

The Numbers Are In—Silver Skyrocketed in 2005 (up by a whopping 37.5%)! Will the Silver Bull Market Continue in 2006?

In a word—Yes! Silver and gold are both riding ‘charging bull’ markets. And the ride has a long ways to go...through 2006 and beyond!

- **Seven reasons why the silver bull is just starting**
- **How to invest in silver**
- **Russia and Iran: new crises are brewing...**

In last year’s February issue of the *GEA*, I asked: would 2005 be the year for silver?

Well, the numbers are in. Silver leaped up by almost 38% during the year. That’s a stunning performance for any investment...

...But I’m not still satisfied!

I’m expecting silver to do far better than this. I expect we’ll see *at least* a repeat of its old \$50 highs before it’s all over.

So I’m devoting this issue to “seven reasons why the silver bull is just beginning”...

Reason #1: Silver is indispensable to modern society

Silver has unique properties that make it irreplaceable in many uses. It’s malleable (easily worked), but also strong. It’s ductile (easily drawn into wire), highly conductive of heat, and the best conductor of electricity. It’s highly reflective of light, and can endure extreme temperature ranges.

As a result, silver is used in countless applications today.

For example, many batteries are made with silver-alloy cathodes. These batteries have superior power-weight ratios. Your wrist watch, cell phone, and camera are probably powered by silver oxide batteries—up to 35% silver by weight.

Silver-plated ball bearings are used in a wide variety of industries. They have greater fatigue strength and load carrying capacity than any

The *GEA* portfolio: up 49.86% for 2005! (See page 3!)

other type. That's why they were used in the giant World War II Superfortress bomber engines, and why they're still used in commercial and military jet engines today.

Silver's electrical conductivity makes it a vital part of common electrical contact switches. Silver-tipped switches are used in cars, dishwashers, washing machines, dryers, escalators and elevators, even railroad locomotives. Silver membrane switches are found in common items like your com-

puter keyboard, telephone, microwave oven, and even your television remote control.

Your car probably has a silver-ceramic mesh fired into its rear window. These meshes produce heat when electricity is run through them, making great rear-window defrosters. Many cars now have silvered front windshields too; these reflect 70% of the sun's energy, reducing the load on the car's air conditioning system in the summer.

Printed circuit boards are used in almost every electrical and electronic device produced today. In the past, tin/lead solders were used to mount components onto the boards, and in circuit paths connecting the components to each other. But now lead has been banned in many countries, and silver solders are being used instead.

It's long been known that silver kills bacteria and other forms of microbial life. The ancient Phoenicians used to put silver coins into their water, wine, and vinegar containers to keep them pure during long voyages, as did the early American pioneers. ("Born with a silver spoon in his mouth" refers to health, not wealth. Babies fed from silver spoons became ill less frequently than those fed with other utensils.) Today, silver is used in water and air purification systems, along with other antibacterial applications.

Silver is also used in solar energy cells...mirrors and thermal window coatings...photographic and X-ray film...superconducting wire...and more.

The countless applications for silver promise a strong demand for the foreseeable future.

THE GOLD AND ENERGY ADVISOR

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The **GOLD & ENERGY ADVISOR** is published 12 times a year by The Silver & Gold Report, LLC, 925 South Federal Highway, Suite 500, Boca Raton, Florida 33432 (800-819-8693 or 561-750-2030). Subscription rates: Single issue, \$19. One year (12 issues), \$189. Two years (24 issues), \$279.

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Reason #2: Constant discoveries of new uses for silver

Scientists and researchers are constantly finding new uses for silver.

One of the most exciting areas of research is silver's role as a "biocide"—killing microbes. Silver penetrates the cell walls of bacteria and viruses, disrupting their structure. Many microbes have developed resistance to conventional antibiotics, but researchers expect this to be impossible with silver. Here are some developing uses for silver:

Nontoxic disinfectants. The Environmental Protection Agency recently approved a silver-based disinfectant for use on hard surfaces in child care facilities. The silver-based formula is very effective: staph, salmonella, and the HIV Type I virus are all killed in only 30 seconds, certain resistant bacteria are killed in 2 minutes, and fungi are wiped out in

10 minutes, all with a 24-hour residual kill time. Overall, it kills bacteria 20 times faster than the current leading-brand disinfectants. As a bonus, the current brands are toxic and require warning labels, while the silver-based formula is safe and requires no such warning. This promises to be a huge market for silver: it includes daycares, preschools and nurseries, schools, gymnasiums, children's activity centers, toys, toy containers, play tables, jungle gyms, playpens, child car seats, strollers, diaper changing tables, and more.

Mold prevention. There's a growing trend in lawsuits over mold in homes. Black mold starts in the walls and cavities of your house, and by the time it penetrates the wallpaper and paint into the living space, it's entrenched and almost impossible to remove. Once in place, it releases spores into the air, causing respiratory diseases.

So building owners and contractors are now starting to consider silver biocides in construction materials, to prevent mold, mildew, fungi, and even termite infestations. This will be another huge market for silver, with many potential uses: roofing tiles and siding, paint and wallpaper, framing lumber, and preserved wood products. (That last one represents 80 million ounces of use annually just in North America. Chromated copper arsenate is now banned, so the industry is looking at silver formulas as a substitute.)

Hospital uses. The Chinese Center for Disease Control and Prevention has tested silver-based polymers and found them very effective: they'll even kill the SARS virus. These compounds can be mixed into plastics, creating self-disinfecting hospital furniture, equipment, etc. Products are already appearing: for example, one company now sells silver-impregnated plastic hospital bedside cabinets. Currently, over 2 million Americans become infected while in the hospital each year (and 90,000 of them die)—so these new antibacterial devices and furniture promise to be very popular.

Direct medical uses. Curad has introduced a line of silver-based bandages and wound-care products. The silver helps protect minor cuts, scrapes, abrasions, lacerations, and scalds. No antibacterial cream or other substances are required. And Johnson & Johnson has introduced their SILVERCEL dressings for the professional health care market. They're highly absorbent, biodegradable, and keep wounds not only sterile but moist (which promotes healing and limits damage when the dressing is changed).

Fabrics. Silver-impregnated mattresses have

The GEA portfolio had another stunning year in 2005: up by a whopping 49.86%!

Compare this to the Dow, which was down 0.61 percent. And our portfolio still has a lot of upside potential: our average P/E is under 12, while the general market is closer to 18. I'm looking forward to another great year in 2006!

been used in Europe for a long time, and are now being introduced into the United States as well. Silver's antibacterial properties kill odors, reduce dust mites, and even help to prevent static electricity. Silver-impregnated textiles are being used in sheets, pillowcases, mattress covers, pillows, automotive upholstery, wall coverings, shoe insoles, and more.

I could go on and on, but you get my point. Silver is already vital to our society, and more uses for it are found all the time.

Reason #3: Silver supplies are evaporating

This part of the story seems almost unbelievable, but it's true. Simply put, 50 years ago we had about 24 billion ounces of silver above ground. Today, that number is under one billion, and millions of ounces more disappear every year.

Unlike gold and platinum, when silver is used to make something, it often isn't recycled afterwards. It's just not cost-effective to reclaim the tiny droplets of silver solder from a circuit board, for example. Billions of ounces of silver are distributed across the waste dumps of the world, but they're impossible to retrieve.

As a result, almost every ounce of gold ever mined is still available for use—while almost every ounce of silver is not. It's been consumed—and now it's gone.

By some estimates, over 40 billion ounces of silver have been mined throughout recorded history, with 16 billion produced just during the last 50 years. But how much of that is left? According to the latest report from the CPM Group (a respected research firm), about 942 Moz (million ounces) of silver are left above ground. That includes government stocks, central banks, COMEX and other market vaults, private depositories, bullion, coins, and jewelry. *Everything.*

Latest prices as GEA goes to press— January 4, 2006

Comex spot contract: silver \$9.10, gold \$533.55
 Nymex spot platinum: \$992.00, palladium \$269.00
 Nymex Light Sweet Crude Oil \$63.20

Silver coins		Dealer will buy at this price	Dealer will sell at this price
100 1 oz. silver American Eagles		\$925	\$1,150
100 1 oz. common rounds		\$890	\$1,100
\$1,000 face value US pre-1965 coin bag (circulated)		\$6,000	\$7,250
\$1,000 face value US circulated silver dollar bag (VG or better)		\$9,000	\$10,000
US Morgan silver dollars	PCGS MS64	\$45	\$65
	PCGS MS65	\$110	\$140
	PCGS MS66	\$280	\$375
Platinum coins			
U.S. Platinum Eagle:	1 oz.	\$1,000	\$1,275
	1/2 oz.	\$500	\$695
	1/4 oz.	\$275	\$450
	1/10 oz.	\$110	\$175
Gold coins			
Australian Kangaroo		\$529	\$615
British sovereign (Kings)		\$116	\$166
(Elizabeths)		\$116	\$166
Canadian Maple Leaf		\$529	\$570
Credit Suisse 1 oz. gold bar		\$529	\$570
Mexican 50 peso Centenario		\$585	\$695
South African Krugerrand		\$529	\$570
US Gold Eagle:	1 oz.	\$550	\$610
	1/2 oz.	\$287.50	\$387.50
	1/4 oz.	\$131.25	\$206.25
	1/10 oz.	\$67.50	\$97.50
US \$20 double eagle:			
Liberty	Raw MS60	\$550	\$675
	NGC MS63	\$775	\$950
	NGC MS64	\$1,200	\$1,950
	NGC MS65	\$4,150	\$5,950
Saint Gaudens	Raw MS60	\$575	\$700
	NGC MS63	\$625	\$795
	NGC MS64	\$700	\$875
	NGC MS65	\$1,250	\$1,495

Prices courtesy of Finest Known, Boca Raton, FL.
 (800) 806-3468.

Here's the amazing aspect to this—one that so far, few investors have woken up to. There's more gold in the world than there is silver!

Hard to believe? The world's central banks contain about 32,000 metric tons of gold—that's about 1.03 billion troy ounces. And obviously, central banks aren't the only owners of gold in the world—there's a lot more gold out there than just 1.03 billion ounces. Yet even that number is more than the 942 million ounces of silver. So the central banks alone own more ounces of gold than there are of silver in the entire world!

How did this happen? For most of human history, silver was primarily used for monetary purposes. It's only been in the last century that industrial uses for it have really taken off. But today, industry requires a tremendous amount of silver each year—some 805 Moz.

During each of the last 15 years, this consumption has created a tremendous structural deficit. **Far** more silver is consumed than produced each year. (The 2004 deficit was 44.5 Moz. 2005's number isn't in yet, but is expected to be similar.)

You'd expect a deficit to force the price up, but not in this case. There were large above-ground stocks that filled it. But those stocks are gone now; that's why I'm expecting silver's price to explode up.

For example, at the end of WWII, the U.S. had some 4 billion ounces of silver in its stockpile. But in the 60 years since then, the government has used or sold it all. In 2001, the U.S. Mint announced that its silver was gone—and that for the first time, it would have to buy silver on the open market for its popular Silver Eagle coins

Here's a more recent example. COMEX is the world's primary futures market for silver. Thirteen years ago, COMEX had over 350 Moz of silver in its vaults. Now that number is down to 108, only 61 of which are actually registered for trade on the exchange. (The rest belongs to long-term investors who happen to be using one of the four depositories registered to hold silver for COMEX.)

Another way of looking at the COMEX stocks is that seven years ago, inventories fell below ten weeks of silver demand. Three years ago, inventories fell below six weeks of demand. One year ago, inventories fell below four weeks of demand.

Obviously, there's not much above-ground silver left to meet demand.

It took only 60 years to obliterate an inventory that was accumulated over 5,000 years. That's a remarkable statistic...and great news for silver investors.

But the markets haven't woken up to silver's

fundamentals yet. That's why I'm still recommending silver investments. When the market finally realizes the true situation, we're going to see a once-in-a-lifetime moonshot in the white metal.

Here's why. Silver is a miniscule market compared to stocks and bonds. At \$8.50 silver, you could buy the entire hoard in COMEX vaults for about \$850 million. That's only .2% (two-tenths of one percent) of General Electric's market capitalization.

You could buy *every ounce of above-ground silver in the world* for less than \$8 billion dollars. (That's only 2.1% of GE's market cap.) Somewhere, sometime, some wealthy individual is going to decide to take advantage of this. And silver will be off to the races.

Skeptics point out that this has been tried once already—by the Hunt brothers, back in the late 1970s. Their buying drove silver up to \$50 in early 1980...but their market “corner” failed, and the price crashed back to Earth again.

But there are almost a billion ounces *less* of above-ground silver today than in 1980! And \$50 in 1980 dollars equals **\$126.98** today. Silver is ready to blow...and even if it only repeats its 1980 leap up, we'll see a 15-to-1 explosion in its price!

Silver's fundamentals are so wildly bullish, it's tempting to think there must be a fly in the ointment somewhere. But I can't see any.

Instead, I see lots of reasons why the bull will take years to run its course:

- The world's silver stockpiles are gone. Once silver is back in vogue, individuals and maybe even governments might hoard it again. That will add further demand to an already upside-down supply/demand curve.
- Industry hasn't been researching alternatives to silver—the metal has been inexpensive for a long time, so it hasn't been cost-effective to investigate any of silver's more-expensive alternatives. (Instead, the opposite is true—they're researching more ways to use it.) Today, industry is utterly dependent on silver in many applications.
- Silver is often used in such small quantities that even a drastic price increase won't affect demand. Kodak won't stop making film because the 10 cents' worth of silver in it goes to 20 or 30 cents. Ford won't stop making cars because a \$5 contact switch goes to \$10. And so on.
- Silver has been close to or below its cost of production for years. This has depressed exploration and development of more silver mines. There's also a shortage of experienced workers. As a final blow to silver miners, energy costs are really high now. Since it takes years to find and develop new silver deposits, there won't be a huge surge in supply from new silver mines, even once the price takes off.

We just saw confirmation of all the above from a very unlikely place: the Silver Users Asso-

Iran's nuclear ambitions: greatest threat to world peace since Hitler and Stalin?

The German and Israeli media are reporting that the U.S. is coordinating with NATO for a 2006 attack on Iran. Reportedly, CIA Director Goss visited Turkey on December 12 and requested military bases from which the U.S. could launch an assault. Other Middle Eastern allies were also informed.

Why is the U.S. considering an attack? To stop Iran's race to finish its nuclear weapons. Iranian nukes would be a nightmare for U.S. interests in the Middle East...even the entire Hemisphere.

The Iranian government is controlled by radical Islamists that have funded suicide bombings, military strikes against Arab governments friendly to the West, and assassinations. With nuclear weapons expertise, terrorism will take on an even more horrific meaning.

Plus, Iranian nukes would threaten the entire world economy. Some 25% of the world's oil passes through the narrow Strait of Hormuz in the Persian Gulf. Iran's side of the Strait is already bristling with anti-aircraft and anti-ship missiles. In

the past, they've threatened to shut down all traffic through the Strait, and turn off the world's flow of oil. But they knew we'd probably interpret that as an act of war.

However, once Iran has nukes, they could commit “nuclear blackmail”: we'd do whatever they wanted, or they'd shut down the Strait.

\$100 oil would be the least that would happen. \$200 oil is more likely. We'd see the entire world economy collapse like dominoes. Our only other option would be war with a crazed nuclear-armed country...a truly nightmarish choice.

Meanwhile, Russia is using oil as an economic and political weapon, just as I predicted back in the August 2004 issue. Putin is showing his true colors, and Russia can completely dominate world energy and precious metal markets if it so chooses. Apparently, Putin's choosing to.

I'm going to write more about these growing threats and how they will impact the world's economy and financial markets. Stay tuned!

ciation (SUA). This Association is a group of industrial silver users who account for 80% of all silver used in the U.S. Its members include Dow Chemical Company, Eastman Kodak Company, Tiffany and Company, and Engelhard Corporation.

The SUA's mission is to keep silver cheap for its members. (It's sort of a reverse price-cartel, which seems like it should be illegal, but that's a different subject.) For years, the SUA has chanted the same mantra: there's plenty of silver in the world, there's no reason to expect the price to go up, etc.

That's why it's so unusual that the SUA is now trying to block Barclay Global Investor's proposed silver Exchange Traded Fund (ETF). This Fund would buy and store 130 million ounces of silver, and sell "shares" in the hoard on the stock market.

According to the SUA's past statements, the world is awash in silver, so this Fund shouldn't even cause a ripple in world markets. But that's not what they're saying now. Instead, they're warning about "liquidity problems" and massive

disruptions if this ETF is allowed to form.

In the last year or so, the new gold ETFs have bought \$3.4 billion worth of gold, with little impact or "liquidity problems." But apparently a mere \$1 billion or so in silver would disrupt the market!

Here's vindication for the silver bull position. The SUA is a "knee-jerk" silver bear, trying (as is its mission) to talk silver prices down. Yet even it admits that the silver market is actually far smaller than the gold market, and buying a mere \$1 billion worth of the metal (less than one-third of one percent of the market cap of just one Dow stock) will blow the market up.

Whether or not the new ETF is approved, no market can stay this tight for very long. Silver's ready for a huge leap up!

Reason #4: Silver demand is exploding

Even while world supplies are evaporating, demand is expanding. There are two primary reasons for this. One is the huge number of new uses for silver, as I explained before.

The second is the development of third world countries, especially India and China. Two billion people want televisions, washing machines, cell phones, and other electronic devices. That's a massive demand for silver and other commodities.

Actually, "third world" might not even describe China anymore. The Chinese economy grew at a stunning 17 percent pace last year, and apparently it's now the fourth-biggest economy in the world—smaller only than Germany, Japan, and the U.S.

We can see the demand reflected in silver's price. In 2004, 750 million ounces of silver were supplied to world markets, an all-time record. Yet *despite* the record supply, the average price popped up 36.8% in 2004 from the previous year.

Normally, such a huge price increase would cause a drastic surge in market supply. When a commodity's price jumps up, its producers are more profitable, so they produce more. Of course, this brings the price of the commodity back down.

Yet for silver, the year-on-year increase in supply is only gradual. This is yet another bullish aspect to silver: since 80% of silver mining supply is a by-product of gold, copper, lead, and zinc mining, a price increase in silver doesn't necessarily cause the miners to produce more of it. Their primary business is in the other metals, and a high silver price is merely a nice bonus to their main activities elsewhere.

Portfolio Updates

Here are the changes to the *GEA* portfolio since the last issue.

We sold our remaining XLE \$50 December puts (XBTXX).

Burlington Resources (BR) was bought out by ConocoPhillips: a \$35.6 billion deal, and great news for us. We sold our BR shares for \$81.50: a 19.85% profit in only two months!

We continued our program of hedging our energy positions to lower costs and reduce volatility. This month, we rolled many of our December option positions into January, by buying back the calls we sold earlier and selling their January equivalents:

- **Encore Acquisition:** We closed our December \$35 calls (EACLG), and opened the January \$35 calls (EACAG) in their place.
- **Apache Corp:** We closed our December \$65 calls (APALM) and opened the January \$65 calls (APAAM).
- **Anadarko Petroleum:** We closed our December \$95 calls (APCLS), and opened the January \$95 calls (APCAS).
- **EOG Resources:** we closed our December \$75 calls (EOGLO), and opened the January \$75 calls (EOGAO).
- **Noble Energy:** we closed our December \$40 calls (NBLLH), and opened the January \$40 calls (NBLAH).
- **XLE:** we closed our December \$50 calls (XBTLX), and opened the January \$50 calls (XBTAX).

Reason #5: A massive short squeeze is building

A “short squeeze” happens when a lot of traders sell something short, but the market moves up instead. Some shorts are forced to cover their positions by buying, which moves the market up further, squeezing even more shorts, etc.

Squeezes can be explosive moves in the markets. And silver is ready for a huge one.

The COMEX exchange in New York is the center of world silver trading. The commercial traders there have a net short position of 544 Moz—that’s *half the silver in the world*. It’s also greater than the entire annual mining supply of 527 Moz!

Some are astounded that such a position is allowed to exist. The COMEX commercial short position is almost 9 times the entire holdings of the exchange. This would be like shorting 14 billion shares of IBM, even though only 1.6 billion shares were outstanding.

As a result of this huge short position (which has been in place for over 19 years now), the silver market has been incredibly distorted. This huge “short sale” has squashed the metal’s price. So even though demand has overwhelmed supply for 15 years now, nobody’s noticed.

(By the way, there’s intense speculation about why there’s such a short position at all. But it’s not too hard to see that there are certain parties with a strong economic incentive to keep silver’s price down. And this would be a perfect way to do it.)

Nevertheless, sooner or later, demand for physical metal will overwhelm these paper contracts. The “day of reckoning” will come when enough buyers call for delivery on their contracts... and the metal isn’t there to deliver. Judging by the evaporating stockpiles, that day is coming soon.

The sellers will default on their obligations. When that happens, the underlying commodity’s price will skyrocket. We’ve seen such defaults before, like palladium in 2000—it exploded up from \$290 to \$1,100 in just 20 months or so.

And we’re seeing another one happen in copper right now. A Chinese trader (working for his government) shorted 200,000 tons of copper last summer, but the price went against him (up). Suddenly China was liable to deliver \$200 million worth of copper. The government tried to save itself by selling an additional 51,160 tons into the market, but the price continued its relentless surge upwards.

Last month, China was forced to deliver some of

the copper, while rolling over some of the contracts into January and following months. Copper went up by 39.5% in 2005—and the ride isn’t over yet.

Note that the world produces almost 40,000 metric tons of copper per day. The Chinese trader shorted a mere 5 days of production, and got clobbered.

But the silver shorts are liable for *more than an entire year’s mining production*. We’re seeing a short squeeze of historic proportions develop right in front of our eyes!

Reason #6: Digital photography doesn’t matter

Silver bears always whine about digital photography. They point out (correctly) that silver halide film accounts for over one-third of silver demand. Now that digital cameras are becoming so popular, they say, demand for silver will plummet.

Nonsense! They’re wrong on several counts.

First of all, silver halide demand is down about 15% since 2001: a significant amount, but hardly a plummet. Photographic film still requires over 200 million ounces of silver per year, and will stay strong for years to come.

Second, film manufacturers are continuing to improve their products. For example, Kodak has a new line which has double the film speed and better definition than previous films. AGFA, Fuji, and Konica have also improved their products. They wouldn’t spend the money for R&D if they thought their product sales were about to dry up.

Third, silver-halide films work much better than digital photos, providing much more detail from its wider range of densities. This isn’t as important for consumer use, but crucial for medical X-rays and radiography, manufacturing use (e.g., examining jet turbine blades), and construction (X-rays are used to evaluate steel reinforcement bars within concrete, integrity of welded beams within buildings, and many other uses).

Fourth—and this is crucial—what the bears “forget” to tell you is that photographic film is also responsible for much of silver’s *supply*. The estimated supply of “scrap” (recycled) silver for 2005 is 205 million ounces. But recycled film supplied about 80% of that, or 164 Moz.

On the other hand, photographic demand is 217 Moz. 164 divided by 217 = 75.5%. So for every 100-ounce reduction in photographic demand, over 75 ounces are removed from supply! Even if photographic demand were to completely shut

down tomorrow—an obvious impossibility—the net impact on silver supply/demand would be only an additional 53 Moz. That's barely above last year's deficit of 44.5 Moz.

And as I mentioned earlier, the deficit is promising to balloon to huge proportions as new demand and new uses for silver kick in. In a way, I'd actually **like** to see film demand go away tomorrow—it would shut up the bears once and for all, when they see the minimal net impact this would have.

Reason #7: Gold is rising

As my last reason, I'll point out that when gold does well, silver is pulled upwards too. The prices tend to move in tandem.

So all the bullish factors for gold that I outlined in last month's issue will help silver too.

Plus, as dollar inflation ramps up, prices of all commodities go up as well. But on a percentage basis, silver should go up by more than almost any other commodity.

So there you have it—seven reasons why I'm still wildly bullish on silver, despite its spectacular performance in 2005.

The best ways to profit on silver!

Right now there isn't a single mining company producing silver that I like as an investment. The valuations are far from favorable in the mining industry—for silver producers all I can say is YUCK!

If you're a speculator and can stand the risk of futures, I urge you to immediately subscribe to John Person's inner circle (<http://www.jpinnercircle.com>). John is a genius and has been producing just amazing profits for his subscribers. Please keep in mind futures trading is very risky, and fast moving.

I like John's work so much, I have become his publisher. Right now you can subscribe for just \$995 a year. You can subscribe online or if you prefer, you can call toll-free 1-800-508-8066 (8:00 AM to 8:00 PM Eastern Time, M-F).

If you're not willing to speculate using futures, I strongly recommend holding physical silver like 100-ounce silver bars, 1-ounce U.S. Silver Eagles and rare U.S. silver coins. They offer potentially explosive upside potential.

My friend Mike Fulgenz of Universal Gold & Bullion offers some of the best silver investments available—a select few can be purchased through a self-directed IRA program. You can speak to Mike or one of his silver specialists at (800) 459-2646.

Mike and his staff can help you place Silver Eagles in your portfolio. I always recommend 500-coin mint-sealed green boxes (straps intact). Dealers like these because the chances of having a few MS70 quality coins is much greater than just buying rolls or unsealed boxes. Put a few of these boxes away in your IRA or just in your own safety deposit box, and you could see them double in price even if silver only jumps 40%-50%.

Here's another of my favorite plays. Silver Eagles also come in a Proof version, and you can buy original boxes of these dated from 1986-2005. I think they're really amazing opportunities. You can buy a 100-coin sealed box of 2002-S Silver Proof Eagles for just \$4,900 or \$49 a coin. I like these because I've found that submitting these to NGC for grading produces about 30 out of 100 PR70 UCAM coins (Flawless perfect).

These 2002-S Proof Silver Eagles sell for as much as \$150 a coin wholesale between dealers. They sell to collectors for as much as \$275 each. Which means all 100 coins you buy this way are paid by the value of the 30 that grade at PR70 UCAM. You essentially get 70 1-ounce Proof Silver eagles worth about \$45 each as a bonus! Dealers know this, so when they need coins to grade they hunt down these original sealed Proof Silver Eagle boxes. If silver jumps to \$20 an ounce, I expect these to jump to \$15,000 per box. These boxes are not easy to find, but when you do—grab them.

I also like buying Proof and Uncirculated U.S. Silver rolls, every thing from dimes to U.S. Silver Dollars. You can buy really wonderful brilliant Uncirculated Morgan Dollar rolls pre-1921 for just \$650 a roll—for nice original rolls. I just bought a gorgeous deal of 1958 Silver Quarters for 40-coin rolls in amazing fresh original condition for just \$100 a roll. Many coins in these rolls are in Gem condition. I fully expect a double move in the price of silver to make these jump 400% to 700%. (The key here is original rolls. Plenty of junk out there can be bought for \$65 a roll. Gem rolls are worth the \$100 price.)

In the proof roll market you can buy Gem 2005-S Silver State Quarter sets (200 coins) for \$1350. I've been building a rolls set for my own holdings. The series started in 1999. The value of each year is different. If you stick with truly gem rolls you may be set up for a 500% to 1000% profit depending how crazy the price of silver gets!