# April 10, 2021 – Weekly Review/JPM’s Criminal Genius

Despite a sharp Friday selloff, gold and silver prices finished higher for the week, with gold up by $13 (0.7%) and silver up by 28 cents (1.1%). As a result of silverâ??s slight relative outperformance for the week, the silver/gold price ratio tightened in a bit to just under 69 to 1.

From the start of the year, gold is down about $155 (8%), while silver is down by $1.20 (4.5%), as both metals have remained in what is now more than a nine-month consolidation, after hitting their respective highs in early August. Obviously, a lot has transpired over this time and more recently the happenings in silver have overshadowed what has occurred in gold, news-wise.

After all, I havenâ??t detected the same intensity of news developments occurring in gold that have occurred in silver â?? what with grassroots Internet movements and the official statement from the CFTC indication it was closely monitoring activity in the silver markets. Soon, we should hear from the agency again about these issues (more on this later).

I guess what Iâ??m trying to say is that I sense much is going on behind the scenes that has not been reflected yet in price, as both gold and silver prices have been much more subdued than the underlying issues would seem to dictate. And while I am more bullish on silver than I am on gold, I happen to be quite bullish on goldâ??s price prospects ahead and that the extended price consolidation we seem to be trapped in is not going to last much longer.

The turnover or physical movement of metal either brought into or removed from the COMEX-approved silver warehouses accelerated from last weekâ??s average weekly movement of the past ten years by almost double, as 7.6 million oz were moved this week. Â Total COMEX silver inventories fell again, this week by 2.3 million oz to 367.3 million oz, another new six-month low and down by more than 30 million oz from the start of the year. Holdings in the JPMorgan COMEX warehouse fell by 1.9 million oz to 187.3 million oz. Once again, it makes little sense for investors to remove silver from the COMEX warehouses, only to put it in other warehouses and a lot more sense that user demand of some type is behind the COMEX silver withdrawals.

The COMEX gold inventories also fell for the week by 0.4 million oz to 36.6 million oz, with around 0.3 million oz leaving the JPMorgan gold warehouses and leaving holdings there at 13.03 million oz. Total COMEX gold holdings are now down close to 3 million oz from the peak some six-weeks ago, but still in the narrow range of the past 10 months (this following an absolute surge of roughly 30 million oz over a few months last spring/summer).

It appears that withdrawals/redemptions from the big silver ETF, SLV, may have finally subsided, or at least have this week, while inflows have continued in other silver ETFs, principally the PSLV. The entire 100 million+ oz deposit that came into SLV over three days at the start of February have now been redeemed and total holdings in SLV are now close to 575 million oz, the level they were at the start of the year. I still maintain that the 100 million+ oz that came in and then out from SLV were conversions by large holders from stock to metal and not plain-vanilla investor liquidation which is bullish on its face.

Turning to yesterdayâ??s Commitments of Traders (COT) report, although I refrained from guesstimates it mostly followed expectations of deterioration (managed money buying and commercial selling) in silver, but the amount of deterioration in gold was a bit surprising. Both gold and silver prices were higher over the reporting week, gold by more than $50 and silver by more than a dollar, so it certainly wasnâ??t a man bites dog outcome to see managed money buying and commercial selling, as that has occurred nearly 100% of the time over the past thirty-five years and is part and parcel of the ongoing manipulation.

I guess the biggest surprise was in gold where, while we did rally, none of the key moving averages (50, 100 and 200-day moving averages) were penetrated to the upside. Then again, and in hindsight, a number of other shorter-term moving averages in gold were penetrated to the upside over the reporting week, including the 13, 20 and 30-day moving averages. One broad takeaway from the â??surprisingâ?• managed money buying in gold was that it seemed to dismiss my speculation that these traders would add to short positions on price rallies that fell short of the big key moving averages, as they have on past occasions. Iâ??m more inclined to be cheered by that development than disappointed, even though it was contrary to my expectations.

In COMEX gold futures, the commercials added a rather hefty 21,100 contracts to a total net short position at 214,800 contracts as of Tuesday, thus mostly offsetting all of the slight improvement in market structure over the past month. Interestingly, yesterdayâ??s release of the monthly Bank Participation report featured very little net change in bank short positions since March 2, both for gold and silver. It should be remembered that this weekâ??s commercial selling, therefore, is not terribly significant in the broader sweep of things. It does, of course, explain yesterdayâ??s smackdown as trading since the Tuesday cutoff on Wednesday and Thursday undoubtedly featured more manage money buying and commercial selling â?? offset to some extent by yesterdayâ??s plunge.

By commercial categories in gold, the selling was fairly distributed, with the 4 big shorts adding 4300 new shorts, the 5 thru 8 next biggest shorts adding 9300 new shorts and the smaller raptors selling 7500 gold contracts, completely reversing their 7300 net long position and leaving them 300 contracts net short. The big 4 concentrated short position grew to 151,973 net contracts (15.2 million oz), while the big 8 concentrated short position grew to 214,532 contracts (21.5 million oz). Iâ??d peg JPMorgan as having sold out 3000 contracts of its gold longs, leaving it with 6000 gold contracts long and maintaining an extremely low profile for the marketsâ?? biggest bully.

On the buy side of gold, it was mostly a managed money affair, as these traders bought more than the commercials sold, in buying 23,399 net contracts, consisting of the new purchase of 8554 longs and the buyback and covering of a large 14,845 short contracts. Once again, the buy back of such a large number of short contracts was the biggest surprise for me. Also, somewhat surprisingly, the other large reporting traders added more than 5100 new gold shorts, although they also added nearly 3700 new longs.

In COMEX silver futures, the total commercial net short position increased by a somewhat hefty 5400 contracts to 50,600 contracts, offsetting some, but not all of the overall improvement in market structure over the past month. In fact, this weekâ??s deterioration in market structure doesnâ??t even offset the improvement over the prior two reporting weeks, although there was additional deterioration on Wednesday and Thursday after the cutoff.

By commercial categories in silver, the 4 big shorts added 2200 new short contracts to a concentrated short position of 55,035 contracts (275 million oz) as of Tuesday. The 5 thru 8 next largest shorts, unlike their counterparts in gold, did nothing and now the big 8 hold a concentrated short position of

72,350 contracts (362 million oz). The smaller silver raptors sold off 3200 contracts of their net long position, leaving them with 21,800 silver longs as of Tuesday. JPMorgan may have peeled off a thousand contracts of longs, leaving them flat and with no futures position or profile.

The managed money traders bought 3602 net silver contracts, consisting of 1913 new longs and the buyback of 1689 short contracts. The other large reporting traders were net sellers of less than 300 contracts and the smaller non-reporting traders were net buyers of more than 2000 net silver contracts.

The bottom line on all this is that while this weekâ??s COT report wasnâ??t particularly uplifting, it does explain the smackdown yesterday and perhaps more downside probes to come. At the same time, the market structures in gold and silver remain washed out and more indicative of much larger gains to come than significant selloffs ahead. Come to think of it, the risk/reward profile in silver has never been better, with relatively minimal potential downside ahead, compared to an upside potentially measured in the many tens of dollars. Certainly, silver canâ??t possibly fall many tens of dollars.

All that said, of course, the big concentrated short scam still plays on, with the big shorts only buying back on lower prices and adding new shorts on higher prices, against every free-market principle going and much to the CFTCâ??s ongoing shame.

The Criminal Genius of JPMorgan â?? Part 17 (I think)

Let me change gears a bit here and dig more into what I wrote about on Wednesday, namely, the revelation in the Treasury Deptâ??s OCC derivatives report which indicated that BankAmerica had built up an $8.3 billion derivatives position in silver over the 9-months ended Dec 31, 2020. As I indicated this equates to 300 million oz in silver and the most plausible explanation to me was that BofA had borrowed that amount of physical silver which subsequently found its way into SLV and other silver ETFs last year.

Conversations with a couple of subscribers convinces me that I did not adequately explain myself, so let me try to make amends here. What I left out in my discussion was the whys and wherefores of this most unusual transaction. Â Letâ??s face it, any single transaction involving 300 million oz of physical silver (15% of all the silver bullion in 1000 oz bar form in the world) is no small matter.

And while I did explain that the motivation for BankAmerica to first borrow and then sell the metal to the ETFs was to gain the use of the billions of dollars which it received as a result of the transaction, what I left out was that BofA was also thoroughly hoodwinked, snookered and screwed over in this transaction by none other than the master financial criminal of all-time â?? JPMorgan.

Before describing just how JPMorgan bamboozled Bank America in this transaction, let me first establish that this is the way of big banks and financial institutions. The most recent example is the blow up of the Archegos Capital family office, which left some big banks, like Credit Suisse and Nomura with some $7 billion in reported losses, while other banks involved in dealing with Archegos, like Goldman Sachs and Morgan Stanley, skated away with no loss. (Of course, the master criminal, JPMorgan, refused to ever deal with Archegos, giving new meaning to the phrase it takes a crook to know a crook).

One message from the Archegos saga is that when a crisis or crunch comes, it must be expected that the big banks will turn on one another and ensure the other guy takes the loss. Itâ??s just the way the game is played and it is a dog-eat-dog contest. Welcome to the jungle. No one plays this game better than JPMorgan.

With that in mind, BankAmerica didnâ??t suddenly wake up one day and decide to borrow and sell (short) 300 million oz of physical silver last March/April. Itâ??s much more likely that JPMorgan did dream up the whole affair, since it and its related entities and friends and family profited and will profit mightily as a result; compared to BofA which seems most likely to suffer mightily as a result.

JPMorgan and its friends and family, holding around one billion oz of physical silver a year ago, had just bought back its entire COMEX short position on the price smash below $12 it had engineered last March and was also eager to buy as much physical silver as it could at what were cheap silver prices it knew couldnâ??t last for long. But when you own half of all the silver (in 1000 oz bars) in the world already, how can you buy much more without driving prices skyward? Only the criminal geniuses at JPMorgan wouldnâ??t be daunted by that problem, just like they werenâ??t daunted in 2011 when they decided to take advantage of their ability to suppress silver prices to accumulate a billion oz over the next decade.

The only way JPMorgan could arrange for its friends and family to buy another 300 million oz of physical silver in a hurry starting last spring was to find someone it could persuade to borrow the metal from JPMâ??s friends and family who would turn around and sell that same metal to those same and other friends and family in the silver ETFs. If this sounds to you like even better alchemy than turning lead into gold, you would be correct. Â In essence, JPMorgan induced BankAmerica to borrow the physical metal from JPM for the purpose of then having BofA turn around and sell the same metal to the silver ETFs, whose primary buyers were friends and family of JPM.

The net result of all this lending, borrowing and selling and buying of 300 million oz, is that the friends of family of JPM now own at least 1.2 billion oz or 60% of the worldâ??s 2 billion oz of total world silver inventories and likely much more and that BankAmerica is now obligated to return 300 million oz of physical silver to JPM someday. By the way, BofA is already in the hole for $2 billion since it borrowed the 300 million oz at an average price of $18 or less and is already $7 underwater.

I would predict at some point and at higher silver prices, just like occurred with Barrick Gold and AngloGold 20 years ago, BofA will wake up (if it has not already awakened) and try to buy back in some way its excessive and decidedly unprofitable silver short position. That attempt to buyback by BankAmerica will prove to be exceedingly bullish for the price of silver.

And while Iâ??ve confined my remarks today to the 300 million oz that BofA borrowed and sold short last year, there is another 100 million oz borrowed and sold short since the start of this year and all told, I would estimate that at least 400 to 500 million oz of silver have been borrowed and sold short in total and this amount of shorted silver is completely distinct and separate from the formidable concentrated short position in COMEX silver futures. It is the combination of these two separate short positions, currently totaling as much as 850 million oz that explains the otherwise inexplicable insanely low price of silver.

It never ceases to amaze me just how criminally resourceful, to the point of outright brilliance, JPMorgan has proven to be over the years I have observed it. And while I have said it often in the past, it certainly bears repeating â?? there is no way in this world that I could ever just make up or imagine what I just relayed were it not for the evidence of the continuing hard data, mostly in the form of government data.

Finally, every passing day brings us one day closer to the CFTCâ??s response to my letter of March 5. Generally speaking, about a month is the acceptable limit for a response and weâ??re approaching that time even on the basis of elected officials contacting the agency. Of course, I canâ??t predict what the Commission will say, although I do confess to contemplating the alternatives continuously. And Iâ??m sure the Commission is also contemplating what it will say.

One new thought along these lines that very recently occurred to me. In my letter of March 5 and on these pages, I have commented that the Commission hasnâ??t responded to matters surrounding the concentrated short position in COMEX silver futures for 13 years or ever since its 16-page public letter of May 13, 2008. Â But it has dawned on me that Iâ??m wrong about that. Instead, itâ??s much more accurate to say that the Commission has never responded to my direct concerns about the concentrated silver short position â?? not in 2008 or 2004 and not ever. Please allow me to explain.

The issue is that the concentrated short position in COMEX silver futures towers over the concentrated short position of any other commodity, when you normalize all the concentrated short positions to adjust for how much the actual amounts the short positions represent in real world terms â?? like the equivalent respective world productions of each commodity. If you donâ??t make that realistic and obvious conversion or normalization, then the percentage of short concentration in COMEX silver isnâ??t particularly noteworthy. But when you do make the equivalent conversions, a completely different and manipulative picture emerges.

It dawned on me that the CFTC has refused to ever make that equivalent real-world conversion and comparison, not in either of the 16-page denials that it issued in 2004 or 2008 and never on any other occasion. It has not done so because it cannot do so. So, it simply avoids doing so. But thatâ??s the main issue and you can be sure that if the Commission tries to pull a fast one again and tries to pretend that real world quantities of a commodity have nothing to do with the amounts of derivatives contracts from which they are derived, it is not likely to work this time.

The other big issue, of course, is the matter of the 4 and 8 big silver shorts never buying back short positions on higher prices, always only on lower prices (as was evidenced this past reporting week and weeks). It will be interesting to see if the Commission will try to evade that issue as well. And Iâ??m still most interested in what, if anything, will be the response from Commissioner Dan Berkovitz, if the Commission tries to explain that there is nothing to see with the concentrated short position in COMEX silver and how we should all just move along and leave things as they are and deal, instead, with the evil rabble-rousers on Reddit.

The slightly higher gold and silver prices this week resulted in the 8 big COMEX gold and silver shorts adding around $400 million to their total losses since last Friday or to $9.4 billion.

Ted Butler

April 10, 2021

Silver – $25.32Â Â Â  (200 day ma – $24.95, 50 day ma – $26.29, 100 day ma – $25.70)

Gold – $1744Â Â Â Â Â Â  (200 day ma – $1859, 50 day ma – $1761, 100 day ma – $1811)

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