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GLOSSARY OF TERMS

Actuals	Physical commodities as opposed to futures contracts or the commodity that underlies a futures contract.
Ag	The chemical symbol for silver.
Alloy	A substance composed of two or more metals.
Allocated Metal	Assigning defined quantities of physical metals to specific accounts. For example, if an investor buys shares in a gold exchange-traded fund, each share is backed by a defined amount of physical gold.
Approved Carriers	An exchange-authorized armored carrier approved for the transport of precious metals.
Argentum	Latin for silver.
Ask	The price which the seller is willing to accept for a commodity; also known as the offer price.
Assay	The act of testing the purity of precious metals.
Au	The chemical symbol for gold.
Aurum	Latin for gold.
Backwardation	The theory that posits that as a futures contract approaches expiration, its price tends to rise; also known as an inverted market.
Bank Wire	An electronic transfer of funds through the Federal Reserve System from one financial institution to another for the benefit of a specific account.
Base Metal	Copper, aluminum, iron, lead, nickel, tin and zinc.
Basis	The variation between the spot price of a deliverable and the relative price of the futures for the same actual that has the shortest duration until maturity.
Bear Market	Market characterized by a declining trend in terms of prices.
Bid	The bid price is the price at which a dealer is willing to buy a commodity; opposite of "ask".
Bullion	Precious metals, including gold, silver, platinum, and palladium, that are traded based on their intrinsic metal value.
Bullion Coin	A precious metal coin whose market value is determined by its inherent precious metal content. They are bought and sold mainly for investment purposes.
Bull Market	Market characterized by upwardly moving price trend.
Carry Market	A market situation in which a futures contract for a commodity has a higher value in the nearest delivery month relative to the expiration date.

Carrying Charge	The cost associated with holding a financial instrument or storing a physical commodity over a defined period of time.
Cash	U.S. currency.
Cash Commodity	The actual physical commodity underlying a futures contract.
Cash Market	The market for a cash commodity where the actual physical product is traded.
Cashier's Check	Check drawn by a bank with its own funds and signed by its cashier.
Central Bank	The entity responsible for establishing a nation's monetary and fiscal policy and controlling the money supply and interest rates. In the U.S., the Federal Reserve Board is often referred to as the central bank.
Close	The official end of a trading session.
Commission	The fee charged by a broker for the execution of an order.
Commodity Futures Trading Commission (CFTC)	U.S. federal regulatory agency created under the Commodity Futures Trading Commission Act of 1974. It ensures open and efficient operation of the futures markets.
Contango	A market situation in which prices are higher in the succeeding delivery months than in the nearest delivery month. Also known as a carry market, it is the opposite of backwardation.
Current Delivery Month	Also called the spot month, it refers to the period during which a futures contract becomes available during the current month or the month closest to scheduled delivery.
Deliverable Bar	A precious metals bar with a weight, fineness and hallmark approved as a tradable unit on a commodity exchange.
Delivery	The exchange by which an underlying commodity, cash, or other delivery instrument is tendered and received by the contract holder.
Delivery Point	A location designated by an exchange at which delivery may be made in fulfillment of contract terms.
Depository or Warehouse Receipt	A document issued by a depository institution indicating ownership of a commodity stored in a vault or warehouse.
Derivative	Financial instrument whose value is derived from the underlying actual, futures contract, or other financial instrument. For example, futures contracts are derivatives of physical commodities, options on futures are derivatives of futures contracts.
Dore Bullion	An impure alloy of silver or gold named for the Dore furnace used at mining facilities that produces it.
Ductility	An ability to change shape drastically without breaking. The capacity of a metal to be hammered into a thin sheet or drawn into a fine wire.
Exchange of Futures for Physicals (EFP)	The name given to the method by which both parties of a futures contract that has underlying cash commodities agree to close out their positions simultaneously.
Face Value	The monetary value of an investment coin, which does not necessarily correspond to its actual worth. For example, the face value of a gold American Eagle one-ounce coin is \$50, but its actual worth is tied to the spot value of its gold content – a much higher value.
Fineness	The purity of precious metal measured in parts per thousand. A "Good Delivery" bar contains a least 995 part pure gold and no more than 5 parts other metals or impurities. Many gold and silver bullion products, such as the original gold Maple Leaf coins are 99.99% pure gold and are often described as being struck from .9999-fine gold.

Fine Weight	The weight of precious metal contained in a coin or bullion as determined by multiplying the gross weight by the fineness.
Fine Silver	Pure silver. Generally 99.9% pure.
Futures Contract	A contract between a buyer and seller to purchase a commodity or financial instrument at a pre-determined price in the future. These contract are most often liquidated prior to the established delivery date and are typically used more for financial risk management instead of physical supply.
Gold	A soft, shiny, heavy, malleable, and highly ductile transition metal that has long been used as a store of wealth and a standard for currencies worldwide. For centuries, gold has been used in coinage, jewelry, and in countless industrial applications.
Gold/Silver Ratio	The number of ounces of silver required to buy one ounce of gold at current spot prices.
Good Delivery	Approved metals brands acceptable for delivery against the metals contracts.
Hallmark	A stamped impression on the surface of a precious metals bar that indicates the producer, serial number, weight, and purity of metal content.
Hedge	An investment made as a strategy to mitigate risk of adverse price movements in a given asset.
Intrinsic Value	The actual value of the precious metals contained within a bullion bar or coin.
Inverted Market	A futures market is said to be inverted when distant contract months are selling at a discount to nearby contract months; also known as backwardation.
Karat	A measure of the purity of gold. Pure gold is 24-karat.
Legal Tender	In the U.S., coins and paper currency that have been authorized by Congress for the payment of debts owed. This includes circulating coins and all commemorative coins.
Licensed Warehouse	Warehouse that has been approved for the storage of silver or gold deliverable against a silver or gold futures contracts.
Licensed Weightmaster	An organization approved by an exchange to witness and verify the weighing of silver or gold delivered against a silver or gold futures contract.
Liquid Market	A market characterized by the ability to buy and sell with relative ease.
London Fix	Price set each day in London by five old-line firms. The "fixing price" reflects the price at which buy and sell orders from the firms' customers' are in balance. The London Fix is an internationally recognized benchmark price for that particular moment in time.
Malleable	Allowing change in form under pressure or hammering without rupture or fracture.
Market Value	The total price of a bullion bar or coin inclusive of intrinsic value and any premium or discount.
Money Order	Order for the payment of a specified amount of money, usually issued and payable at a bank or post office.
National Futures Association (NFA)	Futures industry trade association which promulgates rules of conduct and mediates disputes between customers and brokers.

Offer	A motion to sell a commodity at a specified price. Opposite of bid. The Offer price is the price at which a dealer offers to sell a commodity.
Palladium	A rare silver-white metal of the platinum group. Palladium resembles platinum chemically and is extracted from some copper and nickel ores. It is primarily used as an industrial catalyst and in jewelry.
Pd	The chemical symbol for palladium
Personal Check	A bank draft drawn on an individual account or a company account and signed by an authorized person.
Platinum	A chemical element in the periodic table that has the symbol Pt and atomic number 78. A heavy, malleable, ductile, precious, gray-white transition metal, platinum is resistant to corrosion and occurs in some nickel and copper ores along with some native deposits. Platinum is used in jewelry, laboratory equipment, electrical contacts, dentistry, and automobile emissions control devices.
Premium	The market value of a coin less the intrinsic value of its metal content. Premiums are set by issuing authorities (e.g., U.S. Mint) and/or bullion dealers and vary by product.
Pt	The chemical symbol for platinum.
Securities and Exchange Commission (SEC)	An independent governmental agency that administers federal securities laws and regulates the firms that buy and sell those securities.
Settlement Price	The price established by the Exchange settlement committee at the close of each trading session as the official price to be used by the clearinghouse in determining net gains or losses, margin requirements, and the next day's price limits. The term "settlement price" is often used as an approximate equivalent to the term "closing price." The close in futures trading refers to a brief period at the end of the day, during which transactions frequently take place quickly and at a range of prices immediately before the bell. Therefore, there frequently is no single closing price, but a range of prices. In months with significant activity, the settlement price is derived by calculating the weighted average of the prices at which trades were conducted during that period.
Silver	A chemical element in the periodic table that has the symbol Ag (from the traditional abbreviation for the Latin Argentum) and atomic number 47. A soft white lustrous transition metal, silver has the highest electrical and thermal conductivity of any metal and occurs in minerals and in free form. This metal is used in coins, jewelry, tableware, and photography.
Spot	Term which describes one-time open market cash transaction, where a commodity is purchased "on the spot" at current market rates. Spot transactions are in contrast to term sales, which specify a steady supply of product over a period of time.
Spot Market	A market of immediate delivery of product and immediate payment.
Spot Month	The futures contract closest to maturity. The nearby delivery month.
Spread	The difference between the bid price and the ask price of a bullion bar or coin.
Sterling Silver	Silver of a fineness of 92.5%.
Troy Ounce	The Troy ounce is the traditional unit weight for precious metals, believed to be named after a weight used at the annual fair at Troyes in France in the Middle Ages. Conversion: 1 Troy ounce = 480 grains = 31.1035 grams = 1.09711 avoirdupois ounces.