Gold Market Manipulation Update

Chris Powell, Secretary/Treasurer
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New Orleans Investment Conference

November 1, 2019

NYMEX
NEW YORK MERCANTILE EXCHANGE

EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

As market matures central banks conclude that a formal gold agreement is no longer necessary

26 July 2019

- Signatories of the fourth Central Bank Gold Agreement no longer see need for formal agreement as market has developed and matured
- Signatory central banks confirm gold remains an important element of global monetary reserves and none of them currently has plans to sell significant amounts of gold

The **European Central Bank (ECB)** and 21 other central banks that are signatories of the Central Bank Gold Agreement (CBGA) have decided not to renew the Agreement upon its expiry in September 2019.

The first CBGA was signed in 1999 to coordinate the planned gold sales by the various central banks. When it was introduced, the Agreement contributed to balanced conditions in the gold market by providing transparency regarding the intentions of the signatories. It was renewed three times in 2004, 2009 and 2014, gradually moving towards less stringent terms.

BANK FOR INTERNATIONAL SETTLEMENTS

Statement of account

SDR millions [1]

	At 31 Mar 2018	%	Assets	At 28 Feb 2019	%
(1)	73,150.0	28.5	Cash and sight accounts with banks	30,718.7	11.5
(2)	23,429.6	9.1	Gold and gold loans	22,762.9	8.5
(3)	31,760.9	12.4	Treasury bills	39,698.5	14.8
(4)	44,112.9	17.2	Securities purchased under resale agreements	70,435.0	26.3
(5)	22,428.6	8.7	Loans and advances	43,326.2	16.2
(6)	52,881.0	20.6	Government and other securities	52,626.3	19.7
(7)	1,725.1	0.7	Derivative financial instruments	2,500.2	0.9
(8)	6,809.0	2.7	Accounts receivable and other assets	5,208.4	2.0
(9)	192.3	0.1	Land, buildings and equipment	186.3	0.1
(10)	**256,489.4**	**100.0**	**Total assets**	**267,462.5**	**100.0**

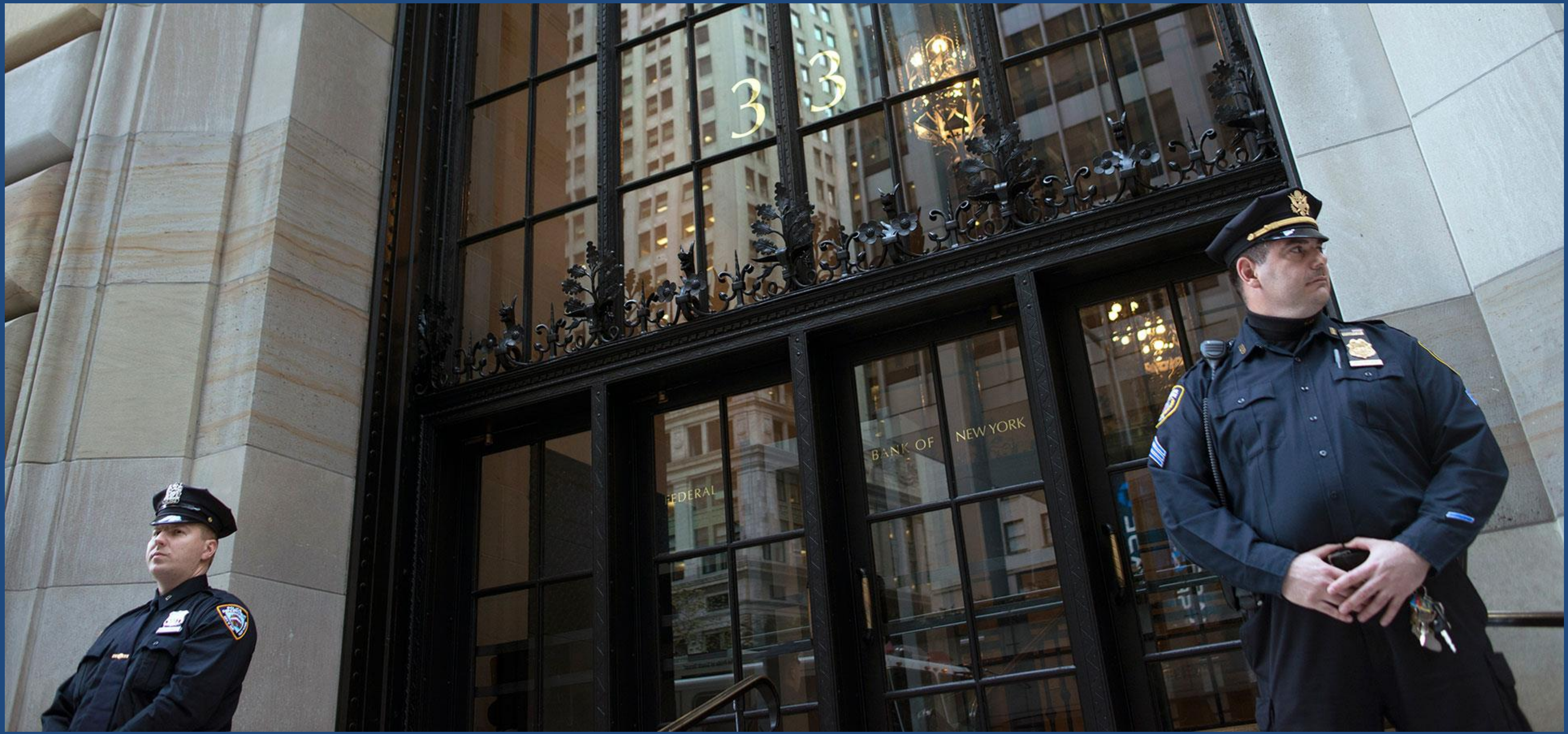
Liabilities and equity

		%			%

Sovereign Yields

Country	1-Yr	2-Yr	5-Yr	10-Yr
Switzerland	-0.65	-1.04	-1.02	-0.87
Japan	-0.19	-0.22	-0.27	-0.18
Germany	-0.74	-0.82	-0.77	-0.54
Austria	-0.66	-0.72	-0.63	-0.30
Netherlands	-0.64	-0.81	-0.73	-0.43
Finland	-0.62	-0.70	-0.66	-0.28
France	-0.64	-0.73	-0.66	-0.26
Belgium	-0.54	-0.72	-0.57	-0.20
Ireland	-0.59	-0.44	-0.45	0.02
Italy	-0.16	-0.02	0.59	1.16
Spain	-0.50	-0.50	-0.27	0.23
United States	1.78	1.62	1.55	1.72

Data Courtesy Bloomberg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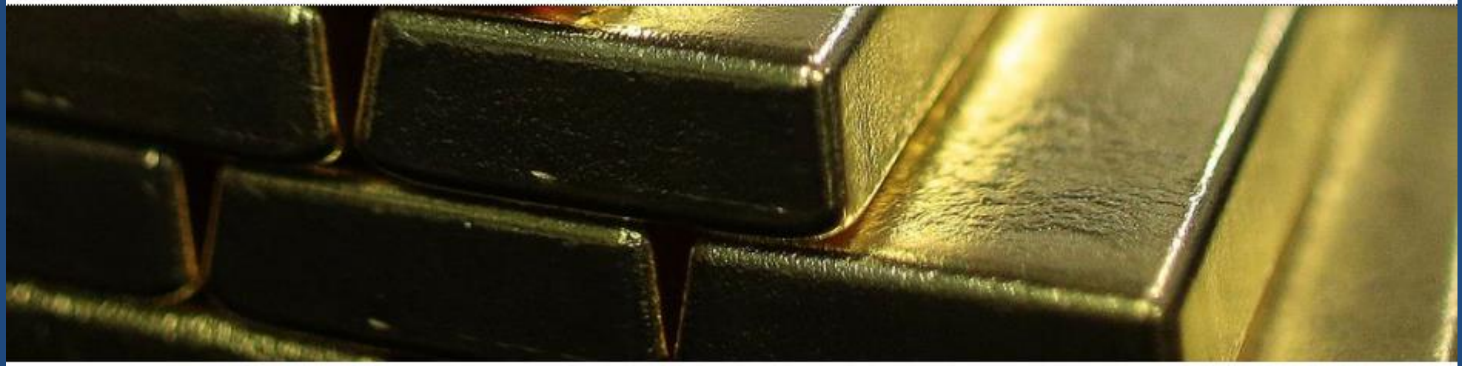

Photographer: Lisi Niesner/

Markets

Swiss Gold Exports to U.K. Hit 6-Year High on ETF Surge

By Rupert Rowling
August 20, 2019, 9:28 AM EDT

- Switzerland exported 90.7 tons of gold to the U.K. in July
- London is a center of vaulting services for gold-backed ETFs

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1:03

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Swiss gold exports to the U.K. rose to the highest in six years, driven by a surge in demand for exchange-traded funds.

Switzerland shipped 90.7 tons of bullion to the U.K. in July, the most since September 2012, according to data on the website of Swiss Federal Customs Administration. That compares with just 7.4 tons in June.

Markets

JPMorgan's Metals Desk Was a Criminal Enterprise, U.S. Says

By Tom Schoenberg and David Voreacos
September 16, 2019 12:25 PM
Updated on September 16, 2019 1:47 PM

- U.S. invokes racketeering law in charging three metals traders
- RICO statute is rarely used in cases involving big banks

U.S. prosecutors took an unusually aggressive turn in their investigation of price fixing at JPMorgan Chase & Co., describing its precious metals trading desk as a criminal enterprise operating inside the bank for nearly a decade.

Central Bank Incentive Program
Questions & Answers
February 2019

1. What is the Central Bank Incentive Program?

The Central Bank Incentive Program ("CBIP") allows Qualified Participants to receive discounted fees for their proprietary trading of CME Group products. All trading activity under the CBIP must be conducted directly through accounts registered to the Qualified Participant or separate accounts managed by a third party on behalf of the Qualified Participant. Qualified Participants receive discounted fees on CME, CBOT, and NYMEX products and COMEX futures products for electronic trading only. Qualified Participants will receive discounted fees through January 31, 2020.

2. How does an applicant qualify for the CBIP?

To qualify for and become a participant in CBIP (a "Qualified Participant"), the applicant must:

- Be a non-U.S. central bank, multilateral development bank, multilateral financial institution, sub-regional bank, aid coordination group, or an international organization of central banks
- Complete a CBIP application and be approved by CME Group.
- Execute all trades solely for the benefit of, and in the Qualified Participant's name.
- Register one or more portfolio managers or representatives.
- Have a relationship with a CME Group clearing member.
- Have authority to participate in a fee incentive program (i.e. no public or internal policies prohibiting participation).

ALEX X. MOONEY
2ND DISTRICT, WEST VIRGINIA

FINANCIAL SERVICES COMMITTEE
SUBCOMMITTEE ON
CAPITAL MARKETS AND
GOVERNMENT SPONSORED ENTERPRISES
SUBCOMMITTEE ON
MONETARY POLICY AND TRADE

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Washington, DC 20515–4802

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July 27, 2018

Honorable Steven Mnuchin
Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Honorable Jerome Powell, Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitutional Avenue, NW
Washington, DC 20551

Dear Secretary Mnuchin and Chairman Powell:

I write in response to your July 11, 2018, and July 12, 2018, letters addressing questions I raised in my April 24 letter regarding the Treasury Department's and the Federal Reserve's activities involving gold.

I appreciated the responses but a few questions were either not answered at all or not fully addressed. I also have a few follow-up questions.

1. Records in the archives of the historian of the U.S. State Department describe U.S. government policy in recent decades as aiming to drive gold out of the world financial system in favor of the Federal Reserve Note or Special Drawing Rights issued by the International Monetary Fund (IMF):

   https://history.state.gov/historicaldocuments/frus1969-76v31/d63

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February 5, 2019

The Honorable J. Christopher Giancarlo
Chairman
U.S. Commodity Futures Trading Commission
1155 21st Street NW
Washington, D.C. 20581

Dear Chairman Giancarlo:

Late last year, the U.S. Justice Department obtained a guilty plea from a former commodities trader for JP Morgan Chase & Co. to charges of manipulating the gold and silver markets between 2009 and 2015, and its investigation into the actions of related parties is ongoing.

The period at issue substantially overlaps the time during which your commission was investigating complaints of manipulation of the silver market – 2008 to 2013. However, in 2013, the commission announced that it had closed its investigation without finding any wrongdoing.

WikiLeaks

Public Library of US Diplomacy

LONDON WHOLESALE GOLD DEALERS' VIEWS ON U.S. GOLD SALE AND PRIVATE U.S. OWNERSHIP

Date: 1974 December 10, 19:08 (Tuesday)
Canonical ID: 1974LONDON16154_b
Original Classification: LIMITED OFFICIAL USE
Current Classification: UNCLASSIFIED
Handling Restrictions -- N/A or Blank --
Character Count: 6029
Executive Order: -- N/A or Blank --
TAGS: EFIN - Economic Affairs--Financial and Monetary Affairs | UK - United Kingdom | US - United States
Enclosure: -- N/A or Blank --
Office Origin: -- N/A or Blank --
Office Action: ACTION TRSY - Department of the Treasury
From: United Kingdom London
To: Department of State | Secretary of State

BEGIN SUMMARY: THE ANNOUNCED AUCTION OF OFFICIAL GOLD BY THE U.S. TREASURY WAS PRAISED BY LONDON GOLD DEALERS AS BEING TIMELY AND HIGHLY CONTRIBUTORY TO A MORE STABLE MARKET. SOME FEAR, HOWEVER, THAT SHOULD A SINGLE BID FOR THE ENTIRE 2 MILLION OUNCES BE FORTHCOMING, PRICES MIGHT INCREASE RAPIDLY, POSSIBLY AS HIGH AS $250 AN OUNCE. THEY ANTICIPATE MAJOR IMPACT OF U.S. OWNERSHIP WILL BE THE FORMATION OF A SIZABLE GOLD FUTURES MARKET, BUT RATHER SMALL DEMAND FOR PHYSICAL HOLDING OF GOLD, OTHER THAN COINS, AFTER A BRIEF INITIAL SURGE FOLLOWING DEREGULATION. END SUMMARY coindesk Blockchain 101 Technology Markets

Trump Administration Popped 2017 Bitcoin Bubble, Ex-CFTC Chair Says

Brady Dale

Oct 22, 2019 at 19:15 UTC • Updated Oct 23, 2019 at 08:34 UTC

SAN FRANCISCO — The Trump administration acted to deflate the bitcoin bubble of 2017 by allowing the introduction of futures products, a former official said Monday.

Christopher Giancarlo, who left the U.S. Commodity Futures Trading Commission (CFTC) at the end of his five-year term as chairman in April, told CoinDesk in an interview:

> “One of the untold stories of the past few years is that the CFTC, the Treasury, the SEC and the [National Economic Council] director at the time, Gary Cohn, believed that the launch of bitcoin futures would have the impact of popping the bitcoin bubble. And it worked.”

DeNederlandscheBank

EUROSYSTEEM

DNB's gold stock

De Nederlandsche Bank (DNB) holds more than 600 tonnes of gold. A bar of gold always retains its value, crisis or no crisis. This creates a sense of security. A central bank's gold stock is therefore regarded as a symbol of solidity.

Gold: anchor of trust

Shares, bonds and other securities are not without risk, and prices can go down. But a bar of gold retains its value, even in times of crisis. That is why central banks, including DNB, have traditionally held considerable amounts of gold. Gold is the perfect piggy bank – it's the anchor of trust for the financial system. If the system collapses, the gold stock can serve as a basis to build it up again. Gold bolsters confidence in the stability of the central bank's balance sheet and creates a sense of security.

The success of a system of infinite money requires infinite gold, silver, and commodity price suppression to conceal currency devaluation and keep people within the system.

For More Information

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Thank you