

August 5, 2010 – A Special Message

Recently, I was invited to submit an article to The Art of Jewellery, India's No.1 trade magazine on jewellery. (Their spelling). I submitted this article on July 26 and it should be printed shortly.

Although the information is standard fare for subscribers, I thought you might be interested in my attempt to condense the silver story and tailor its presentation to a specific audience. It has long been my contention that, as the real facts in silver come out, more buyers will emerge. This is an attempt to get those facts out.

A Special Message

I would like to present a special message to those in the jewelry trade in India. The message involves the future course of silver prices and its availability. My message is targeted to those who would be impacted in the event of sharply higher silver prices and periods of unavailability of wholesale quantities of silver.

For more than 25 years, I have tried to expose and terminate what I believe has been a long-term manipulation in the price of silver. The manipulation has been to the downside, so what I am suggesting is that the price of silver has been kept artificially low in price, both on an absolute basis and relative to other commodities and metals, including gold.

The principle mechanism behind the manipulation is an unusually large and extremely concentrated short position on the world's leading commodity exchange, the COMEX in New York. This short position has been in place for more than 25 years. The most recent statistics from the US Commodity Futures Trading Commission (CFTC), the prime regulator of the commodity markets, indicate that 8 large commercial traders are net short over 300 million ounces of silver. This represents 40% of total annual mine production and almost 30% of the entire silver bullion inventory in the world. In no other commodity does such a large and concentrated short position exist. It is my opinion that this large short position cannot be resolved without causing the price of silver to rocket upwards.

The biggest silver short, according to data from the CFTC, is the large US bank, JPMorgan, which inherited the position when it acquired Bear Stearns in March 2008. The CFTC is formally investigating my allegations about JPMorgan and the silver manipulation, and that investigation is now almost two years in duration. Very recently, a new law has been enacted in the US concerning Financial Regulatory Reform, which promises to expose and end the silver manipulation.

Because the price of silver has been depressed for so long, great distortions have resulted in the supply/demand circumstances of silver. The artificial low price has created a situation that seems unbelievable at first glance. Years of industrial over-consumption of silver, because of the low price, have so decimated world silver bullion inventories that the amount of silver bullion inventories remaining is perilously low. People are shocked to hear, for instance, that silver inventories are now so low that there is less silver bullion inventory in the world than gold bullion. For the first time in history, world silver bullion inventory is less than gold, even though silver is only 1.5% the price of gold. There is more gold bullion in the world than there is silver bullion. As this fact becomes recognized, a sharp adjustment in the price of silver seems inevitable. Yes, there is much silver in jewelry and ornaments, but no one knows what high price would be necessary to draw that silver to market.

If my allegations of a downward manipulation in the price of silver prove to be true and that manipulation is terminated, the impact on the price and availability of silver could be profound. In an instant, it would be recognized worldwide that the price of silver had been tampered with and many would rush to buy. Few would be eager to sell. The resultant sharp increase in price and lack of available supply will impact many, but none more than those dependent on silver as a raw material for the production of finished goods, such as jewelry manufacturers.

What should someone do who may be harmed by a sharp increase in the price of silver and a disruption in supply? First, you should investigate my allegations and then decide for yourself. The Internet is a wonderful resource to study this type of information. Use Google or other search engines to investigate the silver manipulation. I have been writing on this matter for many years and much of the information is free. The only barrier to understanding is your own willingness to take the time for an objective study.

If you do investigate and decide this is a threat to your business operation, there is a simple and practical insurance policy you can employ. You can buy and lay in a sufficient supply of silver while it is still cheap and available. There is nothing complicated about this. If you thought there would be a serious shortage of foodstuffs in the near future, you would stock up on food to feed your family. If you come to agree with me about the coming shortage of silver, stock up on silver to protect your business.

Ted Butler

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