After three weeks of declines, gold and silver prices finished higher this week, gold by $16 (0.9%) and with silver up by 15 cents (0.7%). As a result of gold's continued relative outperformance (or silver's underperformance), the silver/gold price ratio widened a bit to 80.5 to 1, essentially, still stuck at silver's most undervalued level in a year. I'll spare you my mantra about silver's great value on both a relative and absolute basis.

The slight turn-up in the weekly price levels, of course, overlooks the somewhat dramatic turnaround from the mid-week price lows achieved going into the latest Fed meeting on Wednesday, when all the key NY metals made new multi-month price lows and then reversed upward into Thursday's close. Perhaps lost in the uniform price volatility was any notion of why all the metals seem to move in price-lockstep – when the fundamentals in gold, silver, copper, platinum and palladium would appear to be quite different. There has to be a reason, of course, and that reason has to be paper positioning in COMEX/NYMEX futures trading.

Don't worry, I'm not going to completely rehash Wednesday's diatribe about futures positioning determining prices, but there couldn't be more compelling proof than in yesterday's new Commitments of Traders (COT) report, which I'll delve into shortly. As is most often the case, it was paper positioning that set and explained price movement, but there were some other interesting developments I'll also dig into, including the latest $200 million regulatory "wrist slap" against the crooks at JPMorgan.

The turnover or physical movement of metal either brought into or removed from the COMEX-approved silver warehouses accelerated this week to just over 6 million oz (300+ million oz annualized), as total physical silver holdings on the COMEX rose by

0.7 million oz to 355.3 million oz. Holdings in the JPMorgan COMEX silver warehouse rose a sharper 1.7 million oz to 183.5 million oz.

One thing I've been meaning to mention is the continued talk about "draining" the COMEX warehouses, While I can't rule out the likelihood of retail investors taking delivery and then removing silver from the COMEX warehouses, it's certainly not high on my list of expected developments for a number or reasons. As I recently wrote in "Another Side to the Story", retail investors taking delivery of COMEX silver contracts and then breaking the chain of custody by removing the metal from what is among the very best professional storage arrangements that exists doesn't make much sense to me.

The flip side, however, that may be overlooked is that the COMEX can be "drained" without the physical removal of silver and I believe that is currently occurring. Physical metal doesn't have to be physically removed to make it unavailable for sale – all it takes is enough of the metal being strongly-held and made, therefore, not available for sale.

I know I've written in the recent past about how just because metal can be seen and publicly reported does it mean it is available for sale. The home you live in isn't available for sale if you have no intention of selling and the same thing applies to silver in the COMEX (or in the silver ETFs). So, by all mean, take delivery on COMEX silver contracts or otherwise secure COMEX silver warrants and leave the metal where it is – that's the same as draining the COMEX.

Total COMEX gold warehouse holdings fell 0.1 million oz to 34.1 million oz, with a reduction at the JPMorgan warehouse largely accounting for the overall decline, as holdings there slipped to 13.08 million oz. Nothing new special to report in delivery

developments on the expiring December gold and silver COMEX contracts.

There were some pretty steep withdrawals in both the world's gold and silver ETFs this week, with gold holdings dropping by 750,000 oz and with a much steeper 12 million oz redemption in the silver ETFs (7 million oz in SLV and 5 million oz in SIVR). My guess is that the gold redemptions were plain-vanilla investor liquidations in the face of declining gold prices, but I sense that there was a fair amount of conversions from shares to metal in the two silver ETFs. Admittedly, conversions would be more bullish in my eyes, but even if the silver redemptions were due to collective investor liquidation, it's not as if the ownership of the metal didn't shift to stronger hands.

In the when will I ever learn department, seeing as silver prices hit what was a fairly dramatic low this Wednesday, Dec 15, and that is the cutoff day for the next short report (due Dec 27) and also as there have been dramatic reductions in the commercial short positions on the COMEX, I'd venture there should be a healthy reduction in the short position on SLV in that report. If not, I really, really promise to give up trying to handicap this report – really.

Turning to yesterday's COT report, I was both surprised by the extent of the expected managed money (technical fund) short selling in silver and even more so by the large amount of this type of selling in gold. In both cases, the surprises were most welcome.

In COMEX gold futures, the commercials reduced their total net short position by 14,200 contracts to 231,400 contracts. This is the lowest (most bullish) commercial short position in two months, just prior to a hundred-dollar rally in the price of gold. And, I believe, the position is mathematically overstated due to the continued

presence of the new gold whale – still stubbornly holding a 40,000- contract long position.

By commercial categories in gold, the 4 big shorts reduced their concentrated short position by 4300 contracts to 136,001 contracts (13.6 million oz). This is the lowest big 4 short position since August 2020 and for someone (me) who makes a pretty big deal out of the concentrated short position, I was quite surprised at this development – which has to be interpreted bullishly. The next 5 thru 8 largest commercial shorts bought back 1200 short contracts and the big 8 short position fell to 232,210 contracts (23.2 million oz) – nowhere near the lowest level of the big 4 and in somewhat stark contrast to the behavior of the big 4 over the recent past.

Rounding out gold commercial positioning, the raptors (the smaller commercials apart from the big 8), were the biggest buyers of all, in buying 8700 net contracts and flipping what had been a net short position to an 800-contract net long position. It is the first time the raptors have been net long in two months and this must be considered as bullish. Based upon the new gold price lows on Wednesday, the day after the cutoff for the reporting week, even allowing for some commercial selling on the rally Thursday and yesterday, I would guess that the market structure on Tuesday was largely intact.

On the sell side of gold, it was all a managed money affair and then some, as these traders sold a whopping 17,324 net contracts, consisting of the sale and liquidation of 3575 long contracts and the quite surprising new sale of 13,749 short contracts. We did have a pretty sharp down day on the Tuesday cutoff, but it wasn’t until the following day that multi-month price lows were established. Therefore, I’m not quite sure what motivated the technical funds to plow onto the short side over the

reporting week, but I'm happy they did.

As indicated above, the new gold whale stood pat at 40,000 net contracts, also as expected. And at 8% of total open interest, I don't see the whale looking to meaningfully increase his or her position (I still think John Paulson is the whale), as any larger position would likely rile up the regulators at some point. So far, the whale has played this perfectly. This is not a position that is likely to replicated in silver futures, as the preferred method there would be a physical play via the silver ETFs and share conversions into metal, which just may be occurring.

As far as what this portends price-wise in the very short term, it's hard to imagine aggressive new managed money technical fund shorting in gold (or silver) unless the Wednesday price lows are taken out and suggests important price lows were established.

In COMEX silver futures, the commercials reduced their total net short position by a hefty 7300 contracts to 35,900 contracts. As was the case in gold, this was the lowest (most bullish) commercial short position in two months. Under the hood, it was even more bullish in silver. Because the increase in managed money short selling was so pronounced over the past two reporting weeks (nearly 17,000 contracts), it is mathematically-impossible that a managed money trader is not now in the big 4 category, as well as another in the big 5 thru 8 category.

While it messes up a bit my typical big 4 and big 8 computations, which are almost always purely positions held by commercial traders, it is quite bullish. We did see this development 2 to 3 month back at the prior silver price lows of $21.50 and that was what led to the subsequent $4 rally. To be sure, I'll be quite disappointed if all we get is a $4 rally this time around, but time will tell.

On a strict calculation of the big 4 and big 8 silver short positions, the big 4 position increased to 48,411 net contracts this week (242 million oz) and the big 8 short position grew to 66,920 contracts (nearly 335 million oz). But because a managed money trader is now in both the big 4 and big 5 thru 8 short categories, I would estimate the true net commercial short positions to be around 40,000 contracts for the big 4 and 55,000 contracts for the big 8. I don't believe this occurred in solely the current reporting week, but over the past two weeks.

I'm now estimating, therefore, that 4 big commercial shorts (the most important category) were big buyers, along with the raptors, over the past two reporting weeks. I suspected this a bit last week, but that was confirmed in the data this week. I wish I could be more precise, but the computations just don't permit it. My best guess is that since the COT report of Nov 16 and on the silver price decline of nearly $4, of the 30,000 net contracts of commercial buying (a hard number), I would estimate that the 4 and 8 big commercial shorts bought back around 12,000 short contracts combined and the raptors bought the balance of 18,000 net contracts.

This is extraordinarily-large commercial buying that further cements the unassailable conclusion that COMEX paper positioning sets the price and that the commercials always, always, always big net buyers on big down moves and that this has been at the heart of the silver price manipulation for 40 years. How the heck do these commercial crooks continue to pull this off? I'll have a bit more to say on this in a moment.

On the sell side of silver and as was the case in gold, it was strictly a managed money affair, as these traders sold 8460 net contracts, consisting of the paltry sale and liquidation of 67 longs and the new short sale of 8527 contracts. Therefore, the

remaining managed money long position (47,486 contracts) looks washed-out, while the 38,281-contract short position looks like an Empire State Building-size tank of rocket buying fuel. Yes, the manage money short position was even greater (by nearly 10,000 contracts) at the prior $21.50 low in September, so I can't rule out further managed money shorting – but it will take new price lows to get there by typical technical fund past behavior – something that doesn't appear likely to me.

Another week, another multi-hundred million dollar fine for the swells at JPMorgan – forgive me if I've lost count of all the fines that this crooked bank has paid fairly recently. Whatever the number of settlements we may be up to for yesterday's $200 million settlement ($125 million for the SEC and $75 million for the CFTC), the count is getting to be as dizzying as the virus toll. This time, JPMorgan "overlooked" keeping track of its traders' communications with each other and clients since 2015.

https://www.cnbc.com/2021/12/17/jpmorgan-agrees-to-125-million-fine-for-letting-employees-use-whatsapp-to-evade-regulators.html

The essence of the settlement is that in April of this year, the regulators learned (due to an outside tip) that JPMorgan had been unaware (or at least claimed to be unaware) that large numbers of its traders and top employees had been communicating with each other privately with no record of the conversations – in direct violation of the law. Anyone care to guess how long it would have been before the regulators came across this on their own, despite practically setting up branch offices at JPM for all the investigations over the past few years? Did I hear someone say the 12th of Never?

Cynics might assume that JPM got off cheap by claiming there was no record of conversations, instead of having to deal with what was actually said in the

conversations. Better to admit to something that is bad, but nowhere near as bad as would be the case should all the sordid details be known. (OK, I admit it, I'm in the cynics' camp). Supporting this thesis is the remarkable rush to settlement, instead of JPMorgan dragging it out forever, as its army of lawyers is surely capable of. It's hard not to believe that this case was settled in record-breaking time because JPMorgan felt it was in its own best interest to do so. Hey, it takes continuous effort to remain the criminal master of the financial universe.

But here's what I don't get – isn't this crooked bank operating under a deferred criminal prosecution agreement with the Justice Department as a result of the supposed $920 million settlement two years back? Obviously, DPA's aren't the tough as nails promise to behave on the up and up that I had assumed – you live and learn.

It's now been more than 13 years since I first pointed to JPMorgan as the big silver and gold manipulator and crook (before anyone else gave it the title it so richly deserved). Certainly, the flow of seemingly endless fines and settlements since then would clinch the title. JPM's inability to keep track of its traders' private communications, I'd be willing to bet, included further proof of malfeasance in gold and silver. But, hey, we'll never know – thanks to a settlement and a fine that sure sounds like a lot, but breaks down to a couple of days' profit for the bank. I don't know who this reflects more badly on – the CFTC, SEC or DOJ. Your tax dollars hard at work.

I'd like to raise something I haven't seen mentioned on this latest settlement. From this latest settlement with JPMorgan and previous cases in which the private chat messages in other cases involving bank traders illegally trading in COMEX gold and silver, I see a singular common denominator. The one thing all these private

messages have in common is collusion. Please think about it – what other purpose could there be other than collusion? I would define collusion as an organized and ongoing collective effort to cheat others for the colluder's own benefit.

Is this not what I just explained on Wednesday in describing the never-ending collusion and cheating by the commercial traders on the COMEX of the managed money technical funds? And before anyone raises the issue of don't the technical funds also have private communications, let me say this. No one colludes with others to deliberately and continuously lose money, so any notion that the technical funds have been colluding to lose money is downright absurd. It is always the traders and employees of the big banks, prominently led by JPMorgan, that have been doing the colluding. How much clearer does this have to be?

Another thought that occurs to me is the common denominator of the regulators coming right up to the most important issue of our time and then being able, miraculously, to snatch defeat from the jaws of victory. I don't care which of the regulators we are talking about, the Justice Department, the CFTC or the SEC, but it's always the same – they always seem to stumble onto the crime of the century, the ongoing and increasingly obvious silver and gold manipulation, yet manage to only walk away with relative chicken-feed (I had another word in mind) settlements, while the big crime, manipulation, remains in force. Of course, it can't be accidental, but that only makes it all the more offensive. Why can't these regulators just regulate? Yes, that's a rhetorical question.

The problem, as I'm sure you know, is that while the regulators are busy patting themselves on the back for prosecuting the symptoms (and only when it's given to them), and avoiding the obvious and much more serious disease, there are countless

real victims of the ongoing silver and gold manipulation that are left twisting in the wind due to the regulators' malfeasance.

And if this isn't enough of an insult to those damaged by JPMorgan's and other bank's illegal and collusive dealings in gold and silver over the years, I have even more depressing news. One of the four new CFTC commissioners awaiting Senate confirmation is a former Associate General Counsel for JPM, while another candidate works at Citibank. The hits just keep coming. There is no way that I would imply that the four proposed candidates for commission appointment should be questioned because they are women (a first in CFTC history), as that would be visibly discriminatory and not at all how I feel. My gripe has to do with the apparent lack of obvious hands-on real market experience, regardless of gender.

But in a very real sense, none of this really matters much at this advanced state, as we are fast approaching the terminal point of the decades-old manipulation. Rather than it being up to the regulators, it is up to the big commercial shorts and the cold reality of the physical silver market. At this point, it wouldn't matter much if the regulators were led by Confucius or Atilla the Hun.

So, once again we are at an extremely critical juncture in silver and gold, with extremely bullish readings in market structure on the COMEX and extremely bullish macroeconomic circumstances. No one can guarantee there won't be a final stab lower in price to top off the remarkably bullish all-around set up, but neither can there be any real assurance it won't be straight up and away from here. It's always that you pay your money and take your chances, but the chances look pretty promising at this point.

The snap-back from the price lows on Wednesday, added to the weekly losses to the

big 8 since last Friday, even accounting for the reduction in total short positions. As of yesterday's close, the big 8's total loss increased by $400 million to $8.5 billion. Not that it's completely unprecedented, but it is noteworthy and interesting that gold is (slightly) above all its key moving averages, while silver is still (decidedly) below all its key moving averages.

Ted Butler

December 18, 2021

Silver – $22.36 (200 day ma – $24.96, 50 day ma – $23.53, 100 day ma – $23.56)

Gold – $1799 (200 day ma – $1794, 50 day ma – $1798, 100 day ma – $1791)