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EMPOWERING INVESTORS SINCE 1997

THE DEFINITIVE GOLD INVESTING GUIDE

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Why Invest In Gold?

Here Are The Top Reasons You Need To Diversify Now

Why Should You Invest in Gold?

- "Stocks and bonds are where it's at," say the mainstream experts. "True value comes from the market."
- "Gold is not an investment," others say. "It doesn't pay you dividends."

Yet precious metals like gold are the only real commodities to maintain strong value throughout the history of civilization. As far as historical performance, nothing—not even stocks—can beat the millennia-old consistency of gold.

- If you're worried about financial crisis…
- If you know that inflation eats away at your fiat currency…
- If you want a way to feel safe with a stronger portfolio…

…then investing in gold isn't just an option. It's one of the necessities required to build a strong portfolio. Here's why.

1. Gold Has the Longest Track Record of Any Currency in History

"Gold and silver have, uninterruptedly to this day, continued to be the universal currency of the commercial and civilized world…"

-Jim Rickards, ***The Death of Money***

It's funny when personal finance experts point to gold's average returns over the past hundred years. Not because they're wrong. They're often quoting active, measurable data.
The funny part is the "past hundred years."

Carthaginian coins from c. 310 – 290 BC.

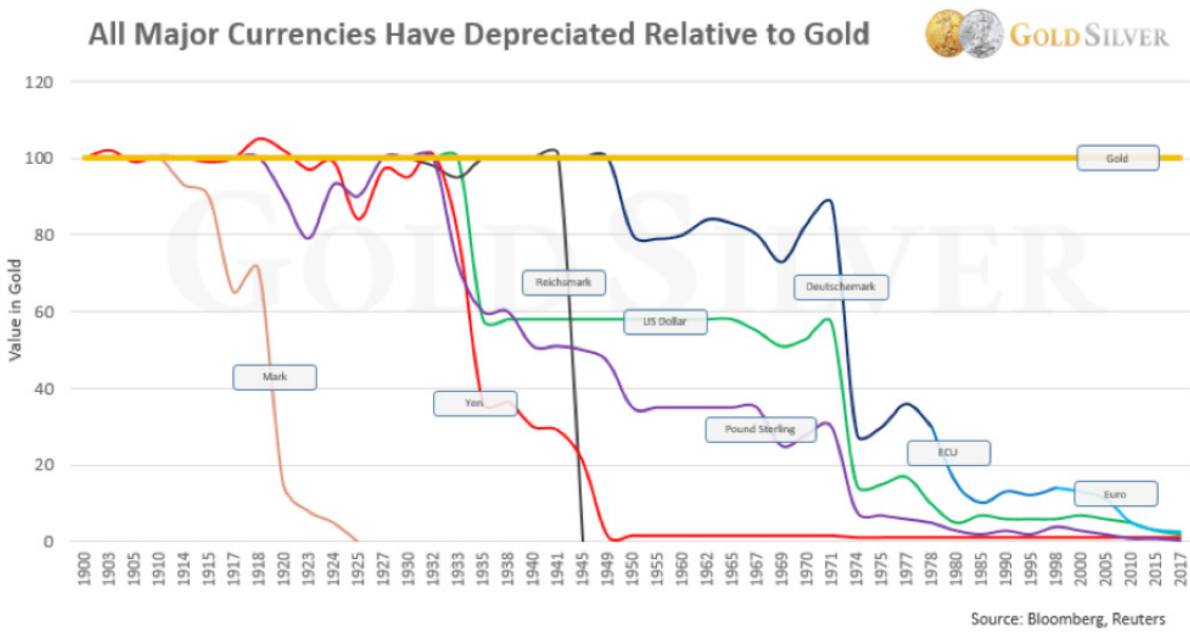
The fact is, gold serves a purpose today that has continued largely uninterrupted for thousands of years: **gold is money**.

- Records of gold-as-official-government-currency date back to before the birth of Christ, including serving as the currency of King Croesus.
- Gold continued to serve as currency throughout ancient Rome and the Middle-Ages, even serving as the backing for modern currencies until the 20th century.
- Even in the electronic age, you'll find "gold debit cards" that use gold backing to ensure financial stability.

There's no denying the track record: gold is essentially a permanent form of money. Aside from silver, it is perhaps the only permanent form of money we have.

2. Gold Maintains Its Value Over Long Timelines

Want to see some startling numbers in favor of gold? You simply need to compare gold to fiat currency. In an article at GoldSilver.com, you can find the following chart:



The list goes on and on. Even popular currencies—the Swiss Franc, the Euro, the Hong Kong dollar, the New Zealand dollar—lose value when measured against permanent money, or gold. For a long time in the United States, it was possible to exchange only $20 for an ounce of gold. Today, it would take you well over a thousand dollars to buy the same amount of gold.

While it's tempting to say that this makes gold a fantastic investment that will yield you great returns, there's something scarier going on here: i.e. **the loss of monetary value in fiat currency.** Think about it: if gold has maintained a relatively stable supply and value since antiquity, but it takes you *more* dollars today to buy a single ounce of gold than it did twenty years ago, what does that say about the value of the stocks and savings accounts you own, denominated in dollars? It says maybe those dollars aren't what they used to be. Those who look for gold's *rate of return* over time completely fail to see that gold is not an investment in the way you think of stocks and bonds as investments. Gold is essentially **a different form of money.**

True, you can't take your gold to the gas station and buy a gallon of gas. But you *will* find that a gram of gold will yield as much money as it takes to fill up your gas tank—in just about any era.
The same can't be said about your dollars and your euros. In fact, the US dollar, according to USInflationCalculator.com, has inflated **2,374.3%** between 1913 and 1917. The price of gold back then—about $20 per ounce—has since inflated to $494.86. Gold today is worth far more than that, which shows just how far the disparity between dollars and ounces of gold has come.

Is gold really an investment you can afford to miss out on?

3. Gold Performs Very Well Against the Stock Market

Here's where we get a little controversial.

It's tempting to say that the stock market is the most powerful tool for wealth generation in existence. And there is some evidence that the stock market performs very well over time. But you have to remember that in the United States, your stock market prices will still be measured in *dollars*—which is only one form of currency.

Let's look at it a different way.

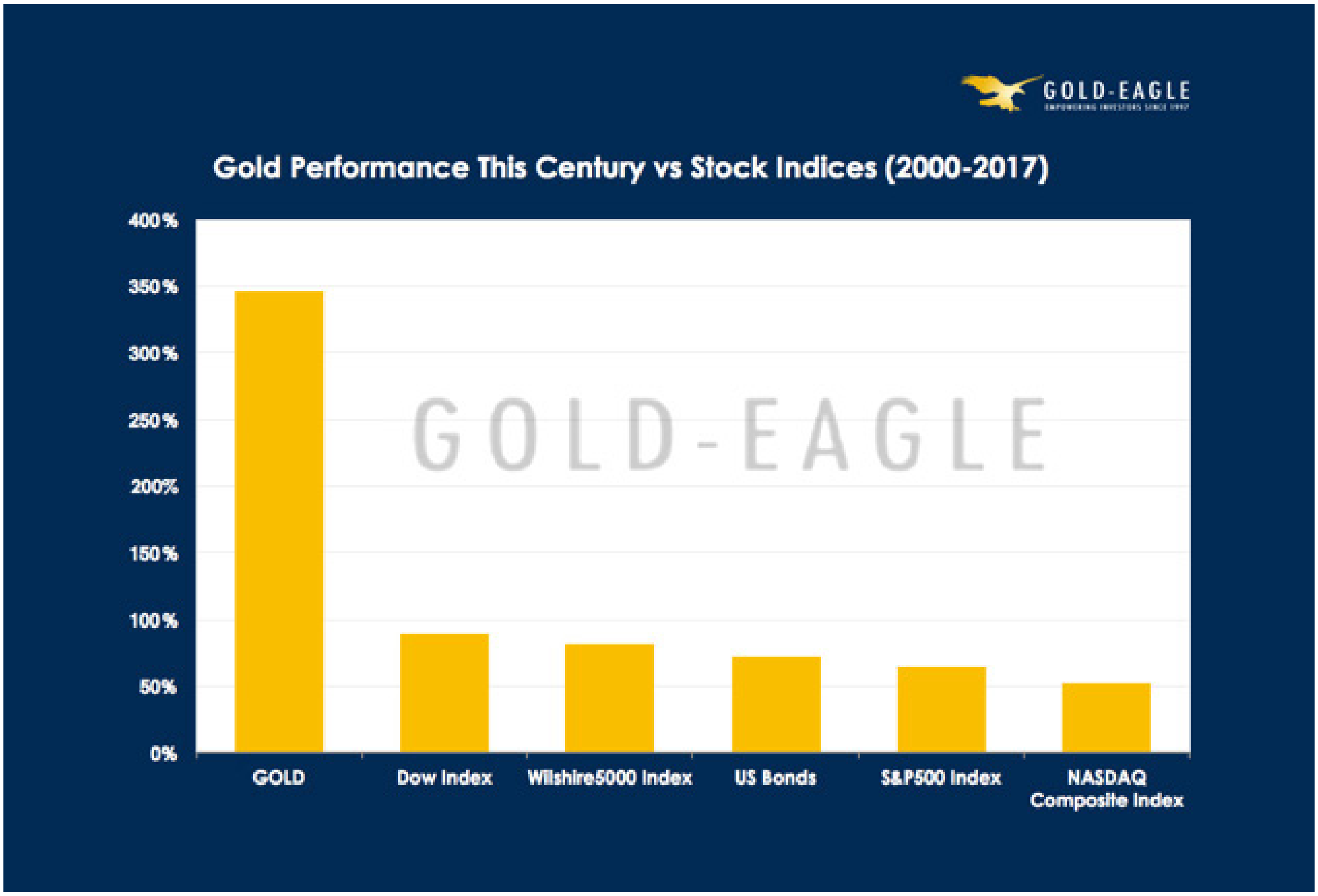
What if you measured the stock market in gold?

Source: MacroTrends.net

Suddenly the picture isn't so rosy after all. The stock market's relative value to gold is not the "exponential curve" that some would have you believe. In fact, for extended periods of time, such as after significant economic crashes, you would actually *lose* money on the stock market when measured relative to gold. Although the trendline is up as of our current timeline, the truth is that it only takes one correction to move the market back down relative to gold.

When the next financial crisis comes, where do you want your money to be? In the stock market alone, or partially diversified with gold and silver investments?

If you're still not sure, consider the following chart:



When you weigh the performance of gold this century, it's clear that the history of gold doesn't *have* to be relevant dating back to thousands of years. It's doing perfectly well in our modern century. It's supposed to be the "safe-haven" investment, yet if you put your dollars in gold in 2000, you would have seen major returns. That's a pretty darn safe place to park your money.

4. Gold Retains Its Value Even in Times of Financial and Geopolitical Crisis

- Did you know that if you were heavily invested in gold during the '07-'09 financial crisis, you enjoyed a significant return on your investments?
- Did you know that when the S&P500 fell some 19% in 1998, gold only fell 5% during the same period?
- Did you know that in fewer than two years during the Carter administration, the S&P500 lost almost 20% of its value while gold increased by +53.8%?

What's going on here?

Simple: when financial and geopolitical crisis strikes, the smart investors put their money into gold. Avoiding major losses in the stock market requires *some* place to store your wealth, and well-diversified investors with some precious metal holdings are positioned to minimize losses and even look for gains.

Right now is the perfect time to prepare for the next crisis. Not only are stocks at alltime records in 2017, but gold and silver prices are accessible enough to create a nice hedge against major financial crises.

When the stock market declines, gold is resilient.

It's rare to find an investment in which times of crisis are *good* for the investment. Even while gold holds on to some value in good times, it seems to especially shine when everyone is panicking.

Wouldn't it be nice to be one of the investors *not* panicking for once?

5. Gold is an Ideal Way to Diversify Away from Paper Assets

"Paper assets" like fiat currencies and stocks have their role in your portfolio—no question about it. But if they were perfect as investment vehicles, you'd never hear financial advisors say a word about "diversification."

Diversification isn't just for the kinds of stocks you hold. It's also about which **asset classes** you hold. Consider this:

- In a crisis, paper assets hold no intrinsic worth. Try feeding your family with a share of plummeting stock—it's not easy.
- Gold has never gone to zero...but many stocks have in the past. In fact, we can trace thousands of years of gold value throughout history—not once has gold ever gone to zero. Even when ancient Rome inflated its currency, it did so by getting away from gold. Not even the East India Trading Company can beat that kind of performance.
- Inflation is an "invisible tax" that eats away at your wealth. Even if your portfolio goes up 5% one year in dollars, a rate of 3% inflation means you've barely moved forward. That's simply not enough value to build a safe and strong retirement nest egg for you and yours.

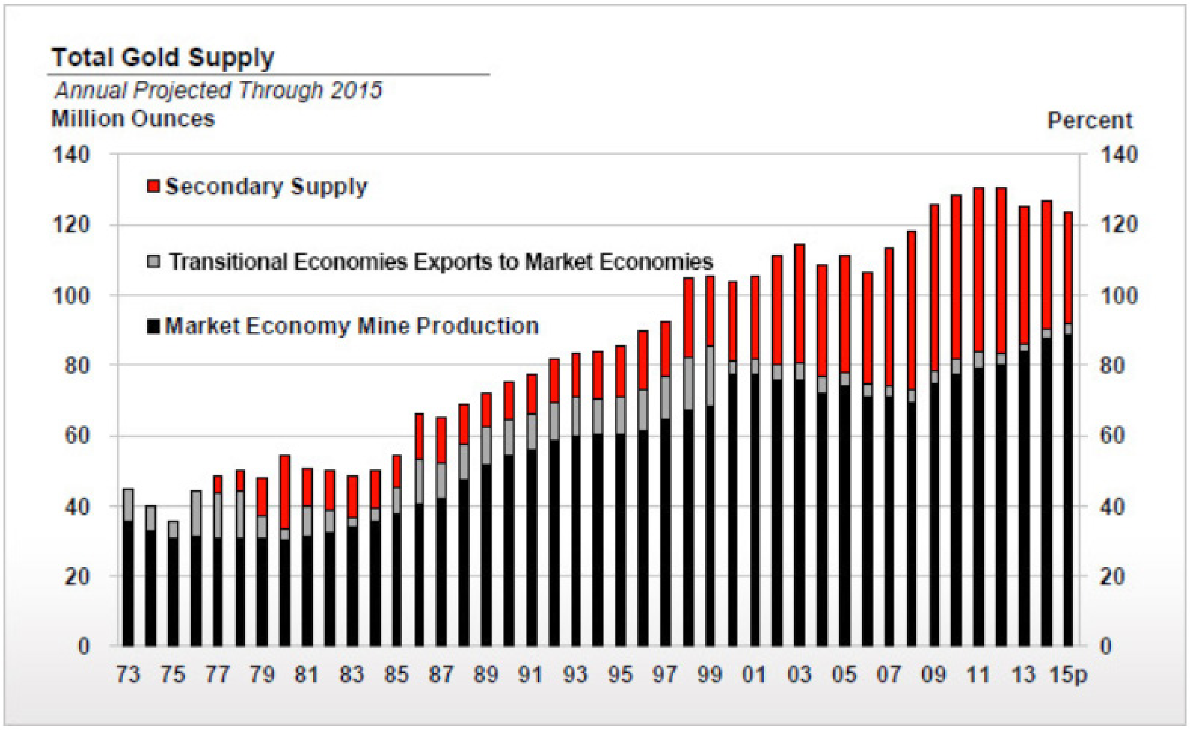
6. Gold is a Finite Resource—Its Value and Demand Only Goes Up

The world is getting more and more populated. The supply of gold, however, is somewhat limited—and it requires money to dig out of the ground.

This presents investors with an interesting crystal ball: unless a gold asteroid hits, there is going to be more gold demand as the world's population expands. Gold will become *more* scarce, not less scarce.

The same can't be said for paper currencies. Paper currencies are easily inflated via central bank manipulation, which in turn drives down those dollars you hold in stocks, bank accounts, and other paper assets.

Consider the following chart from Kitco:



The gold supply has seen a steady rise in recent years, although much of it has come from the *secondary* supply. Yet compare this to the world's population growth over the same time period: a population of around 4 billion has exploded into well over 7 billion, with no end in sight.

Even a stable increase in supply—if gold does see that supply continue—will still yield to the increase in demand, which keeps the price of gold healthy.

7. Gold is a Tangible Asset

According to world currency expert Jim Rickards—from whom you saw a quote earlier—there is no "button" on gold that Vladimir Putin can push and wipe away your gold's value.

Gold is there. It sits in safes, vaults, banks. It can be touched, felt, watched. As a tangible asset, it increases in value in times of crisis as investors flock to the more tangible assets to reduce their losses.

Tangibility is not to be overlooked. Consider the advantages of holding tangible assets:

- Gold is secure. What hacker or world leader can sabotage an account full of gold? The gold cannot be "hacked" away into losing its value. It's either there or it isn't. Bitcoin and Cryptocurrencies are secure, but that does not mean they are invulnerable to hacking. Only tangible assets are.

- Gold is portable. Real estate can't be hacked, either, but you can't move it. Gold, on the other hand, is portable. You can take it overseas (as long as you follow the proper reporting procedures), you can store it in a bank, you can store it in your safe, you can go and bury it in the woods. It is a dense metal, to be sure, but it's even more dense in wealth, which means it's easy to move large amounts of physical wealth through gold.

- Gold is anonymous. Physical gold, at the very least, is an anonymous purchase. You simply make it and hold it. There are no paper requirements that say, "I hold this physical gold." You can simply hold it in a safe or a safe deposit box. It's just as easy to invest in paper gold assets that are backed by physical gold, though you will lose some anonymity.

Why diversify in gold? Because gold is the ultimate tool of financial diversification and hedging against crisis. Only silver shares the rich history—even if it doesn't share the value. Gold is valuable, physical, tangible, secure, and won't be washed away by the next market correction.

Doesn't it sound worth it to keep a portion of your portfolio in gold?

How To Invest In Gold

How To Invest in Gold

Now that you know *why* to invest in gold, the next natural question is simple:

How?

Is it as simple as buying up gold bullion and gold coins? Should you purchase gold ETFs? What about stock in gold mining companies? Should you invest with a Gold IRA?

These are a lot of questions. And the answers can sometimes get complicated. To find the best solution for *you*, you have to know all of the options on the table.

The good news? There are plenty of great options to consider. These include:

- Physical Gold Bullion
- Gold Futures and Stocks
- Gold ETFs
- Gold IRAs
- Gold Mining Stocks

Physical Gold Bullion: For Security You Can Feel

"I like gold because it is a stabilizer; it is an insurance policy."

-Kevin O'Leary of ***"Shark Tank"***

That quote isn't an abstract thought. It's what really happens when you purchase gold. O'Leary says he maintains a degree of both paper gold (ownership of gold assets) and physical gold bullion to keep his overall net worth from becoming too volatile.

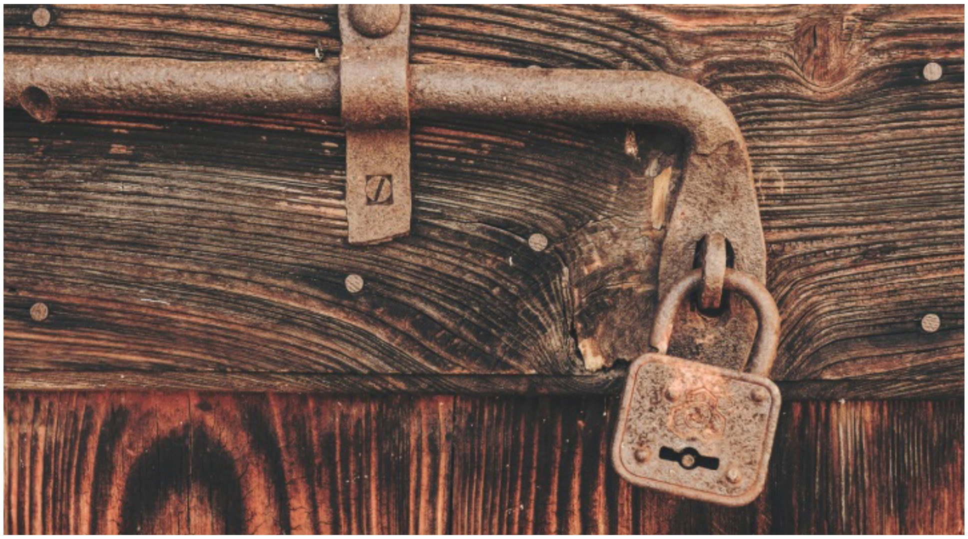
Shouldn't you do the same?

Before we go buying gold bullion, however, let's define what it means. Gold bullion refers to the actual physical ownership of gold. Generally, this comes in one of these forms:

- **Gold bars or ingots.** Gold bars, like coins, can be made in different sizes. A one-ounce bar will be the size of a coin. Governments and central banks can maintain a large ownership of wealth with larger, concentrated bars of gold.
- **Gold coins.** Gold coins may also range in size, although the most typical size is a simple coin of one troy ounce, which is the unit in which gold's price is measured. In a minute, we'll go through some of the popular gold coins you can buy, which maintain a high degree of trading value.

Because a single troy ounce coin of gold may contain thousands of dollars' worth in value, it's not hard to keep a vast sum of wealth in a relatively small space. This makes gold bullion one of the most efficient ways to store wealth there is.

But let's think about that word "store" for a moment.



Storage Options For Gold Bullion

When you store gold bullion, you'll want that storage to achieve the following:

- **Security.** With a lot of money stored in gold, you need to be sure that wherever your gold is, it's safe and not under direct threat from robbery.
- **Accessibility.** Buying a safe and burying it in the woods is *secure*, but it's not *accessible*. Ideally, you'll want to locate and access your gold bullion quickly should you ever have need of it.
- **Flexibility.** Is it easy to move your gold from one place of storage to another? Do you have to handle security if you go on vacation, or is it already taken care of? Flexibility is an often-overlooked aspect of gold bullion storage.

Looking at the list above, you'll generally find a few storage options that fit the criteria.

A home safe is very popular. If you can secure the safe itself to the home, that's even better. Although you might lose some flexibility this way, there will be plenty of security and accessibility. You can lock the safe any time you want to keep out intruders, and you can access the safe whenever you have need of the gold. **Gold hiding spots**, such as books that are really lockboxes, are another option, but keep in mind that these can be easier to remove if discovered.

A safe deposit box inside a bank is another option. It meets all three standards: It is secure, it is accessible and it is flexible. It might be a *little* less accessible than your home safe, but it will still be waiting for you there whenever you have need of it. Banks also offer superior security than you have at home. The main downside here is that you will likely have to pay ongoing fees to maintain the safe deposit box.

Bullion facilities are a great option for those with a lot of gold to stash away. You will lose some accessibility, but security and flexibility are high. And for those benefits, you'll also be expected to pay fees beyond what a bank will charge for a safe deposit box.

Which Coins Should You Buy?

Once you've chosen a way to secure your bullion, you'll want to think about the type of bullion you buy as well.

Start with coins that are approved and minted by sovereign governments:

- **United States:** Gold Eagles
- **Canada:** Maple Leaf
- **Austria:** Philharmonics
- **South Africa:** Krugerrand

For example, if you're from the United States, you'll have plenty of success simply buying up Gold Eagles for your investment.

Why buy these coins specifically? **These are the easiest to buy and sell.** If gold spikes and you want to sell off some of your bullion, you'll have a much better time of it with a stash of Gold Eagles—these Gold Eagles have their gold purity guaranteed by the U.S. Mint.

They're also the coins that are easiest to identify. That's good news for you, if you ever need to sell them: simply bring them to a gold/silver dealer and they'll immediately know what they're looking at. And because *they* can also resell these coins at a high value, you're likely to get top price.

Want to know some more of the top coins to consider? In addition to the American Eagles and others mentioned above, here are other coins that hold on to a lot of their value:

Front of gold American Buffalo coin

- American Buffalo
- British Britannia
- ½ Ounce Coins: American Eagles, Canadian Maple Leaf
- ¼ Ounce Coins: The Same

Is it true that you can get lower prices on simple rounds, created by individual companies? It is. These are typically less in value to purchase, which means you can get more bang for your buck. But the key here is **resale value**. And you might want to think about how difficult it is to sell these coins as opposed to the mainstream gold coins you've read on this list.

Understanding Gold Futures And Gold Stocks

Now we enter the realm of investment and speculation. Why "speculation"? Because when you buy **gold options** in the US through the Chicago Mercantile Exchange, you're essentially buying up the right to buy gold at a specific price. As you might imagine, this requires something of a "crystal ball" when it comes to gold prices—and that becomes the tricky part. (Be sure to check out TheOptionsGuide.com for a thorough look into what investing Gold Futures is like).

Gold stocks can be similarly tricky—but potentially rewarding. Just as you would for any stock in your portfolio, you need to go beyond the price of the commodity and think about the company on an individual level. Is this company sound? Are the fundamentals there? What is the P/E ratio? Does it have debt? What is the market capitalization? These are all questions you're used to as a regular stock investor. For gold stocks, they're equally important.

Gold stocks are, however, often driven by the price of gold itself. For example if you owned money in gold stocks after the 2016 Brexit spike, there's a good chance that your gold stock rose in price. It wasn't guaranteed—but it was a safe bet to imagine that higher gold prices benefited the company in which you own stock.

Stocks can be great. If a stock skyrockets, your portfolio takes off. But they're also risky. If one stock tanks—and your portfolio is largely over-weight in that particular stock—you're looking at some trouble.

The solution for some investors is to broaden their exposure to the gold market, i.e. diversifying their portfolio through Gold **Exchange-Traded Funds**.

Gold ETFs

An ETF (Exchange-Traded Fund) is essentially a collection of stocks, usually aimed at tracking one sector of the economy. You buy and sell ETFs just like you would buy and sell a stock, which makes the process of diversification much simpler.

A Gold ETF can own underlying assets that aren't limited to gold stocks. For example, it can even hold gold bars. This means that certain gold ETFs with plenty of exposure to gold bullion will reflect gold prices. It makes for an easy, lower-risk way to provide your portfolio with more exposure to the gold market.

If you like the idea of more exposure to gold...but hate the idea of day-trading or putting all of your eggs in one basket, Gold ETFs make a solid option for a broad diversified portfolio.

Gold IRAs: Gold Investing Through Retirement Accounts

One of the most popular ways to invest in gold is to count on its reliability as you build a retirement nest egg. This is achieved through a Gold IRA.

Essentially, a Gold IRA works like any other retirement account—except you hold *gold*. You can hold gold *and* silver in one Gold IRA, so long as you buy from the approved coins, such as:

- American Gold and Silver Eagles
- American Gold Buffalos
- Australian Gold Nugget/Kangaroo Coins
- Canadian Gold Maple Leafs
- Credit Suisse Gold Bars
- Australian Kookaburra Silver Coins

You may also invest in platinum and palladium coins. For a full list of approved coins for your Gold IRA, click over to our Gold IRA guide.

How do these IRAs work when it comes to structuring the ownership of gold? Simple: It's a Self-Directed IRA. With Self-Directed IRAs, you'll work with a "custodian" who keeps the IRA independent of your personal assets. Your custodian can then inform you about how to hold the physical silver and gold you're looking for.

Keep in mind there are some limitations. **Caveat Emptor:** Rare coins not on the approved list will not be considered valid items you may add into your retirement account. But there are also great benefits as well, particularly if you match the retirement account type to your specific strategies—for example, a Gold Roth IRA.

There are many Gold IRA companies to consider. For a list of 10 of the best Gold IRA companies, check out this Gold IRA Guide.

Individual Gold Mining Stocks

Though we touched on stocks lightly before, let's give them their proper importance. Gold stocks can be of tremendous value in any portfolio.

Not only do some gold stocks pay dividends, but the value of the gold stocks can grow over time, which in turn helps fuel even more value as the prices of precious metals rise. This kind of value can be hard to realize in stock brokerage accounts without some degree of exposure to gold stocks.

As mentioned earlier, gold stocks can be both tricky and rewarding. One must consider: Which company is the right one to invest in? Which one has the best fundamentals?

Although you can expose your portfolio to gold investing with ETFs, individual stocks offer the chance of greater risk and greater reward. This is particularly important with those investors who are looking for more aggressive growth in some parts of their portfolio.

Because these stocks are bought and sold on the market like any other stocks, you'll have no problem acquiring them through an investment or brokerage account. You can simply buy them up as you would any other stock—and when you're ready to unload them, sell them off.

Making Your Gold Investments Work For You

Now that you have several options for securing gold investments for yourself, think about which strategies most line up with your long-term goals.

Physical bullion is a great hedge against inflation and economic troubles, giving you real, physical security you can rely on.

Gold ETFs, stocks and Futures are ways to invest in gold if you are keen on finding value in the markets. They also can help you increase or decrease risk through diversification—depending on how you use them.

You might even incorporate a whole range of strategies as you invest in gold, adding up to a certain percentage of your portfolio exposed to precious metals. This is not only a wise way to go about it, but may provide you with peace of mind, knowing that even if a market crash comes tomorrow, part of your portfolio will be held in precious metals.

Is The Gold Market Manipulated?

The Metals Market Was Not Manipulated To Drop From 2011 To 2015

By Avi Gilburt

It is a fact that financial markets go up and financial markets go down. That is what markets do over the course of time. And, if you intend on placing your money into the market, you must accept this truism. Yet, we have many trying to convince the masses that when metals go down and when equity markets go up it is all due to manipulation, and when they react in the opposite direction, then they are following their natural course. And, personally, I am sick of it.

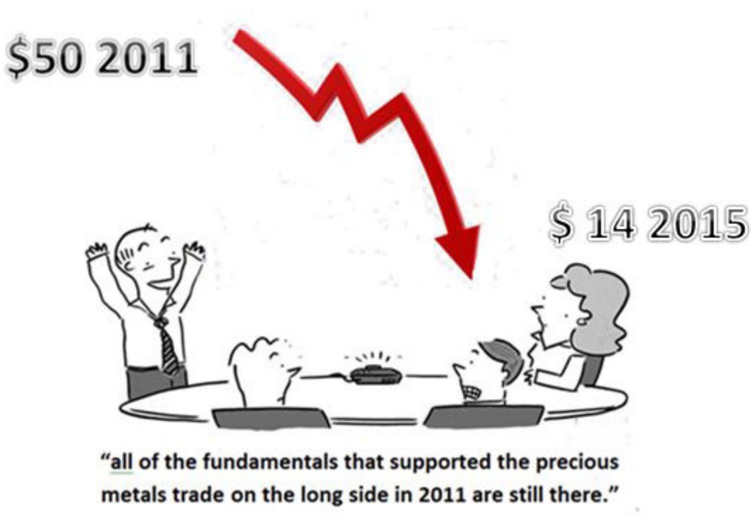
When we look back at 2011, and we read the articles being published back then, it stands out quite clearly how bullish 99% of the market was at the time. One would have to search long and hard to find an analyst who did not believe that it was a certainty that gold would eclipse the $2,000 mark. Yes, the analyst community got this one really wrong.

Back in 2011, very few saw the top coming in the metals markets. While our analysts at Elliottwavetrader.net were warning investors to exit the market, and for aggressive traders to begin shorting, most analysts and market participants were still looking higher while the metals were topping.

"Again, since we are most probably in the final stages of this parabolic fifth wave "blow-off-top," I would seriously consider anything approaching the $1,915 level to be a potential target for a top at this time."

Avi Gilburt, August 22, 2011

Very few others expected a top in the $1,900 region or the action seen in the metals market during 2011-2015. Most were advising investors to just keep buying, since they "knew" the market was certainly going much higher.



What is even more egregious is that the same analysts that were suggesting investors buy at the highs continued to make the same suggestions all the way down during the 5-year correction. They believed that the fundamentals of the gold market were strong during the entire decline, despite silver losing 75% of its value "while the fundamentals were strong."

But, when the markets began the correction we called for in 2011, those that were still looking higher became frantic. They had investors following their advice who were getting more and more angry with them as the metals dropped further and further. Surely, these analysts could not have been wrong. I mean, how could the metals drop rather than continue to rally? This was clearly not supposed to happen. There must be another reason, as they simply could not admit to those following their advice that they were simply wrong and were caught flat footed at the market highs.

The Rise Of The Recent "Manipulation Theories"

After the top was struck 2011, the manipulation theories began to take flight (especially when the metals market could not). And, as the metals began to drop precipitously, this became an easy scapegoat for the analysts who were caught looking higher. It was an easy out for them to tell their followers that they were really not wrong, since it was the big-bad-banks and the evil central banks who colluded to cheat everyone out of their money.

The lower the metals dropped, and the more wrong these analysts proved themselves to be, the louder the manipulation cries became. In fact, and almost comically, many of them finally began to turn bearish towards the end of 2015 (as we were approaching the lows), after remaining staunchly bullish during silver's 75% fall. As we were approaching the lows in the market at the end of 2015, all these same analysts became certain that gold was going to drop below $1,000. In retrospect, they were the best contrarian indicators the market had to offer. And, their excuse was "manipulation," but never their own obvious failures.

Yet, on December 30th, 2015, I urged investors to be moving back into the metals complex, as we were looking for a long-term bottom to be struck imminently due to the significant bearishness evident in the market:

As we move into 2016, I believe there is a greater than 80% probability that we finally see a long term bottom formed in the metals and miners and the long term bull market resumes. Those that followed our advice in 2011, and moved out of this market for the correction we expected, are now moving back into this market as we approach the long term bottom. In 2011, before gold even topped, we set our ideal target for this correction in the $700-$1,000 region in gold. We are now reaching our ideal target region, and the pattern we have developed over the last 4 years is just about complete. . . For those interested in my advice, I would highly suggest you start moving back into this market with your long term money . . .

So, let me provide you with the first question you have to consider if you believe in manipulation taking the market down from 2011 to 2015: If the metals were truly manipulated to drop from 2011 to 2015, how could we have pinpointed both the top and the bottom to the market? Well, that is, unless we were the ones who were doing the manipulation. (smile).

Investors Are Manipulated More Than the Market

Let's examine the "substance" of the manipulation theorists claims a bit more carefully. Once you uncover their "reasoning," you will see that their claims are nothing more than using quotes out of context to prove that a paper cut caused the market to bleed to death.

If you read all the "proof" presented by the manipulation theorists, and really think about what it means, you would recognize that they are misleading their "believers" in one of two ways.

Quotes taken out of context

First, they present statements taken out of context as "proof of clear manipulation." In the past, I have highlighted this commonly used method with an often-quoted statement by former Fed Chairman Alan Greenspan, which is used by the manipulation theorists as a supposed admission of manipulation by the Fed.

Quite some time ago, I wrote an article explaining why I did not believe that the metals market was manipulated by the Fed to drop by 40% in gold and 70% in silver. A commenter to that article argued that even Alan Greenspan, in his testimony before the Committee on Banking and Financial Services in 1998, noted that there was clear manipulation by the Fed in the gold market. In fact, he took this information from a GATA paper written on this matter. This opinion is based upon one line in that testimony, where Greenspan stated that "central banks stand ready to lease gold in increasing quantities should the price rise."

Sounds like he found the smoking gun, right?

Not really, if you read everything he actually said.

You see, these manipulation theorists quote only the sections of a proposition they feel supports their theory, while they ignore everything else said by that person. They simply take these quotes out of context in order to provide their own context and spin to the quotes. To hell with the truth.

In our example of this supposed quote by Greenspan proving manipulation, if one were to actually read the entire paragraph cited by the manipulation theorists, you would realize that Mr. Greenspan was not claiming that the Fed was actually leasing gold to manipulate the price. Rather, Mr. Greenspan was discussing a hypothetical methodology which MAY combat an attempt at market manipulation in the gold market. Yes, you heard me right. Mr. Greenspan was not "admitting" that the Fed leases gold to manipulate the price, as the manipulation theorists would have you believe. He was discussing a hypothetical methodology through which the Fed MAY use to combat attempts at manipulation by someone else in the market.

Again, it deserves repeating. Mr. Greenspan did not admit that the Fed manipulates gold. Mr. Greenspan did not even note that there was anyone who manipulated gold. Rather, he was saying that IF someone attempted to manipulate the gold market, the Fed MAY have a tool to combat such manipulation attempts. More importantly, he never even opined as to whether such a tool would or could even be successful.

Now here comes the kicker, which will NEVER be cited by the manipulation theorists. Within that exact same testimony, and only a few paragraphs later, Mr. Greenspan not only noted that manipulation did not likely exist in the gold market, but even said that the market was not likely susceptible to manipulation at all:

"Even with centralized execution or clearing, the most relevant attributes of these markets would not resemble those of the agricultural futures markets and hence would not be susceptible to manipulation."

Yes, please read that again. Mr. Greenspan noted that the gold market "would not be susceptible to manipulation."

But, don't even attempt to show these people what Greenspan REALLY said, as they are the Foghorn Leghorn of the metals world:

"Don't bother me with facts, son. I've already made up my mind."

A paper cut caused the market to bleed to death

The second method through which they attempt to prove wholesale manipulation is to point to evidence of small price manipulations and suggest that these "paper cuts" have caused the market to bleed to death. None of their supposed "proof" provides even a shred of clear evidence that the gold market was manipulated to drop over 40% and that the silver market was manipulated to drop over 70%.

The latest supporting "evidence" to which the manipulation theorists proudly hang their hat is the recent news about Deutsche Bank's admission of "manipulation." Everyone now assumes they have found the smoking gun which "caused" silver to drop by over 70%, which proves they were not wrong to be bullish all the way down. Of course, they can now "prove" that everyone was cheated out of their money due to this "manipulated" decline of 70%. Right?

Wrong. This was not the first case regarding market manipulation, nor will it likely be the last. But, what many do not point out is that the manipulation dealt with in these cases is not the "manipulation" to which all the analysts have been pointing to explain why silver lost 70% of its value when they did not see it coming.

You see, the manipulation dealt with in these cases were attempts by these banks to move the market by a very small percentage in order to make a quick buck off a very small move which they attempted to control, often during low volume periods of market action. This is what is claimed within the actual legal complaints filed against these banks, which generally provide that the banks "manipulated the bid-ask spreads of silver market instruments throughout the trading day in order to enhance their profits at the expense of the class."

Moreover, and quite importantly, this type of small degree "manipulation" occurred whether the market was going up or going down, and such manipulation was not geared towards only dropping the market lower, as the manipulation theorists want you to believe. Please read that again. It was not claimed in these lawsuits that the manipulation had the purpose of taking the market down as you have been led to believe.

These lawsuits do not support the commonly held proposition that the market was "manipulated" to drop 70%, as in the case of silver. To claim that these small degree "manipulations" caused the market to drop 70% is complete unsupportable nonsense, and is only used as a scapegoat by those who have been very wrong about the market, but refuse to take responsibility for their decisions.

While many will undoubtedly misread my conclusions as my claiming that there is no manipulation in the market, and post comments about how wrong I am about claiming there is no manipulation at all in the market, I suggest you actually read what I have said again. And, if you still cannot come to the correct conclusions, allow me to lead you in the right direction.

I do recognize that there is "manipulation" in the market by larger market participants. But, as the cases on the matter clearly point out, these "manipulations" are of a very small degree of market movement, or, "paper cuts," as I have referred to them above. Moreover, as the cases also present, these small degree manipulations occur in both directions. Please read that again:
THESE SUPPOSED SMALL DEGREE MANIPULATIONS OCCURRED IN BOTH DIRECTIONS.

Therefore, my proposition is that such "manipulation" did not cause gold to drop by 40% and silver to drop by 70%. And, I will reiterate my proposition that proof of a "paper cut" is not what caused the market to bleed to death. Rather, we call that a market correction and not a market manipulation. Accept it.

Consider the motivation of the manipulation theorists

There is not a single market in the world that does not move in two directions over the short and intermediate term. However, overall, over the very long term, markets generally trend upwards. And, the reason financial markets trend upwards over the very long term is that society is generally progressing over the very long term. But, based upon the manipulation theorists' perspective, we should only progress in the price of gold and never experience periods of regression. From their perspective, the metals should act differently than any other asset on the face of the planet.

You see, if one understands that markets do not move in only one direction over the intermediate and shorter term, then one would have been able to recognize that the market was topping back in 2011. So, the next time you consider giving any credence to the manipulation theorists, look to see if there was even one manipulation theorist that recognized the market was topping back in 2011, or if they were wildly - and wrongly - bullish at the time? I think we all know the answer to that question.

So, could it be that their "theory" is attempting to mask their abject failure between 2011-2015? One really has to begin to question the motivation behind these manipulation theorists. What prompted them to head down this path?

Well, let's be honest and recognize that not a single one of them recognized the top in 2011, as they were each wildly bullish at the market highs of 2011. They did not recognize the impending sentiment change in the market. They had no clue that the market was about to reverse. All they saw was a one direction market, and they looked quite foolish still looking for the market to "certainly" exceed $2,000, while the market was setting up to target $1,000. Do you think it would be good for business or their reputations if they were caught being so dreadfully wrong about market direction? They had no choice but to come up with something to save face. They needed a scapegoat.

Even if you do not buy into the fact that markets progress and regress in natural due course, for the sake of your investment account, you should at least consider what 2011-2015 has meant to your investment account.

We can all agree that the ultimate goal for every single investor is to develop the appropriate tools to align their investment account with price. Anything else is a side show or misdirection. So, if there is someone who is providing you with an excuse as to why they have been on the wrong side of price during a 50%+ draw down, for the benefit of your investment account, their perspective must be discounted, especially if they are trying to blame someone else for their failure.

Is there any other market in the world where you would adopt or accept such excuses for being so horribly wrong? Then why are you so willing to buy into the specious claims of the manipulation theorists?

Avi Gilburt

Avi Gilburt is founder of *ElliottWaveTrader.net,* an interactive online trading room with over 3000 subscribers and 15 analysts covering US equity markets, US individual stocks, precious metals and mining stocks, bonds, major world equity markets, the energy market, forex, crypto-currencies, and options trading.

Avi has quickly become known as one of the top analysts in the world, specifically for his analysis in the US equity market and the precious metals sector. In 2011, those that heeded his warning of a top to the metals market exited the market within $6 of the all-time high struck in gold. Avi then bought back at the specific bottom of the market the night the December 2015 low was struck.

A popular speaker at financial forums and conferences in the U.S. and internationally, and is widely syndicated on sites including Gold-Eagle, MarketWatch, TheStreet, Seeking Alpha, Nasdaq, Forbes and more.

The Myth That Gold Prices Are Not Manipulated

By Gary Christenson

Yes, gold prices are manipulated! Prices are manipulated in most markets so this should be no surprise. Confirmed manipulated markets include interest rates, LIBOR, stocks, sovereign debt, gold, silver, and crude oil.

In previous decades, markets were an exchange where willing buyers and willing sellers negotiated prices and exchanged assets. But most transactions today occur between ultra-high-speed computers, which use High Frequency Trading programs, sophisticated mathematical algorithms, spoofing, fake bids and other manipulative tools. Computers have replaced people driven markets and fundamental analysis from earlier decades.

Computerized trading provides many opportunities for manipulation and price management. The proprietary trading systems are profitable for the large players. JP Morgan almost never loses money on any trading days.

CENTRAL BANKS HAVE AN INCENTIVE TO MANIPULATE GOLD PRICES LOWER. GOLD COMPETES WITH CENTRAL BANK ISSUED FIAT CURRENCIES.

The Federal Reserve, and other central banks create, promote and defend their debt backed fiat currencies, as one should expect. “The full faith and credit” of their respective nations backs their paper currencies.

Gold stands alone, has no counter-party risk and does not need backing! It is a threat to debt based currencies backed by nothing but faith, debt and taxing authority. This encourages central banks and governments to manipulate and suppress prices to decrease recognition of continual currency devaluation and poor management.

Central banks devalue their currencies and must defend them against competing currencies. Gold is their most important competitor so western central banks disparage its importance. In their world, gold is a legacy asset which they claim is irrelevant in today’s digital financial systems.

However, Asian and Russian central banks value and buy gold bullion every year. They have increased their ownership and control over much of the global gold hoard.

The western central bank “anti-gold” perspective explains why Chairman Bernanke said in July 2013, “*Nobody really understands gold prices…*”

ANOTHER FORM OF CENTRAL BANK MANIPULATION IS GOLD "LEASING"

Gold "leasing" operations have been documented for over two decades. The following is a simple explanation.

A central bank "leases" gold to investment or bullion banks at a small interest rate to create income from their vaulted gold bullion.

The investment bank or bullion bank sells the gold bullion and purchases another asset such as U. S. Government Treasury Bonds. The investment bank earns a higher rate of interest on bonds, demand increases for dollars and bonds, and the added supply from "leasing" suppresses gold prices.

These consequences benefit governments, investment banks and central banks.

"Leasing" is profitable, particularly in a declining gold market such as during the 1980s and 1990s.

What happens when central banks want their leased gold returned? Perhaps central banks seldom or never ask for the return of their gold. Many have speculated the gold vaults in London and Fort Knox are partially empty because their gold has been "leased" and sold.

We don't know the truth about Fort Knox gold!

How can an investment bank sell gold it has leased but does not own? Further, how can a central bank "lease" gold knowing the investment bank will sell the gold, which will never return to central bank vaults, and still claim that gold as an asset? Have the rules and logic of accounting changed?

Simple! Through the "magic" of central bank accounting, the "leased" gold, even if sold into the market, remains an asset on the books of the central bank, thanks to their own accounting rules.

Further, through more "magic" called hypothecating, the bank might sell the gold it "leased" many times to multiple buyers as unallocated gold. Title passes to the investor, but the gold remains in the bank vault. Because most investors will not demand physical delivery of their gold, the bank can hypothecate the gold.

A polite term for hypothecation is "fractional reserve gold sales." Banks can sell unallocated gold many times. Banks and central banks are reluctant to define specific bar information, such as dates, mint marks, weights and serial numbers, possibly for this reason. Owners of unallocated gold may be disappointed if they demand delivery of their gold during a panic in which many people want delivery of gold bullion.

Gold that has been "leased" and sold once, or many times, adds supply to the COMEX and London gold markets. Artificial supply suppresses prices or allows prices to rise slowly. Further, most gold transactions on the COMEX and in London are "paper gold" contracts. **Physical gold transactions are a tiny fraction of the "paper gold" transactions.**

Alan Greenspan, Chairman of the Federal Reserve, told Congress in July 1998 that, “central banks stand ready to lease gold in increasing quantities should the price rise.”

The average daily price for gold in 1998 was about $295 while the average price in 2016 was $1,250. **How many tons of gold have central banks “leased” in two decades and how much physical gold remains in their vaults, regardless of what their official accounts show? We don’t know.**

For an expanded explanation of gold “leasing” read “The New Case For Gold” by James Rickards, chapter four.

BANKS AND LARGE TRADERS HAVE AN INCENTIVE TO MANIPULATE THE GOLD MARKET. PROFITS CAN BE HUGE AND FINES FOR ILLEGAL MARKET MANIPULATION ARE TINY.

Many examples document and confirm market rigging and manipulation. Banks paid billions of dollars in fines for their illegal actions. The excessive profits earned by financial institutions buys favorable legislation and “stay out of jail” assurances from friendly government agencies. Banks treat the fines as a cost of doing business and pursue their profitable trading and hypothecating operations.

Such price manipulation happens because it’s profitable. As long as money and contributions buy politicians, Presidents and regulators we should expect continued manipulation.

Paper Gold Sales:

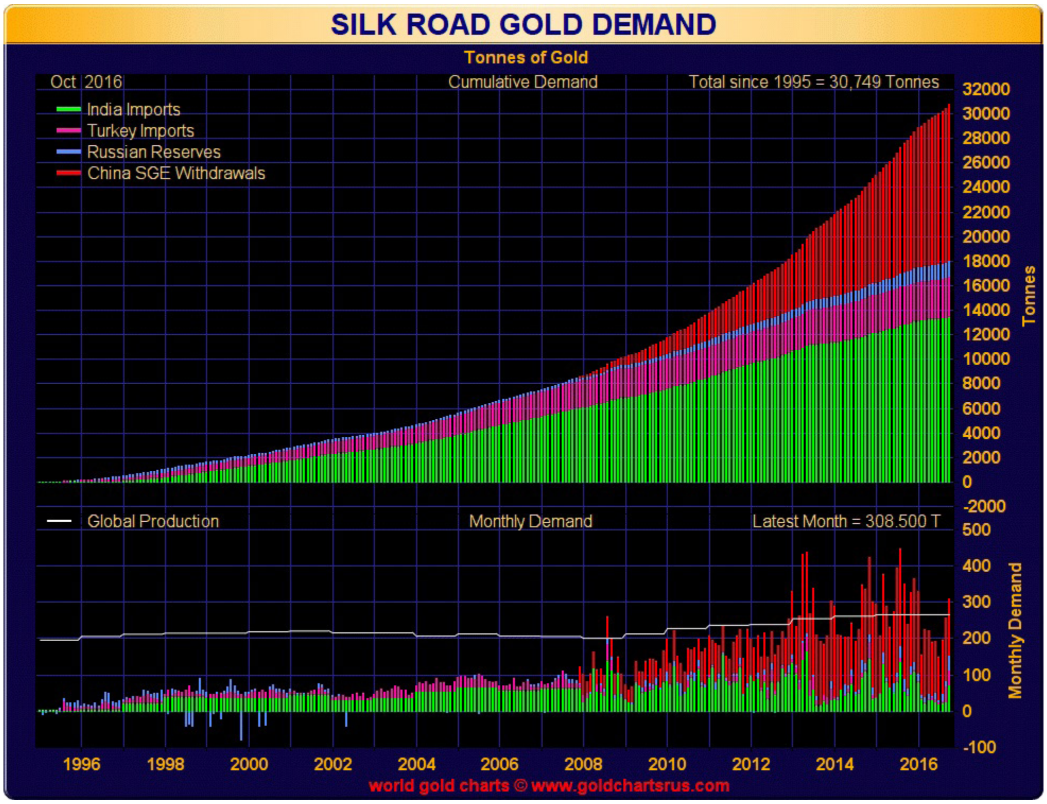
Suppose a large trader enters the gold futures market. The trader controls billions in capital and sells short a million ounces of paper gold in the futures market. Prices crash, no physical gold exchanges hands, and a few hours or days later the large trader buys back the gold contracts at a price well below his short selling price. Net profit for the trader, at the expense of others, can be hundreds of millions of dollars.

Because trading paper contracts is acceptable to regulators, such “bear raids” and “stop-runs” will continue and will create profits for large traders.

Traders can also buy long and create massive profits by pushing prices higher in a short time.

CHINA AND RUSSIA HAVE AN INCENTIVE TO MANIPULATE GOLD PRICES LOWER

For the past two decades, much of the gold vaulted in western countries has been "leased" and sold, shipped to Switzerland, and refined from 400 ounce "good delivery" bars into one kilo bars of 99.99% purity. Asian investors prefer such kilo bars, and thousands of tons of gold bars have left western vaults, and will not return for decades, if ever.



Most Asian governments and central banks do not accurately report their gold bullion holdings. As long as western nations sell gold and ship it to Switzerland and Asia, China will report she owns far less gold, so she does not panic the gold market and stimulate a huge rise in prices. China and Russia are large buyers of western gold. They want gold prices to stay low so they can exchange depreciating dollars for western gold which will increase in value and purchasing power.

When the gold flow into China slows, she may cease under-reporting her gold holdings.

The gold sales and "leasing" will stop when little or no gold remains in western vaults. When that day will come is uncertain, but if it happens, panic buying may occur in the physical gold market.

Western central banks and governments are not eager to disclose how much gold remains in their vaults or the quantity leased, hypothecated, swapped, pledged or sold. The U. S. Treasury has refused requests for physical gold audits for many decades. Central banks resist demands to audit their assets and liabilities. **There is little transparency in central banking, gold "leasing," and gold ownership.**

Yes, gold prices are manipulated!

Gary Christenson

Gary Christenson is the owner and writer for the popular and contrarian investment site *Deviant Investor* and the author of several books, including "Buy Gold Save Gold! The $10K Logic," "Fort Knox Down!" and "Gold Value and Gold Prices 1971 – 2021." He is a retired accountant and business manager with 30 years of experience studying markets, investing, and trading. He writes about investing, gold, silver, the economy, and central banking.

His articles are published on *Deviant Investor* as well as other popular sites such as Gold-Eagle.com, 321gold.com, peakprosperity.com, goldseek.com, and dollarcollapse.com. Many years ago, he did graduate work in physics (all but dissertations), so he strongly believes in analysis, objective facts, and rational decisions based on hard data.

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