

## November 16, 2015 – COT Comments

### COT Comments

As promised, here are some comments on the holiday-delayed Commitments of Traders (COT) Report released a couple of hours ago. I'll make the comments brief as I have driven 1200 miles over the past two days and need to decompress. As far as a one word summary, at least in terms of published expectations Â? yippee!

Silver's headline number on a blended basis (averaging net commercial buying and managed money selling) was smack dab on my prediction of 20,000 contracts, but a bit shy of bigger hopes of mine (kind of like a kid getting every Christmas gift possible, but still being disappointed when the last gift is opened). Gold's headline numbers were better than my guess of a huge 35,000 net contracts, by a gloriously larger number of over 50,000 contracts.

While this week's changes were very close to my estimates, please don't overlook that these were near record weekly changes and my way of looking at it is that such close to expected outcomes had to be based on the correct methodology. That methodology is that silver and gold prices are (solely) set y positioning changes on the COMEX. Sorry to be repetitive, but what else could such stark government data indicate?

I am most relieved that I jumped the gun in plunging deeply back into silver before the release of this report, regardless of near term price action. I hope everyone knows that just because I think we are at a major price bottom in gold and silver that we can't go lower in price temporarily. After all, if the COMEX commercial crooks think they can induce more managed money selling on lower price, I can't stop them. It just looks like there can't be much managed money selling from here = particularly considering the certain positioning improvement since last Tuesday.

In COMEX gold futures, the net commercial short was reduced by 53,100 contracts, to 71,900 contracts Â? a simply massive reduction over the past two weeks of 94,000 contracts. I can't look it up now, but that has to be a two week record. All three commercial categories did their musketeer routine as the big 4 ought back more than 17,000 shorts, the big 5 thru 8 bought back over 13,000 and the raptors added more than 23,00 new longs. The term that comes to mind is massively collusive.

The managed money technical funds provided nearly all of the selling in liquidating nearly 25,000 contracts of longs and adding more than 25,000 new shorts. I was shocked at the low level of remaining managed money longs ^ under 92,000 contracts, the lowest since 2008 (and \$800 gold). The term that comes to mind is washed out or nearly so to the downside. Every single thing I just mentioned is powerfully bullish for gold prices.

In COMEX silver futures, the total commercial net short position was reduced by 17,000 contracts to 50,100 contracts. By commercial categories, it was more than interesting. The big 4 bought back 4800 short contracts and I think every single contract could be attributed to JPMorgan. The raptors added 13,500 long contracts and the big 5 thru 8 actually added 1300 new shorts. With JPM buying back nearly 5000 short contracts and the big 5 thru 8 adding 1300 shorts, my double cross dreams come to mind.

The managed money traders sold 22,569 silver contracts, again a truly massive amount, including the liquidation of 5611 longs and the addition of 16,958 new shorts. Considering the certain improvement since the Tuesday cutoff, this kid, anyway, got everything he wanted.

Even if we go lower in price from here, I still feel relieved not to have been embarrassed in missing the prediction mark and very thankful that I (and we) have a great setup. A subscriber wrote to me over the weekend saying that he thought gold and silver prices would soar on the terrible news from Paris. I replied neither that or decline would surprise me. Afterwards, I got to thinking. News of this type should have little impact because the group of traders that drives prices (managed money/commercials), as just described above, don't factor such news into their trading. Tech funds watch and react to price change only, not the news. Today's COT report proves that.

Ted Butler

November 16, 2015

Silver – \$14.28

Gold – \$1183

**Date Created**

2015/11/16