

# NEWS & VIEWS

February, 2000

*Forecasts, Commentary & Analysis on the Economy and Precious Metals*

*Celebrating Our 27th Year in the Gold Business / Centennial Precious Metals/ Since 1973*

"A central bank manipulating the price of money is no different than the Politburo 'managing' the Soviet economy. They had no clue whether the people needed cars or shoes. Some things were in oversupply and others were scarce and so on. Intellectually there is no difference between a centrally planned economy and a centrally planned currency." Anthony Deden, "Reflections on Prosperity"

**ISSUE OVERVIEW.....**1999 was an interesting year for the gold market--one I would characterize as a transition year. We thought you might appreciate the graph below which tells the story for 1999 in graphic form at the bottom of page one. We think 2000 will be a foundational year for the gold market--one in which the fundamentals reassert themselves and the market begins "to act like its old self again" as the World Gold Council's Haruko Fukuda put it recently. The details are contained further along in our **GOLD NOTES** section with a good sprinkling of opinion from all the right people. Also, as the masthead quote from Mr. Deden infers, we spend some time in the **SHORT AND SWEET** section talking about inflation--since that seems to have resurfaced in the minds of many investors--as well as some more background on the stock market bubble which seems to have severed any connection at all with reality. All in all, we think you will gain from this issue which we see as transitional. Herein lies what we consider to be the foundational elements for the Year 2000. Please contact us with your comments, and thanks for the strong response to our last newsletter. We hope you enjoy and gain from this one as much you did our last publication.

## GOLDNOTES

### DERIVATIVE MINING COMPANIES, RATHER THAN JUST GOLD MINERS

*The London Evening Standard* reports that "[c]entral bank sales sent the gold price on a roller-coaster ride last year, nearly bankrupting at least one producer along the way, but Australia's Normandy Mining sees a stable and profitable outlook for the precious metal this year.

Adelaide-based Normandy is the country's biggest gold producer at about 1.9 million ounces a year, and chief executive Robert Champion de Crespigny says it is on course to beat the record A\$123 million (UK pound 49 million) profit it posted in 1997. 'The basic fundamentals of this industry are extremely strong,' he says. 'The demand is nearly twice the supply. In rough terms, there are 4500 tonnes consumed each year, predominantly jewellery, and the industry produces 2500 tonnes.'"

In analyzing the fate of companies like Cambior and Ashanti after the Washington Agreement took the wind out of the gold-carry trade, deCrespigny went on to say, "Goldman Sachs came to us too and put proposals, and sometimes we accept them and sometimes we don't," says de Crespigny. "I don't blame them for what happened to Ashanti. Everyone can run their company how they like, it's a management decision. I think one of the key issues on this is whether people who are getting into these exotics are getting too far away from their core business. Every now and then you wonder if some companies are derivative mining companies, rather than just gold miners."

(ED. NOTE: If the gold price were to recover in the year 2000, as many gold experts believe, the unwinding of mining company hedge books will play a crucial and foundational role. Please see next clip.)

(CONTINUED NEXT PAGE )

### Inside this Issue.....

**THE 885 TON GAP...PAGE TWO**

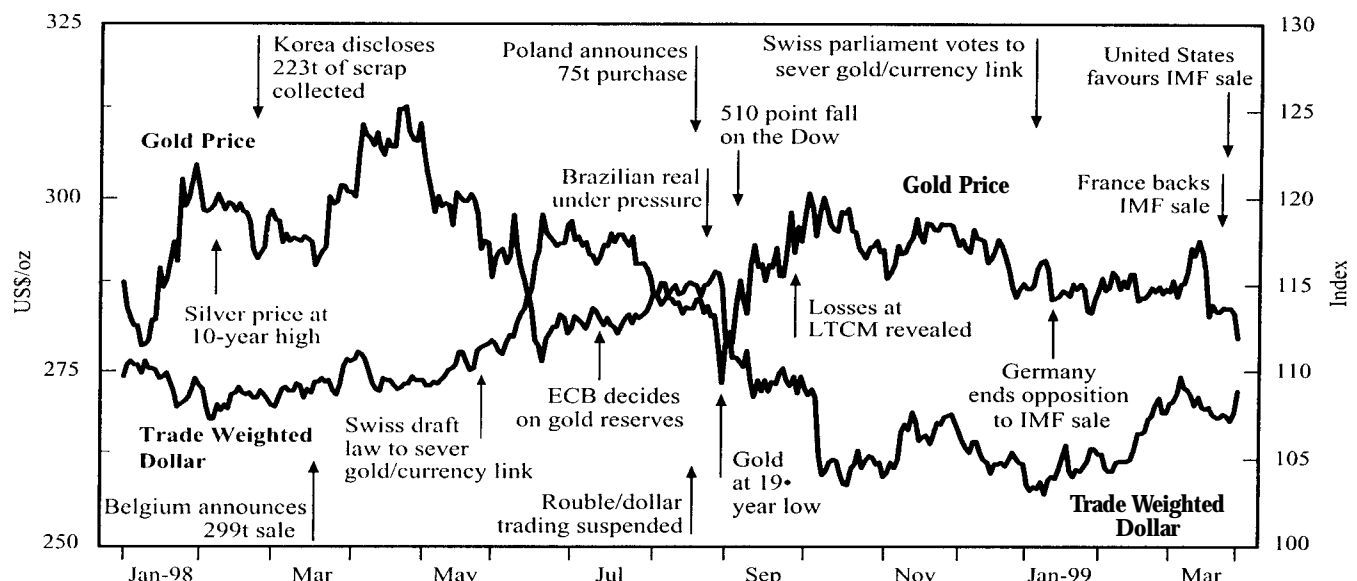
**CHINA GOES FOR GOLD...PAGE THREE**

**SHORT & SWEET...PAGE FIVE**

Figure 6

### Gold Price and Trade-Weighted Dollar

Daily



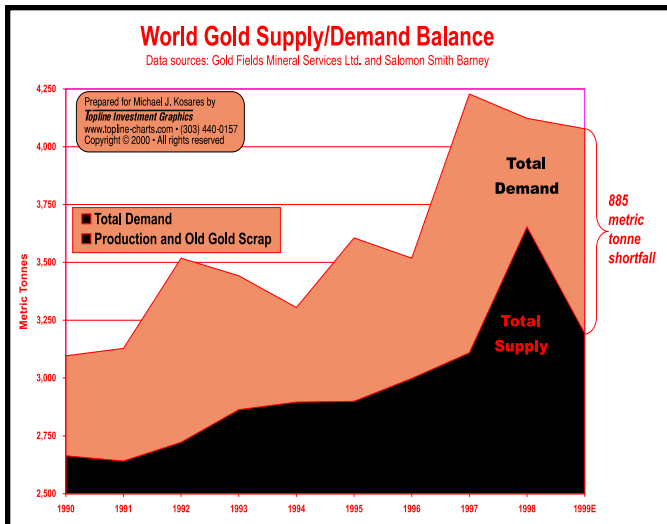
Our thanks to Gold Fields Mineral Services Ltd. for permission to use this graph.

Gold Fields Mineral Services Ltd., Goodwins House, 55-56 St. Martin's Lane, London, WC2N 4EA, website: www.gfms.co.uk

## GOLDNOTES, CONTINUED

### THE 885-TON GAP:

The graph below shows the growing gap between production (mining and scrap) and fabrication demand using the statistics of Gold Fields Mineral Services Ltd. (GFMS). Over the past decade, that gap has been filled by aggressive mining company forward sales programs and official sector mobilizations. When you study the tables, the trends are not working in favor of those who hope for (or predict) stagnant gold prices in the future. First, mining company production--the primary source of gold--is on relatively flat growth curve, the result of many years in which the mining companies were their own worst enemies. In 1990, production figures stood at 2664 tons of gold. In 1999, a decade later, production had increased to



only 3193 tons--a scant 529-ton increase (20%) over a decade. In the same ten-year period, total demand went from 3096 tons in 1990 to 4078 tons in 1999--an increase of 1162 tons (32%).

Here's the clincher: Clearly production is not keeping up with demand. In 1999, that gap of 885 tons was filled by central bank sales and mining company forward selling. With the Washington Agreement now in place limiting sales and leases, producer hedging decreasing notably, and bullion banks pulling in their horns (which has been reported consistently here over the last quarter of 1999), the ability to fill this gap becomes problematic. Any increase in investment or jewellery demand (a strong possibility with the Asian economy on the mend) could send the price lurching forward. GFMS reports in its *Gold Survey 1999 Update 2* that producer hedging will go from 445 tons in 1999 to 55 tons in 2000--a significant decrease. With official sector sales and leasing already capped, the obvious questions are: "Where is the gold going to come from to fill the 885 ton gap and at what price?" 2000 could bring some happy surprises for the goldmeisters.

### SEPTEMBER'S DRAMA CHANGED GOLD MARKET FUNDAMENTALS

"[T]he unexpected and dramatic price rally in September fundamentally changed the outlook for producer hedging. Within a matter of days many books went from being deeply in-the-money to being completely underwater. Millions of dollars were wiped off the marked-to-market value of hedge books and companies which had seemed financially sound one moment suddenly appeared to be at risk, on paper at least, of running into credit problems. In some cases, counterparty banks had the right to cover this risk by insisting on margin payments. The most high-profile and widely publicised case in this category was Ghanaian miner Ashanti Goldfields, whose margin call obligations increased exponentially as the price rose and brought the company to the brink of financial ruin. Thus, at a time when higher gold prices should have generated

additional revenue, several gold miners were faced with unforeseen additional expenditure. . . .

The period following the rally (from \$255 to \$330 after the Washington Agreement announcement) was marked by large-scale restructurings and buy-backs of hedged production. The full extent of this activity will not be known until the next round of quarterly reports are released by the producers, but anecdotal evidence suggests that global forward sales positions have contracted significantly. In addition, very little new hedging seems to have been done in the last quarter, even with spot prices at attractive levels. . . .

[M]any producers were under pressure from boards and shareholders--and analysts--to trim down their hedge books, or abstain from hedging altogether or at least to greatly simplify books and to report the full extent of any potential risk inherent in hedge books, discouraging the conclusion of complex deals. . . .

In the coming months, we expect to see lower levels of hedging. After the high-profile hedging disasters experienced by Ashanti and Cambior, producers are expected to exercise extreme caution...."

---- Excerpted from Gold Fields Mineral Services Ltd.'s *Gold Survey 1999 Update 2* released in January, 2000. See graph on front page for contact information.

(ED. NOTE: What GFMS fails to address is an answer to the question: "What will happen to the over-leveraged producers the next time we get a price run-up?" Many gold mining companies are not out of the woods yet--including Cambior and Ashanti--and there are likely a few others similarly compromised out there. The lessons learned since September have not been lost on the mining companies. An important source of gold to fill THE 885-TON GAP has been shut down.)

## NEWS & VIEWS

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**GOLDNOTES, CONTINUED**

**ANTI-GOLD CENTRAL BANKS RUNNING OUT OF BULLETS, INFLUENCE**

We have seen central bank influence waning over the last year or two. Despite the best efforts of central bankers and their government henchmen, Gold has not been relegated to the dust bins of history. Gold still has value, exceptionally so, because the price has fallen in recent years. But this exceptional value creates all the more opportunity to accumulate an undervalued asset, and this reality has caused central bank influence to weaken. Their actions are being increasingly met by people who seek to accumulate the physical metal that the central banks are dishoarding and lending from their reserves.

It seems likely that central banks themselves recognize this change. They have attempted to halt the decline in their influence, which may explain why they kept bringing up the proposed IMF sales so many times last year. Their propaganda activity has increased in direct proportion to the decline in their influence. Is it desperation? I think so.

The dishoarding by the Bank of England is further evidence of their desperation. Despite these sales and the conspicuous timing of the May announcement to inflict maximum damage on the Gold price, Gold has survived to fight another battle.

Further, I argue that because the central banks have had to take such an extreme step as dishoarding from the Bank of England, their efforts to merely talk down the Gold price were not doing the trick. Central banks only act when their threats to act fall on deaf ears.

Therefore, the central banks are rapidly running out of bullets. That they have been forced to act by taking such a blatant step as the Bank of England sales is a clear indication that they are running out of time. And when central banks do finally lose control of the Gold market, Gold will win the war. That moment is near, just months or maybe even weeks away.

We saw some evidence last year during those few weeks in September and early October that central banks were losing control. Not only did the price skyrocket, but we now know that derivative exposure in the Gold market swelled by over 30% in the 3rd quarter to \$83.3 billion (and this jump does not include the beginning of October because those numbers are not yet available). Only a massive infusion of leveraged paper kept Gold from rocketing higher.

So my big surprise for the year 2000 (or 2001 at the latest) is not really a surprise at all. It is a reflection of the reality that the influence of central banks in the Gold market is waning. As a result, they will soon lose control of the Gold price.

(Excerpted from James Turk's *Freemarket Gold & Money Report*, P.O. Box 5002, North Conway, NH 03860)

*"I categorically deny assertions that U.S. gold reserves were being sold off or that there is any plan to sell them off."*

U.S. Treasury Secretary Lawrence Summers (1/8/2000)

"We are saying you (the central banks) are the biggest holders of gold, then why don't you look after your asset better. And it has taken them a long time to appreciate that market. I think they will do it far better over the next 12 months. I think the scenario for gold has to be very, very positive for a number of reasons. One factor is stabilization of the bank sales, but another is the U.S. economy. All metals go out of favour and gold has been out for as long as the US economy has a been in favour. I think a weakening dollar will be strong for gold. Because in the end where are you going to put your money? Into the euro or Japanese yen? Or going to go to the gold. I think that alone will be very good for gold."

---Robert Champion de Crespigny, CEO of Normandy Mines (1/17/2000)

**GOLD BAR SALES ROBUST IN BEIJING**

The cold winter may have slowed down automobile traffic, but it did not stop people from making it to the Caishikou Department Store in Beijing to buy unprecedented amounts of gold bars.

The department store is the only sales agent of bulk gold in the capital. Since the sale started on December 10, 1999 and ended on Tuesday, the store has been drowned in an ocean of zealous gold buyers.

Last month, more than 6,300 pieces of gold bars, weighing 600 kilograms, were sold at the store. The bars were worth more than 62.4 million yuan (US\$7.5 billion).

More than 5,000 people sent their orders in. Around 8,670 people called to consult on prices. The biggest daily sales volume of the gold bars topped 9.8 million yuan (US\$1.2 million), according to store sources.

The bars were priced at 104 yuan (US\$12.5) per gram in the store, higher than the price of the jewelry, but customers still poured in to grasp their chance. The scene was a sharp contrast to the sluggish gold jewelry market in the city, which has been in a low ebb in recent years.

Insiders said the robust sale of the gold bars was partly due to curiosity, but was more attributed to the exquisite design and collective value of the bars. For customers, they prefer gold bars over the jewelry to maintain and increase their wealth.

It was the first time that China sold gold bars to the public since 1949. The decision by the People's Bank of China to share its 1.5 tons of coveted metal with the public is termed by analysts as a bold step forward to open its gold market.

China Gold Coin Incorporation was designated by the bank to be the chief dealer of the gold bars selling. The bars were also sold in 10 other major cities in China, including Shanghai, Guangzhou, Chengdu and Wuhan, bank sources said.

*China Daily* (1/13/2000)

(CONTINUED NEXT PAGE)

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<b>Current Prices</b>	Since last issue.....	
01/27/2000		
<b>Gold</b>	\$287.10	+ 5.30
<b>Silver</b>	\$5.42	+ .22
<b>Platinum</b>	\$445.60	+ 27.10
<b>Comment:</b> Gold is moving higher despite a minor selloff after Y2K. Silver is responding to increased industrial demand while platinum (and palladium) are rocketing ahead due to severe shortages caused by Russian problems.		

**INDIAN GOLD DEMAND STRONG AS ECONOMY IMPROVES**

Gold demand in India, the world's largest market for the metal, is set to pick up significantly in 2000 as a reviving economy boosts disposable income, traders and analysts say.

"We are expecting a 15 per cent rise in demand in 2000 over the previous year," Ravi Vasantraj, analyst at gold trading house Mecklai and Mecklai, told reporters. Indians bought 815 tons of gold in 1998. Demand in the nine months to September last year was 659 tons, up 4 per cent year-on-year.

"The past year was a turbulent one for gold," said Vasantraj. "International prices were fluctuating wildly on gold sales by European central banks, the domestic economy was yet to fully get on the recovery path and domestic customs duties were also raised, depressing demand to an extent," he added.

The Indian economy is now well on the road to recovery after two years of slowdown. Exports are up and so is the stock market. Analysts expect gross domestic product to grow about 6.5 per cent in the year to March 2000, compared with 5.8 per cent the previous year.

"The general economic growth and the feel-good factor will lead to more people buying gold this year than last year. There is a lot of optimism in the market," said Vasantraj.

Demand in the past two years has been generally flat. "This year we should see the recovery more pronounced." Vasantraj said.

According to the Hindu calendar, the auspicious period for making buying decisions begins Saturday. Gold jewellers and traders in Bombay--the country's largest market--are gearing up to cash in on the increased prosperity in the economy.

*China Daily (1/17/2000)*

**(ED. NOTE:** Since the Asian Contagion gripped the Far Eastern economies in 1998, we have said that as those economies recovered, the demand for gold would return with a vengeance. The crisis itself serves as warning. In each instance--no matter what country--as the local currency cratered, the price of gold sky-rocketed. Eastern investors, having learned the lesson of gold and paper money well, will not be caught short again.)

**BARRICK TO CHANGE HEDGE POLICY?**

Barrick sent out a questionnaire to institutional investors asking them whether or not they'd like to see Barrick maintain its current hedging strategy, namely, maintain a large hedge position irregardless of market conditions. We are also taken to understand that Barrick polled the analysts after the 'Hedging School' seminars that Barrick staged. Obviously, the company seems to be acutely sensitive to the direction of the wind (i.e. sensitive to shareholder opinion--which is admirable) and we all know which way the wind is now blowing. What made sense 10 years ago makes no sense now.

There are apparently two camps on Barrick's board--the hedge camp and the non-hedge camp. The hedge camp stands on sturdy ground if only because they have made the Company so much money over the last decade--how can you argue with success? Careers have been made out of hedging. That Barrick now seems to be re-evaluating its stance (judging by the questionnaires, etc.) is testimony to how strong this wind is blowing. (We hear of one investor--a fairly heavyweight guy--who wrote on his questionnaire, in very blunt terms, that he was considering selling all his shares in Barrick unless the Company cleaned up its hedge book. It didn't take long for the phone to ring.)

Any re-consideration by Barrick in regard to its hedging position would be tremendously bullish for the gold markets. It would signal a change in attitude and a sign of things to come. Over the last decade several hundred tonnes of accelerated supply have hit the market every year as a result of the

increasing practice of hedging. Imagine if that movie were played in reverse? GFMS is predicting that the total hedge book will increase this year by plus 55 tonnes - imagine if that figure were instead minus 500 tonnes? Ka-ching! Yet 500 tonnes represents only a fraction of the industry's collective hedge book. Is the industry becoming less blind to its own interests? There are indications that this is so.


--- Gold mining industry insider posting anonymously at *Le Metropole Cafe*

**(ED. NOTE:** We reprint this short analysis on Barrick because we strongly agree with the basic premise. Barrick is the biggest of the gold hedgers with the largest hedge position in the mining industry. When it decided to square part of its hedgebook back in 1993, the gold market went over \$400.)

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 – James Turk, December, 1999

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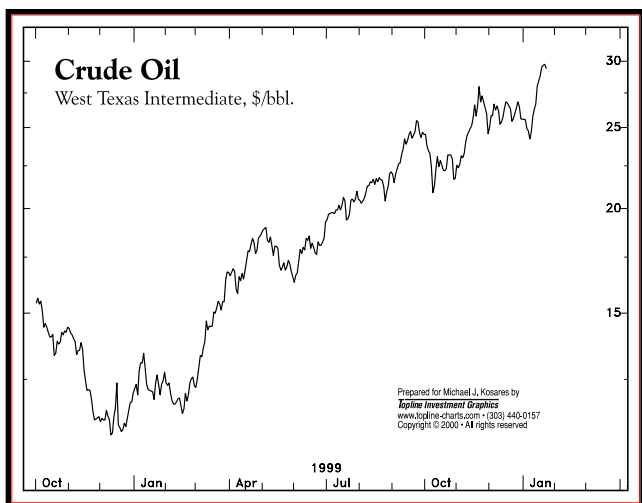
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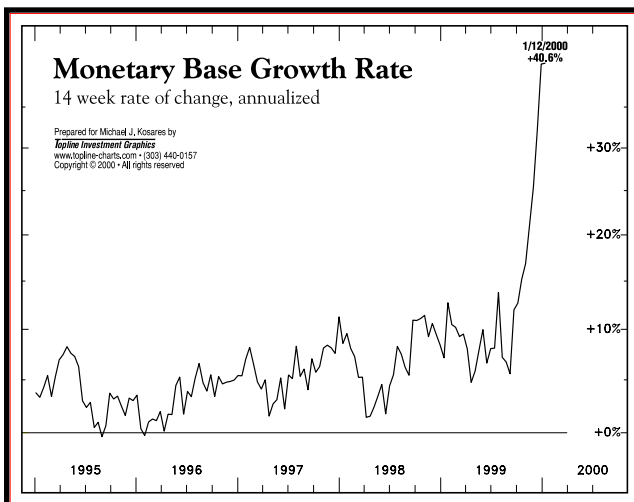
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**SHORT & SWEET.....**Quick question: What is the largest gold mine in the world? Answer: The Grasberg Mine in Indonesia owned by Freeport McMoran. And it isn't even a gold mine, but a copper mine. Gold is a by-product. It produces close to 25 tons per quarter ---about 4% of the world's annual production.....Brace yourself for major price increases in oil-related products, including gasoline. Crude oil could be at the \$30 mark by the time you receive this newsletter, and could be \$40 by year end. One year ago, crude oil was trading at the \$12.50 level. Don't believe the new paradigms that the price of oil no longer matters..... This from *PR News*: "Oil price increases, that in some cases surpass the hikes seen during the Persian Gulf War, are about to stun homeowners, airlines, and trucking companies, according to OPIS Energy Group. . . Wholesale prices for many fuels reached all time record



levels in the northeast on Friday, as oil suppliers and marketers scrambled to find oil to deliver to end-users in the region.”.....By the way, what's with all the oil industry/generating plant fires and explosions? Sherry Nakken, who has been in the forefront investigating the phenomena and sponsors a web site on the subject, says that there were 5 such reports in 1997; 29 in 1998; 90 in 1999; and 64 already in 2000! Y2K Two? I am afraid we may be seeing just the tip of the iceberg on the oil price issue.....*Safe Money Report* says that “Amazon.com has only \$423 million in book value and is losing

\$1.37 per share. But it's trading at a value of \$31.7 billion--more than the valuations of Sears and K-Mart combined......We pulled the following figures from a recent *New York Times* table on the money supply: The “monetary base” annualized growth rate equalled 17.5% over the last 12 months, 27.4% over the past 6 months and a colossal 40.6% over the past three months. And you thought there was no inflation. My friends, printing money like this is the very definition of inflation!.....While we are the subject of inflation: John Crudele, the financial reporter for the *New York Post*, caused quite a stir with a recent series of articles on the inflation rate in which he accused the government of covering up the true rate of inflation. A cascade of letters from all over the country came Mr. Crudele's way following the article--all supporting his contention that “the panic over inflation is about to begin.”.....Crudele went on to say that: “Of all the markets, only stocks believed that inflationary pressures were as low as the government said. Even Greenspan questioned the validity of Washington's inflation picture. ‘I think that the Consumer Price Index is not the particular index which tells the most we need to know about consumer inflation,’ the Fed chief said after giving a speech last Thursday night in New York. ‘The reason is mainly that it is weighted very unusually.’.....The government weights housing at 20.5% of the CPI Index.



According to the Bureau of Labor Statistics, housing registered its smallest gain since 1994, says *Grant's Interest Rate Observer* . I don't know about where you live, but housing in Denver is now in its greatest bull market in history. We hear similar reports from clientele all over the country. So what gives?.....James Grant (*Grant's Interest Rate Observer*) offers this bit of wisdom on the aforementioned real estate boom: “Actually, to interrupt ourselves, there is no such thing as real-estate inflation, food inflation or any other product-or service-specific inflation. There is only inflation inflation, a circumstance in which the purchasing power of money shrinks because, through an error of monetary policy, there is too much of it.”.....According to the *Denver Post*, mountain lions have migrated as far east as the Nebraska panhandle in search of food and habitat. They are literally being run out of the mountains by development. By way of comfort: Mountain lions

**SHORT & SWEET, CONTINUED.....**are not as threatening as you might think.

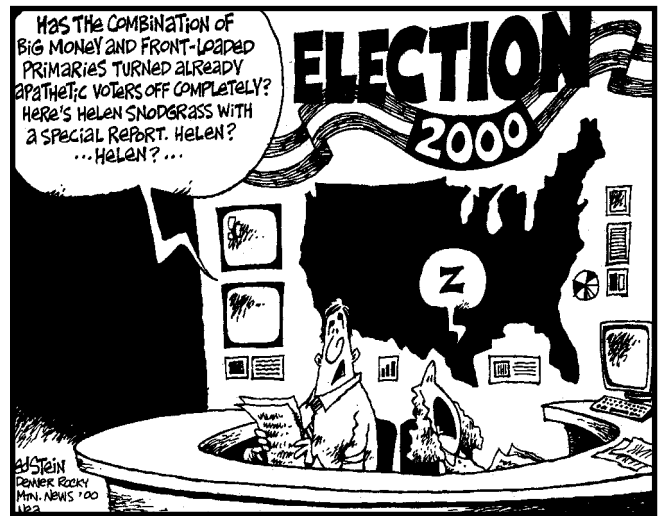
According to the National Mountain Lion Foundation, there have been 13 fatal mountain lion attacks on people in the last 100 years versus 4000 killed by bees, 10000 by deer and 1300 by rattlesnakes.....A "heads up" from Doug Fiedor, who reports on the news media (*News on the News*): "If anyone thinks the TV 'news' fed the American public is filtered through a strongly liberal perspective now, just wait until next year. Cause, you ain't seen nothing yet. Three of the major news networks have joined together as equal partners to form a single domestic news cooperative called Network News Service. ABC NewsOne, CBS Newspath and Fox News Edge



will all contribute people, money and facilities to Network News Service (NNS). According to news sources, the new venture will be managed by the senior executives of all three news organizations and the operation will be coordinated from a single newsroom located in the CBS Broadcast Center in Manhattan."..... All of which simply adds to the importance of newsletters such as this one and web sites such as our USAGOLD(www.usagold.com)..... Says Fiedor: "The fact is, the more the corporate media organize their huge conglomerates, the less the American people believe

anything they report. Consequently, many thousands of American people now get their news from alternate news sources on the Internet. That is also why many of these 'alternate' news sources are now prospering and are being looked at by many as the only good news sources available.".....The USAGOLD web site has grown phenomenally over the past year--substantially more than our most optimistic projections.....In response to a question from Senator Joseph Lieberman on whether or not the Federal Reserve was involved directly in the gold market, Alan Greenspan responds: "The letter asserts that the Federal Reserve has been seeking to manipulate the price of gold by intervening in or otherwise interfering with the free market in gold. This is not true. The Federal Reserve owns no gold and therefore could not sell or lease gold to influence its price. Likewise, the Federal Reserve does not engage in financial transactions related to gold, such as trading in gold options or other derivatives. Most importantly, the Federal Reserve is in complete agreement with the proposition that any such transactions on our part, aimed at manipulating the price of gold or otherwise interfering in the free trade of gold, would be wholly inappropriate."

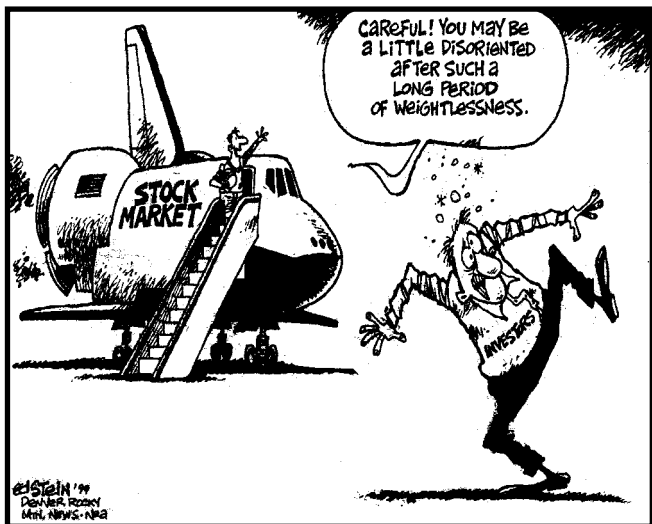
Senator Lieberman's question(s) were the result of a letter from Gold Anti-Trust Action Committee Secretary Treasurer, Chris Powell.....From the Deja Vu Department: "Many of those now crowding Wall Street have burned their bridges. They have thrown over their jobs on reaching some predetermined goal, a paper net worth of \$50,000 or \$100,000 or \$200,000; they have bought expensive houses and mink coats for themselves or their wives, and look forward to lives of leisure and affluence spent at this easy and entertaining game...All through the days and long into the evenings, the talk, talk, talk goes on. There are tales of fortunes just made and of fortunes about to be made--above all, talk of fortunes." (This was excerpted from *Once in Golconda* by John Brooks published in 1969)



.....Along these lines, one of the original gold bugs, Harry Schultz says: "The nature of gold buying is changing. Wealthier investors are buying large lots, often \$1 million, not for Y2K reasons but to exit equity markets for capital preservation. Such buying hasn't been seen in size for 10 years. Big money smells a stock market meltdown.".....R.E. McMaster (*The Reaper*): "Over half of every income tax dollar we pay by April 15th each year is wasted on interest.".....

(CONTINUED NEXT PAGE)

**SHORT & SWEET, CONTINUED.....** In a very active year for gold, here's **MY TOP FIVE GOLD EVENTS FOR 1999** in order of importance: 1.) The Washington Agreement among European central bankers which limited gold sales and leases; 2.) The constituency-based movement in Congress to block the International Monetary Fund gold sales; 3.) The purchase of 40% of the gold offered at the second Bank of England auction by Goldfields, Ltd.; 4.) The public pressure exerted by N.M.Rothschild/London to make official sector gold activity more "transparent" (their word); 5.) The change in accounting standards for mid-year 2000 that will make it mandatory for public firms (now including Goldman Sachs) to mark their derivatives positions to market and include them in public balance sheets.....



The change in accounting standards mentioned could have a profound impact beyond the gold market. All financial vehicles will be affected by the change.....While we're discussing lists, here's one of interest from *ABC News* by way of *The Reaper*: "Recently the *NY Post* ran a long list of not-very-nice people and asked its Web site visitors to rank them in the **THE TOP 25 MOST EVIL PEOPLE OF THE MILLENNIUM**. With 19,184 votes cast, the poll results were not exactly what any person in public life would cherish: (1) Adolph Hitler--1,664; (2) Bill Clinton--1,625; (3) Josef Stalin--1,284; (4) Pol Pot--9,619; (5)

Dr. Josef Mengele--783; (6) Hillary Clinton--765; (7) Saddam Hussein--710; (8) Adolph Eichmann ---641; (9) Charles Manson--548; (10) Idi Amin--514. . . ." Need we go on? Bill Clinton wasn't even a selection in the poll but received 1,625 write-in votes anyway.....Since the poll was taken among New Yorkers and Hillary Clinton finished sixth in the voting just behind Josef Mengele and just ahead of Saddam Hussein, one wonders how she might do in a general election there.....This from Haruko Fukuda, CEO of the World Gold Council, just after the January 25th Bank of England auction which was over-subscribed by 4.3 times (as reported at USAGOLD Forum by our Sitemaster, Randy Strauss): "Prudence dictates that in an uncertain world the UK should hold a significant proportion of its reserves in an asset which is not in thrall to the vagaries of economic policy-making in Brussels or politics in the United States. Only gold possesses that unique authority--it is the only monetary asset which is not someone else's liability. Our national gold reserves are the one pillar of economic strength that lie beyond the capricious whims of politicians and bureaucrats...The government appears to have forgotten that in times of economic uncertainty, both during inflation and recession, gold provides the lodestar of dependability. Instead of selling, the government should be taking advantage of the relatively low historic price of gold to build up the country's gold reserves to a level in line with some of our EU partners.".....With Ms. Fukuda's well-taken advice which resonates for individual portfolios as well as nation states, we'll bring this issue of **NEWS & VIEWS** in for a landing. Happy Trails, my fellow goldmeisters, until we meet

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the Golden Rule:**



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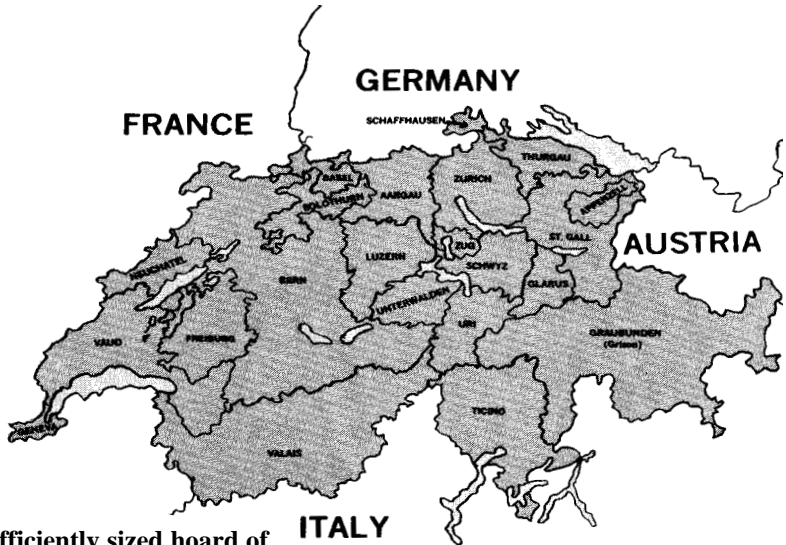
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 Uncirculated



We think you are going to like this!

For the first time, we have secured a sufficiently sized hoard of Swiss 20 Franc Helvetias (mostly from the early Twentieth Century) and the older Confederatios (from the late Nineteenth Century) to accommodate the type of demand generated by these offers. We still encourage our clientele to order as soon as possible. This may be the last time we can secure enough size to accommodate a package of this type for the popular Swiss coins. The Helvetica carries a small premium similar to items you have purchased in the past. The Confederatio has a slightly higher premium but is still not prohibitive. Please call for prices.

As always, your questions are welcome.

- Pre-1933 gold coins, qualified as collectors' items
- Small gold coins serve well as barter/exchange items
- Comparable in premium to small-size bullion coins
- Liquid international market
- Double-play profit potential as gold and collectors' item

**25-COIN MINIMUM ON HELVETICA CARRIES RIGHT BUT NOT OBLIGATION TO PURCHASE 5 CONFEDERATIO**

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**CONFEDERATIO SUPPLY STRICTLY LIMITED**

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**FIRST COME, FIRST SERVED**

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**SHIPPING INCLUDED**

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**CHECK, WIRE, CREDIT CARD**

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**PLEASE MENTION YOU RECEIVED THIS ADVISORY**

**1-800-869-5115**

**SWISS CANTONS**



Swiss 20Franc  
 Confederatio  
 .1867 fine ounces  
 1883-1896  
 Uncirculated



**Historical**

Owing to its central location among the great powers of Europe, Switzerland for centuries has been the center for commerce and banking. It is famous for its role in the gold market where the 'gnomes of Zurich' are said to hold much influence in gold's financial uses.

Switzerland is synonymous with banking and synonymous with the gold trade. It made its first splash in the world gold market by convincing South Africa that they would be better merchants for its gold than London. Then Russia quickly jumped aboard the Swiss gold train. Zurich is said to be the largest dealer of physical gold bullion in world, shipping to all corners of the globe. Noted gold authority, Timothy Green says, "Gold is as much a part of Switzerland as the Alps and skiing."

Many individuals in Europe and elsewhere who do not trust their own governments trust the Swiss to handle their money. As a result, much of the world's privately held gold is stored secretly in Swiss vaults. Now you can own a part of the Swiss gold legacy *and* Republican history with these intriguing gold coins. The "Confederatio" on the older of the two coins refers to the assemblage of the twenty five Cantons shown on the map above into the modern Swiss State.