Every financial market is a game or contest of sorts, with all manner of ways in which the game is played and in which there are winners and losers. Gold and silver are no different in this regard and I'd like to provide an update on where I see things at this time – all based upon the facts and data that I have cited all along.

There shouldn't be much doubt at this time that futures contract positioning on the COMEX is the main determinant for gold and silver prices – it's been this way for nearly 40 years and is as true today as ever. Basically, the COMEX positioning has been a contest between two specific sets of players – the managed money technical funds and traders, mostly banks, which are classified as commercial traders. I find it patently absurd (and illegal) that a relative handful of traders (less than 50 on either side) set the world price of gold and silver, but because the way the game is played has evolved over decades, not enough opposition has emerged to alter the game.

Over the past 10 years, the truly seminal event in these markets has been the emergence of JPMorgan (a commercial trader) as the largest physical holder of silver and gold, which I first uncovered in 2013 and have chronicled since, but COMEX paper positioning has still driven prices. JPMorgan was certainly the master of COMEX paper trading and used its dominance as the leading short seller to its advantage in accumulating upwards of 1.2 billion oz of physical silver and 30 million oz of physical gold on the cheap.

Prior to mid-2019, the commercial traders, acting in collusion, were able to extract trading profits amounting to several hundreds of millions of dollars annually and several billions of dollars over the decades from the managed money traders, according to the running data from the CFTC in the form of the weekly Commitments of Traders (COT) report. The commercial lineup against the managed money traders

featured an unusually large concentration by the 4 and 8 largest commercial traders, with no observable similar concentration on the part of the managed money traders. For sure, other smaller commercials (which I came to identify as the “raptors”) colluded with the largest commercials in working against the managed money traders. It has been a game played effectively and successfully by the commercials for decades and, more or less, to this day.

Then, around June 2019, there was a substantive change, not in how the game was played, but in the results to the commercials. Before that time, I got in the habit of measuring the financial results of the 4 and 8 largest commercial shorts whenever they had amassed very large short positions. Back in the summer of 2016, as gold and silver staged fairly impressive rallies, I had calculated that the 8 big shorts in COMEX gold and silver had absorbed total open losses of close to $4 billion at the price peaks that summer, but by late fall had managed to erase all those losses as they succeeded in rigging prices lower and inducing sufficient managed money selling.

It must be remembered that the big COMEX commercials had always been successful in short selling aggressively as prices rose and then eventually succeeding in buying back those added shorts at lower prices and at a profit (or at least no worse than breakeven). This is how the game was played.

In June 2019, I remember commenting that the big shorts had built up an unusually large short position in gold and silver and stood a chance of losing billions of dollars should gold and silver prices advance sharply higher. It wasn’t so much a prediction, but a simple mathematical calculation should prices move higher. As it turned out, gold and silver did rally (gold from the $1300 level and silver from $15) and by

yearend 2019, the 8 big COMEX gold and silver shorts had total open losses of $3.8 billion (the old record from 2016).

Despite an epic selloff in March 2020, by the end of that year, the 8 big COMEX shorts were out an astounding $14 billion (and more at the price highs of that summer), and no longer could count on JPMorgan as a colluding short participant (as JPM bought back all shorts in the rigged March selloff). This year, 2021, the 8 big shorts have managed to contain gold and silver prices and keep their massive losses from growing, but being out more than $11 billion can hardly be considered a big win.

In fact, it is most reasonable to consider the 8 big COMEX gold and silver shorts as the biggest losers in the gold and silver game over the past two and a half years. Also quite prominent among the losers are the managed money traders, although their losses don't come close to the losses of the 8 big shorts, amounting to no more than a billion dollars or so.

On the win side of the COMEX game equation, JPMorgan stands head and shoulders above any other winners, by virtue not so much due to COMEX futures trading gains, but in the $25 billion+ it is ahead on its physical gold and silver positions. As far as the big winners in COMEX positioning, the smaller commercials which I refer to as the raptors, are ahead by the same amount the managed money traders lost, say several hundred of millions of dollars, but not more than one billion dollars.

Based upon all this, it appears to me that the 8 big COMEX shorts persist in this game, not due to the tremendous profits they have been making, but because it's near-impossible for them to quit the game without launching gold and silver prices skyward. By continuing to play the game (and by not covering their massively losing

shorts), the big 8 are enabling the raptors to profit at the expense of the managed money traders, but that is small relief to the big 8 – just a stall.

The biggest problem for the 8 big shorts is that they appear to be fighting a losing game, particularly when it comes to silver. By enabling the raptors to profit at the managed money traders' expense, the net result is that silver prices are still way too low and it follows that the continued suppressed price will only aggravate the developing mismatch between physical supply and demand. I also find it quite instructive that the biggest winner, JPMorgan, is way ahead based upon its physical gold and silver positions. This should serve as a lesson to all that physical is the way to go.

I do remember distinctly encouraging all to follow the lead of JPMorgan in accumulating physical silver and that advice is more applicable than ever. I can't tell you if the managed money traders will continue to get snookered and hoodwinked by the COMEX commercial crooks or if the 4 big silver shorts will add aggressively to their short positions again (so far, they haven't, but this Friday's new COT report may clue us in). But I can tell you that it's hard to see how anyone could go seriously wrong by loading up on physical silver – not based on the next short-term move, but to hold for a longer term. If there is anything to be garnered from observing the current state of the gold and silver game, it is that physical is the safest way to go.

One thing too often left unsaid in the rush to accumulate physical silver is that as a result of the tremendous demand for retail forms of silver, which should continue as far as I'm concerned, is that the persistently high premiums have rendered the wholesale form of silver in 1000 oz bar form to be the cheapest form of all. I'm not

saying not to buy and hold retail forms of silver, I'm just noting that silver in 1000 oz bar form is, by far, the most undervalued form currently. So, if you can afford to deal in that form (in increments of $25,000 or so), the premiums are much less. And it's easy to deal in units less than 1000 oz bar form by purchasing shares in silver ETFs.

Along those lines, I was particularly encouraged by the recent news, disclosed in SEC-required 13F filings for positions as of Sep 30, that Greenlight Capital, run by well-known hedge fund operator David Einhorn, acquired shares of SLV, the big silver ETF. Einhorn came into prominence with his wildly-successful and well-publicized short bet against Lehman Bros in 2008.

https://whalewisdom.com/filer/greenlight-capital-inc

It doesn't have much to do with the amount of silver-equivalent purchased by Greenlight, as 1.5 million oz ($30 million), is not that big of a silver purchase in the overall scheme of things. But like many of you, I have often thought how crazy it was that no one in more-established financial circles ever seemed to notice or venture into silver and Einhorn's move partially-addresses that mystery. I have no idea what prompted Einhorn, but it is possible he may have uncovered the real silver story. In any event, it at least raises the possibility that other well-heeled financial operators who run in similar circles might feel intrigued enough to look into silver, as a result of Einhorn's purchase. As you know, I've long felt that the continued price suppression of silver has been instrumental in preventing big money from even investigating its merits. After all, it's hard to see something if you're not looking. Perhaps Einhorn's move will change that.

A key feature remains whether the 4 big COMEX silver shorts will, once again, add aggressively to their short positions to cap and contain prices. I've speculated that

they won't, but I don't control what they will do. By and large, with the possible exception of one reporting week, the 4 big shorts have not done so (yet). As I reported on Monday, the 4 big shorts only added just over 200 short contracts in the most recent reporting week – a week that featured a silver rally of one dollar. We should learn much more in this Friday's COT report.

The reporting week ended yesterday got off with a bang on the first two days of the week, in which silver rallied another dollar and gold by $40, before cooling off. Total open interest in both silver and gold rose sharply over those first two days, with silver open interest up more than 10,000 contracts and gold up by 36,000 contracts, before moderating over the balance of the reporting week. We were still in the prime time for phony spread creation, so naturally, I'm hopeful that may have accounted for some of the sharp increases in total open interest.

But it's likely that the 4 big shorts in silver (and gold) did lean into the market to some extent. By how much, I wouldn't know. There certainly was managed money buying and commercial selling in the report to be published on Friday, but I'm going to take a pass on predicting how much.

A subscriber recently asked me if I had re-written to my congressional contacts and I told him that I hadn't – for the simple reason that there wasn't much to write to them about. The basis for my writing earlier in the year was the then-record concentrated silver short position on Feb 2 of more than 65,000 contracts (325 million oz) which coincided with the absolute price top of the year. The most recent concentrated short position of the 4 largest shorts was under 46,000 contracts, so it seemed way premature to relitigate the issue.

I'm not saying I will wait until the old highs in concentrated silver shorts are

exceeded before re-raising the matter, but neither do I plan to write until I have something more substantive to allege. Same goes for writing to BlackRock about the short position in SLV. It's not that these aren't the issues that matter most, it's more having something undeniable to allege. These issues are still very much on my mind, as well they should be.

I still continue to believe that we are on the cusp of a major move higher, particularly in silver, while I can't rule out yet another engineered price decline in the short term. The noose seems to be tightening regarding wholesale physical silver supplies, yet paper positioning on the COMEX still rules the day. It's a dichotomy most who study silver closely are well-aware of. The important point is to recognize that the short-term manipulative price antics on the COMEX are, by definition, short-term in nature and can't hold up indefinitely against the growing tide and force of the tightening physical market.

It's not possible for me to include everything that matters most in every article I write, but it is important to strive to include at times issues that were previously raised. One such issue is the 400 million oz (perhaps more) of physical silver that was leased by JPMorgan, starting in the middle of last year that found its way into the silver ETFs. I first raised the issue at the time it occurred, clearly speculating that a lease was behind the sudden influx and JPMorgan was the only entity capable of leasing that much physical silver. Later (earlier this year), my speculation appeared to be confirmed when the US Treasury Dept's OCC quarterly derivatives report indicated that Bank of America suddenly appeared as a large derivatives holder of some 300 million oz of silver. There was no other reasonable explanation connecting the physical inflow into the silver ETFs and the OCC report.

That set of circumstances still exists to this day, despite no daily news on this highly unusual development. The net effect of the transaction was that JPMorgan loaned out hundreds of millions of ounces of physical silver to BofA (and also to Citibank, I suspect) by which interests close to JPM turned around and simultaneously bought the leased silver – leaving Bank of America and Citi liable to return the silver someday. It was a stroke of criminal genius of which JPMorgan was uniquely qualified and positioned for.

The net result of the transaction was that JPMorgan and its close affiliates ended up owning an additional 400 million oz of silver and that BofA and Citi were, effectively, short that same amount. To put this in perspective, in the most recent COT report, the total net short position of the 8 largest traders in COMEX silver futures amounted to 318 million oz and was larger than the total commercial net short position of 268 million oz (thanks to a raptor net long position of 50 million oz). In other words, mostly out of sight and out of mind is that there exists an even larger and separate silver short position held by BofA and Citi of 400 million oz. It will matter little at some unspecified future moment that this monster of a separate silver short position is currently not on the minds of many – it will be then.

I also continue to believe that any real physical short squeeze is unlikely (although not impossible) to be led on the COMEX and much more likely to occur in SLV, the big silver ETF. My reasoning is that it's hard for me to foresee great numbers of investors rushing out to open commodity futures trading accounts to buy silver futures and demand delivery versus buying SLV and other silver ETFs in existing stock accounts. After all, who doesn't have a stock trading account? Buying silver ETFs necessitates the deposit of physical silver (or the shorting of the shares), whether the ETF buyer is aware of that fact or not.

I see that COMEX copper futures plunged below the 200-day moving average, as I suggested might be possible in Monday's COT comments. This should represent close to the final flush out of the managed money technical funds that happened to be very long at the recent price top. Of course, there's no way of knowing beforehand just how aggressive the technical funds might get in shorting into new price lows – just as we recently observed in silver into the Sep price lows. But copper should be a heck of a buy when the braindead technical funds are done selling.

At publication time, gold and silver prices are not materially different from where they closed on Friday, with gold close to unchanged and silver down around 30 cents. This puts the total loss to the 8 big COMEX shorts at $11.3 billion on my running scoreboard from June 2019. Again, some may insist that these losses were hedged against (gold) physical holdings, to which I would respond that had the big shorts not held these COMEX short positions, they would be $11.3 billion better off – so call it whatever you wish.

Ted Butler

November 17, 2021

Silver – $25.10 (200 day ma – $25.41, 50 day ma – $23.51, 100 day ma – $24.19)

Gold – $1867 (200 day ma – $1792, 50 day ma – $1787, 100 day ma – $1792)