

*Lawrence D. Goldberg's*

# Rare Coin Report

November, 2013

Volume 14, Issue 2

## Rare Coins & the Economy Strong Buy Signals

The abysmal rollout of Obamacare, budget and debt ceiling battles coming early next year, and the upcoming 2014 elections are a perfect recipe for political gridlock. The appointment of Janet Yellen to head the Federal Reserve points toward continued "easy money" policies likely to create trillions in new money. Since this new liquidity is counted as part of GDP, there is an illusion that our economy is growing when it is actually shrinking slightly. The federal deficit is temporarily smaller because of sequestration and higher tax revenue, but is still huge at \$750 Billion for 2013, with similar levels predicted for the next three years. By the time Obama leaves office, the national debt should exceed \$20 Trillion. Thus, for

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## Notes from the Owner's Desk

It feels like a new year already with the completion of my book "What Color Are Your Assets: An Insider's Guide to Rare Coins and Precious Metals." Finally, after a much longer editing period than anticipated, it is printed and ready for delivery! And I am delighted with the result—200 pages of the essential information one needs to successfully navigate the hard assets markets. Order from the insert in this newsletter, or on Amazon.com.

With the book done, I have extra time from now through the end of the year for free personalized consultations. I invite you to take advantage of that opportunity to work with me on developing your strategy, regardless of whether you are buying or selling, want feedback on your portfolio, desire to create a legacy for your heirs, or simply for a market update. Call me direct at **818 557-0901** or toll free at **800 334-3325**.

In other developments, Mike Clarke has been promoted to Managing Editor of the Rare Coin Report—congrats to Mike—and we continue to make improvements to our website and want list systems. Don't



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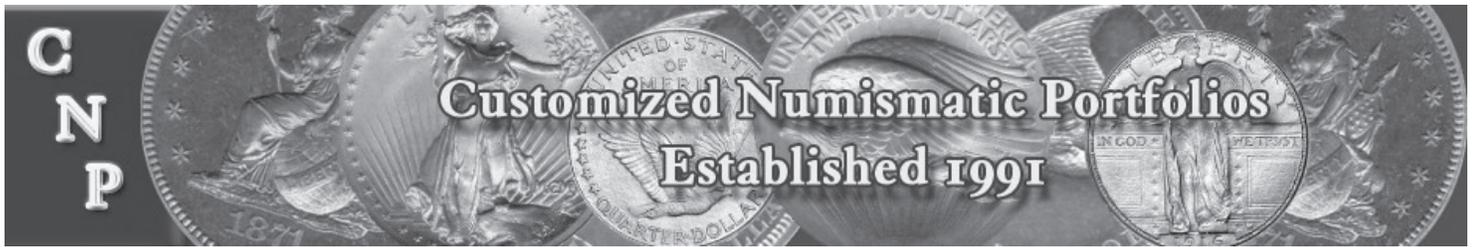
hesitate to let us know what specific coins or types you are looking for, as this information may enable us to find that important gem you want at a great value.

One prediction: starting now and through the rest of 2014, I expect we will have one of the most active rare coins markets in years, with a sharp increase in the pace of buying and selling. There should be ample opportunities for both buyers and sellers, so now is the time to get mentally prepared.

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*You'll be seeing some new looks here with the next issue and one feature will be "Reader Questions & Letters" so don't hesitate to let me know what's on your mind.*

*Chanukah falls on Thanksgiving this year, celebrating both Freedom and Gratitude. In that spirit, I wish you Merry Christmas, a Wonderful Holiday Season, and very Happy New Year. May 2014 be your best year yet!*



*(continued from p. 1)* **“Different but the Same”**

at least the next year, and likely the next three years, the dollar should continue to weaken as economic fundamentals that devastated the dollar over the last decade remain firmly in place.

Expect federal government to continue increasing as entitlement spending expands, the debt ceiling is raised, and few if any budget cuts enacted.

There does exist one wild card. Should Obamacare be repealed or significantly delayed—extremely unlikely but appearing increasingly plausible as millions lose their current insurance—the boost to economic growth could ignite the inflationary potential now built into the national debt. Should that almost impossible event occur, increased demand would likely propel precious metals prices and rare coin prices strongly upward with great rapidity.

Meanwhile, gold and silver are trading narrowly, close to their 2012 extraction costs of \$1300/oz for gold and \$25/oz for silver. While dips below these prices are possible, it is unlikely prices can sustain below these levels for extended periods. With little downside risk, now could be the best opportunity to buy metals going forward.

Likewise, there seems to be little downside in the rare coin market. Despite some very minor discounting on the wholesale level—which probably can be attributed to the cash needs of some dealers heading into the holiday season, the rare coin market is reacting with confidence. Strong pent up demand continues for key date and hard to find rarities, and collectors are out in force trying to find them, not always with a great deal of success. Well priced rarities are selling rapidly, and the balance of dealers looking to buy vs. those looking to sell continues tilting toward more demand.

Generally speaking, prices are balanced at levels sufficiently attractive to sellers as well as buyers. This is the ideal kind of market encouraging both buyers and sellers, and making it attractive for collectors to fill in the holes in the series they are collecting, or to upgrade to better material. Particu-

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## Fall/Winter Coin Show Schedule

**Marin Coin Show**  
**Saturday-Sunday**  
**November 23-24, 2013**  
**Four Points Sheraton**  
**1010 Northgate**  
**San Rafael, CA**

**Ontario Coin Show**  
**Thursday-Saturday**  
**December 12-14, 2013**  
**Ontario Convention Center**  
**Ontario, CA**

**Long Beach Coin Show**  
**Thursday-Saturday**  
**January 30-February 1, 2014**  
**Long Beach Convention Center**  
**Long Beach, CA**

## Insuring Your Coins

Most people do not realize that rare coins are not usually covered by their home owner's or renters insurance. Special coverage must be obtained. Fortunately, such coverage can cost as little as \$50 per year, perhaps less. While many people rely on bank safety deposit boxes or home safes and alarm systems, carrying some extra insurance may be helpful for some people. The American Numismatic Association lists insurance companies under "member benefits" on its website at [money.org](http://money.org). Look there to find companies that specialize in covering coins. Regardless of what insurance you carry, it is important to take precautions to protect your self and your property. In my new book "What Color Are Your Assets: An Insider's Guide to Rare Coins and Precious Metals" I quote Ben Franklin: "An ounce of prevention is worth a pound of cure." No statement is more true when it comes to security for your coins.



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

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## Bubbles and Contrarian Strategy

Since the mid-nineties, we have seen the tech bubble and burst, housing bubble and burst, stock market bubble and burst, and considering \$1900 gold and \$48 silver three years ago, precious metals bubble and burst. Some say we are heading into another stock market bubble and burst, or a Federal debt bubble and burst, and they could be right.

One thing which can be said about the present however is that we are not *now* in a bubble when it comes to rare coin, gold or silver prices. With gold and silver trading with some stability near their extraction costs, and with rare coin trading activity also at stable levels, prices are very attractive for long term buyers. Do not expect this market to remain calm. Fundamental economic forces continue

to build up pressure. The rare coin market in particular has explosive potential because supply is thin enough that if demand increases significantly, price levels could explode. When this happens—and I think it is more a question of when than if -- it is likely to happen very quickly. The coin market traditionally moves slower than other markets, but increased speed in communications, the ability to email photographs, the easy availability of price sheets, population figures and auction prices, and fast delivery services make it more possible and likely that the rare coin market will experience higher and faster price increases in the future.

It is better to be a day early than a minute late. While there is no need to rush or panic at this point, it is the perfect time to set strategy, solidify positions, and buy those coins which one has always wanted.

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## The Power of Long Term Thinking

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Perhaps the best insulation from the chaotic and uncertain events of the day lies in looking toward the long term. Thus, while it might be very difficult if not impossible to predict where gold and silver bullion are headed in the next six months, it is much easier to predict that in 10 or 20 years, gold and silver will be worth multiples of their current value as measured in dollars.

This truth is even more significant when it comes to rare coins. Don't be seduced by hype that suggests that a certain rare coin is likely to double or triple in the short term. That is stock market thinking that may work for stocks, but has proven relatively ineffective for coins. Instead, focus on what you want to own 10 or 20 years from now and start (or continue) accumulating it.

Do you want to have a pile of gold and silver bullion? Would you prefer to have a beautiful type set of proof seated liberty gems? Perhaps you fancy a gem set of Peace dollars, an accumulation of key date rarities, or a type set of key dates?

Think about opening your safe or safe deposit box 10 or 20 years from now, and imagine what you would like to see there, and then take steps today to make that vision a reality. Thinking from this perspective will make collecting not only a much more enjoyable venture, but almost certainly a much more profitable one.

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## Profit from Key Dates

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Key dates are the rarest dates, and as such, are always in demand by collectors. The reason is simple: there are simply too few to meet the demand. The result is that key date coins, especially in high grade, but also in lower grades tend to cost more initially, but also tend to rise in value more significantly over time than their common date counterparts.

Fortunately, there are a wide variety of these highly sought after coins, and they exist at all monetary levels. Rarity is not the only characteristic that determines key dates. There are many coins that are rare, but are not popular. Usually key dates are those which are rare when compared to other coins of the series or type. Virtually every coin series or type has at least one key or better date.

One of the most interesting and challenging collections involves putting together a type set consisting only of key dates. For example, the Peace dollar could be the 1921 high relief, and the mercury dime the 1916-d. Then add the 1931-s Washington quarter, the 1909-s v.d.b. Lincoln cent, the 1921-s Walking Liberty half and so forth. One can adjust the size of the monetary investment by buying higher or lower grades of those key dates. Imagine looking at a completely assembled type set of key dates 10 or 20 years from now? It could be an exceptionally valuable collection, not to mention, a lot of fun to assemble.

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

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larly, this is a great time for those who are bored with super high grade modern but common coins and wish to transition into more traditional rarities.

Not to be underestimated is the expansion of the numismatic hobby which is spearheaded by the American Numismatic Association (Money.org) and ameliorated by the promotional activities of the US mint, and the expansion of PCGS and NGC into Europe and Asia. Coin and bank note collecting as a hobby is experiencing a worldwide renaissance. The availability of decent price information on line, particularly through PCGS and NGC price guides and auction records has increased interest and more importantly, has increased the confidence of the buying public. New collectors are entering the market in significant numbers. Demand for good information is being met in the marketplace, both on line and with books. More people are buying and they are spending more in aggregate. Expect this trend to continue.

Favored buys: Key dates, proof dollars, \$20 Liberties in MS-64/65, \$20 St. Gaudens in MS-65/66, Morgans in MS-67, gold and silver bullion.

**For a *Free Consultation***  
**For Buying, Selling, Trading, Appraisal**  
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