

THE SILVER Mind Game

ARE YOU STILL IN?

By **AGWire™**
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Should I buy... or should I sell? Or should I wait? What should I buy? Are we at the bottom yet? Should I sell now and get back in lower? What if I miss the bottom? My wife thinks I'm nuts. What should I sell? Wait, I said I would never sell, that's right! On second thought, I should liquidate some rare bars at a premium and convert to generic silver at today's cheap prices in effort to stack more ounces! Or should I sell generic silver to generate quick cash and take advantage of rare bars that are now available in the down market? If you're like most silver bugs, you've all but driven yourself crazy at times, deliberating over what move to make, trying to second guess or outsmart the market, all in the hope and spirit of making a good investment or collectible choice. In a perfect world, we all want to buy at the bottom and sell at the top. And certainly none of us want to pay too much (like we would admit to it anyway!). Those darn emotions and impulses just mess with our rationale, and, like Imelda Marcos and her shoes, all of the sudden we absolutely have to have that legacy ingot at any price, and of course this always occurs when the market is at its peak. Then the market tanks and boy do we feel stupid, so we desperately try to sell and recoup some cash, further chasing the price downward until we either sell at a big loss (never admitting it, of course), or if we have the slightest bit of patience we wait for the next cycle. Either way, we come out bruised and discouraged, yet we're amazingly resilient and ready to go at it again... and again.

At AllEngelhard, we have received several inquiries as of late from concerned readers asking for our assessment and/or guidance through this volatile market. There seem to be more and more rare bars and ingots coming on to eBay auction, and collectors are questioning us as to whether the market is weakening because of this increasing amount of inventory. Or, conversely, does this current market present us with a great opportunity to add investment quality bars and ingots to our collections? The short answer is surprisingly the latter. When markets flounder, weak hands need to sell. This is the time to buy, and this is clearly what we are seeing now, unless the auction offerings are just testing the top of the market with firm pricing. On the flipside, when markets are strong, inventory diminishes quickly and prices soar. No doubt we will be at that point again very soon, but in the interim there is a good amount of low hanging fruit to pick. Even though Engelhard prices are still respectably high compared to bars of other refiners, the rarity of Engelhard bars and ingots compared to most any other numismatic collectible points to massive broad scale undervaluation.

We support the approach of a balanced silver portfolio, comprised of quality investment bullion (i.e. ICR Tier 4 and Tier 5 Engelhard common 1oz, 10oz and 100oz bars) and also an array of the less common and more collectible bars and ingots classified as ICR Tier 1 through Tier 3 on the AllEngelhard Valuation Guide. To be fair, there are other quality investment grade bullion bars and ingots that may play out as well as Engelhard, or perhaps better. However, we solidly favor Engelhard for its balance of quality, recognizable silver with the added numismatic component of investment rarity. But the bottom line is that, over time, it is inevitable that silver WILL go up, and likely a lot higher than any of us may anticipate. So, whether you hold US Silver Eagles, US silver dollars, 90% coins, Mexican Libertads or Reales, Engelhard bars and ingots, or generic silver, you WILL benefit from an upsurge in the silver market.

Some plays may certainly turn out better than others, but if your goal is strictly to take advantage of an increasing spot price, then buy generic silver at a low margin over spot. If you're a moderate but calculated risk taker, and want to play the underdog, recognizing that there may be intrinsic and numismatic value beyond actual silver value, then buy silver dollars, lower mintage silver eagles, and collectible bullion like Engelhard bars and ingots.

If you're not concerned about spot price and are collecting because you love silver and the numismatic nature of collectibles, then your play is rarer date coins, and of course rarer silver bullion ingots like Engelhard, Johnson Matthey, Perth, Homestake, etc. There is really no bad play in the silver market right now, unless, of course, you don't play at all!

If you've traded stocks, then you know that there is always a cost associated with shifting from one asset class to another, whether broker fees, listing or final sales fees. Before you make any rash moves with your portfolio, please understand that all categories of silver will benefit from an improved spot market, and sometimes it is actually best to just sit tight and wait it out. But if you're the restless and compulsive type, we recognize that this is impossible for you to do, and the sheer ability to move around and trade in and out of your hobby, even at a loss, is what makes it fun and exciting for you. There's nothing wrong with that either. We're all nuts, and most of us are engrossed and fascinated in the movement of the market. But honestly, if it weren't so much fun and intriguing, we wouldn't be doing it. So, carry on, take a deep breath and recite "SERENITY NOW,"¹ and continue to buy low and sell high, or buy high and sell low, or buy low and sell lower, but whatever you do, make sure that what you are buying is at least 90% silver, and more importantly, that you're re enjoying whatever you do!

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¹ "The Serenity Now" was the 159th episode of the NBC sitcom **Seinfeld**.