

Data Points and Analysis

Subscribers know that I've been on the JPMorgan accumulating physical silver story for some time. I couldn't recall when I started writing about it, so I looked it up in the archives (although I had to have started thinking about it before then). It turns out that I first wrote about it in the weekly review of Jan 18, 2014 and in an article titled "JPM's Silver Hoard" on Jan 22, 2014). So, it's going on a year and a half that I've been writing about this issue.

I've always identified my premise as speculation and took pains to present the facts behind my speculation so that subscribers could decide for themselves whether my argument had merit. Interestingly, I don't recall any feedback from subscribers disagreeing that the facts pointed to JPMorgan acquiring the quantities of physical silver that I claimed. The only disagreement seemed to be whether the bank was positioning itself for a major financial score to the upside (my take) or whether JPM intended to use the metal to extend the manipulation indefinitely.

Occasionally, when I made an article on this issue public, I did encounter some

disagreement from non-subscribers learning of the matter for the first time, but I attributed that to the knee-jerk reaction of denying anything that tends to shock you. Admittedly, it is pretty shocking to think that the bank I've accused as being the prime silver price manipulator since March 2008 has morphed into the biggest physical silver buyer in history since May 2011.

Recently, some others have picked up on the story and as a result there has been a wider debate and more doubts that my premise about JPMorgan is accurate. Almost uniformly, those raising the doubts have ignored the facts as I have presented them and have introduced other arguments not pertinent to my premise. Certainly, I have seen no rebuttal or denying of the facts that I have presented, namely that JPMorgan has manipulated silver prices lower by means of a dominant COMEX futures short position to pick up actual silver on the cheap. Additionally, those raising doubts about my premise of JPMorgan acquiring the amount of silver I claim have, to a man, little or no professional experience or background in futures market mechanics.

I want to be blunt here. I believe I have a deep responsibility to address each and every doubt that any subscriber may raise concerning my speculation and the presentation of the facts of anything I write about in silver. But I don't give a flying fig if non-subscribers (who by definition are not reading all I write) agree

or disagree with me. That doesn't mean I won't bend over backwards to explain something to a non-subscriber who raises a sincere question. I do so constantly.

But, unfortunately, there are many who want to argue with everything I write. Some are manipulation deniers (like the CFTC) who can't acknowledge that anything I say can possibly be right for fear of giving me the least amount of credibility. Others, who actually believe that silver is manipulated, insist my take on the manipulation is in error because I rely on published COT or exchange data. It may sound egotistical, but someone had to be first in uncovering that silver (and gold) were manipulated in price and even the CFTC acknowledges I complained to them about the silver manipulation before anyone else (30 years ago).

In fact, I learned something from Izzy long ago □ it's better when everyone disagrees with you than agrees (assuming I'm right), because those disagreeing will find it harder to plagiarize later. With those that agree, it soon becomes a premise they thought up on their own. I can't tell you how many hundreds of times his words have proved to be true to this day.

That said, let me present a specific data point that indicates that JPMorgan has been the big acquirer of Silver Eagles from the US Mint over the past four years. In Saturday's review, I commented that sales of Silver Eagles, while super strong relative to sales of Gold Eagles, had trailed off in the last few days of April. I attributed the fall off in Silver Eagle sales over the last few days of the month to be nothing more than JPMorgan refraining from buying the usual amount it has purchased over the past four years. It's not plausible, either from normal retail buying behavior or from well-placed reports from the dealer front, that the erratic, but very strong sales of Silver Eagles to be anything but a big buyer at work.

After days of no reported sales of Silver Eagles, but with reported sales of Gold Eagles, the Mint reported yesterday that for the first two days of this week, 783,500 Silver Eagles were sold, along with just 4500 oz of Gold Eagles. I am not implying that Silver Eagles will continue to be sold at a rate 174 times greater than Gold Eagles, as that would seem impossible. What I am saying is that there is no way the broad swath of the retail buying public could possibly turn off and on their buying of Silver Eagles in such a dramatic stop/start manner. This pattern of sales almost guarantees there is a big buyer at play here.

http://www.usmint.gov/about_the_mint/index.cfm?action=PreciousMetals&type=bullion

Analysis is nothing more than recording the documented facts and interpreting those facts in the most plausible manner, but considering all possibilities. It's not about anything else. Because the retail public does not normally buy investment assets when those assets are declining broadly and consistently in price and because reports from the retail front confirm that the public is not buying Silver Eagles, it is not plausible to conclude the extraordinary amount of Silver Eagles sold over the past four years and over the past two days has been bought by the retail public. Since it is a documented fact that the Mint has sold this amount of Silver Eagles, then we know someone else must have purchased these coins. I say all the other evidence of JPMorgan buying other forms of silver (1000 oz bars) points to the bank as the big buyer of Silver Eagles. Please let me hear from you if you feel what I say is wrong.

I fully understand how anyone, particularly non-subscribers, would be shocked and would instinctively deny that JPMorgan had amassed the quantity of silver (350 million oz) that I allege. After all, if I placed myself in their position, namely, having not been aware of what I've written over the past year and a half and suddenly being confronted with the premise that JPM had purchased such a massive amount of silver, I suppose I would be shocked and in denial as well. But my intent is not to shock; my intent is to follow the flow of documentable evidence in the most logical manner. In following the evidence, it

is impossible for me not to conclude what I claim about JPMorgan.

What matters is not whether anyone is in denial or shocked; what matters are the implications if what I allege is true. Simply stated, there can be no circumstance more important to the future price of silver than if JPMorgan did acquire the 350 million oz or thereabouts that I have concluded. When one contemplates the modern price history of silver, certain key events stand out, starting with the Hunt Brothers accumulation of 100 million physical ounces into 1980, Warren Buffett's accumulation of 130 million ounces into 1998 and the start of SLV in 2006 where close to the same amount was deposited within the first year. I wasn't deeply involved in silver at the time of the Hunt Brothers, but I certainly was deeply involved at the time of Buffett's silver acquisition (and subsequent disposal), as well as the start of the SLV.

Now, I have concluded that JPMorgan has acquired an amount of silver equal to the cumulative amount of the three greatest physical acquisitions in the modern history of silver. By the raw numbers alone, that makes my speculation more significant than any event in the past half century of silver. I guess it would be impossible for many not to be shocked and in denial. Of course, I'm not shocked by my speculation and in truth, it seems an inevitable and logical outcome for JPMorgan and, moreover, is even less shocking than what preceded the historic

acquisition. What could possibly be more shocking than JPMorgan accumulating 350 million ounces of physical silver?

After complaining to the CFTC about a COMEX silver manipulation for 30 years and having the agency forcefully deny that such a manipulation by means of a concentrated short position existed in May of both 2004 and 2008, it turned out that the largest silver (and gold) COMEX short (Bear Stearns) went, effectively, bankrupt in March 2008, months BEFORE the CFTC's 2008 public denial that anything was wrong on the short side of COMEX silver. Please think about that for a moment. The CFTC denied both before and after that there was no manipulation in COMEX silver and no problem with the unreasonably large concentrated short position even though the largest such short, Bear Stearns, went belly up on a rise in silver prices to \$21 in March 2008. Any CFTC official who participated in that lie that should be in prison.

After the crooked bank JPMorgan took over the concentrated and manipulative COMEX silver short position at the US Government's request after I and many complained, the CFTC initiated a formal investigation by its enforcement division that stalled and wasted taxpayer money for five years without any clear findings as JPM continued to manipulate silver prices. It was only when, in April 2011 with silver prices close to \$50 and JPM looking into the financial abyss that

the big rig job to the downside took place. Only this time, JPMorgan had decided to buy as much silver as possible to score to the upside.

Comparing what took place with Bear Stearns and JPMorgan and the shocking participation by the CFTC and the CME Group in what must be called the silver crime of the century, I'm not the least bit shocked by JPMorgan's acquisition of the largest private stockpile of silver in history. If others wish to be shocked by my conclusions, that's their business, but how they aren't shocked by what preceded it is, well, shocking to me. To top matters off, as subscribers are aware, I send everything I write to the crooks at JPMorgan, the CFTC and the CME never hear a peep back from these dirt bags. Yeah, I know, I'm going to get in trouble for this one day. Rant off.

We're in a similar position to where we were a week ago, market structure-wise. After last Tuesday's cut-off there were two sharp down days in both gold and silver below the critical 50 day moving average, followed by two sharp up days into yesterday's cut-off. Therefore, a hoped for an unchanged headline number for this Friday's report is probably in order. I'm still absorbing the shocking changes in the managed money changes in last week's COT report in silver and am anxiously awaiting the additional clarity that may be provided on JPMorgan in this week's Bank Participation Report.

I hope everyone realizes that there continues to be a lack of true liquidity in silver and gold as a result of there being only one effective buyer and seller □ the technical funds which trade as a single entity and the commercials which do the same against them. As crazy as it is, only price moves above and below the 50 day moving average are what matter in silver and gold; and not actual metal supply/demand fundamentals, or the stock, bond, currency, or oil markets. I am still convinced that the absence of true liquidity represents a greater, rather than lesser opportunity for a discontinuous price event in silver. That's a fancy way of saying we could go boom to the upside.

As always, whether we get the big move in silver that I expect is dependent on one thing and one thing only □ whether the big commercial shorts, most particularly JPMorgan, add to short positions on a silver price rally. I know they always have and it is unreasonable to suggest that it is impossible that they won't again. But neither is it guaranteed that JPMorgan and the other big COMEX commercial shorts will add manipulative silver short positions to cap the price.

One reason for JPM not to do so in the future is something I'm not sure I've

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mentioned previously, namely, they have to be getting sick and tired of being called crooks (despite their free get out of jail card). Ask yourself this - when in your lifetime have you ever witnessed anyone (me) openly accusing leading financial institutions (JPM and the CME) of criminal wrongdoing with no response or rebuttal? I don't think that can go on forever or even much longer and if I am correct and these two crooked institutions do stop manipulating the price of silver (now that JPMorgan has acquired a motherlode of physical silver) strap in for an historic price rise.

Ted Butler

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Silver - \$16.46

Gold - \$1190