

Type rarities appear headed for higher prices

NOTES ON THE MARKET

Allen Mincho

The events of the last month indicate that we are rapidly entering a new phase in the market for collectible currency, which, if sustainable, will see price levels reach heights previously undreamed of by most market participants.

As the shows and auctions of the last few weeks have proved, there are virtually no individuals willing to sell anything but the most common and generic of material at Green Sheet prices in any grade. What is available at shows is either overgraded and generally sad-looking raw items, or third-party graded pieces offered at substantially higher figures than those prevailing even a few weeks ago.

As one dealer at Memphis (clearly not a survivor of the 1981-1984 currency market debacle, which has now been relegated to a mere myth amongst the many new market entrants) put it, "Why be in a hurry to sell today. High-end type notes will certainly be worth more next year or five years from now." This attitude, which is widespread especially among the market's many recent entrants, is causing the Sheet to lag badly behind the market in real-world pricing, which simply jumps another notch with each passing auction or major show.

Unlike the boom market of 1979-1981, where material simply traded hands amongst dealers at ever-increasing prices without ever leaving the market and sup-

ply was never a problem, there is a genuine lack of better currency of all kinds on the market today, with dealers struggling mightily to obtain inventory even if it means paying higher prices to do so. So long as new collectors are entering the market, and so long as the appetites of high-end currency consumers remain unslaked and undaunted at the higher price levels, which is certainly the case as we speak, there is no reason to expect any weakening of the present market, either in the near or the long term.

A short review of the shows and auctions of the past several weeks offers considerable evidence to confirm the observations above. The Baltimore show was regarded by many in attendance as an exceptionally active show for sales, but opportunities for inventory replenishment were almost non-existent, with every dealer I spoke with bemoaning the lack of fresh material on the floor, especially with the Memphis paper money show looming on the horizon.

That show, moved to a temporary new date immediately after the 4th of July holiday, was both a continuation of trends observed at the last few Memphis shows along with some interesting new developments. As I have noted after past Memphis outings, retail buyers were notable by their absence. While the rather lackluster auction offering this year certainly did little to spur collectors

to attend (although prices were quite strong for what was there), it appears that even in the hottest of markets, retail buyers are unwilling to make the trek to Memphis unless the auction compels their presence. That said, it was hardly an unsuccessful show for those who set up, as wholesale activity was at the highest level in many years, although, again, little new or exciting material of any kind was in evidence on the floor.

One conspicuous change from previous years, however, was the abundance of young people behind tables at this year's Memphis show. With the average age of attendees at most coin and currency shows well up into the geriatric category, your columnist was surprised and pleased to see a host of young faces at Memphis that he barely recognized or had never seen previously. This new blood, as it were, is clearly a good thing for a business that previously called someone in his early 40s "young." Glancing at the floor activity at Memphis, you could feel the energy in the hall, a factor I attribute in no small part to the arrival of these new players into a market that sorely needed some aggressive new talent to keep the more seasoned participants on their toes.

The week following Memphis saw an important auction in New York City as well as the debut of the new summer show run by the Florida United Numismatists organization in West Palm Beach.

The auction was a sale run by Spink, a London-based auction house that had obtained a collection of U.S. currency formed by a Japanese gentleman as part of a larger collection of world paper money. Although advertised, this sale was a somewhat under-the-radar affair that most market makers did not hear about until catalogs showed up in Memphis, less than a week before the auction.

While there were some truly significant items in the collection, many of the notes had flaws of one kind or another, which certainly did not seem to bother those in the huge crowd who attended. Prices were not just high, they were off the charts high, with dealers easily the most aggressive of bidders. As one attendee replied when asked why he was buying notes at prices considerably

higher than he had sold the same items even a few weeks ago, "I would rather make a small profit and have some inventory than have no inventory and make nothing."

With that auction covered for my company by my associates Len Glazer and Jim Fitzgerald, and with most all of the major dealers in New York for the sale, I had the luxury of attending the summer FUN show in an atmosphere bereft of serious competition (I hoped). Imagine a 200-table coin show with material ripe for the picking and few other market makers present. Well, the 200-table show was there, but the pickings were slim indeed, with almost nothing of any quality available even at "stretch" prices. While this show holds considerable potential to grow in future years, it has a long way to go as a currency event to judge from what was offered at this year's outing. As an aside, both this event and the Memphis show are scheduled to occupy the same late-June weekend next year, making it unlikely that any substantial currency presence will be seen in West Palm in 2008.

The market now takes a much-needed breather, with the next major event for most the annual American Numismatic Association summer convention, scheduled for Milwaukee in early August, although the late-July Missouri Numismatic Society show held in suburban St. Charles, Mo., always draws a fairly sizeable currency contingent. While the summer ANA is no longer a "must do" for collectors as it was in the days before all paper money venues existed, it still draws a fairly substantial number of market makers, and, as the only convention of any real importance between now and Long Beach, will serve to determine whether current market trends prove long-lived or represent a temporary aberration. I suspect the former, although I will wait for at least a couple of months to pass before any definitive verdict can be determined.

By the time the September Long Beach show is history, we should have a pretty good read on what the market's future looks like for the remainder of 2007, and on whether the end of the year will prove as dynamic as has the beginning.