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## India Buys HALF IMF's 403 Tonnes

Upon doing a last late day review of the latest news I noticed a bombshell. Apparently [India has brokered a deal with the IMF](#) to buy 200 tonnes of the slated to be sold 403 tonnes of gold.

Apparently it's been approved since September but to my knowledge not announced. The IMF director said;

"I strongly welcome this transaction with the Reserve Bank of India," Managing Director Dominique Strauss-Kahn said in a statement. "This transaction is an important step toward achieving the objectives of the IMF's limited gold sales program, which are to help put the Fund's finances on a sound long-term footing and enable us to step up much-needed concessional lending to the poorest countries."

The transaction, which is in the process of being settled, involved daily sales that were phased over a two week period during October 19-30, 2009, with each daily sale conducted at a price set on the basis of market prices prevailing that day.

The total sales proceeds are equivalent to 6.7 billion dollars or SDR 4.2 billion."

This caught me off guard completely. I assumed that China would be the sole or majority buyer. Let's see if China issues a statement on this in the days ahead, or if another announcement comes out in the near future announcing that China has bought the rest of the gold in a similar deal.

The program was said to have taken place between October 19 and October 30. That is very intriguing since the options on gold expired over that period and as is common gold fell pretty hard.

The price paid was said to have been marked to the market on an equal daily basis for the ten business day period in order for the transaction to be completed. That would have been 20 tonnes per day sold at market prices.

The thought that immediately came to mind was that Barrick said they just bought 1 million ounces back for their hedge book but that only equals between 31 and 32 tonnes so any connection there seems implausible at the moment.

The IMF sale was said to be a part of the latest Washington Agreement and I suppose it could be classified as such. But the fact that the Indian Central Bank bought such a large amount so quickly shows just how in demand physical gold is.



It's starting ladies and gentlemen. Central banks will be, or are, clamouring over each other for physical gold and as Paul Tudor Jones put it there simply won't be enough gold to go around in a few years when it's really needed. Also Barrick who is notoriously well connected through their impressive compilation of board of directors mentioned they could well cover their hedges well before their 1 year timeline. While they have been dead wrong to date this panic to get out of the hedges at all costs now is a huge signal. A hugely bullish signal. Got Gold?

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Until next week take care and thank you for reading.

Warren Bevan

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