

Gold Market Manipulation Update

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PART TWO



US Federal Reserve Building

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DIA 2134.01 + 204.09 0% NASDAQ 4726.87 + 2.21 STOCK 600 376.05 + 1.01 10-YR. TREAS. 4.721, yield 2.21% OIL 54.059 + \$0.97 GOLD 1,203.70 + 538.70 EURO 1.1774 YEN 109.20

What's News

Business & Finance

Benchmark used Uber CEO Kalanick in an effort to oust him from the board, in a clash between two of the company's most powerful shareholders. **AI**
Uber's first hire said he would step aside from his daily role as senior vice president of operations. **BI**
Snap's loss nearly quadrupled amid slowing sales and user growth, spurred by competition from Facebook. Shares fell 17% after hours. **BI**
Google canceled a company-wide meeting about diversity just before it was set to begin Thursday, citing safety concerns. **BI**

Wells Fargo's board plans a shake-up that is likely to include Stephen Sanger stepping down as executive chairman. **BI**
Blackstone's Invitation Homes and Starwood Vapoint, two of the country's largest real-estate owners, have agreed to merge. **BI**
Declines in U.S. stocks accelerated, with the Dow shedding 204.47 points, or 0.9%, to 22,844.01. **BI**
The CDON's VIX, an index known as Wall Street's "fear gauge," rose to its highest level of the year. **BI**
Manly's and Kohl's again reported shrinking sales, spooking investors, though the latest declines slowed. **BI**
Blue Apron's shares sank nearly 18% after the food kit maker gave its first earnings update since going public. **BI**
Toshiba said it responded talks with Foxconn and Western Digital over selling its memory-clip unit. **BI**

World-Wide

Trump said his threat to bring "fire and fury" to North Korea "may be a little tough" and warned of more to come, as the president faced defiance from Pyongyang and resistance from China. **AI, AI**
Investigators uncovered a global financial network run by an Islamic finance office that used eBay to funnel money to an al-Qaeda operative in the U.S. **AI**
Trump again criticized McConnell, urging him to "get back to work" on health care, a tax overhaul and infrastructure legislation. **AI**
Trump declared the opioid epidemic a national emergency, a designation that could shape the way his administration responds. **AI**
The president said he hadn't given "any thought" to the idea of a second term. **AI**
Scientists are trying to create a vaccine to a rare virus, which is a serious health threat. **AI**
Genetic researchers are studying the genes of pigs and wild boars with potential relevance for humans. **AI**
Election monitors called Trump's presidential victory "free and fair" despite new allegations of fraud by the narrow opposition party. **AI**
The number of migrants in Italy fell sharply in July, ending hopes of progress in the migration crisis. **AI**
French officials identified the main suspect of murdering a car into a group of soldiers in an airport. **AI**



President Donald Trump and Vice President Mike Pence spoke Thursday at Mr. Trump's golf club in Bedminster, N.J., before a security breach.

Trump Steps Up Rhetoric

President says his "fire and fury" threat to North Korea "won't be tough enough."

President Donald Trump, facing defiance from North Korea and resistance from China after his threat to unleash "fire and fury" at Pyongyang, said Thursday that his statement "may be a little tough" and warned of more to come. Mr. Trump rejected criticism that his words had been too inflammatory, repeated his exhortation to North Korea's Kim Jong Un to stop issuing threats and vowed to invest billions of dollars more in missile defense.

FBI Says ISIS Used eBay To Send Terror Cash to U.S.

U.S. investigators uncovered a global financial network run by a senior Islamic State affiliate that funneled money to an alleged ISIS operative in the U.S. through fake eBay transactions, according to a recently unsealed FBI affidavit. The alleged recipient of the funds was an American citizen in his early 20s who had been arrested more than a year ago in Maryland after a lengthy federal Bureau of Investigation investigation. The first clues to the suspected network. The government had alleged in a 2006 indictment that the American suspect, Mohamed Elshinawy, pledged allegiance to Islamic State and had pretended to sell computer printers on eBay as a cover to receive payments through PayPal, potentially to fund terror attacks. The recently unsealed FBI affidavit, filed in federal court in Baltimore, alleges that Mr. Elshinawy was part of a global network stretching from Pakistan to Bangladesh that used similar schemes to fund Islamic State and was directed by a now-dead senior ISIS figure in Syria, Khalid Sheikh Mohammed. The U.S. has said Mr. Elshinawy's operations were used for "operational purposes" in the U.S., such as the purchase of a plane ticket for a terror attack. He has pleaded not guilty to supporting the terror group, and currently is in federal custody awaiting trial. His lawyer declined to comment. The case suggests how Islamic State is trying to exploit holes in the vast online financial world to finance terror outside its borders. The U.S. and other countries for years since FBI have focused on the formal international banking system that terror networks might use to transfer money to would-be terrorists. But some alleged perpetrators have gotten small sums through low-level front shops as check scans, or through Bitcoin, says a source. **AI**

Fed Has 6,200 Tons of Gold in New York Basement—Or Does It?

Central bank's parsimony with details feeds endless conspiracy among gold bugs

Mr. Manly is among gold aficionados who wonder if the bank is hiding something about what it is holding. Other theorists suspect the gold beneath the New York Fed's vaults may be worth \$200 billion. Some conspiracy-minded investors think the Fed has been secretly losing out the gold to manipulate prices. "There has to have been a central bank really that except Fed employees with access," said Roman Manly, a precious metals analyst at gold dealer BullionStar in Singapore. If it is all there, he said, the central bank has "moved in its history provided no proof." **AI**

Investor Sues Uber Ex-CEO Kalanick

Benchmark Capital sued Uber Technologies Inc.'s former chief Travis Kalanick in an effort to oust him from the board, exposing a clash between two of the ride-hailing company's most powerful and contentious shareholders during the middle of a CEO search. The lawsuit on Thursday alleges Mr. Kalanick defamed Benchmark by giving him control over the designation of those additional seats, the firm said. Benchmark, which has a seat on the board, said it never would have authorized that more had it known about the company's "gross mismanagement and other misconduct at Uber," citing several benchmark allegations at the company. **AI**

The allegations center around a decision in June 2016 by Mr. Kalanick to expand the board to 11 seats from eight, effectively giving him control over the designation of those additional seats, the firm said. Benchmark, which has a seat on the board, said it never would have authorized that more had it known about the company's "gross mismanagement and other misconduct at Uber," citing several benchmark allegations at the company. **AI**

Mr. Trump pledged to ease tensions on trade with China if he had offers more help on North Korea. He said the U.S. loses hundreds of billions of dollars a year on trade with China. "I'm not going to continue like that," Mr. Trump said. "If China helps us, I feel a lot differently toward trade, a lot differently toward trade." The war of waxes with Pyongyang—which responded to Mr. Trump's latest comments Friday morning local time by saying the U.S. "would suffer a shameful defeat and fall down" if it persisted in threatening the country—lays bare the U.S.'s choices. Some argue the U.S. at this stage must tolerate North Korea as a nuclear power and try to manage it, as the U.S. did with the Soviet Union and China before it, because a war would be catastrophic. Others argue that would be a dangerous approach, leaving the U.S. and its allies vulnerable, and potentially allowing Mr. Kim to extend his influence in the region. **AI**

Beijing is pressed as Korea tensions rise. **AI**
Trump backs McConnell over legislation. **AI**
Sensation pushes tough edge for sentencing panel. **AI**

Snap's Troubled Path

Snapchat's parent said its loss nearly quadrupled to \$443 million in the second quarter. Competition with Facebook has stunted Snap's user growth since Facebook began copying Snapchat's popular features. **BI**




VISA CURBS TEST SEASONAL HIRING

Shortage of H-2Bs squeezes Martha's Vineyard, sparking search for U.S. workers and other fixes

Martha's Vineyard, Mass.—Americans and other foreign workers have long powered the summer economy in the upscale tourist town of Martha's Vineyard, cleaning hotel rooms, waiting tables and riding bikes. This year, many local businesses had to come up with a Plan B. Facing a shortage of foreign laborers, local restaurants have reduced hours of operation and passed back to customers. Managers are cleaning hotel rooms, laundry is piling up and at least one restaurant is using disposable cups to ease the dishwasher load. The reason is a scarcity of the H-2B visas used to bring foreign seasonal workers to the U.S. It has affected many resorts and other businesses that depend on such workers, including Alaska fisheries. Isolated locations such as Martha's Vineyard—it has a tiny year-round population and is accessible only by ferry on planes—are especially vulnerable. An President Donald Trump promises to restrict both legal and illegal immigration, citing the need to boost prospects for American workers, Martha's Vineyard residents have reduced hours of operation and passed back to customers. Managers are cleaning hotel rooms, laundry is piling up and at least one restaurant is using disposable cups to ease the dishwasher load. The reason is a scarcity of the H-2B visas used to bring foreign seasonal workers to the U.S. It has affected many resorts and other businesses that depend on such workers, including Alaska fisheries. Isolated locations such as Martha's Vineyard—it has a tiny year-round population and is accessible only by ferry on planes—are especially vulnerable. **AI**

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Google uses staff safety in canceling town-hall meeting on diversity. **AI**



Photo: Andrew Tunnicliffe



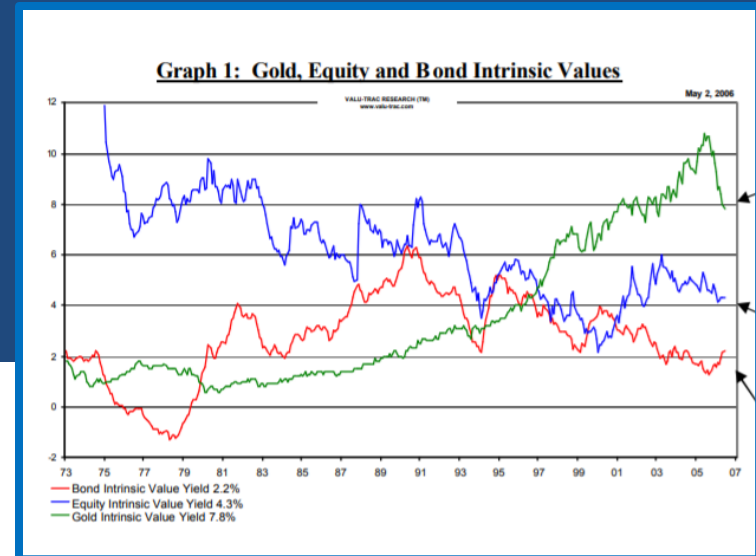
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The relevance and importance of Gold in the World Monetary System

Introduction

Most investments (equities, bonds, gold and commodities) have an “Intrinsic Value”, existence of which justifies an investment. For bond and equity markets, the Intrinsic Value stems from the annual income stream, which can be valued and related to prices. Price changes occur as a result of market arbitrage between competing income streams and their Intrinsic Value yields. Knowledge of Intrinsic Value yields therefore provides a means of successful strategic and tactical asset allocation, while knowledge of the behaviour of Intrinsic Values also provides a means of timing investment decisions.

For investments which produce no income, such as Gold and other commodities, Intrinsic Value can be measured in

May 2012

Another Perspective

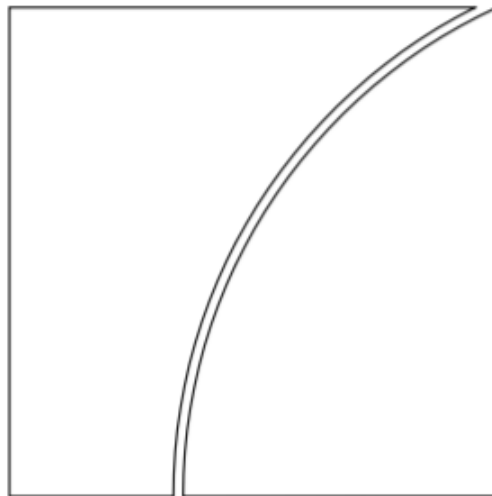
Two weeks ago, before Jamie Dimon's thoughtful diversion, Charlie Munger of Berkshire Hathaway instructed viewers of CNBC that "civilized people don't buy gold, they invest in productive businesses". Munger was right in that civilized people invest in productive businesses and was right to imply that gold is a non-productive rock, but, in our humble opinion, he was wrong to suggest that gold does not have significant upside as an investment currently (even more than BRK/A?).

Gold has always been money, as are dollars, euros and yen. It is not a currency or media of exchange presently because no one directly exchanges it for goods, services or assets and it has not formally collateralized other currencies since 1971. However, were gold to once again back today's baseless currencies, then it would be astonishingly cheap at today's exchange rates with them (i.e. gold prices), and by extension cheap to most

Basel Committee on Banking Supervision



BANK FOR INTERNATIONAL SETTLEMENTS



Basel III: Finalising post-crisis reforms

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For More Information

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Thank you