

# Rare Coin Report

May 2009

Volume 10, Issue 2

## Rare Coins & the Economy

### Two Kinds of Inflation Impact Coin Market (and how to get a free bank note worth Ten Trillion Dollars!!!)\*\*

*\*\* (I'm not kidding about the bank note, and you will find out how to get yours at the end of this article. Meanwhile keep reading!)*

It is no secret that inflation results in higher prices for gold and rare coins. Massive inflation will result in massively higher prices.

Last Rare Coin Report, I recommended 5-10% of assets in gold and rare coins. I now recommend 10-20%. The reason is simple: inflation may not now show statistically, but it is here, will likely become much worse, and might start showing in statistics any time now.

In a nutshell, it is because there are two types of inflation: "Monetary" and "Price."

"Monetary" inflation refers to changes in the number of dollars in the money supply. When government prints "fiat" money (dollars not backed by gold or silver) the money supply increases, and the value of each dollar drops. This has occurred

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## Message from the Owner

2008 was CNP's best year ever and 2009 is on track to surpass it. Thank you for your continued business, and all the referrals. I greatly appreciate it and will always do my best to be your resource for buying and selling rare coins, precious metals and other "small" collectibles.

Growth creates change. Rare coins are our main business, but due to popular demand, we can

### Gold and Silver for Your I.R.A. See Page 3

now arrange gold and silver for your self-directed IRA. (details on page 3)

To better serve and inform you, I've launched a (more or less) weekly blog.



**Lawrence D. Goldberg**

This way, I can deliver timely market news and opportunities. It's free, and you can sign up at our website:

**[www.CNPcoins.com](http://www.CNPcoins.com)**

Tell your friends!

Finally, Mr. Mike Clarke has joined CNP as a part time associate to help me out with the increasing workload. (Story page 2).

I have a feeling we're in for an extraordinary ride in what could be an extremely volatile market. Stay tuned.

## You and Your Coins

### Hard Asset Portfolio Diversification

You want to buy more hard assets. What's the best way to do that?

Actually, the question should be: "What's the best way for you to do that? Just like with rare coins, which ones you choose are best determined not only by market conditions, but also by which coins are best for YOU to hold

The answer to that question is often as much personal as it is market driven. This is

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## Two Kinds of Inflation

**\$10 Indian Gold**

since the founding of the Federal Reserve in 1913 and continues to this day. "Monetary" inflation is worsening. Some sources claim more than Ten Trillion Dollars has been pumped into the money supply within the last year, with more on the way, as government tries to shore up undercapitalized banks struggling under the weight of toxic assets.

"Price" inflation refers to the actual price of goods. Thus, if demand for gasoline increases, and oil supply remains constant, gas prices will rise. That is "price" inflation.

Inflation statistics only reflect price inflation, which is now actually price deflation because the recession reduced demand for goods and services, which lowers prices.

### **This condition is unsustainable.**

Basic economics says trillions in new dollars pushed into the economy through massive Federal spending and borrowing will result in increasing demand for goods and services.

This makes price inflation virtually certain, triggering corresponding increases in hard asset prices. But there is more. The US savings rate is near 6%, a record. Over \$8 Trillion sit in savings in the US. As inflation worsens, expect an ever increasing flow of dollars into hard assets. Already this year, we saw how even small increases in demand sent prices of coins dramatically upward. If such demand becomes inflation triggered (which I believe it will), expect precious metals and coin prices to erupt explosively from current levels, sending values to record highs. This is why coins and precious metals have retained and increased value, and why they are poised for an astronomical price increase over the next few years.

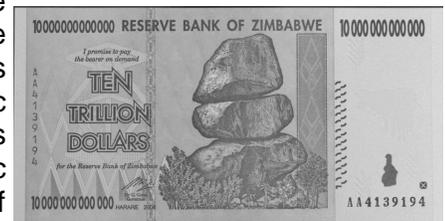
The Fed traditionally fights inflation by raising interest rates. To do so now could double already huge interest on the \$12 Trillion and growing National Debt. And the Fed cannot reduce the money supply without undermining the liquidity of banks already staggered under tens of trillions in toxic credit default contracts, derivatives, consumer credit card debt and the still unresolved mortgage crisis.

Price inflation could start tomorrow, or in a few months, but it will start soon. Once triggered, events could move rapidly, which is why it is far better to buy a couple months early than even a day too late. It won't get as bad as in Zimbabwe, where printing of dollars has topped the ridiculous with a \$100 Trillion dollar bank note, but it will get bad. Possibly very bad.

Speaking of which, when you buy a coin from CNP I'll send you a free \$10 Trillion Zimbabwe bank note (as long as supplies last). A terrific conversation piece, it is a humorous but tragic reminder of the cost of runaway inflation.



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**Zimbabwe \$10 Trillion**



## Mike Clarke Joins CNP

Mike Clarke has joined CNP to help manage customer communication and administration. I've known Mike for nearly 25 years, and he has worked for me in the past, so I can truly say I am lucky to again get the benefit of his services. Should you get a call from Mike, don't forget to take advantage of his terrific sense of humor and share your favorite joke. Beyond that, he will help you resolve any administrative issues, and assist you with getting any information or other assistance you request.



## Hard Asset Diversification

*(cont'd from Page 1)*

why I always ask people a few questions before selecting which coins and precious metals are right for them.

For example, let's say you want to hold \$50,000 in gold. If you are putting that into your IRA, you might want to get gold bars, which have lower premiums than gold coins like the Eagle or Mapleleaf.

If, on the other hand, immediate liquidity is important, or you are working with a smaller dollar amount, you might want gold eagles, or the somewhat more aggressive (and very liquid) MS-65 St. Gaudens.

***"...now is a great time to position your portfolio so that it will be in the perfect position for your specific anticipated needs in five to ten years...."***

If you are a coin collector, you might eschew bullion and use this opportunity to buy all the coins you have always wanted, because, while prices are edging upward, there are still many excellent values available—values which should be rising very strongly as the US dollar gets diluted and demand for coins further increase.

Most people do not have just one goal however, and therefore elect to diversify their hard asset portfolio just like they would diversify a stock portfolio. For people in this group, you might hold some gold bullion or bullion coins, some MS-65 St. Gaudens and some rarities.

One of the key things to remember is that gold and silver are primarily storehouses of value, that more reflect economic conditions. Rarities are more dependent on supply and demand in the coin market. As demand heats up for precious metals, demand typically also heats up for numismatic rarities—but since there is such a short supply of numismatic rarities, those values can far outstrip the increases one might get with gold or silver bullion.

For example, at the last coin market peak, St. Gaudens in MS-65 reached about

nine times the gold price. In the last year, gold has remained steady, while "Saints in 5", while up over 30%, as are some rarities.

The best strategy, therefore, before making any final decisions is to identify your goals, determine how much you want to direct toward hard assets, and then call me—with no obligation on your part.

I will analyze your personal situation, answer your questions, give you the benefit of my nearly thirty years experience in rare coins and bullion and make sure you get a hard asset portfolio personally customized not only to market conditions, but also to your specific goals and needs.

## CNP can help put Gold and Silver into your IRA

Customized Numismatic Portfolios is now set up to help you put gold and silver into your Individual Retirement Account.

Stock market losses, uncertainty about the future and dissatisfaction with government policy have driven thousands to use this vehicle for hard asset preservation.

This has been possible since 1986, but is just now really gaining widespread popularity. There are however serious limits and requirements to putting precious metals in your IRA.

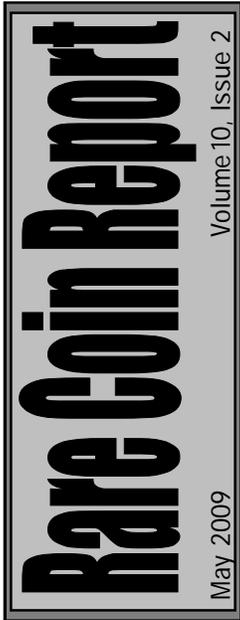
First, unless you are the trustee of your self-directed 401K, you cannot physically hold the gold, but will have to hire a certified storage facility. Second, only self-directed IRA's are eligible to contain precious metals. Numismatic and PCGS/NGC certified bullion coins are not permitted for IRAs.



**One Kilo Gold Bar 32.15 oz.**

You must also have an administrator for your self directed IRA who will actually handle the funds used for metals purchase. Finally, you need a dealer (that's us!) who can provide you with the precious metals, and arrange the shipping and stor-

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Www.CNPCoins.com



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## **Putting Gold and Silver in your IRA**

age for you.

Fortunately, we have established relationships with a superb administrators and certified storage facilities. Not only are costs nominal, but the entire transaction will be taken care of seamlessly, safely, without stress and only a minimum of paperwork.

If you think putting gold and/or silver into your IRA makes sense for you, please call us at 800-334-3325. I will personally fill you in on all details, answer your questions, provide the paperwork, connect you with the administrator, find the best form of gold and/or silver for your account, and handle the transaction from purchase all the way to its physical deposit in the qualified storage facility.

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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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