

February 25-26

The Old Mint, 5th & Mission

Sacramento, CA

ANA National Money Show

March 17-19, 2011

1400 J Street

For updates and changes, **please sign up for our Blog at www.CNPCoins.com**

Will Dealers Have to File 1099's When You Sell?

Apparently, and fortunately - NOT. As you probably know, there was much concern about a provision in the Obamacare bill that would require all businesses to file 1099's when buying more than \$600 from anyone in a calendar year.

Republicans and pro-business democrats were against this provision last year but nothing was done. Though formal action has not yet been taken, President Obama referred to this provision in his State of the Union Address as one “regulation” that was a “mistake” and should be eliminated. Liberal Sen. Dick Durbin said the same on Meet the Press.

So, it is now a foregone conclusion that Rare Coin Dealers and other businesses will not be required to file 1099's forms on their customers when customers sell them coins or precious metals. It's a real victory for privacy, a real victory for business, and a victory against Federal government intrusion.



Time to Buy or Sell? Have Questions? Call Lawrence toll-free: 800-334-3325

Rare Coin Market Overview

We can become so ensconced in trying to figure out where things are going to we forget its sometimes useful to stop and see exactly where things are. This is particularly useful now in the rare coin market. Following are observations about various important areas of Numismatics that will be useful for collectors and investors alike.

Generic Gold (High Grade, Common Date)

My top investment oriented recommendation right now is generic gold, especially MS-64 \$20 Liberties (less than 80K certified) and MS-65 \$20 St. Gaudens (less than 200K certified). Prices on these have dipped below double the gold price, compared to the 1989 coin market boom, when they reached 12 and 9 times the gold price respectively. More aggressive than simple gold bullion, these coins tend to rise exceptionally high during inflationary periods, as they contain an ounce of gold, and are also gem condition rarities of limited supply. Every hard asset portfolio should have some.

Morgan Silver Dollars

Silver price increases has driven up prices on Morgan and Peace dollars. **Key dates with pretty toning or bright white in high grades are my top recommendation in this area.** Despite price increases, key dates have remained stable and good buys on excellent material are available. Expect common dates to move with silver, and rare dates to move with inflation.

Peace Silver Dollars

This remains one of the best sets to collect in its entirety. As with Morgan Dollars, commons will move with silver, and rare dates with inflation. Attention here on key dates. We have just updated our recommended grade list for Peace dollars, which are available as excel files. Email Mike@CNPCoins.com

Key Date Rarities

My top recommendation right now for collectors and adventurous investors are key date rarities. Low mintage proof gold, dollars, type coins, and key famous dates are hard to find but can be great values when you do. Many dealers have put their best material away awaiting for price increase, which means that as price inflation increases, these coins will become available and if you are a collector of these coins you should grab whatever you can. In inflationary environments, these coins can go ballistic.

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Gold and Silver Bullion

My top recommendation for silver bullion right now are US Silver Eagles by the flat. Expect silver and gold to remain hot commodities as awareness of inflation spreads throughout the population. US Silver Eagles are affordable to anyone, and demand should continue to increase as the price rises.

Type Coins

Exceptional Seated and Barber material is available at reasonable prices. **Proofs in high grade with stunning eye appeal are my top recommendation here.** The key here is to get high quality. If you are not an excellent grader, find one to help you, as even with certified coins in this area, some are better than others, and eye appeal is everything. If you like Seated material or other type material, excellent opportunity exists here.

Pattern Coins

The first decade of the 21st century has been a roller coaster for patterns. After rising powerfully after 2000, they retrenched when the collector market softened a couple years ago. Buyers are few and little is available on the market now. But good buys can be had. Some buyers are boldly low-balling. This most mercurial of numismatics is still my favorite from an aesthetic/intellectual point of view. **My top recommendation: snap up good coins and/or values. You should be amply rewarded when this area takes another high flight.**

Banknotes

Like the Pattern coin market, banknote prices, being more collector driver also fell as recession hit and the focus of the rare coin market went toward gold. Unlike the real estate market however, banknotes quickly found their bottom, prices have stabilized, and volume is starting to pick up. Great buys available here especially in the national bank note area, which had started to really explode, then pulled back, but because of low availability could easily explode again. **My top recommendation here are small size national bank notes, very affordable for a 50 state collection, with huge upside potential.**

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Hurry Up and Wait *(continued from Page 2)*

before the storm, and present perhaps the last best buying opportunity. We know this because there is very little selling. People holding gold, silver and coins feel confident we are only in a trough as inflation starts to take hold—its like the ebb and flow in the ocean when the tide changes directions.

Dealers also know this and are pulling their best coins off the market rather than sell too cheap. They agree about what is coming, and expect demand for numismatic coins to increase powerfully as inflation intensifies.

Despite this, good buys exist whether you are a pure collector, or an investment oriented accumulator. Refer to page 3 to see the outlook in various key areas of the rare coin and precious metals markets.

Reiterating my main point: Do not delay. Take action. If you prepare and the dollar holds its value, your downside is small. Failing to prepare for inflation and a rapidly falling dollar could be disastrous.

For a FREE Analysis of your coin, gold and silver holdings, to get your questions answered, for FREE Consultation and Advice about what would best fit your personal situation, and to buy and sell coins or precious metals, please call Lawrence D. Goldberg

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