

April 29, 2015 – Is This It?

I wish I was a messenger

And all the news was good

Wish list – Pearl Jam

<https://www.youtube.com/watch?v=THnabGK7mPs>

Is This It?

Of course, I can't know for sure if this is the start of the big move in silver, but it could be. Certainly, it appears to have all the preconditions I would expect to be present for the big lift-off, including a few I hadn't thought of for many years. Yes, I am well aware that I have treated all past similar setups as if they could have been the start of something really big and every single stinking time the crooked commercials on the COMEX have sold into and snuffed out each budding rally. So there's no way I can certify that this is the start of the inevitable moonshot. The last thing I want to be is the bearer of false (good) news.

But there was always a method to my madness in visualizing previous similar setups in silver to be the start of the big move up. Firstly, if any previous setup did turn out to be the big one, if it wasn't treated as such that means it would be treated wrong. The big move in silver, at least as I envision it, would not likely stall or temporarily reverse direction to allow hesitant or tentative passengers to board the rocket ship at their leisure. You would either be onboard for the ride or you would be an observer.

An added feature was that it did absolutely no harm to treat every past COT bullish setup as if it would turn out to be the big one for the simple fact that price rallies almost always followed bullish setups and those who traded could sell once it became clear that the big COMEX commercials added shorts. Admittedly, long term silver investors don't (and shouldn't) trade the market on a short term basis, but seeing as positioning in COMEX futures has evolved into being the sole driver of price, I have no choice but to zero in on it.

But aside from a strongly bullish COT market structure (as I hope I conveyed on Saturday), what other factors presently exist that suggest we may be on the cusp of an historic up move in silver? At the top of the list is the 800 pound gorilla sitting smack dab in the middle of the room and beating his chest so loud that it is rattling the windows. Of course, I'm speaking of JPMorgan's unprecedented and historic accumulation of physical silver. Definitely in the good news department is that after speaking of this non-stop for more than a year, the story is starting to garner attention, as well it should. Since I don't think the analysis can be legitimately refuted, the alternative outcome is that it should come to be known by more as time evolves, particularly by those in a financial position to buy silver. <http://www.mineweb.com/news/silver/whats-with-jp-morgan-and-its-massive-silver-hoard/>

The knee-jerk reaction by many of those existing silver investors hearing that JPMorgan may have acquired upwards of 350 million oz of physical silver over the past four years is not whether the premise is accurate (I'd like to think because the evidence is so strong). Incredibly, just as many and maybe more existing silver investors believe that this metal will be used by JPMorgan to continue the manipulation rather than lead to a great advance in price. I understand these feelings and believe they can be traced to the absolutely horrid price performance of the past 4 years. Beat anything bad enough and long enough and expectations for another beating are inevitable. I hold a very different prospective price opinion of the JPM silver accumulation.

Even though I am the fountain source of the JPM physical silver accumulation premise, I also recognize that doesn't confer on me the divine light of prophecy in this matter. On the other hand, 30 years ago, when I first uncovered the COMEX silver scam and how the concentrated short position explained the ultra-depressed price, one of my very first thoughts was to imagine what the price of silver would be if the COMEX commercial crooks could ever assemble as large a long position as their concentrated short position. (Why not \$1000 an ounce I asked myself).

As it turns out, the concentrated short position of the 8 largest shorts (including JPMorgan) is just as large as it has always been – more than 320 million oz in the latest COT report, of which JPM holds maybe 75 million oz by my calculations (next week's Bank Participation Report will help clarify this). What's different at this point, of course, is if JPMorgan holds the 350 million physical silver oz I claim, that's a completely different circumstance from what existed in the past. The other 7 big shorts might turn out to be in a world of hurt should silver prices explode forthwith, but not JPM. One thought I can't shake is that historic price moves in anything generally entail big winners and losers and a certain amount of double crossing at the highest levels. That setup certainly exists in silver currently.

As I think I've opined previously, in considering all that has transpired over the past 30 years, it does not appear possible that JPMorgan or any other entity could have ever established as large a long COMEX silver futures position as the bank has acquired in actual metal. And I say this fully recognizing that I discovered that JPM did hold 85,000 long COMEX gold futures contracts in the late summer of 2013 (after holding 75,000 short gold contracts at the start of that year). In other words, there's no way in this world that any one entity could ever acquire the 70,000 net long COMEX silver futures contracts that 350 million oz would represent. For one thing, it would stand out like a sore thumb, even for a comatose regulator. For another, there is nowhere near enough counterparty short capacity in COMEX silver futures to allow for any entity to get long 70,000 silver contracts.

What I didn't begin to contemplate 30 years ago was that any entity could possibly accumulate 350 million oz of actual silver. After all, 35 years ago the silver world was turned upside down by the acquisition of 100 million oz by the Hunt Brothers. But now in hindsight and based upon the continuing flow of the evidence, it appears JPMorgan pulled off the impossible, only in a different manner and with much larger quantities than I ever imagined. Instead of trying to get long COMEX future contracts (which I claim would have been impossible), JPM took my longstanding advice and bought physical silver (and didn't even sign up as a subscriber Â? talk about ingratitude).

I can't prove in advance that JPMorgan won't use its accumulated physical silver position to continue to manipulate the price, but it's hard for me to believe they would waste the opportunity for perhaps the biggest financial score in history, and for what Â?the dubious accomplishment of keeping a metal considered insignificant by the world's financial community at an artificial low price? If someone wants to advance that gold might be kept in check because it is an important monetary asset owned by most of the world's central banks, that doesn't seem unreasonable. But silver isn't owned by any world government entity so that puts it in a different league altogether.

In fact, in speculating that we may be on the cusp of the big move in silver at long last, I must emphasize it is based upon conditions unique to silver, particularly including the long term manipulation based upon the concentrated short position on the COMEX and the solid evidence that JPMorgan has accumulated a truly massive amount of physical metal. There is a tendency for many in the precious metals community to include gold in the remarkable silver setup and even I speak of gold in terms of its main price driver being COMEX futures positioning.

While there are definitely similarities between silver and gold in terms of pricing influences and a shared history, there are even more marked differences and I would be doing a disservice to not distinguish between those differences. I don't deny gold prices should advance but in a much different manner and extent than silver and for different reasons. Their prices may move in tandem every minute of every trading day in a manner that convinces you that they are joined at the hip, but that is strictly an artificial COMEX pricing anomaly. When the manipulation ends (soon I believe) there will be little similarity with how far and fast silver rises relative to gold.

If gold had a more concentrated short position than exists in silver, I'd say so. If I saw evidence that JPMorgan was acquiring massive amounts of physical gold, I'd say so (as I did when they acquired a massive amount of COMEX gold futures in 2013). If gold was consumed industrially to the extent that silver was so consumed and created the inevitability of a gold physical shortage at some point, I'd say so. If there was only the smallest fraction of one percent of gold in existence compared to silver in dollar terms and not the other way around, I'd say so. If the evidence of manipulation in gold was so pronounced, I would have complained to the regulators, as I have in silver. If gold was extremely undervalued relative to silver, I'd say so.

Why in the world wouldn't I have said so if any of these things were true in gold? Considering the multitudes of those that favor gold over silver, why wouldn't I take the path of least resistance and preach the merits of gold over silver? You know, give them exactly what they want to hear (like a typical politician)?

The fact is that it looks to me that silver is set to go boom on the upside and if it does, gold will likely tag along in sympathy. If I'm missing anything, it is likely only in the timing (as always). Considering what I perceive the downside risk to be, I'll live with the shame of being off on the timing and not the shame of failing to alert you that silver's move is finally at hand.

On Saturday, I promised to refine my guess for this week's COT report and, I must say, I somewhat regret making that promise. That's because the strong rally this week may have muddled the setup that existed at the close of business on Friday. It did appear that gold had more relative upside volume and spent more time above its 50 day moving average this week than did silver. Also, the volume in silver was overstated by the switching of contracts into tomorrow's first notice day for delivery on the May contract. More a hope than a well-informed estimate, I'm looking for close to an unchanged headline number in both gold and silver (two big down days last week, offset by two big up days this week).

A quick mention on the continued counterintuitive deposits/withdrawals in the big silver ETF, SLV. There was another unexpected deposit on Monday of 1.4 million oz and the reason it was unexpected was because silver prices were so weak into Friday. Then there was a near 3 million oz withdrawal reported yesterday following Monday's high volume surge in price.

The way it is supposed to work is that withdrawals of metal should occur on price weakness which imply net investor selling and deposits should occur on high volume up days which imply net investor buying. The only logical explanation is that the deposit was made to extinguish part of the short position in SLV and the withdrawal yesterday was a conversion of shares to metal to hide ownership. A kewpie doll to anyone guessing which entity is behind this.

Ted Butler

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Silver – \$16.57

Gold – \$1206

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