

U.S. Mint silver, gold, platinum coin revenue hits \$1.7bn record high in FY 2009

Despite the inability of the U.S. Mint to acquire sufficient blanks, both gold and silver bullion coins smashed sales records due to unprecedented investor demand in FY 2009.

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RENO, NV -

Uncertainty surrounding traditional investment and inflation concerns drove investor demands for bullion coins to exceptional highs last year, the U.S. Mint said in its recently issued annual report.

The U.S. Mint sold 27.6 million ounces of gold, silver and platinum bullion coins in fiscal year 2009, a 132.3% increase over annual bullion sales since FY 2005.

Total bullion revenue for the mint achieved a record high of \$1.7 billion in FY 2009, a 78.65 increase from \$948.8 million in FY 2008.

As bullion coin buyers were well aware, the U.S. Mint was initially unable to acquire sufficient planchets (blanks) to satisfy "the unprecedented demand for bullion coins."

Because of supply constraints, the mint diverted all available planchet supply to produce of 22-karat gold and silver one-ounce bullion coins. The mint also diverted blanks from discretionary numismatic and bullion programs, increased production capacity, and worked with suppliers to expand planchet supply. "Consequently, the bureau expanded bullion planchet supply from previous levels of eight to ten million ounces annually to over 27 million ounces in FY 2009," the report said.

Bullion sales, general and administrative (SG&A) expenses increased from \$8.4 million in FY 2008 to \$1.2 million in FY 2009. Meanwhile, bullion net income increased 83.7% to \$32.7 million during the same time period. "The bullion program was successfully managed to just below the standard net margin of two percent," the report said.

The sales of American Eagle 22k gold bullion revenue increased 184.3% to nearly \$1.28 billion in FY 2009, up from \$449.6 million in FY 2008. Revenue from the sale of all American Eagle 22k gold products comprised 75.4% of total bullion sales revenue in FY 2009.

Beginning in calendar year 2009, the mint suspended production of American Eagle 22-k fractional denominations, only to resume their sales in October 2009.

American Buffalo 24k gold bullion sales declined substantially in FY 2009 because the planchet supply was diverted to the American Eagle gold program. American Buffalo gold net income fell from \$1.7 million to \$100,000 in FY 2009.

The U.D. Mint began acquiring blanks for the American Buffalo program in the fourth quarter of FY 2009, which allowed the bureau to resume 24-k one-ounce coin sales in October 2009.

SILVER BULLION

The Mint reported that 28,766,500 one-ounce silver Eagles were sold last year, smashing the previous record of 9 million coins sold in FY 2008. American Eagle silver bullion sales revenue increased 21.4% from \$306.4 million to \$372 million in FY 2009. Net income from American Eagle silver increased from \$5 million to \$6.1 million during the same period.

PLATINUM SALES

American Eagle platinum sales revenue increased 5.8% in FY 2009 from \$22.4 million to \$23.7 million. Net income for American Eagle platinum coins increased slightly to \$1 million during the same period.

COIN SALES

Retail sales of numismatic versions of the U.S. Mint's circulating and commemorative coins and medals weakened in FY 2009. The Mint offered fewer numismatic productions because precious metal blanks were diverted to the bullion program.

Quality issues also delayed or prevent the release of certain annual set in FY 2009, such as the 2009 Lincoln Bicentennial One-Cent Coin Program. The tough economy may have lowered consumer spending on collectible coin sets.

Nevertheless, the Ultra High Relief Double Eagle Gold Coin proved to be the highest revenue generating numismatic product, generating \$112.4 million in revenue, contributing 25.5% of total coin sales revenue in FY 2009.

The Mint said the product's sales "helped offset declining revenue in other collectible precious metals programs because of product unavailability. Net income from the sale of the 2009 Ultra High Relief Double Eagle God Coin totaled \$6.4 million in FY 2009."

The U.S. suspended production of American Eagle numismatic products to divert precious metal planchet supply to bullion coin production. Because of unavailability, revenue from the sale of American Eagle products fell 66.8% from \$166 million to \$5.1 million in FY 2009.

Like the American Eagle program, the U.S. also temporarily ceased production of American Buffalo gold numismatic products in FY 2009. As a result of product unavailability, revenue from American Buffalo product sales fell 67.4% from \$78.8 million to \$25.7 million in FY 2009.

The bureau resumed sales of the American Buffalo gold proof one-ounce coin and the American Eagle platinum proof one-ounce coin in October 2009.