

Manipulation of the Gold Market: China has Imported 2400 Tons of Gold and the Price Goes Down...

By [Bill Holter](#)

Theme: [Global Economy](#)

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We will no doubt look back upon the current era as the “crime of the century” for so many different reasons. Actually, current times represent the worst financial crimes of ALL TIME! The various crimes and how they are operated are too numerous to list and would probably fill a three volume set of books, let’s concentrate on just one. Central to everything is the U.S. issuing the global reserve currency by fiat knowing full well it truly means “non payment”. The absolute cornerstone to the dollar retaining confidence and thus value has been the suppression of the price of gold.

Before getting to specifically what I’d like to point out, let’s look at a couple common sense points which beg questions.

How is it China has been importing 2,400 tons of gold over the past two and a half years without any upward push to the gold price? This amount equals almost EXACTLY the TOTAL amount of gold mined annually around the world! How is it possible that ALL production has been purchased by China and yet the price goes down? The answer of course is quite simple unless you purposely close your eyes or disingenuously “apologize”.

The argument from the apologists is that “traders” on COMEX and LBMA believe gold will go lower so they are sellers and this is where the downward pressure has come from. You as a reader already know that much of the “selling” is done at midnight (or off hours) in the U.S. which is the lunch break in Asia, China specifically.

The massive selling (as much as total global production in less than two trading days) has usually taken place during off hours when the volume is lightest and price moves the most, especially with any significant volume. The result has been gold now trades at or very near the cost of production and silver well below production costs. None of this is new, only a refresher. The reaction in the actual physical markets is backwardation, premiums over spot prices and actual shortages. Put simply, low price has brought out additional physical demand.

To the point, the following is a snapshot of inventory movement (or the lack of) within the COMEX gold vaults this month:

Initial standings

Oct 21/2015

Gold	Ounces
Withdrawals from Dealers Inventory in oz	nil
Withdrawals from Customer Inventory in oz nil	nil
Deposits to the Dealer Inventory in oz	nil
Deposits to the Customer Inventory, in oz	nil
No of oz served (contracts) today	13 contracts 1300 oz
No of oz to be served (notices)	650 contract (65,000 oz)
Total monthly oz gold served (contracts) so far this month	364 contracts 36,400 oz
Total accumulative withdrawals of gold from the Dealers inventory this month	nil
Total accumulative withdrawal of gold from the Customer inventory this month	184,991.8 oz

Only 185,000 ounces have been withdrawn from the customer (eligible) accounts and ZERO from the dealer (registered) accounts. What is not shown is there have been ZERO dealer deposits and ONLY TWO customer deposits in all month. One of 32,150 ounces and another of just over 300 ounces for the entire month! It is clear the large entry was a “kilo” deposit of one ton even though COMEX deals, quotes and supposedly delivers in ounces.

Why is this interesting you ask? Because at the beginning of the month there were over 10 tons worth of contracts standing for delivery with dealers only having just over 5 tons available to deliver. This figure has now dropped to about 3 tons standing ...but the amount of registered gold for delivery is right where it was at the beginning of the month? How could this be if gold has been delivered? Is there a “secret stash” where gold is being delivered from or has “settlement” occurred using cash?

I have my own idea as to why no gold at all has entered the dealer’s vaults, it is a symptom of the disease. If gold was so plentiful we should have seen all sorts of movements of gold into dealer accounts to support deliveries, we have seen none, zero, NADA! Remember, October is an active delivery month which originally had over 10 tons standing for delivery versus 5+ tons available. If we go out to Dec., this contract has open interest representing some 11+ million ounces ... while dealers claim only 182,000 to deliver!

Yes, yes, the open interest ALWAYS collapses and delivery “always gets made”. But doesn’t it seem strange to you that a market with less than \$200 million worth of inventory is the pricing to a \$5 trillion monetary asset? In comparison, a single ranch in Texas just got sold for nearly 4 times the size of what COMEX claims they have available for delivery. It used to be the tail was wagging the dog. Now, COMEX inventory has been bled down so far it can be said just a few hairs on the tail is wagging the dog!

Surely I will receive comments like “this will go on forever” or “don’t worry, nothing ever

comes of these delivery months". It should be pointed out, as it stands right now a single trade of 1,820 contracts represents the entire deliverable inventory and we have seen on multiple occasions where 3,000-6,000 contracts have been sold (in one trade) to collapse the price. I ask, how does COMEX keep this in the box when something very "REAL" happens? "Real" meaning a mere push of our financial system by China? Or a military shove by Russia? Or something as simple as a "truth bomb" being released on the American public? Can an inventory of less than \$200 million fiat dollars make good and keep hidden the core crime to the crime of the century? Is this why China is moving toward a physical exchange? Once they "take it out ...they will take it up"!

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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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