



MONEY METALS

INSIDER

An Insider Report for Clients of Money Metals Exchange

Trump's Backdoor Power Play to Rein In the Fed

By STEFAN GLEASON

President, Money Metals

“Just run the presses – print money.” That’s what President Donald Trump supposedly instructed his former chief economic adviser Gary Cohn to do in response to the budget deficit. The quote appears in Bob Woodward’s controversial book *Fear: Trump in the White House*.

Trump disputes many of the anecdotes Woodward assembled. But regardless of whether the President used those exact words, they do reflect an “easy money” philosophy that he has expressed many times before.

Trump Likes Low Rates, Loose Money

President Trump has described himself as a “low interest rate person.”

This past summer, Trump launched a public attack on the Federal Reserve’s rate hiking campaign. He wants it

to stop because it’s making the dollar “too strong” and threatening to undercut his tax cut fiscal stimulus.

There’s only so much dollar strength the U.S. economy and U.S. debt and equity markets can take.

President Trump is keenly aware of the risks.

The Trump-versus-Fed feud will likely heat up again in December if the central bank raises its benchmark short-term rate at its scheduled policy meeting. Although a December hike is far from certain, Fed chair Jay Powell



and company seem intent on raising interest rates again – and possibly a couple more times in 2019 if the markets don’t melt down before then.

Additional tightening will increasingly put the central bank on the wrong side of the President’s Twitter feed. If Donald J. Trump wants to put more than social media pressure on Fed officials, he can threaten to remove them.

Trump himself appointed Powell, a decision he now apparently regrets. It would be unprecedented for a president to fire a Fed chairman before his term is up... but not inconceivable. After all, President Trump has done a number of unprecedented things, as the anti-Trump media are wont to remind us.

Does the White House have the legal authority to remove Fed Board members? Apparently so. According to Section 10 of the Federal Reserve Act, “each [Board]

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Why Do Premiums Rise When Gold & Silver Prices Fall?

BY CLINT SIEGNER
Director, Money Metals

Gold and silver premiums are on the rise. Fabricated bullion rounds, coins, and bars cost something to manufacture and distribute. Sometimes the available inventory of items gets scarce and dealers must pay up to get stock. The latter factor explains why the cost dealers add to the base value of the metal, called the premium, has been heading higher.

Many clients see falling gold and silver spot prices as an opportunity to buy, but some are disappointed to find the premium for the item they want is also suddenly higher, negating some of the price drop.

The challenge they face is that lots of other bargain hunters are trying to jump on the same opportunity.

Premiums are very sensitive to supply and demand in the retail market for finished coins, bars, and rounds, and the reasons are pretty straightforward.

First, when prices drop, retail bullion investors stop selling and start buying. That has a profound effect on the availability of resale, or secondary market, product inventory.

The large quantities of coins, bars, and rounds coming back to market in the past year or two drove premiums to extraordinarily low levels. Now, the trend is reversing as supply from the secondary market dries up.

Second, there are only a few mints and refiners making coins, bars, and rounds. Like any manufacturer, they gear production to market demand. Scaling up takes a bit of time, and it isn't

something most will do without first gaining some confidence that the higher demand will persist.

If prices stabilize or begin to rise and the wave of bargain hunting subsides, we'll see pressure come off of premiums. If spot prices fall further, or we see a spike in demand for some other reason, they will be pushed higher.

All that said, the increase in premiums does not match the reduction in spot prices. For now at least, buyers can capture most of the savings on spot prices on most products. They just can't capture it all.

This dynamic is worth explaining because retail buyers sometimes wonder if dealers simply raise prices to avoid taking a "loss" on falling value of their inventories.

We can't speak for the practices of smaller or less experienced businesses, but as a larger national dealer with lots of volume, Money Metals Exchange uses prudent hedging strategies to insulate against big swings in gold and silver prices and to ensure we can always offer products at the fair market price.

Smaller dealers, including many local coin shops, do not hedge, which can make it painful for them to sell inventory when prices fall sharply.

For Money Metals Exchange and most other national dealers, the main driver behind premiums on coins, bars, and rounds is the force of supply and demand described above. ⓘ

SUPPLY & DEMAND

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Answering Your Questions

Client communications are a priority for us. If someone calls, we have live people in the United States answering the phone and ready to provide service. If you need support by email or by live chat, we respond promptly. This is, of course, good business as it makes for happy customers!

However, it is great for another reason. A big part of what we do is provide timely and useful articles and podcasts you can use to stay current on developments which impact the metals markets and your investments. It helps us immensely to know what our clients are thinking about and what questions they have...

Question: The platinum price has fallen well below gold's price, and it continues to underperform the other precious metals. What is happening in the platinum market?

Answer: We see a handful of factors driving the recent declines in platinum. For starters, it is facing the same challenges we find in the gold and silver markets.

The dollar has been getting stronger, interest rates are rising, and traders on Wall Street have rarely been more carefree. Mainstream investors are positioning for economic strength, not looking for safety.

Platinum is trading like the other precious metals, which is to say performing poorly. As of this writing, platinum is down 16% for the year.

Compare that to silver's decline of 17% and the price action looks pretty much in line.

There are some other fundamentals behind platinum's underperformance in the past few years though. Demand from automobile manufacturers is weakening significantly – forecast to be down 6% this year.

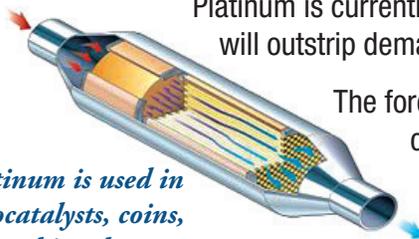
The prognosis for diesel cars is even worse, and that has hurt platinum demand more than the other metals. Diesel vehicles demand primarily platinum for their catalytic converters, while gasoline exhaust systems use mostly palladium.

The 2015 scandal involving Volkswagen revealed that diesel is not nearly as clean as thought previously. The car

maker gamed the emissions testing system, and platinum-based catalytic converters were less efficient at scrubbing out unspent fuel from diesel engine exhaust.

Those revelations have had a serious impact on platinum demand – particularly in Europe where diesel had widespread adoption based on the false assumption that it was dramatically more “green” than gasoline.

Platinum is currently in surplus. Experts anticipate supply will outstrip demand by nearly 300,000 ounces this year.



Platinum is used in autocatalysts, coins, and jewelry.

The foreign exchange markets may also be contributing to platinum's lower price. Recently the South African Rand has fallen significantly. Miners, who are typically paid in dollars or euros,

are realizing much higher prices when those funds are converted to Rand. The weak Rand has also helped lower their costs, so they have not cut production.

For bullion investors looking to speculate as well as diversify their holdings, platinum looks interesting at these levels.

The political environment in South Africa has long been a challenge for miners. It may be about to get far worse. That may mean even more weakness in the Rand, but it can also mean a serious disruption to supply.

We also question how much longer the platinum price will remain at a significant discount to palladium. The two metals are largely interchangeable in automotive catalytic converters. If car makers see a good opportunity to save by switching to platinum, look for them to do it.

See Answering Your Questions, next page



Answering Your Questions *(continued)*

Question: The gold/silver ratio is the highest it has been since 2008. What do you think that means? Will gold continue to outperform, or should I buy silver instead?

Answer: It now takes about 84.5 ounces of silver to buy a single ounce of gold. There is only one time in recent history where that ratio has been higher. In 1991, it spiked to almost 100. Since then, the ratio has spent the majority of its time bouncing between 50 or so on the low end and 70 on the upper end of the range.

There have been 7 instances where the ratio exceeded 80. In 6 of those instances, that represented a top. The ratio fell sharply (silver outperformed) very soon afterwards.

We think history is likely to repeat here and that silver will outperform gold in the near term.

We strongly suggest favoring silver any time the ratio hits 80 or more. Investors should continue overweighting silver until the ratio gets to 50 or below.

In fact, we won't be surprised if the gold/silver ratio gets back to the 1980 low below 20 before the next bull cycle in metals is over.

Question: Now that the price of Bitcoin has fallen substantially, should I sell gold and buy Bitcoin?

Answer: Although the fervor has diminished substantially since the crypto price smash earlier this year, we do still see a degree of interest in bitcoin among precious metals investors.

Bitcoin and metals arguably share some appeal as an "honest" alternative and as a hedge against the fiat dollar and the insolvent U.S. government which backs it.

The big question is, are you in the mood to gamble? If you are, it might make sense to swap some metal for bitcoin.

Cryptocurrency can potentially generate bigger returns... in exchange for bigger risk. Since there is no tangible backing to bitcoin, it could conceivably go to zero – much like

shares in a defunct "dot com" company.

The two assets are far from interchangeable and will serve different purposes in your portfolio. Bitcoin has often been called "digital gold," but that comparison is dangerously wrong. Gold is a reliable store of value with a track record thousands of years long. Bitcoin's price has collapsed from its all-time high of nearly \$20,000 to \$6,000.

This is a vital difference between gold and bitcoin: gold will always retain some intrinsic value, while the price of a digital token might go all the way to zero. That is not our prediction for bitcoin. It is, however, a possibility.



A technology, which is one way to think of bitcoin, must hold its value amongst a growing number of alternatives. If it cannot, it will be replaced. That happens, even to leaders. Remember Napster and CompuServe?

Bitcoin has to be considered as a speculation. It is a wager on the future of money and on which cryptocurrencies, if any, might succeed in gaining widespread use.

Gold was chosen as money by the market several thousands of years ago and has been adopted worldwide. It is established and proven. Its value can never be zero.

These characteristics are what makes it a solid store of value.

If you'd rather speculate on bitcoin outperforming, then by all means switch some gold for bitcoin. We can even help you do that.

It's also easy to *sell* gold (or silver) to Money Metals and get payment in bitcoin, bitcoin cash, ethereum, litecoin or dash. Just give us a call or sell your metal at MoneyMetals.com and choose the coin you want to receive as you check out.

If, however, you bought gold as a safe haven and a hedge against the devaluing dollar, it doesn't make sense to ditch a reliable store of value for a bet on technology. If you still want to own cryptocurrency, we suggest holding on to your metals and buying bitcoin with dollars or some other speculative asset you aren't too optimistic about. ⓘ

Time to “Load Up” with .999 Fine Silver Bullets

BY MIKE GLEASON
Director, Money Metals

One of the most interesting and unique ways to invest in silver bullion is with pure silver bullets. **Money Metals Exchange** now offers replica bullets, made of solid .999 pure silver and in a variety of sizes, commemorating the Right to Keep and Bear Arms.

The bullets also honor the timeless value of precious metals as real money.

You can join both foundational values together by adding your choice of our beautiful “silver bullets” to your metals holding.

Our .999 fine silver bullets come in five popular sizes:

- 1 Troy Oz – .45 Cal
- 2 Troy Oz – .308 Cal
- 5 Troy Oz – 12 Gauge
- 10 Troy Oz – .50 Cal
- 25 Troy Oz - 20mm

A bullet represents the power to uphold justice, stop a threat, and protect your life and property. Owning silver can help you fight the injustice of the Federal Reserve System, mitigate the threat of inflation, and protect your personal wealth.

See “Load Up” with Silver Bullets, next page



Money Metals Depository

State-of-the-Art Security for Your Nest Egg

Money Metals customers know the importance of protecting their wealth from the ravages of inflation. Building a precious metals holding is one vital step. Securing that holding is another.

Storing your precious metals in the new, ultra-secure Money Metals Depository is inexpensive and affordable. We offer first-class service – including convenience, security, and savings on the cost to ship and insure your metals – at an economy price.

State-of-the-art physical security

- A brand new depository building custom-built to Money Metals specifications, armored in thick steel and hardened concrete.
- Money Metals Depository uses only top-of-the-line UL Class 3 vaults
- Our facility uses 24-hour monitoring and the latest security protocols.
- Located in low-crime Eagle, Idaho, with the county sheriff's office located in the same building.
- Completely insured and isolated

Zero cost to ship and insure

- You'll never pay a dime to ship and insure when you order from Money Metals Exchange and elect to store your metal with Money Metals Depository.
- There is also never any cost to ship and insure when you sell precious metals stored with Money Metals Depository to Money Metals Exchange.

Money Metals Depository contents are fully insured by Lloyd's of London.

- All metals stored in your account are fully segregated and are never commingled with any other customer's holding, or our own.
- We are totally removed from any bank, Wall Street, and Washington, DC.

If you need storage for any portion of your metals stockpile, take advantage of the most secure and convenient option available anywhere. Just call us at 1-800-800-1865 or visit MoneyMetals.com/ depository to get started.



“Load Up” with Silver Bullets

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Collect them, display them, or use them to start a conversation about two vital American traditions – the right to keep and bear arms and honest money.

Choose your favorite – or grab a few of each to add to your personal arsenal of precious metals.

Silver Bullet – 1 Troy Oz .999 Fine Silver (.45 Cal)

Our 1-oz silver bullet is made from .999 fine silver and is modeled after a .45 caliber round of the famed Colt 45. Order in multiples of 20 to get them in a full box, with each bullet set in an individual slot inside a foam sheet of 20.



The manufacturer is located right here in the U.S. and their craftsmanship is excellent.

Silver Bullet – 2 Troy Oz .999 Fine Silver (.308 Cal)

Our 2-oz pure silver replica bullets are modeled after the popular .308 caliber Winchester rifle round, commonly used for hunting and target shooting. Each is made from .999 silver right here in the USA. The base of each round is marked with the silver weight (2 troy ounces) and purity.



2-oz silver bullets ship from the mint in boxes of 10, packed and protected from damage in individual pockets within a foam sheet.

Silver Shotgun Shell – 5 Troy Oz .999 Fine Silver (12 Gauge)

Our 5-oz .999 pure silver replica shotgun shells are modeled after the popular 12 gauge size. The base of each round is marked with the weight



(five troy ounces) and purity.

5-oz silver shotgun shells ship from the mint in boxes of five.

Silver Bullet – 10 Troy Oz .999 Fine Silver (.50 Cal)

Each silver .50-cal replica bullet is carefully crafted on a lathe and modeled after a Browning Machine Gun round.

These hefty 10 oz. bullets make a big statement!



The Browning .50 caliber machine gun, or M2, has been used extensively by the United States from the 1930s to the present. It has been in use longer than any other firearm in U.S. inventory except the .45 ACP M1911 pistol, also designed by John Browning. It is the primary heavy machine gun of NATO and has been used by many other countries as well.

Silver Bullet – 25 Troy Oz .999 Fine Silver (20mm)

These massive 20mm rounds are incredibly imposing. 20mm has often been considered the cut-off between weapons classified as a machine gun and those classified as a cannon. This caliber has been used by militaries around the world against large, and often armored, targets – tanks, buildings, and aircraft. The 20mm bullet is .787 inches in diameter.



These genuine silver bullets cannot be fired but they are more than capable of killing horrifying threats to your portfolio: inflation, turmoil, and the global debt crisis. Grab some of these beautiful silver bullets and arm yourself today!

Please note: While our silver bullion “bullets” are replicas and cannot be used in firearms, they are so realistic in appearance that we must advise against carrying them on an airplane or anywhere firearms are prohibited. ⚠️

Money Metals Backs Federal Legislation to End Taxation of Gold and Silver

The battle to end taxation of constitutional money has reached the federal level as U.S. Representative Alex Mooney (R-WV) recently introduced sound money legislation to remove all federal income taxation from gold and silver coins and bullion.

The Monetary Metals Tax Neutrality Act (H.R. 6790) – inspired and backed by Money Metals Exchange, the Sound Money Defense League, and free-market activists – would clarify that the sale or exchange of precious metals bullion and coins are not to be included in capital gains, losses, or any other type of federal income calculation.

“My view, which is backed up by language in the U.S. Constitution, is that gold and silver coins are money and... are legal tender,” Mooney said in a House Financial Services Committee hearing in September. “If they’re indeed U.S. money, it seems there should be no taxes on them at all. So, why are we taxing these coins as collectibles?”

Acting unilaterally, the Internal Revenue Service has placed gold and silver in the same “collectibles”

category as artwork, Beanie Babies, and baseball cards, a classification that subjects the monetary metals to a discriminatorily high long-term capital gains tax rate of 28%.

Sound money activists have long pointed out it is inappropriate to apply any federal income tax, regardless of the rate, against the only kind of money named in the U.S. Constitution. And the IRS has never defended how its position squares with current law.

Furthermore, the U.S. Mint continuously mints coins of gold, silver, platinum, and palladium and gives each

of these coins a legal tender value denominated in U.S. dollars. This formal status as U.S. money further underscores the inappropriate nature of IRS income tax treatment.

H.R. 6790 states that “no gain or loss shall be recognized on the sale or exchange of (1) gold, silver, platinum, or palladium coins minted and issued by the Secretary at any time or (2), refined gold or silver bullion, coins, bars, rounds, or ingots which are valued primarily based on their metal content and not their form.”

Under current IRS policy, a taxpayer who sells his precious metals may end up with a capital “gain” in terms of Federal Reserve Notes and must pay federal income taxes on this “gain.”

But the capital “gain” is not necessarily a real gain. It is often a nominal gain that simply results from the inflation created by the Federal Reserve and the attendant decline in the Federal Reserve Note dollar’s purchasing power.

“The IRS does not let taxpayers deduct the staggering capital losses they suffer when holding Federal Reserve Notes over

time,” said Stefan Gleason, president of Money Metals Exchange.

“That’s another reason why it’s grossly unfair for the IRS to assess a capital gains tax when citizens hold gold and silver to protect them from the Fed’s policy of currency devaluation.”

Money Metals strongly urges all customers to contact their representatives and ask them to co-sponsor the Monetary Metals Tax Neutrality Act. Rep. French Hill (R-AR), Rep. Raul Labrador (R-ID), and Rep. Paul Gosar (R-AZ) have joined as cosponsors so far. 🇺🇸



*U.S. Representative
Alex Mooney (R-WV)*

Money Metals strongly urges all customers to contact their representatives and ask them to co-sponsor the Monetary Metals Tax Neutrality Act.

Trump's Fed Strategy

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member shall hold office for a term of fourteen years from the expiration of the term of his predecessor, unless sooner removed for cause by the President.”

If the President finds “cause,” then he can remove Fed policymakers. Such a backdoor power play would set off a political firestorm if Trump actually did it. But if he merely implied that he’s thinking about it, that might be enough to get some Fed officials to back down on another rate hike.

Trump Could Strike Back by Auditing the Fed

Another way Trump could strike back at the Fed is by reintroducing calls to audit the Federal Reserve’s books, as often urged by former Congressman Ron Paul. Trump had made “Audit the Fed” a part of his campaign platform in 2016. But since being sworn into office, he has neglected to push it.

Fed chair Powell opposes an audit for obvious reasons. He opposes greater transparency to the public because that would threaten the Fed’s “independence.” That’s really just a code word for secrecy and avoiding accountability.

In reality, the Fed has never operated independent of political and banking interests. It has just kept its activities and entanglements shielded from public scrutiny.

The way the anti-Trump media portray it, he is “breaking with longstanding tradition by trying to influence monetary policy decisions.” In reality, he’s just being more open and explicit about what is traditionally done through backroom deals.

Many Presidents Have Pressured the Fed

Most presidents have exerted pressure on the Fed privately through various means.

Lyndon Johnson reportedly went so far as to physically push Federal Reserve Chairman William McChesney Martin against a wall to try to intimidate him into backing off on interest rate increases.

And Alan Greenspan notoriously entered into a “gentleman’s agreement” on policy objectives with the Clinton administration to ensure he would get re-appointed as Fed chairman.

The only way to take politics out of monetary policy is to take away the power of a small handful of central planners at the Federal Reserve to determine interest rates. If the free market were left to determine borrowing costs, then no amount of lobbying by banks or strong-arming by politicians would make a difference.

For now, though, all eyes are on the Fed as the single most powerful economic decision-making body in the world. It remains under public pressure from the White House to loosen monetary policy. That will happen eventually, but it may come only *after* the Fed goes one hike too far and triggers a financial crisis. ⓘ

Special Discounts for Monthly Silver and Gold Savers!

Money Metals Exchange’s monthly gold and silver savings program is extremely popular with customers, especially because they get access to lower premiums than the general public. The minimum purchase is only \$100! A program description and enrollment form is posted at www.MoneyMetals.com. Monthly accumulation is a savvy, no-hassle way to protect and save your money. We can even set up bank debiting, so you never need to write a check. Our premiums above the spot market price are minimal!

**Call 1-800-800-1865 or visit
www.MoneyMetals.com today.**



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