September 9, 2017 – Weekly Review

Gold and silver prices rose for the fifth straight week, with gold ending $21 (1.6%) higher and silver up by 23 cents (1.3%). Given the slight relative percentage change, the silver/gold price ratio remained stuck around the 75 to 1 mark, the arbitrary level resulting from the current paper positioning changes in COMEX futures. As best as I can determine, there is no mega-money bet on the fortunes of the silver/gold price ratio; it is merely the mathematical byproduct of the current state of the main manipulation in gold and silver. Certainly, there are no actual fundamentals driving the price ratio â?? why would there be? There are no fundamentals driving absolute prices either.

Gold did hit new one year highs and should it take out last summerâ??s highs (around $1385), new multi-year marks will be set. Silver, by contrast, hasnâ??t hit the price highs set in April ($18.50) and would appear to have miles to go before hitting new multi-year highs. It appears clear to me that silver has struggled more than gold price-wise (but not percentage-wise) as a direct result of the positioning changes on the COMEX. I do try to look for other price drivers (after all, that is my profession), but my search is always futile. More than ever before and as preposterous as is imaginable, gold and silver prices are dictated by COMEX paper positioning.

The turnover or physical movement of metal brought into or removed from the COMEX-approved silver warehouses rose to nearly 4.5 million oz, an amount magnified by the holiday shortened 4 day work week. Total inventories rose by just 0.2 million oz to 216.7 million oz, enough to establish a fresh two-decade peak. There was no movement at all this week in the JPMorgan COMEX silver warehouse and the total there remained at a record 115.8 million oz.

There sure are plenty of total physical deliveries (4476) on the COMEX September silver futures contracts so far this month and considering the amount of contracts remaining open and the pattern of new contracts still being added, it is impossible not for this month to be the largest silver delivery month of the year by months end. Unfortunately, Iâ??m not able to draw many firm conclusions at this point as to what the large number of deliveries specifically suggests. A customer(s) of JPMorgan has been the largest stopper (taker) of silver deliveries with 1353 contracts stopped so far and based upon the traditional logistical guide points, looks set to take more than the 1500 total amount of contracts allowed (what with rules only applying to the little people and all that). JPMorgan is still AWOL in its own proprietary trading account this month. Again, the large number of total deliveries so far suggests some type of new development in the physical silver market (always of great interest), but nothing I can sink my teeth into.

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

A large chunk of metal (4.7 million oz) has come out of the big silver ETF, SLV this week, bringing to 22 million oz the total amount of silver redeemed from the trust over the two month and $2.50 rally in the price of silver. The highly counterintuitive withdrawals in the face of rising prices should rightly be the subject of close attention to anyone following silver, but instead appears to be universally ignored. I still remain convinced that a systematic program of converting highly reportable shares of SLV into unreportable metal by a large entity intent on acquiring metal on the sly is the only plausible, if not possible explanation. No prize given for guessing the identity of the large entity.

The changes in this weekâ??s Commitments of Traders (COT) Report came in close to my silver predictions (5000 to 10,000 net contracts) but short of my gold guess of 30,000 net contracts by 50%. On balance, the changes represented further incremental positioning changes of the same type as have occurred the past seven reporting weeks.

In COMEX gold futures, the commercials increased their total net short position by 13,800 contracts to 261,800 contracts. This is the largest (most bearish) total commercial short position since Oct 4 and it canâ??t be any surprise to anyone that weâ??re now at corresponding price highs of the exact same time span.

By commercial category, the 4 largest shorts added 1200 new short contracts, the big 5 thru 8 added a very hefty 7300 new shorts, and the raptors sold off 5300 long contracts, reducing their net long position to 9100 contracts. Any suggestion in last weekâ??s report about a big 5 thru 8 trader bailing on short positions would now appear to have been unfounded. The gold commercials appear very cohesive (and collusive) at this point.

On the buy side of gold, the managed money traders bought 16,424 new long contracts and added 362 new short contracts. It was certain that the short position of the managed money traders couldnâ??t fall much further (having already fallen from 100,000 contracts in July down to 14,302 contracts this week). Therefore, this particular buying force for higher prices has already been spent.

There is room for further new managed money buying in gold, but relatively speaking, not great amounts, according to previous positioning extremes. With more than 251,000 contracts of managed money longs in this weekâ??s report, there are maybe 50,000 contracts of additional gold longs being added before hitting the record extremes of the summer of 2016. Of course, there is the potential for even more new managed money longs being added should the previous extremes be broken, but letâ??s not get too far ahead in the â??what if?â?• department.

In COMEX silver futures, the commercials increased their total net short position by 11,100 contracts, to 76,700 contracts. The is the largest (most bearish) short position since early May, but still 40,000 fewer net contracts short than at the record short position of April 18. Thus, the contrast continues between gold and silver in that the commercials have seemed to have welcomed and arranged for more managed money buying in gold than in silver. By commercial category, the big 4 added 3600 new short contracts, the big 5 thru 8 added 1200 new shorts and the raptors sold off 6300 long contracts, reducing their net long position to 16,200 contracts.

Combined with yesterdayâ??s release of the monthly Bank Participation Report, the data indicate to me that JPMorgan is now short 36,000 net contracts of COMEX silver, the equivalent of 180 million oz. I still believe JPMorgan owns much more than that (650 million oz) in physical silver holdings, but the fact still remains that over the past seven reporting weeks, JPMorgan has added more than 20,000 contracts of Â new COMEX short positions, the equivalent of 100 million (freaking) oz. Let me finish up with the silver COT report before returning to the stone-cold market crooks at JPM.

On the buy side of COMEX silver futures, the managed money traders bought 9749 net contracts, including new longs of 2870 contracts and the further buy back of 6,879 short contracts. With just over 11,000 contracts still short (down 54,000 contracts from the peak on July 18), the rocket fuel buying of the managed money shorts has largely been expended, similar to the story in gold. Managed money longs, now at 73,395 contracts have increased by about 17,000 contracts, since the price bottom in silver, so itâ??s clear that the 70,000+ contracts (350 million oz) of managed money buying have been largely of the short covering variety.

It is quite remarkable that the net buying of 70,000 managed money contracts has only resulted in a $2.50 silver rally (compared to a $140 rise in gold). Â Â Â Â Â Â Â Â Â Remarkable, that is, until you study the data concerning who sold to the managed money traders. Just over half of the selling was by the raptors who sold off, very profitably, more than 37,000 net long contracts. Over that same period JPMorgan added between 21,000 to 25,000 new short contracts, with other traders accounting for the balance. On an individual trader basis, JPMorgan added an unusually large number of shorts, despite this being the very issue I showcase incessantly and the exact same issue I raised publicly with Enforcement Director James McDonald back on April 10.

The 36,000 COMEX silver contracts I estimate that JPMorgan holds is now the largest short position held by the bank in years. In fact, it is not appreciably less than the all-time record high short position of 40,000 contracts held by JPM seven years ago, which prompted then-CFTC Commissioner Bart Chilton to publicly reference the position (without connecting JPM to the position or where he got the information from, namely, my work).

More to the point, JPMorganâ??s short silver position is now several thousand contracts larger than it was when it burst onto the scene with the publication of the August 2008 Bank Participation Report which then led to the revelation that JPMorgan had taken over and replaced Bear Stearns as the main COMEX silver and gold short manipulator. In fact, as a result of the revelations I uncovered in that 2008 Bank Participation Report and the subsequent flooding of the CFTC with complaints from thousands of readers, it was the 30,000 to 33,000 contract short position by JPMorgan that was the direct cause for the agency initiating its now-infamous five year formal investigation of silver manipulation that eventually ended quite ignominiously.

Now JPMorganâ??s concentrated short position in COMEX silver futures is larger than it was back then, so itâ??s easy to conclude that not much has changed in the manipulation of silver. Boss Morgan is still in charge of the silver market and its price and the rest of the world, particularly including the sick joke known as the CFTC, can kiss the bossâ??s butt.

I received an email from a subscriber this week asking if I sent JPMorgan copies of my articles by registered mail. I explained I had sent some things by such delivery means from time to time, but mostly relied on email. I further explained when I started sending letters and my articles to JPMorganâ??s Board of Directors and General Counsel five years ago, I was quickly blocked by all by email, but that I was never blocked by Jamie Dimon, JPMâ??s CEO or the officials at the CME Group that I send my articles to and assumed all were received, although thereâ??s no way I could know if they were read.

Left unspoken was what I believe the subscriber was really asking, namely, what could explain an important financial institution completely ignoring repeated accusations that it was involved in a very serious criminal undertaking. Truth be told, the subscriberâ??s inquiry prompted me to make Wednesdayâ??s article public, which was titled â??Eight Crooks Against the Worldâ?• and specifically identified JPMorgan, because I didnâ??t want my allegations to even remotely appear to be done in the dark. Iâ??m calling JPMorgan crooked and Iâ??m not intending that it not be aware of my allegations.

http://silverseek.com/commentary/eight-crooks-against-world-16846

A reasonable person would conclude that such specific and direct allegations of market illegality would be vigorously refuted by those accused of such wrongdoing and, in particular, not be ignored by the primary regulator, the CFTC, or the self-regulator, the CME Group, especially when I am accusing the CME of serious wrongdoing as well. To my knowledge, it is completely unprecedented for such institutions to brush off serious allegations and the passage of time does nothing to diminish the unprecedented nature of all this. Since when is it OK to publicly accuse a bank of unique and specific market crimes and for that bank to shrug its shoulders and look away?

My analysis of the silver and gold market is based almost exclusively upon public data and the most reasonable conclusions drawn from the data. You have my solemn pledge that should JPMorgan, the CFTC or the CME ever respond to my allegations in a reasonable and factual manner, I would handle any and all response with measured and objective thought and complete transparency. As it is, Iâ??m relying on data issued by the CFTC and the CME to make my allegations of manipulation.

Iâ??m not looking to make a name for myself or anything else by falsely accusing anyone of wrongdoing. It would seem that the most reasonable reaction by JPMorgan, the CFTC and the CME would be to address the matter openly. While the lack of any type of response doesnâ??t necessarily prove that what I allege is true; the lack of any response is not in the least incompatible with what I allege. Certainly, it does raise the question of why not just address all these issues openly and end the suspicion of many that things arenâ??t on the up and up in silver and gold?

With all eyes on Hurricane Irma, I am reminded of my past writings on hurricanes, the last of which were some 12 or so years ago (coinciding with now-ended lull in serious storms hitting Florida). The way I recall it, I compared the last minute panic race for vital supplies before a hurricane hit to the coming panic by industrial users for supplies of silver in the event of a shortage. While fully admitting that the industrial user buying panic in silver has yet to develop, I remain convinced it will occur at some unknown point.

As a result of Irma creating near instant shortages of fuel, food, water and ice, it occurred to me that there was an added lesson Iâ??m not sure I ever articulated clearly before. The common denominator between the panic shortages just created by Irma and the coming silver user buying panic was that both center on commodities vital to sustain life. The panic caused by Irma involved the basics necessary for sustaining life as we know it; a powerfully incentive force. Nothing is more basic for a company requiring silver in its processes than a continued supply of silver, for without it, just like the water necessary for human existence, the company will cease to exist. I donâ??t deny that there may be a future investor buying surge in gold, given the long history of collective investment behavior, but I donâ??t see a surge of industrial buying of gold to sustain a companyâ??s existence.

In silver, I donâ??t see how a user inventory buying panic can be avoided at some point. Investors can appear to panic when buying something they are convinced will rise in price and in which they can make a buck. But the difference with the panic buying of a vital commodity necessary to extend a companyâ??s continued existence is like the difference between a Cat 1 storm and a Cat 5.

As a result of the continued managed money buying and commercial selling over the past seven weeks, including the very large increase in silver short selling by JPMorgan, there is no question that there has been a significant change in gold and silver market structure. The chance of an engineered price smash has grown as has the chance that something could go wrong with the increasingly blatant control of 8 big crooks, led by JPMorgan. In terms of the running money scoreboard for the big 8 in gold and silver, Iâ??d estimate more than $600 million of additional open and unrealized losses have accrued this week, increasing total open losses to $2.7 billion at weekâ??s end. This increases the urgency to smash prices soon, as well as increasing the stakes should something go wrong with the crooksâ?? control of prices.

Ted Butler

September 9, 2017

Silver – $18.03Â Â (200 day ma – $17.08, 50 day ma – $16.73)

Gold – $1351Â Â Â Â Â Â (200 day ma – $1238, 50 day ma – $1272)

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