

## October 1, 2010 – Banking's Enemy #1

### Banking's Enemy #1

I plan on my usual weekly review sometime tomorrow, after I've had a chance to digest the COT Report and other end of week developments, but I wanted to briefly share something of a different nature. I'll warn you upfront that you should take this somewhat tongue-in-cheek, in that my main purpose is to poke some fun at one of my favorite targets – the big bankers.

Hopefully, no one will take this as any type of –I told you so,– as I find that personality trait as undesirable. That said, it's no secret that I've considered Gary Gensler as the greatest chairman in CFTC history. I still do. I know many of you strongly disagreed with my early assessment of Gensler (many also agreed) and that's fine. I'm not declaring what the ultimate verdict will be on his handling of the issues surrounding silver; that will be resolved in the fullness of time. Instead, I just wanted to point out who is lining up on the opposite side of my take on Gensler.

I ran across this article (and the title of this piece) yesterday. It comes from Euromoney Magazine <http://www.euromoney.com/Article/2672283/Category/1/ChannelPage/0/CFTCs-Gary-Gensler-Bankings-enemy-1.html> it's only a preview of the actual article. In order to get the full article, you have to take a trial subscription which subjects you to phone and email solicitations. I did it and I don't think you'll get much more from the rather long article, than what is in the opening teaser paragraph. But what you get from the preview is that the bankers really don't like the direction that Gensler is leading the CFTC. I would submit, as I hope I've pointed out in the past, that generally anything that favors the bankers, doesn't favor the non-bankers (us). The converse is usually true as well, namely, what's bad for the bankers is generally good for the rest of us.

The full article is rather unkind to Gensler, with unattributed references to him being a –political hack,– and other below the belt remarks. I loved the article. Anytime someone attacks the person and not the issues, you know you are having an impact. I've had more than my share of that. Clearly, Gensler has gotten under the bankers' skin. I can think of no higher honor for Gensler than to be considered banking's enemy #1. It makes my praise of him seem miniscule.

Finally, there have been reports that the US Mint has increased its surcharge on Silver Eagles by 50 cents, from 1.50 to \$2, over the price of silver. These reports indicate this represents a 33% increase by the Mint. Yes, but .. At \$22, the increase to a buyer is more like less than 2.5% (50 cents divided by \$22+). The increase by the Mint does tend to increase the overall premium on all Eagles (other than just newly-minted coins). This will come as no surprise to my friend and mentor Izzy Friedman, who has long predicted an increase in Silver Eagle premiums. The biggest increase, of course, will come when the Mint suspends Silver Eagle production completely, which Izzy still expects to occur.

Ted Butler

October 1, 2010

Silver – \$22.10

Gold – \$1318

**Date Created**

2010/10/01