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FROM OUR READERS

GOLD MANIPULATION?

Hello, Chris, How goes it? Seems "things" are "moving;" might just get very interesting from here.

Hey, do you remember our "lounge conversation" (at last Fall's Chicago Expo-Ed.) when we discussed gold price manipulation, when I expressed that I thought gold prices were being manipulated? What level of credibility would you give this (below) article?

Thanks much and keep up the great work,

https://news.goldcore.com/us/gold-blog/gold-bullion-price-suppression-end-bullion-bank-traders-arrested-manipulating-market/?mc_cid=1f334a797a&mc_eid=ef450965c8

This whole "manipulation" story has been very misrepresented by the "Pied Pipers of the Gold Bug Echo Chamber" as I call them. Gold, silver and EVERY asset class is *manipulated* in one sense. By that, I mean that traders, etc. will often scalp fractions of a price on trades, especially in thin markets. Standard operating procedure for many of these types. From time to time you hear of some of the more flagrant price scalpers/manipulators being pinched. The LIBOR case a while back was a biggie (though more price *fixing* than manipulation.) The metals one most recently less so, but still noteworthy.

Where I depart from the gold bug hucksters is they conflate "manipulation" which goes on all the time -- but has no SET agenda to determine the price direction in a big way -- with "suppression" which by definition and intent DOES seek to keep in check the asset's price in a big sense. The article you cite is a cute attempt to conflate these two itself. Did these traders get nabbed for manipulating/spoofing? Clearly. Is this some nefarious price *suppression* scheme? NO.



Indeed, if you go back to 1971 and the Dawn of the modern age of completely fiat currencies and the rest, **no major asset class has outperformed gold** (stocks and real estate are close.) Part of the manipulation/suppression come on is that many of its peddlers are incapable of understanding or explaining markets and so--when their chosen asset class doesn't go up every day and isn't *already* \$10,000/ounce--all they have left is to imply it's all some grand conspiracy. "Da boyz," "the cartel" or whomever MUST keep the gold price from rising so as not to draw attention to the shaky, elastic and inevitably doomed fiat dollars, et al. Right. Gold has gone from \$35/ounce to over \$1,300/ounce at the moment.

That worked well. I only wish the "conspirators" who have slowly robbed us of our liberties and gotten us into one foreign rat's nest after another--at the cost of trillions of dollars, countless lives and the hatred toward America of much of the world--were as inept as "da boyz" in their suppressing of the gold price!

Now, once upon a time--before the modern-day ETFs, when the gold market was much smaller and more thinly traded and before (mostly Eastern) central banks were gobbling it up--the gold price was quite effectively *managed* to a great extent. I still have in my archives a *Financial Times* article from nearly two decades ago that was not a one...or two...but **a three full page expose of how the gold price and its movements had become nearly the monopolistic plaything of a group of folks anchored by Barrick Gold.**

Some of you recall how the most religious gold bugs *loathed* Barrick back in those days (much of the 80's and 90's, after gold became relatively dormant as an asset class following the collapse after the early 80's high.) That company, however, rewarded its shareholders--and close friends, rumored to include former U.S. President George H.W. Bush, Canadian P.M. Brian Mulroney and others--by running **the hedge book for the ages.** That fixed the gold price--and moved it up and down almost at will--more than people realize *to this day.*



Later, *another element* was added to Barrick's heavy hand that was intended chiefly to benefit the relative handful of speculators and assorted well-connected investment houses that wanted to play what were usually well-telegraphed moves in the gold price. This began in mid-1999, when then-British Chancellor of the Exchequer Gordon Brown announced that he was going to sell about half of the U.K.'s gold reserves; and at pre-ordained, 25 tonne each auctions every couple months. *It was sure nice to have such a friend who'd tell you ahead of time when gold was going to hit the market, wasn't it?*

Over three years or so, Brown sold a total of 400 tonnes of gold at or near the epic low in price well below \$300/ounce. The period in the annals of gold history was dubbed "Brown's Bottom." It rendered Brown one of the most spectacularly dumb numbskulls of all time, so horribly did he mismanage the U.K.'s finances. The "conspiracy theory" I happen to believe is that he was less dumb than that, *but was feeding those players playing a semi-fixed market.*

Something went badly wrong, however, following the second Brown 25 tonne gold sale in September, 1999. **And that led to the ONE identifiable time I have ever seen where a mad scramble DID ensue to suppress the gold price.**

The complete post-mortem on the most exciting few week period of time I have ever written about in these pages (not to mention THE most spectacularly profitable short-term trades I ever recommended) were covered in my October, 1999 issue. *The portion of that issue dedicated to this incredible story has just been put on the front page of my web site.*

In short, everyone back then was caught somehow completely unawares when what came to be known as the Washington Agreement was announced as a side bar agreement of sorts to a meeting of the World Bank. At least, those who were trading what *had been* a predictable market didn't see this coming. When that agreement limiting how much gold central banks could sell or lease into the market was reached, the gold price suddenly went skyward; after all, the main albatross around the market's neck in those days was repeated central bank sales most of which (unlike Brown's) were never telegraphed.

Those who were on the short side were in desperate straits. A gold price which, like clockwork, went back and forth from, say, \$260/ounce to maybe \$280/ounce or so was suddenly soaring well above \$300 *and didn't want to stop.*

For time's sake here, I'll leave it to those of you interested to go to the web site and read the whole story. The bottom line is that 1. The Federal Reserve was not one of the central banks that had become a party to the Washington Agreement and 2. Whether it was or not, it *had* to knock the gold price back down from well above \$300/ounce in order that those off sides didn't go bust. **The suppression succeeded.**

But here's the postscript; and more proof that this suppression episode was a one-off event. In the ensuing few years, the Nasdaq bubble had burst. . .9/11 happened, making the bear market and recession worse still. . .and fears were rampant that America was slipping into a Japan-like deflation that would last decades. Fed Chair Alan Greenspan--**the best friend gold investors have ever had, as it turns out--** now CHEERED as gold went to his \$340/ounce "equilibrium" price and then WAY beyond that. It was "proof" that he had vanquished deflation, he told anyone who would listen.

So there's your REAL suppression; one incident nearly 20 years ago, as a period of the quasi-fixing of the gold price by a handful of private parties was coming to an END.

IMO, the reason why this "suppression" myth continues to be propagated as some sort of present-day factor by some of the carnival hucksters out there is 1. they know it sells to the impressionable gold bug audience, who unfortunately like their ears tickled more than they like sound advice and 2. they are



But I was ALWAYS a gold bug! Honest!!

incapable of understanding the markets these days so -- when gold doesn't follow their script from time to time -- the answer must *always* be manipulation/suppression. If I've said it once I've said it a thousand times: don't walk away from these clowns, RUN!

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