

The “Competitive Manipulation” of Financial Markets, China Backlash in the Gold and Silver Markets

By [Bill Holter](#)

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Region: [Asia](#)

Theme: [Global Economy](#)

I wrote Monday “[how](#)” and on Tuesday “[why](#)” precious metals (and all markets for that matter) are manipulated, today I will tell you “[what](#)” will remedy and the results.

First, the manipulation in U.S. markets has become so blatant and so obvious that foreigners are taking note and altering their future plans. All you have to do is look around to see nation after nation, friend or foe, making plans to live and trade in a world without using dollars.

China is at the center of these plans but the list is very long of nations who plan to trade in their own (or Chinese) currency. Off the top of my head, we have seen announcements from Argentina, Brazil, India, South Africa, Britain, France, Germany, Venezuela, Australia and of course let’s not forget about Iran and Russia. This is not all inclusive but the point is ...the thought process and preparation is far and wide.

Oddly, the CME group who “oversees” COMEX has made several announcements over the last couple of weeks. It seems they would like to be seen as putting their foot down on “disruptive” (manipulative) trading practices. Even more odd was a story which came out last week that showed “central banks” as a category of CME customers. This “category” it seems has been given financial “incentives” to trade. Very curious indeed, why would central banks have any need to trade in the S+P futures?

Why would they be given financial rebates from CME to transact trades? I see it as some sort of joke so to speak because if a central bank needs “more” money, they would just print it up right? So why the rebates? More importantly, why would CME allow central banks in as their clients? Doesn’t this look or “smell” bad in our supposed free and fair markets society? Then of course you get the skeptics out there who might wonder what gets said over a few drinks after the markets close? Nothing too important I would imagine except for where the S+P, Treasuries, oil, natural gas, silver and gold will close at TOMORROW? Ya’ think?

I wrote yesterday that gold and little cousin silver were at “the core” of it all, gold (and silver) could not be let loose to fly far above the scene shining a spotlight on the fraud. This is “why” they have been locked down ...creating and opening an Asian physical exchange is the “what”. “The what” as in what is being done about it. The Chinese it seems are in the process of going live with an exchange for gold and silver which will settle physically. “Physically” as in real gold or real silver will be required and “cash” settlement will not be allowed. In fact, it will be illegal to cash settle. I can only say, this is like the dog taking his body back and refusing to let his tail wag him anymore!

Shanghai, Hong Kong and Singapore are all now in the process of creating live physical exchanges. Shanghai plans to go live on September 26th [Shanghai Gold Exchange Said to Plan FTZ Contract for Sept](#) so COMEX will have more competition as of then. Currently Shanghai operates a “futures” exchange, this as I understand will be a spot or cash exchange. Koos Jansen reports the futures exchange in Shanghai to now only have 92.5 tons remaining of silver, down from 1,200 tons a year back. [Koos Jansen: China again buys the dip in gold and silver gets scarcer | Gold and Precious Metals](#) He also reports that silver is trading in backwardation, this should NEVER be the case unless investors are in fear of not receiving their silver (or gold) at a future date. I do want to also point out what is happening in London, they will no longer publish these “forward rates” (GOFO) so we will no longer see any backwardation when it occurs. Interesting isn't it... the West becoming more secretive while the East becomes more transparent!

“What” I think is happening is the “two tier” market beginning to take shape that I've spoken of for so long. COMEX and LBMA are making changes, the “fixes” have been changed, CME no longer allowing “disruptive trading practices” (yeah right!), forward rates no longer being published amongst others. The East on the other hand is becoming more transparent and “real” so to speak. Why do you think these events are both happening at the same time? Cause and effect or action creates reaction maybe? The East is clearly positioning itself to “price” both silver and gold. If (when) there are 2 different “prices” for one ounce of silver or one ounce of gold ...which one will be the real one? Which one will designate the price for a real ounce to change hands somewhere (anywhere) in the world?

Do you see “what” is happening? China and the East are in the process of taking away the pricing mechanism from New York and London ...and there is absolutely NOTHING the West can do about it! If and this “if” is a very big one, the West had vaults overflowing with silver and gold they could then thwart China by making delivery of metal. But, this “was” 10 years ago! We have already crossed this bridge and delivered out whatever metal we could get our hands on and retained the ability to “price”. We have in my opinion already thrown or “used” this card as inventories and available metal is drying up at the same time international demand remains voracious. China has plans to “guard the dog” so to speak and disallow the Western tail to wag it. Derivatives will no longer hold sway as the overriding pricing mechanism, the real deal physical is in the process of taking over and is being sponsored by the East, who'd of ever think it years ago? This, is “what” is happening!

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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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