Why Gold Was 'Hacked' Friday - and How

Commodities / Gold & Silver

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The market delivered a huge "drubbing" to gold and silver Friday – or at least that's what the financial powers want you to think.

To try and find out what happened, I looked at the Kitco 24-hour chart and saw that, for the very first time, the "New York Globex" system was listed at the bottom.

Until yesterday, one only used to see the trading days for London, New York, Sydney, and Hong Kong.

I have never heard of a “Globex” before, so I looked it up. Here is an article from January this year.

Globex is a super-fast, 24 hour, around-the-clock and around-the-globe trading platform that was instituted by the Chicago Mercantile exchange. Since I had never heard of it anywhere before, I did a Google News search on it for today.

Nothing.

No news reports that Globex just went into effect for gold trading, or that it was planned to be put into effect. Hmmm. A $35 price drop in gold coupled with the secretive launch of a brand new, super fast, 33 trades per second global trading platform for gold. What a coincidence!

I remember when JP Morgan closed its trading desk in New York and opened in London so it could exercise its "gold control" on both sides of the Atlantic. The “Globex” appears to be an extension of the same strategy. What people often forget on days like this is that the COMEX is nothing but a paper-trading market. Contracts almost never go into delivery. Over 90% of the transactions are getting settled in cash, so the "prices" we all see flicker across our screens are about an accurate a reflection of true demand for physical gold and silver as TV sitcoms are of the lives of real people.

The financial establishment is in its death throes, so they are going all-out in trying to cover up their own incompetence, excesses, and screw-ups, like the subprime related credit collapse, or the bond ratings debacle. This is just one more indication of the same.

Remember the tremendous breakout of gold on Wednesday, only two days ago? That same day, the gold stock indexes shot up by a much larger degree than gold itself. That is a huge danger signal for the gold cartel and the financial establishment. Along with a protracted gold-up/Dow-down divergence, it is the one thing they cannot tolerate, so they had to slam gold really, really hard for the weekend to try and signal to Joe Mainstream Investor that gold I all its forms is a "bad deal" and he shouldn't buy into it. Ha!

Hang on to your physical. See what happens next week. If gold drops more, buy some more. You shouldn't be in paper gold or stocks in any case, right now. These developments cannot hurt you if you are solidly invested in physical gold and silver (which is not to say that gold and silver will protect you from *political* developments, which include a total takeover of Wall Street - and Main Street - by the US Fed, initiated by the White House and duly rubber-stamped by a sycophantic Congress.

The big question on most gold investors' minds is of course whether gold will drop further next week. The answer: No. Gold will not drop – but the paper-rigged, false flag COMEX price indicator very well might. So what? Who cares?

Silver Is the Key

In fact, the whole thing seems to be centered around silver, where a serious physical shortage is building up. For now, that is even more dangerous to the powers than gold's rise. If you look at the Kitco chart for today, silver got slammed even harder than gold - but it also rebounded faster and higher.

All of this is happening while major dealers continue to run out of silver eagles coins. Today, the financial press explains all of this away as a reaction to a "rebounding" dollar. Yeah, right.

If that is so, what drove the dollar's "recovery", then? According to Reuters, some "positive earnings news" from Citi. So, what were the positive earnings news? Reuters doesn't tell us. What the article does tell us is that Citi booked a 5.1 billion dollar quarterly *loss!* Somebody please explain to me how an over $5 billion loss engenders positive "sentiment" in the markets that the worst of the credit crisis "may be over". I must be really stupid for not seeing that.

So, to recap: Silver and gold get trounced, supposedly because of a rise in the dollar that supposedly was caused by "positive" earnings news from Citi, and that "positive" news was a $5.1 billion quarterly *loss* on top of a previous quarterly *loss*. And all of that is happening on a day on which the CME's Globex trading platform is secretly launched in the precious metals markets, covering all time zones around the globe when NYMEX is not in session. Oh, I forgot to mention that the Dow had a 250 point bounce as well.

Very interesting - but it gets even more hilarious.

A [MarketWatch] article reports that Citi had its second quarterly loss I a row now, totaling almost $12 billion. At the same time, the reporter (if you can call him that) is brazenly stating that "investors welcomed the aggressive write-downs", causing Citi's stock to rally 6.5% on the news. How can that be explained? How do you manufacture a positive spin out of that? Easy. Just serve up an obscure financial analyst who is willing to say on the record that the losses were “smaller than anticipated” because his company “modeled” closer to a $20 billion loss, and – viola. *Good news!*

The Ministry of Propaganda has spoken - but investors aren't stupid. Just read the comments posted right next to the story. Here is one:

"Will it be death sentence to market, may be with this approach they can invite the inevitable earlier."

Somebody is paying attention. I would bet that 80 percent of real investors share the same perception, yet still the propaganda machine is fooling itself into believing that it can control public perception by mouthing such obvious bullcrap.

The Real (Bad) News for Paper Markets

The really crucial, all-important, and revealing news is that all of this is nothing but a smoke screen to raise a plausible “explanation” for the number-one tell-tale sign of total financial collapse I have been 'prophesying' for months, even years, now – namely the inevitable ***collapse of the bond market.***

We are right in the beginning of it (although it looks like bonds will enjoy an engineered "recovery" of sorts on Monday). It will be followed (or accompanied) by the collapse of the stock markets and a predicted recovery in precious metals stocks that will put every market bubble the world has ever seen to shame.

That is, unless the newly created Ministry of Finance locks all markets down into a Soviet-style centrally controlled economy in order to complement the already existing Soviet-style, centrally controlled financial “news” propaganda machine.

Whether or not that ends up happening depends, of course, on whether *you* acquiesce or not.

Until then, what happened today is no threat to your wealth if you are solidly invested in physical gold and silver.

EDITORS NOTE: ARTICLE ERROR - AMENDED 20TH APRIL 2008

COMEX Electronic Metals Futures Move to CME's Globex

Comex electronic metal futures will begin trading on the CME Globex system the evening of Sunday December 3, 2006. Where applicable, these electronic contracts will trade side-by-side with their pit traded contracts providing nearly 24 hour access to these markets.

Even owning gold will not protect you from this.

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The EURO VS DOLLAR MONITOR

Alex holds a B.A. degree in Economics and a *juris doctorate* in Law. His forte is research. In late 1996, he began to research how money is used by some to exert political and economic control over others' lives. In the process, he discovered that gold (along with silver) is the common man's antidote to this effort. In writing and publishing the Euro vs Dollar Monitor, he explains the dynamics of this process and how individuals can harness the power of gold in their efforts to regain their political and financial autonomy.

Just like driving your car, investing only makes sense if you can see where you are going. The Euro vs Dollar Monitor is the golden windshield wiper that removes the media's greasy film of financial misinformation from your investment outlook. Don't drive your investment vehicle without it!

Alex Wallenwein Archive