March 23, 2016 – Five Years That Changed Silver

FIVE YEARS THAT CHANGED SILVER FOREVER

Ask any casual observer of the silver market what happened to the metal over the past five years and you're likely to hear how the price fell from nearly $50 in April 2011 to under $14 at recent lows Â? a stunning decline of 70%. If you inquire further, you'll likely hear a number of reasons for the decline, ranging from an oversupply of the metal, a strengthening dollar, falling inflation rates, and the collapse of the commodities markets.

What you will not hear is how a specific development has transpired over the past five years that ensures a coming explosion in the future price of silver beyond the most bullish predictions and optimistic upside targets. You're also not likely to hear that the stunning decline in the price of silver over the past five years was a deliberate feature of an unusually bullish development that promises to change forever the future price landscape.

While I have closely researched the silver market for more than 30 years, uncovering more original findings (including silver's price manipulation) than anyone, I fully admit that I did not immediately see the monumental change that began to occur five years ago. This astonishing development that had begun in 2011 did not come clear to me until late 2013.

I discovered that the largest U.S. bank, JPMorgan Chase, began to accumulate massive amounts of physical silver starting in 2011 and has continued that accumulation to this day. All told, I believe JPMorgan has acquired somewhere between 400 and 500 million ounces, the largest privately held stockpile of silver in history.

What this means is that the future price of silver is now destined to move far higher in price than anyone can imagine. I wasn't looking for something to come along that would supersede my already ultra-bullish outlook on silver, but that is what occurred. That's because the obvious motive JPMorgan has whenever it acquires a large investment position is to profit on that position to the greatest degree possible. And since JPMorgan is now in position to profit enormously when silver prices soar, that means anyone holding silver will profit as well.

How did JPMorgan come to acquire hundreds of millions of ounces of physical silver? It was a circuitous route, beginning in the financial crisis of 2008 when JPMorgan took over a failing Bear Stearns, then the largest short seller in COMEX gold and silver futures contracts. JPMorgan stepped smoothly into Bear Stearns' role as the main silver and gold price manipulator and proceeded to drive the price of silver from $21 in March 2008 to under $9 through massive short sales on the COMEX. In the years that followed, JPMorgan continued its new role as the largest short seller in COMEX silver and reaped billions of dollars in ongoing profits by shorting silver on price rallies and buying back those short positions after it rigged the prices lower.

With manipulative intent and practice, JPMorgan continued to make illicit profits on the short side of COMEX silver until late 2010. Then a developing physical shortage in silver drove prices to almost $50 by the end of April 2011. JPMorgan was not prepared for the developing physical shortage and the price run up nearly crippled the bank. That's when it dawned on JPM that it was on the wrong side (the short side) of silver and the bank resolved to get on the right side Â? the long side. But first, JPMorgan had to get off the short side.

JPM did this by causing silver futures prices to plummet with the full consent of the COMEX and government regulators at the CFTC, a process that has continued to this day. JPM regained control of silver prices on May 1, 2011 and by driving prices sharply lower killed off the developing investment demand that was causing the physical shortage. But while JPMorgan regained control of silver prices on the COMEX, it could not buy as many futures contracts as it desired without causing prices to soar Â? it needed another angle. That other angle was for the bank to begin to buy physical silver while it continued to sell short COMEX paper futures contracts. This way, JPMorgan could have its cake and eat it too Â? continuing to profit on paper short sales while acquiring physical silver at the depressed prices it had created. I labeled JPMorgan's actions as the perfect crime in a public article in December 2014.

http://www.silverseek.com/commentary/perfect-crime-13944

JPMorgan behaved illegally in manipulating prices lower while accumulating all the physical silver it could. However, there is no limitation on what any entity can hold in a physical commodity position. Limitations exist (loosely enforced) on what traders can hold in futures and other derivatives, but no such limitations apply to physical positions. This cleared the way for JPMorgan to hold as much physical silver as it could. Since the price of COMEX silver determines the price for silver throughout the world, this put JPMorgan in the catbird's seat, by enabling it to depress the COMEX price and then scooping up physical silver in prodigious quantities and at ridiculously depressed prices.

As far as the forms of physical silver that JPMorgan has acquired over the past five years, the simple answer is in any form that could be acquired in size. Most of the silver that JPMorgan acquired was in the form of 1,000 ounce bars, the industry standard for silver and the kind deliverable on COMEX futures and held in the worlds silver ETFs and other investment vehicles. JPMorgan has secured hundreds of millions of ounces from the big silver ETF, SLV, and in deliveries against COMEX futures contracts, some of it held in JPM's own COMEX warehouse, which opened for business in May 2011 and is now the largest COMEX silver warehouse (confirming my timeline). Their warehouse now holds 70 million ounces and is their most visible holding. Harder to see is the 100 million ounces they likely have in their London warehouse where they moved out 100 million ounces of other people's silver to make room for their own in 2012.

But JPMorgan has also bought silver in the form of American Silver Eagles and Canadian Maple Leafs to the tune of 150 million ounces over the past five years, quickly re-melting the coins into 1,000 ounces bars because it would be impossible to sell so many coins in coin form. In fact, the curious riddle of record sales of Silver Eagles and Maple Leafs over the past five years coupled with bona fide reports of weak retail sales of these coins was an important clue that someone big was buying many of the coins, roughly 50% of all such coins sold.

When I say I wasn't looking to uncover the most bullish development ever in silver that is an understatement. But as an analyst, I look to the data first and foremost. Not only has that data tipped me off to what JPMorgan has been up to, the continuing flow of public data confirm my conclusion daily. Everything from COMEX silver warehouse movement, deliveries against futures contracts, changes in the big silver ETF, SLV, sales of silver coins from the U.S. and Royal Canadian Mints point to the massive accumulation of silver by JPMorgan. They are positioned to make $100 billion or more in a runaway silver market. They will make $1 billion on a $2 rise in silver.

The very last thing I would be interested in at this stage of my life, is to come up with some wacky premise that threatened to undermine many of my previous findings. I studiously avoid anything that would damage a reputation I have spent decades constructing. On the other hand, if I have discovered the most shockingly bullish silver development ever, how could I not proclaim it far and wide?

I have discovered that JPMorgan has accumulated more physical silver than any private entity in history and I don't care if great numbers of observers come to agree with me or not. I will openly discuss this with anyone who has questions, but most importantly would remind you that if I am correct in my assertion anyone who aligns themselves with what JPMorgan has done and buys silver will most likely reap financial rewards of truly amazing proportions.

What followed was an article I just completed for Investment Rarities and which I plan to make public (probably tomorrow). The subject matter Â? JPM having amassed a massive stockpile of silver these past five years Â? should be familiar to subscribers as I have been writing about this for quite some time. But it dawned on me that it was high time I framed the matter in a way that fully reflected how I feel, namely, that this is the single most important factor in silver today.

I also must tell you that I am both grateful and amazed that the data led to my finding about JPMorgan. Having studied silver as closely as I do, I would have been disappointed to learn of this from someone else. I would have been happy to learn of it, of course, but disappointed that I missed seeing it first. The truth of the matter is that I wasn't looking to uncover what JPM was up to in silver; I was just following the data and trying to interpret that data in the most reasonable manner. Come to think of it Â? this is all I ever did in silver.

When Izzy Friedman first asked me, more than 30 years ago, to explain why silver prices didn't rise in a confirmed supply deficit, I wasn't looking to uncover the COMEX silver manipulation Â? I was trying to answer a simple, yet serious question. All I did was look at the data and try to interpret that data in the most reasonable and logical manner. As it turned out, this same process has led to all my discoveries about JPMorgan and silver, starting with the Bank Participation Report of August 2008 which subsequently revealed JPMorgan took over Bear Stearns' massive COMEX silver and gold short positions and continued to manipulate prices for years afterward. I wasn't looking to pin the silver manipulation on JPMorgan starting in March 2008, government data did that for me.

Likewise, I assure you that it wasn't on my mind that JPMorgan was acquiring hundreds of millions of ounces of physical silver in 2013; that conclusion only came to me after reviewing all the data that seemed to originate around April/May 2011 and then trying to interpret that data most reasonably. To top things off, the continuing flow of data since I reached the conclusion that JPMorgan was accumulating physical silver has confirmed my finding Â? JPM became the big stopper in COMEX silver deliveries over the past year, long after I claimed the bank was the big silver buyer.

I admit that all my findings tend to be controversial, as this one should be. One reason for that is because I see silver differently than most and stick to writing about the differences and not what most would agree with. There were and still are strong disagreements about whether silver is manipulated in price, but today more agree about the manipulation premise than ever before. And there was a time when few wrote of the COT reports and the change there has been dramatic.

If I may confess Â? I hope many disagree with my finding that JPMorgan has accumulated silver and try to validate their disagreement based on the data. Considering the data reasonably and objectively is the surest way to confirm that JPM has accumulated hundreds of millions of physical ounces of silver.

On to other matters. I made a serious error in Saturday's review (since corrected), when I wrote that the 500 contracts of gold bought in the March COMEX futures contract was equal to $625 million, when I should have said $62 million. I woke up Sunday morning in a jolt when it dawned on me that I misplaced a decimal point. Sorry about that.

Still, the 500 contracts of gold bought so close to the end of the delivery period was notable in that it likely involved an immediate demand for metal. Therefore, I was interested in what the delivery and open interest statistics the next day would indicate. The next day, the 500 contracts disappeared from open interest but didn't show up in the delivery data, creating a bit of a puzzle. Then it dawned on me that there was likely an EFP (exchange for physicals) transaction and, sure enough, 500 March contracts were recorded as an EFP transaction. I thought it might be instructive to discuss anew what an EFP transaction involves. Simply put, an EFP is an alternative delivery option, but one which is involves a voluntary agreement.

It is possible to enact an exchange for physical

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