SUMMER 2024

MONEY METALS INSIDER

An Insider Report for Clients of Money Metals Exchange

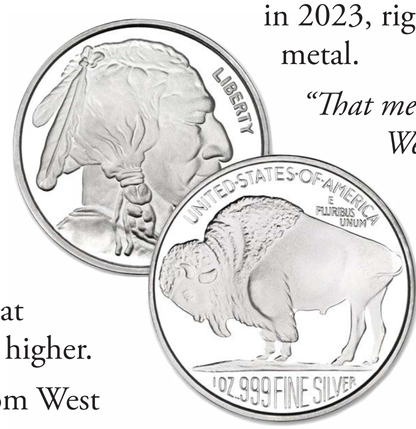
This Silver Bull Still Has Strong Legs!

By Mike Maharrey

This Spring, silver cracked the key resistance at $30 an ounce for the first time in over a decade.

It's been quite a bull run for silver, and Chen Lin is just one of many analysts who say the poor man's gold has plenty of legs left.

Lin is the founder of Lin Asset Management. He recently pointed out that the last time silver broke $30 (2011), after a minor consolidation, it quickly ran up to $50 an ounce.



Buffalo silver rounds are a low-cost way to acquire ounces.

Lin focuses on two factors in place that could quickly drive the price of silver higher.

The first is the movement of silver from West to East, similar to the trend we've seen in gold. Lin points out that silver stocks at the Shanghai Futures Exchange have fallen to a 10-year low.

Meanwhile, investment demand for silver in China exploded recently with the silver premium in the Shanghai market running about 10 percent over New York.

We saw a similar phenomenon for gold in China late in 2023, right before the big price rally in the yellow metal.

"That means massive silver will be going from the West to the East, just like gold, and we should see a continued sharp rally in the silver price."

Lin said Chinese investors are turning to gold and silver as a way to cope with negative real interest rates and sagging equity prices.

"Since the second half of last year, the Chinese buyer has been buying gold. We see the gold premium of Shanghai over New York, which means gold has been getting into China – smuggled into China.

"People smuggle gold into China right now as we are speaking. They have been consistent over the past year. Silver just got started… I expect this to last for a very long time."

China isn't the only Asian country with a growing appetite for silver. India imported more silver through the first four months of 2024 than it did in the entirety of last year due to higher solar panel demand and investor optimism.

A second factor is a global silver supply squeeze.

Silver demand outstripped supply for the third

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straight year in 2023, leading to a significant structural supply deficit of 184.3 million ounces.

This came on the heels of a 2022 production shortfall that the Silver Institute called "possibly the most significant deficit on record." It also noted that "the combined shortfalls of the previous two years comfortably offset the cumulative surpluses of the last 11 years."

This silver supply shortage has continued into 2024.

Lin noted that the silver supply gap is as big or bigger than the one that occurred in the 1960s.

"If you recall what happened in the 1960s, we ran out of silver, so we stopped minting the silver coin."

Lin was referring to the removal of silver from U.S. quarters, dimes, and half dollars in 1965.

The current supply squeeze won't likely abate any time soon. A boom in industrial demand driven by the solar sector is pushing overall demand higher at a rapid rate.

According to Lin's data, two years ago, the solar industry silver offtake was around 100 million ounces. In 2023, the sector consumed about 200 million ounces. Lin projects demand approaching 300 million ounces in 2024 (or about 30% of new supply) with most of that new demand coming from China.

By 2050, analysts believe solar panel production will use approximately 85–98 percent of the current global silver reserves.

Lin pointed out that Microsoft just went solar. The company needs a tremendous amount of power to run its rapidly expanding AI business. This could drive the annual silver production deficit to as much as 500 million ounces, a number Lin called "scary."

As Lin describes it, we're heading into a period of high demand and short supply that could quickly push the price of silver even higher.

Lin projects we could see silver surpass the record of $50 an ounce in the near to medium term.

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Long-Term Gold & Silver Performance Exposes Phoniness of Stock Market

By Stefan Gleason
President & CEO, Money Metals

Wall Street is ecstatic after the Dow Jones Industrial Average (DJIA) hit 40,000 for the first time ever recently. The nominal record makes for plenty of pithy headlines.

The Dow is indeed racing higher in terms of depreciating U.S. fiat dollars. But what about in terms of real money – gold and silver?

The headline news not being reported in the mainstream financial media is that the stock market benchmark just fell – yes, fell – to a two-year low in real terms.

It may seem hard to believe that the stock market is losing value at the same time as its gains are being widely celebrated, but the charts don't lie.

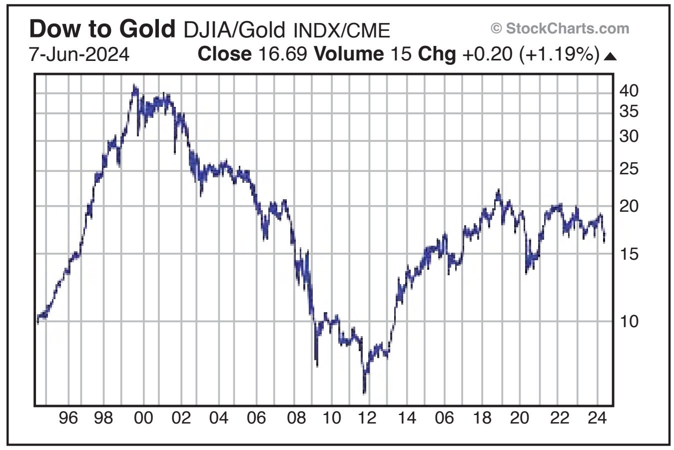
The DJIA:gold ratio peaked all the way back in 1999.

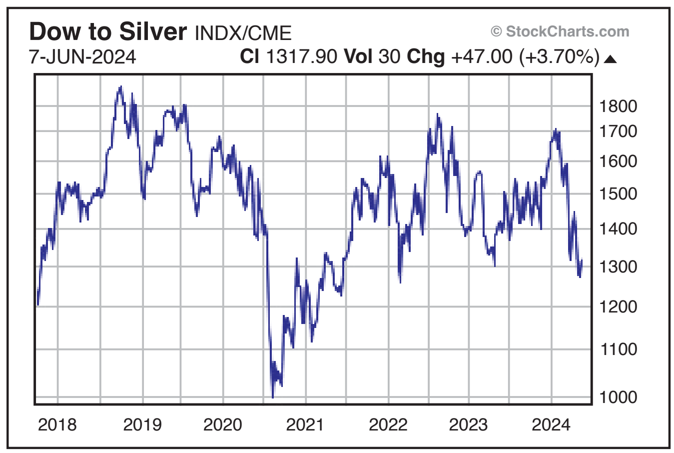
It's been 25 years since stocks have made new highs in terms of gold.

The DJIA is also starting to lag behind silver. The Dow:silver ratio suffered a significant breakdown in May – the very day the Dow closed above 40,000!

A stealth bear market in stocks appears to be underway.

Few investors are aware of it. Their brokerage account statements still show gains being registered. But those gains exist mainly in terms of phony, funny money.





More Pressing Questions **from Gold & Silver Investors**

We get lots of questions from the public about precious metals.

Some people are curious about the basics. Others are skeptical about the case for owning gold and silver. Still, others are longtime customers who have highly specialized inquiries.

Here we will answer a few of the most common, most broadly relevant questions we get...

QUESTION: What are the most affordable ways to buy gold and silver?

ANSWER: Of course, the most important factor in the price is the underlying spot market price of the metal at any given time. However, there can be wide variations in the premiums over the melt value that you will be charged.

Privately minted bars and rounds are almost always the most cost-effective ways to accumulate ounces. And as a general rule, the larger the item is, the lower the premium will likely be.

Money Metals' branded 1, 5, and 10 ounce bars are super popular.

At certain times, pre-1965 dimes, quarters, and half dollars – sometimes referred to as "junk silver – will also carry very low premiums (such as at the present time).

The same is true of pre-1933 gold, such as U.S. Liberty and St. Gaudens coins, and even Austrian Ducats, British Sovereigns, and other common older in circulated condition.

QUESTION: What is the best government mint?

ANSWER: None of them! Money Metals sells coins from numerous government mints, but it really comes down to a matter or personal preference for the investor.

However, if you want more precious metals for your money, you will certainly want to avoid all U.S. Mint products, as mismanagement by federal government bureaucrats who have distorted the market, causing high premiums and wide spreads on all current U.S. Mint products.

Most other sovereign mints produce high quality coins, too, but they do so much more efficiently.

However, private mints are where the action really is… as the more experienced investors migrate to privately minted bars and rounds which carry much lower premiums and lower buy/sell spreads.

QUESTION: What differentiates owning precious metals from investing in the stock market?

ANSWER: As a tangible asset held in your possession, bullion has no counterparty risk.

It can't go bankrupt or default. It doesn't commit fraud, and it doesn't make terrible decisions. It doesn't even rely on electricity or an internet connection to work.

Private, portable, and enduring coins, rounds, and bars are a time-tested hedge against out-of-control central bankers, hostile politicians, ESG malinvestment, and other troubling developments that currently cloud the outlook for most conventional assets.

It is important to note the decline in confidence and unhinged monetary and fiscal policy are long-term trends with no end in sight. That is why metals have outperformed stocks over the last two decades plus (see article page 5).

As of this writing, the S&P 500 is up 265% since January of 2000. The gold price vastly outperformed over the same period – up 750%. Silver has gained 475%.

QUESTION: If I set up a precious metals IRA, will I have to sell when taking distributions?

ANSWER: You have two options. You can sell some of your IRA precious metals holdings and take distributions in cash. Or you can take physical possession of your bullion and account for its value as an IRA distribution.

According to IRS rules, when an individual takes personal possession of physical precious metals that were held inside an IRA, it counts as a distribution. Even if you don't sell the bullion for cash, you could still face tax consequences based on its market value.

Is There a New Financial Crisis Brewing?

By Mike Maharrey

When the Federal Reserve last started raising rates, it precipitated a financial crisis. The central bank managed to paper over the problem with a bailout program, but the crisis continues to bubble and percolate under the surface.

According to the latest data from the FDIC, the U.S. banking system is sitting on $517 billion in unrealized losses due to deteriorating bond portfolios.

Unrealized losses triggered the collapse of Silicon Valley Bank, Signature Bank, and First Republic Bank in 2023.

According to the FDIC, unrealized losses on available-for-sale and held-to-maturity securities increased by $39 billion in the first quarter. That's an 8.1 percent increase.

It was the ninth straight quarter of "unusually high" unrealized losses corresponding with Fed monetary tightening that started in 2022.

Unrealized losses amount to 9.4 percent of the $5.47 trillion in securities held by commercial banks.

The Unrealized Loss Problem

As interest rates rise, the price of Treasury bonds and mortgage-backed securities fall. The decline in these asset prices has put a dent in bank balance sheets.

WolfStreet offered a good explanation of how banks got into this situation...

> *"During the pandemic money-printing era, banks, flush with cash from depositors, loaded up on securities to put this cash to work, and they loaded up primarily on longer-term securities because they still had a yield visibly above zero, unlike short-term Treasury bills which were yielding zero or close to zero and sometimes below zero at the time."*

In other words, the Federal Reserve incentivized the bond-buying spree.

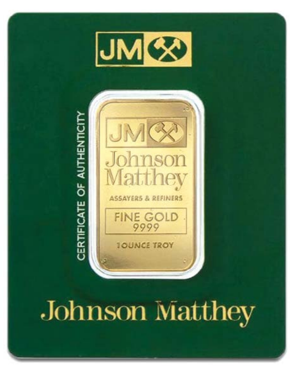
With the Fed keeping interest rates artificially low for more than a decade in the wake of the 2008 financial crisis and slamming rates to zero again during the pandemic, most people began to assume that the era of easy money would never end.

But what the Fed giveth, the Fed taketh away.

The easy money had to end when price inflation reared its ugly head thanks to the stimulus mania during the pandemic, and the Fed could no longer plausibly claim it was "transitory."

Do Unrealized Bank Losses Even Matter?

The conventional wisdom is that unrealized losses aren't a big deal. They only become *losses* if banks try to sell the bonds. If they hold the bonds to maturity, they won't lose a dime.



Money Metals sells thousands of gold bars each month to price-savvy investors.

But there is no guarantee that things will play out that way, as we saw with Silicon Valley Bank and others in March 2023.

As *WolfStreet* put it,

> *"In reality, they [unrealized losses] matter a lot as we saw with the above four banks after depositors figured out what's on their balance sheets and yanked their money out, which forced the banks to try to sell those securities, which would have forced them to take those losses, at which point there wasn't enough capital to absorb the losses, and the banks collapsed."*

This is exactly what happened to Silicon Valley Bank.

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The high-flying bank needed cash and the plan was to sell the longer-term, lower-interest-rate bonds and reinvest the money into shorter-duration bonds with a higher yield. Instead, the sale dented the bank's balance sheet with a $1.8 billion loss driving worried depositors to pull funds out of the bank.

The Fed papered over the problem with a bank bailout program (the Bank Term Funding Program or BTFP) that allowed troubled banks to borrow money against their devalued bonds at face value.

It allowed banks to quickly raise capital against their bond portfolios without realizing big losses in an outright sale. It gave banks a way out, or at least the opportunity to kick the can down the road for a year.

NEW: Goldpanner Divisible 1 oz Silver Rounds from Money Metals!

The BTFP shut down in March, but banks haven't paid back much of the money they borrowed. As of April 30, the BTFP still had an outstanding balance of just under $148 billion.

According to the FDIC, the number of "problem banks" increased from 52 to 63 in the first quarter. That's not an alarmingly high number, but it would only take a small blip in the economy to push a lot of other banks over the edge.

State regulators in Pennsylvania shuttered Republic First Bank on April 26 and the FDIC took control of the bank. The bank with $6 billion in assets and about $4 million in deposits had branches in Pennsylvania, New Jersey, and New York.

According to American Banker, Republic First's underwater bond troubles "mirrored those at First Republic Bank and Silicon Valley Bank" before they went under.

Klaros Group partner Brian Graham told American Banker this scenario is playing out in a whole bunch of other bank balance sheets, even as we speak.

"This disconnect between the economic reality of how much capital a bank really has and the stated regulatory capital level… is troubling."

The Commercial Real Estate Problem

Banks are also under pressure due to the rapidly deteriorating commercial real estate market (CRE).

According to the FDIC, the delinquency rate for non-owner-occupied CRE loans is now at its highest level since the fourth quarter of 2013.

The CRE sector faces the triple whammy of *falling prices*, *falling demand*, and *rising interest rates*. The post-pandemic rise of telecommuting and work-at-home programs crushed demand for office space. Vacancy rates in commercial buildings have soared.

This has put significant stress on commercial real estate companies. The biggest bankruptcy in 2023 was the failure of the Pennsylvania Real Estate Investment Trust. The company had loaded up with more than $1 billion in liabilities.

According to the Mortgage Bankers Association, around $1.2 trillion of commercial real estate debt in the United States will mature over the next two years.

Small and midsized regional banks hold a significant share of commercial real estate debt. They carry more than 4.4 times the exposure to CRE loans than major "too big to fail" banks.

According to an analysis by Citigroup, regional and local banks hold 70 percent of all commercial real estate loans.

And, according to a report by a Goldman Sachs economist, banks with less than $250 billion in assets hold more than 80 percent of commercial real estate loans.

Officials continue to insist that the banking system is "sound" and "resilient." But it's clear there is trouble bubbling under the surface. It's like the Jenga tower – it only takes removing one block to send the whole tower tumbling.

5 Traps to Avoid When Buying and Holding Precious Metals

By Joshua D Glawson

Average investors may find their first purchase of physical gold and silver a little intimidating.

To be sure, bad actors have sold metals with lower purity or less precious metal content than claimed. Sometimes it requires special equipment or knowledge to detect such fraud. But there are many other ways for novice investors to be scammed.

Here we reveal the five biggest traps to avoid. Heeding these warnings will save you time, money, and stress for you and your loved ones.

TRAP #1: Cable TV Ads, Celebrity Spokesmen, and the "Bait and Switch"

If you watch any of the cable news channels, you are certain to have seen advertisements to buy gold or silver coins, especially inside a retirement account.

The companies behind the Cable TV ads typically use a celebrity spokesman and appear simply to be promoting a basic investment in gold or silver. However, when they get someone on the hook, they will try to make an upsell into so-called rare, special, limited edition, proof, or collectible (numismatic) coins.

Unfortunately, for anyone duped into buying these supposedly special coins – usually at the hands of high-pressure, commission-based salespeople – it may be decades (if ever) before the victim sees a return on their investment.

Because the prices charged are so high above the actual market value of the gold or silver, metal prices often must double or more before a purchase can get back to a break-even point on the investment.

The celebrities hired for these TV ads may not even realize they are complicit in a swindle. Like many others, they might not know enough about the precious metals industry to understand what is a good value and what is not.

However, naivete is no excuse for a celebrity spokeman's involvement with such sellers; these celebrities get paid a fortune for their endorsements.

The reason these TV-based dealers can afford to pay the celebrities, as well as their aggressive commission-based sales team, is that the profit margin in their dubious rare, proof, and special-edition coins is far above the margins for competitively priced bullion.

TRAP #2: Individual Scammers

In recent months and years, there have been many cases of scammers and thieves targeting precious metals. Several public warnings have been issued by the CIA, FBI, and NSA, regarding scam syndicates and terrorist organizations in this area. Money Metals frequently warns customers about various scams we detect.

Some of the scammers will prey on the elderly, calling and harassing them into buying gold bullion bars or coins, sometimes using a fake business front to acquire cash or precious metals… or to get people to sell valuables for cash.

There have also been a variety of money laundering schemes.

At times, scammers may even present themselves as the IRS, the police, or another government authority and demand valuables to be turned over to them.

Another common type of fraud is committed by random sellers online. They will simply steal the client's payment and deliver nothing, or fulfill orders with fake or adulterated metal.

The above scenarios underscore the importance of

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buying, selling, or trading through reputable online dealers such as Money Metals Exchange.

TRAP #3: The Crooked Depository

Over the years, there have been incidents involving corrupt depository operators that either raided a customer's storage account or never deposited the metal the customer sent in the first place.

When storage customers finally want their metals to be returned to them, these corrupt depositories can operate as pyramid schemes. They manage to meet withdrawal requests until those requests outnumber new deposits.

When they do send metals, there can be long delays consisting of weeks or months. This is a red flag that signals the depository may not actually have the customer's metals on hand. They are working to acquire the metals needed to make the client whole.

A good rule of thumb is to only buy, sell, or store using a reputable precious metals depository that has an established public profile and good ratings.

Look for comments in the BBB reviews and complaints that indicate long wait times or a pattern of other problems.

TRAP #4: Phony Dealers that Fail to Deliver

There have been numerous instances of fake dealers that sell precious metals but never actually send the metals. Instead, they pocket the money.

The following are signs to be wary of…

1. Newly created websites.
2. Companies selling at popular online auction sites with no verified transaction history.
3. Sellers who are based in a different country.
4. Sites that look and sound a lot like other companies (but are not actually them).
5. Sellers who only want to receive payment in cryptocurrency or cash.

If you buy precious metals online, you should receive tracking information on your shipment within a few days of your payment clearing. Long delays and poor communication are major red flags.

TRAP #5: Home Invasions and Thieves

When you own bullion of any amount, especially significant amounts of precious metals or jewelry, it is always a good idea to not publicly brag about it. Keep it to yourself.

A home invader can access your home while you are there. They will threaten violence or death to compel you to turn over your valuables.

A thief will wait until you are not home and take your precious metals collection without directly threatening you.

There have been countless examples of precious metals enthusiasts being robbed.

To reduce your chances of being robbed or having your valuables stolen, do not post pictures and videos of your collectibles online and do not talk openly about what you own.

If you have a significant amount of precious metals, it is a good idea to store at least some of them in a reputable depository, such as the Money Metals Depository.

This is a low-cost option (starting at only $96 per year) that safely protects your valuable investments and reduces the risk of thieves, robbers, and home invaders.

When storing your precious metals in a proper depository, they are protected in a dedicated facility with top-of-the-line secure architecture, technology, and staff. And your metals will be fully insured against loss – something that may not be possible when storing at home.