Conclusion

One very noteworthy line of the CBGA4 announcement, highlighted above, is that on 14 May 2014 when the ECB made its announcement, the central bank syndicate had the cheek to say that they would "***continue to coordinate their gold transactions so as to avoid market disturbances.***" The Swiss National Bank (SNB), which has autonomy to make its own statements, also issued a press release the same day with similar if not stronger wording, saying that:

"The participants in the gold agreement will continue to coordinate their gold transactions so as to ***avoid market turmoil.****"*

If you ponder what is actually meant by 'market turmoil' and 'market disturbances', you will note that gold as an asset class nearly always performs well in market turmoil and market disturbances! That's why it's a safe haven asset, because it has high liquidity and lacks counterparty risk and is a 'go to' asset in times of market turmoil. The very nature of gold is as a safe haven asset that performs well during market turmoil.

Then, why would these central banks want to prevent an outcome that is gold positive? The answer is that they don’t. What they really want is to use gold transactions or the threat of gold transactions and their gold supply overhang to prevent gold performing well, to prevent a high gold price, an outcome which they are terrified would induce market disturbances and market turmoil in the very central bank system of fiat currencies and bond and stock markets that they work fervently to protect.

The central bank cartel’s claim that the coordinated sales transactions are designed to avoid market turmoil is true, but not in the way they imply. It’s a hidden in plain sight nod to the fact that their threat of gold sales is to prevent market turmoil in every other asset class that they watch over. Just not the physical gold market.

Why, as Chris Powell of GATA points out, are the same central banks not concerned about market turmoil in the soybean market or other commodity markets? Just concerned about market turmoil and gold, the market turmoil that would be released by real price discovery in

gold causing market turmoil across other asset classes.
The Swedish Riksbank also issued a press release on 14th May 2014 with the telling title of "Continued regulation of gold sales". The wording of that statement was even more brazen, claiming:
"The previous agreements have been successful and have contributed to increased transparency regarding the central banks' gold sales."
How ironic, given the real motives and background of the CBGA, which has been explained above. And increased transparency? The fact of the matter is that there was no transparency whatsoever in any of the claimed central bank sales, for example, as regards venue used, executing broker, identity of counterparty, transaction date, settlement date (or deferred settlement date), method of sale, information on whether bullion was actually transferred, publication of weight lists, and other sales modalities. And astonishingly, the IMF on-market gold sales remain classified.
None of this seems to matter though to the court lackey mainstream financial media and the grovelling World Gold Council which interpret the agreements in the way that the central

banks wanted them to be interpreted, consistently failing to ask any probing questions or conduct any probing analysis.

So will there be a new central bank gold agreement announced in the next few weeks? Word on the street is that large institutions are being quizzed by the obedient World Gold Council and being asked if they in favour of a new CBGA or not. Given that the whole CBGA scheme was a cover whose main purpose has already been achieved, there is no compelling logic for a fifth CBGA, except of course unless there have been further physical gold flows out of western central banks which need to be squared off in the books.

Now that the gold price in US dollars has broken out to a 5 year high, will the cartel put out a press release with suitable wording to temper the gold market's new found enthusiasm?
A whole lot of work for a Pet Rock. But a Pet Rock that Western central banks are terrified has the potential to cause market turmoil for their precariously built fiat monetary system.

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