
February 22, 2023 – Deeper and Darker or Not?

There can be no denying that many feel the silver (and gold) manipulation goes a lot deeper than I believe to be the case. Whereas I have long concluded that a price manipulation has existed in COMEX silver for 40 years, mostly based upon the data published by the CFTC in the form of the Commitments of Traders (COT) and Bank Participation Reports, I have resisted the conclusion that it has been orchestrated by higher powers that may be – say, at the highest levels of the US Government. This puts me in a somewhat awkward position.

On the one hand, there's no doubt in my mind that silver has been manipulated in price for four decades and, at the risk of sounding a bit egotistical, since I was the very first one to point out the manipulation, I'm not sure this would – even be a widespread topic had I not introduced the issue in the first place. Of course, this does not make me infallible on all matters related to the COMEX silver manipulation and truth be told, I cannot disprove a deeper and darker motivation behind the manipulation – as far as I can tell, there is no conclusive proof either way.

By – either way – I mean no hard and irrefutable evidence exists proving the decades-long COMEX silver manipulation has been due to the collective greed of a number of commercial banks working on their own behalf (as I believe), or at the direction of entities much higher up the food chain. What's not in dispute is that many do believe some deeper and darker conspiracy exists to keep silver prices suppressed and not, as I believe, in the collective greed of a number of banks. Therefore, I feel a responsibility to respond to those, particularly including subscribers, who question the ultimate motive behind the manipulation. Here's a note I received yesterday from a long-term subscriber –

As it appears that jp Morgan continues to “donate” to the cause of the silver suppression scheme (which has been the case for years now) i feel that the conclusion is exceedingly obvious in that they are in on a deeper darker conspiracy (either as a proxy for “the powers that be” or for itself who either is the infamous power behind the scenes or just one of them) to artificially keep the price of silver suppressed, for as you have admitted the obvious on a multitude of occasions, that being if jp Morgan had accumulated all of this silver for it's own financial gain, then it should have every interest and desire to just let silver prices rip to the upside, – which has clearly not – been the case heretofore.

On another but similar note, (something I have not mentioned in the past) I find it beyond coincidence that, 2 of the largest and more than likely most criminal elements in our current financial system, jp Morgan and Blackrock have joined forces in silver, with the obvious motivation to suppress the price. You yourself have admitted on more than one occasion that SLV represents a microscopic fraction of the assets Blackrock has under management, – and as such, – why would it even bother with such a small asset category unless there is a darker agenda. We don't need to try to figure out why they are doing this (as we've discussed many times in the past) because that involves only speculation on our part, but silver must be a significant Achilles heel for something, or for the reasons I've discussed with you in the past. All arrows indisputably point in one extremely obvious direction!

John raises some interesting issues, mostly taken from points I have raised, so all this is fair game. To be sure, and as John admits, the – why – is only speculation and something, in all likelihood, that will

remain unknown. But since many of the issues raised involve previous findings of mine, let me try to connect the dots. A key point John raises is the matter of whether JPMorgan will continue to donate some or all of what I've estimated to be more than a billion oz of physical silver it accumulated over much of the past decade (plus 30 million+ oz of physical gold). I will fully concede that JPM could keep the price of silver suppressed for some time to come should it so choose. But let's take a minute to trace this story back to its roots.

Fifteen years ago, in early 2008, JPMorgan, ostensibly at the request of the US Treasury Dept and the Federal Reserve, took over the failing investment bank, Bear Stearns. The first point I would make is that this was during the Republican administration of George W. Bush, followed a year later, by 8 years of the Democratic administration of Barack Obama, followed by 4 years of the Republican administration of Donald Trump, and now we're into 2 years of the Democratic administration of Joe Biden. Maybe there's some secret agreement to suppress silver among what I would consider the most at odds political structure in my lifetime, but I can't see it.

Shortly after JPMorgan took over Bear Stearns in early 2008, it was subsequently revealed (in CFTC correspondence to lawmakers) that Bear Stearns was the largest short seller in COMEX silver and gold and that JPMorgan inherited and managed those short positions. The triggering agent to this revelation was the release of the August 2008 Bank Participation report which indicated an enormously concentrated short position held by a commercial bank (Bear Stearns was an investment bank whose positions didn't appear on the BPR). This also was the triggering agent for the initiation, in September 2008, of what would turn out to be a five-year formal investigation of a silver manipulation by JPMorgan (as a result of enough members of the public responding to my calls for action). While the CFTC concluded its investigation with no charges against JPMorgan, later revelations by former Commissioner Bart Chilton, just prior to his death, confirmed JPMorgan was heavily involved in the manipulation of the silver market over the time of the investigation.

Initially, JPMorgan, no stranger to high-stakes derivatives trading, didn't skip a beat upon its acquisition of Bear Stearns, seamlessly dominating and suppressing silver (and gold) prices; succeeding in taking silver prices down from \$21 at the time of the takeover to below \$9 by yearend and for the next few years adding new shorts on rallies and buying back those shorts on lower prices. Everything was going swimmingly for JPMorgan and the other collusive COMEX commercials until late 2010, when growing investment demand for silver ETFs (SLV and later PSLV) caused silver prices to jump to nearly \$50 by April 2011. While the commercials and JPMorgan didn't add to COMEX short positions on the rally, its position was large enough that JPM was out by a couple of billion dollars into the price peak.

JPM rescued itself from that near disaster by orchestrating a large selloff, starting on May 1, 2011, that proved to be the price top until this day. But here's where JPMorgan pulled off another one of its patented criminal genius maneuvers. The runup in silver prices demonstrated to JPM that it had to avoid such a predicament again at all costs and it rose to the task by putting in place one of the greatest strategies in history the accumulation of enough physical silver and gold to insure it would never get stuck on the short side ever again. What made the plan so genius and so criminal was that JPM continued to suppress silver and gold prices by remaining the largest short seller on COMEX futures, all while buying physicals at the depressed prices created by its paper short selling.

At first, back in 2013, I thought JPMorgan would stop its physical accumulation of silver and gold, early

on after it had accumulated 250 to 300 million oz of physical silver and 10 million oz of physical gold, as that would cover its past high-water marks of equivalent paper COMEX short positions. This was a mistake on my part, as JPM went on manipulating and depressing silver and gold prices for years thereafter, eventually accumulating a billion oz of silver and 30 million oz of physical gold. It would appear that JPM turned what was initially a purely defensive plan into one that would make it a fortune when prices rose sharply.

Along the way, starting anew in 2018, JPM's activities attracted the attention of the regulators, including the Justice Dept although I can't say due to my petitioning the DOJ (although I certainly did petition the Justice Dept on several occasions that year). I can say that the resultant findings against JPMorgan for precious metals manipulation, which included a \$920 million fine and a deferred criminal prosecution agreement barely scratched the surface in bringing true justice to the crooks at JPMorgan. That's because instead of throwing the book at JPM for what I just described above, the DOJ wimped-out and confined the charges to spoofing and not the underlying price suppression and accumulation of physical metals by underhanded means. I reasoned the DOJ took such a light approach out of the fear of putting the most important bank in the US out of business – which full charges might have resulted in. By the way, as crooked as JPMorgan is, if it were up to me, I wouldn't have punished it in a manner that would have undermined its existence.

OK, that's a very brief statement of affairs to this point and John had much of this in mind in his email to me. Key to his concerns is whether JPMorgan will continue to "donate" silver (and gold) to depress prices indefinitely. Since I'm the one first using the word "donate" to describe customers of JPM as being big net issuers of around 7300 deliveries (730,000 oz) in the current COMEX Feb gold contract, let me put that into proper perspective. For the past 14 months (all of 2022 and the first two months of 2023) JPMorgan, either for customers or for its house account has been pretty balanced issuing and stopping about an equal number of gold and silver contracts I was speaking only of the Feb gold contract in connection with the word "donate".

At least in terms of COMEX deliveries, either for customers or for its own proprietary house account, JPMorgan hasn't been dumping or donating physical metal. It's a reasonable concern to be mindful of if JPM does resort to dumping silver or gold via COMEX deliveries, but so far that has not been the case.

Further, where I have speculated that JPMorgan has been involved in some large silver transactions over the past two to three years, these master market criminals have been careful to not really let go of physical silver ownership. I'm speaking of the billion oz silver lease that JPMorgan (or its affiliates) pulled off with the dummies at Bank of America, revealed in the OCC quarterly OTC derivatives reports. The net effect of that transaction left JPM as still holding a billion oz of physical silver, plus it picking up an extra billion oz in long paper derivatives (with BofA on the short side). That isn't dumping or donating.

Finally, there is the recent inflow of 25 million oz into SLV, which looks facilitated by a silver lease of that amount to the big short seller in SLV. I'm convinced JPM was the lessor, but yet again, since JPM still has a claim to the metal this isn't dumping or donating. I'm super-sensitive to JPM dumping physical silver, because it could derail or seriously delay an explosive upside move in silver, but so far, at least, that hasn't occurred. In fact, on the basis of the Bank of America leasing hoodwinking, JPMorgan has vastly increased its effective silver exposure to the long side. At this point,

there is no compelling evidence to suggest JPM is not interested in sharply higher prices.

Generally speaking, while I do allege that JPMorgan is the master market criminal of our time, it does not have supernatural powers â?? like clairvoyance. It got caught with its pants down being short silver into April 2011 and quickly adjusted and learned from that experience. It just doesnâ??t seem reasonable that when it started accumulating physical silver and gold shortly thereafter that it was doing so in order to then depress the price of silver some 12 years later (now), either on its own or at the direction of some higher authority.

I do admit that it is quite possible that JPMorgan may have delayed the inevitable silver price explosion for reasons known only to it (perhaps to accumulate more) and most likely part of a plan to put as much distance and time between its past misdeeds and questions a silver price explosion may generate. But all this is basically a short-term timing issue, not a reason to believe silver will never explode.

As far as BlackRock, I wouldnâ??t put it in the same league as JPMorgan in market manipulation. Sure, BlackRock is big, but that doesnâ??t automatically make it bad. Yes, BlackRock (as well as the SEC) should have addressed the short position in SLV earlier, but I never thought it was the big short. In fact, Iâ??m comforted by how large and well-known BlackRock is because if there does turn out to be any real â??problemâ?• with SLV (not that Iâ??m expecting any), thereâ??s no way it will escape liability. SLVâ??s small size relative to BlackRockâ??s total portfolio makes it even more unlikely that it will sit by and let its reputation get trashed due to a problem in SLV â?? thatâ??s always been my basic point.

Turning to other developments, there has been a notable â??tighteningâ?• in the monthly spread differentials in COMEX silver futures, particularly in the March contract which is facing first notice of delivery next Tuesday, Feb 28. Since the beginning of February, the key March/May spread differential has tightened in by nearly 7 cents to todayâ??s settlement of 13.9 cents. Particularly considering that short term interest rates have been quite strong and that spread differentials typically widen when interest rates rise, the tightening in the March/May silver switch points to an urgency by those short the March contract to buy back and cover.

Regardless of what the spread does from here, multiyear lows in COMEX silver warehouse holdings, particularly in the registered category, and widespread reports of tightness in the wholesale physical silver market, would seem to bolster any urgency by short holders in the March contract to buy back positions. Needless to say, this spread tightening is yet another bullish indicator.

Turning to the expected publication of this Fridayâ??s COT report, I did make the construction suggestion included in Saturdayâ??s review public in order to go on the record in urging the CFTC to publish the most current positioning, as of yesterdayâ??s close, Feb 21, instead of its planned as of date of Jan 31.

<https://silverseek.com/article/constructive-suggestion-0>

Although I didnâ??t receive any response from the CFTC (yet), nor any suggestion from anyone indicating any type of disagreement with my suggestion, I doubt the Commission will veer from its intended plan to publish the older data first. And thereâ??s no guarantee the cyber incident has been fully resolved and that weâ??ll even get the delayed report published on Friday. One thing I hope this

delay results in is an end to the bellyaching and moaning about the three-day delay in reporting positions the COT reports normally involve. Having to wait weeks for current data makes the usual three-day delay look like a walk in the park.

Since it's hard to get excited about a COT report covering positioning changes of nearly a month ago, when there have been fairly dramatic price changes occurring after the proposed cutoff date, there's not much purpose to be served in analyzing the old data. Instead, it's much more productive to put the missing COT reports to the side and contemplate what positioning changes were likely made to this point as in, thru yesterday.

As I indicated on Saturday, the positioning equation comes down to this - is there further managed money selling in the cards or have we seen the end to such selling? History and logic dictate that price bottoms in silver and gold (and other markets) are established when the last managed money trader that can be persuaded to sell, has sold. The whole aim of the collusive commercials on price downswings is to buy as many contracts as possible and what makes that possible is managed money selling. Once the managed money traders have exhausted their selling capacity, there is no incentive for the commercials to slice prices lower. At that point, the tidal forces reverse and prices soon embark higher.

Therefore, the key determinant is trying to judge how much more managed money selling is likely, versus the odds that we may be already at or past that point. Arguing for further managed money selling is the fact that not all the key moving averages in gold and silver have yet to be decisively penetrated to the downside and usually (but not always) that coincides with a price bottom and maximum managed money selling.

Arguing that the peak in managed money selling has occurred is the fact that total open interest in COMEX gold and silver has failed to increase at all in the recent orchestrated price slicing to the downside, suggesting the managed money traders are not likely to add additional short positions. That, of course, is in addition to there being no logical reason to short silver, in particular, given all the pronounced signs of physical tightness that abound.

Since the last published COT report, for positions held as of Jan 24, the total open interest in gold has fallen by 77,000 contracts, while silver's total open interest has fallen by 10,000 contracts, as of the close of business yesterday, the most current reporting week. In a nutshell, should the managed money traders still have additional contracts to sell, then we will go lower to the point of their selling exhaustion and then move higher. If they are done selling, then we go higher straight away.

While it has been some time since the last silver COT report for positions held as of Jan 24, there were some rather standout features in that report. As a reminder, silver prices did dip temporarily below \$23 that reporting week but ended around \$23.70 at the reporting week's end - a full \$2 above current prices. Yet the managed money traders were net sellers of more than 6600 contracts that reporting week, including adding more than 4000 contracts of new shorts. On the commercial side, the raptors (the smaller commercials apart from the 8 big commercial shorts) added nearly 6000 new longs.

Plus, the concentrated long position of the 4 largest longs grew to the largest level in months in that reporting week and by the process of elimination, the increase in long concentration had to be in the swap dealer category (where most or all of the raptors reside). The point I'm trying to make here is that the commercials seemed to be quite aggressive on the long side even before the subsequent \$2+

selloff and if history is any guide, these traders likely bought even more on the selloff.

Finally, I'm not exactly sure why, but today's net trading volume is among the lowest I can recall, particularly in COMEX silver futures (once rollover spread volume is deducted). It's almost as if this is akin to the calm before the storm of a greater price move to come and while I wouldn't bet my life it will be to the upside, I would (and have) bet an up move should have much greater power than a down move.

Ted Butler

February 22, 2023

Silver – \$21.50 (200-day ma – \$21.02, 50-day ma – \$23.38, 100-day ma – \$21.90)

Gold – \$1835 (200-day ma – \$1783, 50-day ma – \$1867, 100-day ma – \$1788)

Date Created

2023/02/22