

*Lawrence D. Goldberg's***Rare Coin Report**

August, 2014

Volume 15, Issue 2

Rare Coins & the Economy

Expect choppy economic waters: Federal Reserve tapering of quantitative easing has many stock investors worried, with record prices and contradictory economic indicators adding to a general feeling of uncertainty. The Fed holds over \$4 Trillion in US debt, money which must come into the economy at some point, raising concerns about inflation. Additional deficit spending, and projected increased spending due to Obamacare and other Federal programs will quickly send Federal debt above \$18 Trillion.

Meanwhile, gold is trading close to its average annual cost of production (\$1300/oz.) and silver is trading at about \$5 below its average annual production cost of \$25/oz. Thus, metals appear to have almost no downside at

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**Notes from the
Owner's Desk*****The Beat Goes On***

Thanks to everyone who has purchased my book "What Color are Your Assets," and especially those who were kind enough to post their reviews on Amazon.com. Those reviews (along with one in Coinage Magazine) have been outstanding, and have led to increased book sales and a number of speaking engagements including the Las Vegas Coin Show in September—see page 2. I am pleased to announce that the E-book version along with the hard copy version is now available on Amazon.com. A special thanks to California Coin Show promoter Bill Green for featuring my book at his recent speaking event at the Santa Rosa Coin Club.

I have also advanced my capability to purchase diamonds, as well as gold and silver jewelry. I can usually pay significantly more than jewelers, pawn shops, buying events and others, so please let me know if I can help you in this area.

My apologies for the somewhat irregular Rare Coin Report publishing schedule. In

**Lawrence D. Goldberg**

addition to a comprehensive reworking of our entire software and hardware systems, the first half of the year has been challenging for me personally with the passing of my father on May 16, one month before his 99th birthday. Dad was an extraordinary and inspirational person whose life touched many lives. Thank you so much for all the kind words and expressions.

But life lumbers on, and 2014 is shaping up to be an outstanding year for CNP, Inc

My best wishes to you for a safe and prosperous conclusion to 2014.

**In Memoriam
Daniel T. Goldberg
1915-2014**

"Have fun, no matter what."



(continued from p. 1) Rare Coins & the Economy

this time, creating an excellent entry point for those wanting to beef up their precious metals holdings.

Rare coin prices now reflect a stable balance between buyers and sellers, with prices significantly higher for most coins than they were ten to twenty years ago. This creates an excellent selling opportunity for those who purchased during the 1989/1990 peak for coin prices. It also creates a great opportunities for collectors looking for better date and higher grade coins, as many view the current price stability as a price floor, which, like precious metals, presents almost no downside.

Activity has been very strong—particularly for new investor/collectors in new mint issues, which have been selling at what many believe to be exorbitant prices for MS-70 and PF-70 modern coins. It is doubtful the collector base will sustain these prices for modern issues over the long term. That said, the flurry of activity is feeding the growth of numismatic trading technology and interest, as well as augmenting the overall cash commitment in the rare coin area. Expect demand for higher grade commons and better date coins to expand as time goes on, especially if precious metals prices jump in the near term, which is likely.

Increasing the likelihood of price increases in precious metals and coins is the toxic combination of currency instability, and widespread international strife. These, along with numerous scandals and policy confusion on domestic issues as we move into the mid-term election strengthen chances of an explosive event. Such events have a history of driving up hard asset prices. While this confusion makes it impossible to predict any precise course in future events, it increases investor nervousness, and creates potential for drastic price increases.

The current economic and political climate suggests larger commitments to owning tangible hard assets.

Lawrence's Coin Show Schedule

Long Beach Coin Show
Thursday-Saturday, September 4-6
Long Beach Convention Center
Long Beach, CA

Las Vegas Coin Show*
Friday-Sunday, September 12-14
Palace Station Hotel
2411 W. Sahara
Las Vegas, NV 89102

Santa Clara Coin Show
Thursday-Saturday, September 18-20
Santa Clara Convention Center
Santa Clara, CA

* Lawrence is a featured speaker on Friday Morning, on the topic: "Rare Coins and Investment." Check www.ckshows.com for details

PRECIOUS METALS Individual Retirement Account BREAKTHROUGH

One of the problems with putting precious metals into IRA accounts in the past has been exorbitant fees and commission loads on precious metals purchased.

We have solved that problem, and are now able to put our clients into precious metals IRA's at the same cost at which we sell precious metals for physical possession. Additionally, MIKE CLARKE is available to walk you through the paperwork, which, while not overly complex, requires precision, with (literally) all the i's dotted and all the t's crossed.

Precious metals IRAs are an excellent tool for many people, especially those who have significant funds in their IRA which would be convenient to use for investment portfolio balancing. There are other advantages as well, so please call us if you believe precious metals IRAs might be to your advantage.

BUYING FOR VALUE

One of the most important and effective strategies for buying coins is "Buying for Value." Specifically, this refers to how a buyer approaches the question of what grade he should purchase for a particular coin. Affordability is obviously crucial, as is the taste and desire of the collector for a particular coin, but assuming the coin in question is affordable and desirable, how can one know if it is a good value?

Generally speaking, the higher the grade, the more valuable the coin. However, some price increases from grade to grade are far greater than others. For example, a 1924 St. Gaudens in XF-40 might cost \$1530, while one in MS-60 would be around \$1600, a very slight increase. For most collectors, an MS-60 would be a better value—a much nicer coin for very little extra expenditure. Even in MS-65 the coin would only run around \$2300, and in MS-66 it would be less than \$3000. The big jump is in MS-67, where price jumps to \$13000. While there is a difference in quality between an MS-66 and an MS-67, is that difference worth an extra expenditure of \$10,000, particularly when one could purchase four MS-66 St.

Gaudens with money left over instead of the one iMS-67? Probably not for most collectors.

Another example is a 1927 Peace dollar. In MS-65, its price would be around \$3000, but in MS-66, the price jumps to over \$22,000! Is the difference in grade from 65 to 66 worth \$20 thousand? In fact wouldn't it make more sense to get a superb MS-65 even if it cost more than the regular price?

The 1955 double die \$.01 runs about \$1800 in XF but only around \$2300 in MS-60. For the few dollars extra, the MS-60 (or MS-61) quality would bring the collector a much finer coin. All coins are different, but they exhibit a similar pattern. Unless it is important to you to have the highest grade available, look at the top grade where the values are compressed, before the big jump to a higher grade in order to get the best value for your money.

Beware: While this pattern is typical, there are some coins, like the 1879-cc Morgan dollar where price breaks are less distinct. Also, the eye appeal as well as the grade must be taken into account on an individual coin by coin basis

GREAT VALUES IN HIGH GRADE COMMON DATE COINS

For those who like high grade common date coins, I have two solid recommendations: Common date St. Gaudens in MS-66, and common date Morgan Silver Dollars in MS-67. Common date St. Gaudens can be purchased in MS-66 for under \$3000, which is only a few hundred more than an MS-65, but almost \$5000 below the cost of an MS-67. Common date Morgan dollars in MS-67 can be purchased for less than \$1000, where MS-68's cost close to \$4000. In my view, both coins are outstanding values at these grades. The MS-66 St. Gaudens is particularly desirable because at current price levels, it is only a bit more than double the cost of the gold, giving it the added advantage of gold bullion content should the price of gold rise sharply.

GOLD STOCK PRICE INCREASE INDICATES GOLD PRICE RISE

Gold stocks have risen over 25% this year, indicating investors believe rosy times are ahead for gold miners. Usually, this translates into a price increase for gold, and an anticipation for more demand in the market in the future. With gold and silver trading at or below the cost of production, and with currency woes still unaddressed, gold price increases are likely.

RARITIES AT LIKELY BOTTOM

While occasional discounting of prices occur with individual dealers to meet cash flow needs, price levels for rarities—especially those with high eye appeal that are nice for the grade—are stable. This indicates that rarities may be at a price bottom compared to future market levels. Overall market activity is not heated at present, which means now is an excellent time to buy those specific rarities one might desire. This is how one buys low, hoping to sell higher in the future. The only problem is finding these key coins, be they patterns, high grade seated and Barber proof, better date Morgans and Peace dollars, better date gold and Walking Liberty halves. In this kind of market, eye appeal is particularly important, so don't buy for grade only, as many coins available might have been awarded high grades by PCGS or NGC, but are simply not nice for the grade.

It is worthwhile to pay a little extra for superlative coins, especially coins with CAC stickers (CAC, or Certified Acceptance Corporation puts a sticker on PCGS or NGC certified coins if they judge that coin to be especially nice for the grade), as in a hot market, which we anticipate will occur in the future, such coins will likely fetch a healthy premium when it comes time to sell.

Let me know what you are looking for, and I'll do my best to deliver exceptional quality at competitive prices.

CALL LAWRENCE DIRECT
818 557-0901

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I'm always BUYING
GOLD, SILVER, COINS,
Diamonds, Watches
We are *Motivated Buyers*
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Every transaction is
Confidential
LOWER OVERHEAD
MEANS HIGHEST PRICES
PAID



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THE PROBLEM WITH HIGH GRADE MODERN ISSUES

PF-70 and MS-70 modern issues are getting a lot of attention these days as they are being heavily promoted by some coin dealers. Interestingly, most of the buyers seem to be new to rare coins, and therefore don't realize the potential danger with paying large premiums for these top grade coins. The mintages for these coins are usually high, and since modern mint quality is excellent, pretty much all coins will grade MS-68 or better. Thus, as time goes on, more PR-70 and MS-70 coins will be graded, making them more common. Since most people can't distinguish the difference between an MS-68—70, over time, collectors will eschew paying high prices for 70's, and settle for OGP (Original Government Packaging). Thus, with the exception of a few low mintage issues, the large premiums for the 70 grade will likely dissolve, as the collector base will not support them.

For a **Free** Consultation

And evaluation for selling or Insurance purposes
Call me directly **(800-334-3325)** or (818-557-0901)
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