

## Gold or Silver, Which One Should I Buy?

Personally I believe both metals offer large upside opportunities. However, most people want to maximize their investments and invest in the "very best" areas possible, that offer the highest potential rate of return.

Here's the story. For thousands of years since gold and silver has been the primary form of money on planet earth, the exchange rate has averaged 12 ounces of silver to 1 ounce of gold. A 12 to 1 ratio. Yes, throughout history this ratio has had wild swings due to wars, politics, inflation, deflation, manipulation, etc., ...but when you average it all out, the historical average is a 12 to 1 ratio. As I write this report, the ratio is 48 ounces of silver to 1 ounce of gold. Doing the math, if we were to only get back to the 12 to 1 ratio today, silver would be about \$120 per ounce today!

Given enough time, values always revert back to their mean. When anything is so disproportionally out of whack, it usually overshoots the mean before settling back to its historical average. The longer and further out of whack it is... the further it will usually overshoot the average.

Here are some interesting facts. Silver truly is an indispensable metal. It is the most electrically conductive, thermally conductive, and reflective element. Silver is used in just about every type of electronics we can imagine, batteries, photography, medical application, mirrors, reflective coating, silverware, solar energy cells, soldering, water purification, brazing, coins, electrical conductors, electroplating, jewelry, and much, much more.

Gold on the other hand has two basic uses, money and jewelry. Today less than 10% of gold production is used in industrial applications. Ninety percent of all the gold ever mined throughout history is still available for purchase somewhere. In the early 1960s the United States had a stockpile of silver totaling over 3.5 Billion ounces. Today it's shrunk to only 20 Million ounces and the rest of the world's governments have followed suit.

If we are running so low on silver, why don't they just mine more of it? Well, it's not so easy. 75% of newly mined silver is found as a by-product while mining for copper, lead, zinc, and gold. Current silver mine production is a little over 500 million ounces per year, and primary silver mine producers produce only 25% of that.

The average time to take a new silver mine from discovery to production is 5 to 7 years... and even longer in countries and states with strict environmental laws. Additionally the world is running out of silver underground as well. According to the USGS, at current rates of production, the two metals we will run out of first are gold and silver. At these rates gold reserves will be exhausted in 30 years and silver in just 25 years.

**Some experts believe we are on the verge of the greatest silver boom history has ever seen.** As the dollar continues to collapse, big investors will first turn to gold, and that will dramatically drive gold's price up.