September 24, 2022 – Weekly Review

Up through Thursdayâ??s close, gold and silver prices were mostly unchanged for the week, but an across-the-board selloff on Friday pushed prices sharply lower for the week, with gold ending $33 (2%) lower and at fresh two-and-a-half year lows, and with silver hammered for 77 cents (3.9%), but still holding about a buck and a half above its own 2.5-year lows of a few weeks back.

As a result of silverâ??s relative underperformance, the silver/gold price ratio widened out by more than a point-and-a half to 87.7 to 1, after a two-week tightening of ten points. I donâ??t want to jinx silverâ??s relative performance from here, but usually on sharp price setbacks, silver underperforms a lot worse than it did this week (as he whistles past the graveyard).

I would call yesterdayâ??s precious metalsâ?? price smash both bad and good, but mostly outrageous. For sure, it was bad in that it sent prices sharply lower, inflicting continued losses on those invested in gold and silver, particularly in mining shares which have seriously underperformed the rotten metal performance of the past six months.

And certainly, it was outrageous, in that the root cause of the price smash can be directly traced to the very same cause of every significant precious metalsâ?? selloff over the past 40 years, namely, intentional and deliberate positioning of futures contracts on the COMEX. Once again, the collusive and manipulative commercials rigged prices lower in order to induce counterparty managed money and other non-commercial selling, so that the commercials could buy as many contracts as possible. This was borne out in yesterdayâ??s COT report on gold, which confirmed (and exceeded) expectations for last weekâ??s selloff involving commercial hoodwinking of the non-commercials.

What makes this continuous price and positioning manipulation so outrageous is that it is conducted in full view of the regulators and those dutifully commenting on the ongoing scam and fraud. For sure, you will now read breathless accounts about how bullish is the new gold COT report (it is), without the slightest mention that it couldnâ??t have occurred accidentally, but only with the deepest intent. Most outrageous of all is that only a relative handful of large traders on the COMEX, commercial and non-commercial alike, are not only causing great financial damage to the 99% of the real investors, as well as real producers and users, not involved in the ongoing COMEX price scam, but which is also distorting the proper workings of the law of supply and demand, upon which much-needed future physical production is threatened. Whoâ??s going to find and develop future resources at artificial low prices?

Yes, I know that interest rates and the dollar index are soaring, knocking most markets, including stocks, bonds and real estate for a loop, but donâ??t conflate yesterdayâ??s price bombing in metals as anything but for what it was â?? a convenient excuse and cover story for the collusive COMEX commercials to do the dirty. On every one of the many hundreds of deliberate gold and silver price smashes over the decades, there was always some cockamamie cover story or excuse given, away from the real cause of collusive COMEX commercial positioning.

Of course, the good news â?? not apparent to most in the heat of the moment of melting prices â?? is that these darn crooked commercials are succeeding magnificently in their sole objective of buying as many gold and silver contracts as possible on the cheap and what that ultimately portends. Â On

Wednesday, I tried to demonstrate how COMEX positioning was head and shoulders larger and more than any other developments in the physical world of metals, with an expectation that goldâ??s positioning numbers would be even better in yesterdayâ??s COT report. Based upon the new report, that was an understatement, as Iâ??ll review in a bit.

The turnover or physical movement of metal either brought into or removed from the COMEX-approved silver warehouses remained white-hot this week, as more than 10.2 million oz were physically-moved. Â According to my cheap and wonâ??t die calculator (around $2 when I bought it 20 years ago and solar-powered to boot), thatâ??s 530 million oz when annualized, or more than 60% of total world annual mine production. As has been the case for more than 11 years, the quantity of physical metal moved in and out from the COMEX silver warehouse has been unprecedented (and mostly unnoticed) in the world of commodities, totaling close to 3 billion oz over this time or 50% more than exists in total world bullion inventories (2 billion oz). If I hadnâ??t recorded the movements weekly on these pages over this time, I might doubt the veracity of the data.

Total COMEX silver warehouse holdings fell again this week, by 3.3 million oz to 316.6 million oz, another new low extending back to June 2020. Holdings in the JPMorgan COMEX warehouse fell by 1.8 million oz to 164.1 million oz, largely paralleling the decline in total silver holdings over the past 2 years. There has been a continued transfer of registered to eligible, as expected, following the large first delivery dayâ??s issuance of 26 million oz by Bank of America, I believe to take advantage of the lower storage costs on eligible versus registered. This should climax into next weekâ??s month end.

Total COMEX gold warehouse holdings also fell again, this week by 0.3 million oz, to 26.8 million oz, the lowest level since May 2020, while the holdings in the JPM gold warehouse fell about half the total reduction to 11.15 million oz. No doubt, the reductions in the COMEX gold warehouses have been notable over the past six months or so, roughly declining by 8 million oz or so.

But now that we are getting into the period of time, in the spring of 2020, when COMEX gold inventories shot up by more than 30 million oz, to close to 40 million oz, after years of holding around 8 million oz or so, it renews the original question back in 2020 as to why the heck 30 million oz of gold flowed into the COMEX warehouses. I remember writing about this extensively at the time, but truth be told, Iâ??m not certain what was behind the big original inflow. Now, it seems fairly clear that the gold coming out of the COMEX warehouses (and from the gold ETFs) seems headed East and canâ??t be considered anything but bullish, but thatâ??s another story.

Finally, I believe itâ??s important to make a distinction between the recent steady declines in the silver and gold COMEX warehouses, both apparently bullish, compared against a much different total world inventory position in each. In silver, total COMEX warehouse holdings (316.6 million oz) constitute more than 15% of total world bullion inventories (2 billion oz). In gold, the near-27 million oz in the COMEX warehouses constitute less than 1% of the worldâ??s total bullion inventories of 3 billion oz (plus another 3 billion oz in non-bullion gold inventories). There is a big difference between 1% and 15%, which makes COMEX silver holdings more important in the scheme of things.

And when it comes to the holdings in the worldâ??s silver and gold ETFs, the relative holdings are even more stark. In silver, there are roughly 1.1 billion oz held in the silver ETFs or 55% of total world silver bullion inventories, while the total holdings in the worldâ??s gold ETFs is around 110 million oz or 3.6% of the 3 billion oz in gold bullion inventories. Once again, the fact that 55% of total world silver inventories reside in the worldâ??s silver ETFs, versus 3.6% in gold, automatically makes the matter of

ETF comparisons more compelling in silver.

Speaking of the ETFs, this week close to 0.8 million oz came out of the gold ETFs, mainly GLD. And while there close to 2 million oz that came out of the silver ETFs in total, there were inflows of 3 million oz into the SLV (a bit over 5 million oz came out from the SIVR earlier this week â?? which certainly didnâ??t look like plain-vanilla investor liquidation).

Monday night, the new short report on stocks will be published, for positions held as of September 15. Obviously, of specific concern will be the short position on SLV, which had grown to more than 60 million shares as of Aug 31, and which prompted me to write, for the third time in six weeks, to the Securities & Exchange Commission, alleging that BlackRock, Inc., the sponsor of SLV, was in gross violation of its fiduciary responsibilities to both shareholders of SLV (for allowing the fraud and manipulation of excessive short selling) and to BlackRockâ??s own shareholders (for the non-payment of management fees on shorted shares of SLV). I did send a copy of my third complaint to the SEC to BlackRock as well.

I canâ??t predict what the new short report will indicate, but, by all rights, it should decrease (just as it should have decreased long before now). There was a large 8 million oz deposit at the end of the reporting period that could have been used as a reduction for the short position, but we should be able to know for sure when the new report is released. Â A sharp decrease would also open the possibility that my past complaints may have put some official wheels in motion mandating the short position be reduced (behind the scenes). Â In any event, Iâ??m certainly not expecting any word of thanks for alerting the SEC and BlackRock to this issue. Any increase in the short position will result in me writing to the SEC and BlackRock again.

Turning to yesterdayâ??s new COT report, there was a slight deterioration in silver, where I was neutral and non-committal as to the changes in this report (since silver price action was mostly neutral over the reporting week); but a much larger improvement (managed money selling and commercial buying) in gold than I expected due to the price smash to new lows in gold over the reporting week ended Tuesday. In short, the gold COT report was stunningly bullish.

The only number I threw out in anticipation for this weekâ??s report was a guess for a 10,000-contract reduction in the big 4 commercial-only component of the concentrated short position in gold in last weekâ??s review and on which I wavered a bit in Wednesdayâ??s article. As it turned out, my wavering was misplaced (buck up, man), as the former big commercial shorts bought back double the number of gold short contracts I initially predicted.

In COMEX gold futures, the commercials bought and reduced their total net short position by a stunning 35,500 contracts to 75,400 contracts. Not only is this the largest weekly commercial net buying of gold futures on the epic six-month deliberate price rig lower since March 8, the remaining commercial net short position is now the lowest since April 2019, nearly three-and-a-half years ago and just prior to price rally in gold of nearly $800 that culminated on March 8. But as stunningly bullish as these results were, I was even more taken aback by the amount of short covering by the former big commercial shorts.

Calculated with no distinction between commercial and managed money traders, the big 4 short position in gold this week fell to 94,818 contracts (9.5 million oz), the lowest and most bullish short position in years. Likewise, the combined and posted net short position of the 8 largest traders fell to

157,717 contracts (15.8 million oz), also the lowest in several years. But when one excluded the presence of managed money traders in these typically commercial-only categories, itâ??s hard to believe how little the commercial-only components have shrunk to.

By my calculations, the commercial-only component of the big 4 gold short position shrank to 54,000 contracts (5.4 million oz), while the commercial-only component of the big 8 short position was down to 115,000 contracts (11.5 million oz). I canâ??t recall (or hardly even imagine) a lower commercial-only concentrated short positions ever.

So, whereas I originally predicted and then doubted as much as a 10,000 net contract reduction from last weekâ??s 76,000-contract commercial-only big 4 short position to 66,000 contracts; instead we got a 22,000-contract reduction in what I have contended is the most important issue in the ongoing decades-old COMEX price manipulation. And itâ??s hard to imagine that yesterdayâ??s overt and blatant price smack down didnâ??t further reduce the commercial-only concentrated short position.

Also somewhat surprisingly, but of no particular consequence, was that the managed money traders provided only about half the contracts the commercials bought, as these traders sold 18,358 net gold contracts, consisting of the sale and liquidation of 1756 long contracts, plus the new short sale of 16,602 contracts. The net short position of the managed money traders blew out to 36,695 contracts (78,544 longs versus 115,239 shorts), their largest and most bullish net short position since late-2018.

Explaining the difference between what the commercials bought and what the managed money traders sold was the rather heavy net selling by the other large reporting traders of more than 13,000 contracts (including more than 9600 contracts of long liquidation) and new shorting by the smaller non-reporting traders of more than 3800 contracts. It doesnâ??t matter that these traders away from the managed money traders were such large sellers, as the commercials are not picky when it comes to buying from anyone.

As I hope you know by now, I feel that the COMEX commercials are collusive and incorrigible market criminals, as is the exchange itself, as well as its owner-operator, the CME Group. Since every futures trader, large and small, needs to conduct business through a clearing member, there is not the slightest doubt in my mind that the crooked commercials clearing the managed money and other large reporting tradersâ?? accounts may have had a lot to do with the inordinate selling this week – which, of course, the collusive and crooked commercials were all too happy to buy. In other words, the crooked COMEX commercials pulled out every dirty trick possible to get others to sell, so that they could buy.

In COMEX silver futures, the total commercial net short position increased this week by 3100 contracts to 5600 contracts, following last weekâ??s larger increase of 7600 contracts. Considering that silver prices were, essentially, flat over the reporting week ended Tuesday, dancing below, but mostly modestly above its key 50-day moving average, the increase in the commercial short position was not alarming, particularly considering the still-near 65,000 net contract (325 million oz) reduction in the total commercial net short position since March 8.

By straight calculations, the big 4 combined (commercial plus managed money) net short position increased slightly to 43,992 contracts and the big 8 combined short position increased slightly to 66,450 contracts. My calculations indicate that the commercial-only components of these positions are now around 26,000 contracts and 42,000 contracts respectively â?? still among the lowest (most bullish) ever, save for this and last week. I would imagine the price blast down yesterday allowed the big commercial shorts the opportunity to buy back and cover many of their recently added shorts â?? as there can be little doubt that that was the intent behind the price smash.

Despite the total commercial selling of 3100 contracts, the managed money traders only bought 264 net contracts, consisting of the sale and liquidation of 1758 longs and the buyback and covering of 2022 short contracts â?? one of the flattest weekly performances ever by the managed money traders. The net short position of the managed money traders remained close to unchanged at 8021 contracts (36,594 longs versus 44,615 shorts), still quite large historically and quite bullish. Explaining the difference between what the commercials sold and the managed money traders bought was net buying of more than 2700 contracts by the other large reporting traders.

Trying to make the most sense out of yesterdayâ??s price blast to the downside, as well as the stunning improvement in the gold COT report and market structure; up until these improvements in gold, that was about the only thing missing. In other words, silver was way ahead in market structure bullishness compared to gold (not that goldâ??s market structure was bearish in any way), but both now appear to be aligned in upward explosive potential in terms of market structure. I also get the distinct feeling by gold and silverâ??s flat price action for the week until early yesterday morning that the collusive commercials were looking for a dramatic price plunge designed to gather in and convince the maximum amount of non-commercial selling.

Thatâ??s not to say the no-good commercial crooks donâ??t have more dirty tricks up their sleeves and weâ??ll only know for sure what non-commercial selling they were capable of inducing after we make the price turn upward. But we have to be very close. In addition to the more than 325 million oz of commercial silver buying on the COMEX since March 8, the commercials have bought more than 23 million oz of gold since then as well â?? much more than any other equivalent amounts anywhere else. The crooked and collusive COMEX commercials didnâ??t plan and execute such buying willy-nilly or without serious intent. The only plausible intent is the expectation of sharply higher prices. Coupled with the shocking reductions in the most important position of all â?? the commercial concentrated short position in both silver and gold â?? price liftoff canâ??t be far off.

Ted Butler

September 24, 2022

Silver – $18.83Â Â (200 day ma – $22.09, 50 day ma – $19.24, 100 day ma – $20.22)

Gold – $1651Â Â Â Â Â Â (200 day ma – $1830, 50 day ma – $1742, 100 day ma -$1783)

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