



American Buffalo Gold Coins

Special Report

"Unprecedented Demand" Forces Halt in Gold Coin Sales

The U.S. Mint suspended all sales of the American Eagle gold coins, stating that they were unable to meet the "unprecedented demand" for the popular gold coins. Now, the Mint has been forced to halt sales of the American Buffalo Gold coin because of soaring demand from investors seeking the safety of gold amid growing economic turbulence.

The U.S. Mint issued a statement saying, "Demand has exceeded supply for American Buffalo 24-karat gold one-ounce bullion coins, and our inventories have been depleted. We are, therefore, temporarily suspending sales of these coins."

The scarcity of gold coins comes as investors in bullion-backed exchange traded funds (ETFs) have amassed a record 1,054 tonnes of bullion, becoming the largest holders of gold after the reserves of the US, Germany, the International Monetary Fund, Italy, France and Switzerland.

The rush on the American Eagle and American Buffalo gold coins and the record levels of bullion held by the ETFs is a clear indication that more investors are losing faith in the paper markets and are now very actively seeking a safe haven into bullion.

And, you can't blame them.

News of the defeated \$700 billion emergency bailout package overshadowed the latest of the banking problems. Citigroup (NYSE: C) agreed to rescue Wachovia's (NYSE: WB) banking operations in a \$2.1 billion deal arranged by federal regulators.

The salvaging of Wachovia represents the latest in the already too long list of U.S. bank bailouts. But it's important to remember that the current financial turmoil is not just a U.S. problem. It's a worldwide problem.

Why Gold Bullion and Gold Coins Are Getting So Popular

Bank problems and subsequent rescues have been spreading across Europe like wildfire. Here's some of the bailouts that have taken place throughout Europe recently:

- United Kingdom: British lawmakers nationalized buy-to-let mortgage lender Bradford & Bingley, which has roots dating back to 1851. After talks failed to find an outright buyer for the buy-to-let mortgage lender, which has suffered due to its heavy exposure to the slumping British housing market, the UK Treasury said that it would take over the bank's £50 billion (\$90 billion) mortgage portfolio and sell its deposits and branches to Spanish bank Santander. Bradford & Bingley is the second UK buy-to-let mortgage lender to be taken into public ownership this year after Northern Rock.
- Denmark's central bank stepped in to secure liquidity at the 110-year-old Ebs Bank after cutting its full-year pretax profit forecast to zero as faulty real-estate related loans increased more than the company forecast. The bank, which is putting itself up for sale, will receive emergency liquidity from the Danish central bank and other lenders.
- The German government threw cash-strapped lender Hypo Real Estate by agreeing to provide the bulk of credit guarantees that total €35 billion (\$50 billion). Hypo Real Estate has assets totaling over €400 billion (\$570 billion) and is the fifth German bank to be bailed out by the state this year.
- The government of Iceland announced that it will acquire a 75% stake in the 104-year-old Glitnir Bank at the price of €600 million (\$850 million) after its short-term funding dried up. Glitnir, Iceland's third largest commercial lender with over €20 billion (\$29 billion), had been in talks with Byr Savings Bank about a merger, but negotiations were canceled.
- The Irish government said that it will guarantee all bank deposits for two years to maintain financial stability amid international market turmoil, which has hit Irish bank shares particularly hard. The offer came after some Irish banking stocks lost almost half of their value as a result of the failed \$700 billion bailout in the U.S.
- Russia said that the country could spend \$20 billion on equity purchases as part of an emergency state support totaling \$130 billion to stem the worst stock market losses in a decade and ease liquidity worries. The package of measures was announced amid rising worries about Russia's banking sector after interbank lending almost ground to a halt.

Another major European bank received federal help. The governments of Belgium, France and Luxembourg pledged €6.4 billion (\$9 billion) for Dexia, the world's largest lender to municipalities, to boost its capital and attempt to restore confidence. Dexia, whose corporate motto is, "short term has no future," is a large retail bank with over €600 billion (\$850 billion) in assets, 35,000 employees, and 5.5 million customers in Belgium, Luxembourg, Slovakia, and Turkey.

With banks failing around the world, there's only one safe place to keep the value of your wealth: In Gold!

The U.S. Mint reported selling 164,000 American Gold Buffalo coins so far this year, which is nearly 30,000 more than during all of 2007. This has caused a supply deficit in gold blanks for the Mint. But the American Gold Buffalo is just one of many gold coins available to investors. Other popular gold coins include the South African Kruggerand, Canadian Gold Maple Leaf, and Australian Gold Nugget. Gold coins and bullion can be bought and sold through a variety of authorized dealers online.

Whether it's gold coins or gold bullion, we urge Gold World readers to continue to buy physical gold as a hedge against worldwide financial turmoil.

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