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Last Updated: 5:03 am | Saturday, May 13, 2006

The new gold rush

Boon for sellers, burden for those who must buy

BY ALEXANDER COOLIDGE | ENQUIRER STAFF WRITER

Mulling how to pay some bills, Ron Brewer had an idea - a golden one.

Having heard gold prices hit a quarter-century high this week, the 33-year-old Hamilton minister asked his wife if she had any unwanted jewelry lying around. In exchange for a small bracelet, a pair of earrings and a thin gold chain - weighing less than half an ounce altogether - Brewer walked out of American Trading Co. in Colerain Township with \$165 in cash Friday.

"My wife didn't have a problem with it - she just didn't let me take any of the sentimental stuff," he said. "We needed some extra money, and I knew gold was up, so I checked if she had any scrap jewelry."

ADVERTISEMENT Bill Vogt, 74, a retired electrician from Colerain Township, came in the same day with several bars of silver as well as some medallions. A veteran collector at coin shows at the American Legion, he said silver's rise above \$14 per ounce prompted him to liquidate more than \$6,000 in bars and coins.

"When I saw silver was so high, I couldn't believe it - I don't know what's happening," said Vogt, who roughly doubled his money from when he picked up the bars over the last five years.

Over two years, precious metals have soared in value with gold and silver hitting highs not seen since the early 1980s.

Collectors say the new highs are prompting a flurry of new activity with people such as Brewer and Vogt cashing out items from around their house or from collections, even as gold and silver bugs and other investors are eagerly buying.

Meanwhile, the rising cost of precious metals used as raw materials is prompting everyone from dentists to jewelers to consider revising their prices.

Garry Perkins, owner of American Trading Co., said the soaring prices of gold and silver have boosted traffic at his shop the last two months.

"It means everybody is buying and selling more," he said. "Some people are clearing their jewelry boxes or coin collections out. Others think the price will keep going up and are buying items."

Perkins said the higher price of gold and silver can be a double-edged sword for some. One customer selling two half-ounce gold Canadian coins from the 1980s got paid for the value of the precious metal only. Perkins explained that such coins in a down market for gold would enjoy \$20 or more of a premium above the gold value, but because so many collectors are liquidating, such coins have become less rare.

WEDDINGS RINGS STILL SELL

Local jewelers say they incrementally boost their prices as they reorder items that become more expensive.

Tim Dwight, vice president of Motch Jewelers in Covington, said not to expect the local marriage rate to plummet as the price of a gold or platinum ring is typically less than a tenth of what a customer spends before popping the question. He said most would-be grooms spend their money on a diamond to fit in the mounting.

"Over six months, a ring worth \$200 might sell for \$240 - that's not going to stop someone from

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THE ENQUIRER/CARRIE COCHRAN

Business, both from buyers and sellers, is up at American Trading Co. in Colerain Township. With the price of gold up sharply, people are selling spare jewelry and collectible coins.

Precious metals by the numbers

A look at the percentage changes in various commodities from 2001 to 2006, adjusted for inflation.

Gold increased by 145.61 percent to \$714.80 per troy ounce

Silver increased by 202.32 percent to \$14.33 per troy ounce

Platinum increased by 101.94 percent to \$1,325 per troy ounce

Palladium decreased by 40.85 percent to \$404 per troy ounce

Source: Bloomberg News



THE ENQUIRER/GLENN HARTONG

Rosie Pettigrew has a new crown installed by dentist Dr. Fred

getting married," he said.

Peck and assistant Jamie Nagy. The crown is made of gold and porcelain.

Indeed, Marco Marsan, 48, a writer from Walnut Hills who recently married, said the whole point of choosing a ring was to spend money.

"The more you spend, the more painful, the more meaningful it is," he said. "If I'm going to do this, I wanted it to be harder to undo."

Marco and his bride, Vanessa, were shopping for rings at Richter & Phillips downtown after returning from their honeymoon in Italy. Marsan has already given his wife a custom-made platinum ring he designed with a sizable rock.

IT'S EVEN IN CARS

Manufacturers that use trace amounts of gold and other precious metals say they are watching commodity prices but haven't been too strongly impacted.

"We use very small quantities," said Dan Sieger, a spokesman for Erlanger-based Toyota Motor Engineering and Manufacturing of North America. He said there is some gold plating in electric terminals and components while other precious metals are used in catalytic converters.

Local dentists also said rising gold prices would modestly increase their prices. Crowns and other porcelain-covered dental products use a variety of metal cores for added strength.

Fred Peck, a downtown Cincinnati dentist, said he expects gold to boost costs. He said crowns, implants and bridges cost about \$20 more per tooth than they did a year ago and may rise another \$10. Most of the products are not covered by insurance.

"Even higher lab costs might be coming," he said, adding the same thing happened a couple years ago when the price of palladium rose when Russian exports fell.

Still, with the going rate for a crown between \$900 and \$1,400 a tooth, gold has pushed product prices up about 3 percent. Peck said most of the price is the labor in creating the product and installing it.

Tim Corbin, manager at Artizan Dental Lab in Cheviot, said the rising price of gold would have the most profound effect on the price of gold crowns replacing rear teeth. Crowns replacing molars are mostly gold alloys with three times the metal of other crowns that are covered in porcelain.

"I make those every day - in fact, I've got five in my mouth myself," he said, explaining that rear crowns tend to be all gold alloys because they're kinder to neighboring teeth where there's the most pressure in the mouth. Also, because they're in the back, they don't show as much.

A rear crown contains two to three pennyweights of gold alloy, which is two to three twentieths of an ounce. Gold alloys typically contain 56 percent to 88 percent gold.

Corbin said dentists who mostly use gold alloys for their crown and bridgework would be most affected by changing gold prices. He said those dentists - about 5 percent of his clientele - have seen their costs creep up steadily.

Rosie Pettigrew, 53, a retiree, said gold prices certainly didn't factor into her choice of dentists when her crown broke recently while she was visiting family here. Now a Fort Myers, Fla., resident, she looked up her old dentist to replace it.

"I wasn't going around pricing a dentist," she said. "I knew he was good and very accommodating."

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