Everything You Need to Know About Investing in Gold and Silver

Written by

Cody Willard

Most people seem to fall into two disparate camps when it comes to gold and silver -

1. Goldbugs, who can cite a litany of well-reasoned and long-held beliefs explaining why gold and silver always have been and always will be a great holder of value.

2. Goldbears, who can cite a litany of well-reasoned and long-held beliefs explaining why gold and silver always have been and always will be a risky if not outright silly way of gambling on greater fools.

As I always preach, there's no place for dogma when it comes to your money. You don't have to be a conspiracy-theorist, anti-Fed, dollar bear paranoid to decide that putting away some physical gold and silver for the long-run is for you. Likewise, it's always a good idea to be judicious about when and why and at what price you're willing to buy something, and gold and silver are no exception.

At this point in time, with gold and silver prices down big from their recent highs and with all the ramifications and endgames of Wall Street, Washington, and global policies, especially since the 2008 TARP Bailouts changed *everything*, I am indeed buying physical gold and silver aggressively. But that doesn't mean I think paying any price at any time for any physical gold and silver is a good idea. The ideas and concepts in this book are intended to be as timeless as possible, but prices, economies, policies and places will change and you'll want to be as flexible as always in your investment and trading decisions.

Indeed, after being a vocal and outspoken precious metal bull for most of my early professional career, I turned into a gold bear a couple years ago as the metal's ascent went parabolic. My readers and I even shorted some silver ETFs when silver spiked over $40 an ounce back in 2011 and we made some great money riding the crash down. I never did get a good bet put in place on gold near its top in late 2012, though my followers and I did catch a small part of gold's 2013 crash on the short side.

Presently though, I am slowly but surely adding to my physical gold and silver coins and bullion and plan to keep doing so for the next year at least. I plan to have maybe about 10-15% of my assets in gold and silver by that time, which is a larger allocation than ever before in my life. I think the currency wars around the globe are still escalating in a race-to-the-bottom endgame.

I've bought some of several different versions of gold and silver coins. I don't think it matters much which kind of gold bullion/coins you're buying. They all will mostly reflect the price of the gold inside of them over time anyway.

The Republican/Democrat Regime (objectively my analysis shows absolutely no difference in any meaningful economic or geopolitical policy from either party) and the Federal Reserve have made it extraordinarily difficult for investors to find any kind of reasonable yield without taking on very high risk. You've heard it called "The Risk Trade" and it simply means that anybody who has any savings at all is being forced to invest in risky assets like stocks and the junkiest bonds or yet-to-be-discovered Ponzi schemes.

Like I said, I don't have any simple solutions to finding yield in this environment and that's because there isn't one. You have to be vigilant and you have to continue to educate yourself with sources you can trust (like yours truly, frankly, and unlike most newspapers or cable news). If you use a financial advisor, make sure their incentives are aligned with yours and make sure you've gotten lots of references before sending them any of your money in.

Let me be clear that we are talking about a process of buying only physical gold and silver coins and bullion that we can hold in our own hands, safety deposit boxes, safes, and backyards. I don't want to invest in "paper silver" or Exchange Traded Funds (ETFs) or even silver futures contracts. In short, that's because the brokers and dealers of those products have far overpromised the amount of physical gold and silver they will likely ever be able to get their hands on.

Think of investors in a Gold or Silver ETF as somewhat like a bank's depositors, with the firm which created and controls the ETF being the bank and you the "owner" of the ETF paper being the depositor. If and when the next true financial crises explodes here in the U.S., there's probably about as much actual physical access to your investment in those ETFs as the Cyprus bank depositors had to their cash this past month. And since we're talking about gold and silver as a relatively "safe" investment against inflation, money printing, currency wars, devaluation and so on, being unable to access the physical assets sort of defeats the purpose of investing in gold and silver.

For those of you who are little less paranoid about needing to physically touch the bullion you own, you can find a few firms that promise to buy physical bullion for you and then store it for you in a vault. Hard Assets Alliance (see hardassetsalliance.com) for example promises "distinct serial numbers on any variable weight bars, held in an allocated account in fully insured vaults operated by the world's most trusted vaulting firms and audited regularly by a Big Four accounting firm."

Personally, I don't trust anything audited by the Big Four accounting firms either, but you might have a little more faith and therefore be willing to take the risk of such a "hard asset in somebody else's vault" approach to building your own silver and gold reserves.

I'm also not talking about trying to call a bottom in gold or silver here and expecting that we can flip this stuff for a huge profit this time next year or something. If you are looking to make a quick flip here or there by taking advantage of short-term spikes or crashes in the metals markets, well, that's what the aforementioned ETFs are actually good for. I just wouldn't want to be caught holding those contracts when the crap hits the fan like it did in the 2008 financial meltdown.

We're truly being Revolution Investors with this approach.

The longer interest rates stay at 0%, the more the U.S. will borrow. We don't blink at multi-trillion dollar bailouts and wars and deficits while the dollar remains the world's reserve currency and the cost of that capital is zero. The longer rates stay this low, the more money the Fed pumps into the system, the more the Republican/Democrat Regime borrows and spends on balance sheet and off-balance sheet, the more likely our long-term holdings in these physical precious metals will be important to our retirements in five or ten and also decades from now.

Back when gold was still in the lower three digits pricing, (that is, when it was trading for less than $400 an ounce), I was a huge bull.

I think most investors should build up about 5-15% of their assets into physical gold and silver over the next couple years and then keep it at that level forever.

Why? Well, let's start with this question instead. Is the entire stock market and the system it supports (or that supports it?) completely corrupted at this point? Think about it before you answer.

Knowing that most trades and prices in the stock market are set by computer algorithms and high-frequency trading software programs on a daily basis, do you believe you're getting a fair shake in your stock portfolio? If you know that millions of Americans have been forced into stocks and junk bonds in search of some sort of return on their savings, do you believe that the average stock is actually reflecting a "fair value"?

Why would you invest in something you know is being artificially inflated? Because you also have no alternative? Will the best approach be to go with the herd being forced into an artificially inflated asset? Or will we want to leave the party before everybody else, like I did back in October 2007 when I closed my hedge fund and sold all my stocks.

People say trying to time the top of the market is a fool's game. Are we sure that the guy saying that isn't the fool at the table?

If I tell you that physical gold in the vaults at the major banks and the Federal Reserve had been "rehypothecated" meaning that they've been used as collateral many times over with leverage piled on top of each collateral, do you believe that the "spot" prices you see quoted are accurate reflections of the value of gold? What if I tell you that the system of so-called "price discovery" for gold and silver is the exact same system that was used by the now infamous LIBOR scandal in which the giant banks colluded to scam the system? Which was the exact same system that Enron and its trading partners used back before they got sent to jail for rigging prices in California? Why wouldn't you be investing in something that's being artificially repressed?

How about the Treasury and bond markets? Most Treasuries are issued by the Treasury and bought by the Federal Reserve. The others are telegraphed to the biggest traders with the biggest funds (the TBTF banks, of course) which then get in front of those trades which has led to nearly 100% profitable trading days reported by those traders for the last few years. Confidence in that? I don't think so.

Bank profits are at all-time highs, accounting for more of the nation's GDP than they ever have, yet the Federal Reserve maintains its "financial crisis emergency 0% interest rates" and other recently created subsidies for the banking system. We haven't seen a single banking executive at a TBTF bank get prosecuted despite the ample and obvious laws they broke and continue to break. Robosigning, document fabrication, mark-to-fantasy and other ongoing crimes are settled for a few pennies on the dollar and the little guy can't get consistent relief in the courts. How many farmers are still out big money from the MF Global scam, in which the firm had rehypothecated their clients' own accounts to several different banks. See the gold example above and remember not to bet on any paper promises for gold, ok? Do you want to keep your money in banks, much less invest in their stocks?

I've quit very lucrative jobs in my career several times because I felt the position compromised my ethics — being paid in commission as a stock broker at Oppenheimer, for example, led to extreme pressure from my bosses to get my clients to trade more actively whether it was in the client's best interest or not. I had a seven-figure contract that I walked away from at age 25.

But that early experience with ethical challenges in our system, pales in comparison to the no-holds-barred rent-seeking and above-the-law attitude that pervades most of Wall Street today. On a date with a Goldman trader back in 2008, I was appalled when she told me that her front-running big mutual fund clients' trades was no big deal because everybody else on Wall Street does it and it's not like she'll ever get in trouble for skimming a few dollars from other people's money anyway.

I don't think anybody who knows insiders on Wall Street would be surprised, much less appalled, to hear such a comment in passing today.

Thinking it through to the end-game then, the question we're answering seems to be – is the system and the stock market doomed? If the major markets are rigged, artificially being inflated and/or deflated, corrupted, and not regulated or policed in a fair manner, then doesn't that mean we are doomed to become a banana republic? Knowing the U.S. has only 4% of the world's population, what has been the key reason for our nation's outsized wealth and power? I would argue that it was partly that we had the strongest rule of law and enforcement of all rights equally that gave the world confidence in our system and financed much of that wealth and power. If we no longer enforce laws equally or have faith in the fairness of our banking systems and the markets they support (or is now that the markets support the banks?), then why would people keep confidence in our system and markets?

Economic confidence is not a zero-sum game in which some other country that's slightly less corrupt than our new system is going to get all that wealth that we are now leaving on the table. The systems and markets in China, Russia, Brazil, the E.U., and Britain are no better than the new system and markets here in the U.S., Cuba, Japan, Mexico, Korea (North or South), and Iceland aren't exactly safe havens for your money now are they? You can bet on Canada or Australia or some other country if you want, but if the world loses faith in the other biggest sovereign systems and markets, I can't imagine your money is safe anywhere across a border, no?

Do you sense that every major market in the world is coiled and about to either crash or spike any day now? Are we already seeing some of these major crashes and spikes presently?

Let's run through the gamut of what's what right now in the markets and get some perspective about what strategies and tactics we should be employing here.

1. Bonds/Treasurys. Oh man, they are cracking. Over the last couple months I've written about why it's time to panic about Treasurys and I've been building up positions that will profit from a continued move higher in rates, with my IEF puts, for example. The crux of this trade set up here is whether or not the Fed can continue to control how much the markets are aying in interest rates. There's no doubt that the Chinese are overloaded on U.S. debt right now. And the BRICs and the E.U. too are sick of dealing with the dollar.

2. The dollar and the currency wars. Here's a pretty good explanation of currency war from Wikipedia - *"**Currency war**, also known as **competitive devaluation**, is a condition in international affairs where countries compete against each other to achieve a relatively lowexchange rate for their own currency. As the price to buy a particular currency falls so too does the real price of exports from the country. Imports become more expensive. So domestic industry, and thus employment, receives a boost in demand from both domestic and foreign markets. However, the price increase for imports can harm citizens' purchasing power. The policy can also trigger retaliatory action by other countries which in turn can lead to a general decline in international trade, harming all countries."*

I've long fought anybody who wants to devalue our dollar because, while it might make the country's exports cheaper thereby boosting exports, it also steals from all of us who have been saving responsibly. We want our money to be as valuable as possible, right? What's so hard about that? The value of the dollar used to be sacred around the world. Not anymore as BRICs are looking to create their own reserve currency based on something other than a Federal Reserve-controlled dollar.

3. South Korea. Little noticed of late is how badly the South Korean stock market has crashed. As my subscribers know, my biggest short position in my personal portfolio is the EWY. I am covering a small part of that short position today to lock in some profits since we first built up this short position back at $65 and it's now flirting with falling through the $50 mark. Samsung's outsized market cap dominates the broader South Korean stock index and Samsung was priced to perfection a couple months ago. It could fall another 30%, taking the EWY down 20% plus from these levels over the course of the next few months, just as it has the last few months.

4. Obamacare. Is there any doubt that the giant insurance companies and hospital companies will have a free for all profiteering off the "Affordable Care Act" that they themselves wrote? Is there any chance that those profits off of taxpayer largesse in this new corporate health-care system will help instead of hurt our economy? Maybe for a short time, I guess, as long as the government borrows more trillions from our children to fund the profits in this new system for a few years' time.

5. Gold/Silver. Gold and silver are down big today at two-year lows. Since gold and silver had crashed, I started re-building my gold and silver assets a couple months ago, explaining to my subscribers that we need to use the next year or two to get those positions up to a reasonable size again (up to 10-15% of your net worth). I am going to personally take this opportunity to buy

some more gold and silver coins and bullion this week, continuing along that playbook of building these positions up over time. Buy low, sell high is the idea, right?

6. China interbank lending. Remember when, in 2008, there were sudden spikes in inter-bank lending rates? Soon after, Lehman and AIG and Goldman and JP Morgan and every other major bank either went bankrupt or was saved with welfare and legalized accounting tricks. China's banks are experiencing some similar spikes. That doesn't mean a crash will follow there as it did here. But it doesn't bode well for economic and market stability either.

And don't forget that stocks, bonds, South Korea, China, gold and silver have all recently been at all time highs and most are still close to those highs. Long-time readers of mine know how adamant I get sometimes about being either long/bullish or short/bearish. How many times did I write about this ongoing stock market bubble when the major stock markets were 1/2 or 1/3 lower than they are right now? I don't think it's time to panic just yet, and I'll likely continue to hold at least a few stocks that I think can go up 5- or 10-fold over the long-term regardless of my economic/broader market stance.

So, what's the game plan? It remains the same.

You want to remain net long those inflated stocks for at least a while longer, but much less aggressively long than we were two and three years ago when stock prices were much lower. You want to keep buying and scaling into more real physical gold and silver (and a tiny position in BitCoins too). Coins and bullion that you have stored yourself somewhere safe (not a paper promise, but the real stuff that you can hold). You want to start shorting Treasuries, but not rush into a big position anytime soon.

The trends, systems and bubbles we're seeing in front of us presently can last much longer than most bears think's possible. We were right to get aggressively long stocks back in 2010 when we returned to the markets. Back in early 2008, when the Republican/Democrat Regime created the TARP bailouts and declared rule of law dead with the emergence of "Too Big Too Fail" banks, I got scared. I was fearful because others were being greedy as the stock market and real estate prices were at new all-time highs. I was scared because when the banks' shareholders and executives and lenders were bailed out with taxpayer largesse, it put the Republican/Democrat Regime in the position of needing the bailouts to work, which meant they were fully abandoning rule of law.

And long before that, I was lucky enough to start a hedge fund at the lows in October 2002. I don't make any promises, but I will actively be on the lookout for indications we should go against the trend we're still riding right now.

My biggest concern should be your biggest concern — how can we root out the corruption in the Republican/Democrat Regime and the system it supports so that we can avoid the ultimate collapse of our economy, markets and system? Ironically, stopping the corruption in the system would likely crash many of our markets and crunch our economy for a short-time. But it would be shorter and much less severe than the ultimate end-game of the corrupt system we're perpetuating presently. The system that brings us geniuses like this guy:

"The U.S. government has a technology, called a printing press (or today, its electronic equivalent), that allows it to produce as many U.S. dollars as it wishes at no cost." – Ben Bernanke 2002

"With respect to their safety, derivatives, for the most part, are traded among very sophisticated financial institutions and individuals who have considerable incentive to understand them and to use them properly." – Ben Bernanke 2005

"I've never been on Wall Street. And I care about Wall Street for one reason and one reason only because what happens on Wall Street matters to Main Street." – Ben Bernanke 2008

So step back and think about the premise I started off with here -- are the markets completely corrupted now? If we know that the banks like JP Morgan, Goldman, and the rest of them have rigged/manipulated the markets in:

- LIBOR
- Derivatives
- AIG
- TARP
- Energy
- Rehypothecation
- Treasurys
- Fannie Mae
- Freddie Mac
- Dot-com bubble
- MF Global
- Mortgage documents
- HAMP
- High-Frequency Trading
- Foreclosure Reviews

Have you ever noticed that despite the banks and their enablers' best efforts, that these scams and riggings always blow up at some point anyway? Turns out that the market forces and the balances of supply/demand and free choice always work their way back in at some point.

If you're a giant TBTF bank and:

- you're the custodian of the biggest gold and silver ETFs
- you're also trading derivatives on interest rates, mortgages and gold and silver
- you're holding less real physical bullion than you have in years
- you've been short and have been advising your clients to get short gold and silver
- you're in cahoots with the Fed and the government desperately trying to keep the dollar propped up and rates down

- you can borrow money at 0% interest and never have to worry about paying it back if you blow it up gambling/trading/rigging in the markets because you'll get bailed out
- you know that you don't even have to pay back the bailout money
- you don't ever have to worry about going to jail for anything you do as an executive or bigwig at any giant bank…

Would you be tempted to corrupt the markets too? My point here is that the silver and gold markets and the moves behind the scenes going on between the paper and the bullion markets and the increasing disparity between the price people have to pay for physical gold and silver vs. what these banks and their enablers are saying the paper and spot prices are is indicative of a market about to come back into balance. And our analysis points to that balance being that the relative value in the market of gold and silver right now is much higher vs. the dollar than the banks are pretending it is.

Gold and silver markets are much smaller than the total stock market, which is much smaller than the total bond market, which is much smaller than the total derivatives market. Meaning that gold and silver are probably some of the easiest to try to manipulate right now. I don't know how long these imbalances between the dollar and precious metals can go on and it can get worse before it gets better — these banks and their regulators and the government are desperate and willing to take us all the way to the ledge. I'm going to double the size of my GDX call position that I started building yesterday. I still have ammo to build it up further if the gold miner stocks decline further in the next day or so.

I am trying to continue to take advantage of the continued declines in gold and silver by buying more gold and silver coins and bullion. But you have to be patient and willing to find the right seller because, as I said above, most people are paying a bigger spread for those coins and bullion over the paper/spot prices than ever before.

The banks and governments want the price of metals low and are trying to force the paper gold and silver prices down. That has backfired badly, as people like you and me around the world immediately took advantage of the lower prices and the recent crash to load up on physical metal coins and bullion.

There's a real disconnect between the price and action in the paper and the physical world right now and that gap has to close one way or the other. Either the physical prices have to come down and stabilize or the quoted spot paper prices have to go up. And again, the real reason I've gotten so aggressive about owning physical precious metal bullion and coins this year is because of the wild currency wars and aggressive attempt at debasing every major fiat currency around the globe. Right now all the forces are coming together to likely force higher prices on both the physical and paper markets.

The cross currents in the markets and the economy and especially in the political world are swarming faster than ever. As always, it's crucial to step back and get some perspective on what is dominating the headlines. Deciphering what matters from hype is one of the most important keys to staying in front of the cycles and trends.

You're trying to maximize your gains and minimize your risks over the next 10,000-20,000 days of your life. And in the big picture, it never pays to lock your money into stocks after the markets have just doubled and tripled in the last handful of years.

And speaking of the next 20,000 days (about 50 years), another key to investment success is knowing that long-term, easily observable birth-death/age-demographic trends are part of the cycles that we have to ride with our money. Did you know that since the baby boomers came into power, the nation's debt load has exploded and interest rates have been steadily and artificially forced ever lower, keeping the pain of that debt from hitting?

How in the world will we service what will soon be $20 trillion of recognized debt and hundreds of trillions in unfunded obligations while lending trillions of dollars to Too Big To Fail banks at 0% interest and borrowing that same money back at 3-4% rates that have no where to go but up? (See: Bond Yields Begin To Ease Back.)

Continuing on that line of thought then, did you know that the companies in the S&P 500 will report more than $1 trillion in profits this year? And that they will only pay about $100 billion, or 10%, taxes on those profits? Most profitable small businesses easily pay 30% or more in taxes on their profits and if the S&P 500 were held to the same standard and forced to forego all their subsidies and loopholes and write-offs and other forms of corporate welfare, we'd instantly have another $200 billion a year in tax revenue. Flipside of that would be to cut taxes for every business to 10% of profits and hope that the resulting wealth increase in the nation would someday result in paying off all that debt before the interest rates spike.

And when will the cycle end? It can get worse (bubble can get bigger) before it gets better (before the bubble pops and the excesses are washed out).

McDonald's paid more in annual dividends last year than they did in annual taxes. Think of it this way, right now profits and profit margins in the S&P 500 are higher than they've ever been while real tax rates and real interest rates are lower than they've ever been. I suppose this could be a "new normal" and/or this trend could play out for a long time to come, but I sure expect that at some point, there will be some serious regression to the mean of the typical, cyclical S&P 500 business model and that we'll want to be ready to ride that cycle on the downside when it finally gets here. Again, dogma is for losers.

Meanwhile, the biggest drivers of the technology revolutions our our times, from Google to Apple to Microsoft have recently been outed for helping the Republican/Democrat Regime spy on their customers. That revelation brings a huge new risk to the safe haven status of the US for both the Internet/technology revolution, as well as for the U.S. dollar itself.

Once I became an anchor on Fox News, in the News Corp empire of all things, and I was forced on a daily basis to comment on politics for a living, I kissed my own privacy good-bye. I figured saying things like "Republican-Democrat Fascist Regime" and having Paul Stanley, Gene Simmons, and other rock stars read the teleprompter to introduce my "Illuminati Alert" reports on a national TV news show pretty much guaranteed a long time ago that the FBI, NSA and who knows who else have files on me. Even I am shocked at the true extent of the PRISM and other surveillance/spying programs that our own government is using against its people. And I do think there's a good chance that Google, Facebook, Microsoft and Apple have done permanent damage to the planet's people's trust and that could really hurt them if they don't fix it by standing up and taking action on our behalf rather than just putting out half-hearted denials of complicity. Every day that goes by without a major rebellion by these corporations is another day that pushes people like you and me to other services.

When, in the midst of the TARP bailouts of 2008, I launched an anti-partisan social network, SpokeUp.com, I was getting 2-3% of its daily traffic from WhiteHouse.gov IP addressess. Soon after I told my viewers that fact the site was forever forced offline by viruses and denial of service attacks. We all know beyond a shadow of a doubt who was responsible for destroying that completely open and free platform I'd created.

The upshot of all this is to try to show just how far away we've gotten from being able to just find great companies to invest in rather than being forced to game the policies of the government. With taxpayer largesse the primary driver of health care companies, education companies, banks and with a 66,000 page IRS tax code and endless new targeted subsidies and assistance for giant corporations driving S&P 500 earnings rather than innovation, marketing and private capital, the impact of the government policy is now the primary driver of our portfolios.

See, this type of action is *not* normal, though it often seems like it is these days.

- 5% intraday dislocations in ETFs
- 5% intraday dislocations in precious metals
- 2-3% intraday moves in stock markets around the world
- a huge spike in rates and sell-off in Treasuries
- a U.S. Federal Reserve bank's inability to deliver gold as promised to its rightful owners in Germany
- Sovereign debt crises, bank bailouts and bail-ins and 0% interest rates from the Fed and so on…

If our tech stalwarts and U.S. Treasuries are losing their place as a "Safe haven", then can the dollar retain its place as a "Safe currency"? Me thinks gold and silver are likely to become the perceived "Safe store of value" if things don't get back to somewhat more stable in the market places very soon.

The big banks who control the paper ETF and spot prices have less gold per promise than they've ever had in our lifetimes. Meanwhile, recall that just a few months ago, Germany requested 321 tonnes of their physical gold bullion repatriated back out of the U.S. Recall that just a few months before that Venezuela had requested 200+ tonnes of their gold bullion repatriated back to their homeland. As Jesse pointed out today, the U.S. was able to fulfill the Venezuela gold bullion request in its entirety immediately. The Germany request has been met with a flat “Sure, we’ll get you your gold in seven

years.”

So both the U.S. government and the banks that they’ve bet our future on are now in a position where they need to get their hands on as much physical gold and silver as they can and the easiest way to do that is by plundering the wealth of the world’s people by artificially crashing gold and silver here to try to induce them to sell away their physical gold and silver coins and bullion at lower prices. When the Bank of India restricted gold imports that also temporarily eliminated one of the strongest and steadiest demand centers in the world over night. The physical gold trading in India has only gotten further restricted in the weeks since.

We have to strive to constantly “Flip It” when it comes to whatever the conventional wisdom/mainstream media are saying and doing. Both are tools that the powers-that-be in the Buyside use to manipulate said individual investors. And don’t try to fight the battles you can’t win such as daytrading/flipping futures and ETFs and mega-cap stocks because you’ll always lose that battle. One of the biggest problems with our society as it's set up is we have no choice but to bet our hard-earned capital on these controlled/corrupted markets somewhere and the more controlled/corrupted they become the harder it is to protect our capital. But there is nothing in the economy untouched by this control/corruption so it’s either this or buying Iraqi Dinars (NOT A GOOD IDEA to be sure).

The Fed’s already WAY too late to stop the coming damage/dislocations/disruptions that are coming from the recent many years of free-money policies. There are many asset bubbles, including stocks and Treasurys, that are already here and still blowing and some likely will get much bigger in a hurry right before each of them respectively and truly pops.

The big banks like JPM who are custodians of the big precious metals ETFs need to build up their physical bullion for delivery and other inventories to continue their Ponzi-scheme-esque trading in paper. That would catalyze a steady up trend into year-end if that is indeed the case.

ANY major disruption to the financial markets and/or needless panic about such a potential disruption and/or any failure to deliver on physical gold promises between Central banks or Too Big Too Fail banks or any other institutions would cause a mad scramble, likely to the upside, in the physical precious metal markets.

I don't think the U.S. government will resort to outright confiscation of our physical gold as they did back in FDR's day when they basically used that approach to bail out the same Too Big Too Fail banks of today. That said, it could certainly happen. The RepublicanDemocratRegime/TBTF banks/Federal Reserve/Treasury are all the same thing. Check some of my old Illuminati Alerts from my TV anchor days on YouTube sometime. Or check out the site I built at illuminatiscrew.com. The short story is that they are already confiscating the people's wealth in sneakier, stealthier and more destructive ways than they did back in 1933 in the midst of the Great Depression.

Unfortunately, if the Republican/Democrat Regime decides to confiscate your gold, your checking account will probably already have been confiscated in a "Bail-In" to save the TBTF banks. That's why you have to not just buy gold, but also silver, a little bit of BitCoin, etc. All that said, if the government gets to the point of confiscating gold like FDR did, the society, economy, and market itself will already be in a dire place.

The inflation that is just now spiking but has always been worse than the government will admit in the real-world and is going to get much, much worse before the FED decides to address it. There is no stopping the terrible economic outcomes from the terrible misallocation of capital that the FED has been juicing for five straight years now. They will be toooo late when they finally react to inflationary pressure. Just like they always are. I would be a huge buyer if and when gold takes a big hit on the idea that the FED can somehow put the genie back in the bottle. Humpty dumpty has fallen and he can't get up! Ha.

You've probably heard of the "Black Swan Event", which is a term to explain how unforeseen events often destroy economic prosperity and cause market crashes. The term was coined by Taleb Nassim, some essayist and professor who published a book about it in 2004. He wasn't even close to getting the timing right about the Financial Debt Crisis which finally came four full years after he called for it, finally hitting in 2008.

So how can we prepare for the next Black Swan/Market Crash/Economic Crisis?

Always remember that when the markets are going straight up for weeks on end and are continually blowing through all-time highs, that such action is never sustainable for long. However, remember also that the Federal Reserve and the Government's Socialist Economic Policies are always going to fail over the long-term.

Every retiree and/or saver I know is desperate to find some sort of yield on their money. The FED can print more money, can allow the big banks and giant corporations to borrow money at 0%, can allow the banks to fictitiously mark their worthless assets at any price they want, and the Fed can buy all those worthless assets with yet other printed money, and the FED can allow the big banks to front run all of the FED's own trading in Treasuries and other securities such that they report 100% profitable trading days each quarter. Does any thinking person think that all of that misallocation of market capital will work out for the best? It will continue to get more corrupt and egregious until they can't possibly push it any further. You hear all the mainstream media outlets and the talking heads they quote "warning" people about the end of these FED policies, as if that's a bad thing. Sure, the ongoing stock market and Treasury and other paper asset bubbles will be crushed at some point when the music stops. So the policies are all designed to keep that music playing as long as possible.

Whatever the cause of the next Black Swan Crash, you need to have taken some precautions to prepare you and your family for it. Buy land in crashed real estate markets near where you live. Have some cash. Maybe buy yourself a couple BitCoins, because if the next Black Swan is bad enough, they might work out to be a hugely profitable investment as the dollar continues to be destroyed. Remember that the dollar is down 99.5% relative to gold since the Federal Reserve was created back in 1913. And as I just explained above, that 99% of that collapse in the dollar relative to gold was BEFORE they created all these new ways of devaluing the hard-earned dollars in your bank account.

Do not leave all of your gold, silver, and cash in a bank's so-called "safety deposit box" because when the next economic/market crisis hits, we'll likely see a "Bank Holiday" for at least a few days if not longer. So you want to make sure when that happens that you have both some cash and some gold/silver laying around somewhere safe that you can get to. People in Cyprus and Greece thought that their deposits and safety deposit boxes would always be available to them, especially since they'd joined the E.U. They were wrong. People here in the U.S. and around the developed world shouldn't think a bank holiday and deposit acquisition can't happen here.

I spent 2009 and 2010 in talking about how the aforementioned Fed's policies above would create a huge stock market bubble. Before the markets crashed in 2008, I was pleading with all of viewers to prepare for a coming market crash and economic downturn. I used to tell my viewers on Fox Business in 2007 that I'd sold all my stocks and closed my hedge fund and gone to TV because that was the best trade I could make as the markets were likely to crash soon. I quit TV and got back into stocks and investing in 2010. Ebb and flow, see?

I've often talked about the idea that you should recognize that the markets will both spike and crash and that the best way to build your wealth in the markets over the long-term is to trim down your exposure when the markets are at all-time highs and to increase your exposure when markets have crashed. The idea is certainly not to try to time and catch every market bottom or top, but the idea is to ebb when the markets flow and vice versa.

Finally, what do I expect to cause the next Black Swan Event/Market Crash/Economic Crisis? The gold and silver markets are in turmoil and there's some major disconnect between what the real value and amount of physical gold/silver that's available to be delivered to people who hold paper promises for that gold/silver. It's akin to the disconnect in 2007 of the value real estate/mortgage-backed securities vs. the prices they were being sold and marked at on the balance sheets of the banks and investors around the world. There is likely 10x or more paper promises of gold/silver than there is physical gold/silver out there to deliver. Gold and silver are acting wildly volatile, which is another similar sign to 2007 in the real estate/mortgage-back securities Black Swan just before it hit.

I don't think we need to be "Preppers" per se, meaning that I don't think you need to run out and build a bomb shelter and stock up on canned goods and guns and stuff like that. But I do think you should be a "Preparer" for bad times when the markets are at all-time highs.

While we are in these wildly revolutionary monetary times of unprecedented global currency debasement (on purpose?! In the U.S., these idiots actually WANT a weaker dollar — we have to stop electing Republican/Democrat Regime members whose every policy is to deftly steal the wealth of savers and small business owners…but I digress), I will always hold some gold coins and bullion and storing them somewhere safe that you can actually physically get to.

I do not trust the same people who told you that subprime liar loan mortgage backed securities were AAA to deliver the gold they promised you in your ETF or brokerage account when the next economic crisis ala 2008 hits. They lied to you about what assets they were holding for you back then. They are lying to you about what your assets they hold for you are right now.

But the global currency debasement wars are real. And as I've pointed out before, in a time of war, the fog of war means that nobody out there — debasing their currency and entrenching themselves in an economic trench warfare unlike anything the globe has ever seen before — has *any* idea what the unintended and long-term consequences of these policies will be.

The strange undercurrents in gold and silver right now includes all those brokers dealing in commodity paper and futures in the criminological banking system where there's little threat of punishment for manipulating and defrauding your customers. What's to stop the big banks from manipulating and defrauding their customers when the DOJ and SEC have already said they won't punish the big banks for crimes if it would cause the firms to close their doors? Nothing is the answer.

That money printing from the Central Banks around the world is likely to trump any other forces at some point when it's too late for the Central Banks to pull back on the reins. I have a target for gold of $2000-$5000 in the next two to three years and I figure I'll see $100,000 for an ounce of gold before I die in a few decades from now.

We are talking slowly but surely accumulating this physical gold and silver bullion and coins over the next few months, quarters and years. We're not looking to go in and plump down 10% of our savings on gold coins at the local pawn shop tomorrow. We're talking about finding ourselves a reputable dealer or two over the next few months and then continuing to scale into more physical gold and silver bullion and coins over the next couple years.

You want to find a local dealer that will charge you 5% or less over the "spot price" of gold (and if you trust that it's the quality of gold they say it is). If the dealer gives you the willies or double-talks you or confuses you at all, then just politely tell him you'll think about it and walk out. There are lots of places and dealers who want to develop a long-term relationship with you buying from them and those are the places you'll want to use.

We can't control when or where opportunity arises. And as you know with gold having crashed some 30% from its highs, I started rebuilding my own physical gold and silver assets in April of 2013, looking to take about 1-2 years to build up those assets to about 10-15% of my portfolio to own/hedge/protect my family with forever.

And soon after I started scaling back into physical gold and silver their crashes accelerated further. Which lead me to the next round of gold and silver spot prices sell-off to head over to my local and/or other dealers to aggressively buy another tranche of gold and silver coins and bullion. At the time, with spot prices at lower lows, I had to pay 7% or more over what those so-called spot prices are supposedly showing the value of gold in the real world markets today.

Over the years, I've been approached by a few companies asking me to endorse their products. One of the hardest and most-frequent pitches was from some of the gold and silver-related firms out there who wanted me to do a Glenn-Beck-esque endorsement of their services. I've always said no to these offers so far and if I ever do endorse a product it will be because I actually like it and use it myself.

I tell you that because I give some detailed advice in this book about buying physical gold and silver with specific names and sites mentioned that I have found helpful and I want you to know that I'm not being paid by anybody for this and that I have indeed personally used this approach to buy some physical gold and silver in the last couple weeks.

In the summer of 2013, my old friend Jim Rogers, whom I once competed against in a hilarious version of "The Commodity's Price Is Right" on my show on Fox, is reported to have called for a bottom as low as $900 for spot prices. His logic will sound familiar to any long-time TradingWithCody.com subscribers, and that's because Jim Rogers personally taught me some of the lessons I pass on, such as:

"So,it would be normal if gold did correct 50%. That might go some way towards shaking some of the faithful, some of the mystics. We [have] got to shake out more people. … I don't see any signs that the faithful … are giving up and selling their gold. Not just verbal despair, not just people talking about despair, but people acting. Then gold prices will make a nice, firm bottom."

Jim, who famously left George Soros' giant Quantum hedge fund after being a founding partner, previously called the gold and commodities bull market years ago when it wasn't fashionable to be doing so and then later correctly predicted gold would hit a low of $1,200 before this current selloff would end. For gold to correct 50% from a 12-year bull market, it would trade at around $900.

I do think there's been a good bit of people giving up on gold and silver, especially the folks who were trading this stuff when prices were near their all-time highs last year and the year before. A downdraft in gold spot prices to $900 would probably bring silver spot prices down to $16-$17. Currently silver's spot price is reported at $18-19. That would "only" be another 10% pullback from the current quotes, which shouldn't be shocking to anybody who's just watched these precious metal spot prices drop 30-60% over the last year.

What’s the single EASIEST WAY TO BUY PHYSICAL GOLD AND SILVER COINS AND BULLION and make sure that you’re not getting ripped off in the process?

Notice I called that the “best way” and by that I meant that I truly believe it’s important that we support local businesses and build relationships with a dealer that has been through ups and downs and will be there when you need ‘em. But that’s not exactly “easy” and far from the “easiest” way to buy gold and silver.

The easiest way? Well, you can thank Pierre Omidyar, who founded eBay and later staked another successful hedge fund manager friend of mine, one of the best distressed investors you’ll ever meet.

On Ebay, you’re probably going to get just about the cheapest premium over spot price that you can find anywhere right now. If you’re willing to spend some time and energy surfing eBay, you can pretty much protect yourself against scams by looking first at the seller feedback score. I never buy from anybody with a score of less than 98% positive and with at least 1000 auctions under their belt.

Here’s a seller from which I have bought some physical precious metals, with their detailed eBay feedback score:

APMEX *
Positive Feedback: 99.8%
Feedback score: 39939

Finally, don’t bid on the first item you see but make sure you’re getting the rock bottom best price the metal is currently selling for on the site. Using eBay can also save you 3-7% in sales taxes that you pay most places locally, at least until they change the Internet tax laws.

The best approach is to slowly add to our gold and silver positions on weakness over at least a year’s time. For example, since I think physical gold can range from $1,000/oz to $5,000/oz over the next five years, I don’t want to load up on my entire gold/silver positions all in at one price level, say $1300/oz.

Over time, Silver will probably be a short-term higher-beta (more volatile) version of Gold and longer-term it probably won’t go up quite as much in value.

While I think I've made it clear that I don't trust the gold ETFs and other precious metal "paper" trading vehicles. But I do think the GDX Gold Miner ETF is more valid since it's promising stock shares in publicly traded companies and not promising physical gold and silver which might or might not actually be owned and in the vaults.

To be sure, I've often advised against owning gold miner stocks because they are often high-beta versions of gold itself, meaning when gold drops 30% like it has, gold miner stocks will drop maybe twice that much, 60% or more.

Indeed, take a look at this chart.

That said, when the gold miner stocks are on the downside of that correlation in a down market, they can provide big leverage on any bounce in gold itself. See, if gold rallies 10-20%, or even if it just finally finds a bottom, the GDX can rally back to its recent higher lows. Meaning, the GDX can pop 30-40% when gold just finds its footing and/or actually rallies higher. In some sense then, the GDX is a good levered-up vehicle for trading gold shorter-term. Using call options for the trade makes it even more levered-up.

Investing in gold miners on the downdraft is, of course, a risky trade. For an idea of why, here's a note from a Citi zombie analyst this morning, "Citigroup says a combination of rising unit costs (15% yoy), sustained high capital budgets and a falling gold price have resulted in a fast contraction in margins – so much that no gold company under our coverage will generate Free Cash Flow at spot gold".

To be sure, some of the leveraged stock ETFs, such as NUGT is exactly the kind of ETF that I'm warning everybody against "investing" in. If you're looking to make a trade that's measured in a few days' or a couple weeks' time frame, then the NUGT is fine for aggressively making that kind of a trade. But when the crows come home to roost, I don't think that those ETFs and other places that "promise" to be able to deliver physical gold will deliver. It's not easy to scale into gold coins and physical gold bullion and that's why you keep seeing me talk about trying to find yourself a reputable local coin dealer that charges you no more than 5% premium over spot prices. The gold and silver coins and bullion that I'm talking about investing in is forever or until a Revolution happens.

After seeing the horrible fraud and theft and lack of contract enforcement at the big banks over the last few years, I really don't think there's anything to stop them from plundering/overselling/claiming "it was just the system that was broken, we didn't know that the gold ETFs were actually all worthless". Even if those ETFs say they are holding gold in your name when you own their ETF today, I don't think they hold nearly enough to cover all the claims that they've sold to that gold if and when they are claimed. I don't trust the banks or Wall Street as far as I can kick 'em. And I kick both the banks and Wall Street every chance I get. SLV, GLD and all the other precious metal ETFs and anything other than actually holding the physical gold and silver coins and bullion in your own two hands is defeating the purpose of this investment.

I think most investors and traders know the logic behind the "gold as a storer of value" idea, especially with the endless quantitative easing, 0% interest rates, and, increasingly, the Currency Wars all of which are simply modern-day equivalents of the old "printing worthless paper money" concept. If the government and banking industry have a monopoly on the currency used in this country, and if they are issuing limitless amounts of dollars into the system, eventually, inflation and gold are likely to spike.

I've had a lot of success over the years fighting "conventional wisdom" in my investing and trading, and the idea of a commodity like gold going up when the governments of the world are debasing their currencies, is certainly "conventional wisdom". But the whole reason behind calling my approach "Revolution Investing" is because of the huge impact that government policies are having on our 21st century markets. And the force of endless money printing is powerful enough to trump any sentiment-driven movements in the gold markets in coming years. The path of least resistance for gold, silver and other precious metals is still higher.

But there's a catch. Do you recall RMBS, CDOs, and all those other "mortgage backed securities" that were "insured" against losses? Turned out that when the chips were down and all the cards were on the table that all those debt securities and "insurance" policies were worthless because the banks and monoline insurers and brokers and government didn't have the money backing that paper that they all promised they did have. The same thing is happening with the paper precious metal markets. All those gold- and silver- and other commodity-backed ETFs and contracts for delivery of hard assets are likely to turn out as worthless as most of those mortgage backed securities did. The commodity ETFs and commodity price insurance contracts and hedges and markets have issued much more paper than they'll ever be able to pay if and when investors and traders actually start demanding their hard assets.

So if you want to invest in gold, I suggest that you start, slowly but surely collecting and investing in gold and silver coins and bars. The best way to buy physical gold or silver is to shop around slowly but surely locally and every time you drive to another big city until you find a reputable dealer that's not trying to scalp you but wants your continued business over the next few years. Then slowly but surely build up some gold and silver coins, bars, or whatever and keep it stashed safely away.

Special Bonus: Cody's personal positions at time of book publication

As a special bonus and to give you an idea of another feature you can get by signing up for TradingWithCody.com where I post all my personal trades in real-time, here's a list of my personal positions in approximate notional order from largest to smallest at the time this book was published in the summer of 2013.

Each week I send out a list like this in which I give each stock a current rating from 1 to 10, 1 being "Get out of this position now!" and 10 being "Sell the farm, I've found a perfect investment" (there will never be a 10 rating, because there is no such thing as a perfect investment, of course). Anyway, here's the list:

Longs
-

- Forever assets and other permanent holdings -
  - Media and other private investment/business holdings (9+ because betting on yourself and running a biz is always a best bet)
  - Real estate, including land and the ranch I live on in NM (7)
  - Physical silver bullion & coins (9)
  - Physical gold bullion & coins (9)
  - BitCoin (6)
- Primary stock exposure portfolio
  - Sandisk (7)
  - Intel (8)
  - First Solar (7)
  - Google (7)
  - Facebook (8)
  - FutureFuel (7)
  - Apple (8)
  - Juniper (7)
  - Amazon (7)
  - Lindsay (8)
  - Ciena (7)

    - Nvidia (7)
    - Calgon (6)
- Stock baskets and short-term flips
    - Long-term trends basket
        - Zynga (8)
        - Zillow (7)
        - Cree (7)
    - Long-term 3-D printing basket
        - ExOne (7)
        - Stratasys (7)
        - 3-D Systems (6)
    - Short-term metal ETF trade
        - GDX (9)

Shorts -

- Welfare bank basket
    - Morgan Stanley (8)
    - JP Morgan (8)
    - Lender Processing Services (9)
- Samsung/South Korea basket
    - EWY (7)
- Bet on interest rates rising
    - IEF (8)
- Other shorts
    - Outerwall (7)
    - Apollo (7)
    - Dollar Tree (7)
    - IBM (8)

++++++++++++++++++++++++++++++++++