June 21, 2023 – More on the OCC Report

Iâ??ll get into the sharp price decline this week in a moment, but first Iâ??d like to follow up on my comments about the new OCC report. As a result of making public a portion of Saturdayâ??s piece about the new report, some comments made about the article do deserve mention. The comments generally concerned how I should have mentioned the high-likelihood that the US Government was involved in the positioning (for the purpose of defending the US dollar). I can assure you that if I did see it as such positioning by the USG, I would have mentioned that. Further, Chris Powell from GATA, wrote a separate article in which he suggested that the banks involved were merely acting as brokers and not as principals in these transactions. The OCC is quite clear that the report covers the principal positions held by the banks with no attempt at disclosing their counterparties.

https://silverseek.com/article/another-stunning-occ-report-1

First, a few additional background comments on the OCCâ??s quarterly derivatives report.Â All derivatives positions are paper contracts between two parties â?? a long and a short.Â The OCC report covers the derivatives positions held by big US banks on their own behalf and deliberately leaves unanswered the question of who may be on the other side of the banksâ?? positions. The primary purpose of the report is to serve as an early warning system for any danger to the banks in question as a result of too-large or risky their derivatives positions may be. Again, the report makes no attempt to breakdown the banksâ?? positions as to whether they are net long, net short or flat.

For one to assume that the US Government is the main counterparty to the banks in the OCC report and it is the USG initiating the transactions for the purpose of suppressing the price of gold and silver to keep the dollar strong, that would make the USG short and the banks holding large derivatives positions long. If this were the case, lower gold and silver prices would benefit the USG (presumably) and hurt the banks â?? with the opposite being true.

So, if one were to conclude it was the USG on the short side of the massive increase in the precious metalsâ?? positions of JPMorgan and Bank of America, one would also have to conclude it was in the interest of the US Government to inflict large losses on two of the most important US financial institutions should it be successful in shorting the derivative to which the banks were long. In this day and age of concern about the safety of banks and the financial system. I have trouble accepting that.

I also have trouble accepting that the US Government would be the initiator on the long side of these OTC derivatives which would make the banks massively short and raise obvious concerns – like why would the USG go long if it wanted to suppress metals prices? I know that those already convinced that the US Government has been behind the silver (and gold) manipulation for the past 40 years will remain so convinced regardless of the facts. Maybe weâ??ll uncover the data in the future to prove or disprove the USGâ??s involvement, but itâ??s a stretch to claim such an involvement in the OCC report.

One other general observation over the years is that Iâ??ve detected absolutely no correlation between the banksâ?? derivatives positions in the OCC report and price movement â?? where I have found the correlation between the banksâ?? positions on the COMEX and price movement to go well-beyond correlation to the point of being causal. I have looked, long and hard, at the OCC report for years, primarily for the purpose of detecting a correlation between it and subsequent price change, and have come up empty. Then why the heck would I try to make a big deal out of recent OCC reports if it were not to predict price change?

The answer is simple â?? for the very same reason the OCC report exists in the first place, namely, to identify beforehand obvious signs of trouble to (or wrongdoing by) the banks involved. And since only two banks, JPMorgan and Bank of America, saw their derivatives positions increase dramatically in the latest report and with no comparable radical positioning changes in COMEX positioning over the quarter ended Mach 31, the most reasonable conclusion would seem to be that these two banks took positions against one another as counterparties. The next question is which bank went long and which went short?

Perhaps Iâ??m prejudiced by the many years of observing JPMorgan dominate and control all things silver and gold, but it just seems farfetched that the new kid on the block, Bank of America, would pull a fast one on JPM and not vice versa. It just seems outlandish to me to imagine BofA hoodwinking JPM into going massively short to BofA in silver or gold. I suppose I could be accused of holding as strong a preconceived notion about JPMorgan as those convinced it is the US Government running things, but hopefully we may come to know in the fullness of time.

In the meantime, the most plausible explanation in the sharp increase in the derivatives positions between only two banks , JPMorgan and Bank of America, in the latest OCC derivatives report is that these two banks established new positions with each other as counterparties.

Turning to this weekâ??s price blast to the downside, while painful and highly-insulting from a rule of law perspective, it can hardly be called completely unexpected. I donâ??t think Iâ??ve written an article in months in which I didnâ??t point out the possibility of such price smack down â?? always described as the coming silver price explosion, either with or without a sharp selloff first.

It seems unnecessarily repetitive to once again point out that there was no legitimate explanation for this weekâ??s price swoon and quite frankly, Iâ??m a bit unnerved how everyone doesnâ??t see the selloff for what it is, namely, a highly orchestrated and deliberate price rig lower. The orchestration was conducted by the same collusive commercials on the COMEX which have arranged every significant selloff for 4 decades. The proof of this should be seen in this Fridayâ??s new Commitments of Traders (COT) report.

Since there has never been a significant price selloff that hasnâ??t involved commercial buying and managed money selling, the only real question is in the particular category changes and the larger question as to whether we are close to being finished with the deliberate price rig lower. I was asked early yesterday by a long-term subscriber whether the selloff to that point was sufficient to clear the decks. I told Steve that could be, but that I didnâ??t know and that there could be more.

I didnâ??t get into the details, but the last remaining silver moving average (the 200-day ma) is now (as I write this) less than 50 cents below current prices and the logical target for the collusive COMEX commercials to rig prices below to induce maximum managed money technical selling (both long liquidation and new short selling). Thatâ??s not to say that the commercials will succeed (as they usually do), but that would seem to be their goal.

If you are not disheartened and upset that the crooked COMEX commercials are, yet again, brazenly rigging silver prices lower with not the slightest pretense of legitimacy, you are a better person than me. Iâ??m just infuriated, more at the malfeasance of the regulators (the CFTC and CME Group) than anything else. We have long passed the point of the regulatorsâ?? abject shame in the ongoing COMEX silver manipulation. I donâ??t know how these people sleep at night (perhaps imagining their future employment at those they currently â??regulateâ?•).

At the same time, I canâ??t help but be amazed how this COMEX positioning scam and fraud will only deeply-strengthen the inevitable silver price explosion, despite the near-term price pain and shame of the regulators. There is a reason (and one reason only) for this price and every price blast to the downside for the past 40 years and that reason is to allow the commercials to buy as many contracts as they can possibly induce the managed money (and other speculators) traders to sell. And after the point of maximum price-rigging and speculative selling is reached, the price of silver will stop going down and, I believe, begin the explosive rally that is long overdue.

It also needs to be remembered, going into this latest and, I believe, final price smash, that the market structure in COMEX silver (and gold) was far from bearish. Yes, I was concerned about the big 4 short position in gold, but in silver, the big 4 short position was near record lows and it is likely that may have been due to possible behind the scenes regulatory influence or just a growing awareness among the largest COMEX commercial crooks that this too could no longer be defended.

Yes, it is an apparent paradox that the CFTC could have worked to influence the sharp reduction in the big 4 concentrated short position in COMEX silver over the past two years (at my prompting) and then sit twiddling its thumbs as the collusive commercials rip the guts out of the silver price these past few days â?? until you think about it a bit more.

Look, thereâ??s no question that the CFTC is perhaps the least effective and most â??capturedâ?• federal agency of all, but it is not beyond reason that it finally came to the realization, after decades, that there was something very wrong with the concentrated short position in COMEX silver and that it needed to do â??somethingâ?• about it. Otherwise, the Commission would have continued to argue with my allegations, instead of suddenly not arguing and referring my allegations to its Enforcement and Market Oversight Divisions two years ago. As previously stated, at the very least, something accounted for the shocking reduction in the concentrated short position in COMEX silver from when I wrote to the Commission to the present and it very well may have been the Commission finally waking up.

But how to account for the possibility that the CFTC finally â??woke upâ?• to the manipulative price effect of the concentrated short position and, despite this sudden knowledge, just sits by, not lifting a finger and watches the collusive COMEX commercials blatantly rig silver prices lower? It has to do with putting yourself in the other guyâ??s shoes, namely, what would you do if you were the chair or a commissioner? Specifically, would you suddenly and openly admit that the agency had blown it for decades, by not addressing the issue of the concentrated short position in COMEX silver earlier; thereby subjecting the agency to ridicule and scorn â?? possibly resulting in the demise of the agency (via a takeover by the S.E.C.?).Â Or would you seek to dismantle the concentrated short position behind the scenes and spare your agency the scorn an open admission would likely bring?

In this same context, if you were the chair or a commissioner (all highly political appointees), would you suddenly jump to action as a result of this latest highly-manipulative price take down or sit by and let it occur, knowing this was likely the very last take down? Me? I want to see each and every commercial manipulator and guilty regulator in jail, but thatâ??s not going to happen. Putting myself in the regulatorsâ?? shoes, Iâ??d do what I think (hope) they are doing. The good news is all this should become apparent on the next silver rally and whether the former big commercial shorts add aggressively to silver short positions.

For the time being, we are captive to the pain and eventual reward of the current selloff. There was never any doubt that were we to be forced to endure another sharp silver selloff, that selloff would only improve the market structure â?? likely for the last time. I canâ??t tell you how low or how long the selloff may carry â?? thatâ??s dependent on how many managed money technical traders can be persuaded to go short. Itâ??s about positioning, as much as it is about price.

As far as what to expect in this Fridayâ??s new COT report, it would seem almost impossible for there not to be commercial buying and managed money selling, given the price weakness through yesterdayâ??s cutoff for the reporting week. It is this expected commercial buying that fully explains the ongoing COMEX silver (and gold) manipulation. When you step back and consider that the commercials are always net buyers on price weakness, you have to ask yourself â?? how the heck could they pull this off continuously â?? without colluding?

One big key to the decades-old COMEX silver manipulation is that the only way for the commercials to always be net buyers on selloffs and net sellers on rallies is collusion. What this means is that the only way for this to occur is a tactic and ongoing agreement between the COMEX commercials to maintain a high-degree of discipline to not compete against one another when dealing with the managed money traders. All the commercials know full-well what the managed money traders will do as Â key moving average penetrations are made â?? most often on dirty commercial price rigging Â tools (like spoofing).

Simply stated, the commercials never compete with one another Â and â??reach upâ?• to buy or â??reach downâ?• to sell â?? but always wait in unison for the managed money traders to come to them. OK Butler, I can hear someone (likely a commercial or a regulator) ask â?? what proof do you have? I just presented the proof in that it would be impossible for the commercials to always buy on lower prices and sell on higher prices without collusion. The proof is in the COT report data going back decades indicating no big commercial buying on higher prices or selling on lower prices â?? ever. The problem is that Iâ??m not the regulator and the CFTC refuses to study and consider the data it publishes.

Maybe I should just run a contest, in which a prize is given to anyone who can explain how the COMEX commercials can always buy on lower prices and sell on higher prices without colluding among themselves. Â Certainly, if any subscriber has an explanation away from collusion, please let me hear from you and Iâ??ll publish the alternative explanation. That goes double for any regulator or COMEX commercial.

While I remain dumbfounded that there is not universal recognition at this point that the current silver price selloff is the sole result of collusive COMEX commercial behavior, in reality such recognition is not required. I will also likely be dumbfounded when the managed money flush out is complete and prices turn sharply and explosively higher how so few will likely recognize the reasons for that explosion.

Ted Butler

June 21, 2023

Silver – $22.80Â Â (200-day ma – $22.35, 50-day ma – $24.55, 100-day ma – $23.47)

Gold – $1947Â Â Â Â Â (200-day ma – $1852, 50-day ma – $1995, 100-day ma – $1952)

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