April 13, 2019 – Weekly Review

After rallying for the first three days of the week, gold and silver prices fell sharply again on Thursday to end the week lower; with gold ending $2 (0.2%) lower and with silver down by 13 cents (0.9%). Silverâ??s underperformance pushed he silver/gold price ratio out to just over 86.5 to 1, verging on the most undervalued silver has been relative to gold in years.

I donâ??t know what it is about Thursdays, but the last three have been sharp down days, as have four of the past five. Gold ended at its lowest weekly close in 12 weeks, while silver made it to its lowest weekly close in 16 weeks. Gold is still higher by nearly $15 from yearend, while silver is down by a good 50 cents, accounting for a near 4 point widening in the silver/gold price ratio since Dec 31.

The only possible (weâ??re well-beyond plausible) explanation for price performance remains COMEX futures contract positioning. In the artificial and manipulative world of paper price setting, silverâ??s underperformance has, almost perversely, resulted in a relatively more constructive market structure than goldâ??s, although both must be considered much more bullish than bearish or even neutral. There can be no doubt that all sharp selloffs, including the recent occurrences on Thursdays, involve managed money selling and commercial buying (particularly by JPMorgan).

The turnover or physical movement of metal either brought into or removed from the COMEX-approved silver warehouses surged this week to nearly 8.1 million oz, the highest level in three months. On an annualized basis, that comes to more than 420 million oz or half the annual world mine production of silver. Total COMEX silver inventories fell by 0.8 million oz to 304.7 million oz, but still remain quite close to the all-time highs set last week. There was another near 0.5 million oz brought into the JPMorgan COMEX warehouse, lifting the amount of silver there to 148.9 million oz. There is little doubt in my mind that JPM holds a minimum of another 50 million oz in other COMEX warehouses.

The COMEX silver warehouse movement is published daily and as you know, is believed by me to have been created by JPMorgan back in April 2011 as a means of acquiring physical silver to the tune of as many as 250 million oz over the past 8 years. That this turnover still continues is evidence to me that JPMorgan is still using it as a means of continuing to accumulate physical silver. The COMEX warehouse movement is one of the four main means by which JPM has accumulated the 850 million oz I claim it has acquired. The other three means have been by COMEX futures deliveries (200 million+ oz), share for metal conversions in SLV (200 TO 250 million oz) and purchases of Silver Eagles and Maple Leafs (150 million+ oz).

I received an email this week from a long term subscriber asking me for an explanation for why JPMorgan stopped buying Silver Eagles, since it seemed such a great source for acquiring metal, since the US Mint was obligated by law to provide the coins at the current price of silver (which was set by JPM on the COMEX). The question from Shailendra was interesting because more seem to question my premise of JPM buying Eagles and Maple Leafs in the first place. Certainly, of the four principle means by which I claim that JPMorgan has accumulated 850 million oz of silver, the buying of Eagles and Maple Leafs (as well as the subsequent melting into 1000 oz bars) is the only means that has stopped. In essence, Shailendra was asking why JPM ceased accumulating silver by this means.

My answer was that JPMorganâ??s buying of Silver Eagles, while not technically illegal perhaps, was not at all above board either. The bullion coin program was initiated in 1986 by Congress as a vehicle for Mom and Pop retail investors to collect coins at close to bullion prices without big markups. The program wasnâ??t designed for a mega investor to use (or misuse) the US Mint to acquire silver on the cheap and under the table. I first discovered JPMorgan was gaming the system in 2013 or thereabouts after consistent feedback from the retail dealer front informing me that there was no great retail demand for Silver Eagles in the face of declining silver prices. Yet the Mint was reporting record sales (around 40 million coins annually).

By process of elimination, I deduced that if the public wasnâ??t buying the coins, someone else was. It didnâ??t take me long to settle on JPMorgan as the big buyer, since it fit nicely with the other three means of accumulation (COMEX warehouse movement, SLV conversions, the opening of the JPM warehouse in 2011, and JPM stopping futures deliveries in its own name). Back to Shailendraâ??s question, which was not why JPMorgan was buying Eagles, but why it stopped?

My answer was because JPMorgan knew what it was doing wasnâ??t kosher and if it came out it was gaming the Mint and, by extension, US taxpayers, it would not look good and risk exposing the overall epic accumulation of silver (and gold) by JPMorgan â?? the absolute last thing the bank would desire. All it would take to expose the manipulative scam of JPM amassing physical silver was a simple question from an elected official to the Mint about who was buying all the Eagles. Feeling the growing awareness of its buying of Eagles and Maple Leafs (I wrote of it weekly) JPMorgan decided to quit buying while the quitting was good and avoid having to answer embarrassing official questions.

One other thought I had prior to Shailendraâ??s email was that it has been three years now since JPMorgan has stopped buying Silver Eagles, meaning the US Mint has gone from selling 40 million coins annually for six years to a recent rate that is down a full 75% or more. Such a drastic change in sales would seem to require an explanation. In both cases, the record sales through mid-2016 and the subsequent crash in sales, I would attribute to JPMorgan. And I do remember suggesting that Eagle sales would collapse the minute JPM stopped buying, although I couldnâ??t predict when that might occur.

Those that insisted it wasnâ??t JPMorgan buying and then ceasing to buy are left to explain why the public bought so many coins even though prices fell sharply for five years through 2016 and largely remained at the same levels through the present, when they suddenly stopped buying. Also, if was the public buying all along and who then suddenly stopped, why arenâ??t massive amounts of Eagles and Maple Leafs flooding the market on the sell side now? It seems to me the most plausible explanation, by far, is that JPMorgan was the big buyer driving record sales and when it stopped buying, sales collapsed. End of story, except I did include this as one of the questions the Justice Department should ask of the US Mint, namely, was JPMorgan behind the buying of Silver Eagles from 2011 to 2016? No, Iâ??m not holding my breath for an answer.

As for why JPMorgan has continued to accumulate silver by the other three means (skimming off the warehouse turnover, taking delivery on COMEX futures and SLV conversions), those means are rarely questioned by anyone, so JPMorgan is not pressured by the same risk of exposure as it was by buying bullion coins. Ask yourself â?? what other analysts and commentators even mention the COMEX warehouse turnover or conversions in SLV? So why would JPMorgan feel pressure to stop accumulating? The more one looks at this, the more it looks like the perfect crime.

Turning to Commitments of Traders (COT) report published yesterday, the positioning changes werenâ??t significant, although there was more managed money buying and commercial selling in gold than I expected, but not to extreme levels (although I did refrain from specific contract predictions). I thought the same thing in silver when I first saw a bit of an increase in commercial net selling, but then I saw that the managed money traders were also slight net sellers, which was more in line with my expectations. Youâ??ll remember that the reporting week ended Tuesday was definitely a mixed price week, with weakness early (particularly on Thursday) and price strength into the Tuesday cutoff.

Iâ??ll run through the numbers in yesterdayâ??s report pretty quickly, since they are already out of date, given Thursdayâ??s price smash in which there was likely heavy managed money selling and commercial buying. Complicating matters is that there was likely the opposite of that type of positioning on Wednesday, but not to the same extent that occurred on Thursday. My sense is that even though gold is a much bigger market than silver, the commercials and in particular JPMorgan, were using gold to position silver.

In COMEX gold futures, the commercials increased their total net short position by 14,600 contracts to 132,800 contracts. This is still a bullish number. Also bullish is that I detected little selling by JPMorgan and only the slightest increase (500 contracts) in the net short position of the 4 largest traders.

On the buy side of gold, the managed money traders bought 12,419 net contracts, consisting of 7101 new longs and the buyback and covering of 5318 short contracts. The resultant net long position of the managed money traders of 37,037 contracts (117,917 longs versus 80,880 shorts) is still historically low and bullish, leaving much more room for buying on higher prices than selling on lower prices.

In COMEX silver, the commercials increased their total net short position by 3400 contracts, to 37,800 contracts. In a twist, 2500 contracts of the selling appeared to be by JPMorgan, which gave the big silver manipulator a net short position of that same amount. My take is that JPMorgan knew it was going to bomb the market on Thursday and may have added new small shorts on Wednesday, before buying back all added shorts on Thursday. This looked to me to be a very short term maneuver by JPM and not much related to the key question of whether JPMorgan will add to shorts on the next rally, which is still wide open.

As mentioned earlier, the managed money traders were, unusually, also net sellers through Tuesday of 808 contracts, comprised of the sale and liquidation of 2573 long contracts and the buyback and covering of 1765 short contracts. The explanation for how the commercials and managed money traders could both be net sellers, aside from the relative small numbers of contracts involved, was that the non-reporting (small) traders were net buyers of nearly 3800 contracts. This number looked a bit â??hinkyâ?• to me and reeked of a reporting error of some type, but should get washed out in the flow of future reports.

Thus, the managed money traders increased their net short position to 2532 contracts (49,563 longs versus 52,095 shorts). Interestingly, this is the most the managed money traders have been net short in silver since Dec 11, which coincides completely with price movement since then. As was the case in gold, but even more so in silver, there is much more room for managed money buying on higher prices than selling on lower prices, particularly after Thursdayâ??s selloff.

Does that mean that gold and silver prices canâ??t move lower? Of course not, but the more managed money selling there is, the more forceful the eventual buying. I have to think the bulk of the managed money selling is behind us, but I canâ??t know that for sure. Neither can anyone else, with the exception of JPMorgan. I am of the mind that with so much physical silver and gold already in JPMorganâ??s possession and its COMEX short positions currently non-existent (as of yesterday), we are much closer to the end of the extremely painful price manipulation since May 2011. In baseball terms, the bottom of the ninth inning, although there may be a number of batters on deck.

An additional thought occurs to me concerning the discussion above about JPMorgan ceasing its purchase of Eagles in 2016 due to its fear of being exposed as the big buyer. It demonstrates that JPMorgan might be sensitive to public criticism because, as Shailendra pointed out, it was sweet way of accumulating silver on the down low. This also suggests that JPMorgan might be sensitive to growing awareness about its other means of accumulation. Iâ??m not suggesting that these crooks are quaking in their boots by any measure; but the longer they keep a lockdown on price, they can expect continued allegations of manipulation, at least from this quarter. Last I looked, banks never cottoned much to being openly called crooks. To my knowledge, JPMorgan has tolerated it more and longer than any bank in history.

I received another email from a long time subscriber, somewhat related to this discussion. Paul wrote to me, informing me that he was a former Certified Public Accountant who set out to establish whether he could discern if JPMorgan did, in fact, own $40 billion worth of physical metal ($15 billion in silver and $25 billion in gold) by studying JPMâ??s financial statements, including its 10K. He said he gave it a valiant attempt, but admitted that he â??threw in the towelâ?•, unable to find the slightest definitive reference to any of JPMâ??s ownership of specific assets. JPMorganâ??s financial statements are intentionally designed to conceal anything that it wishes to keep concealed. Period. But I do thank Paul for making the attempt as well as he suggestions for what to do next.

In fact, there has never been an admission of any type by JPMorgan that it is involved in dealing in silver or gold for its own benefit and risk, despite public data clearly indicating it is the silver and gold kingpin. Thanks to former CFTC Commissioner Bart Chiltonâ??s recent interview, there can be little doubt that JPMorgan is the master crook Iâ??ve alleged it to be. Between the running public data, Chiltonâ??s unmistakably clear confirmation and the lack of any denial from JPMorgan, there can also be little doubt that JPMorgan has amassed the largest privately (non-government) held stockpile of physical silver and gold in history.

Some still cling to theories that JPMorgan is acting on behalf of the US Government or others or that JPM has accumulated its vast stockpiles of metal to allow it to continue the price suppression indefinitely, but that flies in the face of logic. JPMâ??s metals acquisition began when Barrack Obama was president and has continued under Donald Trump, which would make it the only mutually sustained government policy to date, were it true. And JPMorgan was and is quite proficient at suppressing prices via unlimited short selling on the COMEX, with never a prior need for physical metal to back those sales, so why would it need physical for that purpose now?

Despite the manipulation seemingly lasting forever, many times longer than it takes to drive a grandchild to the playground asking â??are we there yet?â?• the logic of JPMorgan accumulating so much physical metal is simply that it intends to make as large a profit as possible. It can only do that if silver and gold climb sharply in price and it has acquired as much of each as it possibly can. How high and how much are questions only JPMorgan can answer. I have and will attempt to pressure JPM to hurry up and be done with the manipulation with, hopefully, more effect than asking are we there yet? – including continued public allegations of wrongdoing and attempts to pressure the Justice

Department.Â In the end, this is JPMorganâ??s game and it will decide when it has enough; but it is worth pointing out that it does have more now than it ever has before.

Ted Butler

April 13, 2019

Silver – $14.95Â Â Â Â Â Â Â Â (200 day ma – $15.07, 50 day ma – $15.44)

Gold – $1295Â Â Â Â Â Â Â Â Â Â Â Â (200 day ma – $1253, 50 day ma – $1309)

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