

Classic Head Gold: Rarity and Value together again

By Neil Berman and Silvano DiGenova

Traditionally, whenever more than two numismatists around the world gather and have a discussion about the establishment of rarity, and therefore value, the conversation always begins with a definition of the two basic forms of rarity. The first is **Absolute Rarity**, where the entire known population of a coin is very small. The classic example often given of an absolute rarity is the gold 1822 Capped Head Left Half Eagle, of which only three are known to exist for the past 145 years, two of which are impounded in the National Coin Collection at the Smithsonian Institute, and the last is in a private collection held in very strong financial hands. Obviously, grading this lone coin has little or no impact on its value. The value is based almost entirely on the fact that if one wants to own this coin, there is only the single example to choose from and if it were to come up for sale as it does once every century or so, the conversation would be entirely about the price of this rarity.

The other value traditionally discussed is **Condition Rarity**, where there is a large or larger collectable population of the coin in many grades and the coin is only rare in the extremely top grades, or “in condition”, as it is said in the trade. The classic example is an 1878-S Morgan Dollar, with a mintage closing in on ten million coins. A nice original circulated specimen of the 1878-S can be had at any coin show for fewer than twenty dollars, and even an eye appealing certified MS65 example can easily be found at that same show for about three hundred fifty dollars. But that is not true of a super Gem. The record price for the finest known Gem Prooflike was \$34,750 in 1986.

A detailed study of the subject of rarity can be found in our article called *Grading, Authenticity, Rarity and Value*. And we also have Mr. DiGenova’s rule of thumb. “Basically no coin made in the last hundred years with a large mintage is rare or will ever be rare. Coins are either rare or they are not rare. While coins can never *become* rare, coins can and occasionally do become more common with the discovery of hoards or old collections”.

There are, however, several additional reasons other than rarity that impact value. The first is collecting styles. Coins come into vogue and then fall out of favor with collectors, impacting value. For example, at one time silver dollars had to be “white” to fetch the big money, while today eye catching original color is back in favor in a really big way. This is to be expected, and happens in all collectable markets, and as well even in the financial markets. But the two biggest impacts on price are not as casual and have a potentially grave impact on your investment dollars.

The first is the promotion of specific coins by professional coin dealers who have stock piled an inventory of coins that are not rare, or often not even scarce, and then proceed to systematically raise the bid price on those coins, leaving no relationship between supply and demand on one hand, and rarity and price on the other. In the 1950’s the promoters coins of choice were rolls of common modern coins, including the fabled 1950-D nickel promotion. In the late 1970’s and 1980’s it was common date or circulated silver dollars

that were assembled by coin dealers into short date or mint mark sets and then sold in mass by telemarketers and other coin hucksters which ran dollar prices through the roof before the entire low end dollar market collapsed, leaving coin investors holding millions of coins that were never rare in the first place and therefore that never could ever be rare. While this is not illegal, it is not the business behavior of a real Rare Coin Dealer, just that of a merchant who happens to be a dealer in coins. This brings us to buying coins that are relatively rare from a reliable Rare Coin Dealer.



Classic Head Half Eagle

Liberty Head Half Eagle

For a first current example let us compare the commonly touted 1901-S Liberty five dollar gold Half Eagle in MS64, the 1901-S Liberty ten dollar gold Eagle in MS64, and the 1924 Saint Gaudens twenty dollar Double Eagle in MS66 against gold coins with much lower populations that also are sold at a lower price, in this case Mr. DiGenova's recommendations of the 1834 Classic Head five dollar Half Eagle and the 1834 Classic Head two and a half dollar Quarter Eagle, both in AU50.

A 1901-S Liberty Half Eagle has a population of 667, wholesales for around \$1600.00 and therefore should retail around \$2000.00. An 1834 Classic Head Half Eagle in AU50, the most common date of the type, has a population of 114, a whole sale price of about \$1600.00 and therefore a retail price of about \$2000.00, the *same* price as the oft touted 1901-S Half Eagle. Only the 1834 Classic Head Eagle is six times rarer and 67 years older. The Classic Quarter Eagle has the same mintage, a wholesale price of about \$1100.00, and therefore a retail price of about \$1375.00. It is therefore six times as rare, 67 years older and 14% less expensive as the Liberty Half Eagle.

If one compares the 1901-S Liberty Eagle with a population of 2365, a wholesale price of about \$2000.00 and therefore a retail price of about \$2500.00, the 1834 Classic Head Half Eagle is 21 times as rare, 67 years older and twenty percent lower in price. The 1834 Classic Quarter Eagle is 21 times as rare, 67 years older and 45% less expensive than the Liberty Eagle.

And if one were to compare the most touted coin of this group, the 1924 Saint Gaudens Double Eagle, with a population of 5374, with a wholesale price of about \$2400.00 and therefore a retail price of about \$3000.00, the 1834 Classic Half Eagle is 47 times rarer,

90 years older, and yet 50% less expensive than the Saint Gaudens. The 1834 Classic Quarter Eagle is 47 times as rare, 90 years older, and \$1625.00 less expensive than the Saint Gaudens. These are just some examples. Mr. DiGenova has a monthly list of similarly under priced and undervalued coins for both the coin collector and coin investor.

As recently as last year, coins such as the 1988 Eagle, with a bid at the time of \$8.00 and mintage of near eleven million, a unique MS70 sold for \$14,000.00, while the same coin in MS69 was \$27.00. With a mintage that large, what are the odds of there being more, lots more MS70 coins? We would be kind to say excellent, but statistically it is beyond a certainty, making such a purchase as an investment a poor idea.

One last word. The 1901-S Half Eagle, 1901-S Eagle and the 1924 Saint Gaudens are excellent coins and not an unfair value today, and if you need one for your collection you should feel free to buy one. It is just a matter of fact that if one knows where to look there are still under priced values in the current coin market just waiting for the astute buyer to pick up and be that much further along the path of profits.

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