Gold & Silver Buyer’s Guide
Gold and silver are two of the most conservative investments you can make. However, if you buy the wrong form, you could lose 30% to 50% immediately.

There are various forms of gold and silver, but the first thing to know is that YOU WANT BULLION, not numismatic/collectible coins that are hyped on radio and TV.

With bullion, you pay the smallest mark-up over the current value of the gold/silver content. In short, you get more metal for your money.

The commonly-promoted numismatic/collectible coins on radio/TV easily carry premiums of 30% to 50% and sometimes two to three times the value of the gold/silver content.
Gold bullion comes in two forms: bullion coins and bullion bars.

**GOLD bullion coins**

Gold bullion coins are produced by various government mints, including the U.S. Mint, the Royal Canadian Mint, Australia’s Perth Mint and the Austrian Mint.

1-oz. American Gold Eagles are the world’s most popular gold bullion coins; they also come in ½-oz., ¼-oz. and 1/10-oz. coins.

Because Gold Eagles are alloyed coins, 91.67% pure (22-karat), they weigh slightly more than their stamped weights. Be assured that a 1-oz. Gold Eagle contains one ounce of gold, and a ½-oz. Gold Eagle contains one-half ounce of gold, etc.
Also widely traded are South African Gold Krugerrands, which launched the gold bullion industry in the early 1970s. Generally, Krugerrands sell at lower premiums than Gold Eagles. Like the Gold Eagles, Krugerrands are 22-karat and come in four sizes: 1-oz., ½-oz., ¼-oz., and 1/10-oz. More Krugerrands have been minted than any other one-ounce gold coin.

Other popular gold bullion coins are Canadian Maple Leafs, Australian Kangaroos, Austrian Philharmonics and U.S. Gold Buffaloes.

Gold bullion coins carry nominal “face values.” For example, the 1-oz. American Gold Eagle has a face value of $50. The face value is meaningless as the coins are sold for the value of their gold content.

For still more information on popular gold coins and other less-known gold bullion coins, visit our website cmigs.com
Gold bullion bars (often called “ingots”) are either “struck” or “cast” and are produced by many long-established mints/refineries around the world. “Cast” bars have round, smooth edges with identifying lettering recessed in the bars. “Struck” bars have sharply defined edges with raised lettering.

1-oz. gold bars are the most popular, followed by 10-oz. and 100-gram bars (3.215 oz.). Kilo bars (1,000-gram/32.15 oz.) often are preferred by investors putting large sums of money in gold. Most smaller bars come in protective cases. Kilo gold bars come “raw,” meaning they are not in protective cases.

As a rule, gold bars carry smaller premiums than gold bullion coins because coins are produced by government mints and have “face values.” Consequently, the market puts a slightly higher premium on gold bullion coins than on gold bars.
WHEN ALL GOLD liquidates at the same price

Normally, gold bullion coins liquidate at slightly higher prices than gold bars; however, at times, all gold liquidates at the same price. Therefore, buying gold with the lowest premium should be a major consideration.

Because at times all gold liquidates at the same price, you want to avoid so-called numismatic/collectible coins with huge premiums. Proof Gold Eagles are examples of high premium coins that should be avoided.

Proof Gold Eagles are struck multiple times, which results in a mirror-like finish. The U.S. Mint sells them directly to the public at premiums sometimes more than $300 over their gold content. At times, Proof Gold Eagles liquidate at $200 - $300 premiums. Other times, such as in slow markets, they liquidate at the same price as bullion coins.

Proof Gold Eagles are favorite promotions of telemarketers who advertise on radio/TV. Telemarketers often tack on mark-ups of $500 or more beyond the real market premiums of $200 - $300.
PREMIUMS

Premiums are the mark-ups that gold/silver items sell over the value of their precious metal content. Popular gold bullion coins generally are quoted at a percentage mark-up over spot, while silver products generally sell at a fixed cost over spot.

Old U.S. Double Eagles, which for decades have been promoted by telemarketers, contain .9675 oz. of gold. Assume gold is trading at $1,300 and you are offered Double Eagles at $1,450, that’s a premium of 15.3%.

By telemarketers’ standards, a 15.3% premium would be very low. We’ve talked with people who have paid premiums of 100%. Buying low-premium forms of gold/silver is the first rule of investing in precious metals.

WHY

**popular gold bullion coins**

When investing in precious metals, you want to buy forms that have the smallest premiums and are easy to sell. Basically, you want to put your money into popular gold bullion coins because there is a wide market for them. American Gold Eagles and Krugerrands are the most widely traded bullion coins in the United States.

Although CMI Gold & Silver Inc. stands ready to buy back all the products we sell, there may be a time when it isn’t convenient to sell to CMI. You want coins for which you could get a fair price from any dealer.
OLD EUROPEAN gold coins

There are times when old European gold coins are available at really low premiums and are ideal for investors who want small gold coins. For example, British Sovereigns contain 0.2345 oz. of gold and Swiss and French Francs contain 0.1867 oz.

Other less known low premium gold coins are the Mexican 50 Pesos and the Austrian 100 Coronas. A 50 Pesos coin contains 1.2057 oz. of gold; an Austrian 100 Corona coin, 0.9802 oz. of gold.
PROMOTIONS

of numismatic/collectible coins

When investing in gold/silver, it is as important to know what to avoid as it is to know what to buy. Promoters of numismatic/collectibles can be very persuasive, and nearly every radio/TV gold/silver advertiser promotes products that have huge markups. That’s how they can afford expensive radio/TV advertising.

If you become interested in items promoted by a telemarketer, check with CMI. By calling CMI, you will learn what the real market is for the products you are being offered.

BULLION COINS

numismatic/collectible potential

Although CMI warns against buying numismatic/collectible coins with huge premiums, we consider it an astute move to buy bullion coins with numismatic/collectible premium potential. A good example is the Australian Perth Mint’s year 2000 1-oz. Gold Dragon.

The year 2000 1-oz. Gold Dragon was part of the Perth Mint’s Lunar Series I, which was produced 1996 – 2007, with each year’s coin bearing a different creature from the Lunar Calendar. Only 30,000 Gold Dragons were minted, yet they were priced at bullion coin prices.

Only a few years after the 30,000 coins were sold (of which CMI sold more than 12,000), the 1-oz. Gold Dragons had such high premiums that they could be swapped for Gold Eagles or Krugerrands with a 60% increase in gold. Another such opportunity sometimes lies in old U.S. gold coins, namely $20 Libertys and $20 St. Gaudens.
OLD US GOLD coins

For decades, $20 Libertys and $20 St. Gaudens carried huge premiums, often as high as 30%–40%, primarily because of the large number of telemarketers promoting them. During those decades, CMI advised clients against buying them, and we have been proven right. The premiums on old U.S. gold coins shrank to bullion coin levels in 2017.

Our Myths, Misunderstanding and Outright Lies exposé debunks telemarketers’ stories about old U.S. gold coins. The article has been on our website since the inception of the Internet.

Further, more than ten years ago, we posted on our website The Dangers of Buying Gold, a warning against buying high-premium “slabbed coins” from telemarketers. However, the situation has changed.

AN OPPORTUNITY

Many old U.S. gold coins, $20 Libertys and $20 St. Gaudens, now sell at or close to bullion coin prices, which makes them good choices for gold coin investors because there is a great chance that in future years old U.S. gold coins will again achieve high premiums. If they do not, you’ve still bought low-premium gold.

In Bill’s blog post “Time to buy old U.S. gold coins again” (April 2017), he noted that the last opportunity to buy $20 Libertys and $20 St. Gaudens at bullion coin prices was in the 1990s. A few years later, those that took advantage of that opportunity traded into bullion coins for 25% to 35% increases in their gold holdings.

If this approach appeals to you, ask a CMI broker to discuss with you the premiums on old U.S. gold coins versus the premiums on modern bullion coins so that you may determine which coins to buy. If premiums are low, we suggest you consider going with old U.S. gold coins. Buying coins at low premiums that could achieve high premiums is another plus when investing in gold.
INVESTING in silver

Many investors choose silver over gold because in strong precious metals bull markets silver produces bigger percentage gains than gold. However, with silver you get about 80 times more bulk and weight than you do with gold. Consequently, the handling and storage of silver is an issue for some investors.

MOST POPULAR FORMS OF SILVER

100-oz. .999 fine bars are the most popular. Many respected refineries produce 100-oz. silver bars, the best known are the Royal Canadian Mint and Asahi Refining. The Royal Canadian Mint’s bars are .9999 fine. However, the market puts no difference in price between .999 fine silver and .9999 fine silver.

Although Johnson Matthey and Engelhard no longer produce silver bullion bars, they turned out so many bars during their decades of production that their bars are often available and can be bought with confidence.

100-oz. bars are easy to stack and store, with each bar weighing a little under seven pounds. 100-oz. silver bars carry the lowest premiums of the pure silver bullion products.
OTHER POPULAR FORMS OF SILVER

10-oz. silver bars and 1-oz. silver rounds are readily available; they carry premiums slightly higher than 100-oz. silver bars. Various mints produce 10-oz. silver bars with different designs. Some are struck and some are cast. The Buffalo silver rounds are the most popular 1-oz. pieces.

GOVERNMENT mint pure silver coins

The U.S. Mint’s 1-oz. Silver Eagles are the most popular government-issued 1-oz. silver coins, with more than 400 million having been minted since their inception in 1986. They carry a nominal face value of $1 but sell for the value of their silver content plus a premium, which is always higher than the premiums on standard silver bullion items.

Silver Eagles are packaged at the Mint in rigid, rubberized boxes of 500, in tubes of 20, 25 tubes to a box, a.k.a. Monster Box.
The Royal Canadian Mint’s 1-oz. Silver Maple Leafs are the second most popular government-issued silver coins. They carry a Canadian dollar face value of $5 and are .9999 fine. Silver Maple Leafs come 500 coins to a rigid, plastic box, 25 coins to a tube, 20 tubes to a box.

A box of 500 coins weighs right at 41 pounds.

**SILVER KANGAROOs AND PHILHARMONICS**

The Austrian Mint’s Philharmonics are packaged 500 coins to a corrugated box, but Kangaroos come 250 coins to a rigid plastic box, which makes them the first choice of some investors because a box is half the weight of a box of 500 coins.

**PRE-1965 U.S. 90% silver coins**

Pre-’65 90% silver coins are commonly called “junk silver coins” because they have no collector value and sell for the value of their silver content plus a premium, which can fluctuate widely. These coins were minted to be used as money and were used as money.

In strong silver markets, junk silver coins can carry premiums of as high as $5/oz. In weak silver markets, they can be bought with small premiums, sometimes near spot.
$1,000 face value of pre-’65 coins is referred to as a “bag” because that’s how the mint originally shipped them. However, a bag of $1,000 face value weighs right at 54.5 pounds and is cumbersome. Therefore, CMI bags 90% coins $500 face value to a bag, making them easier to handle. If less than $500 in face value is purchased, it will be custom bagged.

When minted, a $1,000 face value bag of 90% silver coins contained 723 ounces of silver. However, due to wear (remember, these coins once circulated as money), a bag yields right at 715 ounces when refined.

90% silver coins are popular with investors seeking a silver position in a convenient form, which can be converted to cash in either large or small quantities.

A drawback to 90% silver coins is that they require a lot of storage space. Investors making sizeable purchases most often go with 100-oz. silver bars for convenience of storage.

**DISCREET, PRIVATE deliveries**

CMI Gold & Silver Inc. offers discreet, private deliveries. If you are considering investing in gold/silver, talk with one of our brokers about which of our methods of delivery would work best for you.
WANT EASY ACCESS to gold/silver prices?

Download the CMI Gold & Silver app to your smart phone. Go to the Apple App Store or Google Play and search for CMI Gold Silver App and download.

Once installed, not only do the spot prices for the metals appear within seconds, the app provides a price chart program, access to our website and our blog, and has direct links to our Specials Pages, which are our most visited pages because of the bargains that can be found there.

Additionally, via the app you can access the prices of the most popular gold/silver products. To find the prices, use the menu bars in the upper right corner.

CMI SPECIALS PAGES

Our Specials Pages offer selected gold/silver items at really low prices. Excellent examples are the Mexican 50 Pesos and the Austrian 100 Coronas. These gold coins are not always available, but when they are, we list them on our Gold Specials Page at prices significantly below premiums on the more popular coins.

At times, we offer standard items, such as American Gold Eagles, Krugerrands, 100-oz. silver bars and pre-’65 90% silver coins, at discounted premiums.

Our Specials Pages are easily accessed via our mobile phone app or by going to our website, cmigs.com.
Questions?

Call CMI and talk with one of brokers, all of which have at least ten years’ experience in the industry. Our brokers will not badger you for your phone number, home address or email address. They will simply answer your questions. Of course, if you leave a call-back number, your call will be returned, but you will not receive unwanted calls from us.

Why CMI GOLD & SILVER INC.?

CMI was founded in 1973 to make convenient forms of silver available to investors. That was when Americans could not legally own gold bullion. But, on January 1, 1975, Americans could again legally own gold bullion, and CMI added gold bullion coins to our product line.

Since 1973, CMI has operated exclusively in Phoenix and is an accredited member with the Better Business Bureau, enjoying an A+ rating. We are proud to say that we have never had a complaint filed against us at the BBB.

If you want to know more about investing gold and silver, call us.

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