September 15, 2018 – Weekly Review

The price of gold fell $2 (0.2%) this week, while silver ended 10 cents (0.7%) lower, with the white metal closing at fresh 2.5+ year lows. Silverâ??s continued relative weakness pushed the silver/gold price ratio out to 85 to 1, a 20+ year undervaluation extreme for silver. The unprecedented string of weekly declines in silver (goldâ??s string of consecutive declines has been interrupted a couple of weeks) has caused me to lose count over just how many consecutive weeks silver has closed lower â?? itâ??s either 14 or 15.

If Iâ??ve lost my way a bit on counting the number of weeks that silver has declined in price, Iâ??m not lost in the least as to who and what caused the unprecedented declines. Of course, the â??whatâ?• has been the equally unprecedented changes in futures contract positioning on the COMEX, where managed money traders have been extraordinarily large sellers and other speculative traders, inappropriately termed commercials, have been extraordinarily large buyers. The positioning changes have been so astounding that they have come to completely dominate market commentary – and quite appropriately so. Any market commentary not focusing on COMEX futures positioning changes isnâ??t worth reading.

But while the managed money traders and commercials might be the participants in the positioning responsible for the unprecedented declines in silver (and gold), they are not the â??whoâ?• that I believe is the most directly orchestrating the price decline â?? the one party truly running the manipulation. Of course, Iâ??m referring to JPMorgan, the one entity most responsible for all price change in silver and gold. While COT positioning commentary and analysis have become near universal, it seems the recognition that JPMorgan is the big market crook in silver and gold is only now coming to the forefront.

Thereâ??s good reason why JPMorgan hasnâ??t been identified as the big silver and gold crook before now. For one thing, there is obvious personal risk in publicly accusing any major corporate entity, to say nothing of accusing a major financial institution, of wrongdoing. Corporations, particularly banks, are vitally concerned about preserving their reputations, no matter what the cost. And truth be told, when I first embarked upon accusing JPMorgan of manipulating the silver market, just about ten years ago, I expected swift and serious reprisals from the bank; especially because I took pains to directly inform the bank of my accusations, a practice I continue to this day. That I never heard a peep of protest from JPMorgan always struck me as most unusual.

It even got to the point where six years ago, in order to bring the matter to some type of resolution, I took to individually emailing JPMâ??s board of directors and its general counsel about my allegations of wrongdoing by the bank in the silver market and one by one, they all eventually blocked my emails. Here I must give some credit to Jamie Dimon, JPMâ??s CEO, as my emails to him have never been blocked. I canâ??t know if he or anyone at JPMorgan read my articles, but they donâ??t come back as undelivered.

Iâ??ve always maintained that it would not be right for me to falsely accuse JPMorgan of wrongdoing, but ten years is a long time for the bank to take for denying or rebutting my allegations. After all, Iâ??ve published and sent to them what must be more than one thousand articles detailing JPMâ??s illegal activities. In addition, from the get go, those same allegations and more have been sent to the market

regulators, the CFTC and the CME Group, all as a joint email (so everyone knows who Iâ??ve sent the articles to). As Iâ??m sure you know, the CFTC and the CME have also been as quiet as a church mouse on the matter of the silver manipulation over the past ten years (even though the CFTC acknowledges that it has received more public complaints concerning a silver manipulation than any other issue). What more can a person do to bring this issue to the forefront?

But please donâ??t conclude that I am just walking down memory lane in invoking my history of alleging that JPMorgan is Mr. Big when it comes to crooked dealings in silver (and gold). All my allegations are based upon public data and the recent data point more than ever to the heavy hand of JPMorgan in all things silver. JPMorganâ??s continued dominance is just a preface to this weekâ??s review that, while it is nothing new, is nonetheless striking about the continuing leading role played by the bank.

The turnover or physical movement of metal either brought into or removed from the COMEX-approved silver warehouses this week came to 3.8 million oz, just a bit below the weekly average over the past 7.5 years. In a somewhat unusual twist, just about all the movement was of the â??outâ?• variety, as total inventories fell by that amount to 292.5 million oz. Even more unusual, there was a hefty withdrawal from the JPMorgan COMEX warehouse of 1.2 million oz, which reduced inventories there to 144.2 million oz.

Trying to predict changes in COMEX warehouse inventories is as close to impossible as it gets, but this weekâ??s declines seem to be in synch with my premise that much of the recent large increase in COMEX silver inventories seemed due to heavy demands in the September COMEX futures deliveries. With those delivery demands now largely met, the declines in inventories this week suggest the metal delivered was needed elsewhere (somewhat urgently). Iâ??m still expecting JPMorgan to begin moving in much of the silver it has stopped in the September deliveries, if past patterns prevail.

As far as the silver leaving the JPMorgan warehouse this week that just confirms the bank is numero uno when it comes to all things silver, paper trading and physical included. When JPMorgan took over Bear Stearns in March 2008, becoming the most dominant COMEX paper short trader, there was scant evidence of its dominance in physical silver matters (away from its custodian role in SLV). Back then, JPM didnâ??t even have a COMEX warehouse, which it didnâ??t open until three years later in April 2011 (after it made a decision to accumulate physical metal). Nowadays, of course, JPM is Mr. Big in all things silver.

Come to think of it, JPMorgan never would have been able to accumulate the 750 million ounces of physical silver I claim it has acquired, if it hadnâ??t made the decision to become Mr. Big in physical in early 2011. After all, had JPM tried to use others as brokers in acquiring physical metal, its objective would have been quickly uncovered. JPMorgan knew it would have to acquire the physical metal on its own to avoid detection.

The September COMEX silver futures deliveries are continuing as expected, with JPMorgan now up to 2085 contracts (10.4 million oz) on its way to roughly 2200 contracts taken in its own name, the most since December.

https://www.cmegroup.com/delivery_reports/MetalsIssuesAndStopsYTDReport.pdf

The new short report on stocks indicated a slight increase in the short positions on SLV, the big silver

ETF, and GLD, its gold counterpart. Iâ??ll not bother to provide the details, except to note that JPMorgan isnâ??t shorting much, in complete accordance with its now non-existent COMEX short position.

http://shortsqueeze.com/?symbol=slv&submit=Short+Quote%E2%84%A2

A quick word on retail silver demand, following the US Mintâ??s recent announcement that it had exhausted its supplies of Silver Eagles. Last week I opined how JPMorgan was the real culprit for the Mint running out of Silver Eagles, since it stopped buying Eagles a couple of years back, forcing the Mint to adjust, sharply downward, its production capacity (after forcing the Mint to adjust massively higher its production capacity for the six years preceding that). It seems the near term shortage of new Silver Eagles has prompted a bit of demand for other retail forms of silver, causing premium increases and delays in delivery.

Generally, it is usually the case that the supply lines for retail forms of silver are very broad and wide, but not very deep at all. Retail dealers maintain very little actual inventory, so the slightest pickup in demand quickly exhausts available inventories. Therefore, it is of little surprise that the slight pickup in retail demand, due to the Mintâ??s announcement and also the new low prices in silver (thanks to JPM) has created somewhat of a retail shortage. Certainly, this shows there is no great overhang of physical silver in retail forms of the metal (there rarely is). Therefore, donâ??t be surprised that when silver prices make the inevitable turn higher, not much material will be available for prompt delivery.

Finally, Iâ??m even hearing of slight delays in the retail procurement of physical silver in the form of 1000 oz bars, which causes me to sit up and take notice because this is the one form of silver that bridges the retail/wholesale fire break. Investors being delayed on delivery for 1000 oz bars is not the same as industrial users being delayed, but delays to investors, no matter how slight, raise the prospects for user delays. User delays, of course, which are inevitable in my opinion, set off the prospect of a price conflagration to the upside. You can be sure that no one knows this better than JPMorgan.

I was tentative about the prospective changes in this weekâ??s Commitments of Traders (COT) report, given the extremely large (and bullish) managed money short position already in place. As it turned out, there was some managed money short covering in both gold and silver, although the changes werenâ??t particularly significant to the overall market structure. There were some interesting developments in silver under the hood.

In COMEX gold futures, the commercials reduced last weekâ??s unprecedented net long position by 6500 contracts to zero (actually 13 contracts net long). Aside from last weekâ??s reading, this is still the most bullish headline number in modern gold market history. Iâ??m going to skip over my normal big trader category breakdowns since the short side is still dominated by managed money traders and not commercials, but managed money traders in the big 4 short category did the bulk of the short covering. This managed money short covering, no doubt, was related to gold prices trading above the 20 day moving average.

A quick glance at the price charts for the metals (gold, silver, copper and platinum) indicates the unmistakable pattern of prices having remained below the key 50 and 200 day moving averages for an extended number of months, accompanied with any number of then-new price lows (salami slices) along the way. This is the perfect environment for aggressive technical fund selling and short selling

and is the graphic explanation for why there has been record and unprecedented managed money short selling in all these metals. Some may believe that this may have occurred due to legitimate market factors, but some people believe any and everything, particularly those in regulatory circles.

What really occurred was that the technical fundsâ?? behavior is so predictable that it is easy to induce. By rigging prices lower as required (easy to do with a variety of COMEX dirty trading tricks) the commercials induced record managed money selling over the past several months completely by design and intent. Since the biggest commercial buyer in silver and gold was none other than JPMorgan, replete with perfectly executed double crosses of other commercial traders, it is easy to conclude that JPMorgan was the single entity which benefitted the most from the concerted and coordinated metal price takedown. As such, it is not possible to conclude other than that JPMorgan was the maestro conducting the joint price takedown.

Someday soon, due to the inexorable mathematical certainty that the key moving averages in all the metals will be penetrated to the upside (either by the moving averages declining enough or the price rising enough or some combination of the two), the process of technical fund selling will be replaced by buying. Since the technical fundsâ?? behavior is predictable, the only question is what will the commercialsâ??, and particularly JPMorganâ??s, reaction be. Will JPMorgan squander its remarkable achievement of covering its short position for the first time in history for profits of a small potato variety by selling short aggressively into the certain coming technical fund short covering or will this most crooked bank stand aside and light up the profit scoreboard? I say they go for the throat.

The managed money traders bought 7503 net gold contracts, comprised of the sale and liquidation of 1058 long contracts and the buyback and short covering of 8561 contracts. The resultant managed money long position 100,593 contracts remains historically low and not conducive for large liquidation from here, same as it has been for quite some time. This is not the â??hotâ?• trader category at this time.

The managed money short position in gold is very much the hot category and now at 175,812 contracts is 21,000 contracts lower than the all-time peak on Aug 21. Still, this is the third highest technical fund short position in gold (save for the two prior reporting weeks) and remains 125,000 contracts larger than it was in June, providing potential rocket fuel type buying galore. Can the commercials induce additional managed money shorting with lower prices? Sure, but it will likely take lower price lows than seen to date. The bottom line is that there remains a quantum amount more potential managed money buying (short covering and new buying) than there exists managed money selling (long liquidation and new short selling). The second bottom line is that it is up to JPMorgan and not anyone else.

In COMEX silver futures, the commercials reduced the previous weekâ??s record net long position by 2200 contracts to 12,400 contracts. Admittedly, Iâ??m still getting used to there being a commercialnet long position in silver, but not as much as JPMorgan being net long in COMEX contracts. Thisweek, despite the slight reduction in the commercial net long position, changes in theProducer/Merchant category of the disaggregated COT report lead me to conclude that JPMorganactually increased its net long position by 1000 contracts to 3000 contracts. This is even moreinteresting since JPMâ??s taking of around 2000 contracts in the September deliveries would have theeffect of reducing its COMEX futures position by that much. The bottom line is that JPM is so baditâ??s good.

The managed money traders bought 848 net silver contracts, consisting of the sale and liquidation of 2525 long contracts and the buyback and covering of 3373 short contracts. The remaining managed money technical fund short position of 101,109 contracts is second only to last weekâ??s total as being the largest in COMEX history and only mildly disappointing that it was reduced at all. Had you tried to tell me there would be a short position by managed money technical funds in excess of 100,000 contracts any time prior to the last few weeks, I wouldnâ??t have believed you as surely no group of traders (now back to 58 in number) would be reckless enough to short 500 million ounces of silver â?? particularly traders with no choice but to buy back those shorts at some point.

But if the short covering by the technical funds was mildly disappointing, it was largely offset by the selling of managed money long positions and particularly the selling of the concentrated longs which liquidated a further 3100 contracts. Aside from JPMâ??s continued buying, the additional sale by the concentrated longs was the key feature of this weekâ??s report. As you know, Iâ??ve been monitoring this unusual concentrated long position since first discovering it a few months back.

As a recap and review, a few large traders, no more than four and perhaps only one in the managed money category bought as many as 30,000 net silver contracts from early April to mid-June. Originally I stated that this new concentrated long position was acquired at an average price of around $16.50; but on further study, it looks like as many as 10,000 contracts may have been added on the price spike above $17 in mid-June, thereby raising the average cost of accumulation.

In any event, through this weekâ??s report, some 18,000 contracts of the 30,000 new contracts appear to have been liquidated leaving no more than 12,000 contracts remaining. I would estimate the realized losses on the 18,000 long contracts already liquidated to be around $250 million, with as much as $175 million in unrealized losses on the remaining 12,000 open concentrated longs. What makes the losses very special, of course, is the small number of traders involved.

It does seem obvious to me that deliberately and forcibly liquidating the concentrated long position held by one or more managed money traders was the intent behind last Tuesdayâ??s price plunge to new lows in silver. The buyback of technical fund shorts on that same price action suggests we may have reached the limit in such shorting, although this isnâ??t guaranteed. This points to forced concentrated long liquidation as the most plausible primary motivation for the selloff and should we experience fresh price lows ahead, the most plausible motivation as well. This is what the data reveal.

The data also reveal, as just discussed, that JPMorgan was the principal buyer and beneficiary of the concentrated long liquidation. Therefore, it is no great leap to conclude that JPMorgan had the most to do with what benefitted it the most. Stated differently, if any entity was behind the selloff to new price lows in the just-reported COT release, it was JPMorgan. Based upon that, one must conclude that

either JPMorgan is the luckiest son of a gun in the world when it comes to silver or it is the most corrupt and scheming crook around, someone that would put Prince Machiavelli himself to shame.

While I canâ??t know if it was JPMorgan which prompted the managed money concentrated longs to establish the long position in the first place, there is little doubt that the bank is behind the liquidation of the position. I also canâ??t know if that liquidation has run its course or if thereâ??s still more to go. As I indicated since discovering the existence of the position a few months ago, itâ??s relatively easy to track and I will continue to do so. I canâ??t say that I fully anticipated that JPMorgan would be so blatant in buying whatever the concentrated longs could be forced to puke up, but neither can I say Iâ??m completely surprised. Something special had to allow for JPMorgan to fully-cover its silver short position and along with record and unprecedented technical fund short selling, the liquidation of the concentrated longs was the secret sauce.

Since JPMorgan, as well as its regulators, including the CFTC and the CME Group, have had every opportunity over the past decade and longer to explain why everything is on the up and up in silver and all have failed to do so (or even try), I am no longer concerned that they will do so now. Instead, all I can do is to continue to report on the very painful but incredibly promising most probable course of events that will follow what JPMorgan has accomplished to date. Whenever these consummate market crooks are done rigging prices lower and arranging for the most outside selling that could possibly be achieved, the path for higher prices will exist like never before. As I have said more times than I care to remember, I couldnâ??t make this up if I set out to intentionally make it up. As incredible as this all sounds, it come from data readily available.

In the money scoreboard tally of open profits accruing to the newly added technical fund short positions, the price declines since Wednesdayâ??s close restore the open profits to the managed money shorts held as of last Friday and add about $50 million more (including close out profits. As of yesterday, Iâ??d peg the total combine open profit in gold and silver to be $825 million, up from last Fridayâ??s $775 million. Iâ??m now using 129,000 gold short contracts and 58,000 silver short contracts, with the same average prices of $1231 and $15.30 respectively.

Ted Butler

September 15, 2018

Silver $14.10Â Â Â Â Â Â Â Â Â Â (200 day ma – $16.20, 50 day ma – $15.08)

Gold – $1199Â Â Â Â Â Â Â Â Â Â (200 day ma – $1287, 50 day ma – $1217)

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