

February 23, 2022 – Third Time A Charm?

In quite an unusual chart configuration, the price of silver has not been able to upwardly penetrate its key 200-day moving average for more than 7 months, after rising to touch this average on three separate occasions, including as I write this. Going back a bit further, the last time the price of silver was able to decisively upwardly penetrate its 200-day moving average after spending some time trading below it, was back in the spring of 2020. In May of that year, the price of silver upwardly penetrated its 200-day moving average (then at \$17) and proceeded to climb over the next few months to nearly \$30, a level it has been unable to exceed since.

What makes the failure of silver to exceed its 200-day moving average of late more notable is that its historical compatriot, gold, has spent about as much time above its 200-day moving average as below for the past two years. To be sure, the price of any traded item upwardly or downwardly penetrating any moving average is not exactly headline news, since mathematically, every price must penetrate every moving average in time. So why am I making a big deal out of silver's pending upward penetration of its 200-day moving average (now or later)?

No, I have not changed religions or political preferences, nor have I become a card-carrying technical analyst and have forsaken my usual analytical style. It's more a case that silver's failure to upwardly penetrate this particular moving average has become so notable that I challenge you to find a technical analyst who is not projecting a massive move higher in silver when it does finally trade higher than its current 200-day moving average (now at \$24.38, but dropping slightly every day).

Certainly, just about every fundamental analyst is already wildly bullish on the price prospects for silver, including those, like me, who hold that the only reason why prices haven't soared already is due to the ongoing COMEX price manipulation by the collusive and crooked commercial traders, enabled by regulatory malfeasance. Therefore, I find it fascinating that at some yet-unknown point in the relative near-future, as and when silver does upwardly penetrate its 200-day moving average, we will be presented with a rare eclipse-style event in which both the fundamental and technical factions will be united in expecting a big bump up in the price of silver.

Of course, nothing is guaranteed and should the collusive and manipulative COMEX commercials, particularly the 4 largest, add aggressively to new short positions, it is quite likely that the rally will be capped and snuffed out – the same as on countless occasions over the decades. But what makes the prospects for another such a rally capping rig-job so interesting at this time is that no one, either on the fundamental or technical side of things, will be able to describe the rally's failure in terms other than being another COMEX commercial rig-job.

So, in a very real sense, we are about to witness what I believe is a rare moment of enlightenment and in which silver does finally erupt upward and if it doesn't and the concentrated short position of the 4 largest COMEX commercial traders increases dramatically, no one – either on the fundamental or technical side of things – will be able to avoid the obvious manipulation. My own feeling is that we will explode, primarily because the 4 big COMEX commercial shorts won't add aggressively to shorts this time around – but hey, I'm an eternal optimist.

If we do instead witness another price-capping rally failure, I can't wait to hear the explanations

away from the only thing that can cap the rally, namely, increased aggressive short selling by the 4 largest commercial crooks on the COMEX. Either way, up, up and away or another COMEX price rig-job, I find this to be a very exciting moment in silver history. And there's a good chance, certainly not guaranteed, that before this day is done and I send this out, that the 200-day moving average will be upwardly penetrated, so let me jump to other things in the interim.

It has now been nearly two months since I began writing about what I allege was a massive blunder by Bank of America in agreeing to borrow and sell short 30 million oz of gold and 800 million oz of silver, as revealed in the most recent Office of the Comptroller of the Currency's quarterly derivatives report. I find it remarkable that no official denial of my allegations has come from either the OCC or Bank of America or any other source. While that certainly doesn't prove what I allege is correct, of course, neither does it negate my claims.

Yesterday's trading volume in SLV, the big silver ETF, was heavy at more than 38 million shares, particularly in light of the rather subdued trading volume on the COMEX over the past two days (including Monday's President Day's holiday). Considering the large amount of physical silver recently deposited into the Trust over the past few weeks, yesterday's elevated trading volume struck me as primarily additional physical accumulation.

I know that SLV continues to be distrusted in many silver-conspiracy circles, but I continue to believe it has become the go-to vehicle for large investor accumulation of physical silver. Nor would it surprise me to see hefty redemptions in the near future, as a result of conversions of shares to metal for the purpose of avoiding share ownership reporting requirements, which not only is legal, but is also highly intelligent.

Of course, I have nothing against buying and holding retail forms of silver in one's own personal possession and actively encourage such accumulations, but one of the benefits of silver ETF accumulation is the ability to acquire silver in the wholesale form of good-delivery 1000 oz bar form with no markups in premiums, as is now common on all retail forms of silver.

As far as what to expect in Friday's Commitments of Traders (COT) report as of yesterday's cutoff, it appears to be largely a repeat of last week's report, in which we witnessed rather significant deterioration (managed money buying and commercial selling) in gold and less so in silver.

Gold marched to decisive new multi-month price highs over the reporting week, accompanied by a further surge in total open interest of more than 60,000 contracts, so it's hard not to envision a surge of managed money buying and commercial selling in the vicinity of 40,000 contracts or so, hopefully not much more. Such an increase would place the market structure in gold on the bearish side, but still, obviously, to be influenced by events in Ukraine.

Silver did move up in price over the reporting week ended yesterday, by around a full dollar, but on lower trading volume than would normally be expected (once rollover volume was deducted) and with a much more subdued increase in total open interest of around 6000 contracts — even less of an increase than over the prior reporting week. I suppose we could see an increase in net managed money buying and commercial selling on the order of 5000 to 10,000 contracts, the same guess I had for the prior week. I do expect most of the commercial selling to be in the form of raptor (smaller commercial) long liquidation and not a large increase in big 4 shorting, since we had not yet upwardly penetrated the 200-day moving average thru yesterday's trading.

As a result of what I perceive as a much more bearish market structure developing in gold than in silver, I can't help but believe we should be in position to experience a much stronger phase of price performance in silver relative to gold ahead.

Well, since the time I began writing this piece, the price of silver did manage to upwardly penetrate its key 200-day moving average fairly decisively (by 15 cents or so), with the standout feature being the continued very low relative trading volume. Maybe the technicians (I missed the latest technical hootenanny) have some explanation, such as they are waiting for the close or the weekly close, but should prices hold firm from here, the long-awaited technical signal in silver has been flashed.

The great news, as far as I'm concerned, is that trading volume on the COMEX today is still very light when netted out for rollover volume ahead of first notice day for the March contract in a few days. The reason I find this constructive is that low net volume strongly suggests no big build up in managed money long positions — then capable of being forced to sell on a price smash. In this sense, I would prefer low volume to the upside from here on out. At the same time, I continue to be encouraged by the relatively heavier trading volume in SLV, since that results in mechanical demand for physical silver.

So, in a real sense, we are at the point of which it will be — the end of the long running silver manipulation or the manipulation being revealed for what I have always contended to be a COMEX-run price rigging. Of course, I can easily see the tensions in Ukraine serving as a cover story for a silver price blow up and allowing the CFTC and the CME Group to conveniently sidestep the manipulation's end due to circumstances beyond their control. — I never expected either to admit their complicity after decades of denial.

Even if the CFTC did act behind the scenes to disallow the 4 big COMEX silver shorts from adding aggressively to short positions as a result of my petition nearly a year ago, the chances the Commission would openly acknowledge that are somewhere south of slim to none. That's just the way it is.

At prices as of the time I am sending this out, the 8 big COMEX shorts are out an additional \$400 million from Friday's close, pushing their total losses to \$11.6 billion.

Ted Butler

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Silver — \$24.55 — (200 day ma — \$24.38, 50 day ma — \$23.05, 100 day ma — \$23.31)

Gold – \$1910 (200 day ma – \$1810, 50 day ma -\$1820, 100 day ma – \$1808)

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