

From: secretary <secretary@CFTC.gov>
Sent: Monday, March 29, 2010 8:22 AM
To: Metals Hearing <metalshearing@CFTC.gov>
Subject: FW: Comment: Position Trading limits - Metals
Attach: mvme8.png; image003.jpg

From: x y [mailto:spamjunkyard@hotmail.com]
Sent: Sunday, March 28, 2010 11:14 AM
To: secretary
Subject: Comment: Position Trading limits - Metals

Dear Sir/Madam,

I am writing to you from the UK as a small trader and accumulator of physical gold and silver. I can say without a doubt that some very strange patterns of behavior exist in these (gold and silver) markets- especially during NY trading hours. I have watched these markets tick-by-tick for a few years now, and can tell you that some of the moves (such as the one shown below) are so breathtaking and fast that they scare potential investors and traders away. Some of the moves happen on no news that I can discern (my trading platform has a live news feed).

I would also like you to note that the precipitous moves happen with regularity; so much so in fact that they begin to show up even on averaged charts over many years (see second chart). You will see the drop in price occurring around the PM fix (NY morning). You will also note that, despite the long bull market in gold (1999 ->) a trader operating in NY trading hours would be forgiven for thinking gold were in a bear market; on average the price drops during NY trading! Surprising, perhaps, and possibly not really evidence; it could simply be that buyers are located in the far east, and sellers in the USA. All I can tell you is that I tend to do my buying on the dips in the UK afternoon (NY morning).

I am also sure you are aware of the historical COMEX warehouse stocks, but this is something I have been watching recently. There has been a slow gradual decline in gold and silver registered stock over the last two years. In the case of gold from ~3 Moz to approximately 1.6 Moz a few weeks ago. Since then, these stocks have risen slightly, but the trend is most definitely down. If there ever were a warning bell of an upcoming default, (i.e. COMEX moves to all cash settlement) this trend surely is an advance indicator. It is very important that a futures exchange maintains the ability to deliver the underlying - even if that should be the last resort. Otherwise we end up in some kind of disconnected world where paper changes hands and real gold trading moves somewhere else.

If there is any manipulation of prices, it seems to me that these precipitous price falls are the place to look; watching level 2 information and discerning counterparties would seem a logical starting point.

I trust you will understand my comments are very much as a novice trader and not an expert.

Chris

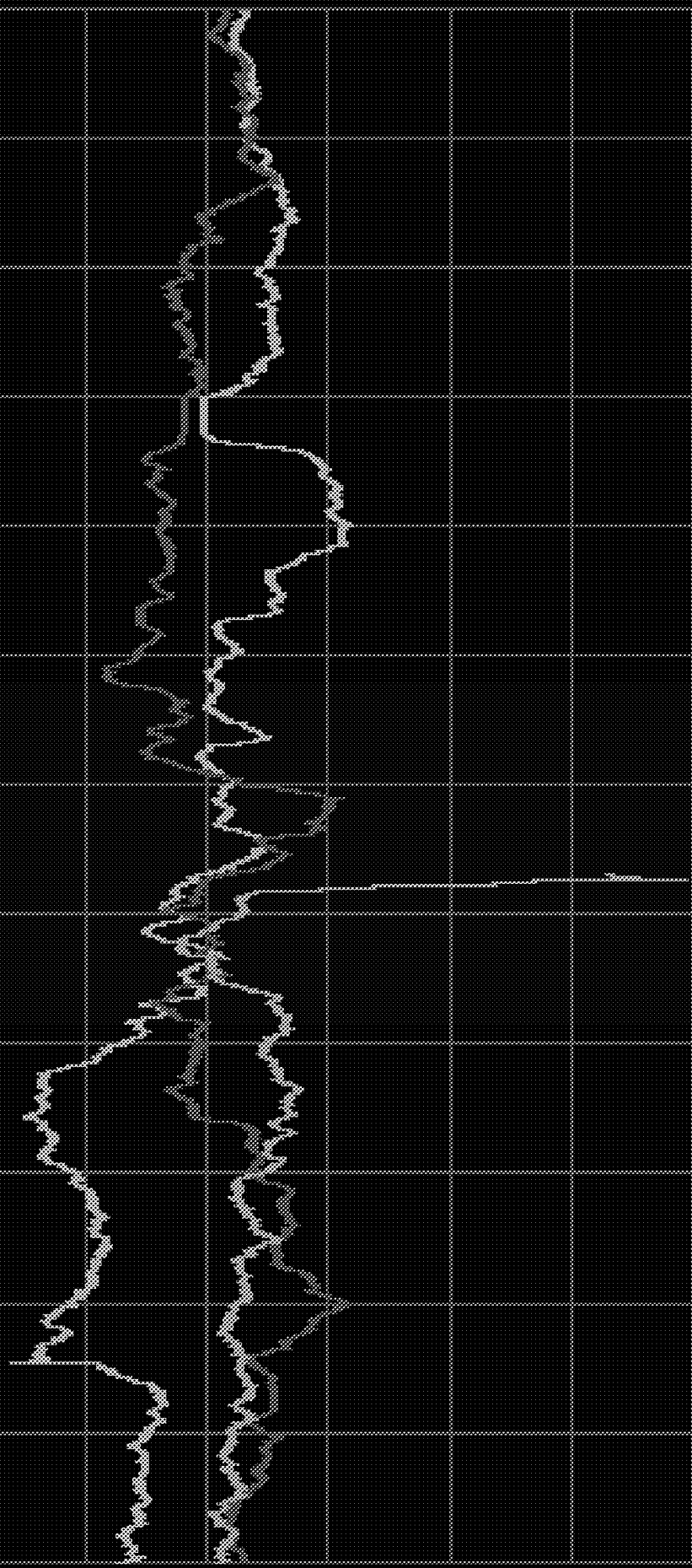
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24 Hour Spot Gold (Bid)

March 19, 2010 10:37

- Mar 17 NY close 1125.10
- Mar 18 NY close 1125.90
- Mar 19 Last 1189.00

www.kitco.com



USD/oz
1140.0

1135.0

1130.0

1125.0

1120.0

1115.0

1110.0

1105.0

1100.0

NY Time 00:00

GMT 04:00

Hong Kong

London

New York Globex

New York NYMEX

NY Globex

Hong Kong

Sydney

New York Globex

08:00

12:00

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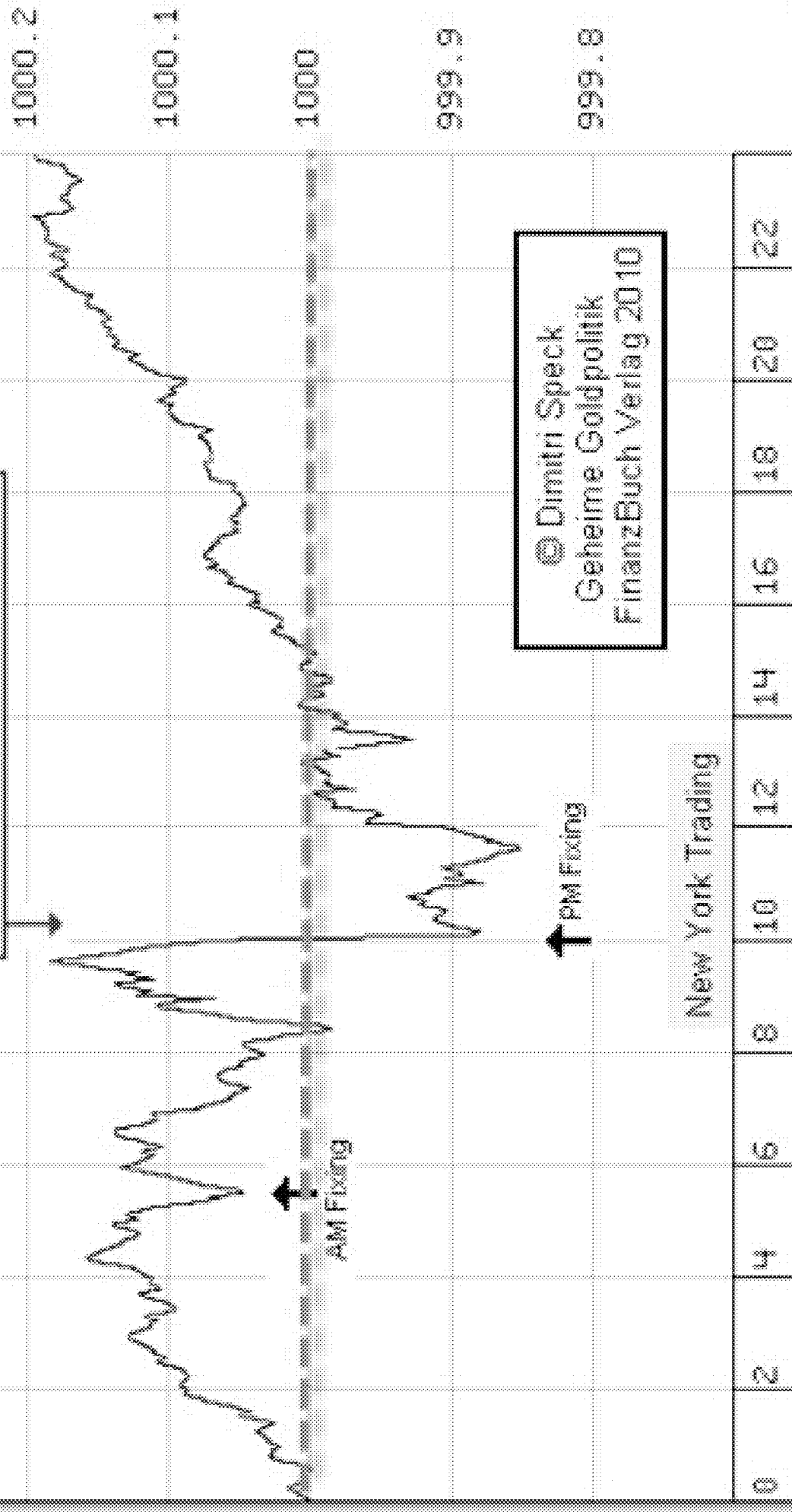
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Average GOLD
Intraday change
8/1993-3/2009

Manipulation



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New York Trading