

## January 10, 2024 – Chewing Gum and Baling Wire

It is an idiom that goes by different forms, â??chewing gum and chicken wire, or bubble gum and matchsticksâ?•, all used to describe a make-shift necessary and temporary repair when more proper materials and means arenâ??t available. It also implies not a particularly long-lasting remedy to the problem at hand and one apt to fall apart at a momentâ??s notice.

<https://www.merriam-webster.com/dictionary/baling%20wire>

Increasingly, the term has been on my mind when I think of (what else?) the coming end to the 40-year COMEX silver price suppression/manipulation. It seems to me that the signs of the ongoing manipulationâ??s end have been coming fast and furious, all against a backdrop of the most compelling fact of all –Â a deepening physical silver shortage for the first time in history. At the risk of unnecessarily repeating myself, a physical shortage in any commodity is hands-down the most bullish price factor known to man (and woman). Yet the price of silver refuses to reflect that which cannot be refuted.

In addition to the previous always immutable law of supply and demand, all the recent signs and data in silver point to a deepening physical shortage, particularly the data concerning the unusual pattern in COMEX delivery patterns in the recently-expired December contract (which has continued in the current January contract) and the sharp increase in COMEX silver warehouse holdings, which commenced after first delivery day for the December contract.

As I have discussed of late, the pronounced pick up in COMEX silver deliveries (mostly taken by customers of JPMorgan), as well as the unusual inflow of physical metal into the COMEX-approved silver warehouses, lead me to conclude the stoppers (takers) of delivery are silver users rather than speculators (seeing as JPM is the leading supplier of metal to silver users) and that the new metal has been brought in because the metal already on deposit wasnâ??t available for delivery.

Still, against an actual supply and demand backdrop that can only be described as perhaps the most bullish ever, silver prices are still languishing. I am not going to ask what gives, as I (as do you) know the sole reason for the disconnect between the hard facts on actual supply and demand and the price of silver. It can be traced to the illegal paper positioning of futures contracts on the COMEX. Forget plausible, this is the only possible reason for how silver prices could possibly be as cheap as they have been for the past 4 decades.

At this point, given how incredibly long this COMEX silver price manipulation has lasted, the only thing anyone aware of all the facts is interested in is when will this market travesty end? Or even more ominous, given the power and influence of those perpetuating the decades-old price fixing, will the manipulation ever end? The only legitimate answers are that no one knows exactly when to the former and absolutely yes to the latter question.

I recognize full-well that the price of silver has been suppressed and manipulated on the COMEX for so long that even those aware of the real facts clearly have to have doubts about any conclusion that silver is about to explode sharply higher in price. After so much time, and in the face of those who dismiss and ridicule the thought of a 40-year COMEX silver price manipulation, an imminent price explosion sounds like a pipe dream. In these circumstances, itâ??s understandable for there to be

doubts.

But rather than succumbing to the doubts created by the remarkable longevity of what has to be one of the most egregious market crimes of all-time, please allow me to try to turn it around to what it really is, namely, about the most attractive investment opportunities of all-time. In fact, please allow me to stipulate that it must be one or the other – either the allegations of a long-term silver price manipulation are right on or they are poppycock. I donâ??t mean to personalize it unnecessarily, but since I was the first to allege a COMEX silver price manipulation close to 40 years ago (someone had to be first, I suppose), it comes down to whether my allegations are correct or not.

Just the other day, a long-time subscriber asked me if I ever suffered doubts about the COMEX silver manipulation? As to the timing of the end of the manipulation â?? heck yeah. As to whether the manipulation existed or that it would end â?? never. How could I have doubts about the essence of what I allege, since Iâ??ve never been able to secure a reasonable answer or even a reasonable conversation from the regulators about the issues I raise? As I wrote recently, it was great that the late former commissioner Bart Chilton, basically, confirmed what I was alleging at the time about the COMEX silver manipulation and JPMorganâ??s leading role, but it came 15 years too late.

From my point of view, the regulators could have put this matter to rest decades ago, yet here I am practically begging for a broader engagement on what is an allegation of the most serious market crime and regulatory responsibility, price manipulation; and even what must be considered straight answers to simple questions.

A case in point is the query I sent to the chairmen of the Securities & Exchange Commission and the Commodity Futures Trading Commission back on Nov 13 (which was followed up by my local congressmanâ??s office two days later), concerning the possible double-counting of recorded silver inventories on the COMEX and in SLV, the big silver ETF.

<https://silverseek.com/article/answer-long-overdue>

My letter was polite, professional and specific. I did receive (as previously-reported) a response from the S.E.C. dated Nov 27 (but not received by me until Dec 18), but the response was evasive in the extreme in that it did not come remotely close to answering my question about potential double-counting of the recorded silver inventories in question. So, while the S.E.C.â??s response was somewhat timely, in no way did it resolve the matter.

After what has now been 8 weeks, I have yet to receive a response from the CFTC, despite following up with my congressmanâ??s office as recently as this week. Iâ??m trying hard not to read too much into the lack of a response, but considering how simple it would be for the CFTC to ascertain whether the recorded silver inventories in the COMEX warehouses and in SLV are being double-counted, I canâ??t help but have growing doubts about the lack of a response from the CFTC.

Clearly, if I hadnâ??t suspected that there might be double-counting, I never would have petitioned the S.E.C. or the CFTC in the first place. But I gave each the benefit of the doubt and left it up to them to settle the matter. I didnâ??t burst through the saloon doors, shooting up the joint and declaring that the recorded silver inventories were being double-counted; I went about it in an undeniably professional and respectful manner. I just wanted the matter settled once and for all. I raise the issue now to demonstrate my point about the regulators Â not responding adequately to matters of potential

---

significance as to whether things are on the up and up in silver.

It also adds to my sense that the COMEX silver manipulation has remained in force by what are now only the most fragile of chewing gum and baling wire constructs. In fact, the lack of any regulatory or any other legitimate rebuttal to what are specific allegations of the most serious market crime or circumstance possible is what supports the allegations of a long-term price manipulation in silver. Declaring that silver prices couldn't have remained suppressed for as long as they have because too much time has elapsed is precisely the type of nonsensical response that I consider to be completely circular.

What also bugs me to no end are those commentators who have to be aware of the COMEX silver manipulation and still pretend it is their proprietary research or "system" that will accurately predict the coming price explosion - all without ever acknowledging the ongoing manipulation. Be that as it may, the lack of any serious and specific rebuttal, official or otherwise, to any number of serious allegations of a COMEX silver manipulation just highlights how fragile and precarious a continued silver price suppression is from here.

To be sure, I would never deny that the collusive COMEX commercials can't rig prices lower at any moment - until the point that they can't. In fact, what else can they do? - they certainly can't increase silver mine production or reduce industrial demand or eliminate the physical shortage with still lower prices. All these commercial crooks can do is trick the maximum number of managed money traders to sell - after that, then that's all there is. Of course, trying to pinpoint that precise moment is a timing challenge, no more, no less. Silver investors can easily side-step any timing uncertainties by buying and holding silver on a non-margined basis.

So, instead of looking at the 40-year COMEX silver manipulation as strong evidence that it will last forever, try looking at it for what I believe it truly is, namely, a market rig-job on its last legs and held together at this point by smoke and mirrors. Whatever the short-term trading gimmicks the commercials may resort to ahead, they are no match for the law of supply and demand.

It may have taken an extremely inordinate long period of time to get to this point, but that's water under the bridge as far as the law of supply and demand is concerned. We're at the foothills of a mountain range of higher silver prices to come and to dwell on the journey taken to this point misses the big picture.

Turning to other matters, weak silver prices over the just-completed reporting week ended yesterday suggest a significant positioning improvement in the new Commitments of Traders (COT) report to be published on Friday. Not only did silver fall by as much as a dollar over the reporting week, prices spent every trading day sharply below all of silver's key moving averages for the first time in more than two weeks. This is the equivalent of inducing managed money selling as would be the waving of a red flag to a distempered bull.

Therefore, it is reasonable to expect (or hope) for significant managed money selling in silver (both long liquidation and new short selling). I can easily imagine net managed money selling of as many as 10,000 contracts (say 5000 contracts of long liquidation and an equal amount of new short selling). At least, that's my hope. I'm less sure of the amount of commercial buying, either by category (big 4 or raptor) or what the other large reporting and smaller non-reporting traders may have done. I am mindful that the price declines in silver have come on relatively low trading volume, save for the first

sharp day down of the reporting week, so I won't be terribly disappointed with less than imagined managed money selling. Plus, relative to gold (and platinum), silver's market structure is not as bearish to start with.

Gold prices were also weaker over the reporting week by as much as \$50, but with the key difference from silver being a lack of a downward penetration of any of gold's key moving averages (although we're getting close). As a result, while I would imagine managed money selling and commercial buying in gold, it wouldn't appear to be as large, proportionately, as the positioning changes imagined in silver. Now whether that means we are still to experience a further manipulative flush out to the downside in gold (as I've been fearing), we're likely to learn in the near future.

I also can't help but note that the collusive NYMEX commercials didn't seem to have much trouble in first allowing platinum prices to rip higher by \$175 (20%) from mid-November to late-December, as the managed money traders bought as many as 40,000 net contracts on the way up and as all the moving averages were upwardly penetrated. Now that the commercials have loaded up on the short side, platinum prices are, not surprisingly, threatening to downwardly penetrate its key moving averages. Another CME Group market completely lacking in either proper federal or industry self-regulation. Instead of moving towards fair and reasonable market regulation, we seem to be moving in the opposite direction.

So, as we watch and wait for the collusive commercials to dish out whatever it is they can come up with, and their soon to end house of cards price manipulation of silver, please try to recall all the substantive push backs and explanations you have heard from the regulators and non-regulators alike as to why silver prices have been determined on a fair and free basis and not by manipulation. And then try to square all those thoughtful push backs and explanations against silver being manipulated on the COMEX (yes, I am being sarcastic) with why we now have a documented physical silver shortage for the first time in history.

Ted Butler

January 10, 2024

Silver – \$23.09 (200-day ma – \$23.81, 50-day ma – \$23.79, 100-day ma – \$23.46)

Gold – \$2029 (200-day ma – \$1977, 50-day ma – \$2021, 100-day ma – \$1975)

**Date Created**

2024/01/10