

“Crunch Time”? Credit Markets, International Trade, Financial Volatility and the Gold Market

By [Bill Holter](#)

Theme: [Global Economy](#)

Global Research, December 10, 2015

Many situations around the world now look to be coming to a head.

Geopolitically the East/West push and pull has heated up in the Middle East. Iraq now looks to be pivoting toward Mr. Putin and Russia and away from the U.S.. Turkey’s recent shoot down of a Russian plane also turned up the heat. Economically, the price of oil breaking through \$40 has shone a spotlight on a weak global economy and confirms weakness.

Trade, whether international or internal is collapsing. Freight rates are at decade lows and even internally, trucking has collapsed.

Financially speaking, FOREX markets are experiencing daily volatility unseen before. The credit markets have become illiquid as spreads have blown out. This “illiquidity” has traders terrified because they know they have no exit door. Even the Treasury market has begun to display the “locked in” feeling of thin markets. We should not forget about the Fed meeting next week, raise rates or hold rates ...traders are in fear of the aftermath.

Let’s take a look at what just happened yesterday in COMEX gold since we are talking “crunch time”.

The December contract added 881 net contracts standing for delivery. This is another 88,100 ounces of gold that someone just stepped up for and is asking delivery. Some ground work first ...we have watched for over two years as COMEX gold contracts outstanding would dwarf deliverable inventory coming into first notice day and decline in a huge way just prior. Then, many of those standing for delivery would just “evaporate”. I have said many times that this did not make any sense. Why would anyone FULLY FUND their account by FND to pay cash for their contracted gold ...only to vanish? It is obvious in my opinion these contracts were cash settled at a premium or bribe to entice these buyers not to take physical delivery because of strained inventory.

I can only remember one month in the past where contracts “standing” actually increased after the first notice day. As I recall there were two days in a row where the open interest increased (after the OI had already declined as it has this month). First, anyone who opens a contract after FND truly wants the gold. Better said, they probably “need” the gold for whatever reason. These buyers will not be bribed into FRN settlement, only “weight” will do.

COMEX truly has a problem this month. As it stands, there are roughly 11.5 tons standing for delivery while COMEX holds just over 4 tons for delivery. In ounces we are looking at 370,000 versus 130,000. Yesterday’s increase was 88,100 ounces or roughly 2/3rds

of deliverable inventory. For well over two months, COMEX has had almost ZERO gold enter the “registered” category. In fact, even the eligible (customer) inventory has been bleeding down and hemorrhaged yesterday with over four tons being withdrawn. The obvious question is “where will the gold come from for delivery”? Yes I know, “don’t worry because they always deliver” ...

The additional 88,100 ounces yesterday should really OPEN SOME EYES for several reasons! First, someone obviously NEEDS nearly three tons of gold. Secondly and most importantly, this should display just how tenuous the inventory really is. In just one day, someone stepped up and is demanding TWO THIRD’s of deliverable gold. As I have said all along, with any type of black swan event (not one that is “created” and of the false flag variety) has the ability to clean out what COMEX can supply! What then?

Please think to yourself “what if?”. What if we wake up one day and a big bank somewhere in the world defaults? Or even a sovereign nation? What if we wake up to find Russian and U.S. forces going at it somewhere? The list of potential black swans is long (plus the trolls will go wild saying “it can never happen in our lifetime) so I won’t list them. I would simply ask, what if “something unscripted” happens?

The answer is simple. When something, whatever it may be that is “unscripted” happens ...life as we have known it for so many years is over!

Everything will change.

Markets, valuations, beliefs, customs, economics/finance and distribution, etc. The title of “crunch time” is not meant to be U.S. centric or even about the post war “American age”.

We are living “crunch time” for a 300 year plus fractional reserve Ponzi banking and monetary scheme.

We are at the end of a 300 year plus “credit cycle” where The Great Depression was merely a large and painful belch leading up to a final heart attack.

Standing watch,

Bill Holter, *Holter-Sinclair collaboration*

Comments welcome bholter@hotmail.com

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Articles by: **[Bill Holter](#)**

About the author:

Bill Holter writes and is partnered with Jim Sinclair at the newly formed Holter/Sinclair collaboration. Prior, he wrote for Miles Franklin from 2012-15. Bill worked as a retail stockbroker for 23 years, including 12 as a branch manager at A.G. Edwards. He left Wall Street in late 2006 to avoid potential liabilities related to management of paper assets. In retirement he and his family moved to Costa Rica where he lived until 2011 when he moved back to the United States. Bill was a well-known contributor to the Gold Anti-Trust Action Committee (GATA) commentaries from 2007-present.

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