Millennium Diggers Club

Having fun finding gold and treasure!

Editor: Penny Esplin, Secretary: Marlea Sheridan

Thursday April 28th, 2011

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Call to Order: Introductions given all around as we had new members and visitors.

In Attendance: 19

New Members: Two new members this month. We all want to welcome Jeff Baker and Aric Shunk.

Old Business: Old minutes were e-mailed in last newsletter. Barbara requested new nametags for officers.

New Business: Barbara asked for clarification on use of our claims for non-members. While attending as a guest of a member, such guest may attend/help member but may not use power equipment---panning and sluicing are permitted. Anyone may camp on our claims but not seek gold during their visit.

Various permits and laws were discussed. We need to continue to support those who continue to fight for our mineral rights both in Oregon and California and elsewhere.

Joe is adding many pages of interest to the newsletter, especially about gold and silver.

We are looking forward to Claudia's return from Cambodia. We are looking forward to her sharing her experiences there

April's Outing: The metal detecting outing to Antique Powerland did not happen. A side trip to the St. Louis Ponds found that everything was too wet for good detecting. Most rivers are too high for rock hounding.

Next Club Outing: Possible future outings were discussed, including: E. Oregon "limb casts", Glass Buttes, Penny and Walt mentioned Lookout Point reservoir (off hiway 58 east of Eugene), and the area around Fall Creek reservoir is also worth checking out. Many wonderful specimens of jasper and agate have been found on the shoreline of both lakes.

Joe and Claudia reported that they have a friend who can get our club access to a sunstones claim in Eastern Oregon.

Visit our website at http://www.millenniumdiggers.com/

The Millennium Diggers Club is a group based in Keizer, Oregon, which is near Salem, Oregon. The club is for people that share an interest in searching for things of value. The club's charter is to provide members with a club that will help promote the hobbies of metal detecting, prospecting, rock hounding, and treasure hunting. Part of our yearly dues pay for mining claims that are available for all club members to use. We use club meetings to share information about locating gold, silver, coins, jewelry, gemstones, fossils and metal detecting. We plan club outings each month where we can help each other learn all aspects of our hobbies. This is a great family activity, bring the kids! Please feel free to drop in on one of the monthly meetings or outings.

We meet the **4th Thursday of each month**:
Clear Lake United Methodist Church
920 Marks Drive
Keizer, OR 97303

The church is located across the street from the Clear Lake Fire Station. There's plenty of parking in the church's parking lot. We meet in the Fellowship Hall in the church.

ROCK HOUNDING, MINERALOGY

Rocks to Share For April Beginning with Letter "N": Penny brought 2 rock specimens containing "Natrolite", a *hydrous sodium aluminum silicate*. It is a *zeolite mineral*, found in traprock and in pockets with other associated zeolites. Most often in fine, white to clear needle sprays, looking like hair.--nice crystal formations. Delmon brought rocks from the Toutle River area near Mt. St. Helens, including a blackened, burnt piece of driftwood, no doubt resulting from the volcano's blast.

Bring rocks and minerals whose name starts with the letter **"O"** for May.

Joe Greene shared his fluorescent stones he collected while in eastern Arizona. He had some great specimens of "Fire Agate". We turned off the lights and using his new ultraviolet light, his rocks lit up like “lightening lava” from another world! Beautiful, vibrant neon colors in reds, orange, pink and green! Some rocks actually “phosphoresced”, meaning they still glowed after turn off UV light.

Arizona Fire Agate?

Tom Simondi

http://www.tomsdomain.com/tdagate.htm

Fire Agate is a layered stone. The layers are small enough that light entering them forms interference colors known as "fire." The gem is thought to be formed when hot water saturated with colloidal silica and iron oxide invades cavities in country rock and begin to cool. Chalcedony with iron oxide begins to grow on any available surface (the iron oxide gives the basic brown color to the gem). As the solutions began to precipitate and grow layers of silica and iron oxide would be deposited depending on the relative level of those elements in solution and underlying conditions. These alternating silica and iron oxide layers (Schiller layers) cause the brilliant fire in the gem. As iron oxide ran out in the solution colorless chalcedony continued to grow.

Cutting Fire Agate essentially reverses nature's process by grinding and polishing away layers, following natural contours, until only the fire is visible. As you might imagine, however, one layer too far and the stone is ruined.

Directions for Cutting Fire Agate (Notes my father left)

Inspect the rough stone by wetting with water under a bright light. Direct light is ideal. (The stone is fragile so hold it over a padded surface.)

Observe the depth and location of color layers. The gem material (fire layers) are usually covered by chalcedony. Trim away excess chalcedony by sawing, grinding, or sanding.

Sawing should be used only for the top portion of chalcedony which has no color. Leave 1/8th inch for grinding.

For grinding, use a 100 grit wheel. Grind for not more than four of five seconds. Stop and examine for signs of fire under bright light. Shape the stone in any direction the fire indicates. Do not overheat the stone.

Remember -- Grind slowly and inspect often!

When you are satisfied that you have exposed all the fire, grind on a 600 grit wheel to eliminate scratches. Then start with 325 diamond paste, moving to 600, then 1200, 3000, and finally 50,000.

Reminder: In all of the above steps of grinding use plenty of water. ***Do not overheat.***

General Information

Source: Arizona, Mexico and Brazil

Chemical: SiO_2 (same as quartz)

Formation: Hydrothermal environment

Crystal System: None. Will occur in the botryoidal formation as seen in the two photos above.

Unusual Properties: Optical illusion of depth and play of color.

Cabochon cut fire agate and closeup of stone. Note stone is flat in spite of curved appearance.

What color is it?: I guess you could best describe it a the color of ***fire.*** Looking at a fire agate is much like looking down into the burning embers of a fire. Which is exactly how it got its name. If this sounds a little schmaltzy then you have never seen a really nice quality ***fire agate.*** Because once you have the above description will be the only one you will have too.

What is the story behind this gemstone?: This is a very unusual form of chalcedony or the quartz family, known as agates. This particular type is unlike anything else in the gemstone world because looking into a nice fire agate makes you feel like you are looking deep into a burning ember. (That's just the only way I know how to describe it)

Can I wear it everyday?: Yes it is very long wearing and tough.

Is it expensive?: Relatively inexpensive. About the same price as a nice piece of Lapis Lazuli in the finest quality.

The Black Hills fire agate rock hounding area is located 170 miles southeast of Phoenix, Arizona. Chalcedony can be found scattered all over the landscape. The prime interest here s the brownish chalcedony exhibiting colorful fire. It will not take long to find pieces with traces of brown or gold, indicating the potential for fire. Most of what is picked up will not contain the highly desirable burst of color.

Chalcedony is a variety of Quartz. Traditionally defined as a fibrous cryptocrystalline variety of Quartz, more recently, it has been shown that much Chalcedony is a mixture of Quartz and Mogánite, another silica mineral.

When it is concentrically banded (often in rather wild patterns) it is called by the subvariety name Agate. When it is in flat layers/bands it is called by the subvariety name Onyx.

[**Note:** Many non-banded forms of chalcedony - such as Moss agate - are often erroneously called 'agates'. True agate is concentrically banded. Mottled and included chalcedonies are more properly called simply 'chalcedony.' Petrified wood (agatized wood) is the name given to fossil wood where the replacement of the wood is by chalcedony, but the banding in this case is due to the wood structure - not concentric deposition of the chalcedony - and the material is chalcedony, not true agate.

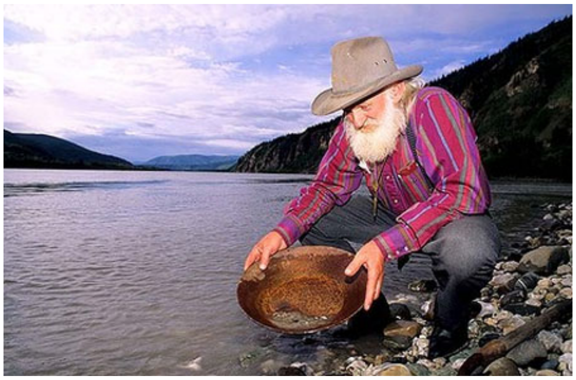
METAL DETECTING

Nothing offered for publication.

GOLD MINING, PRECIOUS METALS

Gold at the World's End

Source: *Sydney Morning Herald* 03/27/2011



They do things differently in the Yukon outpost of Dawson City, writes Winsor Dobbin.

The former gold-rush city, a Wild West legend at the junction of the Yukon and Klondike rivers, lies somnambulant under snow for much of the year, deserted by all but the hardiest of its residents. Most hotels and restaurants close down; locals travel by skidoo, dog sled or on skis and tourism is virtually non-existent.

Then the sun starts to shine and each year, like a chrysalis emerging as a butterfly, this tough-but-fascinating town is reborn and visitors are once again invited to take a step back in time to enjoy panning for gold, sleeping in a former brothel or exploring the remains of once-majestic Yukon River paddle steamers in a slightly spooky ship's graveyard.

Dawson City is one of the weirdest, wackiest spots on the planet—and a magnet for adventurous travelers.

Dawson City has enjoyed booms and busts. In the late 1890s, gold was discovered and it was known as "the Paris of the north," becoming the second city in North America to get electricity after Chicago. In 1898, it had a population of more than 45,000 and was the largest city north of Seattle and west of Winnipeg. There was so much money in town that locals used to send to London and Paris for champagne and silk shirts and men and women from around the globe descended to "mine the miners."

Four years later, the gold rush was over; however, locals say "there are still nuggets out there" and hopefuls from around the world hit the rivers hoping to strike it lucky. They can pan for free at Claim #6 on Bonanza Creek, a fast-running stream off the Klondike and keep any gold they discover.

Industrial Use of Silver Forecast to Rise

Source: Kitco 03/28/2011

The amount of silver used for industrial purposes is forecast to rise to 665.9 million troy ounces by 2015, which would be a 36% increase from the 487 million used in 2010, according to a report from the Silver Institute released Monday.

The report, *The Future of Silver Industrial Demand*, was produced on behalf of the Silver Institute by the precious metals consultancy GFMS Ltd. Industrial use of silver accounts the largest share of annual fabrication demand, the Silver Institute said.

The "base case" forecast from GFMS is predicated on what the consultancy sees as the most likely outcome for the global economy, the consultancy said.

The report identifies 11 still-new applications for silver, ranging from food packaging to radio identification tags to auto catalysts, which collectively could exceed 40 million ounces of industrial demand by 2015, said the Silver Institute.

The report also said that stronger silver industrial demand in the U.S. and Asia will be a key factor driving growth through 2015, with healthy developing-country demand especially in markets such as China and India.

Much of the forecast growth will come from established applications, such as silver's use in electrical contacts and in the photo-voltaic market. The "technical proficiency of silver" limits the ability to switch in favor of lower-cost alternatives.

The report recounted steady growth in industrial demand for silver for two decades now, interrupted only briefly by financial-market weakness in 2001 and 2008. Back in 1990, this demand stood at 273 million ounces, meaning it has already grown by 78% to 2010.

PV use of the white metal was developed over two decades ago, but until recently, silver offtake remained slight, the report said.

Skill Deficit in Mining Industry?

Casey's Daily Dispatch
By Alena Mikhan and Andrey Dashkov

Even as institutional investors remain keen to further diversify into commodities, including precious metals, mining companies face a challenge to meet increased demand for their production. Miners around the world trying to increase output face a mounting obstacle in the form of a skilled-labor shortage.

Evidence comes from Australia, where apprenticeship periods have been shortened from four years to just a year and a half, in response to the desperate need for skilled workers. It's expected that by 2015 the country will face a deficit of roughly 36,000 workers in the mineral and petroleum resource sectors.

Canada seems to share these concerns. The country's Mining Industry Human Resources Council forecasts that by the year 2020, there will be demand for 60,000-100,000 new workers. The report points out that among those needed the most will be "heavy equipment operators, underground and surface miners, and skilled trades and professional occupations (e.g., geoscientists and engineers)."

Anecdotally, we can say that the shortage is already acute; we're hearing about drillers being harder to find than drills, and companies limiting their exploration activities due to lack of experienced geologists.

We believe that total gold supply is not going to be severely impacted. As most of the approximately 4.6 billion ounces of gold ever mined (estimates vary) remain on the face of the earth, newly produced gold represents only a fraction of that quantity.

For example, the World Gold Council reports that gold mine supply in 2010 amounted to 89.7 million ounces. This constitutes only 1.95% of total "investable" gold. World Gold Council data suggest that the volume of annual mine supply doesn't add enough, nor does industrial use take enough from the amount of existing refined gold to cause a structural change in the gold market.

We cannot deny, however, that rumors of falling output can have a psychological effect on investors: fears of a supply decrease can create additional positive momentum for gold. That's an opportunity for mining companies and explorers leveraged to the price of yellow metal – those that have the people to get the job done. Keep this in mind as you vet your gold company investments.

The Big Trend in Gold and Silver.

Sean Brodrick, Uncommon Wisdom

http://us.mg3.mail.yahoo.com/neo/launch?.rand=55cdcj3vsadv4

Friday, April 15, 2011

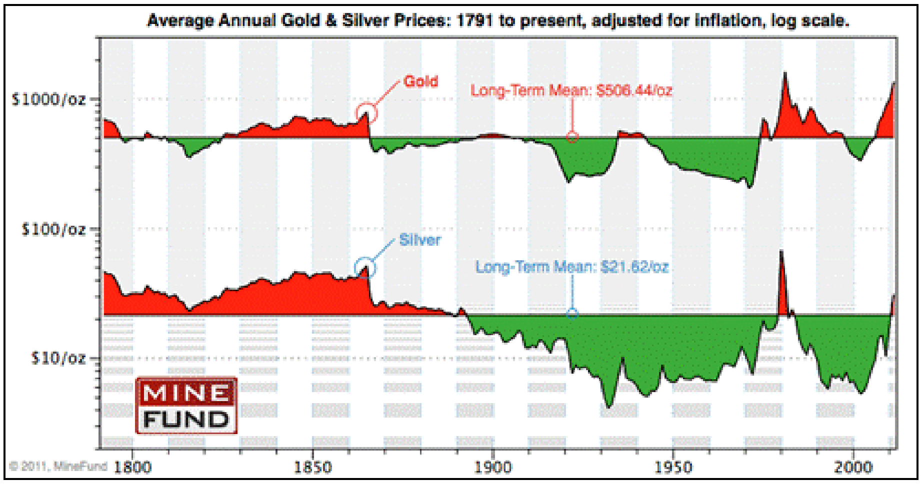
You'd have to be blind or a fool to ignore the big trend in precious metals these days. And sure, sure, that blind fool pool is obviously where CNBC gets many of its talking heads. But smarter investors can spot a big trend — a trend that remains intact after 10 years in gold and eight years in silver.

But how long can these uptrends last? Wall Street wants you to think these bull markets are about to peter out. But a bull market in metals can last a long, long time. Take a look at this chart from Mine Fund, which shows gold and silver tracked along their mean, or average, prices. These prices are adjusted for inflation.

You can see that gold has enjoyed bull markets that were 20- and 40-years long. Silver once enjoyed a bull market that was more than 100 years long!

Now, the metals have also experienced long-term bear markets — particularly in silver's case. And the good news for silver is it just came out of a bear market on a long-term basis. That means it could go a lot further.

Gold has been out of its bear market longer than silver, but still not for very long. I think its bull market could last for quite some time to come.



But here's one thing to consider: The bull market in precious metals is like kryptonite to Wall Street. It shines the hard light of truth on the backstage machinations of the gray and powerful men who pull the strings of the world's financial system.

These men and their mouthpieces want you to think everything is fine. The continued bull market in precious metals tells us that everything is not fine. With every penny that gold rises, fiat (paper) currency loses another sliver of value.

So what I'm watching this summer is just how high gold and silver can go. Summer is usually a slack time for precious metals. Maybe not this summer. Maybe this is the summer they boil over.

Why would that happen? Here's one reason ...

The U.S. Dollar Is in BIG Trouble.

Let's take a look at the action in the U.S. dollar and see where it's going:

The U.S. dollar is going to test its support just above the 74 level, which it last tested in 2009. If that breaks, look out below!

Forces pushing the dollar lower include:

- **The U.S. national debt exceeds $14 trillion and is climbing.** Nearly 14 million Americans are unemployed. The economic "recovery" is propped up by easy money from the Federal Reserve, not real economic activity. This is not an environment that will lure foreign investors to put money into American markets.

- **Three wars at once: The total dollar cost of the wars in Iraq and Afghanistan so far exceeds $1.171 trillion, and we just started a third war — Libya.** Defense analysts estimate that the United States is spending $100 million a day in Libya. Just imposing a no-fly zone over Libya cost $400 million to $800 million for the initial strikes, with another $30 million to $100 million a week to patrol the area. Just one Tomahawk missile costs $1.4 million, and more than 178 Tomahawk missiles were fired on Libya.

- **And then there's the problem that fiat (paper) currencies can be printed at will.** In 2008 the Federal Reserve increased the U.S. monetary base from just over $800 billion to $1.7 trillion in a matter of months. Actions like this by central banks around the world are shaking the faith of investors large and small in paper currencies and making hard currencies shine by comparison. You CAN'T print gold and silver.

Comments on Buffet's Gold Statement

Casey's Daily Dispatch

March 31, 2011

By Vedran Vuk

For a while now, I've wanted to write an article on some of Warren Buffett's ridiculous economic statements. But it feels a bit wrong to throw rocks at such a successful investor. However, in the most recent issue of *The Casey Report*, Doug Casey put it much better than I could.

In the edition, Doug dispels about 20 common reasons not to own gold. Of course, one reason is that Warren Buffett is a huge gold bear. Here is Doug's excellent response to this view:

> *This is true, but irrelevant – entirely apart from suffering from the logical fallacy called "argument from authority." But, nonetheless, when the world's most successful investor speaks, it's worth listening. Here's what Buffett recently said about gold in an interview with Ben Stein, another goldphobe: "You could take all the gold that's ever been mined, and it would fill a cube 67 feet in each direction. For what that's worth at current gold prices, you could buy all – not some,* all *– of the farmland in the United*

States. Plus, you could buy 10 Exxon Mobils, plus have $1 trillion of walking-around money. Or you could have a big cube of metal. Which would you take? Which is going to produce more value?"

I've long considered Buffett an idiot savant – a genius at buying stocks but at nothing else. His statement is quite accurate, but completely meaningless. The same could be said of the U.S. dollar money supply – or even of the world inventory of steel and copper. These things represent potential but are not businesses or productive assets in themselves. Buffett is certainly not stupid, but he's a shameless and intellectually dishonest sophist. And although a great investor, he's neither an economist or someone who believes in free markets.

From a common-sense perspective, Doug smashes Buffett's giant-cube theory. But more importantly, he dares call Buffett an idiot savant – and he's absolutely right. Buffett is a genius at matters of finance – but not particularly talented in economics, to say the least.

What most people don't realize is that there are vast differences between economics and finance. Yes, they are closely related, but they are still separate subjects. Finance deals with company valuations, derivatives, credit analysis, etc. Economics deals with macroeconomics, government policies and economic variables, etc.

Warren Buffett specializes in the former, but he really doesn't know much about the latter. What made him rich in the first place was his amazing talent at finance and valuation – not general economic trends. After all, his buy-and-hold-forever strategy to some extent ignores business cycles altogether.

Now, we shouldn't just single out Warren Buffett. The financial news constantly makes the mistake of consulting all the wrong people on certain subjects. For example, they will ask economists about the importance of credit default swaps, mortgage-backed securities, and repo agreements. Economists don't have a clue about this stuff. Honestly, the average PhD economist couldn't even recommend you a decent mutual fund.

However, finance PhDs have the opposite problem. They can explain derivatives pricing inside and out. But give them a question about macroeconomics and business cycles, and get prepared for a weird answer. As I'm about to finish a masters in finance at Johns Hopkins University, I've had about a dozen finance professors with a dozen different explanations for the 2008 crisis. Their explanations more closely resemble conspiracy theories than actual economic thought. They have the exact same flaw as Warren Buffett – they are experts at finance and clueless on economics.

So, where does gold come into this picture? Well, economists do have an advantage over finance professors in certain areas. For example, they have a better understanding of foreign currencies, interest rates and commodities – gold included. Many of the reasons to own gold are strongly related to macroeconomic factors, such as the expansion of the money supply. But the finance wonk doesn't think this way. Buffett's statement about gold is a great example. Gold has no cash flow stream to value and discount to the present. Hence, the finance wonks are stumped. To them, it's a worthless cube of metal.

In general, this is my rule of thumb for Warren Buffett's statements: When it comes to finance, I closely pay attention. When it comes to economics and policy, I tune out. That's not his specialty, and it's not how he made his fortune.

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4 Forces Fueling Gold's Next Move

by Sean Brodrick, Friday, April 1, 2011
http://us.mg3.mail.yahoo.com/neo/launch?.rand=ctk6eqsop5ije

Last week, I told you about a bunch of forces poised to push silver much higher. This week, I want to tell you about the forces lining up to send gold to $1,710 ... and that's only a signpost on the road to my longer-term target of $2,500 an ounce!

There are many forces driving gold higher. Here are four that I'm watching:

Force #1: Middle East Powder Keg Threatens to Blow Up! The troubles in Libya are hopefully winding down. The troubles in other parts of the Middle East are just waiting to ignite.

Violence threatens to boil over in Syria after government troops shot protestors. Yemen's government is in danger of collapsing, and Bahrain is an armed camp, seething with resentment.

In the middle of it all sits Saudi Arabia. The Central Bank of oil is built upon a restless population.

The fires of revolution are making the Middle East's deep-pocketed despots nervous, and when they're nervous, they tend to buy gold.

Egypt's Hosni Mubarek stashed gold around the world in his final days in power, according to sources, and Libya's Muammar Gaddafi reportedly has a private jet loaded with gold and other goodies.

There's already increased gold buying by governments in the region. Iran has bought large amounts of gold in the international market, according to a senior Bank of England official.

And sure, it's not just Iran. Last year central banks became net buyers of bullion after 22 years of large sales. I wonder what they'll do this year? I bet it will be bullish for gold.

Force #2: Inflation Fears Worsen. Around the world, consumers are feeling the pinch. For example, China's consumer inflation rate rose 4.9% year-on-year in February, well above the official target of less than 4%.

Analysts believe China's March Consumer Price Index (CPI) will hit 5%, and could hit 6% by June or July.

In the United States, the Commerce Department said the Personal Consumption Expenditures (PCE) Index rose 0.4% — the fastest since June 2009 — after gaining 0.3% in January. So, inflation is accelerating.

In the United States, Fed Chairman Ben Bernanke told the Senate Banking Committee that the recent surge in oil prices was unlikely to have a big impact on the U.S. economy.

Fat chance, Bernanke! Heck, U.S. consumers bought 140 BILLION gallons of gasoline last year. If gasoline goes up 30 cents a gallon — and it DID — that squeezes consumers for an extra $42 billion! Non-inflationary? Ha!

With our political class spouting nonsense like that, it's no wonder U.S. consumers and investors are armor-plating themselves against inflation with a thick layer of gold!

Force #3: Gold Demand Is Rising Faster Than Supply. The World Gold Council reports that gold demand last year reached 3,812.2 metric tonnes — a 10-year high. Demand was up 9% year-on-year, and above the previous peak of 2008 despite a 40% increase in the annual average price level between 2008 and 2010.

Much of this is new demand from China. China is the largest gold producer, but it's not nearly enough to sate the hunger for gold represented by 1.3 billion new consumers.

So, China imported more than 209 tonnes during the first 10 months of last year. This represents a FIVE-FOLD increase over
what it imported in all of 2009.
In fact, China is buying so much gold for investment purposes that it now threatens to pass gold-crazy India as the world's largest consumer of the yellow metal.

At the same time, large, new gold deposits — 10 million ounces or more — are becoming increasingly hard to find. These large discoveries have been in steep decline since the late 1980s. Even smaller deposits are being discovered less and less since that time.

So put together soaring demand and limited supply and what do you get? Higher prices!

Force #4: The U.S. Dollar Is in Serious Trouble. Maybe it's the fact that the non-discretionary part of the federal deficits is mountainous. Maybe it's the fact that we're fighting three wars without raising new money to pay for them. Maybe it's the fact that the U.S. economic recovery continues to be lackluster.

For whatever reason, the U.S. dollar is on a bumpy trip to the basement.

Take a look at this weekly chart of the U.S. dollar:

It sure looks like the dollar is zig-zagging its way lower to test support from 2009. What happens there is anybody's guess. But if the fundamentals don't change, I think the dollar will break down and go even lower.

And you know what usually goes up when the U.S. dollar goes down? That's right — gold!

Take a look at this next chart:

The big trend is clear. It's bullish for gold and bearish for the buck.

Here’s Your Guide To Debunking Gold Bears

By Jordan Roy-Byrne, CMT, 03/29/2011

http://thedailygold.com/featured/here%E2%80%99s-your-guide-to-debunking-gold-bears/

In this missive we reply to the supposed reasons against investing in Gold.

Point: If you bought Gold in 1980, you were in the red for many years.

In only two and a half months, Gold went from $400/oz to over $850/oz. Gold really began to takeoff in the second quarter of 1979 at a price of $250/oz. Some buying came in after Gold’s initial crash as it rebounded from $500/oz to $750/oz. The point is Gold spent only nine months above $500/oz. The spike was extremely short-lived. Very few people bought in above $500/oz. Gold bears would have you believe “the public” came in at $800/oz. There wasn’t enough time for that. The bubble itself was very quick and over within months.

Point: Since 1980 stocks have outperformed Gold. Stocks for the long run!

Ah yes. Pick an arbitrary date to make your point. How about 2000? 1965? The point is there is a time and season for every asset class. There is always a bull market somewhere. The objective is to find the major trends early and ride them. Investing in stocks in 2000 was a disastrous decision. By 2020, investing in Gold might be disastrous but certainly not now.

Point: Gold is a bad inflation hedge. Look what happened in the 1980s and 1990s.

Yes, we had inflation in the 1980s and 1990s. However, it was disinflation. Long-term inflation rates were coming down. Gold does well ahead of rising inflation or in periods of hyperinflation and deflation. If inflation is low and relatively stable then Gold will not perform well.

Point: What if we have deflation?

Deflation acts as a catalyst for Gold and gold shares. Gold held its value during 1929-1932 while the gold stocks bottomed in 1931 and outperformed for four years. Remember the deflation fears in 2002? Gold had a great run from there on. Sure the 2008 crash hurt but Gold and gold stocks were the first sectors to recover and make new highs. Growing worries of deflation would act as a catalyst for the sector. Remember, in a deflationary period cash is king. However, if all governments are highly indebted (as in now) then Gold also functions as cash.

Point: We won't have rising inflation because banks won't lend and consumers won't spend. The economy is too weak.

There is a difference between inflation and hyperinflation. Inflation is caused by monetary stimulus, bank lending and deficit spending whereas hyperinflation is quite different. In fact, it is a weak economy and deflation that causes hyperinflation in many countries. When a government can't borrow and tax revenues are falling, severe inflation is inevitable. Mind you, we aren't predicting this in the western world. However, when one looks at the US, Europe and Japan, it is impossible that these economies can grow their way out of the debt burden. Hence, they are periodically monetizing debt.

Point: Interest rates will rise and that will support fiat currencies and crush Gold.

Hello? The 1970s? I think that was a pretty good time for precious metals and terrible for Bonds. Western nations are so indebted (particularly the US and Japan) that they can't afford higher interest rates. We've written about this in the past. Higher interest rates will only exacerbate the problem and serve as a major catalyst for the bull market in hard assets.

Point: Gold is a crowded trade and a bubble.

First of all, ignore anyone who calls Gold a trade. It's a bull market not a trade. A trade makes it sound like it is a fad and aberration. Yes, there will be wild swings both ways but the global allocation to Gold and gold shares is 1%. Its estimated that the allocation to Gold and gold shares in pension funds is 0.3%. Does that sound like a bubble? Not even close. Good God, can you imagine if that figure went to 5%?

Point: Gold is just a rock with no utility.

Gold is money and has been throughout history. When governments and their finances are stable, Gold becomes valued as a commodity rather than a currency and its then when its utility is diminished. When government finances are unstable, Gold becomes the money of choice. Saying Gold is just a rock is really ignorant.

Point: You can't eat Gold.

I didn't know the US Dollar had any nutritional value 😐. I didn't know a currency had to function as food.

Gold, Silver and the Endgame for USA Inc.

James West, Midas Letter 04/04/2011

I'm going to take a leap of faith and assume the reader harbors a sufficiently enlightened mind to be aware of several key facts regarding the world, as we know it. The fatuous commentary suggesting gold is a bubble, gold has peaked, gold is a bad investment, etc. shall, from this point forward, be consigned to its rightful place in the Horribly Flawed Thinking dumpster and discussion of same restricted to the hopelessly naïve (or sublimely clever and duplicitous) CNBC. Henceforth, we proceed under the assumption that: The U.S. dollar is in a state of terminal deterioration, and its continuing viability as a fiat unit of trade value is for a limited time only:

1. Gold and silver, as the principle monetary metals, as well as platinum and palladium (secondary monetary metals) will be part of the formula that determines the fair value of any future global currency.
2. The new global currency must be accepted by the entire G8 block and a majority of the G20 to be viable.

But first, a brief discussion about how these metals might work. This is not a resurrection of your Bretton Woods gold standard, which from its inception was designed to keep nations from doing exactly what the United States has done; flood the world with a currency far in excess of the economy that backs it. Unfortunately, the excessive influence of the United States that evolved after World War II and the unprecedented wealth afforded by its huge hydrocarbon exploitation machine made it subject to manipulation and ultimately was terminated by Nixon when it became an inconvenient and malfunctioning cog in the burgeoning U.S. deficit spending policy.

Consider the United States a public company. At this point, USA Inc. has 14.3 trillion shares outstanding, and the finance department keeps issuing 70 to 90 billion new shares every week. Unfortunately, the principle shareholders, China Inc and Japan Inc, have decided they own enough, as they have been averaging down for almost a decade, and with all that dilution out there, the stock is looking less and less attractive. Domestic shareholders who were formerly major supporters of the stock have dumped it altogether (PIMCO).

And so, inspired by ENRON, and since USA inc. is not compelled by anything approaching Generally Accepted Accounting Practices, its decided to get its off-balance sheet entity, The U.S. Federal Reserve, to write checks to the finance department, so that the cash flows of the corporation continue to permit day-to-day operations.

At this point, in any real public company's existence, the SEC would theoretically step in and investigate, unless of course the CEO and management team of U.S.A. inc. had gone to the same university as the management of the SEC In that case, the senior management of both entities would go out and discuss the problems of USA Inc. over martinis. The SEC would solicit suggestions from USA Inc. as to how it could help obscure the defective logic inherent in the expanding Ponzi scheme from an inquisitive but anesthetized and bamboozled public.

But let's assume, for the sake of argument, that the SEC was a fair and impartial regulatory agency, and the FBI is a fair and impartial (and effective) criminal investigation outfit, and that USA Inc. was helmed by persons of integrity who are not trying to fleece anybody. They are simply under-qualified and unimaginative financial engineers, and the only way they've been able to see past this pyramid boondoggle for the last ten years is to continue fabricating electronic sums of capital to support the operating costs of its bloated payroll.

This public company, were it subject to GAAP, the law, and logic, would at this point begin to acknowledge the unsustainability and, indeed, the inviability of its business model. And after a few board meetings with its largest shareholders, would conclude that it had only several choices:

1. Roll back the shares on a 100-for-1 basis, which would reduce the nominal issued and outstanding to 14.7 billion—a very manageable figure, considering the robust cash flows of its main revenue stream—taxes.

2. Vend all of its assets into a new tightly held vehicle and issue new shares, leaving the old shareholders to accept a haircut on their positions in exchange for shares of the new company.

3. Declare bankruptcy.

The problem with option number 1 is, that suddenly the purchasing power of its shares, or dollars as they are presently called, would be 100x less and nobody would be able to afford to eat. Prices for goods within the country would theoretically increase by 100 times, igniting a corporate mutiny, which in the case of this public company, would amount to civil warfare.

The same problem exists for option number 2, which leaves option number 3 (if this was a corporate entity subject to the laws of the land and Generally Accepted Accounting Practices).

Now, thank God that USA Inc. is actually a public company and that the truly competent and noble souls who run the company are, in due course, going to present us shareholders with, in all likelihood, option number 3. If they weren't, the following is what a nakedly greedy and essentially misanthropic management team might come up with.

First, they'd keep fabricating astounding sums of money each week, and through various off-balance sheet transactions through its off-balance sheet private company, the U.S. Federal Reserve, would divert large portions of these multi-zero sums into accounts it holds with financial institutions such as JP Morgan, HSBC and Goldman Sachs, etc. And it would begin to actively manage the perception of the general public through its participation in the futures and derivatives markets for strategic commodities like energy and metals. By alternating between large short and long positions, it can drive external investment demand by building huge short positions when it wants outsiders to sell (which they dutifully buy all the way down the price curve to cover its short positions), and massive long contracts (which they never deliver on anyway. . .any contract underwater is simply rolled over into the next month's strategy in perpetuity). All losses are stored in unreconciled accounts at its various financial subsidiaries, which it bankrupts at will to cleanse the negative accumulations from its frontline balance sheets.

The scheme is sufficiently complicated such that, without access to all of the connecting documents, which are privately held in the off-balance sheet privcos, it's impossible to obtain evidence by any investigator of the scheme's existence.

Meanwhile, USA Inc.'s CFO, and his counterparts among the other top publicly traded sovereign corporations, would begin to lay the groundwork for the eventual replacement of the current shares, denominated in dollars, with a new currency, which will be denominated in some as-yet-unconfirmed unit. (Special Drawing Right [SPDR] has a nice neutral sound to it.) All the existing shares would continue to trade among the top publicly traded sovereign corporations, but the new currency would be globally accepted legal tender.

The CFOs would all sign off on the plan because they really have no choice and, by throwing in their lot with USA Inc., they will be able to bury the bulk of their acts of mismanagement and criminal self-dealing through the transition phase while USA Inc.'s default announcement has everybody's attention.

The new SDR's would be pegged to—not backed by—the prices of gold and silver, which the new joint venture currency group would be able to influence easily anyway.

Utah's Gold and Silver Standard

Of course, the beautiful thing about USA Inc. is that it's got all these independent subsidiaries that are free, by their own mandate, to implement alternative share replacement strategies of their own, should their shareholders democratically choose to.

Such an outcome was just realized last week by the State of Utah, who essentially ratified an already existing law that permits the use of gold and silver as legal tender for commerce within that state.

Several similar attempts by other states like Montana failed. But there's no denying that the general tide is turning in the U.S. and Utah's move is more important for what it signifies: the people of the United States are beginning to take matters into their own hands, and embrace alternatives to the U.S. dollar for trade.

That's a trend that appears likely to continue.

The United States default on its dollar is inevitable, because the United States is, in essence, the largest public company on earth. Its shareholders are angry, and as evidenced by Utah, if the guys steering the ship to make some changes, the American people will.

QUOTES OF THE WEEK FROM JOHN MELLOY

In a posting on the "Fast Money" section of the CNBC website on March 28th:

"Mother nature, one could say, is the ultimate asset allocator over a long enough time span. Going by that notion, silver is very undervalued versus gold.

Silver is about 16 times as plentiful in the earth's crust as gold, according to John Stephenson, author of the 'The Little Book of Commodity Investing.'

Yet, the price of gold per ounce currently trades at about 38 times that of silver.

According to the basic laws of supply and demand, especially given that the two metals are quite similar, the price gap between the two metals should be much smaller.

'It basically has the same physical characteristics of gold as a store of value and it also has an industrial kicker,' said Stephenson, a portfolio manager for FirstAsset Management in Canada. 'For my money, the trade of the decade will be in silver. Gold was the best investment over the last decade, but in the future, silver will be the go-to investment for investors looking to ride out the current storms in the global economy.'

Gold has jumped about five-fold in the last decade as investors flocked to the metal. They went there first for safety from two bear markets, but then for an inflation hedge as the Federal Reserve lowered interest rates to zero.

Historically, gold sells for about 30 times the price of silver. Since gold is currently selling at about 38 times, silver is undervalued by about 27 percent and should be closer to $47 an ounce instead of $37."

The Bedrock of the Gold Bull Rally

From Frank Holmes of U.S. Global Investors

April 04, 2011

http://www.usfunds.com/investor-resources/frank-talk/?i=5354

Last week I had the pleasure of participating in a webcast for *Bloomberg Markets Magazine* regarding gold investing. It was a very insightful presentation and I suggest you view the replay at www.bloombergmarkets.com. What struck me on the call was the negativity surrounding the gold market. Call it a bubble, a frenzy or mania, there seems to be a large number of voices in the marketplace who just are not fans of gold, whether prices are moving up, down or sideways.

Naysayers started calling gold a bubble back when prices hit $250 an ounce and though gold's bull market has tossed and flung the bubble callers around for almost a decade now, their voices have only gotten increasingly louder as prices broke through $1,000, $1,200 and now $1,400 an ounce.

However, gold prices appear asymptomatic of the signs generally associated with financial bubbles.

For instance, we haven't seen price spikes. Despite rising from under $1,000 an ounce to over $1,420 over the past six months, that represents only a 0.7 standard deviation move for gold prices, according to Credit Suisse (CS). The average standard deviation move of other bubbles—Japanese equities in 1986, the tech boom in 1999, the GSCI in 2005 and gold in 1979—is 5.3. Gold's 180 percent move in 1979 represented a 10.3 standard deviation move, more than 14 times the magnitude we see today.

The reality is that gold doesn't possess the traits necessary for a financial bubble to form. Rodney Sullivan, co-editor of the *CFA Digest*, has done some great research on the history of markets and bubbles going all the way back to the 1600s. He discovered three key patterns in the 47 major financial bubbles that occurred over that time period.

These three ingredients of asset bubbles are financial innovation, investor exuberance and speculative leverage. The process begins with financial innovation, which initially benefits society as a whole. In the exuberance stage, usage of these innovations broadens; they become mainstream and attract speculation. The third step, the tipping point for a bubble to form, is when these speculators pile on massive leverage hoping to achieve greater success. This excessive leverage adds increased complexity, which mixes with irrational exuberance to create an imbalance in the marketplace. Eventually, the party comes to an end and the bubble bursts.

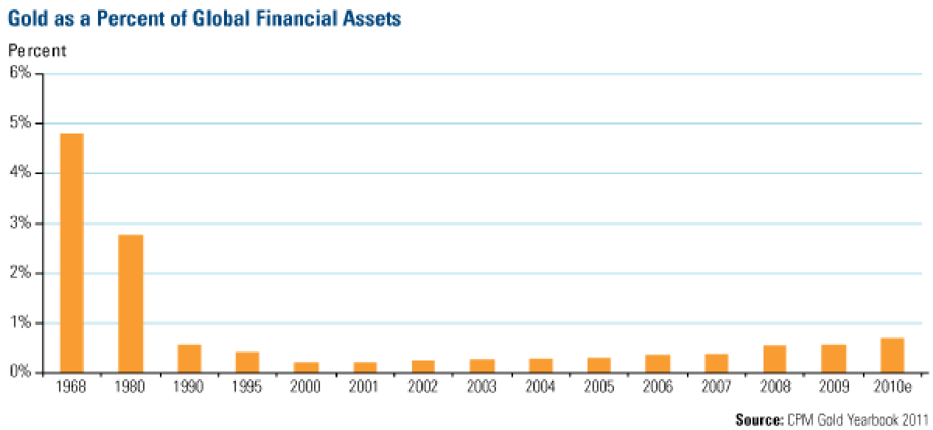
This is what happened with the housing bubble in the U.S. as Main Street home buyers leveraged themselves 100-to-1, Fannie Mae leveraged itself 80-to-1 and Wall Street investment firms leveraged themselves over 30-to-1.

Gold as an asset class is far from being overbought by speculators. Eric Sprott recently did a fascinating presentation explaining how underowned gold is as an asset class. Sprott wrote that despite a 30 percent increase in gold holdings during 2010, gold ownership as a percentage of global financial assets has only risen to 0.7 percent. That's a big increase from the 0.2 percent level in 2002, but Sprott points out that it's misleading because the majority of that increase was fueled by gold appreciation, not increased level of investment.

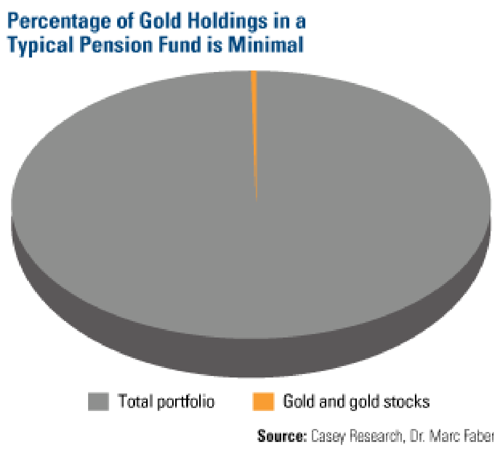
Sprott estimates that the actual amount of new investment into gold since 2000 is about $250 billion. Compare that to the roughly $98 trillion of new capital that flowed into other financial assets over the same time period.

Gold equities have seen even lower levels of investment. From 2000 to 2010, $2.5 trillion flowed into U.S. mutual funds, but only $12 billion of that went into precious metal equity funds. Of course, those figures were significantly impacted by the advent of gold ETFs during the decade. Despite the growth of the SPDR Gold Trust (GLD), which held more 1,200 tons of gold as of March 31, gold remains largely underowned as a portion of global financial assets.

The bar chart from CPM Group shows gold as a percentage of global financial assets over time. In 1968, gold represented nearly 5 percent of financial assets. In 1980, the level had fallen below 3 percent. That figure had shrunk to less than 1 percent by 1990 and has remained there since. Sprott wrote that "it is surprising to note how trivial gold ownership is when compared to the size of global financial assets."



That point is magnified by the pie chart from Casey Research. Dr. Marc Faber included it in his April newsletter to show just how small a portion gold and gold stocks are for large institutional investors like pension funds.

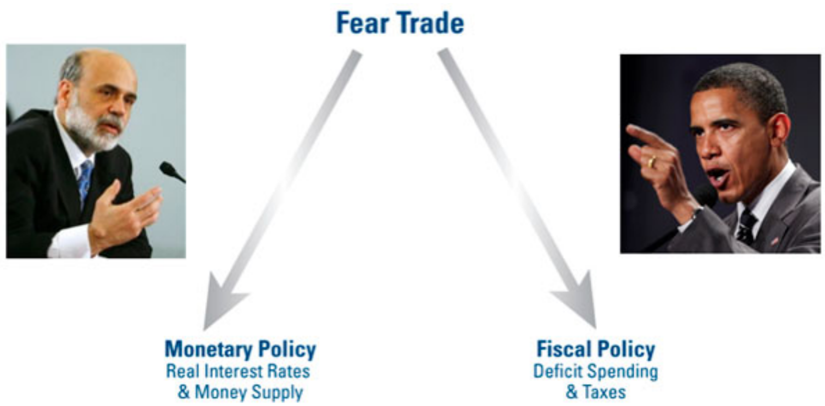


Investors who don't think gold is a bubble but fear they've missed the boat need to look at the short- and long-term factors supporting gold at these historically high price levels. In the near-term, gold prices are being buoyed by continued weakness in the U.S. dollar.

The Trade-Weighted Dollar Index (DXY) is just above the lows experienced during November 2009 and is only 8 percent above the "critical" March 2008 low, according to BCA Research. BCA says the U.S. dollar's weakness is driven by four factors:

- Federal Reserve balance sheet expansion via QE2
- Combination of low real interest rates, steeply upward-sloped yield curve and perky inflation expectations that should continue in the U.S.
- Plans by the European Central Bank to raise rates later this month
- Willingness of Chinese authorities to allow for yuan (RMB) appreciation when the U.S. dollar is weak

This is part of what we call the Fear Trade. This graphic illustrates that the Fear Trade is a function of two separate government policies: monetary and fiscal. Whenever there is a structural imbalance between a country's monetary and fiscal policies, gold tends to perform as a "safe haven" currency. Currently, the quantitative easing measures implemented by the Federal Reserve and the significant size of the deficit spending by the government to increase entitlements to ward off a recession have created a significant imbalance between monetary and fiscal policies. This has devalued the U.S. dollar which, in turn, has boosted gold prices.

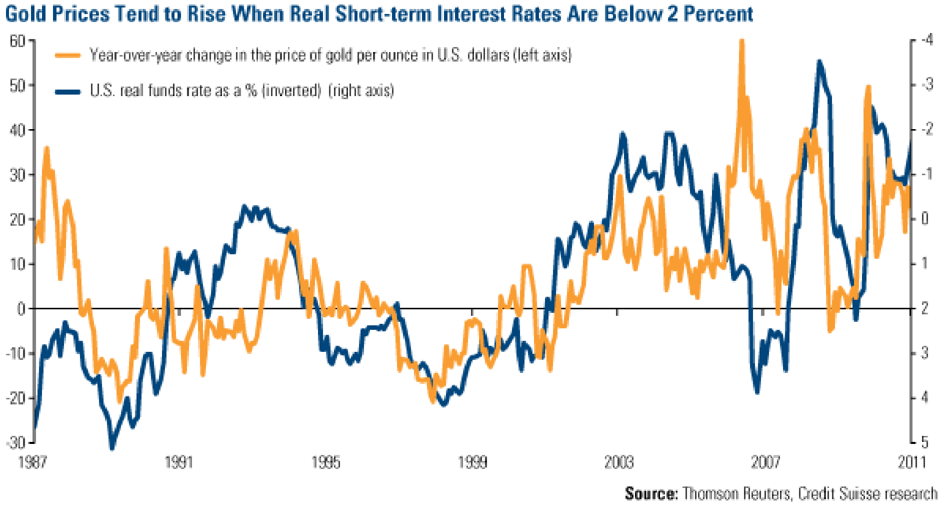


We believe that as long as the U.S. government refuses to trim entitlement and welfare programs and continues to keep Treasury bill yields below the inflation rate to battle deflation, gold will remain an attractive asset class.

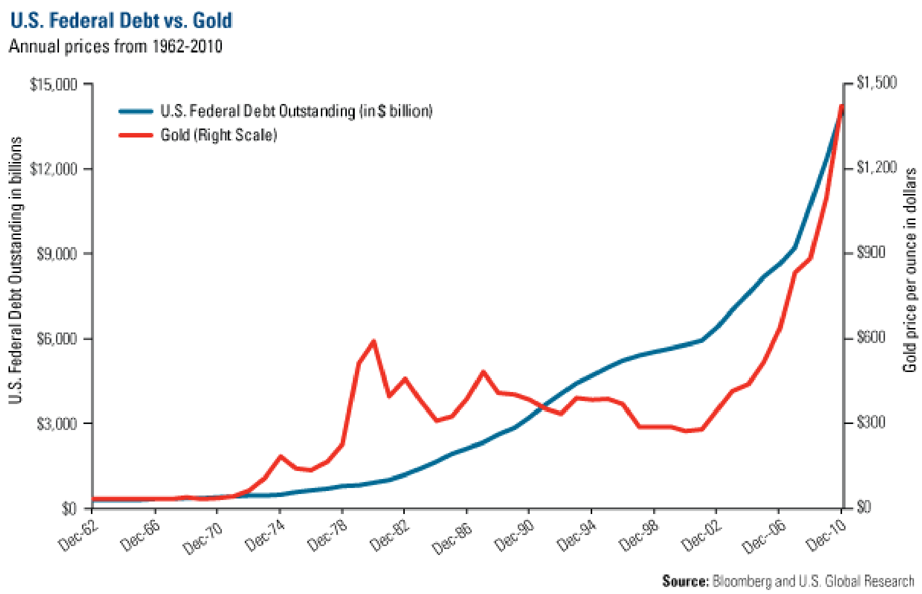
Longer-term, our experience shows that whenever you have increased deficit spending, rapid money supply growth and negative real interest rates—that's when the inflation rate is higher than the nominal interest rate—gold tends to perform well in that country's currency. So far we have not seen rapid money supply growth here in the U.S., but the other two factors have been the main thrust behind gold's record rise.

GFMS CEO Paul Walker echoed those drivers in an interview with *MineWeb* this week. Walker said that "ultra-low interest rates, macro-economic dislocation, fears of global imbalances…the wrath of these things still remain solidly in place and that's really the bedrock of the gold bull rally."

CS says the combined $6.3 trillion of excess leverage in the G4 economies (U.S., eurozone, Japan and Great Britain) means that their central banks will be forced to push real interest rates down to abnormally low levels. You can see from the chart that this is quite bullish for gold prices. Any time the real Fed funds rate is below 2 percent, gold tends to rise.



Current projections from the Congressional Budget Office (CBO) have the U.S. federal deficit at $1.5 trillion this year. To show the effect this has had on gold prices, we overlaid the rise in U.S. federal debt with the price of gold.



You can see from the chart that gold's bull run began in 2002, about the same time federal debt began to rise significantly. Gold played catch up at first, but the two have tracked each other rather closely. Since 2002, gold prices have risen 308 percent versus a 119 percent increase in federal debt. This means that gold's sensitivity to a rise in federal debt is just over 2-to-1. With lawmakers in Washington, D.C. still squabbling over where and by how much to cut the budget, it's unlikely the federal debt level will recede any time soon.

This is very constructive for long-term gold prices, but just how bullish depends on who you ask. The team at CS sees gold at $1,550 per ounce by year end. BCA estimates gold to remain in the $1,400-$1,600 range in 2011. Walker of GFMS said he believes gold will surpass the $1,500 mark by year end because "all of the structural factors supporting gold are in place." Perhaps the most bullish forecast has come from Rob McEwen, former gold analyst and founder of GoldCorp, who said late last year, and reiterated last week, that he thinks gold could hit $5,000 per ounce in the next three to four years.

Money Supply	M2* Money Supply % Year-over-Year	Latest Update
E-7		
Russia	29.5	01/31/11
Pakistan	15.1	01/31/11
Mexico	13.0	01/31/11
Indonesia	17.4	01/31/11
India	16.5	02/28/11
China	15.7	02/28/11
Brazil	16.5	01/31/11
Average	**17.7**	

Source: Bloomberg, U.S. Global Research
* Only M3 available for India, Mexico

Money Supply	M2* Money Supply % Year-over-Year	Latest Update
G-7		
Canada	5.4	01/31/11
USA*	4.3	03/07/11
UK	4.2	01/31/11
Germany**	3.2	01/31/11
France**	3.2	01/31/11
Italy**	3.2	01/31/11
Japan	2.4	02/28/11
Average	**3.7**	

Source: Bloomberg, U.S. Global Research
* U.S. M2 data available weekly (with two-week lag)
** Data for Germany, France, and Italy from ECB

It's important to remember the strong cultural attraction that many people in emerging countries have toward gold. It's a much stronger connection than that of the developed world and essential for rising gold demand.

We like to compare the G-7 countries to our E-7—the world's seven most populous nations. Interestingly, the G-7 is 50 percent of global GDP but only 10 percent of the total global population. The E-7, on the other hand, represents roughly 50 percent of global population but only 18 percent of global GDP. We would like to point out that money supply and GDP per capita is rising substantially faster in the E-7 than it is in the G-7, 17.7 percent money supply growth in the E-7 versus 3.7 percent in the G-7. If money supply growth in the E-7 continues at a rate of 15 percent or more for the E-7, it would be a strong catalyst for higher gold prices.

In conclusion, based on the above factors and trends, we believe gold could double over the next five years.

Standard deviation is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is also known as historical volatility. M2 Money Supply is a broad measure of money supply that includes M1 in addition to all time-related deposits, savings deposits, and non-institutional money-market funds. The U.S. Trade Weighted Dollar Index provides a general indication of the international value of the U.S. dollar. The S&P GSCI Spot index tracks the price of the nearby futures contracts for a basket of commodities. The following securities mentioned in the article were held by one or more of U.S. Global Investors family of funds as of 12/31/10: Goldcorp, SPDR Gold Trust (GLD).

From a press release issued this week from the World Gold Council, on April 12th:

"The reason that gold can consistently act as a highly effective portfolio diversifier and risk management tool is rooted in its fundamentals. These characteristics combine to produce a very different reaction to economic and financial variables than other commodities. Gold's correlation to the wider commodity complex tends to be low; it is less exposed to swings in business cycles, typically exhibits lower volatility, and tends to be significantly more robust at times of financial duress. This gives investors who hold gold the confidence to invest in other assets irrespective of wider market or macro-economic conditions.

Gold's physical attributes, the sheer diversity of its application and the size of the global gold market set it apart from other commodities.

Gold is not only different from other commodities with respect to its performance, volatility, correlation and its composition of demand and supply, the gold market is also very large and liquid. Financial gold holdings, which include gold in public and private hands, are equivalent to US$2.4 trillion based on the average price of gold in 2010. To put that into context, the gold market is larger than any single European sovereign debt market, yet it is no-one's liability. The gold market is even comparable to the size of US government-guaranteed debt, otherwise known as the agency market."

From Richard Russell, editor of Dow Theory Letters, in remarks posted on his website on April 11th:

"Because the precious metals are in a massive bull market, many eager amateur analysts are now trying their hand on calling 'the top.' This is a hopeless and ridiculous endeavor during a powerful bull market. Much of this top-calling is done by an anti-gold element: Those who dislike gold or those who have missed the entire gold bull market. My advice all along has been to 'ride the bull' and to ignore the 'top callers.'

The precious metals will correct when they are ready, and I might add that in ten years of closely following gold and silver, I have never come across anyone who has successfully called tops or who has successfully traded in-and-out of the metals. Advice -- stay invested in the metals until they exhaust themselves in panic buying.

Even then, what would you sell you gold for -- more fiat paper? We'll talk about selling precious metals when the time comes, which may be months or even years in the future."

from widely-respected gold industry expert Jim Sinclair, in a posting on his website (http://www.JSMineSet.com) on April 13th:

"The modest recovery is fragile. The talking heads that fancy themselves as conservatives call for an end to QE2.

The second QE ends their precious equity market will implode along with the so called recovery.

There is only one primary purpose of QE, and that is to provide buyers for government paper when there are not enough to carry the deficit. All other claims for the primary purpose of QE are dribble.

The damage has been done. Currency induced cost push inflation is locked into place. The course has been set in place and deviation is impossible.

The dollar will seek lower levels. Gold will scream past $1650."

No reason for gold confiscation. Bullion coins the best investment hedge

The reasons for the U.S. confiscating gold no longer apply. Bullion coins, not numismatics, the best hedge against meltdown.

Author: Richard (Rick) Mills, Posted: Sunday , 06 Mar 2011

COQUITLAM, BC (AHEADOFTHEHERD.COM) -

Current Federal Reserve System chairman Ben Bernanke believes a simple recession was turned into the Great Depression by the Federal Reserve of the day not doing enough while the money supply contracted 31 percent between 1929 and 1933.

This reduction in the money supply was caused by no less than three bank runs between late 1930 and March 1933. Bank deposits formed 92 percent of the money in circulation at the time and 10,000 banks failed with the loss of $2 billion in deposits.

"The Fed failed to inject enough money into the system to sustain the desired minimum level of monetary aggregates. Because it failed to do this, the public

run on banks resulted in a contraction in the money supply, which caused the Great Depression." Milton Friedman

Bernanke, a monetarist like Friedman, believes if the Fed had provided enough money to the large banks and bought US securities then these banks would never have fallen. Bernanke is, today, putting what he believes to be the fix for our current economic woes into practice:

- giving money to the banks
- cutting the prime interest rate the Fed charges commercial banks
- buying treasuries

The Federal Reserve is providing liquidity and increasing the money supply.

So why didn't the Feds of the time simply increase the money supply by turning on the printing presses much like Ben "helicopter" Bernanke is doing today? Well, at that time the US was on the gold standard and the amount of credit the Federal Reserve could issue was limited by the Federal Reserve Act which required 40% gold backing of Federal Reserve Notes, paper money, issued. Back then if you had $10 in your pocket, you knew, that somewhere, there was $4 worth of gold backing that "promise to pay" in your wallet.

But the Fed's back was up against the wall, they were running out of room to issue more notes. They had almost hit their issue limit on credit that could be backed by the gold in their possession - they needed more gold to issue more credit.

Their need was made worse because during the bank runs Federal Reserve paper money had been exchanged for Federal Reserve gold. Since the Federal Reserve was already hitting its limit on allowable credit, any reduction in gold in its vaults had to be accompanied by a greater reduction in credit. Something had to be done.

On April 5, 1933, President Roosevelt signed Executive Order 6102 making the hoarding of gold certificates, coins and bullion illegal. This order, by confiscating Americans gold, increased the amount of Federal Reserve owned gold thereby making an increase in the availability of Federal Reserve Notes or credit possible.

Thus, the reason gold was confiscated back then doesn't exist today. Today no country is on the gold standard (the US cut the last ties to gold in 1971) and the US Federal Reserve's ability, or any countries ability, to create credit, print money, is no longer tied to how many ounces of gold a country has.

The flip side of this unfettered creation of money is inflation - and this is of course exactly why someone might want to own gold and silver. But there is something potential gold buyers need to be aware of.

THE SCAM

It is true gold was confiscated in 1933 - but now you know the why and you also know that the reason for confiscation back then doesn't exist today.

So the next time you read an article about how your government is going to confiscate your gold - all of it except rare collector numismatic coins - track it back to its original source. Too many times you will find that it has, as its originator, a gold numismatics merchant. The patter is always the same - "*Your gold is going to be confiscated, buy rare collector coins because they won't be confiscated*."

Gold numismatics were not confiscated in 1933. Order 6102 specifically exempted "*customary use in industry, profession or art*." The same paragraph also exempted "*gold coins having recognized special value to* ***collectors*** *of rare and unusual coins*."

The US Constitution's Eminent Domain Clause says - "*nor shall private property be taken for public use, without just compensation*." When gold bullion was confiscated compensation payment at the official gold price of $20.67 an oz was considered just, after all, that was the price of an ounce of gold.

But the confiscation of rare gold coins, called numismatics, would have been stealing private property. Legally just compensation would have had to been paid but for that to happen each gold numismatic would have had to been individually graded and priced - a huge and expensive time consuming task the government was unwilling to take considering the small amount of gold that would have been recovered.

So let's revisit - "*Your gold is going to be confiscated, buy rare collector coins because they won't be confiscated*." We know the reasons Americans' gold bullion coins were confiscated but gold numismatics weren't. For today's gold buyers, who still fear confiscation, the problem is: are the coins some gold dealers want to sell you actually gold numismatics and for a gold bullion investor - versus a coin collector - are they worth buying? Unfortunately the answers are maybe not and no.

Gold numismatics are rare collectors gold coins that trade at high premiums to their intrinsic gold content value. These coins are extremely rare, or one-of-a-kind, that *collectors* (there's that qualification again) purchase for their historical and aesthetic qualities.

Gold merchants can sell rare gold coins for a healthy markup, sometimes as much as 25 percent and more. The fierce competition in the gold bullion coin market often limits profit margins to maybe 3% over the spot price of gold.

American Gold Eagles, the Canadian Maple Leaf and South Africa's Krugerrand are all examples of gold bullion coins. Their value is derived entirely from their gold content. They are universally recognized and the value of these coins is easily verifiable. The reality is that too many coins sold as "numismatic" or "collectible" are ordinary gold bullion coins sold at high mark-ups to make fear mongering dealers extra profits.

If you want to own gold, the safest way is to buy one, or a mix, of the three gold bullion coins listed above, pay the 3% above spot and quit worrying about confiscation. Gold numismatics are not a store of value nor a better safe haven in a meltdown situation than gold bullion. Think about all the money you'll save. Maybe you'll buy some silver!

CONCLUSION

Gold bullion coins are a better store of value then gold numismatics - if social order breaks down and a collector needs to trade one of his collectables he's going to receive the exact same amount of goods that I would receive using gold bullion. That's because the transaction will be valued based on gold content and purity, not historical and aesthetic qualities.

Investors buy physical gold because it is a store of value - a way to protect your wealth from the relentless devaluation of fiat currencies - and a safe haven in times of turmoil. Your job as a retail investor, if you believe in gold and the ongoing devaluation of fiat currencies, is to buy as much potable, divisible gold with your dollars as you can. Buying gold numismatics is not the way to do this and buying gold numismatics that aren't...well that's being taken advantage of, to put it politely. Is this con game on your radar screen?

If it isn't, and you're a gold buyer, it should be.

Richard is host of aheadoftheherd.com and invests in the junior resource sector. His articles have been published on over 200 websites, including: Wall Street Journal, SafeHaven, Market Oracle, USAToday, National Post, Stockhouse, Lewrockwell.com, Casey Research, 24hgold, Vancouver Sun, SilverBearCafe, Infomine, Huffington Post, Mineweb, 321Gold, Kitco, Gold-Eagle, The Gold/Energy Reports, Calgary Herald, Resource Investor and Financial Sense.

From Stephen Moore, in an editorial on the "Opinion" page of The Wall Street Journal on April 1st:

"If you want to understand better why so many states -- from New York to Wisconsin to California -- are teetering on the brink of bankruptcy, consider this depressing statistic: Today in America there are nearly twice as many people working for the government (22.5 million) than in all of manufacturing (11.5 million). This is an almost exact reversal of the situation in 1960, when there were 15 million workers in manufacturing and 8.7 million collecting a paycheck from the government.

It gets worse. More Americans work for the government than work in construction, farming, fishing, forestry, manufacturing, mining and utilities combined. We have moved decisively from a nation of makers to a nation of takers. Nearly half of the $2.2 trillion cost of state and local governments is the $1 trillion-a-year tab for pay and benefits of state and local employees. Is it any wonder that so many states and cities cannot pay their bills?"

Critical Market Update!

by Larry Edelson, Uncommon Wisdom

http://us.mg3.mail.yahoo.com/neo/launch?.rand=55cdcj3vsadv4

Monday, April 11, 2011

If you've been following my work closely, then you know the markets have arrived at critical turning points. We now have ...

- ➔ Two consecutive daily closing prices in gold (basis New York spot on the NYMEX) above $1,453. That indicates an important upside breakout for gold on my cyclical and technical models.

- ➔ Gold also penetrating up through an important technical resistance level at $1,463.

In addition, we have ...

- ➔ The Dollar Index continuing to weaken and now very close to taking out its March 22 low of 75.505. This is a potentially very bearish sign for the dollar and further supportive of a rally in virtually all commodities.

- ➔ We also have an initial buy signal in the Dow Industrials, as it has now closed above 12,391 on two consecutive days.

I say initial, because the S&P 500 Index has not yet confirmed the Dow's breakout, since it has not yet closed above the 1,338.25 level. A continued rise in stocks, though, is now expected and is also overall net bullish for gold and commodities in general.

Bottom line: The past few months of mostly sideways action in the gold market has passed, and the low we saw in gold at $1,308 on January 28 now qualifies as an important cycle low, the low I was looking for, though it came and went very quickly.

Simultaneously, it looks like the bullish long-term cycles in the broad stock markets that I have been warning you about are even stronger than I had expected, overwhelming the shorter-term cycles which had been rolling over to the downside.

And, at the same time, the dollar appears weaker than even I have been forecasting!

All of this means the following:

First, virtually all of my indicators for gold now point higher into June on the shorter-term cycles, and of course, the long-term cycles continue to point higher into 2015/2116.

You should expect gold to now form support at the $1,453 level followed by $1,438 — while upside targets are now $1,525 ... $1,570 ... $1,700 ... $1,770 ... $1,980.

I expect gold can now rally to at least $1,770 by June, possibly higher. But it will NOT be a straight up affair. It is bound to be very volatile.

How to get a triple-digit return on "real money"

Saturday, April 16, 2011

Today, we take on yet another windmill… the unanswerable question of an appropriate price for precious metals. Has silver run too far, too fast? Has gold become far too expensive? Is it too late to buy precious metals? Is it time to sell?

There are no "right" answers to these questions. Unlike stocks or bonds, there's no reliable way to judge the intrinsic value of an ounce of metal. The value of gold and silver quite simply depends on the security of the U.S. dollar. In other words, when you talk about valuing gold and silver, you're really evaluating the quality of the world's reserve currency – the paper U.S. dollar.

Judging by the market action in silver, the dollar has serious problems. The price of silver has gone completely hyperbolic. In only 60 days, silver has gone from the mid-$20s to over $40 per ounce.

There are two explanations. These answers aren't necessarily mutually exclusive – they could both be happening. So let me tell you what I know, what I can prove… and what I believe about silver…

I first recommended silver to investors in the May 2006 issue of my newsletter. I explained why I believed we were in the early stages of an enormous monetary crisis. I explained why the silver ratio was likely to fall – a move that would send silver prices soaring. That's exactly what has happened.

I believe the price of silver is set to explode higher, to well over $100 per ounce. The price will be driven by demand for silver as money, something we haven't seen since the inflationary days of the late 1970s.

Believe me, I know how "kooky" this will sound to many people. Frankly, I'm a bit embarrassed by my ideas about silver. I truly don't like to talk or write about silver because I know what I must sound like – just another nut job conspiracy theorist. But… when I look at America's debt load and I witness what's happening right now at the Federal Reserve (which continues to buy 70% of all our new Treasury debt), I don't see any other logical alternative to vastly higher silver prices.

In my mind, the final endgame, where the dollar truly collapses, is unavoidable now. Nevertheless, I recognize this is unthinkable to most people. Even folks in my own company would tell me not to bring up the "silver stuff." I can't help myself, though… I think it's critical to understand why silver is going up so much and what it means about our money. At one investment conference after another, I warned silent and stony-faced audiences that the prosperity they believed in – a prosperity made "real" by soaring real estate and stock prices – was only a monetary mirage. Let me show you a great example of what I mean…

You might recall Warren Buffett bought 130 million ounces of silver in 1997 – roughly 37% of the world's supply at the time. It was rumored Buffett sold his stake in 2006, providing supplies to the newly formed silver ETF managed by Barclays. But because Berkshire shipped its silver to London warehouses, where there are no reporting requirements, the truth about Buffett's silver hoard can't be confirmed.

We don't know if Buffett owns silver today or not. But… whether he should own silver or not is, in our minds, the far more interesting question.

What would you guess has done better since 1997 – silver or the shares of Berkshire Hathaway? The answer, as this chart makes clear, is silver. Almost three times better.

This chart tells the real story of what's happened to our money over the last decade. Not even Warren Buffett could keep pace with the debasement of our paper dollars.

What most people still don't understand is that ALL the prosperity we believed was occurring after the big "tech" bubble of 2000 was nothing more than a lie. It wasn't wealth at all. It was actually debt. And rather than pay these debts back in sound money, our monetary authorities have chosen to debase our currency, by massive amounts.

Consider what Dennis Gartman – probably the world's leading expert on currency trading – wrote recently about the Fed's inflationary policy:

> *As for the Fed itself, the adjusted monetary base continues to rise skyward. Since the end of last year when the adjusted base was approximately $1.95 trillion it has risen to a stunning $2.475 trillion. This is high powered, and we fear inflationary, money of the first order, and we wish not even to annualize the number for it is mind-numbing in its implications without being annualized…*
>
> *It is as if some psychotic physician had gotten hold of the patient*

and first starved him to near death and now has chosen to force him to eat preposterous sums of food.

Why is the Fed doing this? The answer is simple: It's the only way out of the massive obligations we owe. In all, Americans owe over $50 trillion today. Our total debt continues to increase, mostly because of government borrowing. There is no conceivable way to actually repay these debts, so they must be inflated away by printing more and more money.

The question is… how much inflation will the system tolerate before people simply abandon the dollar?

Silver's recent explosion began last summer, with the announcement of the Fed's second round of quantitative easing. Silver is warning the Fed that it has gone too far. Silver is warning that the euro is unlikely to survive a bailout of Spain, which after Portugal, is the next major economy that's likely to fail because it can't pay its debt. Silver is warning us that the Fed won't stop with "QE2" – that it will be forced to continue buying Treasury bonds as the only means to finance our soaring debt load.

Silver is warning us that the day the dollar dies is fast approaching.

Jeff Winn, a stock broker I've known well for 20 years and one of the few people in that business I completely trust, passed along an e-mail recently. It's a bit of anecdotal evidence of the things I've been writing about for years…

As I was picking up our younger son this afternoon, one of the moms was having a cell phone conversation with someone (I gathered by the 'I love you' at the end it wasn't her broker) about buying gold or silver…

Her story today was that they have money sitting around doing nothing and have been in that position for 'a while now,' so they feel like they need to get that money doing something again. Lo and behold she suggested to this person on the phone that they buy gold or silver and then stated her simple case for silver – 'it doesn't cost as much as gold, and well, it seems like the right thing to do.'

Anyway, there you have it. It is the very first time I've heard anyone in public even breathe a word about gold or silver… Of course, this probably means nothing, but it was interesting to me just the same. Wow, could metals actually be starting to make their way into the mainstream?

And so we've come to a critical point… Our monetary authorities have little time left to get control of the inflation they've been brewing. If the facts behind this silver run do become widely known and embraced by the mainstream… if more and more people realize what's happened to our money… there could be a huge run, dwarfing all the gains we've seen to date.

This is the factor I believe is driving silver now, and I expect it will continue – with plenty of volatility – until something fundamentally changes with America's monetary philosophy.

Think about it… today… even after all we've been through, even after our national debts have doubled in just over three years… still neither political party can produce a balanced budget – ever. Obama's budget never even comes close to being balanced. And Paul Ryan's doesn't get us back to even either. Why would anyone hold our currency under these conditions?

There's one other, more sinister, reason to believe silver will continue to rally…

For many years, there have been serious allegations – including a major lawsuit filed in 2010 – that the world's biggest investment houses were manipulating silver and gold prices in an effort backed by central banks to control the prices of these alternative currencies.

I have never known how much to believe about any of these things… but… according to many silver market experts, JPMorgan has a very large short position in the metal and faces massive delivery demands in June. It is possible silver's recent rally is being caused by the fundamentals of this short squeeze… Or it's possible this rumor is false, but powerful enough to motivate buying. We simply can't know.

One word of warning about these rumors… When you hear these kinds of claims, you almost always eventually discover the people behind them had some kind of vested interest in seeing the markets move in a certain direction. In this case, we're talking about folks who have enormous holdings of gold and silver. So you have to take these claims with a grain of salt. On the other hand, the trading of gold, in particular, seems very peculiar…

Over the last decade, the price of gold has gone up by more than 5% on only three occasions – one of which was September 11, 2001. Compare that to copper, which has been up 5% in a single day 25 times in the same period… or oil, which has climbed that much 53 times… or nickel, which has moved that much higher 67 times.

Now… the unusual trading history of gold might be caused by nothing more than central banks selling gold when they see the metal moving higher. Like any other seller, they might simply be trying to get a good price for their metal. It's well-known that central banks were selling gold regularly during much of the 1990s and 2000s. But they've since reversed course, becoming net buyers in 2009.

We'll have to see what happens from here… but one thing seems certain to me. The world's monetary authorities must, by now, realize the danger of holding dollars. They must realize the euro is not a viable alternative. And they must realize Japan will not allow the yen to rise, as it attempts to rebuild from the earthquake. That leaves only one safe haven: gold.

What should you do about all these risks? Well, the answer is pretty simple. You ought to own some silver and gold. Even if you haven't bought any yet.

Doing so isn't risk-free by a wide margin. It is possible our monetary authorities will get their act together, like Paul Volcker did in 1979. If our government ever got serious about saving the U.S. dollar, you wouldn't want to own gold or silver. Unfortunately, I don't think there's any chance that will happen for some time… and by the time it does, I think it might actually be too late.

The other thing I'd suggest doing is trying your best to make a little extra return on your portfolio.

As you can see from the Berkshire/silver comparison, it's difficult for investors (and impossible for savers) to keep pace with the debasement of our money. On the other hand, you have to try. You can hedge your portfolio with gold and silver. You can own agriculture stocks, energy stocks, and precious metals miners – all of which tend to perform extremely well under these conditions.

The last thing you can do, if you have some experience, is options trading. I'm not talking about buying naked options and gambling your savings away like a day-trader on speed. I'm talking about safe and conservative options deals that can add 4%-6% per month to your returns. Doing things like covered calls. Doing things like selling puts. I strongly recommend learning how to safely use options. It's the best way I know for retired investors in particular to get a bit more income out of their savings in this era of high inflation and low interest rates.

A Run on the Central Bank of Belarus as Devaluation Fear Forces Halt to All Gold Sales

http://jessescrossroadscafe.blogspot.com/2011/04/run-on-central-bank-of-belarus-forces.html

15 April 2011

"Destroyers seize gold and leave to its owners a counterfeit pile of paper. This kills all objective standards and delivers men into the arbitrary power of an arbitrary setter of values. Gold was an objective value, an equivalent of wealth produced. Paper is a mortgage on wealth that does not exist, backed by a gun aimed at those who are expected to produce it. Paper is a check drawn by legal looters upon an account which is not theirs: upon the virtue of the victims. Watch for the day when it bounces, marked, *'Account overdrawn.'*

I was a little surprised the people fled to gold and tried to drain the central bank, desperately trying to get out of their fiat currency ahead of a suspected devaluation.

This is how it happens, on a smaller scale.

I was in Moscow in the 1990's when they were starting to flee the Russian ruble for gold, diamonds, US dollars, and vodka. It is hard to imagine what it feels like to watch your life savings simply and relentlessly evaporate away. It was a 'quiet panic' that left a very deep impression on me.

Apparently the US dollar is no longer so much a safe haven in that part of the world. At least that is what I hear.

Belarus is small. When a bigger ship starts to founder, the lifeboats may be very crowded.

It cannot happen. The authorities will not allow it. This is what they always say.

In some ways it is already happening.

The Feds are already rationing and throttling gold and silver sales by throwing paper and propaganda at the demand.

I wonder how much of it has been secretly siphoned away by insiders already. The time to buy income producing fixed assets is when there is 'blood flowing in the streets,' but the time to get safe and independently liquid is before that blood starts to flow.

Big things are happening, little brother.

Belarus Central Bank Halts Sales of Gold for Rubles

Reuters

MINSK, April 15 (Reuters) - Belarus' central bank has stopped selling gold to local retail customers for Belarussian rubles it said on Friday, after demand for precious metals soared due to expectations of a currency devaluation.

The bank did not explain its decision.

Belarus is in talks with Russia on a $3 billion bailout package that Minsk hopes will help it avoid a painful devaluation of the ruble and offset the large current account deficit.

Belarussians bought 470 kilograms of gold from the central bank last month, up from 209 kilograms in January and February together, as they sought to protect their savings.

Analysts say that Belarus will have to eventually devalue the ruble by about 20-30 percent even if it receives aid from Moscow. However, the central bank has said it would not make any such moves until late April.

The two big reasons silver has been soaring

Porter Stansberry, The Daily Crux

http://www.thedailycrux.com/content/7410/Porter_Stansberry/eml

Monday, April 11, 2011

From Porter Stansberry in the *S&A Digest*:

In Friday's [S&A] *Digest*, we take a break from our normal casual review of "the passing parade" and dig in a little on some particular investment topic or strategy.

We do so in a mostly vain attempt to share the knowledge we've gained the hard way over our 15-year career in finance. Today, we take on yet another windmill… the unanswerable question about an appropriate price for precious metals. Has silver run too far, too fast? Has gold become far too expensive? Is it too late to buy precious metals? Is it time to sell?

There are no "right" answers to these questions. Unlike stocks or bonds, there's no reliable way to judge the intrinsic value of an ounce of metal. The value of gold and silver quite simply depends on the security of the U.S. dollar. In other words, when you talk about valuing gold and silver, you're really evaluating the quality of the world's reserve currency – the paper U.S. dollar.

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... To summarize, I believe the price of silver is set to explode higher, to well over $100 per ounce. The price will be driven by demand for silver as money, something we haven't seen since the inflationary days of the late 1970s.

Believe me, I know how "kooky" this will sound to many people. Frankly, I'm a bit embarrassed by my ideas about silver. I truly don't like to talk or write about silver because I know what I must sound like – just another nut job conspiracy theorist. But… when I look at America's debt load and I witness what's happening right now at the Federal Reserve (which continues to buy 70% of all our new Treasury debt), I don't see any other logical alternative to vastly higher silver prices.

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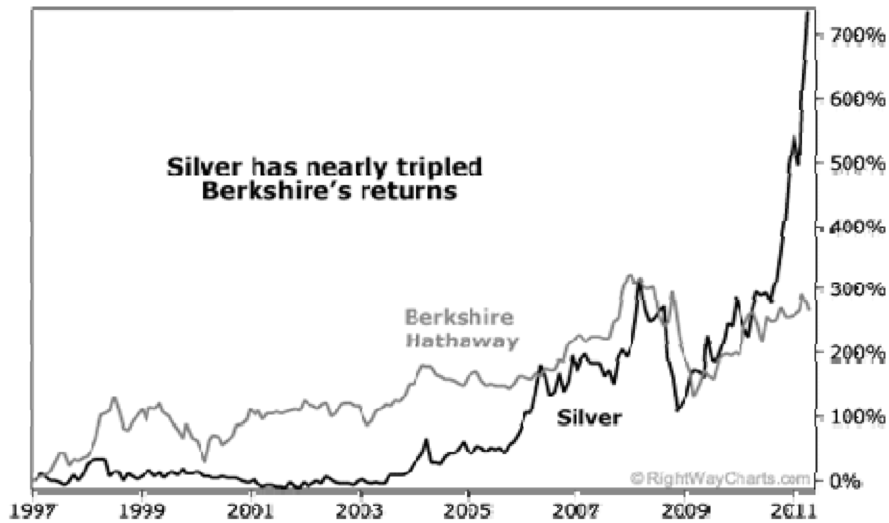

This chart tells the real story of what's happened to our money over the last decade. Not even Warren Buffett could keep pace with the debasement of our paper dollars.

Most investors today probably don't know the U.S. dollar was originally silver – 24.1 grams of fine silver, to be precise. Our founding fathers demanded sound money from their government and they got it. In fact, the 1792 Coinage Act that established the value of the dollar in silver also called for the death penalty of any U.S. Mint employee who was found guilty of debasing the currency. To enforce these laws, the Secretary of State, the Secretary of the Treasury, and the Chief Justice of the Supreme Court were tasked with overseeing an annual assay of sample coins.

What if we still used silver as money today? What if, instead of paying Federal Reserve Chairman Ben Bernanke to print more money, we executed him for debasing the currency? What if the coins in our pockets were actually worth something… what would the stock market have looked like over the last decade? If you measure the S&P 500 in terms of sound money (silver), it has declined 88% since 2000.

What most people still don't understand is that ALL the prosperity we believed was occurring after the big "tech" bubble of 2000 was nothing more than a lie. It wasn't wealth at all. It was actually debt. And rather than pay these debts back in sound money, our monetary authorities have chosen to debase our currency, by massive amounts.

These facts are obvious and irrefutable… But they're still hard to believe. And they're impossible for most people to accept – even experts.

Consider what Dennis Gartman – probably the world's leading expert on currency trading – wrote recently about the Fed's inflationary policy:

As for the Fed itself, the adjusted monetary base continues to rise skyward. Since the end of last year when the adjusted base was approximately $1.95 trillion it has risen to a stunning $2.475 trillion. This is high powered, and we fear inflationary, money of the first order, and we wish not even to annualize the number for it is mind-numbing in its implications without being annualized…

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Over the last decade, the price of gold has gone up by more than 5% on only three occasions – one of which was September 11, 2001. Compare that to copper, which has been up 5% in a single day 25 times in the same period… or oil, which has climbed that much 53 times… or nickel, which has moved that much higher 67 times.

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Doing so isn't risk-free by a wide margin. It is possible our monetary authorities will get their act together, like Paul Volcker did in 1979. If our government ever got serious about saving the U.S. dollar, you wouldn't want to own gold or silver. Unfortunately, I don't think there's any chance that will happen for some time… and by the time it does, I think it might actually be too late.

The Only Two Charts that matter for the US, and a Q&A on the Fiscal "Debate" from Goldman Sachs

Submitted by Tyler Durden, Zero Hedge, on 04/09/2011

http://www.zerohedge.com/article/only-two-charts-matter-us-and-qa-fiscal-debate-goldman-sachs?

Lately, there has been a lot of chatter by virtually everyone with some soapbox to stand on, about this and that. That's swell... if mostly irrelevant: by now everyone should be aware that only two charts actually matter, both of which are painfully self-explanatory.

Chart 1: The Federal Budget

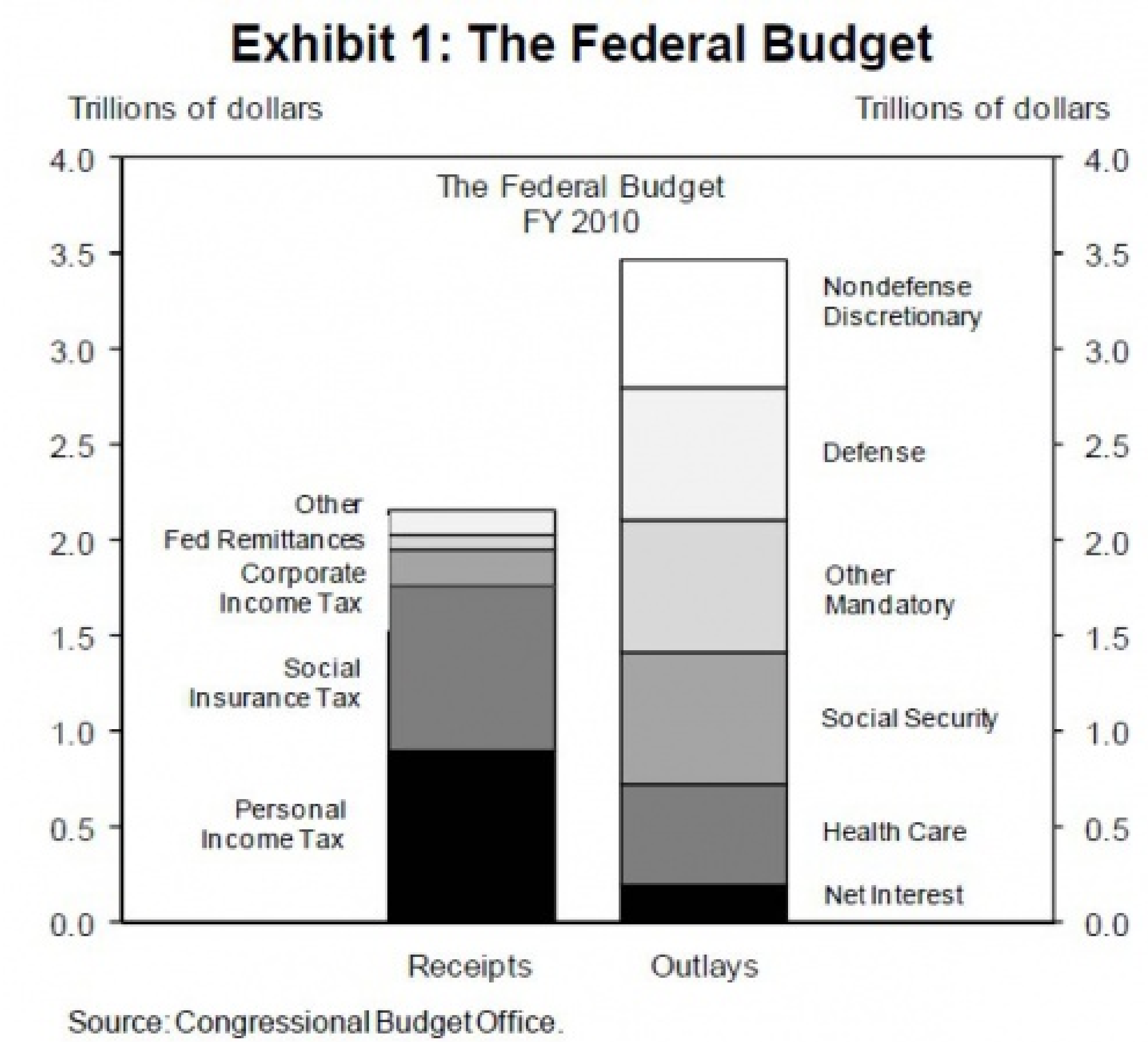
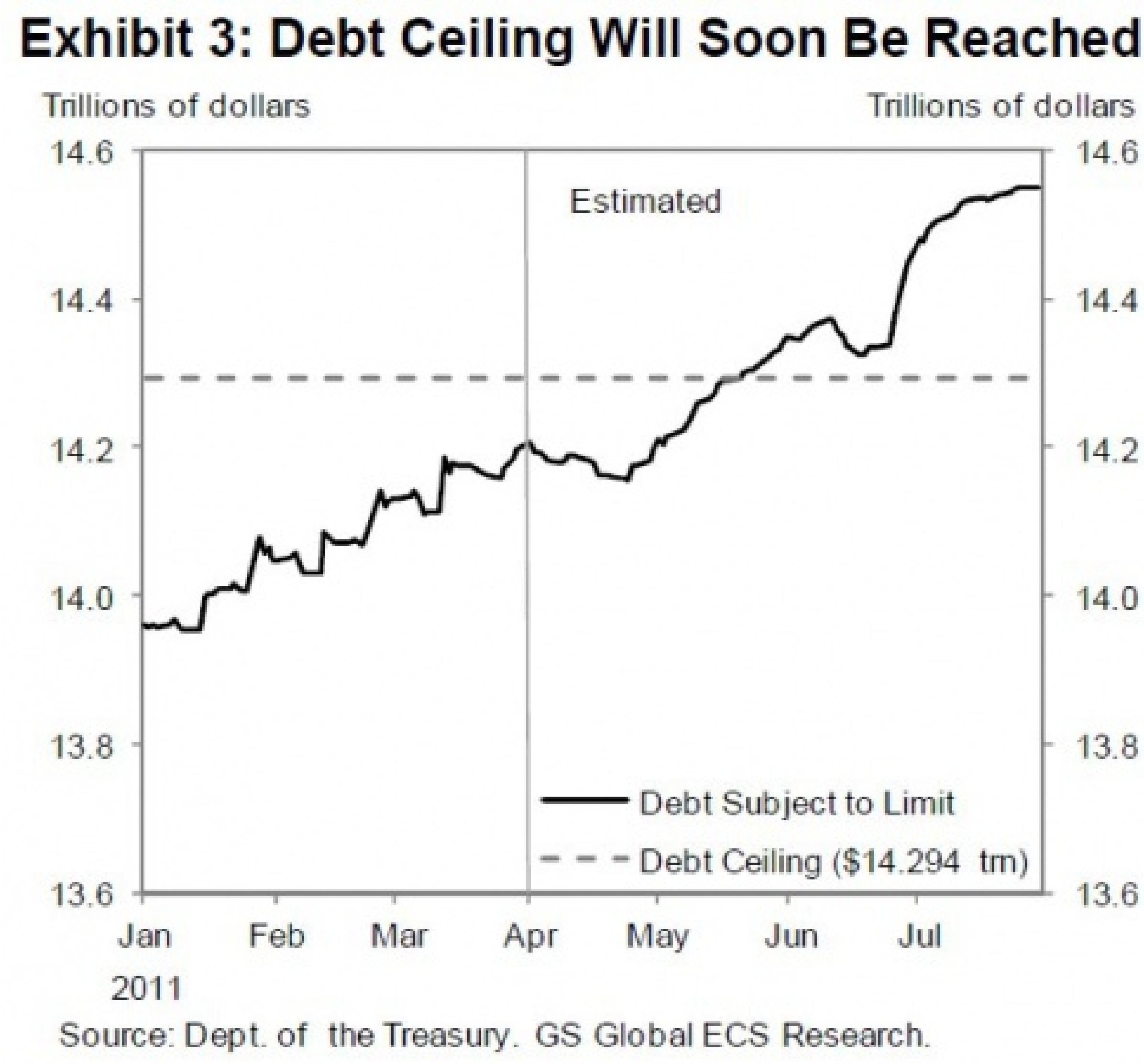
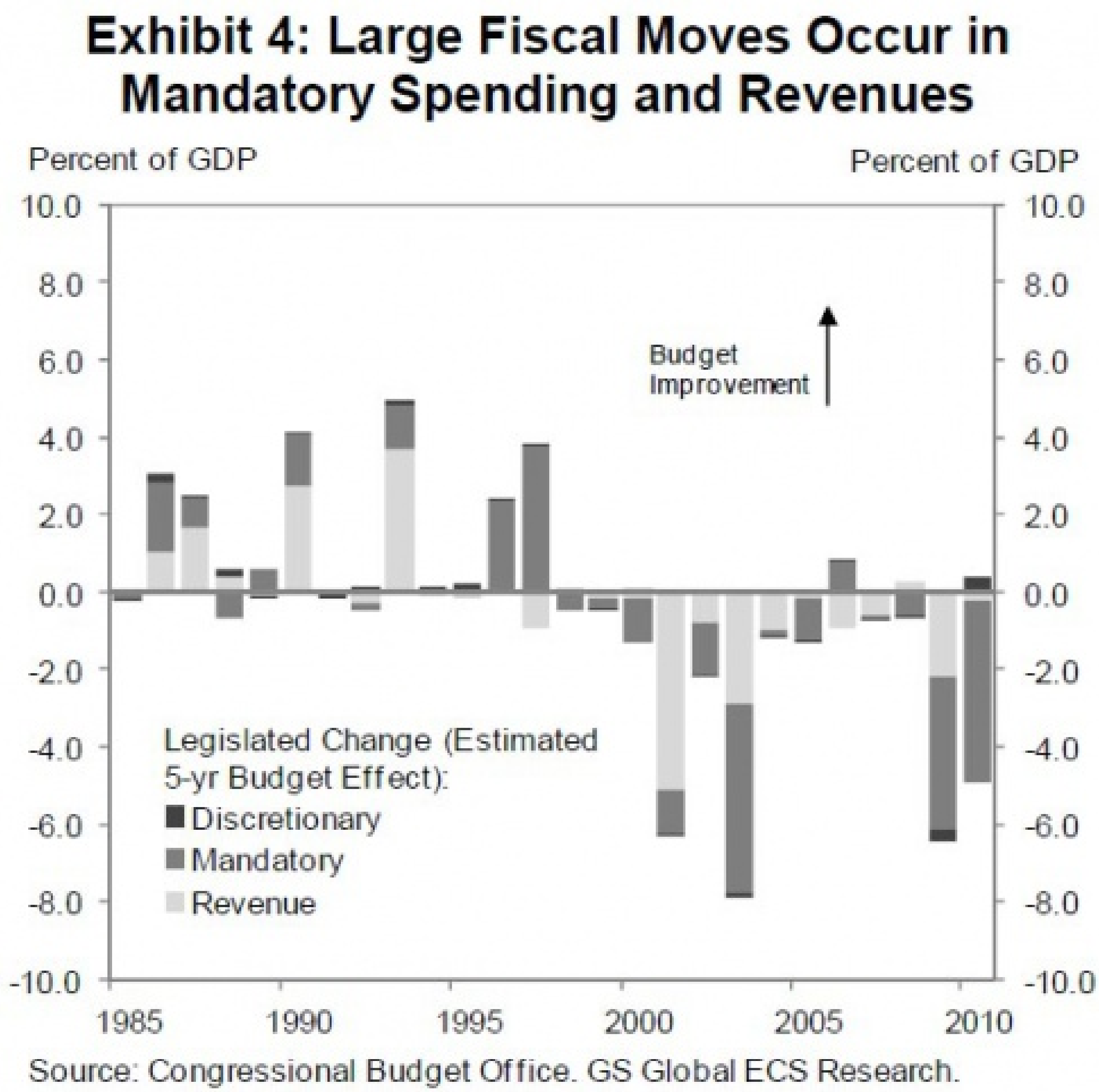


Chart 2: The growth of the US debt in relation to the soon to be hiked debt ceiling.



And, for the purists, we'll add another chart, this time showing the continuing persistent deterioration in the budget due to mandatory spending. The question is where, absent someone discovering teleportation or some other revolutionary technological invention, will the paradigm technological step up allowing for a surge in revenues, come from.



Silver Investing Strategies
The Outlook for the "Other" Precious Metal

Money Morning Newsletter, April 13, 2011

http://moneymorning.com/2011/04/13/silver-investing-strategies-the-outlook-for-the-other-precious-metal/

[*Editor's Note*: *Silver has soared to its highest price level in more than three decades, a key reason the "other" precious metal is now such a widely held investment. In this special "Silver Investing Strategies" report, we gathered Money Morning's top gurus to talk about their outlook, preferred strategies and*

***favored profit plays. In related stories, we detail a silver-hedging strategy, and ask you for your outlook on gold, silver and other precious metals*.]**
Money Morning Staff Reports

Silver rose as high as $41.98 an ounce this week - a 31-year high - and has remained above the $40-an-ounce level. That means that the "other" precious metal is up about 32% so far this year - and has more than doubled since ***Money Morning*** recommended it to readers in early September.

But where does it go from here? And how should investors position themselves? To answer those questions - and others - ***Money Morning*** brought its top "gurus" together for a roundtable discussion.

For this discussion, ***Money Morning*** Executive Editor William Patalon III and Associate Editor Kerri Shannon sat down with ***Money Morning*** Chief Investment Strategist Keith Fitz-Gerald, contributing editors Shah Gilani, Martin Hutchinson and Peter Krauth, and Contributing Writer Jack Barnes, the author of our popular weekly "Buy, Sell or Hold" feature.

The consensus: The long-term outlook for silver remains bullish, and a projected near-term pullback might even be healthy. But certain stocks and exchange-traded funds (ETFs) will likely be winners, and certain metals dealers are more reputable than others.

What follows is a transcript of that silver investing strategies roundtable discussion:

Money Morning (Q): Silver hit a 31-year high this week, trading at better than $40 an ounce. It's up 32% so far this year - and has more than doubled since *Money Morning* recommended it to readers in early September. Do you still like silver, or is its hot streak over?

Keith Fitz-Gerald: It's possible - it's not out of the realm of possibility - that we'll see silver run up as high as $50 an ounce - though not in a straight line, mind you, and not all at once. My expectation is that we're going to see this within the next three to five years.

Investors look at silver as an inflation hedge, but that's really only part of the story. Not only is silver undervalued versus gold, but silver is a hedge with an industrial kicker: Silver is used in thousands of industrial processes, meaning there is *real* demand.

Q: That's a great point. So many investors fail to realize that more than half of all silver production goes to industrial uses.

Fitz-Gerald: That's right. And here's another potential catalyst that many investors aren't yet aware of: Silver is also in high demand by nation states, as a means of diversifying against an increasingly weak U.S. dollar. Because that's not yet widely understood, there will be an additional "fear factor" that chases prices higher once a news report suggesting that, for example, China has been snapping up ingots.

Finally, silver has become the "common man's" metal - one clever moniker I've seen us use here in ***Money Morning*** says that silver is the "poor man's precious metal" - so if you're looking at $1,400-an-ounce gold versus silver at $40, most people are going to go to $40 ... because it appears to be a bargain.

Q: Martin, everyone knows about the great gold "call" that you made - telling *Money Morning* readers to buy the "yellow metal" back when it was trading at $770 an ounce. In fact, you recommended it again at $900. I know you were also bullish on silver. Are you still?

Martin Hutchinson: Yes, I do still like it, but it's had a hell of a run, so I prefer gold right now.

Q: Jack?

Jack Barnes: At the current price levels, I believe silver, like any commodity or equity, can move too far too fast, and that is what I believe we have been seeing lately. I continue to be a long-term bull on silver, but I honestly expect to see prices in the low $30s, before we see prices break $50.

The current move has been parabolic; in my opinion, it's not sustainable ... at least not without a pullback, which would actually be very natural and very healthy.

Q: Peter, you were one of the early proponents of silver as a big-potential investment. What's your take, now?

Peter Krauth: It's definitely not too late to buy silver. But let me first qualify that.

Silver rose from $17.50 in August last year, to over $40 recently. That's a 128% gain in just seven months. That's breathtaking.

I recommended to my subscribers to add a silver ETF to their portfolio back in August. They're now up 120% - without any leverage, whatsoever.

If you don't yet own any silver at all, I'd say this: Determine how many dollars you want to allocate to it, then go ahead and buy about 20% [of that position]. Then, if you see it correct by 15% to 20%, go ahead and buy another 50% to 60% of your final intended position.

At that point, keep watching its price. If it dips further, buy the last portion. Otherwise, if starts to rise again, wait for the next dip and then buy the rest. But these are my suggestions. You need to do what you feel most comfortable with.

Some people like to dollar-cost average. In that case, you could split your total up over say 12 equal parts, and just buy the same dollar amount each month for the next year. That way, you'll benefit from any dips along the way.

Shah Gilani: Where does silver go from here? Probably higher. Technically speaking, we're looking at minor overhead resistance points. Even if we get to above $49 (where the Hunt brothers drove silver to in 1980), there's no precedent for where we are and where we could go. If you work off the 16:1 gold/silver ratio that's always talked about, we should already be somewhere around $92. Why aren't we there? Either gold is too high, or silver is underpriced, or the world has changed. Of those three options, I'll go with the latter.

Q: I'm hearing a pretty consistent view here. The long-term view is bullish, and the chances are good that we'll see a near-term pullback. Silver is hovering around $40 an ounce right now - and it reached a 31-year high earlier this week. How high do you see this run going - with the understanding that this "new" high could come after a pullback?

Hutchinson: The 1980 high was $50, which is $130 in today's money. I don't see it going quite that high, but maybe $80, probably within the next 12 months.

Q: Jack, when you recommended silver to *Money Morning* readers back in September - with silver trading at $19 and change - at about the same time that Peter issued his "Buy" call to readers - you gave us a $50 price target. Do you still feel that way?

Barnes: Again, I am a long-term bull on silver, but I believe that we'll see silver in the low $30s before we see prices break $50.

Q: Peter?

Krauth: I'm on record as saying I expect the price of gold to reach $5,000 an ounce. I also think that the gold-to-silver ratio will drop to 20-to-1 or lower. On that basis alone, $5,000 gold would imply $250-an-ounce silver. I think demand from China will be an important factor driving that price level, as I detailed over a year ago.

I bet some readers thought I was crazy when they saw my forecast for $250 silver. Maybe they still do.

What I'd ask them is this: When it was $4 about 10 years ago, did they think it would rise 10 times to $40? Yet, that's where we are today.

Every call so far - and there have been many - for gold's "bubble" to pop hasn't materialized. I think it will be some time yet before gold and silver eventually peak. I expect that this secular bull run in the precious metals has a long way to go, and I think it will eventually make the tech-stock bull market that peaked in 2000 look like child's play.

Q: Let's talk about some specific silver investing strategies. What investments would you recommend are the best ways to play silver? Keith?

Fitz-Gerald: My personal favorites are the ETFs because they're simple, they're transparent and they're immediately tradable on the U.S. markets. Silver mining companies are probably not bad, but remember they have the same inflationary concerns that other companies do. As inflation takes hold, it costs more money to get the silver out of the ground - general power and energy costs increase, and so do transportation costs. Deal with the stuff that's already above ground and is an easy target.

Q: Peter, because your advisory service is focused on commodities and natural resources, you have a very detailed set of silver investing strategies. What are some of your top picks, right now?

Krauth: Besides owning some physical silver and/or a silver ETF, I like the leverage afforded by the junior and mid-tier silver explorers/miners.

Silvercorp Metals Inc. (NYSE: SVM) produces silver, lead, and zinc within a number of projects in various provinces in China. In April 2009, Silvercorp was trading at $2.08. Recently, it traded above $16.32. That's a 684% gain in two years... now that's leverage!

For reasons associated with silver manipulation (see reader question from David G. below), I prefer to avoid the **iShares Silver Trust ETF (NYSE: SLV)**. Despite being the world's largest silver-backed ETF, they use **JPMorgan Chase & Co. (NYSE: JPM)** in London as custodian. There are other good options.

I like the **Sprott Physical Silver Trust (NYSEArca: PSLV)**. The silver is stored on a fully allocated basis at the Royal Canadian Mint, which is responsible for the silver in its custody (no financial institutions in the mix). There is even the potential for certain U.S. investors to benefit from a lower capital-gains tax rate. Its management fee is a fair 0.45% annually, but it currently trades at a 15% premium to its net asset value (NAV). That's a bit rich for my taste, and it should be for yours. I recommend that you wait for a more reasonable 6% to 8% premium - at most. Always the innovator, Sprott offers an interesting feature: unit holders have the option, under specific conditions, to redeem units on a monthly basis, in exchange for physical silver bullion.

Hutchinson: I prefer mining companies to silver itself. And within the mining companies, I prefer those that are adding to reserves. **Silver Standard Resources Inc. (NASDAQ: SSRI)** is interesting, for example. I think the mines' prices have not yet caught up to the metal, which will presumably happen when they report first-quarter earnings in late May.

Q: Jack, regular readers know that you're the current author of *Money Morning*'s popular "Buy, Sell or Hold" feature, which appears every Monday. Back on Oct. 10, you recommended Silver Wheaton Corp. (NYSE: SLW), which had closed at $26.63 on the Friday before. As of this Monday, investors who followed your advice had a 66% gain - in six months, which is 132% annualized. This Canadian company is primarily a silver miner. Do you still like the stock?

Barnes: I still like Silver Wheaton.Its business model has a fixed cost of purchasing silver at about $4 an ounce, or so.The company has built-in capacity increases, due to mines ramping up silver production that it has take-off agreements for.

Silver Wheaton is a safe and secure diversified silver production player.

Q: What should investors watch as a sign to get out of silver? What could bring silver's run to an end? Shah, why don't you start this time?

Gilani: Sure thing. What's driving silver is a combination of speculation based on the theoretical debasement of all paper money; antediluvian psychology that silver as a currency is an absolute store of value; and that China is going to grow itself to the moon and will need steps made from silver to get there.

Yes, markets and economies were flooded with cash, which was necessary to liquefy the world's interconnected financial systems. That can be mopped up. In fact, it's already starting to get mopped up. Hasn't anyone noticed that rates are rising? For heaven's sake the European Central Bank (ECB) has just raised its benchmark rate.

Silver as a currency? Is that practical? Of course not.

Let me put one thing to rest: It's something that bothers me because no one talks about it: Do we think that - for even a moment - we can trust governments to peg paper currencies to silver, or gold for that matter, and not manipulate the prices of hard-money pegs? Gold as a peg, or silver, worked when the world was flat. We've been to outer space; we know the earth isn't flat. Anyone who now thinks that a gold standard is the way back to the future is spaced-out; it's just not practicable in this day and age.

Q: Martin, given some of the things that you've written about inflation recently, this would seem to be a good question for you. What will end silver's run?

Hutchinson: If/when [U.S. Federal Reserve Chairman Ben S.] Bernanke raises interest rates, get out - it's a low-interest-rate/inflation play, primarily.

Q: Peter?

Krauth: It will be too late to buy silver when the average guy in the street knows the price, and people are waiting five hours in line at their local bullion dealer to get some. Also, if the premiums are 15% or more above the spot price, it may be at least time to wait for demand to cool down.

Q: Jack, I know that the answer to this question is actually part-and-parcel of your target-price prediction.

Barnes: That's right. I believe that the Federal Reserve will be forced to embrace a symbolic rate increase and, in doing so, will put a near-term top on commodities prices. Once that happens, silver should correct over the summer - and ahead of the "QE3" move that I expect to see this fall - which means that silver will run to $50, or higher, by Christmas.

So, yes, put me down for a $50 price tag on silver for your Christmas/holiday stocking.

Q: Shah, what could end silver's run? And I know from our earlier talk that you are preaching vigilance with regard to some possible "wild cards" that investors would do well to watch for. Could you please elaborate?

Gilani: Absolutely. Watch the U.S. dollar. If it rises - and it will, eventually -- silver will collapse, at least 50%. In the meantime, ride the momentum higher, but keep a reasonable trailing stop on your silver position. After all, silver is a commodity that is mined; higher prices will make it more profitable for miners to go back to mines they abandoned when prices were lower. It's always good to own what the rest of the world thinks is a good idea to own. It's just that simple with silver right now.

Q: And what could go wrong with your projection?

Gilani: Silver mania could make my prediction of a correction dead wrong. It's not quite Tulip Mania, but it is a mania. And with all irrational exuberances, it's the "Greater Fool Theory" at work: As long as there is precious-metals hype - and hype that fiat currencies are going up in smoke, and that China is the "silver kingdom" - silver prices can go higher.

Q: So, if we take all of those scenarios into account, how should investors position themselves?

Gilani: Buy silver ETFs, an outright play on the price and a play on the miners. Use 20% trailing stops and make sure you raise them as prices rise. Otherwise, I'm waiting for the crash and then I'm going to start accumulating for the next, less speculative, run-up.

Q: We get lots of questions from readers here at *Money Morning* - on all sorts of topics. Over the past six months, silver has been one of the top subjects. We have a couple here that we'd like to pitch you all, as our panel of experts, to answer.

One reader, a Lee F., wrote in: "I've been reading your articles about buying silver, great stuff. How do I sell my silver without getting scalped?"

Peter, as the author of several seminal reports on buying silver, perhaps you could offer some thoughts?

Krauth: Absolutely. The day you decide to sell some of your silver, get informed. Your best bet is to shop and compare. Look at the "Bid" price that's being offered by a number of bullion dealers that could buy silver from you. In fact, you may want to start by contacting the dealer you bought from, especially if you've established a good rapport.

Make the effort to compare those "Bid" prices. It's your silver and you ought to maximize the proceeds. Under normal circumstances (barring some spike in demand), bullion dealers will typically offer to buy your 1 oz. silver coins or multi-ounce bars right at, or very near, the "spot" silver price.

Where they make their money is when they *sell* you the silver. Assuming things are calm and there's no buying frenzy, you should expect to pay about 5%

above the spot silver price for a 100 ounce silver bar, and about 10% to 15% for 1 oz. silver coins.

Here are a few dealers that have an established reputation:

- **Kitco.com:** Premiums are fair and the selection is usually quite good. They have offices in both New York and Montreal.
- **Asset Strategies International Inc:** This dealer is located in Rockville, MD. Asset Strategies also offers gold storage options outside U.S. borders.
- **Camino Coin LLC (**caminocompany.com**):** Burlingame, CA.
- **American Precious Metals Exchange** (apmex.com**)**: Oklahoma City, OK.
- **The Tulving Co. (**tulving.com**)**: Newport Beach, CA
- **Gainesville Coins (**gainesvillecoins.com**)**: Lutz, FL.

Q: Great answer, Peter. And since you're on a roll, let's take a look at one more query that we received here in the *Money Morning* newsroom. Reader David G. wrote in to ask: "Should us silver buyers be worried about silver market manipulation?"

Krauth: Overall, I would say no. That's not to say that I don't think silver's being manipulated.

The CFTC (Commodity Futures and Trading Commission) believes there's been manipulation, and **JP Morgan Chase & Co. (NYSE: JPM)** and **HSBC Securities Inc. (NYSE ADR: HBC)** are facing four lawsuits vying for class-action status. The suits claim there's been collusion to manipulate silver futures pricing going back to early 2008, and of building immense short positions with an ultimate goal of forcing prices down for their profit.

But as serious as this sounds, as an investor it wouldn't stop me from investing in silver. I think it's much more important to own some silver than to not own some silver - despite this alleged potential for manipulated prices. Furthermore, if such actions were taking place, it seems logical that the resultant legal action and the accompanying scrutiny would bring any such wrongdoing to an end.

My sense is that this bull market in silver will run its course - despite manipulators - and that the free market will, over time, properly price silver at a level that reflects its demand. We're just getting warmed up. The silver market is one that you definitely want to be part of.

Let's get "real"

by Larry Edelson, April 18, 2011
Uncommon Wisdom
http://us.mg3.mail.yahoo.com/neo/launch?.rand=1ii2neia9trdj

Over the past few years, I have warned my subscribers that the Dow Jones Industrials (DJI) — in real terms — had already lost over 80% of its value, when measured from its real, inflation-adjusted high of 14,198 in October 2007.

I also warned on several occasions that ... "The U.S. dollar was on the edge of the abyss."

And that ...

"The only way to truly understand the U.S. economy — what's happening, why, and where it's headed — is to look at asset prices in terms of gold, the world's only real form of money."

In fact, looking at asset values, even the country's GDP, not just in nominal terms, but against gold — is the only way to "get real" these days.

It is absolutely CRITICAL that you understand that last point, because I believe that concept is the most crucial information you need to know to financially survive and prosper — now and in the years ahead.

And because the dollar is now so close to careening of a cliff, if you don't understand how its value affects you, you're almost certain to see your wealth get vaporized. But the simple fact of the matter is this: Ever since U.S. politicians severed the link between the dollar and gold, *the only truly accurate way to analyze any asset price is to consider it in terms of gold.*

Before President Nixon dissolved the gold standard in 1971, anything and everything you did in your business, in investing, even in your personal finances — could be converted into or exchanged for physical gold by simply going to your bank and redeeming your dollars for gold.

That's no longer the case. And that's also why since 1971, asset values have fluctuated much more wildly than they did before the U.S. went completely off the gold standard.

Don't get me wrong. The gold standard had to go for a variety of reasons. For one thing, there was not enough gold in the world back then to support the growth of our economy, yet alone any other. There still isn't.

For another, the gold standard put central banks and politicians on the wrong path. Instead of taking appropriate measures to boost their economies when growth was slow or sinking, central banks and politicians engaged in deliberate warfare to protect their nations' gold, no matter what the cost to the economy or to human life and suffering.

So I understand why we do not have a gold standard today, and further, why putting the world back on a gold standard is not possible.

But that doesn't mean you can't have your own gold standard so to speak — as I have often implored you to do, by owning gold in your portfolio!

You must also, as I noted above, absolutely and unequivocally understand that in today's world, the value of everything is relative!

Consider the Dow Jones Industrials, again, in terms of GOLD — TRUE MONEY, or what I like to call REAL WEALTH.

For instance, suppose you had $10,000 of paper dollars (or digital dollars in your brokerage account) to invest in the DJI at the *beginning of 2001*

- ➔ At the end of 2001, your original $10,000 investment in the Dow was worth $10,021 — a gain of 0.21%. Meanwhile, that $10,021 would have bought you 38.5 ounces of gold.

- ➔ At the end of 2002, your original $10k investment in the Dow would have been worth only $8,341.64, a loss of $1,679.36, or 16.78%.

That $8,341.64 meanwhile, would have bought you even less gold, 21.8 ounces, or 43.4% LESS gold.

Put another way, in real terms, the DJI didn't lose just 16.78%. It lost 43.4%!

Yes, it is true that the Dow had fallen and gold had risen. But that's my point. The paper dollars that you had invested in the Dow lost more than you realized.

Let's say that then, despite the loss, you stayed invested in the Dow ...

- ➔At year-end 2005, you would have been able to buy the equivalent of only 19.5 ounces of gold with your money invested in the Dow
- ➔At year-end 2006, only 15.8 ounces
- ➔At the end of 2007, only 13 ounces
- ➔At the end of 2008, only 10.4 ounces

➔At the March 2009 low of 6,440 in the Dow, your investment would buy you *only 7.08 ounces of gold*.

In other words, against gold, REAL MONEY, your investment in the Dow lost an amazing 81.61% of its purchasing power, falling from 38.5 ounces of gold to only 7.08 ounces!

Pretty amazing, eh?

So where does the Dow stand now, in terms of gold? Today's Dow buys the equivalent of roughly 8.48 ounces of gold. That means it has snapped back from its low of 7.08 ounces in March 2009, by roughly 19.6%.

But think it through and you'll notice that

➔ That's a heck of a lot less of a gain than the "nominal Dow" shows, which has rallied more than 92.3% from its 6,440 low in March 2009 to its current 12,390 level. Why?

Answer: Because the price of gold has not only gone up, but it's gone up faster than the Dow has.

So, the "real gain" in the Dow since March 2009 is not 92.3%, but only 19.6%.

➔ Assuming that's the case, then that would explain why I don't feel that much richer because of the Dow's rally over the last three years, right?

You bet it is. Because you see, the value of paper money continues to lose purchasing power. Period.

That's also why — almost everywhere you turn today — everything costs you more money. Your dollars are deflating, while other asset prices are inflating.

Deflation and inflation are two sides of the same coin. Your money is deflating — but just about everything that you use that money for, is, on the other hand, inflating.

I don't expect that to change. In fact, if you've read my April issue of *Real Wealth Report* that published this past Friday, you know exactly what I mean.

In the months and years ahead, the purchasing power of your paper money is bound to go down, down and down.

It's the way Washington wants it. Washington wants to inflate away its debt problems by raising asset prices, artificially, via a dollar devaluation.

I call it a "default on the sly" — because it's terribly sneaky. It also robs you of your life savings and wealth ...

Unless you understand it and take appropriate measures to protect yourself — with your own gold standard.

P.S. Assessing real estate values in terms of gold is another very interesting analysis. At the peak of the housing market in March 2007, the median U.S. home price was $262,600, equivalent to 346.4 ounces of gold.

Today's median home price is $156,100, or 109.2 ounces of gold. So in terms of nominal values, the U.S. median home price has shed 40.6%. But in terms of real money, gold, the median home price in the U.S. has lost a whopping 68.47% since 2007.

At some point, housing prices will rebound and start to reflate. Just like the stock market is starting to do. But it won't perform anywhere near as well as many other assets, especially tangible natural resources that the world depends upon and needs to consume on a daily basis.

Dollar Daze

***By Jon D. Markman**, Contributing Writer, Money Morning*

http://moneymorning.com/2011/04/18/slow-economic-growth-high-inflation-mean-its-time-price-maker-stocks-shine/

The big story of the past two weeks has been the renewed crash of the U.S. dollar and the rise of commodities, as gold and silver jumped more than 12%. The buck hit a new three-year low against a basket of currencies.

Most of the torpor in equities stemmed from the fact that they had jumped 7% in late March and early April not long after bears cynically thought they finally got the break they needed, with an earthquake and tsunami in Japan to top off turmoil in the Middle East and a worsening debt crisis in Europe.

As we head into the second quarter, it's clear that global growth is decelerating from a relatively high level, led by China, Japan, the United Kingdom and the periphery of Europe.

Commodity inflation and the continuing depression in U.S. real estate has led most credible economists to shave down their U.S. growth prospects, too. Inventory restocking, which was a huge boost to growth coming out of the last recession, is over. Estimate revisions across Asia have declined into a neutral zone, and the earnings estimate momentum of the United States is also tipping lower.

One of the most important factors on the world stage over the next year will be Japanese rebuilding. That will be inflationary due to the extreme levels of quantitative easing exercised by the Bank of Japan, which devalues the yen and then kicks off a chain reaction among other currencies to devalue as well. This is one reason why the dollar has been so weak.

Commodity inflation -- higher corn, cotton, crude oil, and precious metals prices -- has become **structural rather than cyclical**, which means that it is likely to be "sticky" even as economic growth slows. Yet as global growth slows it is likely to have a dampening effect on commodity prices as well, preventing investors in "stuff" to be disappointed if they have really grandiose plans.

If growth slows and cyclical violence and unrest in the Middle East and North Africa wane, crude oil prices will most likely stabilize at a high level after creating "demand destruction" in the United States and Europe. In plainer English, oil prices can rise only to the extent that people are willing to pay $4 per gallon or more at the gas pump in the United States; we saw in 2008 that ultimately they begin to use less, conserve more, and demand falters.

A Golden Tipping Point: University of Texas Takes Delivery Of $1 Billion In Physical Gold

Submitted by Tyler Durden on 04/16/2011 19:59 -0400
http://www.zerohedge.com/article/golden-tipping-point-university-texas-takes-delivery-1-billion-physical-gold

Tipping points are funny: for years, decades, even centuries, the conditions for an event to occur may be ripe yet nothing happens. Then, in an instant, a shift occurs, whether its is due a change in conventional wisdom, due to an exogenous event or due to something completely inexplicable. That event, colloquially called a black swan in recent years, changes the prevalent perception of reality in a moment. This past week, we were seeing the effect of a tipping point in process, with gold prices rising to new all time highs day after day, and the price of silver literally moving in a parabolic fashion. What was missing was the cause. We now know what it is: per Bloomberg: "**The University of Texas Investment Management Co., the second-largest U.S. academic endowment, took delivery of almost $1 billion in gold bullion and is storing the bars in a New York vault, according to the fund's board**." And so, the game theory of a nearly 100 year old system of monetary exchange has seen its first defector, but most certainly not last. With an entity as large as the University of Texas calling the bluff of the Comex, the Chairman, and fiat in general in roughly that order, virtually every other asset manager is now sure to follow, considering there is not nearly enough physical gold to satisfy all paper gold in existence by a factor of about 100x. The proverbial Nash equilibrium has just been broken.

From Bloomberg:

The fund, whose $19.9 billion in assets ranked it behind Harvard University's endowment as of August, according to the National Association of College and University Business Officers, added about $500 million in gold investments to an existing stake last year, said Bruce Zimmerman, the endowment's chief executive officer. The holdings are worth about $987 million, based on yesterday's closing price of $1,486 an ounce for Comex futures.

Years from now, when historians attempt to define who may have started it all, one name may emerge...

The decision to turn the fund's investment into gold bars was influenced by Kyle Bass, a Dallas hedge fund manager and member of the endowment's board, Zimmerman said at its annual meeting on April 14. Bass made $500 million on the U.S. subprime-mortgage collapse.

“Central banks are printing more money than they ever have, so what’s the value of money in terms of purchases of goods and services,” Bass said yesterday in a telephone interview. “I look at gold as just another currency that they can’t print any more of.”

In summary - the fiat tide is now going out. And among those who will first be observed swimming naked are the very same people whose fate has been so very intrinsically linked to the perpetuation of a flawed regime (and who coined this very saying). In the meantime, hold on to your hats: should a scramble for delivery ensue, the recent parabolic move in various precious metals will seem like a dress rehearsal for what is about to transpire.

The only open question is who was the broker with enough gold to deliver to the UofT. We hope to find out soon enough. We also hope that the UofT is smart enough, and that Kyle Bass advised it, that if they are getting "delivery" in a Comex vault in New York, the gold has likely already been leased out at least several times to various entities demanding paper allocations...

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8 Reasons Why Silver Is the Investment of the Decade

By Mac Slavo In Forecasting,Precious Metals, March 7, 2011

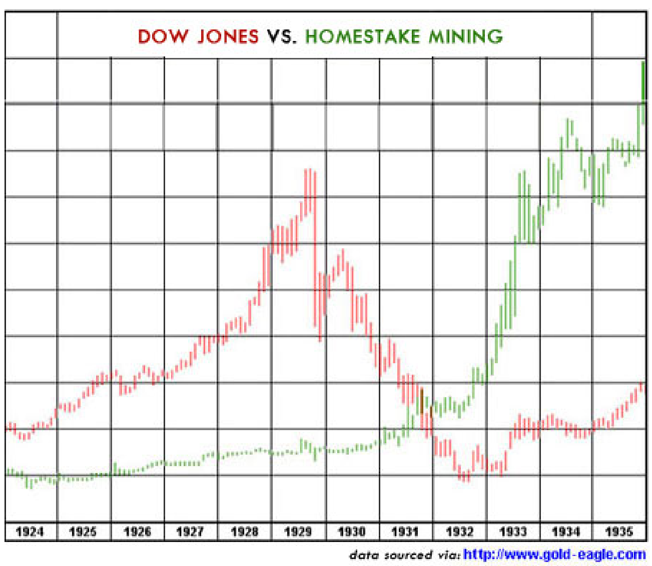
If there’s one asset that’s heated up over the last several months amid tensions in the middle east and a second round of the Federal Reserve’s quantitative easing, it’s silver. The price has risen so dramatically, some 20% since January 1, 2011 through today, that investors may be wondering what actions they should take. For those who have not acquired the precious metal, the obvious question is, should I buy now or is silver in bubble territory? Those fortunate enough to have seen the crisis writing on the wall in 2008 and before, and have seen a 200% or more increase in the value on their holdings to date, may be considering selling and locking in profits.

No one can predict what happens next. The fact that silver has “gone to the moon” as metals bugs like to say, should raise awareness and caution in any diligent investor. After all, the last time we saw such meteoric price rises in the summer of 2008, when stocks, commodities and home prices were reaching all-time highs, and precious metals were pushing higher than they had in twenty years, it ended very badly for anyone invested in just about any asset other than the US dollar.

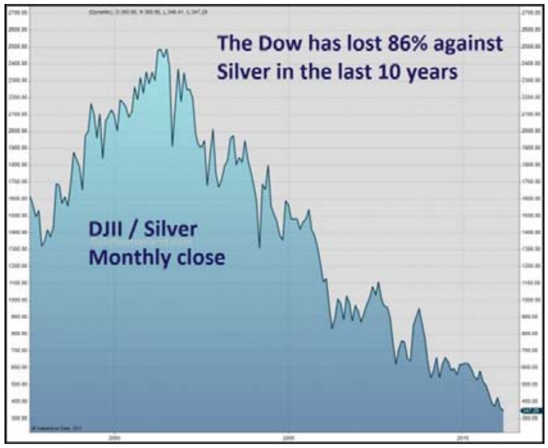
Is there cause for alarm today? Are silver and gold, along with equities and commodities, destined to see yet another massive correction or collapse, as they did when the markets bottomed out in late 2008 and early 2009? The trigger for the last asset crash was blamed, in part, on rising oil prices and food costs, and we are very clearly approaching similar territory today. If gas prices reach that $4.50 mark like they did before many experts, both mainstream and contrarian, have voiced their opinions that the economy will revert back to no-growth or negative growth, completely disintegrating any semblance of recovery that has been perpetrated on the American people and global populace.

The end result, as in 2008, will likely be a collapse in asset prices.

But will precious metals once again collapse along with equities and commodities, or have we reached the long awaited 'decoupling' phase, where tangible assets and historical monetary instruments diverge from traditional paper investments like stocks, or debt based assets like real estate? A similar decoupling occurred in the 1930's [1], when the Dow Jones and gold assets went their own way:



According to the chart below, silver versus the Dow Jones has outperformed significantly, with the Dow experiencing a collapse versus silver of 86% over the last ten years:



The above chart indicates that we are already seeing a decoupling in terms of value.

Whether you are a new investor deciding whether or not you are going to buy silver at today's prices, or are currently holding silver related assets and considering whether or not to sell or buy more, we suggest watching the following interview with trusted analyst and financial manager Eric Sprott, whose Sprott Physical Silver Trust [2] is one of the very few "paper" investments that is physically backed with vault-stored (never to be leased) precious metals.

In his latest interview with Canada's Business News Network, Sprott provides some key reasons for why silver, although priced much higher today than ten years ago, will continue to rise and likely become one of the top performing investments of this decade. According to Sprott, there are various data points that "scream at you that the price of silver has to go higher."

Before you sell, consider the following reasons for why silver may be the best investment of the decade:

1. **Demand is not only up, but still rising.** The US Mint in the months of January and February sold as many dollars of silver as they sold dollars of gold. The Chinese used to export 100 million ounces of silver – they now import 112 million ounces – and that's in a market that's a total of 800 million ounces, or a 20% shift in just Chinese demand.

2. **Supply and Delivery Challenges for Physical Bullion.** In a market that trades roughly 400 million (paper) ounces a day, when Sprott Asset Management was preparing to open their physical silver trust they had difficulty acquiring just 15 million ounces. Other evidence direct from the US Mint [3] further solidifies this point. The Mint recently advised potential investors that it can longer coin the popular Silver American Eagle saying, "The United States Mint

will resume production of American Eagle Silver Uncirculated Coins once sufficient inventories of silver bullion blanks can be acquired to meet market demand for all three American Eagle Silver Coin products."

3. **Technological demand for silver is increasing.** In 2010 industrial production of silver was up 18% due to rising demand from the technology sector. Among other things, silver is increasingly being used in computers, cell phones, and solar panels. Health care, alternative and traditional, is another market segment that will see silver demand increase because of silver's antibiotic properties. It's already being used [4] in bandages, clothing, and medical devices.

4. **Silver is closing the margin on the gold-to-silver ratio.** Historically, though not in recent decades, silver has traded at an average ratio of about 16-to-1. It is currently trading at about 40-to-1, and just recently was trading at nearly 70-to-1. If the historical ratio of gold to silver holds up, then if gold is priced at $1600 an ounce, silver would need to be trading at about $100. If gold were to trade at $3000 an ounce, a prediction made by several contrarian precious metals analysts, silver would trade at $300 if the gold-to-silver ratio returned to historical norms.

5. There is a silver shortage. We've already discussed the supply issues that many investors taking large deliveries may be experiencing. But, there is also a pricing disconnect occurring, that indicates supply problems, at least in the short-term, are prevalent. According to Sprott and other analysts, forward looking silver prices indicate that a silver shortage exists. The phenomenon of price "backwardation" is one way of being able to identify this. Though there are millions of ounces in the ground, backwardation can mean there is simply not enough of an asset available right now. Sprott, for example, says that when they purchased the aforementioned 15 million ounces of silver, some of it wasn't even minted until two weeks *after* they made the purchase, suggesting that existing inventory is simply not available.

6. More (Paper) Money. As the US Federal Reserve and central banks around the world continue to deal with fiscal issues through monetary means, more and more paper currency hits the global marketplace. As a result, more money is chasing fewer goods, with silver being one of those goods. For the reasons above, as well as the fact that there is more money available, the price of silver will continue to "inflate," just like other hard assets. Over the last 100 years, since the Federal Reserve was established, the US dollar has lose some 95% of its value. This is a long-term 100 year trend, and given the current policies of the Fed, which are no different than the policies of the last century, the US dollar will continue to depreciate.

7. Gold for Main Street. While an ounce of gold may cost $1500, silver is significantly cheaper, giving working individuals and families the ability to invest without having to spend this month's mortgage on a coin. Silver is available in various weights and mintages, from one ounce government issue coins like silver eagles to one-hundred ounce poured bars from Johnson Matthey. In addition, for newer investors, though fake silver [5] exists, the risk to the investor is much lower because of the price, and investors can choose US "junk silver" coins like pre-1965 half dollars, quarters and dimes for easily identifiable and tradeable instruments. With silver, anyone who has a desire to do so can become their own central bank.

8. Crisis. Inflation is often identified as the single biggest reason for why precious metals like gold and silver rise. However, this is not always the case. During the 1990's [6], a period where inflation was anywhere from 1% to 6% annually, the price of gold and silver barely moved. There was simply no investor demand. One of the reasons for this may have been because during the 90's, the US was experiencing a period of boom. It was the advent of the internet and the general mood was positive. Stocks were rising and were the primary investment vehicle of choice during the technology boom. Gold and silver took a back seat. After the technology crash and September 11th, however, sentiment changed. As boom times gave way to recession, precious metals rose. They continued to rise as governments, namely in the US, passed more restrictive laws on everything from personal liberty to capital investment. When countries start restricting freedoms, people tend to shift capital. Throughout the first decade of the 21st century, this may have been the primary reason for gold and silver's powerful rise. After the collapse of 2008, more and more investors began to realize that crisis is upon us. The government, failing to mitigate the problem, and likely making it even worse, forced those in traditional investments into the safe haven historical assets of choice – gold and silver. Thus, while inflation may play a part in the rise of precious metals, it is the perception that government is unable to deal with crisis that has been the real driving force. As the economic crisis continues to deepen, civil unrest breaks out around the world, and citizens lose faith in their government's ability to manage crisis, the prices of precious metals, the last vestige of monetary security, will continue to rise.

Why Are The Republicans So Silent On The Falling Dollar?

Seth Lipsky, Forbes.com, 04/14/11
Seth Lipsky is the editor of the New York Sun.

The failure of our fiat currency is up for political grabs.

The most astounding feature of the political fray as the 2012 election comes into view is that not a single Republican other than Congressman Ron Paul is stepping forward to brand as his or her own the issue of honest money. The whole party is into the negotiation with the president over the budget, and the underlying issue--the failure of our fiat currency--is up for grabs.

It is true that there's plenty of blame to go around on the dollar. It had a value of **265th of an ounce of gold** on the day that George W. Bush acceded to the presidency and was worth **less than an 853rd of an ounce of gold** on the day he left office. *The New York Sun*, which supported Mr. Bush in 2000 and 2004 elections, issued in December of 2005 an editorial called "The Bush Dollar," warning of the collapse of the greenback. It had just sunk below a 500th of an ounce of gold.

Today, of course, it is worth barely more than 1,500th of an ounce of gold. The giddiness of the plunge of the dollar really started to be felt in the years after the Democrats acceded to the leadership of the House. At the time the *Sun* called for renaming the dollar "The Pelosi." The collapse has been so dramatic that the Europeans, the United Nations and even the Chinese communists are talking about the need to create a new international reserve currency. Yet not a single Republican has stepped onto the national stage and declared a run for the presidency on a platform containing the strong dollar as a major plank.

Now that the Republicans are back in control of the House they are in a perfect position to press this issue. Congressman Paul has been on the issue at least since the early 1980s, when he, with Lewis Lehrman, issued his dissent to the final report of the United States Gold Commission. The commission had been established in 1981, a decade after the collapse of the Bretton Woods system. It ultimately endorsed a continuation of fiat money. It's hard to think of a longer, more faithful adherence to constitutional principle than that which has been maintained by the physician turned legislator in the 30 years since. But Dr. Paul has yet to announce his run for president.

Neither has Sarah Palin. The alert Alaskan--as the *Sun* likes to call her--has made it clear she's watching the issue. In November, as the Group of 20 was preparing for its doleful meeting at Seoul, she leaked to *National Review* a speech she was about to make at Phoenix, confronting Chairman Bernanke over his program of quantitative easing. The demarche ignited quite a tumult for a few days (and an editorial salute from *The Wall Street Journal*), but Palin, too has hung back from a campaign.

A number of other Republican governors--current ones like Mitch Daniels and Tim Pawlenty and former ones, like Mitt Romney--would seem to adhere to the principles of political economy that would put a premium on sound money. But none is preparing to make campaign on sound money. Nor is Paul Ryan. He clearly sees the issue out there. It was he who elicited from Mr. Bernanke the famous reply, "I don't fully understand the movements in the gold price." But Mr. Ryan is focused on the details of the budget.

The conservative intelligentsia is waiting for a champion on the issue. *The Wall Street Journal* editorial page has been pressing the issue in op-ed pieces and editorials. So has *Forbes*. Lawrence Kudlow of CNBC has been calling for a return to "King Dollar." James Grant is illuminating the issue in his *Interest Rate Observer* (and *The New York Times*).

Even a group of our greatest federal judges is asking the Supreme Court to hear their plea for a ruling that Congress must reinstate the automatic inflation adjustment in their salaries that the legislature had suspended--a suspension that was, the judges contend, in violation of the constitutional prohibition of diminishing the pay of a judge while he continues in office.

And then there are the states. The other week Utah became the first to take advantage of an opening left to the states by Article One, Section 10 of the Constitution to make gold and silver coins legal tender. The Constitution prohibits states from coining their own money and/or making anything other than gold or silver coins a tender in payment of debts. Now, spurred by the American Principles Project, at least a dozen states are at least tentatively exploring doing just that.

In Utah's case, what it has done is not only make gold and silver coins legal tender but remove the state capital gains tax on any gain persons in Utah might get from holding gold and silver coins. There are those who set down the gesture as irrelevant and even flaky. But if several other states actually pass laws similar to what Utah has done it will add up to a remarkable vote of no confidence in the system that has been creating the money that we call dollars.

Could value start to return to the dollar without any candidate seizing the issue? No doubt it's possible. The bad-cop, good-cop team of Paul Volcker and Ronald Reagan used the combination of the chairman's tight money and the president's supply-side fiscal and regulatory reforms to achieve just such a turnaround during the 1980s. But can one expect the same from a combination of Chairman Bernanke and President Obama?

The fact is that the ground is so ripe for a candidate to seize the lead on monetary reform that one has to wonder why no one is stepping up. Is there what might be called the William Jennings Bryan effect? In 1896 he made the most famous attempt to run for the presidency on a monetary campaign. It produced his speech against crucifying mankind on a cross of gold. He lost. But then his campaign--a call for debasing the dollar--was the opposite of the opportunity that is beckoning the Republicans today, which is a campaign for a return to sound money. So let it be a lesson.

Gold blowout, Hits $1,500... Mania event could arrive soon...

Tuesday, April 19, 2011

http://www.thedailycrux.com/content/7481/Gold/eml

From Bloomberg:

Gold futures rose to a record $1,500.50 an ounce as U.S. debt concerns weighed on the dollar, boosting demand for the precious metal as an alternative investment.

The greenback dropped against the euro on speculation that the European Central Bank will continue to raise borrowing costs as some nations struggle to contain sovereign debt. Standard & Poor's yesterday revised its long-term outlook on U.S. debt to negative from stable. Gold has climbed 32 percent in the past year, and silver prices have more than doubled.

"The U.S. credit rating will undoubtedly be lowered in the next few years," said Michael Pento, a senior economist at Euro Pacific Capital in New York. "This will mean much higher borrowing costs and a much lower currency. International investors have been using gold and silver as an alternative currency and an alternative to the dollar, and this will only exacerbate and accelerate that process."

Gold futures for June delivery rose $2.20, or 0.1 percent, to settle at $1,495.10 at 1:38 p.m. on the Comex in New York. Earlier, the price climbed as much as 0.5 percent to the record.

Gold for immediately delivery was little changed at $1,495.35 at 2:33 p.m. New York time. Earlier, the price rose as much as 0.3 percent to an all-time high of $1,499.32

Pento, who correctly predicted gold's rally in the past three years, said the metal will reach $1,600 in 2011. The commodity has gained every year since 2001 on increased investment demand for raw materials.

'Buy Hard Assets'
"The bullish trend becomes pronounced as more and more people get out of the dollar to buy hard assets," said Lim Chae Myung, a Seoul-based trader with Hyundai Futures Co.

The Treasury Department projected that the government may reach the $14.3 trillion debt-ceiling limit as soon as mid-May and run out of options for avoiding default by early July.

The Federal Reserve has kept its benchmark interest rate at zero percent to 0.25 percent since December 2008 and has pledged to buy $600 billion in Treasuries through June to stimulate growth.
The ECB this month raised its main rate to 1.25 percent from a record 1 percent to stem inflation.

The Fed probably won't risk damping economic growth by raising borrowing costs rapidly, Pento said.

S&P changed its long-term rating, citing "material risk" that policy makers won't reach an accord on "medium- and long- term budgetary challenges."

"There certainly has always been that lingering concern over U.S. debt and the S&P people are finally identifying the threat," said Stephen Platt, an analyst at Archer Financial in Chicago. "The world is awash in liquidity. Gold's slow, grinding action upward shows the deterioration in the dollar, excess liquidity and deficit problems are still in force."

Silver futures for May delivery rose 95.7 cents, or 2.2 percent, to close at $43.913 an ounce. After the settlement, the price reached $43.95, the highest since 1980.

Surging gold tells the world that something is terribly wrong

From Richard Russell in *Dow Theory Letters*:
Tuesday, April 19, 2011

This nation is so riddled with lies and corruption, sometimes I wonder how the U.S. has survived the many centuries since the Founding Fathers gave us our great Constitution.

No wonder Fed Chief Bernanke fought so hard to keep the Fed's lending a secret. I just read in Rolling Stone magazine a story entitled "The Real Housewives of Wall Street." It seems that the Fed loaned bailout money of $220 million to the wives of two Morgan Stanley bigwigs. After his wife got a big taxpayers bailout John Mack, CEO of Morgan Stanley, bought a $15 million home equipped with a 12-car garage. Outrageous!

When you think about it, it's no wonder that Wall Street and the Fed hate gold. Gold exists outside the system. The Fed can't manipulate or create gold the way they do Federal Reserve Notes. When gold rises, as it has been doing, it hoists a red flag over Wall Street, the Fed, and the economy. Surging gold tells the world that something is terribly wrong. All the lies, corruption, and secrets of the Fed and the politicians can't erase the dire message of gold.

Gold is the protector and refuge of the common man. No wonder all the recent record highs in gold remain unreported by the media.

Investors Play Precious Metals as Market Insurance Policy

***By Kerri Shannon**, Associate Editor, Money Morning*

Investors have been flocking to precious metals to protect from looming inflation and a weak outlook for the U.S. dollar. The trend has turned investments related to gold, silver and other precious metals into some of the hottest plays of the past year.

The demand for "safe-haven" metals investments continues pushing prices to new highs:

- Gold is up 7.5% so far this year after a 30% rise in 2010, and hit a record high of $1,476.21 an ounce Monday.
- Silver has climbed about 40% this year, after an 83% surge in 2010, and hit a 31-year high this week.
- And Platinum is up 1.4% this year following a 20% jump last year.

While gold was the popular topic of 2010, silver has been the star this year, getting more investor interest as a cheaper alternative to the yellow metal.

"People are quick to take profit when gold reaches a record," Matthew Zeman, a strategist at Kingsview Financial, told Bloomberg News. "The silver market is the one everyone is in love with and afraid of missing the boat. People fully expect silver to get to $50."

Besides investors seeking inflation hedges and speculators pushing prices higher, there is industrial demand for these metals that supports continued price jumps.

Silver is used in thousands of industrial processes and demand will pick up as the global economic recovery continues. The Silver Institute reported last week that industrial use of silver will increase 36% by 2015 from 2010.

Platinum is set to rise on increasing auto demand and possible supply constraints. The metal is used for catalytic converters, spark plugs and oxygen sensors.

While some analysts expect a pullback in precious metals, they're saying it's a temporary one that doesn't change their bullish long-term outlook.

But many investors still worry they missed the precious metals rally and are now too late to get in on the hefty profits. They worry a correction phase is nearing that signals a bad time to enter the metals market.

Others think inflationary concerns are overstated and the risk-aversion attraction of precious metals - especially gold - will lose its luster.

"Anything that takes away the risk premium is going to weigh on gold," said Kingsview's Zeman.

This prompted last week's ***Money Morning*** **"Question of the Week": Are you bullish or bearish on precious metals? Are you investing in gold, silver, or any precious metals? What's your favorite way to play - physical, ETFs, mining companies? If you are steering clear of the metals and mining sector, what's your reasoning?**

Bullish, Courtesy of the Fed

I am bullish on gold and silver, especially silver. I know that they have just had a tremendous run, and a pullback would not surprise me at this point, but until the shorts capitulate I think the market has higher to run, especially as it looks like the government is going to keep printing money, whether they call it QE or something else.

If the Fed really ended QE, by that or any other name, and allowed interest rates to rise, which they must, and if the Fed is not subsidizing government borrowing any more, then gold and silver might drop quite a bit. But this would cause the economy to tank big-time and in this event I think the Fed would blink and resume printing. And when they do, at some point thereafter there will be a widespread panic move into the precious metals, the shorts will be overrun, and the price will go higher than anyone today would believe.

I am holding some physical metal (not enough, but at least I bought it last summer) and am trying to figure out what will be the sign that I should trade it for something else. I don't expect to ever convert it back into fiat currency, but if I see it reaching levels that I think are unsustainable, I would like to use it to buy real estate, or other commodities. I really think that the time may come when 100 ounces of silver will buy me a nice house. If that time comes or anything close to it, I want to make the trade, because I don't believe that silver inherently merits that kind of value.

Jim Rogers Comments On Triple Digit Silver And Issues Warning: "Parabolic Moves Always Collapse"

Submitted by Tyler Durden on 04/19/2011 18:47 -0400

Jim Rogers commented on the recent move by the University of Texas to take delivery of $1 billion in gold, saying the decision is long overdue, and has only occurred because everyone else is now buying thereby taking metal out of circulation. He adds: "But where were these guys five, ten years ago? That's when they should have been doing all of this." Indeed the momentum chasers never show up until it's too late. Then Rogers had some words of caution for silver bulls: "If silver continues to go up like it has been over the past 2 or 3 weeks, yes, then it would get to triple digits this year. And then we'll have to worry. It's not parabolic yet. I hope something stops it going up in the foreseeable future and we have a correction. " There is one caveat: "maybe the US dollar is going to become confetti in 2011, and if that's the case and silver goes to $150, then obviously I wouldn't sell my silver. It would be the US dollar which is collapsing. But if silver goes up the way you're talking about without currency collapse, I would be very worried." So as usual, those long Precious Metals should not hate the Chairsatan but to urge him on to continue doing what he is doing so well: converting that once valuable combination of 75% cotton and 25% linen into "confetti."

Financial Survival Radio: We just read that the second-largest university investment fund here in the US is buying physical gold. The University of Texas, which is where I live, is putting aside $1B worth of gold in a New York vault. Some have called this move a tipping point for the precious metals market. Do you agree?

Jim Rogers: Well, tipping point? Gold's been going up for ten years in a row. I'd hardly call this a tipping point. Silver's been skyrocketing…

FSR: Maybe a tipping point where we see more institutional mainstream demand.

JR: Well, again, that has been happening. If suddenly all the pension funds wake up and say, I've got to own gold, they may start thinking about it more and more. But the thing that's been getting people's attention is the fact that gold has been going up so much. That's the wrong way to invest. Look, I own gold. I own silver. But where were these guys five, ten years ago? That's when they should have been doing all of this. Unfortunately for all of us, most investors don't notice something until there's a good, nice bull market in place, such as with gold and silver. After ten years of price rises in gold, people are starting to notice. That's what they're noticing more than the fact that the University of Texas is buying gold. I'm glad they did, I own gold. And yes, there will be more people buying gold. Eventually, everybody's going to be owning gold, and then we'll all have to sell our gold. But that's a long way from now.

FSR: Silver in particular has been of great interest to my family. It looks like $50 silver is going to happen very soon. But Jim, will we see a triple-digit silver price in 2011?

JR: If it does, we'll all have to sell, because then you've got a bubble, a parabolic move and all parabolic moves end badly. I certainly hope it doesn't happen because I own silver and want to buy more. My hope is, silver and gold and all commodities will continue to go up in an orderly way for another ten years or so, and eventually the prices will be very, very high. Yes, we'll have triple-digit silver, but if it happens this year, Jay, I would probably start to think about selling.

FSR: But what we've seen so far, you wouldn't consider parabolic?

JR: No, not yet. But I'm worried about silver. If silver continues to go up like it has been over the past 2 or 3 weeks, yes, then it would get to triple digits this year. And then we'll have to worry. It's not parabolic yet. I hope something stops it going up in the foreseeable future and we have a correction. There's never one in history that hasn't popped

Now, maybe the US dollar is going to become confetti in 2011, and if that's the case and silver goes to $150, then obviously I wouldn't sell my silver. It would be the US dollar which is collapsing. But if silver goes up the way you're talking about without currency collapse, I would be very worried.

FSR: So that's the bottom line, those who have been holding on to precious metals for the long term need to watch where the Dollar is to decide whether it's time to sell.

JR: That's certainly part of it, yes. And you have to watch the price action. I remember when gold went parabolic in 1980. I shorted gold when it went parabolic in 1980, and it went higher for another two weeks after I shorted it. But it eventually collapsed. Silver eventually collapsed. All parabolic moves throughout history, there's never been a parabolic move which hasn't collapsed in any asset

Silver and gold, yes, will be a bubble someday, Jay. There's no question in my mind that all commodities will be a huge bubble someday. But I don't think that bubble is going to happen in 2011. I think it's going to be more likely 2017, or 2018…you know, a few years from now. I'm not picking a year, just saying it's a few years away. It could happen sooner, but I hope not.

7 Steps To Protect Yourself From Fraudulent Silver Coins

I'm hearing more news of fake silver coins — mostly fraudulent American Eagles, and mostly made in China. With the price of silver soaring, it's becoming very much worth the while of Chinese counterfeiters to whip up batches of fake coins. Don't get scammed! Here are seven ways to make sure the silver coins you buy are only the highest quality:

1) Don't buy Coins on eBay. eBay has a well-earned reputation as a bootlegger's paradise, and that extends to coins. It doesn't matter if the seller has 100 perfect transaction ratings — those may be "A" ratings done by his sleazy confederates or "B" ratings from people who don't know they've been hoodwinked. When it comes to coins, I recommend you simply avoid eBay. Flea markets are also risky business. Instead, buy from your friendly neighborhood coin shop — hopefully an establishment that has been in business for years and has a reputation to protect — or buy from one of the big online sellers, such as APMEX (http://bit.ly/fvtQNb) or Gainesville Coin (http://bit.ly/eglul6).

2) Know what the coin you're buying SHOULD look like. Learn what the genuine silver coin looks like. Heck, the U.S. mint gives you full specifications and photos here: http://1.usa.gov/eBc4zn. If you're buying silver Canadian Maple Leafs, learn what they should look like and their specifications as well. You can do that here: http://bit.ly/gdlyhc

3) Weigh the coin. A U.S. Silver Eagle weighs 1 troy ounce or 31.103 grams. If the coin you're considering buying weighs any different than that, I'd suspect it's another metal (lead?) plated with silver.

4) Make sure the Silver Eagle is milled around the edge. Silver eagles and many other coins are supposed to be reeded or milled around the edge. If an eagle isn't reeded, that's a four-alarm warning that someone is trying to hoodwink you. And funny enough, reeded edges were originally added to coins to prevent clipping and counterfeiting. Also, if the coin has a seam around the edge, a bit of a protrusion on the edge that could be a casting sprue, or file marks indicating a sprue or seam was removed, don't buy the coin!

5) Check the finish on the coin. Although higher-quality struck fakes might look pretty convincing if they're plated, many fakers don't even bother to plate the coin. Silver has a distinctive sheen to it that is neither too harsh nor too soft or "soapy" looking.

6) Does the silver coin pass a magnification check? It's always good to examine a coin under a powerful magnifying glass. Look for silver plating that failed to fill into tiny spots and crevices.

7) Consider buying bullion coins directly from silver miners. If you're willing to look beyond the two most common silver bullion coins — U.S. Silver Eagles and Canadian Maple Leafs — you can get 1-ounce bullion coins that contain just as much silver but might sell for a lower premium. I'm talking about the bullion coins made by miners themselves. **Great Panther Silver (GPL on the AMEX)** and **First Majestic Silver (FR on the TSX in Canada)** are two miners who mint their own coins, or "silver rounds." Since they mine the metal that goes into the coins, I think the chance of fraud becomes miniscule.

You can check out Great Panther's bullion coin offerings here: http://bit.ly/gTIWYd

You can check out First Majestic's bullion offerings here: http://bit.ly/gJW5SL

Many of the above tips only work if you're checking the coins out in person — that is, buying silver coins from your friendly neighborhood coin shop. If you're buying online, stick to the major sellers such as APMEX, Gainsville Coin, or one of the other online merchants I mentioned back in CPH Issue #4 in May 2010, when I last reviewed online gold and silver sellers.

Or you can buy straight from the miner at Great Panther or First Majestic. Their silver rounds may not be silver eagles or maple leafs, but you're buying these coins for bullion anyway. And those Great Panther silver rounds look awesome!
