

Manipulation of the “Paper Gold” Market

The Value of "Worthless" Paper Gold versus Physical Gold

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Theme: [Global Economy](#)

Global Research, April 14, 2013

[International Forecaster](#) 25 March 2012

This incisive article by the late Bob Chapman was first published by Global Research in March 2012. It is of particular relevance to current developments in the Gold market.

We have been in and around the gold markets for 53 years and conditions have certainly changed, driven mainly by market manipulation of all markets as a result of the Executive Order, which created the “President’s Working Group on Financial Markets.” Those who doubt that are either on the government payroll one way or the other, or you are just too dumb to understand what is really going on. In spite of these machinations and ignorant naysayers the bull markets in gold and silver are still alive and well. What you are seeing are paper markets and the use of derivatives to effect short-term pricing, especially when negative events are about to occur.

Those events are aided by naked shorting and illegal concentration in both gold and silver and the shares. Mind you, this is being done in a market to control it and in addition government and central banks relish stomping gold and silver into the ground. For years they hid what they were doing. Today their manipulations are in your face. These dramatic forced price falls are fortunately accompanied by heavy buying by China, Russia, India and others.

All the elitists are doing is giving long-term investors an opportunity to purchase both metals at prices far below their real value. Official government inflation figures say gold should be selling at about \$2,500 an ounce. Real inflation statistics would have gold selling today at almost \$9,000. Such deliberate under pricing is accompanied by financial chaos in Europe and England, high oil prices that reflect the possibility of conflict in the Middle East, the results of \$1.4 trillion in loans to 800 European banks, England on the edge of bankruptcy and the continual quantitative easing and things such as Operation Twist by the Federal Reserve. The official government line on statistics is all lies. We see one research report after another pandering to these falsities, which is next to worthless. The professionals and investors continue to use these bogus figures and continue to lose money in the process.

There are few sellers in the physical gold and silver markets. The selling takes place in the paper markets. Demand worldwide for these metals as a store of value has never been stronger. Buyers are countries and flight capital from the Middle East and Asia. The traffic is very intriguing. In China the government promotes gold ownership and has thousands of outlets across the country, as does CIBC. They are called gold savings accounts. Just the opposite is true in the US, UK and Europe, where violation of privacy and freezing or confiscation of assets is possible.

Last year demand for gold rose 20% worldwide and it could top \$100 billion in 2012. We are seeing major demand as well for Europe as the euro zone deteriorates without a solution in sight.

We have already seen shortages of 1/5 and 1/4 ounce coins from time to time as Europeans gobble them up. These developments are reflections of the ongoing financial problems facing the US, UK and England. Those problems are recognized worldwide and thus, we have massive gold off take by many countries. In tandem all countries are running deficits and it is getting worse not better. The attitude is print money like everyone else is and buy gold at cheap prices. There has to be a lesson to be learned when US dealers go to European wholesalers and get little or no new product. At retailers product offerings are even slimmer.

Gold and silver have been in bull markets since June of 2000 and the trend continues, as nations get deeper in a financial hole, which is reflected in their currencies in the form of higher gold and silver prices. Manipulation of paper gold markets cannot continue on forever. One derivative default and the whole edifice could collapse. Manipulation only allows you to buy cheaper, but once the cartel is out of gold and silver underlying their positions, the game will be over.

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