

## April 1, 2010 – Silberinfo Interview

I'll have some comments soon about recent developments in the silver market, but I thought that subscribers would be interested in the following interview I did with the German web site Silberinfo

### **silberinfo Interview**

**Ted Butler, an independent US silver analyst, gave Silberinfo the following exclusive interview:**

Since our last interview with Ted in March 2007 a lot has happened in the silver market. To freshen up the memory, the spot price was around \$13,50 per ounce at that time.

**silberinfo:**

Ted, a lot of time has passed since our last interview. What important milestones in the silvermarket have been reached since then?

**Ted Butler: I think the biggest milestones have been the remarkable increase in silver investment through the silver ETFs and the growing recognition that silver has been manipulated in price. Another important milestone was the swearing in of CFTC Chairman Gary Gensler on May 26, 2009, and the resultant attention he has brought to the issues of position limits and concentration.**

**silberinfo:**

The price of silver is higher than 3 years ago, but the rise has somewhat slowed down. Is this just a temporary break? What are the reasons for the slowdown?

**Ted Butler: The price is a result of the silver manipulation remaining inforce. When the manipulation is terminated, you won't be asking me any longer why the price hasn't moved.**

**silberinfo:**

The financial crisis of 2008/2009 was bad for the price of silver in the short term, and although 2009 we had a huge recovery in the market, it still has not reached a new high yet. How do you assess the long-term effect of the crisis on silver and gold?

**Ted Butler: That financial crisis was just an excuse for the manipulators, who I believe are led by JPMorgan, to take down the price sharply. It was just a cover story.**

silberinfo:

At the time of our last interview Barclays just had launched its new Silver ETF. Since that time several other ETFs on Silver were issued. The aggregate holdings almost tripled to more than 400 million ounces of silver. Where did that silver come from?

**Ted Butler: Mostly as a transfer from what were formerly unreported inventories to visible inventories. The important point is that doesn't change total inventories, which I still estimate at one billion ounces for bullion silver. Another important point is that much less bullion now resides in unreported inventories.**

silberinfo:

Do you see a continuing growth in this sector or will the ETF boom soon reach its peak?

**Ted Butler: Silver is still off the radar of the world's investors. With growing recognition of the merits of silver as an investment, I can only imagine more, not less, investment demand.**

silberinfo:

Do you see the danger that the huge silver holdings of the ETFs can put pressure on the market at some point? I.e. in case of a selloff or a shortage of bullion with producers and investors likewise scrambling for the last physical silver.

**Ted Butler: In the case of a silver shortage, which I feel must come, the ETF silver holdings will be needed to help satisfy physical demand, but I would hardly classify that as putting pressure on the price. That silver will only come to market at very high prices.**

silberinfo:

What about the risk that the silver inventory of the ETFs could be used for the manipulation of the silver prices? Every so often you see suspicious in and outflows from the SLV at the same time there are big moves in the COMEX warehouses, particularly in the registered category. Is there any link?

**Ted Butler: I don't think so. Many people see a conspiracy in everything, me less so. Don't get me wrong, I have alleged a silver manipulation before anyone, just that I don't see the silver ETFs as an integral part of the manipulation. The physical movements are important and I do follow them, but I never accepted the ETFs as a tool of the manipulators. If anything, the ETFs are the manipulators worst nightmare, because of the insatiable demand they have created for physical.**

silberinfo:

Has the silver production reached its peak yet, or will it soon reach its peak?

**Ted Butler: I don't know. I think we will have a peak someday, but I'm not sure which day.**

silberinfo:

You once wrote that the long lasting supply shortfall in the silver market has come to its end. Is this still true, and what are the implications of this conclusion?

**Ted Butler: I said that the structural deficit ended several years ago and it's still true. But world silver inventories have been so depleted as a result of the cumulative 60-year deficit that the damage has been done. Very little can be done to restore those inventories quickly. The remarkable development is that investment demand is hitting just as world inventories are at historic lows.**

silberinfo:

Looking back a couple of years, did you ever imagine investment demand for silver would reach such heights?

**Ted Butler: I did imagine that investment demand would be great and I wrote about it. What I didn't imagine was how much silver was in the unreported category of inventories. But that is largely past, as I don't feel much is left now.**

**silberinfo:**

Let's talk about the recent public meeting at the CFTC. You were somewhat enthusiastic last year when they were examining the energy market. So far nothing has changed there, even though some proposals are being discussed. So how high were your expectations for this hearing?

**Ted Butler: My expectations were very high and I think they were met. The mere fact that all the issues I have raised for decades, like concentration and position limits, were on full parade was incredible. I couldn't have asked for more.**

**silberinfo:**

A lot of speakers argued that tighter position limits would only drive business from regulated markets like the COMEX into the OTC markets or overseas. What do you have to say to that?