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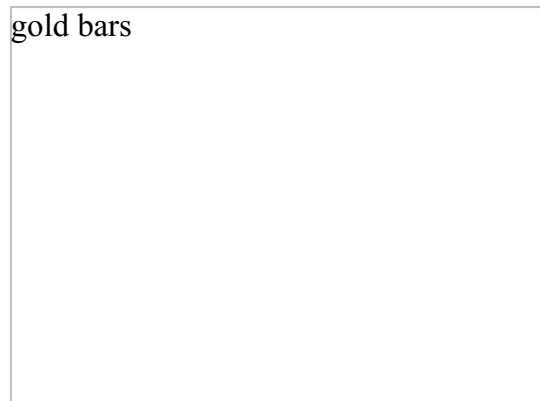


The FT Goes There: “Demand Physical Gold” As One Day Paper Price Manipulation Will End “Catastrophically”

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by [Larry Diffey](#) , [January 27, 2014](#)

gold bars



This is beginning to look like the biggest fraud in history is finally being uncovered. The video is Glenn Beck’s view on the subject. It is from his show on The Blaze done on 01/08/2014. That the Financial Times is speaking of it means it is starting to go mainstream. – Shorty Dawkins, Associate Editor

<httpv://youtu.be/NKDHgn7uNYI>

[This article](#) is by Tyler Durden from ZeroHedge.com

What have we done: after a series of reports in late 2012 in which we showed, with no ambiguity, that not only might the Bundesbank’s offshore held gold be severely “diluted” (follow our 2012 exposes on German gold [here](#), [here](#), [here](#), and [here](#)), but [that on at least one occassion](#), the Fed and the Bank of England **conspired** against the Buba in returning subpar quality gold, the Bundesbank shocked everyone in early January 2013 when it announced it would repatriate 300 tons of gold held in New York and all of its 374 tons of gold held in Paris. But convincing the Bundesbank to demand delivery was peanuts compared to changing the tune of the Financial Times – that bastion of fiat “money”, and where the word gold is mocked and ridiculed, and those who see the daily improprieties in the gold market as nothing but “conspiracy theorists” – to say the magic words: “Learn from Buba and demand delivery for true price of gold”, adding that **“one day the ties that bind this pixelated gold may break, with potentially catastrophic results.”**

In other words, precisely what we have been saying since the beginning.

Welcome to the ‘conspiracy theorist’ club, boys.

From the FT’s Neil Collins: “[Learn from Buba and demand delivery for true price of gold: One day the ties that bind the actual and the traded commodity will snap](#):

A year ago the [Bundesbank announced](#) that it intended to repatriate 700 tons of Germany’s [gold](#) from Paris and New York. **Although a couple of jumbo jets could have managed the transatlantic removal, it made security sense to ship the load in smaller consignments.** Just how small, and over how long, has only just become apparent.

Last month Jens Weidmann, Bundesbank president, admitted that just 37 tons had arrived in Frankfurt. The original timescale, to complete the transfer by 2020, was leisurely enough, but

at this rate it would take 20 years for a simple operation. Well, perhaps not so simple. While he awaits delivery, Herr Weidmann is welcome to come and look through the bars in the Federal Reserve's vaults, but the question is: whose bars are they?

In the "armchair farmer" fraud you are told: "Look, this is your pig, in the sty." **It works until everyone wants physical delivery of their pig, which is why Buba's move last year caused such a stir.** After all nobody knows whether there are really 260m ounces of gold in Fort Knox, because the US government won't let auditors inside.

The delivery problem for the Fed is a different breed of pig. The gold market is far more than exchanging paper money for precious metal. Indeed the metal seems something of a sideshow. In June last year the average volume of gold cleared in London hit 29m ounces per day. The world's mines are producing 90m ounces per year. The traded volume was many times the cleared volume.

The paper gold in the London Bullion Market takes the familiar forms that bankers have turned into profit machines: futures, options, leveraged trades, collateralised obligations, ETFs . . . a storm of exotic instruments, each of which is carefully logged, cross-checked and audited.

Or perhaps not. High-flying traders find such backroom work tedious, and prefer to let some drone do it, just as they did with those money-market instruments that fuelled the banking crisis. **The drones will have full control of the paper trail, won't they? There's surely no chance that the Fed's little delivery difficulty has anything to do with the cat's-cradle of [pledges based on the gold in its vaults](#)?**

John Hathaway suspects there is. He worries about all the paper (and pixels) linked to gold. He runs the Tocqueville gold fund (the clue is in the name) and doesn't share the near-universal [gloom of London's gold analysts](#), who a year ago forecast an average \$1700 for 2013. It is currently \$1,260.

As has been remarked here before, forecasting the price is for mugs and bugs. **But one day the ties that bind this pixelated gold may break, with potentially catastrophic results. So if you fancy gold at today's depressed price, learn from Buba and demand delivery.**

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