

November 16, 2020 – COT Report Comments

Before I get into today's holiday-delayed Commitments of Traders (COT), which will be briefer than I expected given the lack of meaningful positioning change in silver (gold's report featured a bit more change), a few words on today's initial price smack down, which dissipated by the close. Word of a second highly promising vaccine sent the stock market soaring (no problem with that), but gold and silver plunging. Are you kidding me?

The US Dollar Index did squat and copper surged to multi-year highs, while silver (which the last I looked was very much an industrial commodity) sold off sharply. I'd like to see someone try to explain that set of circumstance all while keeping a straight face. The only possible reason I can see for the sudden price smack down was as a stall job because silver had been threatening a decisive upward penetration of its 50 day moving average with gold not far behind and the big short scammers on the COMEX had no choice but to beat the price down even if that was a temporary reprieve at best. Again, by the day's close silver was right back to its 50 day moving average, with gold not that far behind.

The COT report for silver was about the most unchanged I've seen it, reaffirming my take that there were fairly significant positioning changes for both gold and silver in the reporting week ended Tuesday Nov 10, but whatever deterioration (managed money buying and commercial selling) occurred on the sharp two-day rally of Nov 5 and 6, was reversed on the sharp selloff of Monday Nov 9. It was a classic positioning hit and run, with the crooked commercials fleeing the scene of the crime. I still believe JPMorgan was the driver, with the other commercials riding shotgun. Of course the CFTC and CME could confirm or refute this in a heartbeat, but those cops have been paid (someway) to look the other way.

In COMEX gold futures, the commercials reduced their total net short position by 5900 contracts to 283,400 contracts (although had the report been cutoff as of Friday Nov 6, I believe the commercial short position would have been at least 30,000 contracts more short). Still, last Tuesday's cutoff put the total commercial net short position to its lowest level since Sep 22, I'm happy to report. By commercial categories, all the commercial short covering was done by the raptors (the smaller commercials) which bought back 6000 short contracts. The 8 big shorts added a scant 100 contracts and as of last Tuesday held 238,169 gold contracts net short. The suspected hit and run driver, JPMorgan, ended up flat for the reporting week, around 4000 contracts net long, but I'm as certain as can be that these crooks added thousands of short contracts on the two-day rally before buying them all back on Monday. These JPM guys are so bad that they are quite good.

It was more interesting on the managed money side of gold, as these traders ended up as having sold 10,912 net gold contracts, consisting of the sale and liquidation of 9989 long contracts and the new sale of 923 short contracts. You can be sure the managed money traders went into the large selloff last Monday having bought tens of thousands of gold contracts that they lost at least \$70 per contract on to get to the net selling as of Tuesday. For all intents, the managed money net long position of 79,783 contracts (130,105 longs versus 50,322 shorts) is back to lowest of the last year or more and that makes it very bullish and washed out.

Once again, the "who the heck are those guys?" in the other large reporting traders category were

big net buyers when the dust settled on the reporting week, having bought a net 7739 contracts, consisting of new longs in the amount of 6707 contracts, as well as the buyback of 1032 short contracts. The net long position of these other large guys is close enough, at just under 160,000 contracts to call it a record. If you ever told me that one day the other large reporting traders would hold twice as large a net long position as the managed money traders with gold close to \$1900, I wouldn't have believed you. However, now that this is the case, I do believe it is very bullish.

In COMEX silver futures, the commercials increased their total net short position by a scant 200 contracts, to 59,500 contracts, very much in keeping with the puny changes of recent weeks. Of course, this is the "snapshot" as of Tuesday's cutoff and is not at all representative of the positioning changes intra-reporting week. It's not worth mentioning the changes by categories as the big 8 added less than a hundred contracts to 74,405 contracts. By Tuesday's cutoff, JPM was still net long around 1000 contracts, although I'm sure these master scammers first sold and then bought back a bunch more intra-reporting week.

It's not worth your time discussing what the managed money trader did in silver, as they were net sellers of 6 contracts - I'm not kidding. While the changes in other speculative categories were larger than that, not to the point of being worth discussing.

In summary, the commercials did a pretty impressive job of taking money away from the managed money traders over the reporting week, but that was then and now we are still in a washed out and bullish market structure in both gold and silver. I was able to see last night's SpaceX/NASA launch of the four astronauts on their way to the space station in the night sky, even though I was hundreds of miles away. Quite impressive (as always), but the coming rocket ride in silver is bound to be even more impressive.

Ted Butler

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Silver – \$24.85 (200 day ma – \$20.38, 50 day ma – \$24.79)

Gold – \$1887 (200 day ma – \$1792, 50 day ma – \$1910)

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