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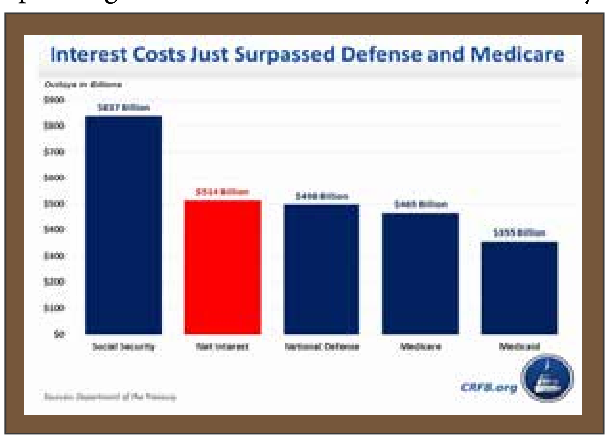
GOLD IN THE NEW AGE OF DISRUPTION

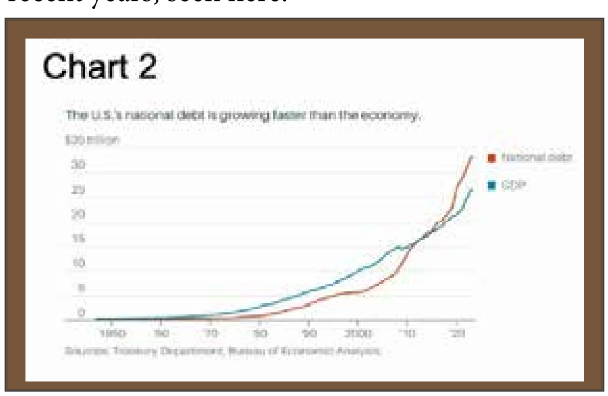
2024 was an exceptional year for gold not only because the metal's price broke records, but because it outperformed the stock market. Equities have been on fire, driven by Nvidia and the Mag 7 stocks surging to new record highs, driving the S&P 500 up 25%. **Gold, however, gained 29% and silver was just behind, up 24%. So gold, generally an investment expected to underperform when equities are going strong, outpaced the stock market.** This is a very rare event that mostly happened during the 1970s, when inflation was also a big problem. So why, exactly, did this happen in 2024?

We believe the world is entering a period of global economic and political disruption, perhaps similar to the 1930s and 1970s—and major buyers are preparing. Investors understand that the United States, the world's most important economy, is one in which both Democrats (Biden drove up the deficit massively) and Republicans (tax cuts have slashed government revenues, also driving deficits) have contributed to pushing the federal debt to a level so high they don't even discuss the problem anymore because there's no feasible solution. Efforts to cut government waste (DOGE) are too small and mostly symbolic when more than three-quarters of spending is non-discretionary (Social Security and major entitlements that Trump has pledged he will not cut) and when federal revenues will be slashed due to upcoming tax cuts. The debt and deficit will continue to surge.

As political animosity continues to rise, the cost of funding the federal debt has made interest on the national debt cost us more than defense spending, Medicare and Medicaid.



Most importantly, the national debt is rising far faster than the economy, with a terrifying parabolic surge in recent years, seen here:



On the verge of a U.S. fiscal crisis, politicians will continue to ignore the elephant in the room and embark on moving public attention away from the real problem. Democrats will ignore the cost of massive government programs to focus all efforts on fighting Trump, and Trump will get tax cuts passed while distracting the public with crises. During his first days in office, he openly threatened not only China and Mexico (which was expected), but also Greenland and Panama. As we see it, the primary theme moving forward is disruption. We are undergoing a potentially dramatic change in the way the country is being run with an unclear outcome for the future.

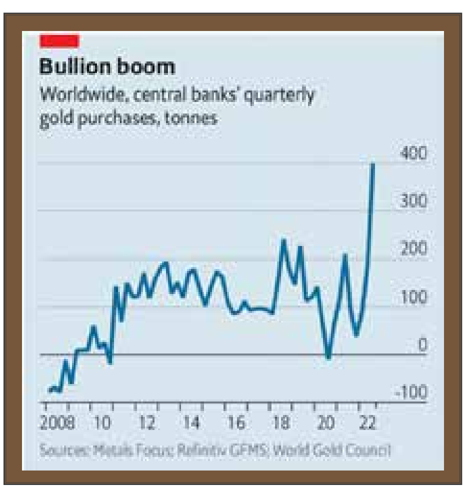
This scenario is exactly what made gold and silver move higher in 2024 and one that we fully expect to continue in the near future. Given the uncertainty here and abroad, what do you think will happen to gold prices when something goes wrong?

There are three major drivers of gold prices today: Central Banks, China, and increasingly influential wealthy private investors worldwide.

Central banks, the biggest potential buyer of anything in the world, are buying the most gold in decades and they have a long way to go. Monetary authorities are buying hundreds of tons and each ton is worth $90 million. These banks, like the Federal Reserve, hold financial assets that they use to manage inflation levels and maintain each country's financial stability. They are very important in the financial system, holding $38 trillion in global assets including 35,000 tons of gold, a fifth of all the gold ever mined and refined on the planet, estimated at $25 trillion. There is no limit to what they can buy as they quite literally print the world's money supply, which they can create out of thin air. As you can see in the 'Bullion Boom' chart below, last year they bought gold like never before.

This is due to ongoing concerns about the stability of the U.S. Dollar and the potential for global economic and military disruption. China currently owns 2,280 tons, but guess what? That's only 5% of their total reserves, whereas it's more than 50% in European countries and the United States, where we own 8,100 tons. The central bank is not the only one buying gold in China.

"China is buying gold like there's no tomorrow" read a story in The New York Times and revealed what people in the country know: after the real estate market and stocks crashed,



gold has become the most favored investment in China for the first time. It is a way for investors to diversify away from the dollar (important, given that in time the United States and China could be on the verge of war over Taiwan) into a time-proven store of value. The country's central bank and private investors have become major buyers in world markets, as China has now replaced India as the world's biggest gold consumer.

A large number of high net worth investors are preparing their investment portfolios by diversifying into gold, some for the first time. State Street Global Advisors (a firm with $5 trillion under management) in a December study released detailed attitudes toward gold among **high net worth individuals, showing their allocation jumped from 20% to 38% in just 15 months.**

Recent research has shown that millennials, in particular, have nearly doubled their allocation to gold in recent years. This shows that gold, after outperforming stocks for the last 25 years, has been moving from an investment few actually own to a mainstream asset for wealthy investors.

AN INSIDERS TAKE ON THE MARKET

2024 was a fantastic year all-around for Austin Rare Coins & Bullion. Business was brisk both buying and selling, particularly during the months leading up to the election. We noticed that before the election, many of our conservative-leaning customers were scrambling to add to their bullion positions and when the results came in, they breathed a sigh of relief. However, we're seeing a new wave of clients who, like their Republican counterparts, are equally concerned with the far different political and financial directives coming out of Washington.

As to be expected, elevated gold prices have triggered a substantial amount of retail selling (clients selling metals back to us). While this phenomenon has not impacted gold prices, it has created a unique opportunity that we haven't seen in many, many years–very low premiums across the board for physical metal and Pre-1933 U.S. gold coins. Unlike many times in the past decade, there are currently ample supplies of almost everything and the **premiums are as low as we've ever seen them since opening our doors in 1989.**

Back in the Spring of 2023 there was a sudden wave of new and existing investors buying gold and silver and there wasn't enough to go around, it seemed. Gold American Eagles were trading dealer to dealer at 7 or 8 % over melt and Silver American Eagles were trading over $40 a coin with spot around $25. Today, that is certainly not the case and something we feel c**ompelled to mention to our readers who may be considering adding to their holdings.**

Given all the reasons listed above, we are extremely bullish on precious metals. The fundamentals for a weakening dollar are growing stronger by the day, unfortunately, and the U.S. and international debt continue to eclipse record levels. Moving forward, our country will be paying over a **trillion dollars a year to service the national debt**, and over the next decade our debt is expected to **grow another 24 trillion dollars.** That is just the United States—it doesn't account for every other country around the globe. It's clear that the $25 Trillion of gold that exists in the world today is nowhere near enough to go around.

Contact us for a portfolio review & take advantage of today's opportunistic market dynamics. We're here to help! **Call today at 1-800-928-6468**.