

Investors scoop up new US platinum coins as gold slumps
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US retail investors have raced to scoop up the government's newly launched platinum coins, data shows, as industrial metals prices outperformed bullion, a long-time favourite among collectors.

In the first three weeks since re-launching the American Eagle platinum coins on March 10, the US Mint sold some 10,000 ounces, data showed. In March, platinum prices rose almost 1%, sharply outperforming gold's 3% fall.

Sales of the Eagle platinum coins remained small compared with sales of lower-cost established products like silver coins, but the total is almost a third of the 33,000 ounces sold in 2008 before the government abandoned the product due to weak demand.

Dealers said the early, brisk pace of sales reflects pent-up demand and worries about future supplies from top-producing country South Africa. Platinum held by the world's major exchange-traded funds was currently at their highest level in at least four years, Reuters data showed.

"The outright platinum market has actually been performing better than gold and silver, and that has helped attract some investors to the physical platinum market," Said Roy Friedman, executive vice-president at Dillon Gage, a major US coin wholesaler in Dallas.

Investors have been piling into the platinum market on hopes that an improving global economy will boost the metal mostly consumed by the auto industry.

The Mint resumed selling its platinum bullion coins on March 10, ending a four-year absence from the market.

Demand for gold coins, considered a benchmark for retail appetite for bullion, sank as investors continued to liquidate stockpiles.

Gold coin sales totalled just 21,000 ounces in March, its lowest in seven months and its weakest March since 2007. It is down 70% from a year ago.

Wealthy investors continued to sell used coins, flooding the beleaguered market with secondary supplies and hurting demand for new 2014 coins.

"The sales of new gold eagles have been impacted by several large institutional investors' liquidation of previous years' gold Eagles," Friedman.

"Consumers and investors alike have been taking advantage of the lower-premium non-2014 coins."

Investors started liquidating stocks of older-dated coins in February due in part to the sudden recovery in bullion prices.

The sales were conspicuous coming early in the year, usually a time when investors load up on new gold coins.

The trend fed worries that investors are cashing in stockpiles hoarded during the long rally in bullion prices that ended last year. It also undermined hopes that tensions between Russian and Ukraine may reignite demand for gold as a safe-haven investment.

Last year, gold price fell US\$225 (RM734) on April 12 and April 15, a record two-day drop that unleashed years of pent-up demand for gold coins among retail investors. However, the wave of strong retail buying faded by the second half of the 2013.

US coin sales tend to be highly seasonal, with the strongest performance at the start of the year as investors seek the most-recent mintage, and the fourth quarter usually being the quietest of the year. – Reuters, April 2, 2014.

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