



NEWSLETTER JULY 2013

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EDITORS COLUMN

Hello everyone, Well we are half way through the year. The months seems to fly by. Seems like only yesterday I was writing the June Newsletter. This one will be different I think. I have decided to do some research - as best I could - and focus this Newsletter to the stamp scene from an investment and market conditions perspective. Partly because this was a topic that was asked for in the responses to my survey a month ago and partly because I am reading that the market is strong, particularly for good quality material. Good quality material meaning higher value, rare and with investment potential. Like many of you I read the promotions and advertising from Stanley Gibbons investment team and it certainly does give a very positive hype to the market. I could be cynical and say they are just pushing their own barrow, so to speak, but none the less there does seem, from the data I read, to be a positive return from philatelic investments.

Recently, as many of you will know, I have spent a lot of my newly found free time - the joy of being unemployed but that looks like ending soon I might add - sorting, cataloging and listing stamps on my Bidstart Store. Motivated to do this by one of our members (many thanks, you know who you are) I now have over 6000 items in my store. Still small by comparison to many of you I know but I thought I was doing well to get to 2000. Now after 6 months and with some useful sales numbers - far exceeding my expectation when I started I have to admit - I find I am seeing a few trends.

The first is for buyers to pick the high end material, high catalogue value; that material usually moves quickly. The second is for many purchases of very low end items, cheap material used to fill gaps in peoples collections. The third is that collectors are happy to pay for a used rather than very fine used stamp if it fills a gap in their collection and is very fairly priced. And the fourth is the fact I am getting a lot of repeat business.

Is this anything to do with investment potential. Partly maybe. The higher catalogue valued materials are not in the Stanly Gibbons investment portfolio range but the sales so far do suggest to me that there are collectors out there who are looking for the more expensive stamps. Also I realize that many of these are not easy to come by and I am fortunate to have a stock base that allows me to offer such material occasionally.

Perhaps the other point I would make is that it is good to see the sales I am getting because it tells me the stamp collecting hobby is very much alive and well - albeit based on a limited sample, but one which has so far included purchase from France, Germany, Switzerland, the UK, Canada, the USA, Australia and New Zealand. Now please don't think me naïve when you are reading this because I know many or most of you have a sales channel across the globe but to me this is encouraging: one small step and all that jazz!!! :-)

Finally let me add a comment about Google Adwords. I subscribed as you may recall me saying in a previous editorial. The number of page impressions I have is in my estimation pretty good, the referrals through to my web site is impressive to me. The conversion rate is something I really don't know but it has to be paying some small dividend I expect. I also expect that in time it will show improving returns.

Ok having written all this I am wondering what is your experience. Can you share anything with me and fellow members? I know from the survey some members said they did not want to share experiences, ideas or information that would be useful to others about how they were successful, my interpretation of their comments. Well surely we can learn together? I look forward to hearing from you.

And just to remind you again, the IPDA AGM will be held on 5th August (USA / northern hemisphere time (morning of 6th for us down under!! Please make a note of this in your diary as we would like a good attendance please. Michael michaelatipda@gmail.com

Stamp of the Month



Why? just because I like it

SG 84 issued in 1953 showing the beautiful baobob tree

'Why don't they design stamps like this anymore?



CHINESE STAMPS – A SAFE, ALTERNATIVE ASSET CLASS

The following was published by Geoff Anandappa of Stanley Gibbons London office in December 20, 2012 Source <http://sovereign-investor.com/2012/12/20/chinese-stamps-a-safe-alternative-asset-class/> and is reprinted with full acknowledgement and thanks. Maybe useful thoughts and observations for our members if you have not already read this.

Hong Kong is the global hub for buying and selling Chinese stamps, with seven or eight international auction houses and hundreds of stamp dealers crammed into tower blocks in Kowloon and Wanchai. (*Editors Note: Actually it is Mong Kok and Central as I have been to both arcades and enjoyed every minute there). Not sure you will find a stamp dealer arcade in Wan Chai as it is correctly known as!!!*)

Unlike the U.S. and Europe, where stamp collecting is the preserve of the older generation, the hobby is thriving in Asia. Around one-third of the world's stamp collectors, some 18 million, are Chinese — with around the same number in India and South East Asia.

Most stamp dealers and auctioneers now have an online presence, and as the Chinese middle class get access to home computers and personal credit cards, demand from Chinese collectors has mushroomed, and auction prices have soared. The world record price for a Chinese stamp was even broken three times in 2010.

A stamp I had purchased was one of these record-breakers. It is sometimes known as one of the “Treasures of the Republic” and features one of the founding fathers of China, Dr. Sun Yat-sen. But what makes this stamp so valuable is that the portrait of Dr. Sun is inverted. The normal stamp is very common and sells for around \$1. But shortly after the stamps were issued in 1941, one sheet — just 50 stamps — was discovered with an inverted center. To Chinese philatelists (a person who studies or collects stamps), the Dr. Sun Invert has been an iconic stamp ever since.

The stamp has remarkable parallels to a famous U.S. stamp, the Inverted Jenny. This time, it was the Curtiss JN-4 biplane which was printed upside down by mistake, and only one sheet of 100 was found, back in 1918. The discovery caused a sensation, and the stamps immediately started trading for thousands of dollars. In 2007, a single Inverted Jenny sold for just under \$1 million; and a plate-block of four sold for \$3 million.

The block of four Jennies was purchased by an avid U.S. collector, Bill Gross, better known to the investment world as “The Bond King” and co-founder of PIMCO. Gross manages hundreds of billions of dollars of investments — but, when it comes to stamps, he is a true collector at heart. He has amassed a complete collection of U.S. stamps, a feat accomplished by only two other collectors in the past. Gross owns what is regarded by some as the most expensive stamp in the world today: an 1868 1c Benjamin Franklin Z-Grill, one of only two known examples. It was the last stamp he needed to complete his U.S. collection, and he swapped the Inverted Jenny plate block to get it — thereby effectively paying \$3 million for the Z-Grill.

USA 1868 1c Ben Franklin Z-Grill acquired by Bill Gross in a \$3 million swap, probably the world's most prominent stamp collector.

In China, the use of small colored stamps began in the 1860s. Today, stamp collecting has become a sign of a respectable, scholarly disposition and a sign of middle-class status for the Chinese. Now collectors from all over the world are interested in Chinese stamps as an investment.

China's most sought-after stamp, the Small One Dollar, was issued in 1897. After only a few dozen were printed the stamp was recalled because of problems reading it, making the stamp very rare. Recently, one of these stamps was auctioned for \$332,000 at a Zurich Asia's and Postal History autumn sale in Hong Kong. The sale set a record for the most expensive Chinese stamp ever sold.



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CHINESE STAMPS – A SAFE, ALTERNATIVE ASSET CLASSCONT'D

£25,000 (\$40,000) Portfolio of China Stamps with price history — 24% per year			
<i>Note that the increases vary from 87% to 586%, typical of a well diversified Portfolio.</i>			
Description of Stamps	2006 price	2012 price	% increase
1883 1ca-5ca Large Dragon set (SG 7-9) mint	£2,620	£4,900	87%
1897 Dowager 10c on 9ca o/p inv (SG 83a) mint	£850	£3,500	312%
1897 \$1 on 3c Red Revenue (SG 91) mint	£1,300	£7,000	438%
1953 \$800 Military Post (SG M1594) mint	£800	£4,750	494%
1962 Mei Lan-fang set (SG 2037-44) mint	£350	£2,400	586%
1968 Directives of Mao set (SG 2397-2401) mint	£900	£2,250	150%
	£6,820	£24,800	264% in 6 years



As you can see, from the chart above, China stamps have shown remarkable strength. Despite the financial crises, these stamps continue to shine, proving to be a valuable asset.

The demand for rare stamps is growing worldwide: in the West from newly-retired Baby Boomers who are picking up their childhood stamp collections; and in Asia from hoards of young collectors who now have more spare cash and home internet access.

Rare stamps have shown stable growth in value, averaging around 10% per year over many decades. Most are owned by collectors, not investors — so they are uncorrelated with mainstream investments.

Investing in rare stamps and collectibles is also a good way to diversify out of the U.S. dollar with the stamps stored outside the U.S. in Guernsey or Hong Kong.

For these reasons, we advise a sensible proportion (20%) of China stamps in the typical stamp portfolio. Those who are happy with more risk can include more. I (personally) am confident that China stamps will do very well in the medium to long term (5+ years) and have purchased some for myself.

China stamps can be bought through our Hong Kong office and stored in our vaults there free of charge. Our clients can also sell the stamps by public auction in Hong Kong, commission free. This has the added benefit of realizing funds in Hong Kong dollars, currently linked to U.S. dollars.



RE-ENTRIES

<http://www.re-entries.com/index.html>

A site devoted to the study of re-entries on postage and revenue stamps of BNA, U.S.A. & the world. This is a site you really will enjoy reading and, I hope, learning from.

In a nutshell, (yes ok you all know this I am sure but maybe worth just telling ourselves this to remind ourselves, because with all this modern stamp rubbish we don't appreciate this any more do we :-)

.....a re-entry is doubling of some or all of the design of a line-engraved postage or revenue stamp, caused by misapplication of the transfer roll on the plate. See 'Re-entry Terms' below for more information.



Editors Note: I expect once you start reading this you will be impressed and not able to stop reading :-)

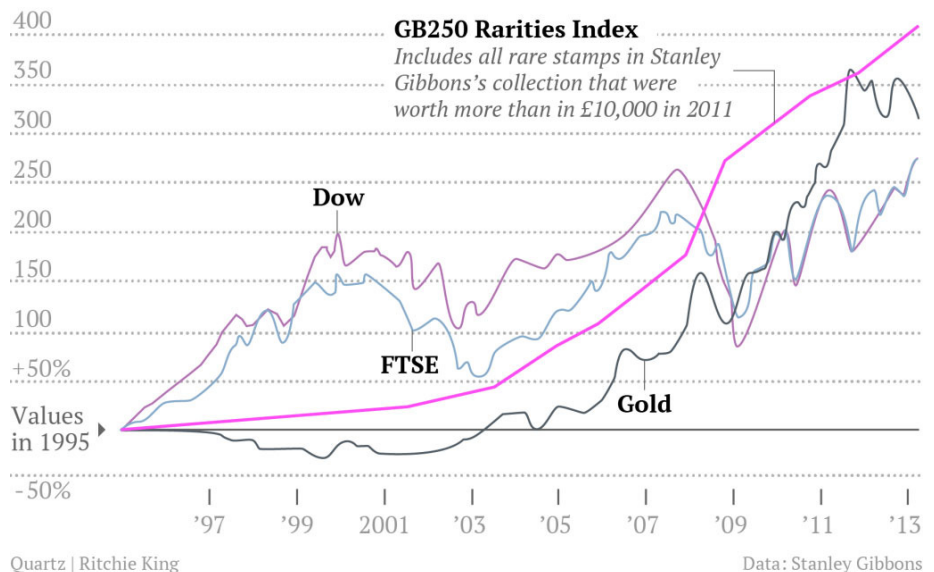
EXPENSIVE PIECES OF PAPER

Sourced from [Quartz](#) and with full acknowledgement and thanks.

Postage stamps have some of the hallmarks of any great investment craze. They're tangible assets for those concerned about global economic stability. They're rare. And the Chinese government has been promoting its citizens' interest in them.

By all available indicators, the value of stamps is surging accordingly. Investment-grade stamps return between 10% and 12% annually according to Nick Salter, a stamp investment specialist who runs the website [Philatelic Investor](#).

Britain's Stanley Gibbons, the world's oldest rare stamp dealer, is starting an investment fund for rare British stamps, which the firm says will return 10% a year. On average, the GB250 Rare Stamp Index has risen 13.9% a year (in compound annual growth) over the past decade. Since the financial crisis, the return has been even better - and, as you can see from the chart, has outperformed other major investments since 1995.





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EXPENSIVE PIECES OF PAPER ...CONT'D

The index tracks the assessed value of premium stamps held by Stanley Gibbons. (The stated performance is worth taking with a grain of salt, since it represents the value as assessed by the company, which has a commercial interest in promoting stamps as a lucrative investment.)

Postage collecting has been around since the first postage was printed in the mid-1800s. Some believe the growth in stamp investing is driven in part by Westerners born after World War II who studied philately in school and are now collecting stamps in their retirement there are an estimated 50 million stamp collectors worldwide.

Hedge funds and wealth managers are also looking to stamps as an alternative asset that doesn't follow stock market trends. That's partly because collectors tend to hold onto them, and their buying and selling isn't triggered by changes in the economy. In China, investors with limited access to equity markets are pouring money into tangible assets like stamps, art and tea. (Also, in 2000, the Chinese government started promoting stamp collecting to encourage interest in Chinese history.)

Some of the most valuable stamps traded today are from India, China and Europe. One particularly valuable stamp: The Swedish Treskilling Yellow, a tiny three-shilling stamp accidentally printed in yellow, which sold for £1.6 million (\$2.1 million) in 2010. To meet rising demand from emerging markets, Stanley Gibbons has opened offices in Brazil, Singapore and Hong Kong this year. The firm says Asian investors account for about 5% of stamp sales in terms of volume but 18% in value.

The market isn't without risks. A speculative stamp bubble burst in the 1970s, when prices fell as much as 50%.

It took stamps two decades to recover. Rare stamps aren't guaranteed to increase in value, especially if they fail to attract more young philatelists. The market for Chinese stamps looks particularly dodgy. The value of Chinese stamps issued after 1949 increased by 10- to 30-fold in 2009 and then plummeted in 2011 before stabilizing last summer, According to Louis Mangin, director of stamp auctioneer Zurich Asia.

A selection of rare stamps



Penny Black
UK, 1840
~\$463,000

from Stanley Gibbons



Red Revenue
China, 1897
~\$900,000

from Interasia Auctions



Treskilling Yellow
Sweden, 1855
\$2.1 million
sold in 2010



Half Anna
India, 1854
~\$20,000 (for four)
from Stanley Gibbons



LETTERS TO THE EDITOR

You will recall last month we had some views and material on PayPal and the OFAC thanks to our UK Director Roger West. The following is some more on this topic thanks to Ken Sanford, one of our USA Directors.

Dear Michael, I read the item with interest in the IPDA Newsletter regarding PayPal's restrictions on stamps and philatelic material from embargoed countries, i.e. Burma (Myanmar), Cuba, Iran, North Korea, Sudan, and Syria.

This shouldn't apply to stamps and covers issued or produced before the embargo was placed against each specific country. There is an eBay policy on this at: <http://forums.ebay.com/db2/topic/Stamp-Collectors/No-More-Cuban/5200144218>. This shows that eBay implemented this policy on 9 April 2013. But when you read the eBay policy, it is not clear what type of philatelic material is restricted by the embargo.

I tried to call the U.S. Treasury Department to get a clarification, but was unable to get through to a live person. I left a message and asked them to call me, but I don't have much hope that they will.

I also called the head of the stamp sales department at the APS. He told me they have not had any problems with selling stamps & covers from these countries, but he does not have anything from the U.S. Treasury Dept. as to how stamps & covers are affected.

I am going to pursue this with the Treasury Department and I will try to get a written clarification on how it applies to stamps & covers. It certainly shouldn't apply to non-U.S. citizens dealing in stamps & covers from the embargoed countries, even if they use PayPal to pay for or receive payment for such material.

Best regards, Ken Sanford

Subsequently Ken had a reply from PayPal, which he is still following up as this seems unacceptable. Here is the PayPal reply, FYI.

Dear Ken Sanford, We're committed to meeting OFAC's regulations. One regulation is to ensure that our customers are compliant with applicable laws and regulations, including those set forth by OFAC, in their use of PayPal. PayPal cannot process transactions involving the sale or purchase of Cuban, Sudanese, North Korean, and Iranian origin goods or services. This includes stamps and covers regardless of the date they were produced.

Sincerely, PayPal Compliance Analyst, PayPal, an eBay Company

CLOSING REMARKS

Two items the sign out with: One; we have heard that some people are having trouble getting into the IPDA Chat room: Perhaps if it is a Java issue then try this advice from a Member:

...." I decided to review all the settings and defaults on my computer as a last attempt to find out why I cannot get into the chat room because Java Runtime Environment is not recognised by Internet Explorer (my browser). I noticed that in Internet Options, Active X Filter was checked enabled. On the off chance that this was the guilty party I unchecked it

Two: once more a reminder that Both General Secretary and the Treasurer positions are up for re-election at the AGM. If any members would like to offer their services and contribute to the IPDA please let the current General Secretary know of your intention and nomination by writing to him at ipdasecretary@ipdaonline.org

Your articles or ideas for articles are always welcome. Best wishes, Michael michaelatipda@gmail.com