January 4, 2023 – Pretending Everything’s Normal.

It occurs to me that one of the two key factors that determine the silver price is so widely underappreciated, that it has created what can only be described as a reverse of a 1998 movie, â??The Truman Showâ?•, starring Jim Carrey, in which the central character is unknowingly living a life completely made up and controlled, in which the audience waits for him to wake up to this realization. Only in the version I see, it is the entire audience not realizing the completely made-up control of a few large entities (yes, banks) that has created the shocking circumstance of few recognizing that which is evident.

The first key price factor is not applicable to my â??Truman Showâ?• analogy, as more observers than ever recognize the influence of paper positioning in COMEX silver (and gold) futures in determining the price. Here, of course, Iâ??m referring to the widespread adoption of the Commitments of Traders (COT) report as the ultimate
â??explainerâ?• of major silver and gold price moves. Long an adherent (and, I suppose a â??promoterâ?•) of the COT reportsâ?? influence on price, Iâ??m not surprised in the least about how widely-accepted has become many more commentators utilizing COT report analysis, than those continuing to ignore this major price explainer.

Of course, for far too many of those now including COT analysis in their working knowledge of whatâ??s important to price, there still appears to be a major disconnect as to the real meaning of the data. Everyone seems to have learned, for instance, that when the managed money traders are least long and maximum short, thatâ??s a good time to buy and vice-versa. But I can count on one hand, with a bunch of fingers left, how many see (or acknowledge) that the managed money traders are deliberately hoodwinked into and out from paper positions by what I call the collusive COMEX commercials.

Despite this decades-old deliberate positioning being at the core of the long-term price manipulation, let me set aside this first key factor that has (illegally) determined the price of silver and gold. This manipulative and collusive paper positioning on the COMEX, is only one part of a mighty left and right â??Joe Louisâ?• punch that has determined silver prices and, today, Iâ??m going to set that aside and deal with the second aspect of the â??one-twoâ?• manipulative price punch being given to silver on the COMEX.

Since silver is a vital physical commodity, produced and consumed (used) extensively Â throughout the world; it is not possible to control its price by paper-positioning alone â?? there needs to be a controlling physical component as well. It might seem somewhat remarkable at first (although not after further thought), that the easily-documented paper positioning on the COMEX is fully-complimented by a physical COMEX component every-bit as manipulative as the deliberate paper positioning.

Come to think of it, this long-term silver price manipulation in COMEX paper positioning had to have a just-as-manipulative physical component on the COMEX and Iâ??m kicking myself a bit for not putting the two as closely-linked as they are until now. Here, of course, Iâ??m talking about the physical component of the COMEXâ??s one-two manipulative punch being the frantic and unprecedented physical movement or turnover in COMEX silver warehouse holdings.

Obviously, Iâ??m not kicking myself too-hard, because, to my knowledge, no one speaks of the COMEX silver warehouse movement like I do. Itâ??s just that I donâ??t believe Iâ??ve put this physical turnover into the perspective Iâ??m attempting today, so please bear with me.

It shouldnâ??t be any surprise that if the price of silver has been set and controlled by collusive commercial COMEX paper positioning, that the required physical metal component must also be due to collusive commercial COMEX physical control. And guess what? Thatâ??s exactly what the data confirm. I know many may think Iâ??m beating this issue to death, but it is only now that I can see how the frantic physical silver turnover in the COMEX warehouses, that began in April 2011, has been an integral component of the required two-part ongoing price manipulation.

First, some background. Quite literally, I stumbled upon what has turned out to be a key component of the COMEX silver manipulation in April, 2011, when the daily COMEX silver warehouse movement suddenly jumped much higher than I could ever recall â?? right at the same time JPMorgan opened its COMEX silver and gold warehouses after a long absence.

Discovering the sudden jump in COMEX silver warehouse physical turnover was merely a function of me having monitored a wide-variety of mundane silver statistics for what had been a quarter-century prior to April 2011. Ever since my dear-departed friend and silver mentor, Izzy Friedman, challenged me in 1985, which led to my conclusion that silver was manipulated by paper-positioning on the COMEX, I followed more arcane silver statistics than you could shake a stick at, mostly for no apparent purpose â?? just habit. Â (The Bank Participation report of August 2008, which led to my discovery that JPMorgan was the big COMEX silver and gold short crook, beingÂ a prominent example of stumbling on an outlier by constantly reviewing arcane statistics).

The most remarkable aspect to the start of the unusually large physical turnover in the COMEX silver warehouses in April 2011, is that it hasnâ??t stopped since. And as I just outlined on Saturday, the physical silver movement or turnover in the COMEX silver warehouses has not only continued uninterrupted since April 2011, it has accelerated to the point where 2022 featured the highest physical turnover in history, as 384 million oz of silver were moved into and out from the COMEX silver warehouses â?? an average weekly movement of 7.4 million oz.

A recent email from a long-term subscriber suggested I put the 7.4 million oz weekly physical movement into more descriptive terms. Jay is correct, as the 7.4 Â million troy oz weekly movement translates into roughly 600,000 lbs., or at least 12 full container truck shipments per week and likely closer to 15 to 20 truck shipments when less than 600,000 oz shipments are factored in. Thatâ??s every week on average.

In more practical terms, the 384 million oz annual physical turnover in the COMEX warehouses for 2022, must be viewed in terms of how much physical silver is capable of being moved into and out from these warehouses. And remember, the vast majority of the physical turnover doesn’t involve investment silver, as thereâ??s simply no good reason to move investment silver frantically. Weâ??re talking about silver being produced from mining and recycling and metal being used in fabrication.

Yes, total annual silver mine production is 830 million oz, according to the Silver Institute, but nearly half of that comes from North and South America, so the total COMEX silver warehouse turnover comes quite close to equaling total North and South American annual mine production. I find it astounding that just about the entire annual silver mine production of the western hemisphere is, apparently, being physically-funneled through the COMEX warehouses.

Remember, the COMEX silver warehouses are located in the very narrow NY metropolitan area. Take out a globe and pinpoint the NY metropolitan area and compare that relative pinpoint to North and South America and the world as a whole. Next, try to come up with a plausibly-sounded legitimate explanation for why a handful of silver warehouses in the pinpoint of the NY metropolitan area have just about all the silver produced by North and South American mines physically flowing into and out from these few warehouses?

Let me get into the meat of the matter that I have failed to connect until now. Yes, of course, the paper positioning of the collusive COMEX commercials dominates and hoodwinks the managed money traders, despite the overall lack of recognition that this is the case.

Yes, there is a very big difference between the paper positioning on the COMEX in the form of futures contracts and the physical silver turnover in and out from the COMEX silver warehouses â?? one is paper, the other is physical. Yet, I find it much more than remarkable that the same controlling handful of large COMEX commercials have been responsible for both the easily-documented paper positioning control and the easily-documented physical turnover in the COMEX warehouses. Although it appears to have receded from its former long-term paper price control, it would appear that JPMorgan is still the ringleader of a few large banks that control the physical flow into and out from the COMEX silver warehouses.

Now, some may be quick to point out that facilitating the flow of silver (and other minerals) from the mine source through the refiner process and then on to the ultimate silver consumers has long been the bailiwick of the likes of JPMorgan and other banks. I have no dispute with that and acknowledge this has been occurring for more than a half-century or longer for these bullion banks. No doubt, itâ??s a good business for the banks.

My objection is this â?? just like the long-term silver manipulation can be traced to a few large banks on the COMEX in paper positioning and the controlling concentrated short positions they have assembled Â at every major price top (although this may be changing); all this required collusive coordination; and the same darned thing is more than obvious in the astounding physical movement in the COMEX silver warehouses.

Whatâ??s wrong with this is that the bedrock of US antitrust law revolves around the potential monopoly power of a few large participants in any industry. Yet here we have undeniable control, by a few large banks, of both the two key forces responsible for the COMEX long-term silver manipulation â?? paper positioning control and physical metal control. I donâ??t know how I missed that to this point. Well, actually, I do think I know how I missed this to date.

The COMEX silver warehouse turnover, which began in April 2011, took place after Izzy lost interest in silver (due to the loss of his wife, Gabby, and a turn in his health). This was true for other important developments after this time, like JPMorgan acquiring a billion oz of physical silver and, at least 30 million oz of physical gold. By the way, at current prices, JPM is ahead close to $25 billion on its physical silver and gold holdings (not that anyone could find them on its books). The only real conversations or discussions Iâ??ve had over the past 12 years on the COMEX silver warehouse physical turnover, have been with myself (and on the pages of this service).

I donâ??t fully-understand why the daily physical turnover on the COMEX silver warehouses is as overlooked as much as it is, since there has developed much discussion on the total level of the COMEX silver warehouses, with particular attention to the registered category. The turnover data is on the very same page that features total and registered silver statistics, so I canâ??t imagine how or why the turnover data is being overlooked.

Please understand that this highly unusual and frantic physical turnover is occurring only in silver of all commodities that feature any type of an exchange warehouse system. Thereâ??s been no similar frantic physical turnover in COMEX gold, copper, platinum or any other commodity. How is it, with all the recent attention given to silver, that what might be the strangest physical development of all, the unprecedented turnover in the COMEX silver warehouses continue to be ignored?

This sure feels like the Truman Show to me, only with the much wider public audience in the dark. Or maybe itâ??s just me and Iâ??m the one who doesnâ??t get it. Itâ??s got to be one or the other. However, in my case, at least Iâ??ve the one raising the issue and openly soliciting answers to the many questions about this turnover occurring only in silver. Itâ??s hard to debate when one side is completely silent.

One other new thought has been developing over time that I havenâ??t yet mentioned. Iâ??ve often said that I know of no way to predict future COMEX silver warehouse turnover and how I just report on the turnover after it occurs. At the same time, however, seeing as the physical turnover has been so high and so consistent over the past 12 years, in fact accelerating sharply this past year, that I canâ??t help but question how it can suddenly cease? The turnover has occurred for a reason and it might be a shock to the system were it to cease.

More to the point is the alarming concentrated and monopolistic control of a handful of large banks that dominate and control both the paper positioning and physical flow of silver on the COMEX, largely, one and the same. I canâ??t imagine what more important matters of price manipulation and monopolistic control the Department of Justice or the CFTC may be engaged in, but it shouldnâ??t be up to me to clue them in on every darned thing occurring in silver. In fact, so egregious is the paper and physical control of a few monopolistic banks in COMEX silver that it’s simply disgraceful neither has moved sooner or at all.

At the same time, when this monopolistic control breaks, as it must in some way and at some point, that will the basis for the price explosion to come. I can see the bullion banks maintaining their stranglehold on the physical flow of silver (who will replace them?), but that doesnâ??t and shouldnâ??t include the simultaneous paper control as well. Thatâ??s what may be behind the tentative change in the composition of the big paper shorts.

Turning to other matters, this weekâ??s COT and Bank Participation reports will be of special interest to determine how much deterioration (managed money buying and commercial selling) may have occurred in gold and silver, particularly on yesterdayâ??s Tuesday cutoff and whether the tentative signs that the composition may have changed as far as the former large commercial shorts attempting to leave the short side.

As far as silverâ??s relative weakness compared to gold over the start of the New Year these past two days, I canâ??t say Iâ??m particularly surprised, since goldâ??s COMEX market structure was more bullish than silvers. But when it comes to physical market conditions, as highlighted by the COMEX warehouse turnover â?? forget-about-it â?? nothing compares to silver.

The reality is that the COMEX (owned and run by the CME Group) is little more than a bucket shop controlled by a few big banks that dominate both the paper positioning and the incredible and unprecedented physical warehouse turnover in silver and trying to decipher what these market crooks plan next is a foolâ??s errand. As I indicated on Saturday, we must gird for intentional and deliberate price smackdowns on a short-term basis, while fully-maintaining core positions for the certain liftoff in prices in the not-so-distant future.

Ted Butler

January 4, 2023

Silver – $23.90Â Â Â (200-day ma – $21.26, 50-day ma – $21.93, 100-day ma – $20.55)

Gold – $1857 Â Â Â Â Â Â (200-day ma – $1789, 50-day ma – $1755, 100-day ma – $1733)

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