The Gold Investor’s Bible

Stansberry & Associates
Investment Research
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By Porter Stansberry, founder, Stansberry & Associates Investment Research

Our politicians’ propensity to spend money they don’t have goes back a long, long time...

In 1690, the colonial government of Massachusetts faced a fiscal crisis. Its soldiers were returning, defeated, from a raiding expedition to Quebec. It had no funds to pay the soldiers, as the colony expected the campaign to be profitable: The soldiers were to loot the French. Angry and hungry soldiers are dangerous. The Massachusetts politicians had promised to pay them, despite the fact that the treasury had no money. (Similar to our federal government’s current schemes, that all of the money had already been spent didn’t worry them.) Unfortunately, the colony’s credit was tapped out. No one would lend the government the funds it required – 7,000 British pounds.

So, pioneering a tradition in U.S. politics, the leaders of the colony simply printed up 7,000 paper notes. On behalf of these notes, the politicians made two solemn promises: The notes would be redeemed in gold or silver from tax revenue in a few years and absolutely no more paper notes would be put into circulation. Trust us, the politicians explained. Gold, they said, is only a “barbaric relic.”

You can guess what happened to these promises.

Less than six months later, the colony’s leaders decided the first issue of paper money had gone so well and had such a positive impact on the local economy that they issued an additional 40,000 such notes. Once again, they promised the notes would be...
Fed up with the constant economic booms and busts of a paper standard (always followed by yet another, still-larger issue of paper money), the King of England in 1751 outlawed the issue of any currency not backed by gold or silver.

Given our exit from the gold standard roughly 40 years ago, the constantly increasing money supplies in the United States, and the relative financial standing of our government (about $50 trillion in debts and obligations) – not to mention the private sector’s immense piles of bad debts (perhaps $1 trillion in subprime mortgages) – a decline in the purchasing power of the dollar is a sure thing. **Higher precious metals prices are a lock.**

Fed up with the constant economic booms and busts of a paper standard (always followed by yet another, still-larger issue of paper money), the King of England in 1751 outlawed the issue of any currency not backed by gold or silver.

In The Gold Investor’s Bible, you’ll find several unique strategies to profit off this trend... and protect your wealth and your family in the years ahead. You’ll get tips on anything and everything you need to know to profitably buy, hold, and sell gold. You’ll find out...

- How to pay ZERO dealer markup for real, hold-in-your-hand gold bullion (page 82).
- How to get paid 15% a year “interest” on your gold bullion holdings (page 50).
- How to legally cut in HALF the taxes you pay on gold bullion profits when you sell (page 60).
- Why all gold bullion coins are NOT created equal (some are 22 karat, others are 24 karat), how to know the difference, and why it matters (page 74).
- The best place to hide your gold for free in your own home (page 68).
- A little-known secret that allows you to buy gold at 20% less than current prices (page 53).

redeemed in gold or silver and no further notes would be put into circulation.

As this second, much larger wave of paper hit the market, merchants began to significantly devalue the paper versus genuine bullion, leaving the paper with only about 60% of its previous purchasing power. When the market began to reject the fiat paper as a fraud, the colony moved to buttress its value by force – a tactic copied later by such illustrious leaders as Robert Mugabe. The government decreed its paper was legal tender – at par – for all debts and granted a 5% premium on the notes for all tax payments.

Such tactics worked... for a time. But as always happens when one currency is artificially propped up over its intrinsic value, the bad money forced out the good. Spanish silver coins, which had circulated widely in the colonies, began to disappear. (The same thing would later occur in the 1960s, as the U.S. dollar declined to well below the value of a silver dollar.)

Meanwhile, the politicians treated each of the following crises with more of the same money medicine. In 1716, they issued another 100,000 notes – these backed by a “land bank.” Then in the 1740s, they more or less turned on the printing presses for good. Paper money in circulation soared from around 300,000 notes to more than 2.5 million.

All of this money sloshing around the world helped power one of the greatest speculative manias in history – the South Sea Bubble. **It also caused the price of precious metals to soar.** The free market price of silver, which had once stood at par with the notes, ended up 10 times higher. In about 60 years, the Massachusetts colony had turned its promise to repay in specie (gold and silver coins) into a farce: Its notes were now worth 90% less than face value.
• How to legally take as much gold as you want out of the country… without paying shipping (page 85).

• How to store your gold in a private Swiss Bank vault, practically for free (page 45).

If you already own gold, congratulations. I encourage you to continue to put a portion of your savings into the only money that isn’t someone else’s liability.

If you haven’t yet bought gold, I urge you to get started now. Today. In the following pages, you’ll find the simplest, safest ways to own and hold gold. There are no more excuses.

Good investing,

Porter Stansberry

Special Thanks

Before we get started, we’d like to offer special thanks to the guys at Casey Research. They do some of the best natural resource research you can find anywhere… and they’re always plugged into what’s happening with gold.

In the following pages, you’ll find several essays by their own Jeff Clark, senior editor of Casey’s Gold & Resource Report. If you’re interested in profiting off the move in gold with high-quality precious-metals stocks, we highly recommend you check out Jeff’s work. Go to www.caseyresearch.com/casey-services/caseys-gold-and-resource-report.

And we’re grateful to Chris Weber, editor of The Weber Global Opportunities Report, who contributed several essays. Chris is one of the best investors we know – and definitely someone you should listen to. Starting at age 16, he turned just $650 (from his paper route) into $1.8 million in cash, through a series of remarkably insightful investments in gold.

The fact is, we’ve never seen Chris be wrong about a major market call. For his favorite currency and gold recommendations – where he’s putting his own money today – visit www.weberglobal.net.

We’d also like to thank our friend Van Simmons... If you’re looking to preserve your wealth and even make a few hundred percent in gold bullion and gold coins, Van Simmons is someone you need to know. And he’s always glad to talk with Stansberry & Associates readers to help them with the right collectible investments. We’ve found that his coin advice is excellent... and his advice on most other things is just as good. You can reach Van
directly at (800) 759-7575 or (949) 567-1325, or e-mail him at info@davidhall.com.

Finally, thanks to Michael Checkan, head of Asset Strategies International. ASI is one of the largest private gold bullion dealers in the world, and Michael has been helping investors use precious metals and foreign currencies for 30 years. He’s extremely knowledgeable and has offered to answer any questions for Stansberry & Associates readers. Visit his website at www.assetstrategies.com or call (800) 831-0007.

PART I:
What Everyone Should Know About Gold
The Ultimate Form of 
Real Money

By Brian Hunt, editor in chief, 
Stansberry & Associates Investment Research

For the past few thousand years, gold has seen a lot of competitors try to become the “ultimate form of real money.” Folks have used everything from cigarettes to butter, stones, livestock, salt, and seashells to store their wealth and trade for goods.

But when crisis hits... when wars break out... when bank runs grip a nation... when it’s really time to just “grab the money and run,” humans keep coming back to gold as the ultimate form of money.

Gold beats the competition so easily for six reasons...

1) Gold is easily transported. Land is a good store of wealth, but you can’t take it with you if you have to get out of Dodge.

2) Gold is divisible. If I owe both Peter and Paul and I have just one piece of gold, I can split it in half.

3) Gold does not rust or crumble. Folks have used cattle as money, but cows don’t survive long in a locked vault.

4) Gold is consistent all over the world. I’ll accept the pure gold you mined in China just as easily as I’ll accept the pure gold you mined in South Africa.

5) Gold has intrinsic value. Gold has wonderful conductivity, it’s super malleable, and it doesn’t break down... so it has
The Greatest Currency Trade of the Millennium

By Chris Weber, editor, Weber Global Opportunities Report

Gold has outperformed every other currency since this decade, century, and millennium began.

I first recommended gold and gold stocks back in February 2002 because the trend I saw of currencies cheapening themselves against their trading partners. You can call this “competitive devaluation.” This had not been seen since the Great Depression, and to me, even back then, was a signal that the world economy was heading into tough times.

Since about 2001, whenever any currency rises too much, the local manufacturers or farmers – or anyone who lives by exporting – start to scream about it. Their local governments respond by doing all they can to lower the value of that currency, having it fall in value and thus making exports cheaper, all this in the hope that the domestic economy will become better.

At any given time in the last few years, whichever currencies have been strongest have screamed about it. In 2008, for example, with the euro at $1.60, Germany – a huge exporting country – basically said it wanted a cheaper euro. It got it: The euro fell to $1.23 within months. The U.K. wanted its highflying pound, then $2.10, to fall to boost domestic and foreign demand for its goods. It got its wish: Within months, the pound had plunged to $1.45. And on it has gone for a few years now.

In 2009, the same thing happened with New Zealand, Switzerland, Australia, Canada, and Norway.
As all the countries with unwanted strong currencies move to cheapen them by printing more money, slashing interest rates, or just “talking” it down, the question remains, just what are those high currencies declining against?

If you answer, “against the currencies of their main trading partners,” well, yes, this is true. But it is only temporary. If they are successful in this, then the trading partners don’t want their own currencies to go too high, so at some point they try to cheapen them.

It has become an endless round-robin game, except to call it a “game” is a little perverse. All holders of currencies suffer in the decline of the purchasing power of their money. You go lower, but then your partners go even lower, and then you have to cheapen your money yet more... It’s an endless cycle that really doesn’t help the world economy in the long run.

But there has been one money that has benefited from this huge trend. Moreover, it has benefited by giving profits of hundreds of percent – minimum – to anyone on Earth who has owned it since 2000. It is the oldest money of all, a money that has been used long before any of the other currencies were even dreamed about and will be used long after all of them are memories in history books. It is a money that cannot be printed at will and artificially cheapened. And even though all central banks own it, it is the creature of none of them.

I’m speaking, in case you haven’t guessed, about gold. Sure, you can play the currency market. I’ve done it for over 35 years now, and have done nicely. You can buy a currency that is way too cheap and wait, getting paid nice interest while you wait. (At least you could have done that until recently. Now no matter what currency you hold you get paid nearly zero.)

But shall we now see what gold has done in terms of the major currencies of the world?

The South African rand has been among the strongest currencies recently. It is a big gold producer. Yet look the price of an ounce of gold since 2000 in terms of the rand.

You see that back in 2000, when this competitive devaluation trend began, it took only about 1,500 rand to buy one ounce of gold. In late 2009, you needed about 8,500 rand. Looking over the last 10 years, the rand has certainly cheapened in terms of gold. Or to turn it around, gold has soared by hundreds of percent in terms of the rand.

Now let’s go to another currency which has risen sharply, the Aussie dollar. (See the chart on page 18.)

You see the pattern. Now, as of December 2009, gold had not gone up in value against the Chinese yuan as much as it had against the U.S. dollar. Still as great as the Chinese economy has been over the past decade, as powerful as it has become, gold has still soared in terms of the yuan.
In August 2009, the U.S. dollar celebrated its 38th anniversary as a fiat currency. When Roosevelt issued his infamous 1933 presidential diktat, forcing delivery (confiscation) of gold owned by private citizens to the government in exchange for compensation, gold was $20.67 per ounce. In January 1934, the price was raised to $35 per ounce. The U.S. government pocketed the difference – and essentially devalued the dollar by 69%.

Yet the dollar remained convertible, and foreign central banks could redeem their dollar reserves for gold. This presented no problem when the U.S. was running trade surpluses and foreigners didn’t have many dollars to exchange for gold. But in 1965, France’s President Charles de Gaulle started aggressively exchanging his country’s dollars for gold and loudly encouraged other countries to do likewise. That year, U.S. gold holdings fell to a 26-year low.

Several schemes were tried to stop the drain on the U.S.’s hoard, including lifting the price to $42 per ounce early in 1971, but nothing worked. The run on the dollar did not abate.

With the U.S. unable to eliminate its trade deficit, Nixon was faced with the stark reality of another dollar devaluation. He opted instead to close the gold window on August 15, 1971, ending dollar-for-gold convertibility. The dollar was suddenly off the gold standard, and half of U.S. gold holdings had disappeared.
The greenback began to “float,” meaning it wasn’t tied to any standard and could be printed at will.

So how’s it done since then?

The following chart tracks what has happened to the purchasing power of the dollar and gold since the gold standard ended in 1971. After adjusting for inflation, you can plainly see the erosion of a dollar bill, now able to purchase only 18 cents of what it did in 1971, vs. an ounce of gold, which has not only stood up but increased in purchasing power.

There are two overriding conclusions from this chart:

First, the dollar has consistently lost value since coming off the gold standard.

Second, while gold’s price has fluctuated, its purchasing power has endured. This fact will not change and is the reason you should own physical gold.
The Simplest Reason Gold Will Soar

By Dr. Steve Sjuggerud, editor, True Wealth

When the bank pays you nothing in interest, gold goes up. And right now, the bank is paying you nothing in interest.

Why does gold go up when interest rates are low? It’s simple...

The knock against owning gold has always been that, unlike cash, it pays no interest... Compound interest is almost irresistible. If you can earn 7% a year on a $10,000 deposit, in 10 years time, it will be worth $20,000. Gold will just sit there like a bump on a log.

But every so often, like right now, paper money pays you no interest... and the scales tip in favor of gold.

That’s the simple version. Let’s add one little tiny wrinkle to it, so you can see why gold has become irresistible now...

The forecast for inflation in 2010 is around 2%. Yet the Fed is keeping interest rates near zero. So instead of earning nothing in interest at the bank, you’re actually LOSING 2% a year to inflation. That’s what’s REALLY happening – the REAL interest rate at the bank (minus inflation) is NEGATIVE 2%.

My longtime friend Porter Stansberry asked me to do a study of what happens when real interest rates are less than zero. The results were astonishing...

In short, when real rates are negative, gold soars and stocks stink. And when real rates are positive, gold stinks and stocks soar.
In 2010, real rates will be negative. (Bernanke will keep nominal rates near zero... so subtracting inflation will give you a negative real interest rate.) There is essentially no chance for a POSITIVE real interest rate in 2010. Said another way, you WILL lose money in the bank in 2010. Whatever interest you earn won’t keep up with inflation.

History shows, under that environment stocks don’t do well... and gold soars. There’s nothing in sight to end that trend. Trade accordingly.

Here are the actual results. (Note: These are COMPOUND ANNUAL GAINS.)

1973 through 1980
The median real interest rate was -1.15%.
Gold returned +32% per year.
The real return on the S&P 500 was -7% per year (not including dividends).

1981 through 2001
The median real interest rate was +2.7%.
Gold returned -3.5% per year.
The real return on the S&P 500 was +7% per year (not including dividends).

2002 to today
The median real interest rate was -0.4%.
Gold returned +18.5% per year.
The real return on the S&P 500 was -3% per year (not including dividends).

Well, there it is, plain as day. And you can see, these trends persist.
How and Why China Will Flood the Gold Market

By Jeff Clark, editor, Casey’s Gold & Resource Report

The Chinese government is doing an extraordinary thing... something nearly unheard of in the modern world.

It is encouraging citizens to put at least 5% of their savings into precious metals.

The Chinese government is telling people gold and silver are good investments that will safeguard their wealth. After the meltdown in the stock market, people believe it. After all, Chinese citizens don’t receive government retirement money... and they don’t have company pension plans like people in many other countries do.

This is why folks in China are lining up outside of banks, post offices, and the new official mint stores to buy gold and silver (they especially like silver because it’s cheaper per ounce).

The Chinese attitude toward gold and silver is a striking contrast to the American attitude right now. I don’t recall a TV or radio ad from my congressman or President Obama encouraging me to buy gold or silver. Does your bank sell silver bars? Are gold mints popping up in your neighborhood? Are any of your friends, family, or coworkers scrambling to buy precious metals?

In spite of a few ads on television and satellite radio, buying gold and silver in the U.S. is still largely seen as a fringe-group activity. That’s not the case in China. And in the big picture, there are three distinct trends occurring in China today that many in the Occidental world are not paying attention to.

First, look where China stands as a gold-producing nation.

In 2008, China produced 9,070,000 ounces of gold, exceeding all other countries. Further, its production continues to rise, while many of the top-producing countries are in decline.

Second, China had the lowest per-capita gold consumption of any country over the past half-century. In 2009, Chinese demand for gold surpassed that of India. In other words, it became the world’s No. 1 retail buyer.

Third, the Chinese government has been using its foreign exchange reserves to buy gold – a lot of it – and doing so on the sly. In April 2009, Chinese officials made a surprise announcement that they had been secretly buying gold since 2003, increasing their gold reserves by 76% to 33,886,000 ounces. The Chinese government now owns 30 times the gold it held in 1990.

But all this production and all this buying isn’t enough...

Even though China is the world’s seventh-largest holder of
gold, as of late 2009, gold comprises but a tiny fraction of its reserves...

<table>
<thead>
<tr>
<th>Rank</th>
<th>Owner</th>
<th>Tonnes</th>
<th>% of Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U.S.</td>
<td>8,133.5</td>
<td>77.4%</td>
</tr>
<tr>
<td>2</td>
<td>Germany</td>
<td>3,408.3</td>
<td>69.2%</td>
</tr>
<tr>
<td>3</td>
<td>IMF</td>
<td>3,217.3</td>
<td>n/a</td>
</tr>
<tr>
<td>4</td>
<td>Italy</td>
<td>2,451.8</td>
<td>66.6%</td>
</tr>
<tr>
<td>5</td>
<td>France</td>
<td>2,445.1</td>
<td>70.6%</td>
</tr>
<tr>
<td>6</td>
<td>GLD</td>
<td>1,095.0</td>
<td>n/a</td>
</tr>
<tr>
<td>7</td>
<td>China</td>
<td>1,054.0</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

Source: World Gold Council, GLD, Casey Research

What would happen to the gold price if China increased its gold reserves to just 5%? What about 10%? To overtake the U.S. as king of the gold hill, it would have to buy all the gold held by the governments of France, Italy, and Germany combined. Can China really do any of that?

At $1,000 gold, to push China’s gold holdings to 5% of reserves would take $55.3 billion; to 10% would cost $144.4 billion; to be the world’s top gold dog would run $227.6 billion.

Chinese reserves are approaching $2.3 trillion, of which almost 70%, or $1.6 trillion, are denominated in U.S. dollars. The cost to become the world’s biggest holder of gold would be a pittance compared to the amount of money China has available. In other words, money is not a problem.

Combining the country’s massive holdings of dollars and the very real likelihood those dollars are going to lose much of their value, the motivation to buy tangible assets is urgent.

Further, keep this in mind: China’s reserves continue to grow. Therefore, the country must continue buying gold (or consuming its own production) just to maintain the small gold-to-reserves ratio it has, let alone increase it.

In addition to the government buying precious metals, Chinese citizens will continue gobbling them up, too. Demographics alone tell us why.

Government statistics show the average urban household in China has about US$1,300 in disposable income. Multiply that by the number of urban households in China and you come up with roughly $36 billion in available capital.

According to precious metals consultancy CPM Group, about 9.5 million ounces of gold turned into coins in 2009 (including “rounds” and medallions). At $1,000 gold, that’s $9.5 billion, or only about one-third of the capital available in China.

The number is more striking for silver: Total coin production in 2009 hit about 35 million ounces, equaling $615 million or just 1.7% of the available capital in China. Of course, a lot of Chinese people want cars and refrigerators, etc., but it won’t take much of a shift of this capital into gold and silver to have a major impact on the global retail precious metals market. It may already be underway.

And long-term projections show the demographic trend won’t slow down: The middle class in China is expected to increase 70% by 2020. So over these next 10 years, more Chinese and more money will be coming into the precious-metals markets, all at a time when inflation is almost certain to be high, adding to gold and silver’s appeal. Couple this with China’s long-standing cultural affinity for gold and you have the makings for a potentially life-changing gold rush.

If I were a crime detective, I’d say China has the motive, means, and opportunity to push gold and gold stocks much higher.
The World’s Biggest Players Are Buying Gold

By Jeff Clark, editor, Casey’s Gold & Resource Report

In 2009, Central banks became net buyers of gold for the first time in 22 years...

Precious-metals research firm GFMS reports central banks around the world bought more gold in the second quarter 2009 than they sold for the first time since 1987. And consider this:

• Amount of gold France sold in 2009: zero
• Amount of gold Germany sold in 2009: zero
• Amount of gold Switzerland sold in 2009: zero

So let’s get this straight: China and Russia are buying gold, several European countries have ceased selling their gold, and central banks are net buyers. Wall Street is also piling into gold. John Paulson, the most successful money manager of 2008, made a $4.3 billion bet on gold and gold stocks in 2009. David Einhorn, Paul Tudor Jones, and Jim Rogers all purchased gold, too.

And according to the Financial Times, the world’s wealthiest families are also switching to gold. “Two-thirds of the 100 respondents to a survey by the Family Office Channel, a new website, said that super-rich families are now more likely to invest in gold and other commodities.”

These trends are real and they’re pushing gold higher by the day. But the real fireworks will start when Main Street catches gold fever. The gold market is tiny; ergo, any panic out of the dollar by the general public will send gold investments into the stratosphere. As Doug Casey likes to say, “It’ll be like trying to push the contents of Hoover Dam through a garden hose.”

But what exactly does a garden hose look like?

If we added up all the gold ever mined on the planet, its total value would equal no more than $5 trillion at $1,000 gold. Yet, look at how this compares to the debt and bailouts and other monetary mischief of current governments...

Let’s make this chart very clear. Of the $5 trillion in gold ever mined...

• The U.S. government has thrown more than twice as much at the economy in the past 12 months.
• The U.S. debt is more than double this amount so far this year.
• Total global government bailouts are almost four times larger. (This is a conservative figure. One estimate puts it at $24 trillion.)
Why Gold Could Reach $20,000 an Ounce

By Tom Dyson, editor, The 12% Letter

The amount of liquid savings I keep in gold would make the average investor choke.

In fact, on the occasions when I have told people how much of my money is in gold, they think I’m nuts. Gold represents more than 50% of my savings.

When folks hear that, they think I’m making a crazy speculation on the price of gold. Or they think I’m an eccentric.

I tell them gold is the safest place to keep your money. It’s the modern equivalent of putting cash under the mattress. Gold is such a conservative investment, it doesn’t even pay an interest rate.

Here is why I like gold...

To resolve the housing and credit crisis, politicians have increased the amount of paper (and electronic) money in our financial system. If you double the number of dollars in the system, then the market should make you pay double the number of dollars for an ounce of gold. If you increase the quantity of paper money by a factor of 20, the gold price should also rise by a factor of 20.

This is simple mathematics. It’s the same calculation for tailored suits... loaves of bread... or rare seashells. Double the quantity of money, double the prices.

Chris Weber, the editor of the excellent Weber Global
Opportunities Report, makes the calculation in a recent issue of his newsletter. He adds up the value of all the paper money in the world... and comes up with $100 trillion. Then he divides this by the total amount of “above ground” gold in existence – 5 billion ounces – and finds a fair value of gold at $20,000 an ounce.

| Total value of paper money: | $100 trillion |
| Gold in existence:          | 5 billion ounces |
| Theoretical fair value of gold: | $20,000/ounce |

If Chris Weber’s calculations are correct, the gold price would need to rise about 20 times to match the rise in the quantity of paper money in the system.

For gold to get that high, people would have to lose confidence in paper money. I think this will happen eventually... just not anytime soon. And of course, this calculation is theoretical. I’m not predicting $20,000 gold. The point here is lots of paper dollars are floating around, but only so much gold.

That’s why I keep my savings in gold. It’s a safe investment with huge upside. Other people are starting to figure this out. That’s why gold has risen from $250 an ounce to over $1,000 an ounce over the last six years.

I don’t see our growing inflation disappearing anytime soon... and I see gold prices in a long-term uptrend. That’s why I’m comfortable with such a large gold position... and why gold’s bull market still has a long way to go.
The Best Simple Gold Indicator Around

By Dr. Steve Sjuggerud, editor, True Wealth

Just over 2% per year... that’s all gold has gained since the end of 1979.

Gold sure hasn’t done much.

If you look over the last 41 years, gold performed better... about 8% per year. It did well in the 1970s because of inflation fears – similar to fears we have now. Then gold did nothing for the 1980s and 1990s.

Below, I’ll share with you an incredibly simple gold indicator that does an amazing thing... It captures the upside in gold, and it actually makes money when gold does nothing.

For the conclusion up front, this chart tells the story... The gray... $10K turned into $1.28 million...
line is the price of gold, and the black line is the simple gold indicator. If you invested $10,000 using this indicator, it turned into $1.28 million.

As you can see, the gold indicator kept up with the price of gold in the 1970s... Then when gold went to sleep for 20 years, this indicator kept making money. And now that gold is going again, you’re making big money.

The indicator is incredibly simple, too... It requires less than an hour of work a year to follow. Yet, since 1968, when this indicator said “buy,” the price of gold rose at a compound rate of over 17% per year. And when this indicator said “move to cash,” gold fell at a compound rate of worse than 2% per year.

The indicator is simple. You look at the price of gold once a month. You buy (or keep holding) if the price of gold is above its nine-month average. And you move to cash if it’s below its nine-month average.

There’s nothing magical about the nine-month average, by the way... You can use the eight-month, 10-month, and 11-month averages for “buy” signals, too. Same goes for the “move to cash” signals.

Testing this indicator since the end of 1979 gives similarly good results. In “move to cash” mode, the price of gold lost about 3% compounding per year. And in “buy” mode, gold gained around 7.5% compounding per year.

While 7.5% compound annual gains in buy mode since the end of 1979 doesn’t sound as sexy as 17% a year since 1968, keep this in mind: Without this indicator, gold has only compounded at 2.3% a year since the end of 1979.

I’ve loaded you up with numbers here, but the concept is actually simple...

Own gold when it’s above its nine-month average. Move to cash (earning interest) when it’s below its nine-month average. Doing this simple thing since 1968 would have turned $10,000 into $1.28 million – for a compound annual gain of 12.5%.

The secret to the indicator, of course, is that it limits the pain of your bad years.

Consider this table of the 10 worst 12-month periods for the price of gold compared to how the simple indicator performed during those 12-month periods. Gold lost over 30% in every case. The worst the indicator performed was a 3% loss. Take a look:

<table>
<thead>
<tr>
<th>End of 12-month period</th>
<th>Simple Gold Indicator</th>
<th>Gold</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/31/1982</td>
<td>14%</td>
<td>-37%</td>
</tr>
<tr>
<td>9/30/1981</td>
<td>-3%</td>
<td>-36%</td>
</tr>
<tr>
<td>8/31/1976</td>
<td>5%</td>
<td>-36%</td>
</tr>
<tr>
<td>6/30/1981</td>
<td>-3%</td>
<td>-34%</td>
</tr>
<tr>
<td>11/30/1981</td>
<td>7%</td>
<td>-34%</td>
</tr>
<tr>
<td>7/31/1981</td>
<td>3%</td>
<td>-34%</td>
</tr>
<tr>
<td>8/31/1981</td>
<td>2%</td>
<td>-32%</td>
</tr>
<tr>
<td>5/31/1982</td>
<td>3%</td>
<td>-32%</td>
</tr>
<tr>
<td>7/30/1976</td>
<td>5%</td>
<td>-32%</td>
</tr>
<tr>
<td>12/31/1981</td>
<td>14%</td>
<td>-32%</td>
</tr>
</tbody>
</table>

I can’t take credit for this simple indicator. My friend Mebane Faber wrote about a similar system in his book, The Ivy Portfolio. In that book, Meb describes why it works:

“When markets are declining people become more fearful and use a different part of their brain than during periods when markets are going up,” he writes. So the reason it works is “rooted in human psychology.”
The Right Amount of Gold

Investors Should Own

By Dr. Steve Sjuggerud, editor, True Wealth

You often hear “You need to own gold!” But how much is the right amount?

You don’t want to own too little gold and have the purchasing power of all your savings shrink dramatically. You can’t afford that. But you don’t want to be an end-of-the-world nutcase either.

Well, one of the world’s shrewdest investors – Jean-Marie Eveillard – has 10% to 12% of his extremely successful investment fund allocated to gold and gold plays...

Jean-Marie Eveillard’s First Eagle Global Fund beat the stock market every year this decade. What’s more, he’s done it conservatively... He doesn’t take big risks. Over 30 years, he’s proven to be one of the most successful mutual fund managers ever.

When I got into investing nearly 20 years ago, Jean-Marie was already a legend. After doing my homework, his First Eagle Global Fund was one of the very first investments I ever bought. (Back then, it was called the SoGen fund... it still uses its old symbol, SGENX.)

Jean-Marie started managing the fund in 1979. If you had invested $10,000 in the fund back then, it would be worth roughly $500,000 today. ( Heck, I should have kept my money in there!)

His “big idea” now is very simple. Gold pays no interest. And money in the bank pays nearly no interest. You can print money. But you can’t print gold. If the Fed keeps interest rates low, the
The Best One-Click Ways to Own Gold

By Matt Badiali, editor, S&A Resource Report

The gold-fund universe has exploded with opportunities. Today, we have at least eight different “one-click” ways to play gold.

Take a look:

<table>
<thead>
<tr>
<th>Name (Symbol)</th>
<th>Fees</th>
<th>Market Value</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPDR Gold Shares (GLD)</td>
<td>0.40%</td>
<td>$35,800 mil.</td>
<td>Bullion</td>
</tr>
<tr>
<td>iShares COMEX Gold Trust (IAU)</td>
<td>0.40%</td>
<td>$2,400 mil.</td>
<td>Bullion</td>
</tr>
<tr>
<td>Central Fund of Canada (CEF)</td>
<td>0.00%</td>
<td>$2,300 mil.</td>
<td>Bullion</td>
</tr>
<tr>
<td>Central Gold Trust (GTU)</td>
<td>0.00%</td>
<td>$359 mil.</td>
<td>Bullion</td>
</tr>
<tr>
<td>PowerShares Gold (DGL)</td>
<td>0.50%</td>
<td>$158 mil.</td>
<td>Futures</td>
</tr>
<tr>
<td>Ultra Gold ProShares (UGL)</td>
<td>0.95%</td>
<td>$141 mil.</td>
<td>Futures</td>
</tr>
<tr>
<td>E-TRACS UBS Bberg</td>
<td></td>
<td>$4 mil.</td>
<td>Futures</td>
</tr>
<tr>
<td>CMC1 Gold (UBG)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PowerShares Double</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Gold* (DGP)</td>
<td>0.75%</td>
<td>$350 mil.</td>
<td>Futures</td>
</tr>
</tbody>
</table>

*Returns twice the actual return of gold.

All these funds match the short-term performance of gold well enough: From December 2008 to December 2009, the price of gold rose 33%. The largest bullion fund, GLD, rose 33%. The largest unleveraged futures fund, DGL, rose 31%.

But the differences start to show in the long run. From January 2007 through December 2009, the price of gold rose about 80%. GLD rose about 80%, but DGL only rose about 65%.

In general, the bullion funds track the actual gold price much...
better than futures funds over the long term.

Futures contracts expire, so the funds that use gold futures are forced to sell their old ones and buy new ones... Each time they do it, it costs a little bit. That’s why these funds consistently underperform the commodities they track.

And each futures fund tracks a different basket of futures, based on a unique index. The subtle differences in the indexes can mean a big difference in your account. Over 2009, for example, there was a 23% spread between the best (UGL) and worst (UBG) gold futures funds. And that’s just the unleveraged funds...

DGP offers the ability to speculate on gold with leverage: It tries to return twice the rise in the spot price. But from its February 2008 launch through December 2009, it was up 8%. Gold was up 18% over that period.

What does this all add up to, besides a lot of confusing choices? Well, these funds are there to make the banks money... not you. So if I were adding a precious-metal fund to my own account, I would stick to the big bullion funds. They track the spot price well and are liquid enough to buy and sell easily.

There’s no substitute for real gold. But if you can’t or won’t go out and buy bullion, the bullion funds are the next best thing.

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**Store Your Gold with One of the Most Reputable Firms in Canada**

One of the safest “paper gold” investments is the Central Fund of Canada (symbol: CEF). This company holds a mix of actual gold and silver bullion to back its shares.

But you have to be sure to buy CEF at the right time. You see, it’s a closed-end fund, meaning there are a finite amount of shares. Those shares can trade at a premium or a discount to the net asset value (NAV) of CEF’s bullion.

CEF shares have recently traded at double-digit premiums over the NAV. That’s absurd. Try to buy when the premium is at or under 5%, which is about what you’d pay to buy a real gold bullion coin.

You can find out how high the premium is here: www.centralfund.com/Nav%20Form.htm. Or you can call the Central Fund of Canada at (403) 228-5861.

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**Store Your Gold in a Private Swiss Bank Vault**

In September 2009, ETF Securities launched Physical Swiss Gold Shares (SGOL). SGOL holds real gold stored in Swiss vaults, rather than futures or mining stocks.

SGOL is a $356 million fund with a modest 0.38% fee. Each share represents about 1/10 of an ounce of physical gold. So, if gold is $1,000 per ounce, you shouldn’t pay more than $100 per share. Take care not to buy these shares at a premium.
right for gold and silver. But people have pointed out that they never say exactly where the metals are stored, just “London Bullion Market Association-approved storage vaults.” I’ve heard bad rumors about banks in this LBMA system. I have no way of knowing how serious these rumors are, but I’ve been looking around for alternatives.

Another potential problem with these two ETFs is that they carry no government guarantee in case they indeed turn out to be frauds.

There are the Canadian closed-end funds Central Fund of Canada, CEF for a mix of gold and silver and GTU for just gold. These are honest, easy to buy, and come in share prices that are small enough for the average investor. The problem is that you often pay a premium for all this. Buyers just have to hope that the premium they pay holds up when they want to sell. But there is no guarantee of that.

Enter ZKB...

Switzerland is divided into cantons, similar to the 50 U.S. states. In fact, the far smaller nation has about half the number of cantons. Nearly all of these cantons, or state governments, have long had a cantonal bank.

The largest of these is the one for the canton of Zurich. It is called the Zürcher Kantonalbank or ZKB. This bank, which few outside Switzerland have ever heard of (they don’t encourage foreign clients), is now the third largest bank in Switzerland, behind UBS and Credit Suisse. But very much unlike those other two, ZKB is charged by law to operate in a very safe manner and not make the kind of crazy investments in, for example, the credit default swaps that have brought down many big banks.

In fact, ZKB is wholly owned by the cantonal government of Zurich. (Zurich is both a city and a canton.) This is a bank with a
legal public service mandate to fulfill. However, don’t let the “public utility” aspect of this bank fool you. Even though it employs nearly 5,000 people, it made a net income of CHF 750 million in 2009 (US$ 700 million).

The average Züricher has an account there, and with over 100 outlets in the small canton, no one is very far from the bank. Needless to say, this is one of the few triple-A-rated banks in the world, given a top rating by S&P, Fitch, and Moody’s. One big reason for this safety rating is that, unlike many other banks, under the law the canton bears responsibility for all the bank’s liabilities should ZKB’s resources ever prove inadequate.

You may see what I’m getting at here. ZKB offers ETFs in gold, silver, platinum, or palladium that trade on the Swiss stock exchange. You don’t have to be a client of the bank to buy and sell them. They are publicly traded ETFs.

Even better, they must be matched by actual physical storage. So many bars of actual precious metals have been pouring into ZKB’s vaults that they have had to drastically expand their storage facilities.

Perhaps best of all, the ETFs do not carry any premium or discount to the metals prices. They are worth what their weight of metals is.

The only downside is the price. Each share of the ZKB gold ETF (ZGLDUS.SW for pricing in U.S. dollars) will cost you one ounce of gold. So you might only have enough to buy a few shares. And then you have to find a broker who is good enough to buy them. In theory, any broker can buy these ETFs (my readers have told me that Scottrade is able to buy them, and Schwab cannot). But there are good brokers and bad brokers, just like there are in every profession.

There are many more details to this situation (like pricing specifics, currency issues, and trustworthy specialty brokers who can buy shares for you), but they are outside the scope of this essay. Just know that these new funds strike me as excellent vehicles for the global investor. Never again do I have to worry about recommending any ETFs in gold, silver, or platinum.
In exchange for that right, the investor pays you money upfront (called the “premium”).

Here’s one way to think about it...

Selling these covered calls is like owning a rental house... and giving your tenants the right to buy your house at a predetermined price, which is higher than the current value.

You collect “rent” no matter what. And if the price goes up, you get the gains up to a predetermined price. In other words, it’s a very, very safe investment. Here’s how it can work out:

1) If your GLD shares never trade for more than the strike price, you keep the premium and the shares. You can continue to sell call options against your shares.

2) If the share price exceeds the strike price on or before the expiration date, your shares are automatically sold for you, you book any profit up to the strike price, and you still keep the premium.

If gold continues its uptrend, I expect you can make a safe 15%-20% a year with this strategy.

The best calls to sell have a strike price 10%-20% above the current price and expire in six months or so. Those will give you plenty of cash upfront and still leave you some upside on your gold.

You can also follow this strategy with other gold funds, like New Jersey-based IAU. As I write, the option premiums are slightly smaller, but the strategy will work out exactly the same as with GLD.

If you haven’t sold options before, you should talk to your broker about the best way to take advantage of this opportunity. Please don’t rush out and do anything you don’t understand.
How to Buy Precious Metals for a 10%-20% Discount Any Day of the Year

By Brian Hunt, editor in chief, Stansberry & Associates Investment Research

Sooner or later, every precious-metal investor is confronted with a big problem...

It goes like this:

First, a big bull market in gold and silver – like the one that started in 2001 – enjoys a major run higher. (Think back to when gold shot from $650 an ounce in July 2007 to $1,000 an ounce in early 2008.)

Second, you get a holiday bonus or a cash windfall of some kind. You’d like to place a portion of your cash into precious metals. But after such a huge run higher, you feel like you’ve “missed the boat.” You’re worried you’re buying near a peak.

You’re facing a problem that can be solved with a little-known technique using the options market.

That technique is called “selling puts.”

When you sell a put, you agree to buy an asset at a predetermined price at a predetermined point in time. Used properly, selling puts is an incredibly powerful tool. And as I’ll show, you can use this technique to buy precious metals at double-digit discounts...

We’ll start with an example: the major silver fund, SLV.
The silver fund trades in lockstep with the actual price of silver. As of December 2009, silver sells for $17 per ounce. So SLV trades for $17 per share.

Let’s say you’d like to own 500 shares of SLV. But you’re worried silver is too expensive. You’d like to buy it a little cheaper than its current price. You’d like to pay, say, $16 per ounce for your silver. Here’s what you do...

You agree to buy the silver fund for $16 per share in about four month’s time. You do that by selling a put option on SLV with a “strike price” of $16 and an expiration date four months down the road. As I write, this option is trading for around $1.

The standard size of a contract in the options market is for 100 shares. You want to buy 500 shares, so you sell five option contracts. You receive $500 ($1 per option x 100 shares per contract x 5 contracts sold = $500).

This trade can play out in two ways...

1) **Silver stays above $16 or continues to rise.**

No one will sell their SLV shares to you at $16 if SLV is trading at $18 or $19 per share. So if the price of silver continues to rise, you simply pocket the $500 you collected from selling the puts. You can repeat the process and collect another round of income. (For more on how to collect income from precious metals, turn to page 50.)

Collecting a “free” $500 isn’t bad. But we’re much more interested in scenario No. 2...

2) **Silver falls below $16 over the next four months.**

When the time comes for your option contract to expire, your broker will automatically buy 500 shares of SLV for $16, just as you agreed to. (Make sure you have the money to cover this trade ready.) Since you received $1 per share for agreeing to buy SLV for $16, your real cost is $15 per share.

**Here’s how the math looks**

*Either buy SLV...*

| Today | Buy 500 shares of SLV at $17 per share | -$8,500 |

*Or buy SLV at a discount in four months...*

| Today | Sell five put option contracts to buy SLV at $16 in four months | +$500 |

| Four months later | Buy 500 shares of SLV at $16 per share | -$8,000 |

| | Real cost of shares | -$7,500 |

| | Savings | +$1,000 |

| | Discount | 11.7% |

By waiting to buy silver (and selling the put), you were able to save $1,000 (before transaction costs) and pick up silver for 11.7% less than it was selling for four months earlier.

If you’re looking for even bigger discounts, go farther out in the calendar. As of December 2009, you can collect about $2 per share for agreeing to buy SLV at $16 per share in January 2011. This would make your real cost $13.90... an 18.2% discount.

To become eligible to sell puts, you must contact your broker. He’ll initiate paperwork for you. If you are not familiar with options, it’s best to spend a good amount of time studying how they work before putting on these sorts of positions.

If you want to use this technique to buy gold, try selling puts...
You Can Hold Gold in Your Bank Account

By Dr. Steve Sjuggerud, editor, True Wealth

Your cash in the bank earns you next to nothing... Meanwhile, the government has the ability to print all the money it wants to. In short, your wealth in the bank is steadily eroding. Your dollar is losing purchasing power year after year.

What can you do to protect your savings? My friend Frank Trotter of EverBank has an innovative solution... Hold some of your savings at the bank in gold.

I recently had dinner with Frank. He explained to me that, through EverBank’s “Metals Select Gold” accounts, you can keep a portion of your savings at the bank in gold, instead of in dollars.

“So, Frank... I could keep my everyday money in my regular checking account... and then I could keep my longer-term savings split between a regular savings account and gold?”

“Yes.”

“But what if I need to convert my gold at the bank into cash to pay for a big expense?”

“No problem.”

How long will it take to get my cash? A day or two?”

“Yes.”

“OK. How do you hold my gold?”

“However you want. You can have gold with your name on it,
so to speak, which has a storage fee. Or we can hold it for you as unallocated gold, where there’s no storage fee.”

“Will you send me my gold if I want it?”

“Absolutely. It’s your gold.”

I hadn’t heard of U.S. banks offering gold as an account option. But EverBank does. And it’s a pretty convenient way to hold gold...

Imagine your house needs a new roof, and you need to get the money out of savings. If your savings are in gold coins in a safe-deposit box, you have a serious hassle...

You have to go to your bank and get your gold coins. Then you have to find somebody to buy them from you at close to full price... Either take them to a local dealer or mail them off to a reputable dealer. You’re taking a bit of a risk, having them on you or putting them in the mail. Then you have to wait on a check. Then you deposit that check in your bank. Then let it clear. Then you can write a check for a new roof. What a pain!

With your gold at EverBank, you tell them you need to convert your gold to cash and move that cash to your checking account. It’ll take a day or two from when you say “sell my gold.” Then you can write that check for the roof.

Now, if you hold your account in gold, its value is not guaranteed by the FDIC. Your checking and savings accounts are, of course. But if the price of gold goes down, the value of your gold account goes down – the FDIC isn’t going to help you out there.

But with the bank paying next-to-no interest – and the government printing money at will – it makes sense to hold a portion of your savings in gold. Holding gold in your bank account keeps your life simple. EverBank offers a hassle-free way to do it. For more details, go to www.everbank.com/001MetalsGold.aspx.
How to Keep the Government’s Hands Off Your Gold Profits

By Brian Hunt, editor in chief, Stansberry & Associates Investment Research

Before you sock your money into a gold ETF, there’s something important you should consider:

The IRS has a crazy view of gold ETFs... and it could cost you a lot of the gains you plan on making in gold and silver.

You see, the IRS doesn’t view gold as a normal financial asset like a stock or a bond. The IRS views gold as a collectible. And the IRS taxes the gains made in collectibles at a higher rate than conventional assets.

If you buy a stock and hold it for over one year, and make a profit on it, the tax rate on your gains is 15%. This greater-than-one-year rate is called the “long-term capital gains.” If you buy a stock, hold it for less than a year, and make a profit on it, the gains you make will be taxed at your ordinary federal income tax rate. This less-than-one-year rate is called “short-term capital gains.” The higher your income, the higher your ordinary income tax rate. Most Americans with investible assets (and a job) are taxed in the 25%-35% range.

Collectibles like art, stamps, and gold coins are in a different boat. The IRS assesses a tax rate of 28% on collectibles like these. And despite a precious metal ETF’s stock-like attributes, it is backed by gold bullion, so the IRS calls it a collectible. This means, even if you’re a “buy and hold for the long term” investor in a gold ETF, you’ll still get hit with a tax rate of 28%, versus the lesser 15% tax rate for normal financial assets like stocks and bonds.

That’s why an investor should consider a “gold and gold stock strategy” to minimize taxes. Here’s what I mean:

Shares in large gold-producing companies fall under the long-term capital gains tax rate of 15%. An investor looking to keep his hard-earned gold returns away from the taxman should consider a gold stock for his taxable account... rather than buying a gold ETF. The savings can be significant...

Let’s say you buy $50,000 worth of a gold ETF. You hold it for three years. Gold goes on a bull run during your holding period, doubling in price. Your gold ETF stake is worth $100,000, meaning you’re sitting on $50,000 in profits. If you decide to sell your gold ETF stake, you’ll have to hand over $14,000 (28% tax rate, times $50,000) to Uncle Sam.

Now let’s say you put that same $50,000 into the large gold stock ETF (GDX). This is an investment fund that diversifies your dollars into a

Another Twist in the IRS Code

The IRS does not allow folks to hold collectibles in their IRA accounts. This rule is to keep folks from placing their life’s savings into a Picasso or something like that. But for whatever reason, the IRS does allow you to place a gold ETF into your IRA.

That’s right. Repeat after us, “The IRS sees a gold ETF as a collectible. The IRS does not allow you to place collectibles into your IRA... But the IRS will allow you to place a gold ETF into your IRA.”

So if you want a low-tax bet on straight gold bullion, put a conventional gold ETF into your IRA. Your tax-advantaged IRA will shield your gold profits from the government.
My Real Objection to “Paper” Gold

By Chris Weber, editor, Weber Global Opportunities Report

I myself have not bought and would not buy any of the exchange-traded “paper” gold: GLD, GTU, CEF, or any others.

I prefer to only own actual metals. I have mentioned these products as a courtesy to readers, but sometimes I wish I never had gone down that route at all. There are potential drawbacks to all of these products...

As for using covered calls – where you sell call options against your shares in GLD or another metal ETF – I have never done this. If you are happy using this strategy, go ahead. But I want to steer investors away from any but physical gold held in your name. **This goes to the very heart of good investing.**

In my experience, I believe that it is the hardest thing in the world for any investor to first identify a bull market in an asset, take a position in it, and then hold on until near the end of that bull market.

Most people, of course, don’t enter into a bull market until it is well underway. But it is also true that most people do not have the patience to simply hold that asset during all of the inevitable corrections and dull periods that take place during the course of a bull market.

These bull markets can last for 20 years, more or less. In urging readers to shun paper gold products that can be sold quickly, I am trying to get them to stay in the bull market and not sell out too
soon. Too often, once they sell or trade themselves out, they don’t get back in, except maybe at a vastly higher price.

If you own your own physical gold in a way that makes it hard for you to sell, it is obviously easier to stay the course of the entire bull cycle. If you have the actual asset, either near at hand or in a safe vault far from home, it is not so easy to sell at a whim, or in a moment of temporary fear.

So that’s really my advice: hold your metals in such a way that makes it both the easiest for you to forget that you have them, and hardest for you to quickly dump them.
worth in your hands. And no one has to know about it.

As far as the rare and numismatic coins, they’ll certainly rise
in an inflationary environment. But you have to be a little more
careful here because values are based on their rarity and their
condition, and the average investor can’t judge those things.
[Editor’s note: For more on rare coins, turn to page 74.]

There are good rating services out there now, predominantly
the Professional Coin Grading Service (PCGS). But it’s a tricky
area for the novice, and you can lose money if you don’t know
what you’re doing. I only buy from Van Simmons of David Hall
Rare Coins. I trust him, and he actually helped create the stan-
dards for PCGS.

**Crux:** Who else do you trust when it comes to buying gold,
particularly the one-ounce coins you mentioned?

**Clark:** For online buying, I like Kitco [877-775-4826], which
charges a set dollar amount over spot, versus a percentage as most
dealers do. This can work in your favor as the gold price moves
up, although Kitco does change its prices from time to time. You
can also buy gold and silver in their pool account at just pennies
over spot.

The Coin Agent [1-888-494-8889, thecoinagent@gmail.com]
is a small shop and his prices can’t be beat. I really like him, and I
trust him, too.

Border Gold [888-312-2288 ext. 7] is in Canada and sells pri-
marily the Maple Leaf. If I wanted Leaf, that’s where I’d go.
Another one I like and trust is Asset Strategies International [1-
800-831-0007]. I can personally vouch for each of them.

When you’re shopping, keep in mind that you want a fairly
common coin – such as an Eagle, Maple Leaf, Krugerrand, or
Philharmonic. You don’t want an obscure coin and have someone
question if it’s real if you sell it someday. Other than that, you’re
just looking for the best deal from a reputable dealer.

**Crux:** Do you have a rule of thumb where you never pay 5%
or 10% over the spot price of gold?

**Clark:** Sure, but that rule of thumb is a floating number. In
late 2008, that number was 9%, and if you could get that you had
to grab it. Now, you shouldn’t have to pay more than 5% or 5.5%.
The way to avoid paying too much is to shop around, and that
only takes a couple calls or clicks.

**Crux:** So we should go to the dealers you recommend and
shop around for the best price?

**Clark:** That’s what I do. If you want to buy online, I’d go to
Kitco. If you want to talk to a dealer, I’d call one of the other
places I mentioned.

What you want to avoid are the large houses you see adver-
tised on TV or online. You’ll occasionally see a low premium
advertised, say 5% or maybe even less. But quite frankly, that’s
usually an enticement to get you in the door.

They make a much higher commission on numismatic coins.
So if you buy from them, some day you’re likely to hear, “You
know, my friend, we have a great deal right now on this rare coin.
Let me tell you about it...”

**Crux:** Something where the uniformed novice can get taken
advantage of.

**Clark:** Yes, it happens regularly. Save yourself some hassle
and avoid those guys.

Of course, you can go to your local shop, too. But right now,
my local shops are more expensive than the other places we just
talked about, even after shipping. One of my local guys is charg-
ing a 9% premium right now. I like him, but that’s unacceptable in an environment where premiums have come way down.

**Crux:** How about paying for physical gold with cash? For the completely hypothetical person who doesn’t want to leave a paper trail?

**Clark:** You can certainly pay with cash. In that scenario, you’ll be going to your local coin shop.

**Crux:** Once you’ve bought it, where do you store it?

**Clark:** The easiest way to store gold is in a safe deposit box at the bank. But you can only get to the gold when the bank is open, and you’re not insured if the bank gets robbed. If you do decide to use a safe deposit box, make sure you use a local bank. You want to be able to get it in an emergency.

Another option is to hide it in your house, which is good for small amounts of gold. Avoid jewelry boxes or cookie jars. The risk here is fire or flood.

You could consider a safe, bolted to the floor. Talk to a bonded safe company. Or look for safes online with tags like “floor safe” or “personal safe” or “home safe.” Sentry is probably the leading brand. And safes don’t have to be expensive – they start around $150.

If you get a safe, put it somewhere you can place something over it, like a refrigerator, because you don’t want it visible to strangers or easy to find if you’re robbed. And for obvious reasons, you should install it yourself. Some of the kits make it easier than you it might expect.

**Crux:** What about “midnight gardening”?

**Clark:** This got its name from people burying their gold at night so their neighbors wouldn’t see them digging. If you bury your gold in the daylight, find another reason to dig – like fixing a pipe or removing a stump.

The advantage to burying your gold is that you don’t have to worry about it getting stolen or losing it if your house burns down. But make sure you store it in something airtight and waterproof, like a hiker’s water bottle or a bit of PVC pipe with capped ends.

Find somewhere on your property that you’ll remember but that isn’t easy to guess if someone learns you’ve buried something valuable.

**Crux:** Right. What if you can’t remember where you hid it?

**Clark:** You should definitely let one person know the details – someone you trust. They need to be able to access the gold if you get hurt or die. If you use a safe deposit box, put their name on the registration and tell them where you put the key.

But don’t tell more than one person. And most of the time, your kids aren’t going to be a good choice. Kids talk, and you definitely want to keep quiet about your gold.

**Crux:** What about storing your gold overseas?

**Clark:** For the average American investor, there are two good options. The first would be a safe deposit box in another country. You can stuff as many gold coins as you want in a foreign safe deposit box.

The other option for storing gold overseas is actually free. Believe it or not, you can do that. And your gold will be in one of the safest places on the planet: the Perth Mint.

If you buy a Perth Mint certificate and you choose unallocated storage, which I think is safer than what some try to claim, there are no storage fees at all. All you do is pay your upfront costs, which amount to probably $250 or so above the cost of your
The Safest, Cheapest Way to Own Gold

By Michael Checkan, president, Asset Strategies International

A dozen years ago, the people who ran the Perth Mint in Western Australia asked us to help them design the world’s best precious metals storage program.

The result of those efforts was the creation of the Perth Mint Certificate Program. It is the most secure, cost-effective way there is of investing in precious metals. Let me explain...

During times of market turmoil, or even collapse, shares in gold mining companies can be just as volatile as any other stock. And the markup when buying numismatic coins can be astronomical. The only true way to incorporate gold as both an investment and as a means of protecting your portfolio is by owning the metal itself.

But gold and other precious metals can be bulky and expensive to store. The risk of theft or confiscation is always present. And the premiums over the “spot” price of the various metals can be quite hefty.

The Perth Mint Certificate Program (PMCP) solves those problems

First, it is the only government-guaranteed certificate program in the world. The Perth Mint is wholly owned and operated by the government of Western Australia. It has been storing and dealing in precious metals for over a century. You are not investing in an Internet-based Johnny-come-lately when you invest with the Perth
Mint. You’re getting the unconditional written guarantee of one of Australia’s wealthiest states.

Your transactions are also 100% private. The Perth Mint’s confidentiality is assured as a result of the Australian Privacy Act of 1988 and the Mint’s own Act of Parliament.

And it’s one of the most cost-effective ways of investing in precious metals... When you buy gold from the Perth Mint, you’ll pay spot market ask price, plus a 2.25% commission. There is a $50 fee for each certificate containing the proof of your ownership. Delivery of that certificate, via registered international mail, costs an additional $20. The minimum initial investment is $10,000 ($5,000 for additional purchases). So when you start up, your total cost would be $10,295.

Finally, every ounce you purchase is insured (at the Perth Mint’s cost) by Lloyd’s of London and held by an S&P triple-A-rated government. That’s safer than any safe deposit box or metals custodian you could find in the United States!

You have three choices for how to store your gold with the Perth Mint:

• Unallocated (unsegregated) bullion: You pay only the precious metal cost at the time of your purchase. You pay NO storage fees on this option.

• Unallocated (unsegregated) coins or bars: You pay the quoted precious metal cost and fabrication charges at the time of your purchase. You pay NO storage fees on this option.

• Allocated (segregated) coins or bars: You pay the quoted precious metal cost, fabrication charges, and storage fees at the time of your purchase. Your storage fees are based on the purchase value of your precious metal and are fixed at the time of purchase.

The Mint cannot issue certificates for metals that have not been bought. Your gold is actually acquired first, then held by the Perth Mint. So you’re not just buying a paper promise.

When you are ready to dispose of some or all of your holdings, the Perth Mint will arrange to purchase them back from you at the then-current market price. Or you can take delivery of your holdings at the Mint or via insured delivery to most any location in the world.

Gold remains the ultimate safe-haven asset. Lord Rees Mogg, the former editor of The Times of London, put it succinctly when he said: “Governments lie; bankers lie; even auditors sometimes lie. Gold tells the truth.”

And the Perth Mint Certificate Program is one of the safest, one of simplest, one of the least expensive ways to buy gold.

To learn more about how the Perth Mint Certificate Program can help you find a safe haven for some of your assets in an increasingly troubled world, contact Asset Strategies International: e-mail info@assetstrategies.com or call 1-800-831-0007 or 301-881-8600.
The Best 3 Gold Bullion Coins to Buy Right Now

By Tom Dyson, editor, The 12% Letter

“What if my bank account gets wiped out?”

My friend has nightmares about a virus attack on the global computer network. He says terrorists are developing programs that will wipe out bank databases. Account records will vanish, he says, and no one will know who owns what or how much. It’ll wreak havoc on the financial system.

I have different “financial wipeout” nightmares. I worry the federal government will run out of credit and won’t be able to backstop the FDIC. They’ll be hundreds of bank failures, like there were in the Great Depression. In my nightmare, I lose my savings in a bank collapse.

Here’s another bad dream: Inflation gets so bad, the Feds impose currency controls and then devalue the dollar. My money gets stuck in the United States... losing its value.

These fears are some of the reasons I’m building a stash of gold coins... and why you should, too. Gold is real money. You can take the coins anywhere you want in the world, and they’ll always have value. Gold coins are the ultimate “safe haven” insurance asset.

And here’s the bonus: Right now, there’s no “opportunity cost” of owning gold. Usually, you’re giving up the chance to earn interest on your cash when you buy gold. But now, the dollar is paying next to no interest.

Recently, I had breakfast with one of the largest private gold bullion dealers in the world. His name is Michael Checkan. He runs a business called Asset Strategies International. I asked Michael what gold coins he likes right now.

Michael told me you should keep two things in mind when you buy gold coins...

First, you want a good deal. He says you should buy the coins with the lowest premium to the international gold spot price you can find. Right now, there’s an orderly market in gold coins and you shouldn’t pay more than a 5% premium to spot.

Secondly, you should buy coins with the highest worldwide acceptability, so you’ll have no problem selling them anywhere in the world. For example, Michael says Asians prefer 24-karat gold coins, but the American Eagle and the Krugerrand are only 22-karat gold. They aren’t so popular in Asia. He also says the South African Krugerrand, the British Sovereign, the Mexican Peso, and the Austrian Corona gold coins are “passé” and not as popular worldwide anymore. You won’t get such a good deal when you sell these.

So which coins should you buy?

Michael likes one-ounce Canadian Maple Leaf coins best. He also likes Australian Kangaroo one-ounce nuggets and the new American Buffalo coin.

The national mints sell these coins to wholesalers at a 3% premium to spot gold. The wholesalers take another 0.5% and the retailer takes 1.5% in profit. So you pay a 5% premium to spot. (The Buffalo is a new coin and supply is still a bit tight. If you buy fewer than 10 coins, you may have to pay a 6% premium.) These coins are all 24-karat gold, they are all popular worldwide, and you can hold all three of these coins in your IRA. When you sell, you
should expect to receive the spot gold price plus about 1%.

There’s never been a more important time to own gold than right now, even if it’s just a few gold coins. We’re entering severe financial turbulence, and gold coins are the ultimate insurance.

Canadian Maple Leafs, Aussie Kangaroos, and American Buffalos are the best coins to buy right now.

The Ultimate Gold Insider on Rare Coins

A Daily Crux interview with Van Simmons, chairman, Collectors Universe

If you’re looking to preserve your wealth and even make a few hundred percent in gold bullion and gold coins, Van Simmons is someone you need to know.

Van is one of our most trusted advisors at Stansberry & Associates. There’s simply nobody better at finding unique investment deals in gold, gold coins, and collectibles. Read on for Van’s top picks in gold coins...

The Daily Crux: Van, how is the collectible coin business in today’s market?

Van Simmons: The coin business is doing very well in today’s environment.

Over the last three to five years, the rare coin marketplace has seen a significant increase in participants. With the dollar being so volatile, we see new investors moving into the rare coin market on a daily basis. Some of the financial newsletter writers have started recommending rare coins, which is reminding old investors about coins and bringing newcomers into the market.

I remember, back in the mid 1970s, when Howard Ruff first recommended gold and silver due to President Carter’s fiscal irresponsibility. His subscribers owe him a huge debt of gratitude for exposing what was going on with our economy... Many of his readers bought gold and silver on his recommendation and made a fortune.
Today, our problem is more severe, though we have some of the same issues – like high gold prices, unstable oil prices, and loss of purchasing power for the dollar (the last report I read said the U.S. dollar has lost 77% of its purchasing power since 1975). The world is finally questioning the validity of the U.S. dollar as the world’s reserve currency.

When the price of gold increases, we see a dramatic increase in demand for rare coins and other tangible investments. From 1976 to 1980, we saw the high-quality coin market increase in value by over 1,000%. I believe the rare coin market is very strong and could dance on water for the next five to 10 years.

**Crux:** Are people gravitating more toward rare, collectible coins or bullion coins?

**Simmons:** Both. Most clients start with bullion. Once they get comfortable, they enter the wild west of collectibles. It’s much more fun. It’s also very discreet. I see 20 times more rare coins than bullion – but I’m not a big bullion dealer.

**Crux:** What do you think are the current best buys in rare coins?

**Simmons:** You’ll see the biggest, fastest gains with rare gold coins. But some of the other areas are very inexpensive.

Silver Commemoratives [a popular, widely circulated U.S. government coin] are selling at 10% to 20% of the past highs from 20 years ago. The 19th century coins are by far some of the best values in the marketplace.

That being said, the high-grade, rarer gold coins will probably show the fastest increase in price. The other two areas that I mentioned may show a better return on investment over the next 10 years. I usually recommend clients put 60% to 75% of the money they have allotted for coins into the rare gold coins and the balance into the other two areas.

Two of the best deals in the coin market today are the Gold Dollar and the $2.50 Liberty. Everyone wants a Saint Gaudens. Over the last 24 years, we here at the Professional Coin Grading Service (PCGS) have graded over 105,000 of them at MS65. As of December 2009, Saint Gaudens coins graded MS65 are selling for $2,750 apiece. They have had a big move based strictly on the move in gold. I know the new demand for the coin is real, but in the long run my feeling is they may not be the biggest winner.

Over the same time period, we’ve only graded around 4,200 $2.50 Liberty coins MS65 – making it approximately 25 times rarer than the Saint Gaudens – but it only sells for $2,895.

We’ve seen this price action throughout the coin market. The Saints, the most popular coin, run up with the price of gold, while the other denominations don’t move. Some of these other coins are just stupid cheap. How can a coin be 25 times rarer and only sell for a 10% to 15% premium? I’m not saying it will increase 28-fold, but the spread has to change... and change dramatically.

Another quick option is the U.S. Mint just released the new platinum one-ounce Eagle in proof. As of late 2009, these are running around $1,700 a coin. They are limiting production to 8,000 pieces. This is a great coin that the Mint is selling for about 20% over spot.

This may be a big winner for a couple of reasons: First, platinum is about 20 times rarer than gold – 95% of it is mined in two countries, Zimbabwe and Russia. Russia isn’t a seller and Zimbabwe will probably continue to be a mess. Platinum had a high price in March 2008 of around $2,300 an ounce. While I am not a fan of newly minted coins for collectors, with the low mintage by the Mint and demand for precious metals, this coin is a great bet.
How to Buy Bullion with No Markup

By the Stansberry & Associates Investment Research Team

The New York Mercantile Exchange (NYMEX) is the world’s largest physical commodity futures exchange.

The futures exchange is a market like any other, where sellers and buyers agree on a price. The only difference, really, is that they don’t settle up right away. They “lock in” the price for a future date.

One of its two principal divisions of the NYMEX is the Commodity Exchange (COMEX), where you can buy gold.

When you buy a gold futures contract on the COMEX, you agree to buy gold at a particular price on a particular date. Unfortunately, you can’t buy just a few ounces of gold on the COMEX. Each gold contract covers 100 ounces of gold, in a 100-ounce “good delivery” bar.

So if you don’t have the capital to cover 100 ounces of gold, try a couple of the other sources of cheap gold listed in this book. If you do have the capital, here’s how it works...

Very little gold actually changes hands on the COMEX. Most buyers and sellers of gold futures contracts are speculating on changes in the price of gold. But every participant who buys a gold futures contract can request actual delivery of the gold.

To buy physical gold on the COMEX, you need to open an account with a futures broker. You can do this through a U.S. Futures Commission Merchant like www.pfgbest.com or
www.lind-wallock.com. These brokers may ask you to prove a minimum net worth and a minimum income. If you can put down enough cash for 100 ounces of gold, you should clear these requirements no problem.

Gold futures contracts trade for the current month, the next month, and the month after that... along with every February, April, August, and October over the next two years... and every June and December over the next five years. In other words, you have lots of choices for when to get your gold.

But if you want to get your gold as soon as possible, buy a futures contract for the current month. That contract will close (“settle”) on the third-to-last business day of the month. Buy your contract and deposit the full amount into your account. In less than a month, you’ll be the proud owner of 100 ounces of gold.

Now, you don’t have to deposit the whole amount right away. You’ll probably have to put down something like 10%. But if gold declines in price, you’ll be required to deposit more or risk getting kicked out of the contract at a loss.

On the settlement date, your account will be charged for an amount equal to the settlement price (whatever the contract price was when you bought it) multiplied by the exact weight of the particular bar that’s been assigned to you. (Bars can vary from 95 ounces to 105 ounces.)

You won’t pay any markup on the gold, but you will pay a commission ranging between $30 and $80. (These rates are paid per contract, so that’s not even one tenth of one percent.)

When you buy gold off the COMEX, it is stored in one of the four designated COMEX depositories, all of which are in or near New York City. The average storage fee is $15 a month per bar.

Ask your broker to mail you the warehouse receipt, which includes all the details on your specific bar. Don’t lose this receipt.

You can get your bar delivered to your home, but you have to pay a $150 delivery fee to get the bar released. Then you’ll have to add shipping charges on top of that.

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Two Ways to Buy Cheap Gold Bullion in 10 Minutes or Less

Option No. 1: Bullion Direct

Headquartered in Austin, Texas, Bullion Direct is an online service that offers trading, clearing, purchasing, and storage of precious metals. Recently, you could buy a 32-ounce gold bullion bar kilo for a 1.4% markup from the catalog or a 10-ounce bullion gold bar for a 2% markup. The more gold you buy at one time, the smaller the markup.

To get started, go to www.bulliondirect.com and click on the “New Account” tab located on the top right-hand corner.

Option No. 2: Bullion Vault

Another way to buy gold cheaply and quickly is to buy from BullionVault (www.bullionvault.com). At BullionVault, you can buy gold and have it held in “good delivery” form. BullionVault charges a maximum commission rate of 0.8%, which falls progressively to 0.02% depending on how much you invest. The more you trade, the less you pay. And the system remembers how much you have traded in each year – starting from the day you first register.

To get started, go to www.bullionvault.com and click “Register.”
Did you know the president confiscated all the gold of American citizens in 1933?

It’s true... all in one quick swoop of the pen:

**UNDER THE EXECUTIVE ORDER OF THE PRESIDENT**

*Issued April 5, 1933*

All persons are required to deliver

ON OR BEFORE MAY 1, 1933

all GOLD COIN, GOLD BULLION, AND GOLD CERTIFICATES

now owned by them to a Federal Reserve Bank, branch, or agency, or to any member bank of the Federal Reserve System.

It was the height of the Great Depression. And the U.S. government desperately needed to shore up its financial position. So in a dramatic move, it took everyone’s gold.

Could it happen again? Well, put it this way: Who could have imagined it would happen the first time around?

Every day on the radio, I hear ads about buying gold as a store of wealth. But folks who held gold as a store of wealth in the Great Depression had that “wealth” confiscated by the government.

I recently had lunch with my longtime friend Michael Checkan. Michael’s business is called Asset Strategies International. He finds legal ways to protect and diversify your wealth. Michael told me about a neat little idea he came up with.
I thought the idea was worth sharing with you...

“When the U.S. government confiscated gold back in 1933,” Michael told me, “you were allowed to keep your gold jewelry. The president didn’t ask for Grandma’s wedding ring.”

So Michael started a gold jewelry company, called First Collector’s Guild. This company is different from other jewelry companies. It thinks about the gold first...

For example, each piece of First Collector’s jewelry measures exactly one ounce or five ounces of gold. Most gold jewelry is 14-karats (which is only 58% pure) or 18-karats (which is 72% pure). But each First Collector’s piece is 24-karat gold – which is 99.99% pure.

These pieces are, of course, jewelry... not currency.

For example, if you wanted to, you could carry 100 First Collector’s necklaces out of the country, and you wouldn’t run afoul of the currency laws. And then you could convert them to money at most gold dealers in the world. It’s like legal gold smuggling.

Now, I don’t recommend doing this on any scale. First off, you’d look like Mr. T. going through customs. And secondly, it’s just not cost effective.... First Collector’s jewelry is handmade and costs a premium over the price of gold. But a gold dealer will only pay you a discount to the gold price.

Finally, I’m not a lawyer, but I’m sure that if you tried to bring a load of First Collector’s jewelry across the border, someone would decide you’re somehow breaking a law.

However, for a small portion of your gold, First Collector’s jewelry is an interesting idea...

My colleague Tom Dyson was also at the lunch, and he was considering buying some for his wife. “My wife would like some jewelry, but I don’t like getting ripped off through jewelry-store markups. If I bought this, my wife would get something she wants to wear... and I’ll be confident that it’s not worthless. It has real gold value.”

If you feel the way Tom does, you might consider Michael’s necklaces or bracelets... You specify the length, gold weight, and style you want. It takes four to six weeks to arrive at your doorstep. (If you’re curious, we don’t receive any compensation from Michael. He’s an old friend, and we liked this idea.)

With this idea, you can keep your significant other happy while you’re confident you own something with real value. And in the extreme case, if we see another 1933 again, your gold should be safe.

It’s an interesting idea. For a small portion of your gold holdings, jewelry from First Collector’s is worth considering...
The Ultimate Gold Bubble Test

By Brian Hunt, editor in chief,
Stansberry & Associates Investment Research

Recently, there’s been a very popular – and very wrong – thing to say about owning gold.

I hear it a lot from inexperienced Wall Street analysts, bloggers, and money managers who spend little time living in the “real world.”

Here’s what they’re saying: “Gold is way too popular now... It’s near the end of its bull market.” The recommended “action to take” is to cash in your gold profits and move on to something different.

I can tell you that taking this advice is a big mistake. Anyone who believes gold is too popular with the mainstream public simply doesn’t know who the mainstream public is... and they don’t understand how bull markets end.

Sure... gold is up big. Gold is also enjoying a lot of mainstream press these days. Six years ago, when I would tell someone I was placing a significant portion of my net worth in gold, they’d look at me like I was crazy. Now, they nod and say, “I heard something about gold the other day on TV.”

That’s as far as the average Joe goes with his interest in gold. This is why gold is nowhere near a “blow off” top. Here’s how to perform the ultimate test of whether an asset is “too popular” or “in a bubble”...

Ask 100 people on the street if they own gold. See what they say.
Don’t ask folks who read newsletter writers like Doug Casey or Porter Stansberry. Don’t ask folks who you regularly talk investments with. Ask randomly chosen members of the public if they know why gold is “real money.” Why gold climbed from $650 to over $1,000 in three years.

I guarantee you the average person on the street is going to look at you like you asked him which airline offers nonstop flights to Venus.

He’s going to have no idea what you are talking about. He’s heard about gold on the news a few times, but he can’t tell you why gold is rising, who is buying it, or why it is the best form of money mankind has ever found.

Gold is divisible, portable, lasting, consistent the world ’round, useful in industry... and as master speculator Doug Casey reminds us, gold cannot be created out of thin air by a government. In other words, you actually have to work and save in order to build a gold hoard. You can’t “Bernanke” your way to real gold wealth.

The people who realize this – like billionaire hedge-fund manager John Paulson and super investor Chris Weber – are getting more publicity now than they were six years ago. But it’s nowhere near enough publicity for a seasoned investor to say, “Gold is too popular.”

When a bull market gets too popular, it looks like tech stocks did back in 1999. This was when everybody and his brother bragged at the office Christmas party about making a fortune in Cisco or Microsoft. It was when schoolteachers, personal trainers, and cab drivers suddenly became tech stock experts. Folks knew what “bandwidth,” “routers,” and “e-commerce” meant. Only when an asset enjoys that sort of widespread attention can you say it’s too popular.

I can’t say that about gold right now... not after talking with friends who do not invest... not after talking with the people sitting next to me on the plane. The public still has no idea what “bullion” really is... or how the government’s reckless “tax and spend” behavior is clobbering our currency.

Don’t believe me? Just ask ‘em.
gold price to collapse. The intense dishoarding in January 1980, for example, was one reason gold’s bubble popped. Gold fell $250 in the final days of January and then kept falling for the next two decades.

Here’s the thing: Gold recently hit an all-time high. Gold fever has returned to America. Even my mother is thinking about buying gold. (I’ve been telling her to buy for the last six years.)

A few commercials on TV are offering cash for gold. One of these companies even paid for a spot in the Super Bowl. Pawnshops are doing well right now, too. But so far, it seems people are still more interested in accumulating gold.

Watch for This Signal to Sell Your Gold

By Tom Dyson, editor, The 12% Letter

Business was so good, Empire Diamond and Gold Buying Service had to hire a security guard to handle the crowd in their office.

“We’ve been serving about 100 cups of coffee a day, going through three or four pounds daily,” said an assistant, hurrying away to fill the empty pot.

I found Empire Diamond and Gold Buying Service’s story in the New York Times archives from January 1980. When the gold price soared, Empire Diamond and Gold Buying Service was suddenly inundated with people looking to sell gold trinkets.

“We are handling a couple of hundred customers a day off the street and the average wait is three hours,” said the owner, Mr. I. Jack Brod.

“Nobody has ever seen anything like this. I’m looking for a beautiful year in 1980,” said Bob Deitel, owner of the Madison Coin Shop in Connecticut.

If you’re trying to spot the peak of a gold bull market, “dishoarding” is one clue to look for. Dishoarding is what happens when people decide the gold price is so high, they’d like to swap their old gold heirlooms for cash. They pile down to the local gold and coin stores with their lockets, scarf pins, and old gold dental fillings.

The massive new supply floods the market and causes the gold price to collapse. The intense dishoarding in January 1980, for example, was one reason gold’s bubble popped. Gold fell $250 in the final days of January and then kept falling for the next two decades.

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Warning on Mail-In Gold Offers

By Dr. David Eifrig, editor, Retirement Millionaire

Right now, late night commercials are begging you to sell your unwanted jewelry. Unless you’re in dire circumstances, hold on to your gold. If you absolutely need to sell your gold, do some research first.

The most advertised company seems to be Cash 4 Gold. It claims you can get cash fast when you mail in your gold, silver, platinum, or diamonds to them.

We called Cash 4 Gold, and the people there refused to give us price quotes. ABC’s Good Morning America sent in gold jewelry valued at $350 and only received $66.07 from Cash 4 Gold.

Instead of mailing your jewelry off, your best bet is to shop your gold around to a few local jewelry stores and compare their offers. You probably won’t get face value... but you’ll do much better than you will with Cash 4 Gold.
Until you see lines around the block at coin shops and NYT articles about dentists earning thousands of dollars from used gold fillings, you should assume we’re still in the bull market.

I Don’t Waste My Time Thinking About When to Sell My Gold

By Chris Weber, editor, Weber Global Opportunities Report

I’ve been getting a lot of people asking me when I’ll sell my gold...

First, I have to tell you it is much, much too early to focus on this. This is a time when very few people have gold, and it is still at least half the cost of the peak it reached back in January 1980, when I sold the last time.

When I sold gold and silver back then, I bought a currency that was on the mend and was paying a huge yield. Short-term money paid nearly 20% a year, and longer-term bonds paid around 12%. I believed that as interest rates fell, due to inflationary fears falling, the bond prices would rise. And this is what happened. I lived well all through the 1980s on just what I did during the early months of that decade.

That currency I bought back then was the U.S. dollar. But remember that the U.S. and the USD, back in 1980, were still the country and the currency of the world’s largest creditor. We owed the world little. We did not have to borrow billions every day from non-Americans in order to finance our debts. In short, it was a very different country, and a different currency, from the USD today.

Back then, you could get 18% on three-month Treasury bills. Recently, for a brief time, T-bill rates were negative: You had to pay the Treasury a bit for the privilege of buying its short-term paper. So I would not sell my gold and buy T-bills today.
The actions of the bull market during 1979, when everyone you knew started to pile into gold and silver, the ascent of Paul Volcker to the Fed and his new policies to fight inflation announced in October 1979, the price of gold and silver going absolutely parabolic around Christmas 1979, and finally, the soaring interest yields on the USD... all that convinced me the time was coming to switch out of gold into the USD.

But two years before this, I would not have thought about it. I just watched and saw how things played out.

And this time, I think we are far more than two years away from the end to this bull market. So I can tell you that I don’t waste time now thinking when I will sell gold. All I can say is that I knew it when I saw it last time, and I hope I know it when I see it this time.

And this time may be different... I know that’s a bromide that you want to stay away from. But there are different facts today: The U.S. is much, much more indebted now than then. Americans don’t make and save as much as they did back then. The things that they do make, the world does not want as much. Further, any change will have to result in Americans re-ordering their lives in ways that they did not have to do in 1980-1982.

Finally, the U.S. was the “only game in town” back in 1980. Today this is far from true. Back then, the Fed could manipulate the price of gold, or at least try to. Today it cannot.

Every day, millions of Chinese and Indians, as well as their governments, are quietly getting out of U.S. dollars and into gold. You see what prices are doing each day.

The Fed cannot be happy about this, but they have to realize that their days of ultimate global monetary power have passed. When they have to go hat in hand to other countries to borrow money each day, what power do they really have?

But getting back to the question of when I would sell my gold, all I can tell you is, “Don’t hold your breath.” I am only reasonably sure that the price at which I will sell it would be for a far higher price in dollars, euros, yuan, or any other currency than I see offered today, and I would expect a much greater yield than the paltry 0.5% offered today.

Things that you’d think are impossible could be happening with regularity in the next decade or so. Let us just sit back and watch, and wait.