



Precious Metals Quarterly

An Insider Report for Clients of Independent Living Bullion

Record-High Gold and White-Hot Silver How Much Longer Can This Bull Market Run?

BY CLINT SIEGNER

When it comes to secular bull markets, investors do best by identifying the right time to sell. With 20% gains in gold and 35% gains in silver this year alone, some metals investors are asking if the time could be coming soon. It's always worth rechecking your premises on this question.

We've seen nearly a decade of spectacular performance in precious metals – with gold up over 400% and silver up nearly 500%. Heightened media attention is raising the hair on the necks of some contrarian investors who would be more comfortable with prices continuing to rise in relative obscurity. After all, history has shown that the market top for an asset class occurs when the mainstream financial media are yammering about what a “can't lose” opportunity exists.

For nervous precious metals investors, I recommend taking a deep breath followed by some objective analysis. Start with the recent increase in media attention. CNBC may run a couple of segments that are bullish on gold, but the mass media overwhelmingly continue to downplay and ignore metals. Less than 5% of investors own a single ounce of gold or silver. (And we're in a bubble?)

How to Know a Gold Top Is Near: When Reality TV Shows Emerge

Meanwhile, the obsession with stocks, bonds, and even real estate lives on. Investors should start worrying about too much media attention when a cable network launches a show featuring amateur gold

miners toiling over a homemade sluice box on some mountain stream.

Remain objective. Some positive comments from the likes of Larry Kudlow and Jim Cramer is not evidence that a bubble in precious metals is about to pop. Meanwhile, Cramer is mainly pushing Wall Street securitized gold and silver in the form of ETFs – not the real thing you can touch and feel and rely on in the event of a financial-sector meltdown. We are in a long-term bull market. Investors who sell too soon will miss the final and most explosive phase of the bull market, when a true mania sets in.

So where are we in the current cycle? Secular bull markets in precious metals and commodities generally last 15 to 25 years. Dow Theory divides these markets into three stages.

Bull Market Phase 1 – Accumulation

In this phase, sentiment is overwhelmingly bearish, as prices make a bottom. Conditions seem to be at their worst. Smart and bold investors recognize an opportunity and start buying. Prices stabilize and begin moving up.

Bull Market Phase 2 – Public Participation

As recovery becomes apparent and the bad news dissipates, more and more investors move into the market. This demand coupled with more positive news leads to higher prices. It's worth noting that this phase tends to last longer than Phase 1 or Phase 3.

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Bull Market Phase 3 – Excess

In this phase, the public becomes convinced that the bull market will continue indefinitely. Sentiment is overwhelmingly positive. In other words, “American Sluice” grabs a spot in prime-time TV with big ratings. It is marked by increased volatility with breathtaking price moves that surprise even the bulls. The “smart money” starts looking for opportunities to exit the market.

This precious metals bull market recently entered Phase 2. Yes, record-high gold (merely in nominal terms) is garnering more public attention. But renowned investor Jim Rogers recently surveyed high-end money managers and discovered that 75% had never owned precious metals. And again, only recently do media commentators mention gold without snickering.

Our clients are sophisticated folks with a buying rationale they can clearly articulate. They represent “smart money.” We do not see a rush from people who are buying on a tip from their brother-in-law and are convinced they are going to get rich. This supports the notion that we are still early in Phase 2 – there is no broad participation by the public.

Precious Metals Bull Has Years Left - With the Biggest Gains to Come

Now that we have examined where we are in this bull market cycle, let’s examine whether the fundamental case that drove investment in gold and silver has changed. It most certainly has not. Government continues to expand and spend more. The unfunded liabilities of Social Security and Medicare continue to grow hopelessly beyond our ability to meet those obligations. And regardless of election results, near-term optimism about fiscal sanity returning in Washington cannot overcome the real physics behind the crisis we face.

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Monday through Friday

Price Special Extended on Pre-1965 Silver Coins, Minimum Order Size Reduced

You can still take advantage of the recently reduced premiums on our pre-1965 90% U.S. silver coin bags – meaning “junk silver” is currently an even greater value than one-ounce .999 silver rounds! Junk silver, one of the most widely bought and sold forms of the metal in the silver market, gives you the rare combination of being highly recognizable, highly divisible, and government-minted, while carrying a low premium over the spot market price – advantages that are currently unavailable with other forms of bullion. Also, **Independent Living Bullion** recently reduced the minimum order size to a mere \$100 in face value coinage (containing 71.5 silver ounces).

Call **1-800-800-1865** to lock in an order or visit our website **www.IndependentLivingBullion.com** for more information on pricing and options. (*Note: Pricing is subject to change.*)



It is also worth remembering that the crisis in debt-burdened fiat currencies is a worldwide issue. Failed leaders around the world have a tenuous grasp on control. A moderation of U.S. problems through increased Republican influence in Congress can be instantly swept aside by a funding crisis in numerous states, cascading sovereign defaults in Europe, a currency crisis in Japan, or any number of unforeseen events.

We are still stuck with leadership (both here and throughout the world) committed to borrowing, expanding government, spending, and establishing perverse incentives through bailouts and handouts. Until the day sound money, savings, and production are embraced and revived, the fundamental case for ownership of physical gold and silver will remain firmly intact.

Investors should therefore remain focused on establishing and building long-term positions in precious metals. 📈

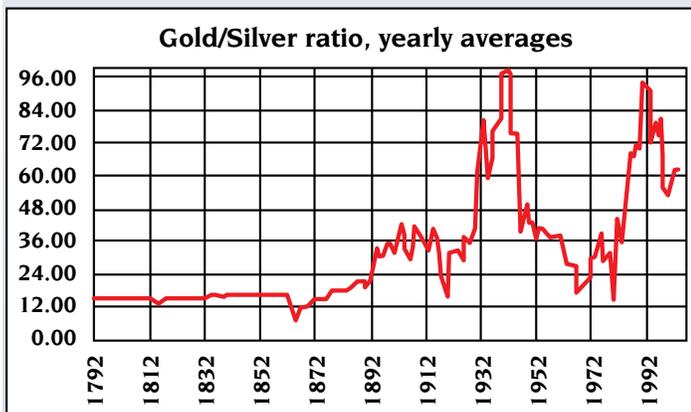
Increase Your Gains by Trading on the Gold-Silver Ratio

Silver Currently Undervalued Versus Gold

— BY MIKE GLEASON —

If you've followed the precious metals markets over the years, you may be aware of the gold-silver ratio. For the first time in two years, the ratio has dropped below 60 to one, meaning it takes less than 60 ounces of silver to purchase one ounce of gold.

However, for most of recorded history, this ratio has been much lower. In the past 100 years, it's averaged in the low 40s, but for many centuries before that, it averaged in the teens. Simply looking at their presence in the earth's crust, the natural ratio of the two monetary metals is actually only 17 to 1 (silver to gold ounces).



For a number of reasons, **Independent Living** newsletter and **Independent Living Bullion** currently recommends you hold at least as much silver as gold. While it is heading down again with the recent precious metals rally, the ratio is still in extreme imbalance by historical standards. But there are many other reasons to hold a major position in silver.

After the U.S. Mint removed silver from circulating coinage in 1965, silver's use as a monetary asset was almost entirely discontinued by banks and investors, and silver was primarily viewed as an industrial metal. However, concern about inflation and financial turmoil have recently sparked substantial investor demand in the white metal. Those looking to hedge against a currency crisis are flocking to not just gold – but silver as well. Yet silver is a much smaller market.

Unloved Silver Enjoys Growing Industrial AND Monetary Demand

Meanwhile, industrial demand for silver continues to grow, as new uses for the metal are discovered and brought to market each year. Alternative energy sources (i.e., solar, wind, high-tech battery power, and others) will continue to drive the increase in demand for silver on the industrial

“There are likely to be two or three trading opportunities where swapping some or even most of your silver to gold (and vice versa) could double your overall precious metals gains...”

side. Furthermore silver is still predominantly mined as a by-product of other metals (like copper, lead, and zinc); therefore, the supply of silver isn't likely to increase even as we see a continued upward spike in the price. The economics of silver do not drive the business decisions of most of the world's silver producers.

These and other factors point to silver outpacing gold for the rest of this precious metals bull market. Even though it is more volatile, we believe you should put at least half of your precious metals holdings in silver.

But savvy investors can maximize gains in the long run by occasionally trading on the gold-silver ratio and adjusting their silver and gold allocations accordingly.

Silver is the value play now, but the ratio will fluctuate as it falls toward our long-term target of 15. There are likely to be two or three trading opportunities in the coming years where swapping some or even most of your silver to gold (and vice versa) could double your overall precious metals gains by the end of this bull market.

Keep your eyes open for an alert from **Independent Living Bullion** about the next trading opportunity on the gold-silver ratio. We expect if the ratio drops to roughly 40, there will be such an opportunity to temporarily switch some of your silver into gold. ⓘ

U.S. Mint Raises Premiums on American Silver Eagles by a Stunning 50 Cents per Ounce

In October, the U.S. Mint suddenly raised premiums it charges dealers by 50 cents, suggesting the federal government is having trouble keeping up with public demand once again – and may even be having difficulty obtaining silver blanks at near-market prices. Silver Eagles are the most popular and widely recognized silver bullion coins in the world, but premiums have become even less attractive.



Those looking for government-minted silver rounds (i.e. coins) may wish instead to consider the Canadian Maple Leaf which can be obtained for roughly 40 cents less per ounce than American Eagles. Even more cost-effective are privately minted silver rounds, which are the exact weight and purity as the Silver Eagle but which currently cost roughly \$1.75 less per ounce through **Independent Living Bullion**.

Accumulate Valuable Gold & Silver Every Month through Our Monthly Purchase Plan

Our turnkey monthly accumulation service has become our most popular offering! If you haven't already, give us a call and sign up today for our monthly gold and silver accumulation plan and harness the power of dollar-cost averaging. Each month you can buy silver and/or gold on a disciplined basis, and do it with ease.

We can set you up with an automatic bank account debit, or you can pay by check or credit card. Give us a call and enroll over the phone, or ask us to mail you the application so you can fill it out at your leisure. Also, refer friends to the monthly program and receive a free half-ounce silver round for every individual who enrolls (no limit)!

Bullion Investment Rounds Available through Our Monthly Plan



1 Ounce
.999 Silver Round



1/10 Ounce
.9999 Gold Lady Liberty

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Interested in buying gold and silver inside your tax-sheltered retirement account? Our website and sales associates can explain how this process works and help you get started. We have three excellent self-directed IRA trustee options which provide great flexibility in terms of storage locations at competitive rates. **Independent Living Bullion** can serve as your broker to help you fund your account.

Under a little-known provision of the tax law, you can legally switch retirement funds into the tangible wealth of gold, silver, platinum, and palladium bullion – vaulted in a maximum security facility. When you make account distributions in the future, you can even withdraw the metal directly!

Contact us at **1-800-800-1865** to discuss IRA options and to obtain an application for your own precious metals IRA. Don't leave your retirement accounts entirely to the paper and electronic-based financial markets!

More details on IRA options can also be found at **www.IndependentLivingBullion.com**.