# February 25, 2023 – Weekly Review

Another sharp selloff, particularly over the past two trading days, sent gold and silver prices down big for the week; with gold ending $40 (2.2%) lower and with silver lower by a sharper 97 cents (4.5%). It was the fourth consecutive weekly loss for gold and its lowest close of the New Year; while it was the seventh straight lower weekly close for silver, now the lowest it has been since November. (Iâ??d hate to think how much worse the collusive COMEX commercials could rig prices lower if the actual supply/demand fundamentals werenâ??t so bullish).

As a result of silverâ??s extreme relative underperformance (again), the silver/gold price ratio blew out to nearly 87.6 to 1, up by another two full points and now at extremes not seem since October. The only bright side to silverâ??s massive undervaluation to gold is that it is likely to revive silver buying from India, which had fallen off as silver had risen to the mid-$20â??s and the silver/gold price ratio had fallen to 75 to 1.

I canâ??t say that it feels somewhat comforting to understand full-well what was behind the recent brutal selloff â?? collusive COMEX commercial price rigging â?? but the alternative â?? not knowing why prices fell so sharply â?? would be infinitely worse. At least I know why prices were so flagrantly trashed and that was due to the commercials (banks) seeking to buy as many contracts as possible in the only manner available. If I hadnâ??t been through this already for what seems like a thousand times before and knowing it will lead to sharp rally, Iâ??d really be lost.

The CFTC did publish a Commitments of Traders (COT) report yesterday, but the Commission stuck to its decision to publish older reports first â?? and not in the most recent order I had suggested â?? and as a result there wasnâ??t much to get excited about in the data published yesterday. However, believe it or not, after publishing Wednesdayâ??s article in which I doubted a deeper and darker conspiracy surrounding the ongoing price manipulation in silver (and gold), Iâ??ve come up with my own conspiracy theory about the delayed COT reports, which Iâ??ll cover later. Â Let me run through the usual weekly format before getting into the still-remarkable circumstance of precious metals prices getting trashed in the face of what has to be the most bullish actual supply/demand set up that Iâ??ve ever observed.

The turnover or physical movement of metal either brought into or removed from the COMEX-approved silver warehouses expanded a bit over the two prior weeks, as nearly 5.2 million oz were moved over the 4-day work week. The total level of COMEX silver holdings fell by 0.5 million oz to 288.4 million oz, another new 4-year low. Holdings in the JPMorgan COMEX silver warehouse bucked the trend and grew by 1.3 million oz to 147.7 million oz.

Total COMEX silver inventories are now down just over 10 million oz since yearend, thus reverting to the 5 million oz per month rate seen over the past two years; but measured from the previous low-water mark of mid-November, COMEX inventories are down 6 million oz and at less than a 2 million oz/per month depletion rate. As well, the turnover or physical movement rate in the New Year is a bit lower than over the past two years, but still so far head and shoulders above the physical turnover rate of any other commodity that itâ??s simply amazing how silverâ??s unprecedented physical turnover can continue to be over-looked.

Total gold COMEX warehouse holdings came in unchanged on a rounding basis at 21.7 million oz, a multi-year low, but there was decent physical turnover this week. Holdings in the JPM COMEX gold warehouse were down ever so slightly at 7.82 million oz, but there was notable turnover there as well.

It used to be (Iâ??ll resist saying in the good-ole days) that COMEX silver warehouse holdings rose in the days and weeks before a major delivery period, which in silver starts Tuesday for the March COMEX contract. While that pattern has changed over the years, it still stands out to me that there has been no bump up at all in warehouse holdings at this time, which only strengthens the case for wholesale physical silver supplies being tight.

Much of yesterdayâ??s massive trading volume in COMEX silver appeared to involve heavy spread rollovers (as well as the typical computer day trading) and an indeterminant amount of likely managed money short selling. The key March/May silver spread narrowed in to 12.6 cents, down 8 cents from the beginning ofÂ  the month and by itself a sign of physical tightness, particularly when considering the rise in short term interest rates over this time. Open interest in the March silver contract is down to 7665 contracts, with one more trading day of likely rollover liquidation before first notice of delivery day, still sizeable all things considered â?? although I doubt the leading insiders at the COMEX (CME Group) would allow a delivery problem at this time.

More of a puzzle is still the lack of growth in total silver and gold open interest considering the intentional commercial price rigging designed to generate new managed money short selling. I do think there has been such managed money short selling in silver where the last remaining key moving average (the 200-day ma) was decisively penetrated to the downside yesterday, but I am thinking any increase in total open interest may have been offset and camouflaged by spread liquidation. Unfortunately, it will be weeks before any of this will be verified by current COT report data.

There were fairly hefty withdrawals of metal from the silver ETFs this week of 4 million oz from SLV and 2.4 million oz from SIVR. While there may be some plain vanilla investor liquidation as a result of the pronounced weakness of the past two days, Iâ??m still of a mind that the vast bulk of recent withdrawals has come as a result of physical silver being more urgently needed elsewhere and by actual users, as opposed to other investors.

One of the benchmarks I use in my reasoning is that there has been no redemptions (or deposits, for that matter) in the silver ETF, PSLV, now for some time, the second largest silver ETF in the world. Â Because the silver in the PSLV is stored in Ottawa and not in NY or London, which are traditional distribution centers, the silver in PSLV is almost purely investor-held and the continued unchanged holdings indicate silver investors are sitting tight, neither buying or selling. This leaves the more frantic turnover in the other silver ETFs most likely due to user demands.

Finally, late Monday, the new short report on SLV will be published and while I have had more trouble handicapping this report than any other data series, by all rights there should be a reduction., Now, whether it will be Â a massive reduction to reflect the 25 million oz deposits a short while back or a more measured reduction, is unknowable. To my mind, the last published short position of 40 million shares was really closer to 15 million shares, had the short seller fully offset its short position by the amount of silver deposited and new outstanding shares created. But the fact is that even 15 million shares is still an extremely large short position that is fraudulent and manipulative on its face.

The â?•newâ?• COT report published yesterday covered positions as of the close of business January 31, a near-eternity ago. I know it has only been a few weeks since COT reports have been published, but I actually had sort of a â??brain-freezeâ?• yesterday on the reportâ??s release and hesitated a bit in what to do next, feeling â??rustyâ?•. Iâ??m hesitant to bore you with the details of a report so out of date, not just because the data are three weeks old, but also because the price changes were quite profound after the delayed data were published yesterday. Let me try to plow through the details and then connect it to my new-found conspiracy theory.

There wasnâ??t much change in the headline commercial net short positions in either silver or gold, to the point of not recalling a previous report where the total commercial net short position in gold was unchanged. The standout in both gold and silver was managed money buying, which in the interest of full disclosure, I had anticipated in gold, but not in silver, in my quite tentative predictions in the Feb 1, mid-week commentary. What makes the increase in managed money buying as of Jan 31 so interesting is the extent of the following price collapse thru yesterday. Again, remember Iâ??m about to run through the COT report for the week ended Jan 31, when silver prices settled at $23.83 and gold prices at $1945 and at the precise time of cyber-data breach which caused the delay in COT reporting.

On Jan 31, the total commercial short position was unchanged at 180,500 contracts from the prior week on little true price change. The standout commercial activity was that the 4 biggest shorts did all the commercial buying in buying back 6500 shorts and reducing their short position to 133,946 contracts (13.4 million oz). The next 5 thru 8 shorts bought back 200 shorts and the big 8 short position fell to 211,296 contracts (21.1 million oz). The raptors (the smaller commercials) did all the commercial selling in liquidating 6700 long contracts, reducing their net long position to 30,800 contracts. Incidentally, the big 4 were the only commercial sellers in the prior week, adding 6200 new shorts, making their reversal in this reported week all the more notable.

The managed money traders in gold bought 4568 net contracts, consisting of the purchase of 6624 new longs and the new sale of 2056 short contracts. The net managed money long position on Jan 31 was 84,447 contracts (138,125 longs versus 53,678 shorts), the largest and most bearish long position since April and entirely in keeping with the price smash that quickly followed. Explaining the difference between what the commercials didnâ??t sell and what the managed money traders bought was net selling by the other large reporting traders and the smaller non-reporting traders.

In COMEX silver futures, the total commercial netÂ  short position increased by 900 contracts to 40,400 contracts. As was the case in gold, the 4 biggest shorts bought back 600 contracts (the same amount they added in the previous week), reducing the big 4 short position to 43,276 contracts (216 million oz). The next largest 5 thru 8 traders stood pat and the big 8 short position fell Â to 65,398 contracts (327 million oz). The raptors, as was the case in gold, did all the commercial selling in liquidating 1500 long contract, reducing their net long position to 25,000 contracts.

The managed money traders in silver bought a pretty hefty 3966 net contracts, consisting of the new purchase of 1154 new longs as well as the buyback of 2812 short contracts. The net managed money long position grew to 23,787 contracts (44,661 longs versus 20,874 shorts), just in time to get slaughtered in the deliberate selloff that quickly followed. As was the case in gold, the other large reporting traders and smaller non-reporting traders accounted for the difference between what the commercials sold and the managed money traders bought.

Turning to my new conspiracy theory, I donâ??t believe the cyber-incident was in any way an intentional effort to obscure and keep opaque the actual positioning not being reported in gold and silver; but neither do I think that things are on the up and up. The data breach was real enough and has prevented the timely release in all markets on which COT reports are published, but thereâ??s something special about the price action and lack of COT reporting in COMEX gold, silver and platinum that goes beyond the coincidental.

The cyber-incident occurred on Jan 31 (the as of date of the just-published COT report) and was immediately known to all relevant parties that mattered, including the CFTC, the CME Group and other exchanges, as well as the leading clearing members of the exchanges â?? which, not coincidentally, happened to be the same leading banks which run the COMEX price manipulation scheme in gold, silver and platinum. The CFTC publicly disclosed the incident a few days later, on Feb 2, knowing it had to disclose that the COT report of the next day would not be published.

Given that the same collusive commercial shorts that run the COMEX price scam were given advanced notice or knew immediately that COT reporting would be delayed, I believe they used what was, effectively, a perfect cover story to their best advantage and used the time, starting on Feb 2 to go out and smash the dickens out of silver, gold and platinum prices in the full knowledge the COT reports would be delayed. My proof includes the fact that all three of these metals made price highs on or around Feb 2 and then proceeded to get smashed by $4 in silver, $160 in gold and by nearly $150 in platinum thru yesterday, largely the same three weeks of COT report delay. As far as I can determine, no other markets suffered a similar pattern of price collapse over this precise time period.

Hereâ??s the kicker to my new conspiracy theory, namely, these are the same three markets in which the banks hold a resounding concentrated short position greater than in any other market. The three leading markets which feature the largest concentrated short positions, relative to annual actual world production, are silver, platinum and gold (in that order) and these are the same three markets in which the commercials (the banks) are heavily short. Thatâ??s no coincidence and itâ??s absolutely disgusting that the federal regulator sits by twiddling its thumbs. No wonder the CFTC isnâ??t interested in publishing the most current COT data, as that would interfere with the obvious collusive bank plan to bomb prices under the cover of darkness.

Again, Iâ??m not suggesting the data breach was planned â?? what Iâ??m stating is that the same rotten COMEX commercials which have orchestrated the silver price manipulation for 40 years used the data breach to put in place an impromptu plan to take advantage of the incident and that the CFTC is going along with it. What is so remarkable about the commercial activity in silver, gold and platinum is that it would be impossible if the commercials (banks) werenâ??t acting collusively, as no one or two entities could pull this off acting independently.

At least we got a definitive answer to the open question of whether the collusive COMEX commercials would be able to trigger a final plunge below all the key moving averages, as that has come to pass in silver and platinum, with the question remaining open only in gold. By the way, Iâ??m leaving out copper, which did get deliberately smacked below its key 50-day moving average yesterday on intentional commercial price-rigging for three reasons. One, copper didnâ??t follow the price pattern of making highs on or around Feb 2 and sinking into yesterday, two, the banks are not the big shorts and three, the concentrated short position in copper doesnâ??t come close to that in silver, platinum and gold.

I donâ??t know it itâ??s appropriate as a valid example, but my sense is that the deliberate price plunge in silver and platinum (and gold) is akin to â??lancing a boilâ?• in which an infection is surgically removed. The â??infectionâ?• in this case was too large of a managed money net long position. The intentional commercial push to get as much managed money selling as possible has certainly been successful in pure price terms, but all we can do is guess in contract terms â?? thanks to COT reporting delays.Â  But we do know the managed money selling is more advanced than it has been and, therefore much closer to being complete.

It still remains astounding that the prices of commodities in obvious physical tightness, namely silver, platinum, gold and copper, could be experiencing any price weakness at this particular time. The cure for low prices is always low prices, according to the law of supply and demand; as low prices discourage production and encourage demand. Thatâ??s whatâ??s so nuts about the recent price smash in metals already exhibiting supply shortfalls â?? continued low prices will only lead sooner to an eventual price explosion â?? a price explosion now more imminent and assured than before.

The collusive COMEX commercials know this better than anyone and this is the reason they are rigging prices lower â?? so that they can buy. Itâ??s aggravating that so few can apparently see what is transpiring, but even that wonâ??t alter the price explosion premise. In fact, this latest price take down only enhances the coming price explosion.

Ted Butler

February 25, 2023

Silver – $20.75Â Â  (200-day ma – $21.00, 50-day ma – $23.25, 100-day ma – $21.97)

Gold – $1817Â Â  Â Â Â (200-day ma – $1783, 50-day ma – $1868, 100-day ma – $1793)

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