March 20, 2024 – A Nearly Unmistakable Pattern

I first mentioned, a month or so back, the highly-unique pattern I uncovered in SLV, the big silver ETF, in which over the past six months, there have been a series of large, mostly one-day deposits of physical silver into the trust, only to be followed by a withdrawal of that metal in fairly short order. The pattern in well-documented, having occurred a half-dozen times or more, with latest large deposit (nearly 12 million oz) having taken place on Monday, March 17. (And already, the withdrawal process appears to have commenced, as one million oz were withdrawn last night).

As always, the analytical and speculative process begins with an objective presentation of the data that can be documented, followed by the most reasonable explanations or narratives as to what best explain the data. To be sure, the pattern of large one-day deposits in SLV, followed by the withdrawals of those deposits is unique to SLV, of all the silver ETFs and has not appeared in any of the gold ETFs, making the deposit/withdrawal pattern unique to SLV.

Other factors we know to be true, are that JPMorgan is the official custodian of SLV and other silver (and gold) ETFS, and as such, is better positioned to be behind the unusual deposit/withdrawal pattern in SLV and that I have long contended that JPM had previously accumulated a massive amount of physical silver, putting it in a prime position to be behind the unusual deposit/withdrawal pattern. Of course, my contentions are not documented facts; but having sent every article I have written to JPMorgan, including the many hundreds in which I accuse it of being an outright criminal when it comes to silver dealings, I have yet to receive any objections from JPM to my allegations. Maybe thatâ??s the new norm in our brave new world, but it still appears unusual to me that the most systemically important financial institution in the US, would tolerate such accusations (unless the allegations were true.

Other things we can be fairly sure of is that currently, silver is in the tightest physical supply/demand situation in history, to the point of outright physical shortage and that the price of silver comes nowhere close to reflecting that shortage, as the price of silver is still half of its peak prices of 44 and 13 years ago. So, we have two highly unusual circumstances; one, a physical commodity shortage with no reflection of that in price and, two, the highly unusual pattern in SLV of big one-day deposits, only to be followed by withdrawals in short order. Is there a connection between the two highly unusual circumstances? Itâ??s hard for me to see how there cannot be a connection.

It seems these big one-day deposits in SLV are being arranged by JPMorgan to fund the deepening physical shortage, with deposits then being used to fund the physical shortage. As such, this equals the illegal dumping of silver to suppress and contain prices. At least that is the only explanation Iâ??ve been able to come up with. Considering JPMorganâ??s rather checkered regulatory history, particularly in precious metals, my allegations can be hardly considered farfetched. In fact, I have leveled more accusations against JPMorgan for silver price manipulation than anyone, starting in late-2008, after it took over Bear Stearns. While I was disappointed that the historic deferred prosecution agreement between the Department of Justice in 2020 was limited to spoofing charges, it did at least focus on the big silver crook; JPMorgan.

Considering the new allegations Iâ??ve made recently to the DOJ about JPMorgan knowingly allowing recorded silver inventories to be double-counted (now confirmed by the CFTC), as well as dumping silver to suppress prices, itâ??s now a question of how long will it be for the DOJ to move against JPM on this go-around. Alternatively, I suppose itâ??s possible I may be off-base and my allegations are wide of the mark. But without any objection from JPMorgan or the DOJ, how would I begin to know if I am off-base in my allegations. These are very serious allegations and I do not make them lightly. Iâ??ve always maintained that I shouldnâ??t be allowed to make the serious allegations I do make about JPMorgan and the CME Group if those allegations are false. But that would require some blowback or notification of my erroneous allegations.

And to those concerned that JPMorgan can continue to rig the silver market with these latest illegal acts, the concerns may not be idle, but are not so all-powerful so as to be dissuaded from buying and holding silver, but, in fact, looks to be a further argument in favoring an ownership of silver now.

And remember, this unusual deposit/withdrawal pattern in SLV is just another confirming feature of the massive and unprecedented physical turnover in the COMEX warehouse inventories over the past 13 years. I attribute this latest development in SLV as an intensification of that long-standing pattern of intense physical tightness â?? joining in with a myriad of other signs How much more can occur before the market reacts violently to the upside? Thatâ??s certainly the most important question in silver.

A curious aspect currently in force in silver is the widespread consensus in the analytical community that silver is dirt cheap and should be bought. In all the decades I have been immersed in silver, I have never witnessed so many other analysts and commentators as bullish as is the case now, or so few actually negative on its price prospects. And even those bearish don’t expect serious price deterioration. This sets up a unique circumstance rarely seen, namely, a strong and nearly universal opinion in the analytical community that the facts and circumstances currently in force in the silver market indicate near-universal agreement that silver should be bought for great price gains. But even here, there is an unusual bullish twist and force at play.

As bullish as the analytical community may be on silver, the big twist or anomaly, is that the investing public is not heeding or reacting to that near-universal analytical call to buy. It’s not that the investing public doesn’t have good reason to resist the analytical community and therein lies the rub. The investing public, at least that portion that invested in silver ten or 20 years ago, has been ground and worn down by the utter stagnation in prices – all while most other markets, including gold, have risen to new all-time highs. It matters little to those worn out by the continued price suppression over the years and decades in silver, just what an investment bargain silver represents – the emotional baggage of holding an asset that hasn’t performed to expectationsÂ is difficult to overcome.Â But the opportunity in silver requires that one step from the past in order to embrace the future. Don’t miss out on what may be the best single investment opportunity of a lifetime, because silver prices have been artificially suppressed to this point. As Iâ??ve contended, as outrageous and illegal as the 40-year silver manipulation has been, itâ??s also the main reason to buy silver, because without the manipulation, silver wouldnâ??t be the bargain it is today.

Finally, there is an incredible and separate opportunity created by the explosion in value of many other markets, stocks, real estate and cryptocurrencies, among others. A universal truth among those who have scored big in any investment, is to seek to protect recent large gains in a specific investment by taking some of the gains and diversifying to other assets. Here, silver will appear as a shining beacon or lighthouse for anyone seeking to diversify and protect large gains in a low-risk asset. With so many trillions of dollars of recent gains and other even greater trillions of dollars of investment buying power sloshing around, it’s only a matter of time before some small percentage “discovers” silver, which has such a tiny amount of metal available for investmentÂ that it will be gone in an instant. The trick is to secure silver before the inevitable price rise trips off widespread investment demand.

In other developments, with yesterdayâ??s close to the reporting week, all eyes are on Fridayâ??s Commitments of Traders (COT) report. This reporting week, for a change, gold didnâ??t do much price-wise, while silver did rally as much as $1.20 and setting fresh multi-month price highs. Therefore, the most basic expected positioning change would be not much in gold and deterioration (managed money buying and commercial selling) in silver. Of course, the devil will be in the details in terms of category changes.

As bullish as I am on silver, for more reasons now than ever before, having grown up with an omnipresent COMEX-price manipulation over the past 40 years, I just canâ??t eliminate the possibility that the collusive commercials might rig yet another price smack down. Thatâ??s the premise behind my â??Drop first, then Pop, or no Drop, just Popâ?•. The drop, should it materialize, should be sharp and quick, designed to shake out as many managed money traders as possible, before a final liftoff. As has been my custom for the past few years, I plan to ride out any drop.

(Due to a scheduling conflict that canâ??t be avoided, Iâ??m sending this out early, rather than late)

Ted Butler

March 20, 2024

Silver – $25.15 Â Â Â (200-day ma – $23.49, 50-day ma – $23.30, 100-day ma – $23.54)

Gold – $2164Â Â Â Â Â Â (200-day ma – $1992, 50-day ma – $2067, 100-day ma – $2043)

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