

During a week which featured fairly extreme day-to-day price volatility, gold ended the week higher by \$16 (0.9%), while silver finished unchanged. As a result of gold's relative outperformance, the silver/gold price ratio widened out by three-quarters of a point, to 80.4 to 1.

There were quite a few notable developments this week, including extreme price volatility in most markets and a number of developments specific to gold and silver, including extraordinarily large positioning changes in COMEX gold and silver, as indicated in yesterday's Commitments of Traders (COT) report, beyond my quite-extreme predictions.

I'll get into the report details in a moment (along with the usual weekly developments), but since I hold that the positioning changes on the COMEX are the most important price influence on gold and silver, I'd like to step back a bit and frame the changes this past reporting week in a different perspective.

Hopefully, most readers know that I characterize COMEX futures contract positioning changes as an ongoing game or scam, in which the commercial traders (mostly banks) continuously trick their main counterparties – the managed money technical funds – into and out from positions to the detriment of the managed money traders and to the benefit of the commercial traders. This is the old “wash, rinse, repeat” process that always features heavy managed money selling and commercial buying on big down moves.

I know it is confounding to many how the commercials can always end up – and I do mean always – as big buyers on big price moves lower, but it has to do with how the managed money traders operate. Since there was a very large price move lower in gold and silver in the reporting week ended Tuesday, in which all the key moving

averages in both gold and silver were penetrated to the downside, it was cinch to predict there would be massive positioning changes which featured managed money selling and commercial buying. That I predicted very large changes was no big deal, except that the actual changes were even larger than I predicted.

However, so large and uniform was the commercial buying this past reporting week in both gold and silver, that I noticed something rarely seen, namely, that every category and sub-category of the commercial traders were net buyers (the only exception was in the long category of the Producer Merchant category in gold which reflected delivery on the Feb contract). It seemed to me to be one of those rare times when every commercial trader in COMEX gold and silver was a buyer – either adding longs or buying back shorts).

Why I am I making a big deal of this? Because not only does it confirm in spades the obvious – that the commercials buy on big price declines – it confirms something else. That “something else” is that this is incontrovertible proof of highly collusive activity. How else is it possible that virtually every commercial trader in COMEX gold and silver futures were all big net buyers in the reporting week just published?

What do I mean by collusion? I mean that virtually every commercial trader in COMEX gold and silver futures (of which there are close to 70 traders in each commodity – mostly the same traders in each) this reporting week acted together in an obvious collusive manner to buy nearly all the contracts sold by the managed money traders. The commercial trader collusion included knowing not to reach up in price to buy, but rather to wait until the managed money traders reached down in price to sell. There is no way in God’s world this could be accomplished without the commercials colluding among themselves.

As to those who might counter with – “aren’t the managed money traders also colluding by selling all at the same time?” – let me respond that no one colludes to lose money – only to make money. Since the commercials clearly profit from these rig jobs lower, suggesting that the managed money traders are colluding borders on the moronic. The repeated nature of the commercials’ collusive behavior is stark and is what lies at the heart of the ongoing silver and gold price manipulation. It’s not possible that when virtually every trader in the commercial categories is a buyer on sharply lower prices that this could be accomplished without overt collusion.

My point in focusing on this obvious and demonstrable commercial collusion is to ask where the heck are the regulators – the CFTC and the CME Group – while this blatant collusion is occurring in full view? No one would dare argue that virtually complete and uniform collusion by a large group of professional traders could possibly be legal, so where are the regulators whose number one mission is to prevent exactly this collusive activity?

I know many insist that some type of government-sanctioned approval or orchestration lies behind the ongoing price manipulation in silver and gold, but with virtually every commercial trader in COMEX silver and gold colluding amongst themselves, it’s hard to imagine the government running things. Instead, I am much more convinced that the CFTC and the CME Group see the same collusion I see (since I’m judging data that both organizations are publishing) but because both failed to do anything about it decades ago, they are stuck between a rock and a hard place.

In other words, for the CFTC and CME to come out now and acknowledge the obvious, namely, that the commercial traders in COMEX gold and silver are openly

colluding among themselves, would imply the possible ruin of both organizations – one, a federal agency and the other a multi-billion dollar for-profit publicly-traded company. That’s a powerful motive for pretending not to notice the obvious ongoing collusion.

However, in the interim, both the CFTC and the CME Group are doing irreparable harm, not only to themselves, but to the millions of people and companies dependent on a fair price for gold and silver. I’m not a vindictive or vengeful person and don’t wish anything bad for those at the CFTC and CME Group who know of this and do nothing about it, but this is the type of regulatory failure that should result in jail time. It is a wonder to me how anyone involved in this at either organization could look the other way and go through life pretending what I am alleging is not on the mark.

The turnover or physical movement of metal either brought into or removed from the COMEX-approved silver warehouses amounted to more than 4.5 million oz this week, slightly below the weekly average for the past 11 years (but still enormous compared to every other commodity). Total COMEX silver inventories fell a fairly sharp 2.1 million oz to 352.2 million oz – much closer to the lows of the last year and a half than the highs. Holdings in the JPMorgan COMEX warehouse slipped by 0.6 million oz to 184.6 million oz.

There was a fairly sharp decline in the COMEX gold warehouses, as total gold holdings slipped by 0.6 million oz to 32.8 million oz, about the lowest in a year and a half. Featured this week was an unexplained “adjustment” of some 440,000 oz that simply “disappeared”. Holdings in the JPM COMEX gold warehouse remained unchanged at 12.77 million oz.

The delivery pattern in the traditionally-large February gold contract seems to be much lighter in terms of recent delivery months, as 16,528 total contracts have been issued after one week. Standouts include Bank of America stopping 5062 contracts in its house account, along with Goldman Sachs issuing the same 5900 contracts it stopped in December (in its house account) and JPMorgan stopping 2200 contracts in its house account.

https://www.cmegroup.com/delivery_reports/MetalsIssuesAndStopsYTDReport.pdf

In ETF developments, metal continued to be redeemed in the gold ETFs, to the tune of a few hundred thousand oz, while metal continued to be deposited into the silver ETFs, mostly SLV, to the tune of 5 million oz – following last week’s 10 million oz inflow. Who says physical silver is not in great demand (aside from the phony COMEX price)?

I see that the US Mint did hit the 5 million Silver Eagle coin production and sale mark that I had expected in Jan, so the real question now is if it keeps pumping out the coins as required by law. Some suggest it is a shortage of blanks that keeps the Mint from producing more Silver Eagles, but I have my doubts. After all, how can I not be suspicious since the Mint is part of the US Treasury Dept, as is the Office of the Comptroller of the Currency, which, so far, has refused to provide an alternative explanation for Bank of America’s 100-fold increase in its precious metals’ derivatives position in 18 months.

Turning to yesterday’s COT report, I thought I had made pretty heroic predictions of 30,000 contracts in gold and up to 10,000 contracts in silver, only to (happily) fall short of the actual results. It was a foregone conclusion that there would be massive managed money selling and collusive commercial buying, given the egregious price

takedown over the reporting week – but the actual numbers were among the largest ever. And as big (and collusive) as the commercial buying was, the managed money selling was even larger.

In COMEX gold futures, the commercials reduced their total net short position by a massive 48,400 contracts to 201,134 contracts. This is the lowest (most bullish) commercial short position since Sep 28, and I would point out that gold prices rose as much as \$150 over the next six weeks. I have no reason to believe that the rally this time won't be even larger.

Unfortunately (in a good sense), this week I will have some trouble in calculating the commercial category breakdown due to the what I sense is the entry of a managed money trader into the big 5 thru 8 short category – the same problem I've had in silver for weeks. "Unfortunate" is not the right word, of course, as having managed money traders in the big short categories is bullish beyond words – it just makes my usual calculations impossible.

No problem with the big 4 short category in gold, which is still pure commercial, as these traders bought back just over 10,800 short contracts to hold 140,170 net contracts (14 million oz) short as of Tuesday. The problem is in the big 5 thru 8 category which indicated these traders added a bit over 2000 short contracts. But it seems to me that this was the result of a managed money trader entering into this category to the tune of around 10,000 contracts in total. Regardless, the raptors (the smaller commercials) were the biggest commercial buyers of all in buying anywhere from 31,000 to 41,000 contracts – depending on the existence of a managed money trader in the big 5 thru 8. Please don't let this confuse you, as the raptors hold their largest long position since the end of Sep and likely long before that. Combined with

a very low big 4 short position, this is a very bullish set up.

The managed money traders in gold sold even more than the commercials bought, as these traders sold an astounding 51,461 net contracts, comprised of the sale and liquidation of 32,331 long contracts, and the new sale of 19,130 short contracts. The net long position of the managed money traders is now 50,000 contracts, the lowest since Sep and among the lowest for years. Needless to say, this is quite bullish on its face. Can the managed money traders be tricked into adding more short positions (even more important in silver)? No one ever went broke betting on stupid things occurring, but whenever the brain dead managed money traders are done adding shorts (as could and should be the case already), the price of gold and silver will fly.

As expected, the other large reporting traders covered a good amount, but not all of their recently added nearly 13,000 contract short position, in buying back more than 8500 contracts this reporting week. There was also a reduction in the concentrated long position of the 4 largest traders and a corresponding reduction in the other large reporting traders' long position - suggesting to me that the big gold whale I have been writing about for months may have peeled off (or took delivery of) around 5000 contracts of the 40,000-contract position he held. Of course, if the whale did take delivery, there was no reduction in his overall position - just a conversion from futures to physical. There was no way he could stand for all 40,000 contracts at once, but no one should complain if he kept it to 5000 contracts.

In COMEX silver futures, the commercials reduced their net short position by 12,400 contracts to 35,300 contracts. As was the case in gold, this is the lowest (most bullish) commercial short position in more than 4 months. While I still have trouble calculating the true net commercial-only composition of the big 4 and big 8 short

position, I can say that this week the concentrated short position of the 4 largest traders was 47,574 contracts down 2000 contracts (238 million oz) - please note - this is a revision from what I originally posted on Saturday. Also, as a result of a fat-finger mistake on my part, the next 5 thru 8 traders didn't add 2000 contracts as originally reported, but were, essentially, flat for the week. As was the case in gold, the raptors were the biggest buyers, by far, and everyone one of them acted in a highly collusive manner.

On the managed money side of silver, these traders sold a near-incredible 15,460 net contracts, comprised of the sale and liquidation of 5521 long contracts and the new sale of 9939 short contracts. The net managed money long position of just under 12,000 contracts, is bullish and not far from recent historical lows. The smaller non-reporting traders joined in with the managed money selling as these traders sold 2400 net contracts.

Balancing out the positioning between what the commercials bought and the managed money and smaller traders sold, was net buying by the other large reporting traders of more than 5400 contracts. Finally, there was no reduction in the concentrated long position I mentioned last week and I still suspect the new big long resides in the swap dealer's category and holds a long position of upwards of 10,000 contracts or more.

Based upon price action since the Tuesday cutoff, I sense no real deterioration (managed money buying and commercial selling) in gold and, if anything, further managed money selling and commercial buying in silver. Can the collusive commercials arrange for even more managed money shorting, particularly in silver? Only time can answer that question and if there is more managed money shorting to

come, prices must move lower. I don't think that's the case, but it isn't me (or you) that will be doing the selling.

Circling back to my diatribe on collusive commercial buying this past reporting week – yes, I know that COMEX positioning involves only “paper” dealings, but please consider the quantities. This past reporting week, roughly 50,000 gold contracts were positioned or the equivalent of 5 million gold ounces. If 5 million oz came into or out from the gold ETFs or COMEX warehouses, tongues would be wagging.

In silver, the numbers are even starker, as the commercials bought 12,400 contracts or 62 million oz, while the managed money traders sold 15,460 net contracts or more than 77 million oz this reporting week, more than a full month of total world production. Forget tongues wagging, if 77 million oz of silver came into or out from the silver ETFs or the COMEX warehouses, heads would be exploding.

Again, I know this is paper, but the paper position is so egregiously large that it can't help but determine prices. Maybe jail time is too strong (not to me) for those at the CFTC and the CME Group to face for ignoring this, but continued employment or pension benefits should be out of the question.

I should also mention that while the commercials in COMEX copper futures do not appear to be the banks running the silver and gold scam, the same games are played in terms of commercial collusion. The plunge in copper prices over the past reporting week, below the key moving averages, appears to have flushed out as much managed money selling as possible and copper prices appear set to liftoff and join the other base metals in an upward trajectory.

I did get a number of queries from subscribers this week asking about the Bank of

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America situation. I know the idea of precious metals leasing/short selling has to be confusing to just about everyone, as I have admitted in the past that it took me 10 years to uncover it by 1995 and another 10 years to see it ended, despite writing extensively about it at the time. I am still astounded how it surfaced again in the face of the prior disastrous experience. Considering how many years and how much effort it took me to fully-grasp the true ramifications and inevitable consequences of gold and silver leasing and short selling, please don't hesitate to contact me with any questions you may have.

To the end of hoping to make this as understandable as possible, I did receive and answer an email from a long-term subscriber that I hope might help illuminate things for others. Here's the exchange with little to any editing -

Hi Ted,

Thanks as always for your letters.

So, if BoFA sold short that much metal, and it came from JPM then JPM must have had that metal stored somewhere else? Where? Otherwise, it would have just been an internal paper shuffling exercise, correct? And there would not have been a profound increase in metal stored in the exchange. Where did all that metal come from?

And, once the transaction was done, did they use that metal as collateral on their already in place shorts, or did that short more. And over what time period?

Obviously, if they did it injudiciously it would be pounded the metals price into the ground.

So, what were the real mechanics on all this?

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And then why would JPM let go of their “hard earned metal” for an IOU that likely cannot be re-paid in the same metal? Why would they risk the fruit of their 10-year scam?

This I think is where the “government” may come in. They have a vital interest in controlling inflation and inflation fears. They even talked openly about “tamping” down the price a year ago. Soooo just sayin’. Maybe they have provided the “collateral” to JPM as to getting their metal back.

Thoughts?

JK, MD

Dr K,

Thanks for your always thoughtful questions.

First, most of the world’s silver and gold is stored in London and the enormous amount of gold that came into the COMEX warehouses was shipped from London. In the case of silver, that also occurred, but since most of the silver involved came into the ETFs, it likely didn’t move at all – although I wouldn’t call it a paper transfer in the true sense of the word.

What essentially happened was that JPM which owned much of the world’s silver – say 1.2 billion oz out of 2 billion oz total, back before the big transfers occurred in early 2020, meant there were close to 800 to 900 million oz in unreported inventories – therefore much of what JPM owned was in the unreported category.

In March of 2020, when gold and silver collapsed in price (gold below \$1500 and silver below \$12), JPM covered all its COMEX short positions and from what I observed was never a big COMEX short thereafter. Separately, I believe JPM, in an effort to increase its physical long position – an admittedly difficult thing to do since it already owned so much of the world’s physical supply, came up with another one of its criminally genius solutions (I didn’t fully recognize it until later, as usual). The solution was to hoodwink and trick an unsuspecting entity to agree to borrow physical gold and silver from JPM.

Since JPM knew full-well how precious metals leasing worked (while I contend BofA didn’t), JPM knew that any metal it “loaned” to BofA would have to be short sold immediately to convert the metal into cash. Therefore, JPM was fully prepared to buy back much of the metal sold short by BofA, essentially, ending up with the almost the same amount of physical metal JPM had before the “lease” to BofA – but with a giant kicker – a massive long derivatives position to go along with the already massive physical position JPM held.

I don’t know how these crooks at JPM can think up and put into practice these criminally genius solutions, but they never cease to amaze me.

As far as government involvement, which I don’t completely rule out, I just can’t think of anyone in government service I’ve observed over my lifetime, who comes close to JPM in terms of ruthless cunning. I do know that the regulators have been compromised by JPM’s actions, but find it hard to believe the USG has orchestrated this scam.

Please get back to me as this is not easy stuff to digest. If I hadn’t lived through the last leasing scam many years ago, I wouldn’t have a clue about any of this

Ted

Now I get it. Thanks.

The genius's actually still have their metal with someone else (BoFA) then the same amount on top of it. What a slick way to double your position. Wow!

End of email exchange.

Sooner or later, we'll get an answer from the OCC or Bank of America different from my version of things or we won't. I can't control what others do or don't do. But for either not to respond suggests to me that neither has a good alternative explanation. My version, of course, is that both were as dumb as could be for BofA getting tricked like it did and for the OCC to mindlessly go along and report without considering what it was reporting.

The rally in gold prices this week did add more than \$350 million to the 8 big shorts total losses, bringing those total losses to more than \$8.6 billion. These losses are separate and distinct from the overall commercial (mostly raptor) continuing gains achieved by the collusive activities all these COMEX commercial crooks engage in.

And just so there is no misunderstanding with all the allegations I make, the set up in gold and silver is so extraordinarily bullish as a result of the collusive commercial activity, it's hard for me to see how prices, particularly for silver, don't suddenly explode higher one day. Which day, of course, will only be known afterwards.

Ted Butler

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Silver - \$22.50 (200 day ma - \$24.54, 50 day ma - \$22.83, 100 day ma - \$23.20)

Gold - \$1808 (200 day ma - \$1806, 50 day ma - \$1803, 100 day ma - \$1796)