



The Forensic Clues of a Manipulated Market

By Adrian Douglas

The Gold Anti-Trust Action Committee (GATA) has long been accumulating evidence that indicates that the gold price is suppressed. GATA has implicated the US Government, the Federal Reserve and the major bullion banks as the perpetrators of the scheme. GATA has also explained the motive behind the crime. It is to maintain the purchasing power of the US dollar artificially high by concealing inflation, and as a result keep interest rates artificially low. This is at the core of the “strong dollar” policy instigated by Robert Rubin, but the tools and mechanisms by which this policy is implemented were never explained to the public. They are, however, explained clearly by GATA with mountains of documented evidence (www.gata.org).

In this article I am going to offer some “forensic clues” that support the charges that the gold price is suppressed. If an asset price is suppressed one would expect its performance over time to reveal such suppression. One of the empirical observations made by GATA is that the gold price is very rarely “allowed” to close with more than a 2% gain on any given day. We will test that empirical observation with actual market data.

Gold has been the best performing financial asset in the last ten years. No other asset has delivered average returns of 17% per year every year for the last 9 years. Crude oil and copper have performed very well and are showing similar overall gains as of today from their decade lows but they have not consistently delivered the same year after year positive gains. But given that these commodities are comparable in performance we will use them to assess if there is anything anomalous about the gold market.

In table 1 the 10 year rise to date (line 4) of gold, oil and copper are seen to be comparable with gold having outperformed oil and underperformed copper. However, the number of days when each of the markets had an intraday rise that exceeded 2% is curiously anomalous (line 5). Gold only managed to achieve this on 165 days in a decade, while for oil it was achieved on 713 days and copper achieved it on 363 days. This translates into gold only achieving more than a 2% intraday gain (line 6) on 6% of the trading days of the last decade while it was

27% and 14% for oil and copper respectively. The number of days on which the close exceeded 2% gain on the day in the last decade (line 7) was just 102 for gold compared to 487 and 409 for oil and copper respectively. That translates into just 4% of the trading days for gold (line 8) while it was 19% for oil and 12% for copper.

A very telling fact is revealed when looking at the number of days when the loss on the day exceeded 2% (line 10); only in gold did the days when the daily loss exceeded 2% outnumber the days when the gain was greater than 2%. In fact in line 11 this is given as a ratio and it is clear that it is only for gold where the ratio is less than 1. It is very anomalous that the market of the best performing asset of the decade shows that large down days exceed the number of large up days!

Many people mistakenly think that anyone selling short in a bull market will lose money. Observing lines 15 and 17 dispels such notions. If someone were short on every day that gold fell in the last decade the total gain would be \$5903/oz which translates to 2,287% gain. That handily beats buying and holding gold for a gain of \$860/oz or 333%!

This then begs the question of how would anyone know when gold was going to fall? The entities who are responsible for gold falling would know exactly when gold was going to fall. Such entities are the Cartel of Gold Bullion banks who implement the government/Federal Reserve "strong dollar policy" by suppressing the price of gold. They know exactly when gold is going to fall because they make it fall.

By comparison with copper and oil there is strong "forensic evidence" to support GATA's claim that the gold market is rarely able to trade above a 2% daily gain. The thesis being is that limiting the gain limits the coverage in the financial press and so quells any investor interest. For gold to have achieved the accolade of the best performing asset of the decade but only closed up more than 2% on just 4% of the trading days it is little wonder that the general public is not aware of this stealth bull market thanks to the illegal activities of the anti-gold cartel.

COMPARISON OF GOLD, OIL & COPPER 2000-2010				
	Parameter	GOLD	OIL	COPPER
1	10 year Low (\$)	258.1	19.7	0.64
2	10 year High (\$)	1222	147	4.08
3	10 year maximum % Rise	373%	646%	538%
4	10 year rise to date (2/16/2010)	333%	291%	392%
5	Days when Intraday rise>2%	165	713	363
6	% of trading days intraday >2%	6%	27%	14%
7	Days when Close >2%	102	487	309
8	% of trading days close>2%	4%	19%	12%
9	Days when Intraday Loss>-2%	167	653	364
10	Days when Close>-2%	110	435	268
11	Closes gain>2%/Closes loss>-2%	0.93	1.12	1.15
12	Highest Daily % Gain	9.0%	15.7%	12.5%
13	Highest Daily % Loss	-7.3%	-11.8%	-11.0%
14	10 year Cumulative up (\$)	6686	1256	37.04
15	10 year Cumulative down (\$)	-5903	-1208	-34.74
16	Cumulative Up %	2590%	6376%	5788%
17	Cumulative Down %	2287%	6132%	5428%

Table 1

How has the anti-Gold Cartel suppressed the price of gold? This has been achieved by selling “paper gold” instead of real gold. This is explained in my article “The Tiny Market that is the World’s Biggest” which can be read [here](#). The main culprit is the OTC market of the LBMA that I deduce from market data operates a fractional reserve system, by way of “unallocated gold” accounts, where they have very likely sold 50,000 tonnes of gold that does not exist. That has a massive suppressive effect on the price of gold by channeling demand away from physical metal into a paper promise for gold. This is augmented and supported by short selling on the COMEX futures exchange and by the massive unregulated OTC derivatives market where JPMorgan and HSBC own more than 95% of the market and their derivative holdings dwarf the notional value of the entire open interest on the COMEX itself!

GATA is pursuing many avenues to achieve a freely traded gold market. One is just simply publicizing how and why the gold market is suppressed. This will bring the market rigging to an end because more and more people, institutions and even central banks are turning to gold as the ultimate safe haven to escape the growing danger of a domino crisis in fiat currencies and sovereign debt. There is a rapidly growing demand for real physical metal as trust in any financial intermediary has all but evaporated. The gold price suppression scheme has been the curse of gold investing for over 15 years but now as the scheme unravels it is transforming into the greatest investment opportunity of all time. Gold will find its true market value as the very limited supply of real physical gold

becomes clear to the market which will be thousands of dollars above its current price.

Investors have the opportunity to do their due diligence and visit www.gata.org and see why gold will become the biggest bull market of all time. GATA has correctly forecast what would happen in the gold market for the last 10 years which is a track record not matched by any mainstream so-called gold market analyst who, as a group, remain bearish even today. Or they can refuse to even consider the evidence and believe that with very little knowledge and facts that GATA must be wrong because surely the US government would not do anything illegal like manipulate the gold price!

I came to GATA 10 years ago. I was skeptical of GATA's claims, but I was open minded enough to read everything that had been gathered as evidence including Reg Howe's brilliant landmark complaint filed against the BIS, the US Treasury the Federal Reserve et al. After doing due diligence I was so convinced that I invested my life savings in gold and silver at \$271/oz and \$4.50/oz respectively. That turned out to be the most rewarding self-education I have ever done. My convictions did not cease there I became actively involved in GATA's efforts and was elected to the board of directors.

Gold and silver have risen a long way from their lows but they are still selling for barely more than the cost to extract them out of the ground. The opportunity of a lifetime still exists for those willing to spend the time to look at the evidence GATA has amassed. It is one thing to miss an opportunity because you didn't know about it. It is entirely another to miss an opportunity because of a prejudiced view that prevents you from even considering it. Take the time to read what we have to say at www.gata.org and make an informed opinion.

Adrian Douglas
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