For an unprecedented 14th consecutive week, the price of silver ended lower, while gold finished lower for the 12th time over that same period. For the week, silver ended down 35 cents (2.4%), while gold ended $5 (0.4%) lower; with silver notching fresh new two year+ price lows. This pushed the silver/gold price ratio out to just under 85 to 1, the tippy-top of a trading range going back nearly 20 years.

A reader asked me if the breaking of such a long trading range implied a period of much weaker silver prices relative to gold. I suppose that might be the conclusion if one relied on technical analysis, but that’s not how I look at things. Knowing that prices can always go higher or lower than preconceived (thanks again, Irwin Miller), I would never rule out temporarily weaker silver prices relative to gold. But on every measure that I conceive important, silver, both on an absolute and relative to gold basis looks like the bargain of all-time.

It’s hard not to overuse the word “unprecedented” when it comes to describing many things in the world nowadays, but none more so than the circumstances in silver and gold. We are seeing developments, many of which I would have previously considered impossible, occur on a regular basis; starting with another shockingly bullish COT report yesterday. Yes, I know, I know – any more shockingly bullish COT reports and we’ll all be broke.

Still, the Commitments of Traders report on positioning is what drives price change, making its message, essentially, all that matters currently. Not only does it explain, in exquisite and irrefutable detail, why silver and gold prices have been so weak, it also points to what lies ahead, even if the timing remains uncertain and frustrating. Along with so many other things, the positioning changes on the COMEX have become so extreme and unprecedented that they have caused me to radically alter

how I analyze the report. No longer can I view the report as I have for nearly 20 years, namely, with an emphasis on what the big concentrated commercial shorts are up to – for the simple reason that there are, in effect, no big concentrated commercial shorts left to speak of in silver (or gold).

I've been hinting at this for several weeks, namely, that the managed money technical fund short position had grown so large that the short position of the four and eight largest traders no longer meant what it used to mean. For nearly 30 years, the concentrated short position of the largest traders in COMEX silver, almost always commercial traders, were the direct proof of a silver price manipulation. These commercials traders were always speculators, not legitimate hedgers as widely believed and were almost exclusively large banks or financial institutions. Led by JPMorgan over the past decade, these large speculators masquerading as commercials always sold just enough silver contracts short to contain the price on any and every rally.

But as recent COT reports have indicated, the commercials are no longer the big shorts, having been replaced by the managed money technical funds. This is a sea change of unprecedented proportions (there I go again) and something I didn't think possible. Does this invalidate my 30-year+ crusade to expose and terminate the silver manipulation? Hell, no. In fact, it highlights and proves the manipulation like never before, all while indicating that the principal manipulator, JPMorgan, has bypassed any potential financial harm and has positioned itself in a manner so favorable that I'm certain even it didn't contemplate a few years ago.

The simple fact is that JPMorgan and the other speculators called commercials have completely passed, in full view, the short hot potato to the nitwit technical funds. The

outsized short position in COMEX silver is just as manipulative as it was when I started pointing to it three decades ago and just as responsible for silver's low price. The one rock-solid fact is that no other commodity has or ever had a short position as large as COMEX silver in terms of real world production. That was true in 1985 and is just as true today. The only difference is those responsible for the outsized and manipulative short position for nearly 99% of the time have hoodwinked others to hold the silver short hot potato. More on this incredible development in a moment.

The turnover or physical movement of metal either brought into or removed from the COMEX-approved silver warehouses cooled off in the holiday-shortened week to just under 2.7 million oz. Almost all the movement was, once again, of the "in" variety as total COMEX silver inventories rose by 2.1 million oz to another all-time record of 296.3 million oz. I still believe the recent ramp in COMEX silver inventories is due to demand for metal in the September futures deliveries. There was no change in the JPMorgan COMEX warehouse for a third week running (still at 145.4 million oz) but I would assume that may be about to change based upon the past pattern of the bank moving in metal it has taken delivery of in its own name.

Last week, I speculated that JPMorgan might take as many as 2000 silver deliveries (10 million oz) based upon the first two days of delivery and it has now stopped 1979 contracts in its own proprietary or house trading account. Based upon the small number of contracts remaining open in the September futures contract, I'd now guess JPM will end up taking 2200 deliveries (11 million oz). Obviously, JPMorgan cares little about hiding its physical acquisition of silver on the COMEX. Then again, who would JPM have to hide it from – the CFTC?

https://www.cmegroup.com/delivery_reports/MetalsIssuesAndStopsYTDReport.pdf

There was also a very large and counterintuitive deposit of 3 million oz into the big silver ETF, SLV, yesterday, capping a series on counterintuitive deposits over the past three months on pronounced silver price weakness. Most usually and as has been the case in the big gold ETF, GLD, metal tends to depart the ETFs in times of pronounced price weakness, due to general investor share liquidation. Big metal deposits coming into SLV during periods of pronounced price weakness is, therefore, counterintuitive. Here’s a reliable rule of thumb – anything that’s counterintuitive in silver involves JPMorgan and it’s a safe bet it now owns the new silver deposited in the SLV.

This week’s announcement by the US Mint that it temporarily ran out of Silver Eagles to sell also involves JPMorgan, but in a less direct way. The Mint produced and sold nearly 4 million oz of Silver Eagles monthly for six or seven years running and now had to cease sales after selling a bit over 1 million coins this month. As I reported recently, retail demand for coins had picked up, but the real reason for the Mint running out of Silver Eagles can be traced to JPMorgan.

The bank, as I’ve long asserted was the big buyer of Silver Eagles during the sales boom times, buying as many as 150 million coins (including Silver Maple Leafs) over a six year period and melting those coins into 1000 oz bars. This forced the Mint to produce the coins in prodigious quantities as required by law. When JPMorgan stopped buying the coins (I believe because it was concerned about growing scrutiny) in 2016, sales collapsed and the Mint had to adjust to much lower production capacity. The Mint’s resultant production capacity came to be so low that even the slight recent pickup in retail demand overwhelmed its ability to supply coins. While noteworthy, it doesn’t have much bearing on price and the biggest takeaway to me is the long shadow of JPMorgan in all things silver.

The changes in this week's COT report were both expected and shocking, more so in silver, but also in gold. The dramatic new price lows in silver, as indicated in Wednesday's missive, suggested significant managed money selling and commercial buying, so the new report can't be considered surprising. Further, I took pains to detail that the managed money selling would likely be in two forms – new short selling by the technical funds and long liquidation by the concentrated managed money longs. Finally, I anticipated that JPMorgan would likely close out its COMEX silver short position for the first time ever. That all these things came to pass can hardly be called surprising, but are still in the shocking category.

In COMEX gold futures, the commercial completely eliminated their net short position for the first time in the modern era (since 2002) and established a net long position of 6500 contracts, in buying 14,800 net contracts during the reporting week. This puts the gold market structure at its most bullish in the past 16 years and, in effect, forever. I'll skip over the big 4 and big 8 as those categories no longer apply. I was all set to breakdown the raptor (smaller commercial positions) but it dawned on me that those calculations no longer apply as well. All that seems to matter in this new era is the short position, both net and gross, of the managed money traders.

Sorry if this sounds confusing, but these are truly extraordinary times. It's not as if the COT report has become less significant in any way and, in fact, is more important than ever. It's just that recent positioning changes have become so extreme and unprecedented that former metrics no longer apply. This is not the same as the COT analysis becoming inoperative as I believe it will someday; this is something different – changes so profound that they can't be characterized as they were previously.

The category most opposed to the managed money traders in gold is now the other

reportable traders' category (also true to a lesser extent in silver). It's not as if the raptors in the previous sense no longer exist, it's just the ground has shifted so much compared to past COT terms that the definition of who is and who isn't a raptor has changed. For instance, in both gold and silver, JPMorgan is now a raptor. I have difficulty in calling the biggest T.rex a raptor, so I won't.

The managed money traders in gold sold 6950 net contracts, comprised of the sale and liquidation of 4320 long contracts and the new short sale of 2630 contracts. This was less than half of what the commercials bought (14,800 contracts) and the other large reporting traders and smaller non-reporting traders provided the balance of non-commercial sales. The remaining managed money long position (101,651 contracts) is still low enough historically to suggest no dramatic selling from here, much as it has been for a while.

The gold managed money short position, at 184,373 contracts, while not a record (but very close), is still large enough to provide an adequate amount of rocket fuel-type buying whenever gold prices flash technical fund buy signals by penetrating the key moving averages to the upside. The managed money short position in gold, on both a net and gross basis, is the key market structure feature.

In COMEX silver futures, the commercials added to their previous unprecedented total net long position last week by a significant amount in adding 13,200 contracts of net longs to a total net long position now at 14,600 contracts. Please understand that these are calculations that while I am tickled pink to report are nevertheless other worldly and which I never previously contemplated as possible. Extremely bullish is a woefully inadequate description.

While I must suspend my traditional commercial category breakdowns, since they no

longer apply, my focus on JPMorgan has never been clearer. I had expected JPMorgan to eliminate its silver short position in this week's report for the first time ever and they went me one better by establishing a net long position of at least 2000 contracts. All told, JPMorgan bought at least 8000 silver contracts in the latest reporting week and at least 22,000 contracts over the past month (as confirmed by both the Bank Participation Report and changes in the Producer/Merchant category of the disaggregated COT report). I'll expand on this in a moment.

Unlike the case in gold, the managed money traders accounted for all of the very hefty commercial buying, in selling 13,218 net silver contracts, consisting of the sale and liquidation of 4871 long contracts and the incredible new short sale of 8347 contracts. The liquidation by the newly established (since April) concentrated longs in the managed money category was even larger, at 5709 contracts this reporting week. For those keeping score, the concentrated long position is now 48,850 contracts and may now include a commercial trader in addition to managed money traders. A few words on this.

The new concentrated long position by 4 or fewer traders established from April thru June totaled 30,000 contracts (just the added portion) at an average price of around $16.50. Through this reporting week, about half of the position, or 15,000 contracts, has been liquidated at what I would estimate to be a realized net loss of around $200 million. In addition, the remaining concentrated long position has an open and unrealized loss of nearly that same amount. (And here you thought you were doing poorly).

I don't know who these concentrated longs are or were, but it always seemed to me that they likely came to buy silver for reasons related to how I analyze the silver

market, as opposed to, say, technical considerations. I also knew that JPMorgan was well-aware of this concentrated long position from the get go and can't help but think that JPMorgan may be responsible for forcing the 15,000 contract liquidation to date, picking up the lion's share of the counterparty buys along the way. For all I know, JPMorgan may have be the clearing broker for the concentrated long position or much of it, since JPM is the leading prime broker for such accounts. Regardless, I am certain that JPMorgan is up to its eyeballs as far as the concentrated long position's liquidation to date and possible further potential liquidation.

I bring this up to send a message to whoever the concentrated longs may be that if you feel you have been wronged by JPMorgan (which you surely have), then you might consider doing something about it – like suing the bastards. You're already hundreds of millions of dollars underwater and such a lawsuit would only cost a piddling few million more. I'm convinced the crooks at JPMorgan will cave in the face of such a specific suit and move to quickly and quietly settle. Yes, I'll be glad to get involved as an advisor (for a fat contingency fee).

Apart from past and prospective managed money concentrated long liquidation, the big story is the record managed money technical fund short position, now up to 104,482 contracts, the equivalent of more than 522 million ounces of silver. Sixty-two brain dead or certifiably recklessly insane traders managing outside investors' money now hold more than 60% of the world's annual mine production of silver short and more than 50% of the world's known and documented supply of silver in existence short. I'm certain very few if any of the outside investors that the money managers have place on the short side of silver (and gold) so recklessly have even the slightest awareness of how their money has been placed. I'd say it was something that the regulators should be concerned with, except the regulators are the CFTC

and they are too busy giving JPMorgan a pass at every possible turn to actually show concern for the investing public in any way (possibly excepting Commissioner Berkovitz).

What JPMorgan has achieved is beyond remarkable or unprecedented; it's well into the market twilight zone of the near- impossible. Since June 12, as the commercials have purchased 82,000 net contracts of silver (410 million oz), JPMorgan has accounted for 42,000 of those contracts purchased, or more than half. And all this buying – fully documented in official CFTC reports – occurred on a three dollar or 18% drop in the price of silver. Are you kidding me? How the heck would that be possible in a free market? Well, you already know the answer – silver is as far away from a free market as it gets, largely thanks to the crooks at JPMorgan.

Where to from here? Beyond the shortest of timeframes, the answer is up for sure; but that's been the case for some time. How much more concentrated long liquidation and new short selling can JPMorgan engineer? I don't think much, but the only correct answer is that no one knows for sure, perhaps even including JPM. All this crooked bank can do is keep rigging prices lower until no selling remains; or at least that's the best description of what has transpired since June 12. When the turn up in price comes, it promises to be as unprecedented as the selling that preceded it.

It just doesn't seem reasonable to me to think that JPMorgan went to trouble of engineering the outrageous and blatant price manipulation just witnessed to milk two or three dollars from silver or a hundred bucks from gold before returning to the short side with a vengeance. And that's leaving out completely the 750 million physical ounces of silver and 20 million ounces of physical gold it has acquired over the past seven and a half years. Say what you will about these crooks, but they don't

play for small stakes.

In the money scoreboard tally of the newly added short positions of the technical funds since June 12, I'm now using these traders to be short 137,500 gold contracts at an average price of $1232 and to be short 61,000 silver contracts at an average price of $15.35. Using these new inputs, I would calculate the combined open profit of the newly-added technical fund shorts to be $776 million, up about $100 million from last Friday and down from the peak profits of $950 million three and a half weeks ago, when I first started the tally. I'm still betting the managed money traders will lose all their open profits and end up booking big net losses when this all gets resolved, as it always has in the past – but time will tell.

Ted Butler

September 8, 2018

Silver – $14.20 (200 day ma – $16.27, 50 day ma – $15.26)

Gold – $1201 (200 day ma – $1290, 50 day ma – $1222)