76 years ago, “Joltin’ Joe” DiMaggio was in the middle of the hitting streak of streaks that would come to 56 consecutive games and which has remained a major league baseball record to this day. That season (1941), the Yankee Clipper would bat .408 during the epic streak or more than 4 hits for every 10 at bats. Ted Williams, of the Boston Red Sox, had the highest batting average in 1941, hitting .406 for the entire season.

What would you say if I told you that a batter had hit 1.000 for an entire season? Or that a pitcher threw no-hitters every time he played a game? I’m pretty sure you would say that’s impossible or that something was definitely wrong. And, of course, you would be correct – somethings are too impossible or outlandish to be true. Not just in baseball, but there are limits in almost every endeavor.

Therefore, I wouldn’t blame you if you questioned what I claim is the winning streak of all winning streaks in trading COMEX silver futures. Data published by the CFTC, the federal commodities regulator, indicate that JPMorgan and two or three other large financial institutions, have never taken a loss, only profits on every single silver trading position they have established over the past nine years and, in fact, for a lot longer than that. You can question what I claim all you want, but do yourself a favor and make sure you question me deeply enough – please don’t let me off the hook easily.

Let me first define what I mean by establishing a COMEX silver position and never taking a loss. I’m not talking about high-speed computer day trading (HFT) which makes up the lion’s share of trading volume in silver and just about everything else. I’m talking about positions taken and held for weeks and months before they are closed out. Since JPMorgan and the two or three institutions which together hold the impossibly-perfect trading record in silver have never been net long COMEX silver futures, the trading positions established and closed out without loss, only profits, have all been short positions. If you are always net short on the COMEX, which JPMorgan and the other big perfect traders have always been, you can't take long positions – only close out or add new shorts.

Therefore, JPMorgan and the two or three other large "never wrong, always right" COMEX traders only trade from the short side; always adding new short contracts first at higher prices than where those contracts are later bought back and closed out at. From studying silver intensely for more than 30 years, I don't think I would be able to sleep peacefully for a minute if I ever found myself actually short the metal. I think I'd rather go skydiving without a parachute. Given silver's long history of sudden price spikes, including the spike to nearly $50 six years ago, one would think a silver short position taken by JPM and the others, would end in a loss, at least once in a while. One would be wrong to think that.

Any thought of a baseball player hitting 1.000 or pitching no-hitters for a season is, I admit, far-fetched – that's why I chose this example. And if it did occur, the only possible explanation would be that the game was somehow rigged. No player is that good, not even Joltin' Joe or Ted Williams. Likewise, I admit that the thought is far-fetched that anyone could trade silver from the short side and bat 1.000, never taking a loss, only profits, not just for a season, but for nine years and longer.

So let me first show that JPMorgan and a few other traders have achieved what would have to be thought to be impossible and then just how such an impossibly-perfect silver trading record was actually accomplished. Fortunately, both the "what" and the "how" of the perfect silver trading record can be found in official CFTC data, including both the weekly Commitments of Traders (COT) and monthly Bank Participation Reports. I know this is usually where many eyes glaze over, so I'll try to speak in the simplest terms possible. But please keep in mind that if JPMorgan's perfect silver trading record could be seen easily, it would have been common knowledge long before now.

Every long form COT report contains concentration data, by which the agency sets out the positions held by the 4 and 8 largest traders, on both a gross and net basis, on both the long and short side of every commodity included in the reports. For reporting purposes, concentration data are given as a percentage of total open interest, so they must be hand-calculated to be converted into terms of numbers of contracts. No doubt this "extra step" discourages many from digging into the data. That's too bad, because the concentration data tells the real story in COMEX silver futures.

What the data show are that the 4 largest short traders in COMEX silver futures on a "net" basis have never taken a loss, only profits for the past nine years and even longer (going back to 1983). The reason I speak in terms of the past nine years is because that's the point at which JPMorgan became the largest COMEX silver short seller when in took over Bear Stearns in March 2008. No, I can't know this from COT data alone, as the 4 and 8 largest traders in each commodity aren't identified by name, according to CFTC regulations (which should be changed).

How I can know, for sure, that JPMorgan took over from Bear Stearns as the largest short seller in COMEX silver futures and has remained the largest silver short seller is from CFTC correspondence to lawmakers at the time and subsequent COT and Bank Participation Reports to this day. How I can know, also for sure, that JPMorgan and two or three other big COMEX silver short traders have only taken profits and never a loss when establishing new short positions in COMEX silver futures is from observing the continuing flow of data in the COT and BPR reports.

I've calculated and hand-recorded the concentrated data on the 4 and 8 largest net shorts in COMEX silver and gold futures for more than 25 years and, at least since 2000, on a weekly basis when the COT report first went weekly from every two weeks. The good news is that the weekly data is readily available and easy to retrieve from January 2005 to the present on the main CFTC COT web page (under Historical Viewable) for anyone interested in verifying what I'm about to say.

I've been making a big deal out of the concentrated silver short position for decades and I suppose that's why I started to hand record the data in a good number of notebooks I keep around. I can assure you that I did not begin to calculate and record the concentration data decades ago with any sense whatsoever that I would be using it to make the case today about JPMorgan's perfect trading record. This is all quite accidental – I hand-recorded the data because it helped clarify my thinking about market structure. It would have been impossible for me to have kept the data because I knew I would be making the claim of a perfect trading record today, 25 years after I started.

The running changes in the concentrated short position of the four largest shorts in COMEX silver futures show the unmistakable pattern of the short position increasing whenever prices rose above the key moving averages and always decreasing when silver prices fell below those same moving averages. This may sound simple, but it means that the four largest shorts never took a loss because they never covered a short position at prices higher than the price originally sold short at. And because the data show that the concentrated net short position always decreased when silver prices fell below where the short sale was first established, it means all such trades were profitable. Thus, no losses, only profits.

I'm making this as simple as possible and I know that the big short sellers are "making markets" and providing other various "necessary" services in their constant matchup against the managed money technical funds that tend to justify the big shorts' perfect trading record – but that's the whole point. Call it whatever you want, but the four biggest shorts in COMEX silver futures, led by JPMorgan, have always been right and have never been wrong when establishing a new silver position for many, many years. I would submit that could only occur if the game was rigged. That's the "what" part; now how the heck have they pulled this off?

The main means by which the four big COMEX silver shorts have been able to amass a perfect trading record is because they have been granted unwritten but undeniable de facto permission from the CFTC and the CME Group to sell short as many silver contracts as necessary to satisfy as much buying demand that may arise. This can be seen in the growth over the years in the size of the concentrated short position in COMEX silver. On April 18, the concentrated short position of the 4 largest shorts hit an all-time record of 79,338 contracts, the equivalent of more than 396 million oz – that's about 100 million oz net short per trader. If you are looking for a reason why silver prices were capped at $18.50, look no further.

But having the ability to short sell unlimited quantities of silver contracts to cap the price is only half of the equation of the perfect trading record, although it's the biggest part. Once the silver price is capped by whatever number of concentrated short sales that was necessary, the short positions must then be bought back at lower prices if a profit is to be made and loss avoided. In fact, the ability to short sell unlimited quantities is easier to see than is the methodology for how those added short positions have always been bought back at lower prices. But not if you look closely enough.

The key to buying back all added silver short positions at lower and thereby profitable prices is collusion, pure and simple. And not just on behalf of the four largest shorts either, as all the smaller commercials participate in the buy side collusion. We know that the commercials are constantly snookering and hoodwinking the technical funds into and out from positions because the technical funds are slaves to buying and selling as prices move higher and lower, set by commercial prices prompts (spoofing and HFT, in general).

Where the collusion comes in is in the remarkable patience, discipline and lack of overt competition on the part of the commercials in buying whatever the technical funds can be induced to sell as the commercials rig prices lower. There’s never any pushing or shoving by the commercials to buy silver contracts, they are the very model of civility and patience. There’s a good reason for that; if any of the commercials break rank and rush to buy before the other commercials, the whole scam would fall apart. I’ve jokingly referred to the commercials as behaving as the Three Musketeers in that they are most usually one for all, all for one; but it’s no joking matter – cooperation of this sort is collusion.

There’s no question that the silver market is the most rigged game in the world because no one would be able to establish a more perfect trading record than what JPMorgan and a few other big shorts have achieved. The only question is what can and will be done to end it. In time, the charade will become clear enough to a sufficient number of people, including the victimized technical funds, to bring changes to interrupt the perfect trading record of the big shorts – knowledge is power and all that.

I still believe a quicker route to end the silver scam could come at the hands of the regulators, including the CFTC's new Enforcement Director, James McDonald. I don't think there's any chance that the agency will ever find JPMorgan guilty of manipulating the price of silver (as this crooked bank sorely deserves) for the simple reason that such an action would leave JPMorgan open to an unlimited number of lawsuits; enough to sink what is thought to be an unsinkable ship. No government agency would ever do that. But that doesn't mean the regulators are helpless, either.

My suggestion is still that McDonald privately order JPMorgan and a few other big silver shorts not to add new shorts ever again. This will break the perfect trading record and end the manipulation immediately. Will the agency and McDonald find the courage to do so? Time will tell, but the clock is ticking. Although he's only been in office for a bit over two months, there have already been two incredibly blatant price takedowns in silver (as I just described above) on McDonald's watch. The way to end a rigged game is to go after the riggers, not to pretend the game isn't rigged.

On to developments since Saturday's review. Were it not for the recent record 17 day stretch of consecutive lower prices in silver into the early part of May, I would likely be agog about the ten or eleven day decline in silver (and gold) through today (excluding the sharp but failed intraday rally last Wednesday). Nothing highlights the rigged nature of the game and COMEX commercial collusion like the two extended price declines of the past two months.

On the $2.50 silver price decline into early May, the commercials were able to induce the technical funds into selling nearly 80,000 net silver contracts, the most in history and which resulted in the largest managed money short position ever (over 51,000 contracts). The rally that took prices up by around $1.50 (to $17.70) was caused by the buying of roughly 30,000 net technical fund contracts, mostly short covering. Through last week's COT report, only about 6,000 managed money net contracts were sold, largely because the managed money short position only climbed to 33,000 contracts, about 18,000 contracts shy of the record on May 16.

You'll remember that my prediction for last week's COT report on silver was very wide of the mark, precisely because the managed money technical funds never added the large number of short contracts I had expected and as occurred back in May. I've identified this as the key variable, even if it is hard to predict in advance. In addition, the increase in managed money longs last week suggests more non-technical fund core longs may have bought on price weakness. While bullish in terms of market structure, any increase in core managed money longs also means we're less likely to witness the net technical fund selling which would bring us to the bullish extremes of May 16. In other words, I wouldn't get hung up on hitting those previous extremes, as silver's market structure looks plenty bullish where it is.

Considering how far I was off the mark last week and the small decline in total silver open interest (1300 contracts) for the reporting week ended yesterday, I'm loathe to put numbers on this Friday's silver COT report; although considering the consistent number of new price salami slices lower thru yesterday, it looks certain that there has been technical fund selling and commercial buying (otherwise prices wouldn't have moved lower). It's different in gold, where a reasonable guess is for net commercial buying by around the same amount as the reduction in total open interest of 25,000 contracts.

In silver, I don’t think the actual reduction in this week’s total commercial net short position should be the main focus. Instead, I think the focus should be on the price action, in that the price decline over the past two reporting weeks has been so deliberately orchestrated so as to signal that we are very close to an important price bottom in silver, almost regardless of what the COT report indicates. I say this knowing full well that silver is the most rigged market of all and one should never underestimate the manipulative power of JPMorgan and the other COMEX commercial crooks in that new price lows can be created at will. Just to be clear, the market structure is now exceedingly bullish in silver and will only get more bullish on any further price weakness.

Finally, I was momentarily stunned when I received an automatic email notification from the CFTC late yesterday, announcing the resignation of Commissioner Sharon Bowen, one of only two commissioners on what is supposed to be a five member commission. In a statement yesterday, Commissioner Bowen explained that she hoped her resignation would prompt the quick nomination and approval of four new commissioners which would fully staff the commissioner ranks for the first time in years.

http://www.cftc.gov/PressRoom/SpeechesTestimony/bowenstatement062017

I don’t know enough to read anything into Bowen’s resignation, but the reason I was startled when I first glanced at the word “resignation” was because that is still a possible outcome, at least in my mind, for Enforcement Director McDonald, should he become determined to end the silver manipulation and is somehow prevented from doing so. Admittedly, that involves a lot of assumptions on my part, but in rereading the June 2 press release charging and settling allegations of price manipulation in COMEX silver and gold futures, all the direct quotes came from McDonald. When he says “the Commission will aggressively pursue individuals who manipulate and spoof in our markets” I’m assuming he’s not just talking about junior traders and that he knows what the words “manipulate” and “spoof” actually mean. That’s because there is an awful lot of each going on in silver currently.

http://www.cftc.gov/PressRoom/PressReleases/pr7567-17

Ted Butler

June 21, 2017

Silver – $16.40 (200 day ma – $17.52, 50 day ma – $17.18)

Gold – $1247 (200 day ma – $1242, 50 day ma – $1261)