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MONEY METALS INSIDER

An Insider Report for Clients of Money Metals Exchange

# Investors Piling into Cash at Exactly the Wrong Time

By Stefan Gleason
*President, Money Metals*

Investors have recently been piling into cash. According to a report by BofA Global Research, cash funds have seen their largest inflows since the pandemic panic of early 2020.

Back then, cash instruments offered little to no yield and, they did serve as a temporary haven from market volatility. But as is typically the case, investors rushed into an asset class at exactly the wrong time.

Investors who are sitting in U.S. dollars now risk missing out on the possible next leg of a precious metals bull market.

In theory, they are being rewarded this time with yields of up to 5% on short-term Treasury bills.

Returns on cash instruments haven't been this high in over a decade.

Even some Wall Street analysts who normally pitch stocks are touting cash as a superior risk/reward proposition. T-bills, certificates of deposit, and money market funds now return more than the dividend yields on blue-chip stocks without the accompanying volatility of equity markets.

Higher yields are also driving some investors out of precious metals related assets. Gold funds recently suffered outflows of $900 million.

Gold detractors argue that since bullion yields nothing, it is less appealing than cash instruments which offer relatively attractive nominal yields.

They fail to grasp two important points, however.

First, a nominal yield of 5% in a high-inflation environment isn't necessarily more attractive than a nominal yield of 0% in a low-inflation environment.

If inflation, properly calculated, were to average 10% this year, then a 5% nominal return would translate into a 5% real loss!

Second, gold and silver markets can produce spectacular returns during periods of relatively high, and rising, nominal interest rates.

That's exactly what happened during the late 1970s. It was only when Federal Reserve chairman Paul Volcker jacked up interest rates to punishing double-digit levels that rates finally got ahead of inflation and the great precious metals bull run ended.

Current Fed chairman Jerome Powell hasn't yet pulled off a similar feat. Despite his claims of "disinflation"

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Our minimum loan size is $15,000, and we loan up to 75% against the market value of your metals (not available in all states; loans should be for business or investment purposes). For more information, call 1-800-800-1865 or visit at MoneyMetals.com/gold-loan.

## Piling into Cash at the Wrong Time

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taking hold, actual inflation gauges continue to come in hotter than expected while the Fed funds rate continues to lag behind.

That's called a "negative real return" – and gold loves such conditions.

Meanwhile, bonds and cash instruments are virtually guaranteed to lose real value over time.

The world's biggest debtor (the U.S. government) is not planning on paying positive real rates to its creditors (bondholders).


*Money Metals offers low-premium gold bars in a wide variety of sizes.*

Since it must continue borrowing just to pay interest on previously issued debt, the only way the government can keep its Ponzi scheme going is by constantly devaluing what it owes. That means making sure inflation stays elevated above nominal rates.

Of course, there will be times when sitting in cash saves investors from experiencing downside volatility in equity or hard asset markets. But over the long term, holding cash is a losing proposition.

As history shows, over the long term, gold retains its purchasing power better than fiat cash or debt in any form.

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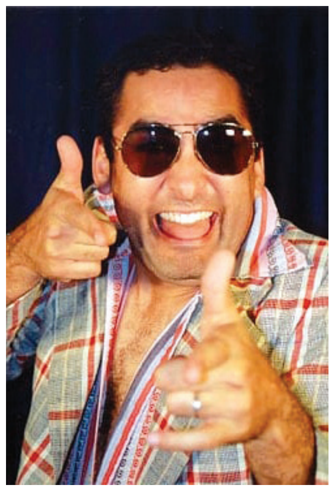
# WARNING: Choose Carefully When Selecting a Bullion Dealer

By Clint Siegner
*Director, Money Metals*

Regal Assets, a somewhat prominent gold and silver dealer in southern California, is in serious trouble based on news released in February. Tyler Gallagher, the firm's high-flying owner, has reportedly vanished... perhaps to avoid arrest and prosecution.



*If a fast-talking salesman gives you a high-pressure pitch for "rare," graded, or proof coins, RUN!*

Regal clients are now talking to the press about their inability to get delivery of the metal they bought and paid for. The Regal website has been taken offline.

As reported in the Daily Beast article titled *The Great Gatsby of Gold Took Their Millions – and Vanished*, those contacted by the reporter all told a similar story of their interaction with Regal Assets: "an enthusiastic sales pitch, a six-figure investment, months of delays and excuses, and finally, over the summer, radio silence."

Over the years, Regal Assets was one of the many firms that heavily promoted so-called "collectibles" and proof coins rather than bullion. That was always a major red flag in and of itself.

As we've reported many times here at Money Metals, firms that pressure investors to buy these high-premium and "graded" products should be avoided. In this case, poor ethics has given way to business failure, if not outright theft.

Like banking, investment, and crypto markets, the gold and silver markets attract a lot of money. And that money attracts some bad actors and fraud.

As with any investment, it is incumbent on buyers and sellers to pay attention and be careful about with whom they do business. This has never been truer than today.

The institutions people rely on to clean up the markets are unreliable – largely because government regulation doesn't tend to work in the first place. Regulators usually arrive on the scene after the damage is already done.

Honest companies don't need regulation to do the right thing. Dishonest companies don't care much about the law.

At Regal Assets, Gallagher exploited people's faith in institutions like Forbes and Rolling Stone. He was able to join the Forbes Finance Council by doing little more than declaring the size of his business and paying a sizable membership fee.

Joining the Council meant being able to advertise his firm as a member and publish articles under the Forbes imprimatur.

It is easy to assume membership and some by-lines at Forbes means more than it actually does.

It is not hard for unethical people to purchase a thin veneer of respectability. There are even private, for profit, online review websites who very aggressively market reputation management services to businesses.


Regal Assets itself was a master at affiliate marketing, compensating scores of online marketers to spin up "review" sites that pooh-poohed legitimate businesses and pointed readers instead to Regal Assets. (In fact, Money Metals once had to take legal action against a Regal Assets affiliate illegally trading on our good name.)

Size and longevity offer limited assurance to investors as well. Mega-banks like JPMorgan Chase and Wells

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# Frequently Asked Questions
# About Gold and Silver Investing

*We get lots of questions from the public about precious metals. Here we will answer a few of the most common, most broadly relevant questions we receive. Even if you're a seasoned metals investor, you can surely find value in this regular FAQ feature.*

## QUESTION: Will bank runs trigger a mad rush into precious metals?

**ANSWER:** The collapse of Silicon Valley Bank – the second largest in history – sparked a massive surge in bullion buying. Whether that represents a temporary reaction to a major news event or the start of a larger trend remains to be seen.

Many analysts believe a wider banking crisis is about to unfold. A collapse in confidence in the financial system could well trigger a buying mania in gold and silver.

We could ultimately see a run on the bank of sorts in the highly leveraged futures markets if the physical inventories that back contracts prove to be inadequate.

*Money Metals just released its exclusive Irish Shamrock silver round!*

Institutional traders and speculators may prefer to settle in cash, but cash is no substitute for industrial users who require actual physical metal and safe-haven investors who insist on taking delivery of their asset.

Precious metals are the only financial assets without counterparty risk.

Fears of shortfalls of physical supplies could prompt even more buying interest, potentially causing spot prices as well as premiums to spike rapidly.

## QUESTION: Is now a good time to sell gold and silver coins and move into high-yielding cash vehicles?

**ANSWER:** By moving into fiat cash, you'd risk risk missing out on the possible next leg of a precious metals bull market.

Yes, Treasury bills, money market accounts, and the like sport higher nominal yields today than they have in many years. But that doesn't mean they are doing savers any better as far as keeping up with inflation is concerned.

A nominal yield of 5% in a high-inflation environment isn't necessarily more attractive than a nominal yield of 0% in a low-inflation environment.

If inflation, properly calculated, were to average 10% this year, then a 5% nominal return would translate into a 5% real loss!

Although it is widely believed that rising rates are bad for precious metals, that's largely untrue. In fact, gold and silver markets can produce spectacular returns during periods of relatively high, and rising, nominal interest rates. That's exactly what happened during the late 1970s.

Of course, there will be times when sitting in cash saves investors from experiencing downside volatility in equity or hard asset markets. But over the long term, holding cash is a losing proposition.

## QUESTION: What are the best values in bullion products at this time?

**ANSWER:** We continue to recommend low-premium, privately minted rounds and bars as the most cost-effective way to accumulate physical precious metals.

Premiums remain elevated on gold and silver American Eagles, so we recommend against buying those coins in particular.

As for the choice of which metal to favor, silver represents an outstanding value at this time.

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# Frequently Asked Questions *(continued)*

In early March, the gold:silver ratio spiked above 90:1, making gold relatively expensive versus the white metal. During a precious metals bull market, that ratio can be expected to narrow considerably in favor silver.

Its moves both on the upside and downside tend to be amplified. If you can stomach the volatility and have the patience to hold through the duration of a bull market, then you stand to potentially realize more gains in percentage terms from silver than from gold at these levels.

## QUESTION: Will I have to pay state sales taxes on my precious metals purchases?

**ANSWER:** There are only eight states that still engage in the controversial practice of taxing all purchases of gold and silver.

Bills in Mississippi and Kentucky are moving forward quickly to repeal those taxes. And they may well be heading to each state's respective governor for signature soon.

Other full sales tax repeal bills are pending in Maine, Wisconsin, and Vermont – while Minnesota and Alaska are considering an expansion of their existing sales tax exemptions.

Thanks to the ongoing efforts of Money Metals, the Sound Money Defense League, and Money Metals customers who have been lobbying their representatives, we could shrink this list to six or fewer very soon.

## QUESTION: Isn't investing in platinum and palladium risky given that governments are moving to abolish gasoline-powered cars?

**ANSWER:** Platinum and palladium are used in pollution-scrubbing catalytic converters for conventional automobiles. They have many demand sources beyond that, including from high-tech industries, jewelers, and mints.

Catalytic converters won't go away anytime soon, especially given rising demand for cars from billions of people in India and China who can't afford Teslas.

Meanwhile, zero-emission vehicles may start more widely employing fuel-cell technologies that require platinum-group metals – along with silver.

That said, platinum and palladium markets can be more volatile and less liquid than gold and silver. The platinum group metals don't have a history of being used as money like gold and silver, so they may not offer the same level of protection from a currency crisis.

But when either metal can be obtained at a lower price per ounce than gold – and currently both palladium and especially platinum can – it tends to be a great value opportunity.

# Could the World Eventually Run Out of Silver?

By Jon Forrest Little

Silver has been used as a form of money for thousands of years, dating back to ancient civilizations such as the Greeks, Romans, and Egyptians.

In fact, the word "silver" is derived from the Anglo-Saxon word "seolfor" and the Germanic word "silabar" which mean "money."

The first known silver coins were minted around 600 BC in Lydia, an ancient kingdom in western Asia Minor (modern-day Turkey). These coins were made of a natural alloy of gold and silver called electrum.

*In the Old Testament, the 'silver standard' linked silver to barley (Leviticus 27:16).*

Later, in the 5th century BC, the Greeks began producing silver coins, which became widely used in trade throughout the Mediterranean region.

In the centuries that followed, many other civilizations around the world used silver as a form of currency.

Silver and gold were referenced throughout the Bible.

The Chinese used silver coins during the Tang Dynasty (618-907 AD), and the Spanish introduced the silver peso in the 16th century, which became a widely used currency throughout the Americas.

Today, silver is still recognized as a form of money in many countries.

In Mexico, the silver peso is still legal tender. And the United States, Canada, Australia, and other countries continue to mint silver coins with official face values.


*Money Metals' proprietary silver round designs are sold in huge quantities due to their popularity.*

However, silver's use as a currency has declined broadly in favor of paper money and digital currencies. Silver coins are now held primarily for investment purposes.

## Have There Been Times When Silver Has Not Been Used As Money?

Yes, there have been times throughout history when silver was not used as money.

For example, during the early part of the Middle Ages in Europe, gold was the preferred currency because it was more portable and easier to store than silver.

In addition, during specific periods of economic turmoil or instability, other commodities such as salt, cattle, or shells have been used as a currency.

But over time, the market always returned to gold and silver because of their unique qualities (i.e. divisibility, fungibility, rarity underpinning them as a store of value, and their practicality as media of exchange).

During the 20th century, many countries moved away from using silver as a currency due to the adoption of paper money and the creation of politicized central banking systems.

As a result, today, none of the world's currencies are backed by precious metals like silver or gold, but rather by the so-called "full faith and credit" in the government that issues them.

Despite this, silver is still widely used as an investment asset and in an increasing array of industrial applications, including electronics,

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## Could the World Run Out of Silver
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solar panels, and medical equipment. Silver also retains monetary properties and can be used as money in barter and trade.

## Could The World Actually Run Out of Silver?

It's difficult to predict whether we could actually run out of silver, as it depends on several factors such as the rate of global production, demand, and the development of new technologies for exploration and mining. If the market functions efficiently, the price mechanism will operate to help bring out more silver supply.

However, it's worth noting that silver is a finite resource, and its supply is depleting.

According to some estimates, the total amount of silver mined throughout history is around 1.6 million metric tons.

While this may seem like a lot, consider that much of this silver has been consumed in various industrial applications and is no longer recoverable.

In terms of current production levels, global silver mine production in 2022 grew to slightly more than 25,000 metric tons.

Demand for silver continues to grow, particularly in the electronics and solar industries.

Analyst Zan McPherson of XBullion had some great insights on this topic:

> *Sadly, that new world is rapidly encroaching on an already extremely constrained economic environment. At current rates, it's estimated that by 2028, the earth will have fun out of economically mineable silver reserves.*
>
> *Now that may seem seriously overwhelming, and in all honesty, it should, because at present, there are virtually no other known silver reserves. And at current prices, the vast majority of remaining silver reserves both above and below ground are economically unfeasible.*
>
> *I say above and below ground because silver is one of only a few precious metals yet to be recycled from electronic waste. But, again, this is due primarily to the highly uneconomical extraction costs associated with recycling silver from most industrial/household goods.*
>
> *Think mobile phones, PC's, tablets, television screens, microwaves, and basically any other whitegoods with an on/off switch. You should start to get a perspective of just how much perfectly usable silver is sitting in dumps across the globe.*
>
> *But, of course, household tech goods only represent a small portion of silver's extensive industrial applications. With the rise in both EV (electric vehicle) demand alongside photovoltaic energy (solar panels), remaining silver reserves could be teetering precariously on the brink of extinction.*

The reality is miners won't produce all the silver that is needed over time unless they are incentivized to "dig deeper."

That won't happen until silver spot prices move significantly higher. Of course, if silver supply were to fall way short of demand, prices should rise as the market attempts to draw out more silver.

When you consider that silver has been money for over 2,500 years and valued for over 10,000 years, it is significant to know that at current prices there are only about 5 years of silver left.

As such, the potential for a wild move in silver prices in response to current and future needs reminds me of the quote "Gradually, then suddenly."

## WARNING: Choose Carefully When Selecting a Bullion Dealer

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Fargo have been around more than 100 years and have millions of clients. But these institutions have their own rap sheets for swindling people in various ways.

Bullion investors have to judge a dealer for themselves. Reading customer reviews at the Better Business Bureau, which is a not-for-profit, is generally worth doing.

Look for a pattern of BBB complaints which indicate a company either isn't shipping at all or shipping after a delay which is much longer than expected.

Virtually all of the dealers which failed in recent years exhibited this pattern in advance.

*Named "Best Overall" dealer, Money Metals also has an A+ BBB rating.*

It's also a good idea to call prospective dealers and evaluate how you are treated.

Does a live person answer the phone? Did a highly commissioned salesperson give you an aggressive pitch? Did they recommend high-margin collectibles or something other than low-price bullion coins, rounds, and bars? Are the answers to your questions straightforward and direct?

Trust is a precious commodity, and it seems to be evaporating quickly in this era of institutional failure. Be careful where you place yours.