

A Silver Dime Worth a Day's Wage?

History Shouts 'Buy' Louder than Anything Else

For thousands of years a silver coin (equivalent in weight to today's dime) was worth a day's wage. Whether the Greek drachma or the Roman denarius, this 'dime' payed the workman for a day's worth of work. Even as little as 100 years ago in the United States of America, a silver dollar was all that was needed (see http://www.gold-eagle.com/editorials_05/zurbuchen120405.html for proof). Today, with silver at \$7.65/oz, these same dimes can be purchased from a local coin dealer for around \$.50 each! Using a \$15/hour wage and multiplying it by an 8-hour workday yields a daily wage rate of \$120. After dividing this modern wage by the standard, a \$.50 silver dime, one discovers the amazing truth that historically **silver is undervalued by a factor of about 240!** In fact, buying a bag of 90% silver dimes today for about \$5,000 includes 10,000 dimes, which translates into 38yrs. of wages if one were to work 5 days/week! That same bag, if the historic norms were to return, would command a monetary value of 1.2M dollars.

For about 500 years, from the mid 1400's to the mid 1900's, it took between 15-20 ounces of silver to buy one ounce of gold. This is referred to as the silver/gold ratio. As you might have guessed it, today (10/24/05) that ratio stands at a very lopsided 61/1 (silver/gold).

Why Such an Imbalance?

Simple... today no nation uses silver as money. Instead, everyone trusts in the myth that is fiat. This demand for real money began to slip as early as the late 19th century, and finally dropped off completely in the late 1960's. But worldwide demand for silver is still outpacing the supply by between 50-150 million ounces per year! This demand has its origins in the emergence of modern industry following WWII, and today's electronic age is consuming silver like never before.

Understanding this, one must come to terms with the main difference between industrial and monetary demand. When used for industrial purposes, the silver used is quite literally consumed, never to return to the market (barring, of course, an incredibly dramatic rise in price to justify the cost of recycling very minute bits of silver).

Though it is impossible* to know the exact amount of above ground supplies of silver left in the world when including such items as jewelry and silverware in the evaluation, it isn't nearly as hard to happen upon the numbers for accessible silver left in the world. As of 2005, this number stands at less than 300 million ounces, which equates to very insubstantial dollar amount of \$2.3 billion. Two billion dollars, after all, is only about 2 day's worth of the USA's ongoing trade deficit.

***I'm currently working on some articles that may prove this statement otherwise.**

When including the silverware, jewelry, and other miscellaneous items, we are left with about 20

billion ounces of silver above ground. Keep in mind that this is all that is left of the estimated 45 billion ounces mined in the history of mankind. Amazingly, most of the missing 25 billion ounces was consumed by industry in less than one hundred years. The rest was lost to abrasion over thousands of years. But, nevertheless, some might wonder whether it is conceivable that this jewelry and silverware would come to market and stop silver from rising*. Undoubtedly some would be sold if prices were to rise much higher, perhaps in the range of \$10-\$40/ounce, but it isn't likely that more than a few hundred million ounces would find its way back until still higher prices above \$50/ounce, since silver in held in these forms represent a peoples life savings in many parts of the world where it is inconvenient to do otherwise.

***I'm also working on an extensive article dealing with this subject.**

But let's not worry about these 'ifs', suffice it to say that before much of this silver would ever come to market, silver would have already caught the attention of some major financial giants and mutual funds, not to mention ten's of millions of American's, Asians and Europeans, who would have hopefully by then woken up to the corrupt system of unjust weights and measures in the form of 'broken promises (i.e, paper currency) under which they now live. Why not wait to argue about these fundamental shifts that occur in the silver market after a gain of some 700% over today's prices.

But even if an substantial amount of this silver supply were to be sold onto the market in the event of a high and sustained silver price, it would still be financial 'child's play' to the world's 691 billionaires all wanting for a piece of the action. After all, what's another 50 billion dollars worth of silver introduced into the market, when the market commands an unreal amount of \$764,628,208,195 US dollars and cents (total amount of all U.S. paper currency & coin in circulation as of June, 2005 – see: <http://www.fms.treas.gov/bulletin/index.html>). With this in mind, it certainly isn't hard to imagine where the investor demand will come from.

Millions of men and women all over the globe will inevitably become magnetically attracted once again to the precious metals scene as all their previously 'precious' paper currencies continue to inflate.

Disclaimer

Information contained on the Silver In Scripture web site and published in both *View My Portfolio* and the *Silver Stock Investment Newsletter* is obtained from sources believed to be reliable, but its accuracy cannot be guaranteed. The information contained from these sources is not intended to constitute individual investment advice and is not designed to meet your personal financial situation. The opinions expressed therein are those of the publisher and are subject to change without notice. The information therein may become outdated and there is no obligation to update any such information. David Zurbuchen, entities in which he has an interest, employees, officers, family, and associates may from time to time have positions in the securities or commodities covered in these publications or web site. PLEASE SEEK THE ADVICE OF PROFESSIONALS, AS APPROPRIATE, REGARDING THE EVALUATION OF ANY SPECIFIC SECURITY,

REPORT, OPINION, ADVICE, OR OTHER CONTENT. We do not in any way warrant or guarantee the success of any action you take in reliance on the statements of the designated subsidiary.