

*Lawrence D. Goldberg's*

# Rare Coin Report

June, 2012

Volume 13, Issue 2

## Rare Coins & the Economy

### Euros and Dollars and Gold OH MY!!!

If you feel a bit like Dorothy, the Lion or the Scarecrow braving the dark forest trying to follow the yellow brick road to Oz without being whacked by the Wicked Witch of the West you are not alone. Massive, complicated forces are at work, and their vectors are constantly changing. Naturally, this is frustrating, especially because few if any of these forces are market or supply/demand driven. Rather they are determined by political considerations rendering them completely unpredictable and arbitrary, creating a bizarre dynamic.

That being said, we could be at the edge of an historical buying opportunity. Here's why: As we all know, the value of hard assets is in large part determined by the value of the dollar. The primary determiner of the value of the dollar is usually the Federal Reserve and domestic monetary policy. Now however, the dollar's value is being strongly influenced by Euro politics. The Euro is

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## THE CHEESE IS MOVING...

### ...BUT TO WHERE? Would you believe.....Numismatics??

One year ago, the focus was on gold and silver bullion. After a meteoric price increase over the last decade, metals prices are essentially flat over the last several months. Rare coin prices lag metals, which has investors now shifting their attention to numismatics. Most collectors have also filled their bullion needs. With so many numismatic coins at historically low spreads against gold and silver prices, investors and collectors both realize a price jump for generic and collector coins is likely. Furthermore, availability for many key and high grade dates is thin, setting up a price spike. February's Rare Coin Report suggested this, and experience at every coin show this year bears out that the collectors are out in force with money to spend. There are still bullion buyers to be sure, as economic factors encouraging it are still powerful. There could be significant upside to the metals yet. However, numismatic coins move slower, and as a result are now poised for strong, perhaps massive increases.

## Message from the Owner

When you focus on basics, things tend to take care of themselves. That is why Mike Clarke and I are focused on improving customer service and our want list system. The process is gradual but it is already helping us find the best coins at the best prices. We hope to have some exciting company changes by next newsletter.



**Lawrence D. Goldberg**  
Owner, CNP, Inc.

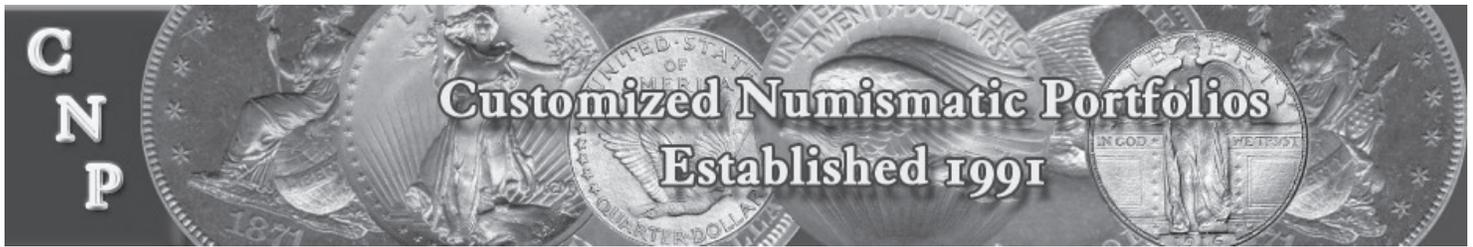
Political and economic forces are forcing serious changes in the rare coin market. What will not change is our gratitude for the opportunity to serve you, whether buying, selling, educating or servicing all the references you send to us: an ever increasing percentage of our business. We hope that **NEVER** changes—and will work hard to make sure.

Finally, the new stage for the Independent Shakespeare Co. LA (iscla.org) is nearly funded, just a few thousand to go! See the video featuring me (<http://youtu.be/at7GLuV9eMA>), and if you can help put us over the hump, go to [islac.org](http://islac.org), click the "contribute" button and then click the "Stage Improvement Fund" button. Thank you!

**AGGRESSIVELY BUYING  
COINS AND BANKNOTES**

**ALL GRADES, ALL TYPES NEEDED**

**Call Lawrence NOW!  
800 334-3325**



(continued from p. 1) **“Euros and Dollars...”**

severely impacted by political events particularly in Greece, Italy and Spain, whose economic conditions range from lousy to terrible, but also in the rest of Europe. That is why, when the French elected a socialist, the Euro fell, sending fearful investors into the relative stability of the dollar, causing the dollar to rise and gold to fall.

Adding to the craziness, left-wing Greek politicians threaten to default on loans if they are not “bailed out.” Is it bluff or reality? Greece will almost certainly exit the Euro zone, but we don’t know how or when...and what if they do get bailed out? Will that help the Euro or weaken it? No matter what happens the dollar (and therefore gold) will be impacted because—this bears repeating—when the Euro is threatened, investors flee to the dollar’s *relative* safety, driving the dollar up, and metals down. Can you say “buying opportunity?”

That said, the “strengthening” of the dollar is only temporary and relative to the Euro. Furthermore, if (and almost certainly when) Greece exits the Euro zone, this mechanism will likely work in reverse, strengthening the Euro relative to the dollar. This could cause bullion prices to shoot rapidly upward at that time, so get prepared now.

Domestic factors like the \$16T federal debt, Federal Reserve, economic, and energy policies, bank regulations, the election in November, and the Supreme Court ruling on “Obamacare” later in June will all potentially impact the value of the dollar.

These domestic factors are as unpredictable and arbitrary as Euro related issues. Depending on how they unfold, solid arguments can be made for three mutually exclusive scenarios: economic recovery, flat economic growth/stagnation, or complete economic meltdown. The bad news is we cannot possibly know how these factors will play out.

So the real question becomes: Is there anything that **MUST** happen regardless of these uncertainties? Is there anything we **can** count on? I can see only one monetary factor we can count on: **monetary inflation of the dollar.** This is very dif-

## Summer Coin Show Schedule

**Long Beach Coin Show**  
Thurs-Sat, May 30-June 2  
Long Beach Convention Center  
Long Beach, CA

**Ontario Coin Show**  
Thurs-Sat, July 19-21\*\*\*  
Ontario Convention Center  
Ontario, CA

**Santa Clara Coin Show**  
Thurs-Sunday August 16-19  
Santa Clara Convention Center  
Santa Clara, CA

**Long Beach Coin Show**  
Thurs-Sat, September 5-8  
Long Beach Convention Center  
Long Beach, CA

\*\*\*I will be at the Ontario Coin Show  
Thursday and Friday, July 19-20 only.

For updates and changes, please sign up for our  
Blog at [www.CNPCoins.com](http://www.CNPCoins.com)

ferent from price inflation/deflation.

Monetary inflation specifically refers to printing of money, whereas price inflation/deflation refers to actual cost of goods and services. Price deflation has been masking monetary inflation for years, showing little “inflation” because of how the Federal government calculates inflation. Prices cannot deflate forever, and when they turn around, as seems immanent, price deflation should become price inflation, which will push in the same direction as monetary inflation. When that happens as it must at some point because monetary inflation always

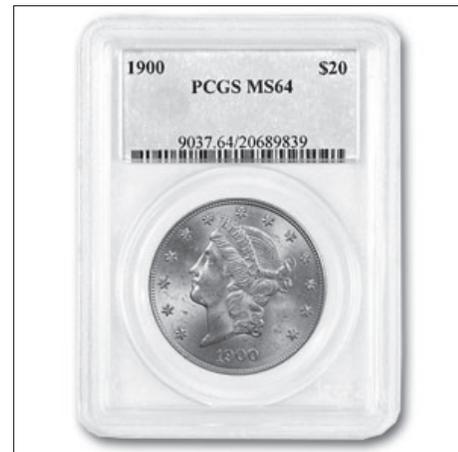
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## Buy, Sell or Trade? Have Questions? Call Lawrence toll-free: 800-334-3325

### The Hybrid Approach, or Why Now is the Time to “Load Up” on MS-64 \$20 Liberties

Today’s economic times require hard asset diversification. In recovery, numismatic coins should do best. In financial meltdown, bullion is usually best. In economic stagnation, currency printing usually pushes up both bullion *and* rarities. There is a terrific strategy that covers all options: The PCGS/NGC MS-64 \$20 Liberty. Its premium over gold is now only 40%, the lowest in decades. Historically it runs 2-3 times the gold price, 10 times gold in 1989. It rises with the gold price, but being numismatic it resists a gold price drop should we get recessionary deflation. PCGS and NGC combined have certified less than 100,000. A hungry market can quickly devour the small percentage available at any given time, shooting prices upward. It therefore provides the perfect hard asset diversification: stalwart against the downside, steadily up in economic stagnation, and a potential rocket ship if (or should we say *when?*) inflation hits hard. They trade daily, so are easy to sell. For the investment oriented non or beginning collector, this is, in my opinion, today’s best move—**BY FAR!!!!**



### Collector Insider

Many questions I get from collectors involve how to get the most bang for the buck in numismatic coins, while protecting themselves from coins that might be a “problem” to sell down the road.

This has come more into focus for me recently as several customers approached me with severely problematic coins. One bought damaged rare territorial gold coins that were ungraded. The other purchased key and rare date coins certified by “off” grading services. Both paid prices high even for problem free PCGS/NGC coins. Thus, both are “buried” in coins they will never be able to sell for even close to what they paid for them.

These “traps” are easily avoided if you follow some “basics” when buying rarities.

1. Buy problem free coins. The kinds of problems most frequently encountered are: cleaning, tooling, rim nicks, PVC residue, damage, large blemishes in conspicuous places, “doctoring” blemishes by filing or filling them in, and counterfeiting. The problem for many collectors is that they do not know how to distinguish these problems. If you do not know how to distinguish these grading issues, refer to basic number 2:

2. Buy coins certified by PCGS or NGC *only*. DO NOT buy coins certified by other grading services, and beware of coins certified by PCGS or NGC that are certified as “genuine” but which do not have a grade attached.

PCGS and NGC will certify a coin as

“genuine” even if it has some problems, and while these coins can be a bargain for a knowledgeable collector who is also a good grader, they can be murderous for the non-expert trying to resell them. On the other hand, if PCGS or NGC certifies a coin *and* grades it, they rarely have the kinds of problems that make selling them difficult in the future.

3. It’s a good idea, even with PCGS/NGC certified coins that the coin be “nice for the grade.” A “+” on the grade, or a CAC\* sticker can assure this, but is not required. With gold coins beware of copper spotting. A gold coin can have copper spots and still achieve a high grade, but when you go to sell it, the price can often be 5 -10% less if the coin is copper spotted. If you do not have a good eye on this issue, it is a good idea to have someone with a good eye review the coin for you.

4. Make sure that you buy coins with nice eye appeal. This can help assure that you are also buying coins that are nice for the grade. That is obviously a subjective measure but if the coin you are buying has good eye appeal and is PCGS/NGC certified, more than likely, it will be “nice for the grade.” Coins with good eye appeal almost always sell faster and for more.

The one exception to all this - for the experienced collector only - is that occasionally you can obtain a “problem” coin for such a good value that it makes sense anyway. If you need to fill that hole in your collection, and a fun looking problem coin is all you can afford, you won't get hurt if you pay low enough: But don't expect a big profit—or any profit—when you sell.

[www.CNPCoins.com](http://www.CNPCoins.com)

\*CAC is a certification service that reviews PCGS/NGC coins and affixes a label on “nice for the grade” coins.

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**“Euros, Dollars and Gold OH MY!!”** *continued from Page 2)*

eventually leads to price inflation, we will likely see an explosion not only of metals prices, but an even greater explosion in numismatic coin prices. The reasoning behind this is that any kind of economic recovery will reduce incentive to defend against complete systemic breakdown, hence less demand for metals than for potentially higher moving rarities.

If we go toward meltdown however, the need and demand for gold and silver bullion should strongly increase. As a footnote to this, I am getting more inquiries about gold and silver bullion from people not previously in the market than I have in months. These uncertainties suggest a diversified approach, with both bullion and rarities. That being said, from the investor point of view, there is another way to go: the “hybrid” approach. In my opinion, it is a superb approach for investors in today’s market (**See article top of page three inside for details on this timely, potentially high profit rare coin investment strategy.**)

Get a **FREE, NO OBLIGATION**  
Market Price Review of your Coins and Precious Metals  
For Details, call MIKE CLARKE direct at  
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