The Commitments of Traders (COT) report released today, for positions as of the close last Tuesday, Nov 20, did indicate, largely as expected, managed money buying and commercial selling in both gold and silver, although the amount of managed money buying was more than my pre-report guesstimates of 15,000 net contracts in gold and 5000 net contracts in silver. As a reminder, gold and silver prices were higher every day of the reporting week, with gold decisively penetrating its 50 day moving average to the upside.

Only in silver did the commercials sell less than expected, due to heavier selling by other large (non-managed money) traders and, particularly, by the smaller non-reporting traders. Despite more managed money buying than anticipated in both markets, a key feature of the report, very much related to the small amount of net commercial selling in silver, causes me to conclude the report was everything I was hoping it would be.

In COMEX gold futures, the commercials increased their total net short position by 21,100 contracts to 23,100 contracts (about 6000 more than I estimated). On the buy side of gold, the managed money traders bought an even larger amount of net gold contracts – 27,343 in total, comprised of new longs of 4827 contracts and the buyback and covering of 22,516 short contracts. Still, with 84,356 gross long contracts and 136,207 gross short contracts, the net short position of the managed money traders is still historically very large and bullish at nearly 52,000 contracts.

In COMEX silver futures, the commercials increased their total net short position by a scant 1900 contracts to 6900 contracts. On the buy side, the managed money traders bought an even heftier 8119 net contracts, consisting of the sale and liquidation of 881 long contracts and the buyback and covering of 9000 short contracts. As was the case in gold, the remaining net short position of the managed money traders of 32,714 contracts (42,665 gross longs and 75,379 gross shorts) is still quite large historically and bullish on its face.

So how could I possibly consider managed money buying in both gold and silver much greater than I predicted to be all I was hoping for in this report? Because the greater than expected managed money buying was not met with new shorting from the only commercial that matters – JPMorgan. In fact, despite slight net commercial selling in silver, the crooks at JPMorgan appear to now have bought back the entire 15,000 silver contracts they shorted over October – 11,000 contracts last week and 4000 more this just-reported week (based upon changes in the Producer/Merchant category). It's not quite as clear in gold, but I'd venture that JPM bought back the entire 30,000 gold contracts it shorted in October, as well. This short covering by JPMorgan in silver and gold is another mini-double cross against other commercials that JPM is so skilled at. At least, that's the way I see it.

Yes, I know that I have written little of the actual silver supply/demand fundamentals over time, but that has nothing to do with anything except a recognition in a manipulated market those fundamentals aren't worth a darn. That's the problem and explains why price manipulation is the most serious market crime of all. All that matters is what the chief manipulators and crooks at JPMorgan are up to and from my vantage point JPM is doing what it can to prepare to manipulate no longer. I'd like to think I had something to do with that, but I know if anything is really afoot, it is due to involvement from the Justice Department.

Ted Butler

November 26, 2018