# January 27, 2024 – Weekly Review

For a change, silver outperformed gold on a week that saw silver close slightly higher, by 18 cents (0.8%) and gold lower by $11 (0.5%). Although it must be said that both metals are lower than they were over the past two months. Silverâ??s greater relative strength this week resulted in the silver/gold price ratio shrinking by more than point to just over 88 to 1.

This is still, of course, a shocking level of undervaluation for silver compared to gold, even though at this weekâ??s start, the ratio had widened out to more than 91 to 1. Considering that there is a pronounced and deepening physical shortage in silver, the first in history, I would imagine the silver/gold price ratio should be closer to 9 to 1. Â That would put silver prices around $225 an ounce. As outrageous as that may sound, let me try to describe where I get off throwing out such a number.

Silver prices first hit $50 44 years ago and again 13 years ago. Gold prices ran to over $800 44 years ago and to $1900 13 years ago, so todayâ??s price for gold is two and half times its level of 44 years ago and higher today than it was 13 years ago. Silver, by contrast, is still more than 50% lower than its previous price highs. I know some may scoff at such a simple comparison, but thereâ??s more to it, namely, all the reasons that come closest to explaining why silver prices are so low.

As I have contended for nearly 40 years, silver has been manipulated and suppressed in price on the COMEX paper exchange. The principle means of the COMEX silver price suppression has been the unusual and practically unprecedented concentrated short position of the 4 largest traders. While this concentrated short position is lower today by more than 22,000 contracts (110 million oz) than it was when I petitioned the CFTC in 2021, it is still the largest concentrated short position in real world terms of any other commodity.

Please consider this. We live in a time of exploding asset values, from everything including stock prices (and particularly certain â??high-techâ?• stocks) to prices of crypto-currencies and commodities like uranium. While this may qualify for the â??Captain Obviousâ?• award of all-time, of all the asset prices that have soared, there is a basic element common to all â?? there is no notable short position and certainly no concentrated short position of any type. It has been the opposite in silver for the past 40 years, where the concentrated short position has been, almost consistently, the largest of any commodity in the real-world terms of actual production.

Iâ??m tired of the knee-jerk responses attempting to rationalize silverâ??s unique and excessive concentrated short position on the COMEX as somehow being normal and connected to legitimate â??hedgingâ?• or some other such nonsense. Any commodity or asset having the scale of an excessive short position as has existed in COMEX silver would see its price remain in the gutter, while the prices of assets not subjected to excessive short selling would most likely soar. No need to over complicate things.

Moreover, there is the continual proof of manipulation in the form of the weekly data published in the Commitments of Traders (COT) report. I may make it sound like a bit of a joke when I declare that we will see big commercial buying on each and every significant price decline in silver (as well as in gold and other metals), to the point that if we donâ??t, the tides wonâ??t flow or the earth wonâ??t spin, but donâ??t let that lull you into a sense of what Iâ??m really saying. Along with the concentrated short position in silver, it is the obvious pre-arranged and collusive behavior of the commercials on the COMEX that allows the silver manipulation to continue.

I wouldnâ??t be so reckless as to declare that the commercials would always buy on big price declines if I wasnâ??t dead solid certain of how the game is played (rigged). Thereâ??s never been an occasion of a significant price decline in the past 40 years where the commercials havenâ??t been big net buyers. Yes, I know the managed money traders are the dummies here, but that doesnâ??t change the fact that the commercials are the market crooks. Being dumb isnâ??t a crime; but manipulating prices is a crime. And yes, this weekâ??s new COT report fully-confirmed everything I just wrote.

The turnover or physical movement of metal either brought into or removed from the COMEX-approved silver warehouses increased sharply this week as more than 7.2 million oz were physically moved and as total inventories fell sharply, by 4.1 million oz to 276.2 million oz. Holdings in the JPMorgan COMEX silver warehouse fell by 0.6 million oz (a truckload) to 131.3 million oz, a fresh six-year low. As previously suggested, this weekâ??s sharp reduction in the COMEX silver inventories would seem to confirm my take that the silver users I suspected as having demanded delivery the past two months are now taking it out for current use.

And no, I havenâ??t heard a thing from the CFTC about whether there is double-counting in COMEX and SLV inventories, with this Monday marking the eleventh week of no such response. Yesterday, the chairman of the CFTC gave a prepared speech to an industry group in Naples, Florida. I think Iâ??m pretty well-versed on the mechanics of the futures market, but I have to confess to barely being able to understand what he was talking about. Please check out the link and decide for yourself. All I know is that I asked him a rather simple question about possible silver inventory double-counting two and half months ago and I am still awaiting an answer.

https://www.cftc.gov/PressRoom/SpeechesTestimony/opabehnam41

After the massive deposit of 17.5 million oz into SLV on Monday and Tuesday, some 5.5 million oz have been redeemed over the past three days, causing me to adjust my previous order of the most plausible explanations for the big deposit. Where I suggested the big deposit was intended to cover the short position on SLV (more on that in a moment), Iâ??m now inclined to believe a big buyer arranged for the purchase and is now converting shares for metal to avoid share reporting requirements. If true, this is bullish because it suggests further purchases by the big buyer.

On thing I didnâ??t mention was where the 17.5 million oz deposit came from in the first place and the source had to be the master market criminals at JPMorgan, for the simple reason it is the only entity of which Iâ??m aware that holds enough physical silver to make such a large deposit. So, even though I donâ??t sense that JPMorgan is heavily short silver, I sense it is still in control of the market.

The new short report on stocks indicated that the short position on SLV declined by nearly 2 million shares to just over 16.8 million shares (15.3 million oz), as of January 15. Thus, we have remained in the same overall narrow range of the short position for a few months. The lack of an increase in the short position suggests to me that the big 17.5 deposit last Monday and Tuesday was not related to short covering, as just mentioned.

https://www.wsj.com/market-data/quotes/etf/SLV

The combined holdings in the COMEX warehouses and in SLV, after climbing sharply atÂ  the beginning of the week, before falling back sharply, remained up for the week by 8 million oz at 720.8 million oz. Â While I am characterizing the withdrawal from the COMEX warehouses as being by silver users needing physical silver immediately and the declines in the SLV as being due to share to metalÂ conversions by a big buyer, it is quite possible the late-week reductions in SLV holdings are also due to demands from users. Yes, itâ??s hard to discern which reason is more bullish, but there should be no doubt we are deep into a physical silver shortage.

One last comment on physical silver conditions. India did import more than 20 million oz for November (as suggested a month ago) bringing the two-month (Oct and Nov) import totals to 80 million oz â?? close to 10% of total annual world mine production. Ask yourself how it would be possible for a single country to import 10% of the world annual mine production of anything in just two months without causing prices to explode. Of course, I would expect you to answer because the price of silver is manipulated.

Turning to yesterdayâ??s COT report, as previously indicated, the report confirmed, as past reports have always confirmed, that the commercials were the big buyers over a reporting week featuring lower prices. As always, there were some surprises under the hood, but no surprise in that the crooked and collusive COMEX commercials were the big buyers in silver and gold â?? a result impossible to occur in any truly free and non-manipulated market.

In COMEX gold futures, the commercials bought and reduced their total net short position by 15,300 contracts to 192,100 contracts. While itâ??s hard to call this level of the commercial short position as flat-out bullish, it is the lowest (most bullish) reading since November. As was the case last week, all three commercial categories chipped in on the buying, with the big 4 buying back a rather impressive 6000 contracts, reducing their short position to 148,147 contracts (14.8 million oz), also the lowest such position since November. The next 5 thru 8 largest shorts bought back around 1000 short contracts and the big 8 short position fell to 218,028 contracts (21.8 million oz), also ditto on being the lowest since Nov. The raptors (the smaller commercials apart from the big 8) once again bought the most, in adding 8300 longs to a net long position of 25,900 contracts as of Tuesday.

The managed money traders in gold were net sellers of 22,196 gold contracts, consisting of the sale and liquidation of 19,633 longs and the new sale of 2563 short contracts. The managed money net long position fell to 61,033 contracts (111,298 longs versus 50,265 shorts), the lowest (most bullish) it has been since (you guessed it) November.

Explaining how the managed money traders sold much more than the commercials bought was the surprising short-covering of more than 13,000 contracts by the other large reporting traders, more than a third of their gross short position. Without this big short covering, the commercials would have reduced the total net short position by much more. Â As always, we have no choice but to assume the numbers are reported correctly.

In COMEX silver futures, the commercials bought and reduced their total net short position by 9700 contracts, to 34,100 contracts, their lowest (most bullish) net short position since mid-November. Over the past three reporting weeks (since Jan 2), on the orchestrated price drop of more than $2, the commercials have bought and reduced their total net short position by just over 16,000 contracts, or 80 million oz. The managed money traders over this same three reporting weeks, have sold more than

18,700 net silver contracts, the equivalent of 93.5 million oz.

Yes, these are paper ounces and not the physical ounces being shipped to India or coming in and out from the COMEX warehouses or SLV, but the large quantities of the paper COMEX ounces being bought and sold in such short time frames should leave no doubt as to what caused the recent $2+ silver price drop, as it certainly wasnâ??t anything in the physical silver market.

By commercial categories in silver, the big 4 bought back around 1800 short contracts, reducing their concentrated short position to 42,971 contracts (215 million oz), the lowest this short position has been since late-Nov. The next 5 thru 8 largest shorts bought back around 400 short contracts and the big 8 short position fell to 61,130 contracts. The raptors were the biggest buyers, in adding around 7000 new longs to a total net long position amounting to 23,000 contracts as of Tuesday (this assumes a 4000-contract managed money short position in the big 5 thru 8).

Some may express disappointment that the 4 big shorts didnâ??t buy back more of their short position, and while I understand the sentiment, I donâ??t necessarily agree with it. I believe the big 4 always buy back as many shorts as they can; itâ??s more a case of not being able to buy back more â?? without driving prices higher. Between the raptors providing stiff buying competition on lower prices and further limited by what the managed money traders can be tricked into selling, the big 4 are like a very big fish in a small pond â?? very much limited by the constraints of their environment. Donâ??t misunderstand me, the big 4 shorts are every bit the crooked manipulators I accuse of them being; itâ??s just that they have made a bed of such grotesque proportions over the past 40 years that there is no quick and easy solution for them to get out from underneath the banquet of consequences they have created.

On the manged money side of silver, these traders sold 8877 net contracts, consisting of the sale and liquidation of 2264 longs and the new sale of 6613 short contracts. The resultant net managed money position switched to being net short 2654 contracts (29,434 longs versus 32,088 shorts), with any managed money net short position being inherently bullish and the current one in silver being the most bullish since October.

As I have been reporting of late, the managed money gross long position wouldnâ??t seem ripe for significant additional liquidation, so the onus for continued net managed money selling lies in how many new contracts the managed money traders can be tricked into selling short. One would think this stopped being a viable question, seeing as whenever the manged money traders have gotten heavy on the short side (as they are now), they have never collectively covered with a profit.

Aside from that basic observation, it would appear that currently there will be no real chance of new big managed money shorting unless we establish new price lows in silver â?? about a dollar lower from here. While I would never rule out the collusive and crooked COMEX commercials being incapable of just about anything, the drumbeat of the deepening physical silver shortage should prevent or at least limit the treachery of the commercials at this point. Yes, Iâ??m still concerned that the commercial crooks might use gold to pressureÂ  silver prices lower, but whatâ??s new about that? Besides, goldâ??s market structure has improved of late and lower prices should only encourage the big world physical gold buyers.

The question I am asked most frequently and, quite frankly, the same one I think of most often absent any questions, is when is this manipulative COMEX scam going to be overcome by the deepening physical shortage? While I know full-well at this point that the law of supply and demand guarantees a sudden price explosion in silver, that certain knowledge is not of much help in the precise timing department. Thatâ??s not a cop out, itâ??s just an admission that the law of supply and demand doesnâ??t include a precise timetable.

But that is not intended to avoid answering the question, both to those that do ask and the same one I ask myself. While I canâ??t answer in specific timing terms (other than soon), I think itâ??s of importance to try to explain what is delaying the coming silver price launch. When, not if, silver explodes upward in price, while there will be great joy among the multitude of downtrodden silver investors, there will be great (and well-deserved) consternation among those few at the heart of the 40-year COMEX silver manipulation; obviously including the crooked banks and financial firms which have promulgated the manipulation, as well as certain regulators (the CFTC) and the exchange itself.

Because the risks to these select few are quite serious, which any sudden silver price explosion could activate, it should be clear that there are those who fear what a price explosion would mean. To be clear, I never accepted the notion that a price explosion in silver would result in $100 loaves of bread or uncontrolled financial panic around the world. Instead, I always did believe the coming silver price explosion could (and should) result in bad things for the bad guys running the manipulation for the past four decades.

Therefore, what it comes down to is that the correct question is how long the COMEX shysters and their regulatory protectors can keep the scam going? Itâ??s always important to ask the right question and in the case of when will silver prices explode, the proper question is how long the crooks can keep it going in the face of a documented physical silver shortage – the first in a world history that dates back thousands of years. Â And while I canâ??t reveal more at this time, I can assure you that I am doing everything I can behind the scenes to put more pressure on the COMEX crooks. No guarantee that I will be successful, but neither is it certain I will be unsuccessful. Either way, Iâ??ll fully-disclose what I am talking about in time.

(On a housekeeping note, next week Iâ??ll be switching to the April gold contract in gold for closing pricing purposes, as the February contract is up for delivery next week. In the meantime, try not to be surprised when you start to see gold price quotes that are suddenly $20 higher on TV or elsewhere, as it most likely involves the switch from Feb to April).

Ted Butler

January 27, 2024

Silver – $22.90Â Â Â Â Â  (200-day ma – $23.73, 50-day ma – $23.78, 100-day ma – $23.46)

Gold – $2018Â Â Â Â Â Â Â Â  (200-day ma – $1978, 50-day ma – $2031, 100-day ma – $2001)

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