

In a four day trading week that ended Thursday in observation of Good Friday, prices of gold and silver erupted, with gold finishing \$92 (5.6%) higher, while silver tacked on \$1.40 (9.7%). While silver's relative outperformance resulted in the silver/gold price ratio tightening in by 4 full points, it's still hard to fathom how silver could be so cheap compared to gold at a ratio of 109.5 to 1. Don't get me wrong, as the explanation for why silver is so cheap – the most blatant price manipulation ever on the COMEX – couldn't be clearer. It's just that silver's undervaluation is breathtaking no matter how long it has persisted.

The price surge in gold sent prices to the highest level in more than 7 years and more than \$100 and \$200, respectively, above its 50 and 200 day moving averages; while silver has yet to upwardly penetrate either of its key moving averages, despite a price rise of nearly \$3.50 from the recent price lows. The subsequent sharp price rallies in gold and silver from the price lows of 4 weeks ago shouldn't be lost on anyone (except the regulators) as the strongest proof to date of the patent deliberate manipulation of the sharp contrived price smash of a month ago. In retrospect, it's crystal clear that JPMorgan orchestrated the selloff to buy back all its COMEX gold and silver short positions.

Clearly, strange and unprecedented things continue to happen in the world that are nearly impossible to fully comprehend or deal with for too many people. The pandemic has, quite literally, turned the world upside down and everyday life consists of a never-ending series of coping with a health and economic situation few would have contemplated months or even weeks ago. The manner and magnitude of government fiscal and monetary accommodation, to keep the discussion focused on gold and silver, are such that it is impossible to imagine a more favorable macroeconomic backdrop for much higher prices.

Yet, I'm still convinced that the prime driver of gold and silver prices are the dealings on the COMEX involving futures contract positioning. At the same time, however, I'm sensing that we may be coming to the end of an era and the start of a new one. For many years (actually from the very beginning) I thought I knew that one day, the COMEX futures contract positioning that always determined prices would no longer matter. Now I sense we are quite close to that day, but I have to admit that I am less sure of how things unfold from here on a step by step basis. So many unexpected things are happening away from gold and silver that only a fool would insist on certainty about the future.

At the same time, I am convinced that the silver manipulation that had to end one day may be very close to ending and with that ending, I can't see how or why silver (and gold) prices won't be substantially higher in the not too distant future. Everything that I look at convinces me that great change lies ahead.

The turnover or physical movement of metal either brought into or removed from the COMEX-approved silver warehouses cooled off this holiday-shortened week, as only 2.25 million oz were moved and total inventories fell by one million oz to 320.1 million oz. No change in the JPMorgan COMEX warehouse (160.8 million oz).

The big COMEX warehouse news continued to be in gold, where, as of Thursday, the total amount of metal rose to just over 17.2 million oz. Not only have COMEX gold warehouse inventories more than doubled in little more than a week, they are now the highest they've been since gold was legalized for ownership in the US in the mid-1970's. It's not at all surprising to me that the biggest gold holdings in the COMEX warehouses are now held in JPMorgan facilities, with more than 6.6 million oz.

Nor is it surprising to me that JPMorgan has led the way on both sides of the record (28,120 contract) total COMEX April gold futures deliveries, both by issuing the most (8237) from its house account and a further 7419 issued by clients and the stopping of 11,674 contracts by clients. Anyone who doesn't see that JPMorgan is the big kahuna (and crook) of the gold and silver market is looking in all the wrong places. Period.

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There continues to be big physical deposits into the world's gold and silver ETFs. Over the past three weeks, some 47 million silver ounces have come into SLV, pushing the holdings to a record 402 million oz. Both total world gold and silver ETF physical holdings are at new all-time record highs, not at all surprising considering everything happening in the world. Who, in their right mind, would choose to sell gold or silver at this time? Who would not choose to buy?

Turning to yesterday's Commitments of Traders (COT) report, while my expectations came very close to the reported results, I must say that this was, once again, a truly stunning report. As a reminder, both gold and silver prices soared through the reporting week ended Tuesday (and since), which is usually a sure prescription for massive managed money and other speculative buying and requisite commercial selling. After all, that has been the dependable pattern for the past several decades.

Persuaded more by extremely low trading volumes and flat to declining total open interest over the reporting week, I sensed a break in the usual pattern and not much in the way of managed money buying and commercial selling - and that's exactly what occurred. My "lucky" guess aside, I am truly shaken by what the results imply - it's as if the world of COT positioning in COMEX gold and silver has changed as

radically as the rest of the world by this horrid coronavirus (while the virus has little to nothing to do with the COT positioning).

In COMEX gold futures, the commercials actually reduced their total net short position by 8300 contracts to 275,600 contracts. This is the lowest commercial total net short position since last June (when gold first traded as high as \$1400, up from \$1270 in late May). Please understand that in usual COT positioning terms, this is epic “man bites dog” stuff. Gold prices surged over the reporting week, setting new highs (over \$1700) and the commercials not only didn’t sell, but held a lower total short position than they did 10 months ago and with prices now \$300 higher. Be still my beating heart. But wait, there’s more.

Over the past two months (and particularly over the past couple of weeks), it isn’t true that all the commercials have reduced their gold short positions. Actually, just about all of the commercial short covering has been accomplished by JPMorgan and the smaller commercials I refer to as the raptors. Of the 100,000 total net commercial short contracts bought back since Feb 25, roughly 45,000 contracts have been bought back and covered by JPMorgan and another 45,000 contracts have been bought back by the raptors (the smaller commercials away from the big 8).

The 8 largest gold shorts have bought back relatively very few short contracts and still hold 261,100 contracts net short and actually hold more contracts net short than they did last summer. So here we have JPMorgan holding no COMEX short positions, with the raptors holding their lowest (14,500 contracts) net short position since last June, which translates into the 8 big shorts being more exposed and more alone on the short side than, well just about forever, giving new meaning to the term “up the creek without a paddle”. To say nothing of the avalanche of central bank money

creation which has created a completely different and compelling reason for the buying of gold that didn't exist a couple of months ago.

While the commercials were net buyers of 8300 gold contracts, at least it wasn't the managed money traders which were the big sellers, as these traders only sold 116 net contracts, comprised of the new buying of 185 longs and the new sale of 301 short contracts. Instead, it was the other large reporting traders which were the big sellers, as these traders sold 9791 net contracts, comprised of the sale and liquidation of 7834 long contracts as well as the new sale of 1957 short contracts. While somewhat surprising to see the other large reporting traders sell so many longs, it was nowhere near the massive amount of contracts they sold last week. And this week I would assume they were taking profits on the sharp advance in the price of gold. Still, it's all good, since one thing we know for sure is that the selling by the other large reporting traders reduces the potential for how many more contracts they can sell, particularly in the unlikely event we see temporarily lower prices.

On additional thought about the plight of the 8 big gold shorts (that also applies in silver). Some still insist the 8 big shorts are hedged through the ownership of physical metal and while I still think that is highly unlikely, looking at the current deep discounts of physical gold and silver to futures, it would appear that even if the big shorts do hold physical metal, the hedge is working poorly, in that what they may be long (the physical) is way under what they are short (the futures).

In COMEX silver futures, the commercials added a scant 1700 contracts to a total net short position of 43,000 contracts. As was the case in gold (and as borne out in the Bank Participation report), JPMorgan stood pat with no silver short position. The main silver sellers this week were the raptors which sold 2000 long contracts,

reducing their net long position to 22,700 contracts, obviously taking profits of the sharp rally over the reporting week. The 8 big shorts, essentially, stood pat at 70,738 contracts.

I did notice one thing new in silver in that for the past month or so, the concentrated short position of the 4 largest silver traders has exceeded the total commercial short position, something that highlights just how suppressed in price concentrated short selling has caused silver to be. This week, for instance, the concentrated net short position of the just the 4 largest traders came to 53,783 contracts (269 million oz), greater than the 43,000 total commercial short position.

Alternatively, the short position of the next 5 thru 8 largest traders has shrunk to less than 17,000 contracts, one of the lowest net short positions in recent years. My conclusion is that even the 5 thru 8 largest shorts can read the writing on the wall and are moving to get out of their short positions. Again, JPMorgan is the one doing the actual writing on the wall and, accordingly, is not short at all.

Despite the small net selling by the raptors, the managed money traders were also small net sellers of 1352 silver contracts, consisting of the sale and liquidation of a miniscule 58 long contracts and the new short sale of 1294 contracts. I've been mentioning for weeks that there can't be much potential long liquidation from the managed money traders because their gross long position (30,348 contracts) is close to 7 years lows. As far who the buyers were in silver this week, it was all the smaller, non-reporting traders, who bought a net 2848 silver contracts.

Once again, the man bites dog aspect of the new COT report was that on a sharp up move in gold and silver prices, in essence, the managed money traders didn't buy and the commercials didn't sell. Although I largely expected such changes, I am still

stunned by the results (if that makes any sense). Put it this way – I can't recall a similar week of such large price gains with such positioning results.

The bottom line is this – with gold surging to 7 year price highs and \$300+ higher from the levels of last June, the thought that the COT COMEX market structure features the lowest gross managed money long position in nearly a year as well as the lowest commercial net short is nothing less than mind-boggling. In silver, with the gross managed money long position at 7 year lows, I can't begin to imagine where any type of substantial selling would come from.

Now throw in that JPMorgan appears to have put in the finishing touches on a grand master plan of accumulating as much physical gold (25 million oz) and physical silver (one billion oz) since 2011 at the depressed prices it created by being the largest short seller on the COMEX over that time and now has managed to buyback and eliminate its paper short position and your head should be spinning. And please consider this – at Thursday's closing prices, JPMorgan is already ahead on its physical gold position by \$540 per ounce or \$13.5 billion, although it is behind on its physical silver holdings by \$2 billion, reducing its combined net physical metal profits to a "mere" \$11.5 billion.

On the other hand, the 8 big shorts in COMEX gold and silver futures are out an additional \$2.9 billion as of Thursday, bringing their total open and unrealized loss to \$7.2 billion, equaling their worst open loss ever. Even if it were possible (it isn't) to call an end to JPMorgan's growing profits and the growing losses to the 8 big shorts, the current results would already qualify as the biggest double cross in history. But the reality looks much more like it has just begun.

Finally, throw in the terrible world circumstances that are confronting us all,

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including the completely unbridled creation of untold trillions of dollars of government pumping without end that on its own accord would cause a rush towards gold and silver. By itself, the unlimited money creation would send gold and silver soaring. In conjunction with what has transpired on the COMEX and with JPMorgan (as described above), the combination should cause your mind to short-circuit when thinking about the price possibilities (as it has mine).

It's unthinkable that JPMorgan could have had anything to do with its creation, but at the very least, the pandemic has created the absolute perfect cover story for gold and silver prices to reach levels rarely contemplated. I would never say it is impossible to have selloffs, but there does not appear to be much, if any potential selling on lower prices. The price path of least resistance would appear to be much higher.

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Silver - \$15.90 (200 day ma - \$16.98, 50 day ma - \$16.17)

Gold - \$1740 (200 day ma - \$1521, 50 day ma - \$1609)