

## What's Behind All Of This?

As I write, spot gold is taking off yet again, rising \$21.80 (0.58%) to \$3,770.00 bid. Silver is as red-hot as ever, jumping \$0.93 (2.07%) to \$46.05, while platinum is up \$39.00 (2.56%) to \$1,562 and palladium has gained \$25.00 (2.03%) to \$1,254.

The gold stocks are riding along nicely, if not overly enthusiastically. At last check, GDX is up 1.85%, the GDXJ has gained 2.15%, the XAU has risen 1.82% and the Gold Bugs Index (HUI) is trading 2.23% higher.

So, situation new normal — all flying upward.

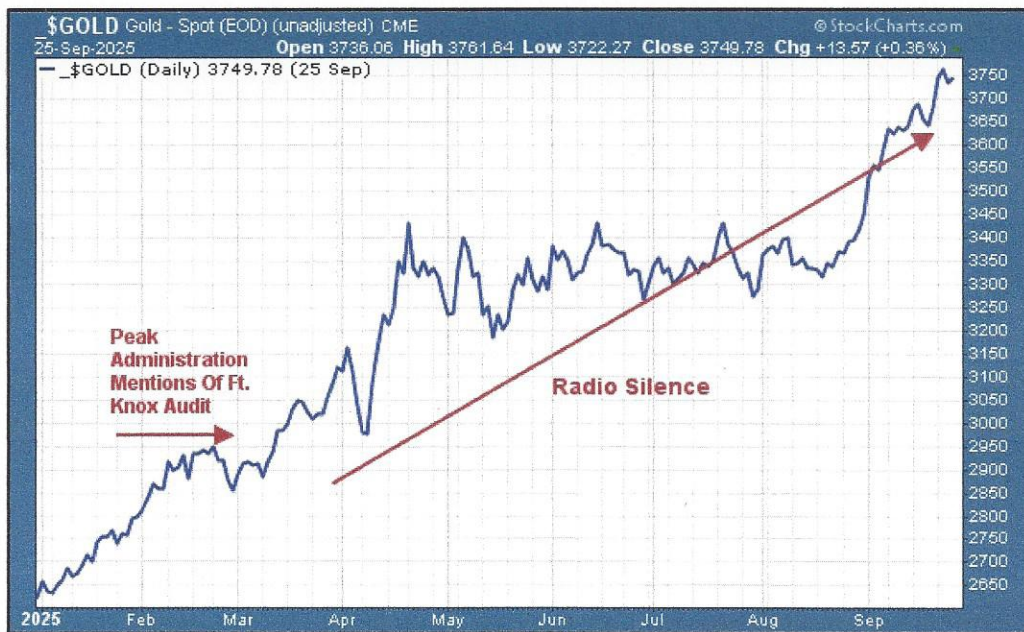
There have been a couple of times during this bull market where the violence of the rally in gold has made me wonder what it is that we're not seeing. The first time was in April, when gold rocketed well over \$400 over the span of a little more than two weeks, and the second instance has been the ongoing, remarkable run since Powell's Jackson Hole speech on August 22<sup>nd</sup>.

All investment markets are predictive mechanisms, and gold stands as perhaps the most accurate of all. It's not only been telling us something cryptic during these episodes of dizzying gains, it's *screaming*. And we just can't make out, yet, what it's saying.

One possibility, as I've been posting on X, is that there's a big buyer in addition to the known central banks and the gold ETFs...and that buyer is Uncle Sam himself.

This hit me as I pondered why all that bluff and bluster about an audit of Fort Knox earlier in the year suddenly ceased, at least from official sources. So I asked X's AI agent, Grok, to plot the posts about a gold-reserve audit over time. It showed that the chatter peaked in February.

Interestingly, gold took off right after all the official talk subsided. This discovery prompted me to post this chart on X:



In case anyone missed my point, I had Grok create this meme and posted it below:



As long-time followers know, we published Frank Veneroso's seminal research in the late 1990s showing that much of the world's central bank gold reserves were being lent to bullion banks, who then immediately sold the gold...bought Treasury securities with the proceeds...and used those Treasuries as collateral to invest in much riskier assets

(tech stocks at the time) on margin.

We never knew if that gold ever got paid back, or if there are simply IOUs in those central bank vaults. We also never knew which central banks were involved and, most importantly, if the U.S. Treasury or Federal Reserve was a participant.

So...have these violent episodes of massive gold buying reflected additions to U.S. gold reserves, or replenishment of those reserves? We may not know for quite a while, if ever. But it would explain a lot.

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