

Lawrence D. Goldberg's

Rare Coin Report

September, 2015

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Rare Coins & the Economy

No Need to Wait any Longer

The rare coin market is in position to become a star performer on the economic scene.

Here's why: The recent devaluation of the Chinese Yuan falls right in line with previous Quantitative Easing by the rest of the world. That, combined with overall weakness in China's economy and an over valued stock market precipitated the stock market's recent correction.

Interestingly enough, the short term impact of these developments on the rare coin market is virtually nil. The long term impact however, is another story.

Picture a pendulum. If it swings too high in one direction, the laws of physics will cause it to swing in the opposite direction. We see this same principle at work in politics and econom-

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Notes from the Owner's Desk

Onward & Upward

Whether buying or selling, working with great customers is the most enjoyable activity of my work. I greatly appreciate all of you, not only because you create my continual success, but because you make it so much fun!

What makes customers great to work with? Ironically, exactly what makes coin dealers great to work with: honoring one's word, great value buys and sells, a good sense of humor, and the underlying force: straight forward and complete communication, and that is a two way street.

I can't help you achieve your goals unless I know what they are. Therefore, I encourage you to contact me any time you believe I might be of service to your goals and needs in the hard asset arena.

After Long Beach, I have no shows scheduled until December, so I'll be spending a lot of time in the office. That makes it a perfect time to contact me at (800-334-3325) if you have coins to sell, want to discuss your collecting plan, need a general consultation, or



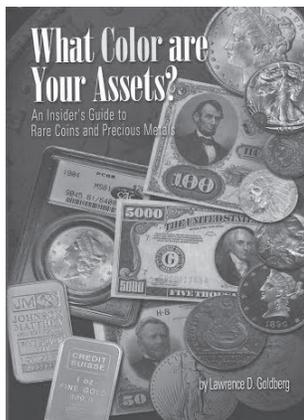
Lawrence D. Goldberg
PNG

maybe just have a few questions. I am committed to providing the best values on coins, and the best service in the industry.

One personal note: While in Portugal (we had a great time!) one of our daughters announced she is pregnant. Another daughter snapped her fingers and said: "I was hoping to be first." Needless to say, my wife Philleen and I are beyond excited about the coming year.

I hope you have great stuff coming your way as well!

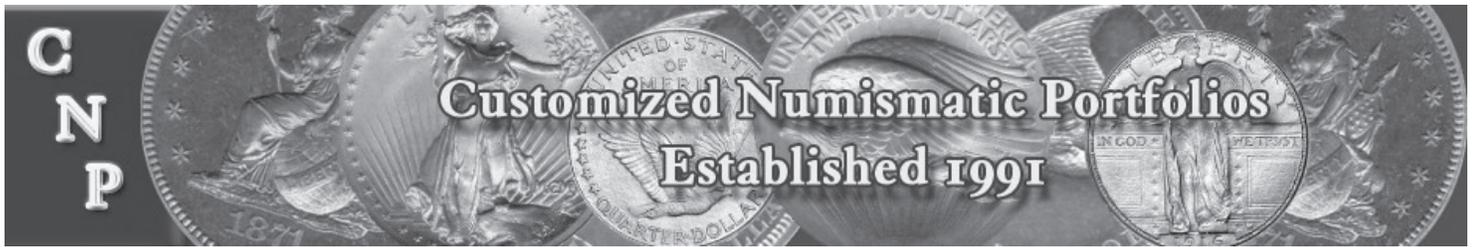
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"What Color are Your Assets?" by Lawrence D. Goldberg

An Insider's Guide to Rare Coins and Precious Metals

My book got a great review in Coinage Magazine, and is selling well at coin shows, through repeat orders and at Amazon.com. Please read the many five star reviews posted there, and if you've read the book, post your own review! I'd love to read your reactions. Go to **Amazon.com** and do a search for **"What Color Are Your Assets?"**



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

ics. Unlike the world wide economic condition, the rare coin market is now well balanced. There are enough buyers to purchase what sellers want to sell, and enough sellers to supply the needs of buyers. Prices in some areas, especially where gold and silver prices impact coin prices are soft, while in other areas, prices are stiffening, which indicates a healthy market.

This is likely due to the fact that the rare coin market—unlike the rest of the economy—is relatively free of governmental intrusion, and functions almost as an island of calm amidst stormy economic waters.

Meanwhile, massive world wide governmental debt and printing of currencies have stymied worldwide economic growth, and have created a major economic drag that extends into the future as far as the eye can see. This could become especially intense as the destabilizing governmental debt load is a powerful force encouraging more money printing in the future.

Tangible assets such as coins, gold and silver provide a necessary hedge against these long term forces, which means there is no economic reason to discourage buying, while at the same time, there are many reasons not to buy stocks or other traditional investment vehicles.

That, combined with competitive pricing for most coins and low prices for gold and silver indicate an active coin market will sustain well into the future. Over time, prices for coins and precious metals should continue to rise, and that rise is potentially significant and sustained.

One final note: the maturing of the rare coin market is spurring a great deal of interest in educating the next generation of coin collectors. Do not be surprised to see growing emphasis on this in the future.

Inherit a Collection You Want to Sell?

As an Independent Dealer with lower overhead costs, I can often pay more

Call Lawrence anytime at
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Lawrence's Coin Show Schedule

NOTE: Not attending September Las Vegas Show

Long Beach Coin Show
Thursday-Saturday, September 17-19
Long Beach Convention Center
Long Beach, CA

Las Vegas Coin Show
Friday-Sunday, December 11-13
Westgate Hotel
Las Vegas, NV

Pasadena Coin Show
Saturday-Sunday, January 16-17, 2016
Scottish Rite Center
150 N. Madison Ave.
Pasadena, CA

A Common Pitfall Trading too Often

Not long ago, a coin recently purchased at auction for \$23,000 was offered to me for \$16,500. This reminded me of perhaps the most expensive pitfalls in buying coins: paying high for a rarity in hopes of profit, then selling too soon because the price appears to have dropped.

That is stock market thinking run wild, and should be avoided. Coins are not stocks, don't act like stocks and don't trade like stocks. Coins are collectibles, and are more properly called speculations than investments.

Stock trading costs are low. Buyers are plentiful, and value is determined by economic and company specific factors. In contrast, costs for coin trading are much higher, and values are determined by collector demand, which is mercurial. If immediate sale is desired, one might have to lower the price dramatically to make the deal.

The antidote to this pitfall is to approach the market not as an investor, but as a collector: Buy what you like, make sure you pay a competitive price, and hold for the long term. Avoid short term trading, as this almost always results in losses. Following this advice will typically create not only better financial results, but in greatly enhanced fun and enjoyment.

Coins Are Supposed to Be Fun!

Over the last 50 years, coin values have soared. It is likely they will continue to do so in the future. This is a good thing. The increase in value means that collectors put substantial amounts of money into their collections. When large sums are involved, it is a human tendency to worry, and when people worry, they tend to get stressed out, anxious and unhappy.

Don't let this happen to you. Because coins tend to rise so substantially over time, it is best to focus on having fun. Buy coins you like at good value, within your financial capability, and most importantly, that you can afford to hold for the long term. This strategy is satisfying and fun, and if past experience is any indication, will yield superior financial results. That is a "threefor."

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Choosing the Grade

People frequently ask what is the "best" grade of coin to buy. "Conventional wisdom" suggests it is best to purchase the highest grade of any particular coin that one can afford. Respectfully, I disagree. Rather than an objective criteria, this choice is best made by customizing the grade to the unique needs of the customer.

Criteria varies: One might choose a grade to create a matched set, or buy lower graded common dates to reserve resources for a key date. One might simply be satisfied with a certain grade, and buying lower grades enable the purchase of coins to complete a series set.

Also, the difference in price between grades can vary greatly, or minimally. Compare PCGS Prices of two Carson City Morgan Dollars:

	XF40	AU50	MS60	MS63	MS64	MS65
1882-cc	155	175	200	240	295	595
1879-cc	1000	1950	4350	7250	11K	31K

There is a huge quality difference between XF40 and MS64. Yet, the price difference for the 1882-cc is less than \$150. The obvious choice - unless unaffordable to the customer—is the MS-64. In contrast, that same price difference for the 1879-cc is \$10,000.! Thus, the choice of grade for an 1879-cc is almost always determined by the tradeoff between price and quality, and that too is a customer or demand-driven choice.

Conventional wisdom would also have you believe that higher grade coins appreciate faster than lower grade coins, and this is true in many cases. How-

Why "Spot" Prices for Gold and Silver are Misleading

Something very interesting occurred in July: the spot price of silver dropped about a dollar an ounce. At the same time, spreads for physical silver, most particularly for 90% silver coin (1964 and earlier dimes, quarters and halves) increased by about a dollar an ounce. In other words, even though the spot price for silver dropped, the physical price remained constant.

We have seen this before. The reason is that the spot price reflects the projected price in the future and relates to projected mine output as well as the needs of the banking industry. Many banks hedge their accounts with gold and silver, but instead of using the actual metal, they often buy futures contracts.

Futures contracts cost a fraction of actual metal, and incur no storage costs, so for banks, this can be a cost effective hedging method. When a contract runs out, banks typically sell them, and take the profit or loss, and then buy new contracts.

This works great if no delivery is required. However, if Dr. Ron Paul is correct, and weakness in currencies or the banking system sufficiently intensifies, the mad scramble to fill those contracts could force gold and silver to as of yet unseen heights.

It doesn't appear this "doomsday" scenario is imminent, and I do not predict it. However, with all currencies no longer backed by metals, massive world wide quantitative easing debasing all currencies, and ever increasing governmental intrusion into banking and finance combined with the runaway potential of technologically driven trading, this kind of scenario has become potentially viable.

It therefore makes sense to hold at least some gold and silver physically—just in case.

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no new applications
at this time**

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Choosing the Grade (Cont'd from Page 3)

ever, there are so many exceptions to this that the rule cannot be considered "hard and fast." Depending on the timing, market demand, and price levels where calculations begin and end, lower grades of many coins can appreciate at a far greater percentage than the same coin in a higher grade. Also, grade alone is an insufficient criteria as eye appeal often has as much or more to do with the future value of a coin (and the enjoyment one derives from it) than the technical grade alone. I've seen many properly graded but ugly coins in high grade slabs.

For all of these reasons, and other reasons not mentioned here, it makes sense to look at each coin independently, and more importantly, from the particular desires of the collector who is buying.

Working with collectors, especially regarding more expensive coins, I frequently spend a fair amount of time, effort, and expertise determining the target grade for a coin as it relates to the specific needs and abilities of the collector. It is one of the most important services a rare coin dealer can provide, and it is among the more valuable services a collector can receive.

Need a portfolio evaluation, appraisal or consultation?

Call me directly at **800-334-3325** (press 2) or
email: Lawrence@CNPcoins.com