

No Bear Market In Gold. “Bullish Sentiment” in the Market for Physical Gold Bullion

By [Dr. Paul Craig Roberts](#)

Global Research, May 20, 2013

paulcraigroberts.org

Theme: [Global Economy](#)

You know that gold bear market that the financial press keeps touting? The one George Soros keeps proclaiming? Well, it is not there. The gold bear market is disinformation that is helping elites acquire the gold.

Certainly, Soros himself doesn't believe it, as the 13-F release issued by the Securities and Exchange Commission on May 15 proves. George Soros has significantly increased his gold holding by purchasing \$25.2 million of call options on the GDXJ Junior Gold Miners Index. ([see bullmarketthinking.com](#))

In addition, the Soros Fund maintains a \$32 million stake in individual mines; added 1.1 million shares of GDX (a gold miners ETF) to its holdings which now stand at 2,666,000 shares valued at \$70,400,000; has 1,100,000 shares in GDXJ valued at \$11,506,000; and 530,000 shares in the GLD gold fund valued at \$69,467,000. [values as of May 17]

The 13-F release shows the Soros Fund with \$239,200,000 in gold investments. If this is bearish sentiment, what would it take to be bullish?

The media reports that Soros had sold his gold holdings came from misinterpreting the reason Soros' holdings in the GLD gold trust declined. Soros did not sell the shares; he redeemed the paper claims for physical gold. Watching the gold ETFs, such as GLD, being looted by banksters, Soros cashed in some of his own paper gold for the real stuff.

The giveaway that Soros is extremely bullish on gold comes not only from his extensive holdings, but also from his \$25.2 million call option on junior gold stocks. This is a highly leveraged bet on the weakest gold mines. With high production costs and falling gold price from constant short selling in the paper market, Soros' bet makes no sense unless he thinks gold is heading up as the short raids concentrate gold in elite possession.

In previous articles I have explained how heavy short-selling triggers stop-loss orders and margin calls on investors in gold ETFs. Scared out of their shares or forced out by margin calls, investors' add to the downward price pressure caused by the shorts. Bullion banks and prominent investors such as Soros are the only ones who can redeem GLD shares for physical metal. They purchase the shares that are sold in response to the falling gold price, and present the shares for redemption in gold metal.

Insiders familiar with the process describe it as looting the ETFs of their gold basis.

In my last column I described how the orchestration of a falling gold price in the paper

market protects the dollar's value from the Federal Reserve's policy of printing 1,000 billion new ones annually. The other beneficiary of the operation is the financial elite who buy up at low prices the ETF shares sold into a falling market and redeem them for gold. Like all other forms of wealth in the West, gold is being concentrated in fewer hands, while the elite shout "bear market, get out of gold."

The orchestrated decline in gold and silver prices is apparent from the fact that the demand for bullion in the physical market has increased while short sales in the paper market imply a flight from bullion. As a hedge fund manager told me, it is a Wall Street axiom that volume follows price. Bull markets are characterized by rising prices on high volume. Conversely bear markets feature declining prices on low volume. The current bear market in gold consists of paper gold declining steadily while demand has escalated rapidly for physical metal. This strongly indicates that demand for physical gold continues to be in a bull market despite the savage attacks on paper gold.

If the orchestration is apparent to me, a person with no experience as a gold trader, it certainly must be apparent to federal regulators. But don't expect any action from the Commodities Future Trading Corporation. It is headed by a former Goldman Sachs executive.

And don't expect any investigation from the financial press. The financial press sees a bear market while supplies of bullion decline, premiums over spot rise, and even publicly declared bears such as George Soros make highly leveraged bets that will fail in the absence of a bull market in gold.

The original source of this article is paulcraigroberts.org
Copyright © Dr. Paul Craig Roberts, paulcraigroberts.org, 2013

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: Dr. Paul Craig Roberts

About the author:

Paul Craig Roberts, former Assistant Secretary of the US Treasury and Associate Editor of the Wall Street Journal, has held numerous university appointments. He is a frequent contributor to Global Research. Dr. Roberts can be reached at <http://paulcraigroberts.org>

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance

a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca