

Lawrence D. Goldberg's

Rare Coin Report

January, 2016

Volume 17 Issue 1

Rare Coins & the Economy

**Concerned About Volatility?
Focus on Basics and the Big Picture**

Government intrusion into free markets influences investment decisions to be based on policy and tax considerations rather than market forces. Yet, when government policy fails, market forces can unleash rapidly and powerfully.

Worldwide quantitative easing (money printing) and near zero interest rates have failed to ignite economic growth, and in fact have hindered it. These policies have also created a bubble in stock prices which is deflating, and could deflate even more.

Fortunately, the recent Fed Reserve increase in rates is pushing us toward market reality. The push toward higher rates may continue,

Continued Page 2

INSIDE THIS ISSUE:

Coin Show Calendar	Page 2
US Mint the Coin Hobby.....	Page 2
Greysheet Under New Management.....	Page 3
CAC and Plus (+) Grades.....	Page 3
Opportunity in Super High Grade Morgans.	Page 3
Time vs. Money.....	Page 4

Notes from the Owner's Desk

The 20 Foot Rule

A favorite saying of mine is that what impacts each of us most is what happens within 20 feet from where we stand.

It is easy in this 24 hour news cycle of crisis and fear world to get consumed with events that ultimately have no significant impact on our lives. I know this first hand since part of my job is to stay informed about economic and political developments that impact rare coins and precious metals.

And yet, when I take a moment to see what really matters, I think of my just arrived grandson and granddaughter on the way in 2016, and that my wife is thriving after open heart surgery in September. In that context, what matters most isn't the latest Trumpism or calamity out of Europe, but family, peace of mind and the tremendous satisfaction from running a successful business that helps people achieve their goals.

What are your goals? What would you like to achieve in 2016? Is this the year when you finally get a sufficient supply of gold or silver to insulate



Lawrence D. Goldberg
PNG

you from stock market volatility? Is this your year to take advantage of favorable pricing and availability to assemble that specific set or key date rarity you have long desired?

Or, maybe this is the year where selling all or part of your collection makes sense considering your circumstances.

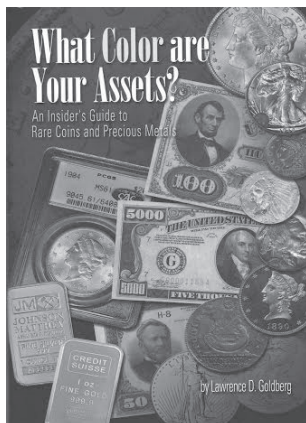
Whatever your goals, I am committed to helping you achieve them; I believe 2016 will be an extraordinary year for coins, and I look forward to working with you.

**Gold and Silver
in your IRA?
We can do that for you**

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

An Insider's Guide to Rare Coins and Precious Metals

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





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

but do not expect strong increases, certainly no more than a full point in 2016.

The likely short term result is volatility and rebalancing of investment portfolios, resulting in a strengthening of the “safe haven” dollar. This is why gold and silver prices are down against the dollar but stable against other currencies and why rare coin prices are temporarily soft.

The likely long term result is an improved economy, and the beginning of the real market impact of the \$19 Trillion federal debt. That will almost certainly result in dollar depreciation as new cash (now in government bonds) works its way into the economy. This sets the stage for the coalescing of monetary inflation — caused by massive money printing—and price inflation, caused by increasing economic activity, partially helped by cheap energy prices. Expect long term increases in monetary commodities like gold and silver which are now skirting lows.

This is even more true for coins, as collector demand for rarities, key dates and high grade examples remains vigorous. Current extensive want lists of collectors indicate collector demand should continue strong into the future.

Despite temporary price weakness, the rare coin market is stable, especially in its long term outlook. Combine that with a faltering stock market and the fact that the coin market is relatively small, even a modest influx of capital creates the potential for explosive demand in the rare coin market, and in turn will almost certainly lead to much higher prices for coins in the future.

All this adds up to a superb buying opportunity, both for precious metals and for rarities. Those who take advantage of this now, while we are in a period of uncertainty, stand to benefit handsomely as events play out.

Inherit a Collection You Want to Sell?

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Lawrence’s Coin Show Schedule

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

San Francisco Coin Show
Saturday-Sunday, February 20-21
South San Francisco Conference Center
255 S. Airport Blvd.
South San Francisco, CA 94080

South Bay Coin Show
Saturday-Sunday, April 9-10
Elks Lodge, 1735 W. 162nd St.
Gardena, CA 90247

Santa Clara Coin Show
Friday-Sunday, April 22-24
Santa Clara Convention Center
Santa Clara, CA

Las Vegas Coin Show
Friday-Sunday, May 13-15
Westgate Hotel and Convention Center
3000 Paradise Rd.
Las Vegas, NV 89109

The US Mint and the Rare Coin Market

The US Mint sent checks to the US Treasury for \$350 million in fiscal year 2013, and \$250 million in 2014. This makes it one of the few if not the only Federal Agency that turns a profit without collecting taxes. The US Mint advertises extensively, which supports the Rare Coin Industry by creating new collectors. Also, the Mint does not receive operating funds from the US Government, but is completely self-financing. Profits from the manufacture of circulating coin can only be used to offset Federal Debt Obligations. Money made from numismatic sales are returned to the Treasury and are not restricted.

Coin Pricing: Greysheet Under New Management

Over the last year, there has been increasing dissatisfaction among dealers about the accuracy of coin prices published by the Coin Dealer Newsletter, often known as the "Greysheet." This may change as the Greysheet is now under new management.

At this point, it is hard to say what the impact on the coin market will be, but new publisher John Fei-

genbaum—who has ended his career as a coin dealer to focus on the information/pricing side of the hobby—has promised to make the Greysheet much more accurate in its price information gathering.

Reliable pricing is absolutely crucial to an active rare coin market, and hopefully, the new Coin Dealer Newsletter management will live up to expectations

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CAC and "+" Grades

Coins with "CAC" stickers and "+" (called "plus grades") fetch higher prices. Here's why.

At any grading level, some coins are "nice for the grade" while others are "barely made the grade." PCGS and NGC now use "+" (plus) grades to indicate coins in the top 15-30% or so for a particular grade. Thus, a coin graded MS-64+ is not just considered nice for the grade, but is often looked at as "barely missed the next grade." This is exactly what CAC stickers indicate, so it appears that CAC coins and "+" (plus) coins are roughly equivalent. In fact, the introduction of "+" grades by PCGS and NGC were a response to CAC.

CAC does not consider "+" grades. Thus, a coin graded MS-64+ with a CAC sticker does not indicate that the coin is in the top 15-30% for a "+" grade, but simply that the coin is in the top 15-30% for MS-64.

In such cases the "+" and CAC sticker are redundant, indicating both the grading service as well as CAC consider the coin as superlative. Of course, it never hurts to have multiple supporting opinions.

On coins where there is little spread between grades, "+" and CAC might boost a value somewhat or just marginally. Where they really have impact however is with coins with huge spreads between grades. In such situations, a "+" or CAC can mean hundreds, even thousands of dollars.

No matter what the grade of a coin, always pay attention to eye appeal. While paying extra for a CAC or "+" coin often makes sense, it almost never makes sense to buy ugly coins, even if they have a plus or CAC sticker.

MS-67 Morgans

Historic Opportunity?

(Nick Anderson Contributed to this Article)

As money, Morgan Dollars were not popular. They were so heavy they literally wore holes in people's pockets! But they are beautiful, made of silver, large, and with so many ways to collect them, they are one of the most popular rare coin collectibles.

Super high grade Morgans now present an intriguing possibility. PCGS and NGC combined population shows a total of 27,386 Morgan Dollars in MS-67 for all dates. To look at it another way, MS-67 Morgans comprise only about 2% of all certified mint state Morgans. Bear in mind that these figures do not separate the average from the super nice for the grade coins. High end MS-67's are much more rare. Also important is that prices for premium quality MS-67 Morgans start at just above \$1000, putting them in financial reach of literally millions of collectors. With premium quality common date MS-68 Morgans trading in the \$4-5000 range, buying high quality MS-67 Morgans appears truly promising.

MS-66 Morgans, especially CAC and plus grades also present great potential. This is because prices for MS-65's have tanked, dragging down MS-66 prices for common dates, which are now in the \$300-\$400 range. With combined PCGS/NGC populations for MS-66 at just over 171,000 there is more elasticity in this area. Low prices for MS-65 on the other hand could persist: PCGS/NGC population figures totaling around 800,000 indicate their financial upside could be strongly limited in the future.

Better date Morgans in MS-67 grades could become star performers, along with the rest of the rarity market, and now might be the last best chance to acquire in this area.

Finally, if you ever wanted to own a proof Morgan dollar — stunningly beautiful coins — now might be an excellent opportunity. Prices for common date proofs in PF-65 are not much above \$5-6000, with PF-64's and PF-63's available below \$5000. With total PCGS population of PF-65 Morgans at below 1000, huge upsides are possible.

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TIME VS. MONEY

Many collectors spend a great deal of time on line or visiting coin shows looking for the right coin at the right price. Some of this time is well spent, just enjoying looking at coins, even coins you might not want to purchase. What many collectors do not factor in however, is the value of their time. Let's say you are looking for a coin that usually sells at around \$2500. You search on line or go to coin show after coin show, and the best you find is a nice example for \$2600. Is it worth going to two, three, or four more coin shows hoping to get the coin for \$2400 or \$2500, or is it better to just buy the coin for \$2600? It depends on how much your time is worth.

This is one reason why many collectors have dealers do the searching. Dealers typically search many times the number of coins, and often have access to coins that never make it to shows or on line. Dealers should be sensitive to the collector's taste and financial capabilities, but such dealers can often deliver a better coin at a better price than a collector can find even after exhaustive searching. That fact not only helps keep me in business, and furthermore allows me to help my customers to better achieve their goals.

Need a portfolio evaluation, appraisal or consultation?

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