



By AGWire™
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"What's next?" seems to be the question of the day, right?! We all hear the pundits sounding their blow horns that the stock market and monetary system will crash at any moment, apocalyptic doomsday is near -- the same chants we've been enduring for the past decade. Sure, the case is theoretically building stronger every day for a major correction/revolution, but there are also key individuals and groups who will irrationally and unethically do **anything** and **at any cost** to prevent markets from crashing. Whether silver hits \$250, or \$100, or \$50, or \$25, we should celebrate. If silver spot price skyrockets, we win. If it stays low, we BUY, then ultimately win bigger anyway. If you bought this current bottom in the \$16's, a near-term spike to \$20 would be a very nice return, and we could get there quickly. We know for certain that the flipside proposition of holding our wealth in paper-thin greenbacks is a doomsday bet at best. But all this jabber relates to generic silver, and as you know, we are all about collectible bullion, which continues to dramatically disassociate itself from silver spot value.

By now, you are likely well on your way to building your bullion collection. And, like most collectors we've met, you're very proud of your stash. Sure, you would like your stack to be taller and wider; certainly we all would, but that thought never goes away, regardless of how much you have. And you're likely buying if the price is right, and you could also be selling if the price is right. Most of us struggle with repositioning and strengthening our portfolios, constantly dismissing that irritating demon that tells us to just shut up and sit still. We all have our

guidelines and limitations when it comes to buying and selling, and our favorite target pieces to pursue, certain ingots that somehow speak to us on a completely different level – one that we just cannot explain. This has been the case ever since we started in this hobby, or more appropriately, when we got bit by the bug, or perhaps **curse** (as our lovely wives say...) And we will without doubt continue to buy, and occasionally sell going forward, refining our targets based on new discoveries, developing information, available inventory, market conditions, underdogs, etc.

The exciting phenomenon we have witnessed in following the Engelhard collectible bullion market so closely over the past 12+ years is that prices continue to increase on **ICR Tier 1, Tier 2 and Tier 3** ingots and bars, despite a spot price that has literally been all over the bloody board. Ironically, silver spot is at a two-year low, yet pricing on collectible bullion in general is at an **all time high**. This clear and ever present disparity between spot and market proven value of rare examples will continue to increase. Before you know it, like rare coinage, there will be remarkably little or no correlation with the metal's spot value on even the less rare **Tier 4** and **Tier 5** examples. In fact, spot price may very well stay range bound for the near term, but the likelihood of collectible bullion continuing to appreciate in value is a near certainty.

I vividly remember routine trips to my LCS in 2010/2011. At that time, nobody really cared about Engelhard bullion and I was buying the nice stuff for near spot price. They once sent me home with a 3rd series 3oz ingot at a couple of bucks over spot! Even at local shows, nobody cared much for the bullion we regarded as 'collectible'. In fact, many dealers thought we were nuts, often overheard saying "what's the big deal with Engelhard, sure it's a great name but silver is silver." This commentary was also had on many of the public precious metals forums – the disbelief some carried of witnessing dramatic hammer prices on public auctions was often expressed as ridicule. And it made us think of a 1914-D Lincoln Cent and the notion of saying the same thing, "yeah, it's a nice penny, but copper is copper." Well, it ISN'T. And we were **RIGHT, and now they all know it!** Dealers today are fully aware of this developing collectible market and are either hoarding Engelhard and other collectible bars, or charging market prices for them. This is all well and good for the market, but gone are the barn find days of buying London kilos and Top Logo 4oz ingots at a fraction over spot. Our world has regrettably changed forever...

Twelve years into this madness and we still get just as excited today to see a London Kilo or Hallmark Set or 16.075oz bar listed on eBay. Like you, we know the rare stuff when it comes up, and unless it's priced stoopidly, it generally sells very quickly or is bid strongly. When we entered the market there were maybe a half-dozen Engelhard collectors worldwide that recognized the numismatic value of these legacy bars. At that time, we were all bidding against each other, driving prices up to what we then thought were crazy numbers, bargains today for sure. When we launched the website in 2014, there were perhaps 250 avid Engelhard collectors worldwide, an almost 50x increase over our early days. Values stepped up again, as you can well imagine. And today, we would venture to bet that our audience is approaching 1000 collectors, possibly more, and is growing by the day. So this begs the question: When you have a finite number of now 30 to 55+ year-old surviving collectible ingots, and an ever growing collector audience that continues to add to their collections and obsessions, what happens to supply, demand, and values? You know the answers to this, and history loudly confirms it.

Just look at the shear numbers of the Engelhard market. Approximately 4 million total production pieces from the early 1960's through 1987, roughly the same number as the **single-year** production of 1996 Silver Eagles. But unlike the 1996 Silver Eagles, a high percentage of Engelhard bars have been melted over the years. And perhaps only a quarter-million of those 4 million examples were the early highly collectible poured 4, 5 and 6 digit US and Canadian ingots, and these older and once considered 'junk' silver ingots have far fewer survivors. Let's just say for fun that 20% of the 250,000 Tier 1, 2 & 3 Engelhard examples survived the great melts, so

50,000 survivors. That's likely a high number, but we'll use it for illustrational purposes. Today's avid Engelhard collector base worldwide is estimated at 1000 serious collectors, a fourfold increase over 2014. Assuming a fivefold increase by 2020 (which is likely very conservative based on how momentum is picking up in our market) this translates to 5000 serious Engelhard collectors. What if each collector owned 10 collectible Engelhard bars? That would equal the 50,000 bars right there. But what if collectors desired more than 10 Engelhard bars, how about 25 or 50? And what if the collector base skyrocketed to 10,000 or 25,000? Or higher? This **will** happen. In fact, it's clearly trending in that direction right before our eyes. We personally know MANY strong-handed collectors who own hundreds of collectible Engelhard bars. It won't take many appetites like these to fully deplete supply and send prices further to the moon. Engelhard is to silver ingots as Rolex is to watches and Ferrari is to automobiles. All Engelhard bars are now vintage, and they are becoming harder to come by at reasonable prices, but they are still available at likely the lowest prices you will ever see again in our lifetimes.

There is no bad move with Engelhard. Pricing on 'common' (yet still very collectible) 1oz, 10oz and 100oz examples still remains very close to spot value. Check out APMEX.com and you can still pick up 1oz Engelhard bars at less than \$6 over spot, 10oz bars at less than \$3 over spot, and 100oz bars and around \$1 over spot. Pricing on **Tier 3** bars still remains within 25% of spot value. Imagine that. All it would take is a \$5 spike in spot price, which could happen in the blink of an eye, to put you below spot price on a **Tier 3** if you bought today. As Pete Townsend would say, *"I call that a bargain, the best I ever had."*

What's next for our collectible bullion market?

- Continued Growth in collector base worldwide.
- Mainstream Awareness of Engelhard and other top refiners.
- Worldwide increase in Bar/Ingot Demand.
- Decrease in Availability of all sizes and varieties.
- Increase in Values across the board.

Some folks prefer to pay full retail prices when something is in fashion because the herd has rendered approval and validated universal acceptance. These folks are sitting quietly on the sidelines today, waiting until prices surge and silver is the shining star of the investment world, and they will happily pay \$50, \$100 or even \$250/oz, because everyone else will also be doing it. We, on the other hand, have learned our lessons well and *we won't get fooled again*, and are currently sitting at the opposite end of the field. But wait, right now silver is on sale so cheap that there must be something wrong with it because nobody is buying it... Yeah Right! **We** are buying, **You** are buying, and **JP Morgan** is buying. For everyone else, *the song is over*. We are Contrarians. We buy when the herd is selling or sentiment is down, and we sell when the herd is buying.

Get over the market drama and **never** doubt your instincts, as the nuts and bolts principles are straightforward and enlightening. Keep *going mobile*. Speak softly and carry a big Engelhard. We **will** win this battle.

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