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**SILVER INVESTMENT COINS AS A GUARANTEE OF
FINANCIAL SECURITY**

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Abstract

The article raises the topical subject of protection of the funds for citizens belonging to the social category of the middle class in conditions of economic instability. The main advantages of investments in precious metals, the interrelationship between investments in silver and investments in gold are shown. A forecast is made about a significant increase in the price of silver in the coming years and the prospects of investments in silver coins. It is shown that this type of investment is available to different strata of society and, above all, to the middle class. The purpose of the research is to show silver investment coins as an effective tool for preserving capital, capable of providing financial security for the middle class in the economic crisis. The authors raise the problems associated with investing in silver coins: how to choose an investment object, how to choose a dealer, how to preserve coins for several decades and get profit in future. Practical recommendations are given on the formation of a balanced investment portfolio, including ordinary bullion coins and semi-numismatic serial coins; on the choice of reliable dealers in the domestic and foreign markets, offering silver investment coins at the most attractive prices; on the physical safety of the investment portfolio. It has been proved that in conditions of economic collapse, the possession of silver investment coins can become a guarantee of meeting the material needs of citizens from the social category of the middle class and a guarantor of their financial security.

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1. Introduction

The situation that we are witnessing in the process of eliminating the consequences of the Covid-19 pandemic, when the scale of the economic damage is not yet very clear, tells us that the issue of fund protection for Russian citizens is more relevant than ever. This is especially important for members of the middle class who have certain tangible assets that allow them to hope for a successful resolution of any collisions. These hopes, however, may be dim, given the alarmist sentiment for the US dollar, one of the safest and most conservative capital preservation instruments. At the same time, experts predict for the coming years a significant weakening not only of the US dollar, but also of other fiat currencies. The reason for this is clear - unprecedented measures of economic stimulation, which sooner or later will launch powerful inflationary processes. Investing in real estate will not be a salvation - an analysis of past crises has shown that prices for it can be significantly adjusted. The authors look at the possibilities of bitcoin and other digital currencies with pessimism, since such financial instruments are by their nature a means of capital multiplication, not hedging. And in this context, investors have no choice but to turn their attention to precious metals - traditional investment instruments. This is despite the fact that some radical-minded economists still call them "barbaric investments."

It is no secret that gold is the leader in terms of the effectiveness of capital hedging, which has been convincingly proven by the entire history of mankind. However, the yellow metal in 2020 has already risen in price and the market entry fee is quite high even for the middle class. Suffice it to say that the sale price of one ounce coin ("Vienna Philharmonic") from the largest Russian dealer, "Gold Coin House", for March 2021 is \$ 2,135. Therefore, opening positions in gold at the moment may not be the best decision. A priori, it is assumed that a forward-looking investor made investments in gold in 2018-2019, i.e. at the very beginning of the "golden rally" and all subsequent purchases of it are following the averaging strategy. And then additional investments in silver will be the most correct decision, when the investment portfolio, made up of precious metals consists of 70-80% of gold, and of 20-30% of silver. However, even if there is no gold in the investment portfolio, a competent investor in the current economic realities can start with investing in silver, turning to gold at the time of its price correction. The market will certainly present opportunities for this.

The choice in favor of silver is primarily caused by the fact that its price, unlike gold, did not reach its historic high at \$ 49.45 per ounce in 2020. Silver has always been considered an important industrial component, which has put downward pressure on its price for a long time. Now, a fundamentally different situation has developed: while restoring the economy, governments will begin to intensively use the white precious metal in such spheres as 5G and solar technologies (each modern solar battery contains about 20 grams of silver). And then silver will turn into an "infrastructure" metal, which will surely cause a sharp rise in prices for it.

2. Problem Statement

The first problem that researchers face is the classification of silver coins and the identification of silver coins as investment ones. The price makes the fundamental difference between investment coins and commemorative or collectible ones. It is as close as possible to the price of the metal in the coin (Shurekov,

2013). In this regard, the Russian version of the Wikipedia Internet encyclopedia gives us a list of 29 titles. However, the actual list is much longer. The reason is that sometimes an investment coin acquires the functions of a collector's coin over the years and it can be difficult to classify it in this case. As a rule, these are coins with a small mintage (up to 50 thousand) according to world standards. Thus, coin classification is the first problem that investors face. However, this problem is more of the academic nature. Another thing is when an investor is facing problems of applied value. As you know, investing in silver is a more difficult task than investing in gold (Dvoretzkaya & Prischep, 2017). And if, when choosing a specific gold coin for investment, the price of a mistake is small, then a mistake when choosing a silver coin for investment can result in lost profits. For example, the price of a \$ 25 one-ounce silver investment coin AV-8B Harrier (Solomon Islands, circulation 20,000), purchased in 2003, was \$ 45. 18 years later, its price was \$ 36, i.e. the investor suffered losses in dollar terms. In other words the efficiency of investment ultimately depends on the solution of a number of problems. The list of these problems is quite extensive: which coins should be chosen for investment, in what period is it better to open positions, what is the investment horizon, how to identify a reliable dealer offering quality goods at an affordable price, how to ensure the safety of coin storage, etc. There is also a common problem - the lack of awareness of Russians about various types of investment. And if in relation to the stock market there has been some progress lately, the knowledge of the population about the real purpose of precious metals still leaves much to be desired. A significant part of Russian consumers, including those whom we classify as a more or less educated middle class, still view gold and silver as metal for jewelry making. It remains only to regret that the Russian state is clearly not promoting investment in precious metals in this respect, although the presence of gold and silver in the investment portfolio could become a personal pension fund for millions of Russians. It is no coincidence that the experience of a number of foreign countries tells us that it is not stocks, bonds and their derivatives, but above all gold and silver investment coins that allow citizens to survive all cataclysms.

3. Research Questions

The interest in the topic of investing and, in particular, in investing in silver coins among investors is so great, and the results of scientific research obtained so far are so contradictory that the authors made silver investment coins the subject of their own research. Note that this article is a continuation of a series of works devoted to the issues of investing in precious metals (Orishev, 2020), conceived at the Timiryazev Academy at the Institute of Economics and Management in the Agro-Industrial Complex under the general guidance of A.B. Orishev, who has 25 years of practical experience in investing in silver investment coins.

The authors are not alone in choosing silver investment coins as a research subject. Among foreign scholars, silver investment coins became the subject of a monographic research by McGuire, who already in 2013 announced the start of the formation of a "bull market" for silver (McGuire, 2013). Interest in this topic increased sharply in 2020, when, amid the onset of the pandemic, investors began to look for various ways to hedge their risks, turning to both new financial instruments in the form of bitcoins and recalling traditional assets - silver and gold (Huynh et al., 2020). Investing in silver has recently become the subject of research for Russian economists. Thus, Bindasova (2012) noted that the investment metals market has no boundaries (Ischenko, 2015) drew attention to the risks of investing in precious metals. Raykova (2016) began to consider investment coins as a financial instrument alternative to bank deposits and stock indices.

Parshina, on the other hand, described the purchase of silver as a conservative way of investing money (Parshina, 2018). Thus, despite some achievements in the development of this topic, in general, the situation with scientific works on this topic leaves much to be desired. Most of the authors are quite familiar with the theory of the issue, but have no practical investment experience. In addition, the situation with Covid-19 prompts us to look at the world of investment in a new way, when even radical opponents of investing in gold and silver are forced to recognize their effectiveness as a hedging tool. Therefore, it is no coincidence that in 2021 the media again started talking about the advisability of returning to the gold standard, in which both precious metals would find their rightful place.

4. Purpose of the Study

The purpose of the work is to show silver investment coins as an effective tool for preserving capital, capable of providing financial security for the middle class during the economic crisis.

To achieve this purpose, it was necessary to solve a number of tasks: to reveal the relevance of the research topic; show the state of knowledge of the problem; determine the methods that accurately reflect the subject of the research; develop recommendations for drawing up an investment portfolio of silver coins; decide on dealers - Russian and foreign channels for supplying coins to the market; minimize the risks associated with the physical preservation of silver investment coins.

5. Research Methods

In the process of working on the article, the authors used the methods of the modern economic science and other methods of the scientific knowledge. Fundamental analysis, technical analysis and extrapolation were used to assess the prospects for silver investment coins. And if the technical analysis of the state of silver in March 2021 tells us about the movement of the price of silver in the lateral direction, then the fundamental one allows us to predict its significant growth. When searching for reliable dealers, the interview method, content analysis of official sites and other Internet resources were used. When developing recommendations for compiling an investment portfolio of precious metals, the portfolio approach of Markowitz (Zhang et al., 2020) assumes the optimal choice of the asset ratio based on the risk-return ratio. In assessing the prospects for silver in relation to other precious metals, the authors turned to the comparative method.

6. Findings

The obtained scientific results are associated, first of all, with the previously outlined problems of investing in silver coins.

6.1. Choosing coins for investment

As previously stated, the likelihood of a wrong decision when buying silver investment coins insignificantly higher than when buying gold coins. The optimal investment strategy assumes the formation of a portfolio consisting of 50/50 of bullion and semi-numismatic serial coins.

Bullion investment coins are silver items, the price of which is as close as possible to the price of the metal. We can say that they are "classic investment coins". Their significant drawback is a very high mintage, their price grows in parallel with the price of silver, and is also being corrected. Low quality is another drawback. The appearance of so-called milk spots on coins over time is unpleasant surprise for many investors. Such spots can often be seen on the Canadian "Maple Leaf" bullion coin and on the English "Britannia". "American Eagle" coin, the USA is the issuer, has more or less worthy quality. It is somewhat more expensive than other coins in its category, but the investor will not be disappointed with its appearance even in several years. In any case, if an investor forms a portfolio of bullion coins, then it is advisable to mark the five most popular products of this category: "American Eagle" (USA), "Vienna Philharmonic" (Austria), "Britannia" (Great Britain), "Kangaroo" (Australia), "Maple Leaf" (Canada).

Semi-numismatic serial coins are silver items that come out in relatively small mintage. The manufacturer initially rates them higher than regular bullion coins. As a rule, by 20-30%. This is explained by the fact that these particular coins have significant numismatic potential: the price of some of them can grow by 200-300% within several years, i.e. over time, the investor gets a chance to receive a substantial numismatic award. The only drawback of such a moment is the fact that with the development of a worst-case scenario in the economy, just a few people will be interested in the numismatic component. The main value of the coin will be the content of the precious metal. One way or another, we will offer investors the purchase of ounce silver coins as a recommendation. According to the authors, they have the greatest prospects in terms of receiving a numismatic award in the next few years (see Table 1).

Table 1. The most promising semi-numismatic serial investment coins

№	Name	Average market price (March 2021), in USD	Potential for a numismatic award by 2025, %
1	Panda (China), 2021	46.6	40
2	Kookabarra (Australia), 2021	45.3	38
3	Giants of the Ice Age (Ghana), 2020	52.7	35
4	Swan (Australia), 2021	6.2	33
5	Sea ounce (Rwanda), 2020	47.3	30

6.2. Determining the right dealer

Silver investment coin dealers are the same financial institutions that trade gold investment coins. Novice investors tend to turn to banks. However, their coin prices are the highest on the market. The fact that Russian banks provide greater reliability and guarantees is a typical myth of our reality and a clear demonstration of the insufficient financial literacy of Russians.

It looks more practical to contact financial institutions specializing in investment coins trading. Among the Moscow dealers the following companies deserve attention: "Golden Coin House" (ZMD); "Gold reserve"; "Power's Gold"; "Architecture of Finance" (LLC "Moneta MSK"); "Mosdragmet". Each of them has its own website, which indicates the sale price and purchase price of a particular investment coin. And this information is regularly updated. If the "Gold of the Power" updates prices every two hours, then the "Golden Mint" does it every ten minutes.

In addition to the abovementioned financial organizations, sometimes a good purchase can be made in numismatic stores. In them, among a large selection of commemorative coins, there are also investment coins at very attractive prices.

Even more attractive prices can be found at auctions and specialized sites such as "Auction.ru" and "Meshok". However, here you may also need numismatic knowledge, at least an entry-level one. A characteristic fact: dealer "Mosdragmet" can display exactly the same coins, both on the official website and at the auction. And on the latter, the sale prices will be lower.

Shopping in foreign online stores is the last option for purchasing coins. One of the most attractive prices is offered by the American Apmex store. However, it does not carry out direct deliveries to Russia, and making purchases through brokering companies presents a serious risk, since there are serious legal restrictions on such trading operations. Therefore, a significant part of Russian dealers carry out purchases through trusted individuals in the United States, who, crossing the border, act as couriers. This process is not easy, but if you understand it, then this is how you can make the most successful investments.

6.3. Security issue

The horizon for investing in silver coins is from one year to several decades. Therefore, the storage problem arises, which presents the highest risk in investment in precious metal. It has two sides: creating a special temperature regime and ensuring security against theft.

Due to its volume and temperature requirements, it is much more difficult to hide silver at home. This metal is very afraid of moisture and direct sunlight. If an investor accidentally drops a coin with a capsule, then the particles of the latter can seriously damage the product. We emphasize that any physical damage significantly reduces the value of the investment item. This is especially true for semi-numismatic serial coins. And then one, even a small scratch reduces the price of the coin by 10-30%.

A significant risk of preserving coins at home is also associated with the problem of a fire in the room. The solution to the issue is seen in the purchase of a fireproof safe, but this is also a risk, since information about such objects immediately attracts criminals.

Bookmarked version, i.e. "treasure creation" in non-residential premises does not work in relation to silver - silver will oxidize and lose its attractiveness. Storage in safe deposit boxes is not the most reliable method - banks in Russia are not responsible for the safety of funds. Some investors keep jewelry in safe deposit boxes in foreign countries, where the inventory of the preserved property is carried out. However, with regard to silver, the issue of transportation arises, since transporting significant volumes is already a problem itself.

7. Conclusion

The conducted research allows us to conclude that in the current economic conditions, when many experts predict that the historic highs in silver prices will be overcome and the prices for this asset will continue to rise, investments in silver seem to be timely and promising as never before. At the same time, silver should be considered as an additional instrument to investments in gold, when silver should be no more than 20-30% of the gold investment portfolio. In order for the investment to become successful, the

investor should strictly follow the recommendations: make an investment portfolio of ordinary bullion coins and semi-numismatic serial coins in a 50/50 ratio; choose a reliable supplier, focusing on online auctions; take measures to physically preserve the accumulated asset. And then, in the event of an economic collapse, silver investment coins will begin to play the role of money in daily trading operations. One ounce silver coin is an opportunity for the Russian middle-class consumers to meet their needs within a week, which in the context of a humanitarian catastrophe seems to be the best solution for organizing life support. The events associated with the Covid-19 pandemic in spring-summer of 2020 tell us that any, even the most unfavorable, scenarios are not excluded. And silver coins in this case can become a lifeline for their owner.

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