

## October 21, 2020 – Get Busy Living

I was flipping through TV channels last night and stopped on the “Shawshank Redemption,” the dark prison drama set in Maine in the 1950s, based upon the novel by Stephen King. Having seen the movie scores of times before, I was set to keep on flipping, but it turned out that the movie had been on for some time and I hit on it just as the “uplifting” closing segment was starting and I had already bypassed the much darker segment that made up the story to that point.

I came in just as Andy Dufresne (Tim Robbins) was talking with his buddy Red (Morgan Freeman) in the prison yard, in which Andy explained how he planned to live one day in a quiet Pacific hideaway in Mexico. Red reminded Andy that he was in prison for life (unjustly convicted of murdering his wife) and how he should put such thoughts aside. Red didn’t know that Andy had been working on tunneling himself out and escaping for nearly 20 years and was about to do so, taking down the corrupt warden to boot. Andy’s words to Red in the prison yard was that it was time to “get busy living or get busy dying.”

Particularly in the trying times in which we live, with untold millions negatively affected by health, economic and political stress, it’s important to strive to maintain as positive an approach to life as possible. It may not be easy to cope with our newfound complications, but the choice to prevail or surrender is simple enough. What on earth does this have to do with silver? I think plenty.

Just like a pandemic fatigue has emerged in the fight against the COVID virus, I’ve sensed a bit of fatigue setting in for the price prospects for silver. This “fatigue” is solely due to the price congestion of the past two months and not by any change in the underlying factors that promise much higher silver (and gold) prices. If anything, the prospects for much higher prices have steadily improved, despite the recent lackluster price action. It’s no secret that short term price performance (or lack thereof) sets collective market sentiment in all investment assets.

Therefore, market sentiment for silver and gold will undoubtedly improve on a decisive break out above the key 50 day moving averages, which just happens to be under assault this morning in gold. Of course, in markets like gold and silver, where there is an obvious outsized influence from manipulative HFT computer to computer day trading, one has to be careful before declaring a new price up leg has commenced. Then again, all the facts that matter indicate an eventual breakout and new up leg. What facts?

Somewhat ironically, one fact would appear to be price performance itself to this point. While gold and silver prices have congested since hitting significant price peaks in early August, it’s important to look back a bit further. For gold, prices hit all-time highs in August, taking out the previous peak set nine years earlier. And while silver prices still have a long way to go to set new highs above the previous peak of \$50 set in 1980 and 2011, silver prices did set (and are still above) price peaks of seven years ago.

In fact, the price performance of gold and silver have been quite extraordinary this year, particularly for silver. Granted, the year 2020 has been remarkable on just about every metric, but even so, precious metals price performance has stood out and none more so than for silver. Never in history has a world commodity seen both 10 year price lows and 7 year price highs in any single year (to say nothing of

this feat occurring in silver in a matter of months). And for the year, despite hitting ten year lows and all-time price lows relative to gold in March, plus experiencing a pullback now more than two months old, silver is among the best performing overall investment assets year to date, and at multi-year price highs relative to gold.

I don't want to dwell too much on past price performance, since silver is still the most manipulated market in the history and that manipulation is still very much in effect — otherwise the price would have exceeded its historical price peak long before now. Plus sharp deliberate selloffs are possible at any time, given the blatant concentrated short position of 8 very crooked banks on the COMEX. Still, the price path of silver this year has been nothing short of remarkable and strongly suggestive of what is likely to develop over time. Sooner or later, the price of silver will break free of the shackles of the 8 big crooked shorts based upon a wide variety of other factors.

First and foremost is the financial beating the big COMEX gold and silver shorts have suffered over the past year in gold and more recently in silver. As I have chronicled on these pages and even before starting this service 11 years ago, these big shorts had never lost previously when adding short positions — they were always able to hoodwink the managed money traders into selling to the big shorts at lower prices. In the process and over the 35 years I have observed this wash, rinse repeat process, the 8 big shorts in COMEX gold and silver had amassed around \$2 to \$3 billion in cumulative profits.

But — something — changed, starting in June 2019 in gold and several months ago in silver that prevented the big shorts from profitably buying back their short positions for the very first time. As a result of that change, instead of profitably buying back their COMEX short positions, the 8 big shorts are sitting on total losses of \$13 billion or more, five times the total cumulative profits they had amassed over 35 years. A greater about face has never previously occurred to my knowledge. What accounted for the stark turn of fortunes?

Much of the about face had to do with the actual fundamentals in gold and silver catching up with the big shorts — long term suppression of prices. After all, you can only subvert the law of supply and demand for so long before it blows up in your face. Years, decades even, of artificially controlling the price comes with consequences, particularly in silver. You reap what you sow and the big shorts are now just beginning to reap the whirlwind.

Remarkably, the big shorts' new precarious financial position does not appear to be at the hands of their main victims tormented over the decades, namely, the managed money traders. As I have been reporting, the managed money traders in gold hold their lowest net and gross long position in a year and the corresponding position in silver doesn't indicate either that it is a case of the managed money traders turning the tables on the big shorts. Instead, it is much more a case of the other large reporting traders having sniffed out the big shorts' plight and taken long positions against the big shorts. Certainly, this is not something I would have predicted, but the data suggests that is the case.

But there is also a very special — something — that accounts for the big shorts' recent disastrous financial performance following decades of masterminding and manipulating gold and silver prices. The ringleader and guiding force behind the COMEX gold and silver price suppression since early 2008, JPMorgan, has abandoned and double crossed its former manipulative comrades and left them high and dry.

It is hard for me to overstate just how clever and effective JPMorgan has been in first recognizing that the solution to protecting itself in holding the largest short position in COMEX gold and silver was to slowly buy up sufficient quantities of physical gold and silver to offset its big paper short positions (at the low prices that JPM initiated). Years ago, after detecting just what JPMorgan was up to, I had assumed once it had sufficient amounts of physical silver and gold to neutralize its massive paper short positions on the COMEX, it would then let the price run free to the upside.

Instead, JPMorgan continued to accumulate even more massive amounts of physical metal, turning what was a criminally genius defensive solution into an even more criminally genius potential money-making offensive strategy that the world had never seen (or conceived). And forget about potential profits, because as I write this, JPMorgan is already in the black to the tune of \$23 billion+ on its criminal accumulation of physical gold and silver. As a reminder, at the price depths of mid-March, JPMorgan was essentially unchanged in terms of profits on its accumulated physical gold and silver holdings. These crooks are so far ahead of everyone that it's no wonder so few realize what JPMorgan has already accomplished, to say nothing of the many tens of billions of future profits that lie ahead.

Needless to say, JPMorgan has certainly gone about getting busy living, at least as far as positioning itself in gold and silver. With such a model to follow, it is imperative for those in a position to do so, to do exactly as JPM has done. Stop worrying about repetitive and manipulative COMEX price smashes (do as I say, not as I do), and focus on the near certain price path ahead. After all, what real good does it do to worry incessantly about price suppression, especially as it seems to be dissolving in front of our eyes. Sure, markets climb a wall of worry, but there's something really wrong with fretting all the way up, only to end up financially where one intended. Get busy living.

Turning to other matters, today has been quite interesting price-wise. Both gold and silver have been strong, with gold flirting with and briefly touching above its 50 day moving average most of the day. The dollar index has been weak (I would say because gold and silver have been strong and not the other way around) and the stock market somewhat weak earlier today (slightly breaking a recent pattern of moving in the same direction as precious metals). Obviously any stimulus deal should impact prices, not something known at publication time.

Heavy emphasis on short term price moves is generally misplaced, but the recent downward penetration of gold and silver's 50 day moving average on Sep 21 was as deliberate as any I've ever seen, designed shake out as many speculative longs and induce as many new speculative shorts as could possibly be arranged (in addition to prettying up third quarter results for the big 8 shorts). To be sure, the big shorts were successful in inducing net managed money selling in both gold and silver, but buying by the other large reporting traders more than made up for any managed money selling and when the dust settled, the 8 big shorts held a slightly larger concentrated short position than they did on Sep 15, before the deliberate downward moving average penetration.

Now that we are much closer to an upward penetration of these same 50 day moving averages, the task for the 8 big shorts seems that much more difficult. Not for a moment am I discounting the treachery and desperation of the big shorts, but without the strong assistance of JPMorgan lending a helping short hand, the big shorts's prognosis is not the best it has been in the past. Will JPMorgan lend a helping hand? That's the \$100 billion+ question and anyone who professes to know for sure shouldn't be relied upon. It seems to me that JPMorgan has much more to gain by not interceding

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on behalf of the big shorts than it stands to gain by coming to the big shorts rescue, but the basis for my opinion is the pure greed inherent in JPM. If there is a much deeper conspiracy motivation at work, we should know that better in the relatively near future.

As far as this Friday's new COT report, gold and silver prices ended somewhat higher over the reporting week in choppy, low volume trading volume and with total open interest about 10,000 contracts higher in gold and down just a titch in silver. I'd guess some slight deterioration (managed money buying and commercial selling) but not to the point of betting on that. Mainly, I'm not looking for truly significant positioning changes (again). I would guess there was more deterioration today, but that won't be in Friday's report.

As far as the how the 8 big shorts fared this week, the short answer is not too well, having given back most of what they gained on the previous week's drop in prices. At the time I'm sending this out, the 8 big shorts are worse off by around \$900 million, bringing their total combine loss to \$14.2 billion from last Friday's close.

A quick word on copper, which is setting multi-year price highs and is up more than 50% from the depths of mid-March. As for what has driven prices, the net buying of 150,000 contracts (1.9 million tons) by managed money traders on the COMEX since March certainly comes to mind, but so does renewed buying by China. While excessive buying by managed money traders is always a warning sign, it must be pointed out that the banks aren't the big shorts as they are in gold and silver, and are in fact, slightly net long in copper. If it were the banks that were short in copper, there would be more concern of a selloff although all indications are that the managed money traders are just slaves to price in copper.

Finally, I did a fairly comprehensive audio interview with Tom Bodrovics at Palisade Radio last Thursday. A friend asked me if I had provided Tom with the questions or went over them beforehand, but the fact is that I did neither and the questions were strictly a testament to Tom's homework and advanced preparation.

<https://www.youtube.com/watch?v=tSy4gg2OpRk&feature=youtu.be>

Ted Butler

October 21, 2020

Silver – \$25.17 (200 day ma – \$19.76, 50 day ma – \$25.85)

Gold – \$1927 (200 day ma – \$1760, 50 day ma – \$1933)

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