

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

May, 2010

Volume 11, Issue 2

Rare Coins & the Economy**Pedal to the Metals**

"Predictions are risky, especially about the future." (Yogi Berra) "There's nothing new under the sun." (Ecclesiastes) Somewhere between lies economic truth: pundits may talk economic recovery, but paper currencies worldwide are in serious trouble. Is Nero fiddling while Rome burns?

US Federal debt and unfunded liabilities undermines the US dollar. The economic crisis in Greece undermines the Euro. The Chinese Yuan is too manipulated to be a safe haven. No currency in the world is still backed by gold or silver. It's all monopoly money now. Will governments resist the powerful temptation to print more and more?

Unlike times past when most people bought metals through paper instruments like options, futures, stocks, or ETF's uncertainty about paper currencies (and all paper assets for that matter) combined with uncertainty about the economy has created increasing demand for physical ownership of gold, silver and coins. Prudent investors who never before bought precious metals are now investing defensively by diversifying up to 10-20% of their portfolios.

*Continued Page 2***Message from
the Owner**

Do you feel overwhelmed by economic and political issues these days? I sure do, so this issue of Rare Coin Report is going to focus on various parts of the rare coin market itself. Yes, economics matter and May's "Rare Coins and the Economy" column will touch on developments, but the focus will be coins: what different parts of the market are doing, and perhaps where some opportunities lie.

A big thank you to everyone who has made the first quarter of 2020 the most successful in CNP history. I very much appreciate when you call me to buy or sell, and especially when you refer new people, which seems to happen more and more these days. A surprising number are refugees from other financial or rare coin dealers (see article on "Navigating Dealers" page 2).

My outstanding customer service associate **Mike Clarke** and I will continue to



Lawrence D. Goldberg
Owner, CNP, Inc.

serve your buying, selling and informational needs to the best of our abilities. Don't ever hesitate to contact us if you have any questions or need an update (as we ALL do!) about your coins, gold, silver, or future directions, options and opportunities which might be available to you. We pride ourselves on providing the best value and most personalized numismatic services in the industry, and we are delighted to prove that again each and every day.

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We are strong buyers of all coins and currency. If the time is right for you to sell or trade, please call. We need fresh material. So please call us now!

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(continued from p. 1) **“Pedal to the Metals”**

While precious metals are the most active area, collectors are not far behind, especially in seeking “key” dates from virtually all coin series. Our new computerized want list system has helped many find these dates but many “keys” that should be available are surprisingly elusive, indicating collectors are in strong accumulation mode. Demand remains strong for fresh material.

The coin and metals markets are increasingly sophisticated. Because of the internet, more information and product is available than ever before. The infrastructure—including reliable PCGS and NGC grading—is in place to handle a massive increase in demand in an orderly and effective manner, which means increasing demand could intensify a long term and massive bull move well beyond what we have already experienced.



Lawrence Goldberg at the OLD MINT Coin Show in San Francisco, April 2010

MS-65 St. Gaudens in Position after Surge

If you have been reading Rare Coin Report for any length of time, you have read much about the \$20 St. Gaudens MS-65 as an aggressive form of gold ownership. When gold was around \$400, St. Gaudens in MS-65 were about 1.5x the gold price, and are now about 2x the gold price. In 1989 when the coin market exploded, “Saints in Five” went to 9x the gold price. This was before PCGS/NGC certified grading had been well established. Now, with less than 200,000 certified MS-65 St.

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Navigating Dealers

There are many excellent coin dealers but I frequently hear complaints. Most often, these “complaints” come from investment oriented buyers who figure out they paid significantly above average retail prices for coins or gold, usually from a large, heavily advertised sales organization.

But think about it. Just like all government spending is paid for by taxpayers, those prolific television, radio and full page newspaper ads and high overhead typical of large companies are paid for by customers through higher prices. Often these companies create an artificially high buy/sell structure, making the customer dependent on the company’s health (and willingness to buy back) rather than truly having the advantage of a free market, with honest “spreads” and competitive costs.

Their exceptionally slick marketing can cost you, so before you buy from a large firm (or if you have and are not happy) please call me and I’ll be happy to review the deal. (As many of my customers already know, I have no problem recommending you take advantage of a better buy or sell than I can provide, even if it is through someone else)

There are numerous sources of information these days, but much of it is less than accurate, especially if it is gleaned off random websites on the internet. Caveat Emptor (Buyer beware). That being said, it never hurts to research and if this brings up questions, call us and ask for the real information.



Pattern Coins

The market for Pattern Coins is rather spotty at the moment. There are buyers for the nicer material, but they seem to be a different group of buyers than have been active the last few years. This means that in the long term, the pool of pattern collectors is expanding, a positive sign indeed. A couple of weak auctions for pattern coins last summer has taken its toll, as dealers are less willing to stock pattern coins except at lower price levels. This makes the market appear weak, and yet, there is a dearth of high quality pattern coins available. This means that it will take more time than usual to get high prices for pattern coins. It also means that discriminating buyers of pattern coins can often obtain excellent deals if they are willing to be patient. As a specialist in pattern coins, I often get in excellent material. If you are interested in "getting into" pattern coins, now is an excellent time to do so as the long term prospects for these outstanding collectibles is truly excellent.

MS-65 St. Gaudens \$20 Gold

Gaudens and a far more extensive sales infrastructure, the supply of MS-65 Saints can easily and quickly be eaten up, driving prices up powerfully. Even in the last couple of years, there have been several times when virtually no MS-65 Saints in quantity were available for weeks. I once had trouble filling a small ten coin order!

This is exactly what happened last December. Gold had surged to \$1220 and MS-65 St. Gaudens had been a bit hard to find. Prices surged \$300 in a single week and soon were at about 2.5x the gold price. Then, several large owners, major dealers among them, found that price too alluring and sold a large supply which easily covered the December demand, and exceeded it, so that by January, and especially with gold falling, MS-65 St. Gaudens were back down to their more or less current 2x gold bullion price level. Now may be the best chance to buy Saints before the supply runs low and gold starts rising again, as of this writing to \$1180.

**1908 St. Gaudens
\$20 Gold
PCGS Certified MS-65**



Also, as these coins are distributed into a wider market, future liquidations should be smaller and less rapid, and rendering future price increases more solid. Even though well under

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Bank Notes

Bank Notes are potentially the most explosive areas of numismatics. This is because bank notes, which have a small but growing collector base, are far more rare than similarly priced coins.



**Small Size National Bank Note from the
California National Bank of Sacramento
PMG Certified 66 EPQ**

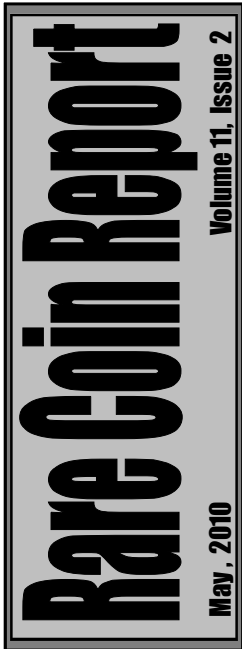
One of my favorite areas, for example, are small size national bank notes. Even the most common of these notes have a total population of well under 3,000. Many have less than 50 known but sell for under \$1000. Even exceptionally rare and high condition small sized nationals sell far below the \$5000 range.

The same holds true for other popular collector notes, such as gold certificates, and large size notes from the 19th century including the most popular "Chief," "Bison," "Porthole" and highly desirable and extremely beautiful "Educational" series.

Like coins, the value of collectible bank notes is determined by their popularity, rarity and condition, and they are also graded on a scale of 1:70.

For collector type people, bank notes are one of the most historically significant and most aesthetic kinds of numismatic collectibles. As the economy heats up, expect demand for bank notes to soar as this area has been seeing a particularly significant increase in the number of collectors over the last decade.

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MS-65 St. Gaudens Poised to Move UP *(continued from Page 2)*

200,000 may sound like a lot of coins, if 20,000 people nation wide buy only ten each, the entire supply would be eaten up—and in a strong bull market, this could happen rapidly. Even the most conservative gold and silver bullion investor would do well to own a few “Saints in 5.”

Gold and Silver Outlook

The volume of gold and silver buying and selling is increasing continually—every dealer I know has reported increased activity. The most popular forms are 1oz gold eagles, maple leafs and Krugerands, and 1oz. Silver American Eagles. I expect continued and increasing purchase of gold and silver bullion as more and more people understand the necessity to diversity their investment portfolios and protect against what many see as the inevitable drop of value for the US Dollar. Owning physical coins or bullion is the most conservative way to buy gold.

For a **FREE** portfolio analysis, specific questions on the direction of the coin market, or to buy or sell coins, please call me, Lawrence Goldberg, toll free at

Tel. (800) 334-3325 FAX: 818 557-0902

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