November 30, 2020 – COT Report Comments

The Commitments of Traders (COT) report just released and covering COMEX futures positioning as of the close of business Tuesday, November 24, featured some managed money selling and commercial buying, as expected, but not significant amounts. Prices were lower over the reporting week, with gold down as much as $80 (slightly penetrating its 200 day moving average for the first time since March on the cutoff day) and with silver down by as much as $1.50.

Therefore, it would have been a real “man bites dog” affair had there not been any managed money selling and commercial buying, as this is my basic premise about how gold and silver prices are set and the primary proof of the manipulation I’ve alleged for more than three decades. So the real question is why there was so little positioning change, given what were fairly significant price declines over the reporting week?

One possible explanation was that a big chunk of the week’s price decline came right on the cutoff day and it’s possible not all the data was compiled in time (also given it was a holiday week). Much more likely and the reason I refrained from making any contract predictions, was that the market structure was already considered “washed out” and not capable of generating truly significant positioning changes. Sort of like not being able to get much blood from a stone (he said hopefully).

Since the price declines continued after last Tuesday’s cutoff, it would appear likely that there was additional managed money selling and commercial buying through today, but the same rules apply, in that there’s no way to predict by how much. I don’t believe the managed money traders will truly embark on a journey that includes massive new short selling – but these traders aren’t asking me for advice (and have always ended up collectively losing when adding big short positions).

In COMEX gold futures, the commercials bought and reduced their total net short position by 9700 contracts to 284,800 contracts. The commercial category mix was interesting as the smaller commercials (the raptors) did all the buying and then some, in buying back 11,600 shorts, meaning the 8 big shorts actually added nearly 1800 new shorts to a total concentrated net short position now amounting to 249,309 contracts – their largest short position since Cinco de Mayo (May 5). No real change in JPMorgan’s position in gold – call them 2000 contracts long, but definitely not short.

On the sell side in gold, the managed money traders sold 5099 net contracts, comprised of the sale and liquidation of 2047 longs and the new sale of 3052 short contracts – leaving them with the low net long position of 85,348 contracts. No real message from those other guys – the other large reporting traders – who did sell a modest 2269 net contracts (selling 7327 longs and buying back 5058 shorts). I’m still looking for clues at the scene of the crime (that I know is occurring).

In COMEX silver futures, the commercials bought and reduced their total net short position by a modest 1500 contracts to 60,200 contracts. The 8 big shorts bought back a very modest 600 some-odd contracts, reducing their concentrated short position to 74,238 contracts (371 million oz). Of course, I’m using the word “reduce” to describe a concentrated short position that towers over any comparable short position. The raptors bought just over 800 contracts and JPM is still flat to slightly long.

The managed money traders in silver sold 1552 net contracts, consisting of the sale and liquidation of 1186 long contracts and the new short sale of 366 contracts. While the managed money selling dovetailed with the amount of commercial buying, there was some tradeoff between the other large reporting traders and the non-reporting traders not worth discussing.

The biggest takeaway of this report was a confirmation of the washed out market structures, barring some unexpected significant new managed money shorting (or other large reporting trader long liquidation in gold).

The biggest takeaway in a more general sense is something I've been mentioning for nearly forever, namely, what will the 8 big commercial shorts (including JPMorgan) do on the next serious rally? Will they add new shorts aggressively? A funny thing (not that I'm laughing) has happened to this point in that while the concentrated short position in COMEX gold and, particularly in silver, is still large and manipulative on its face – these crooks haven't added new shorts on a truly aggressive basis. At least not for more than a year and half in gold and six months in silver. That goes triple for the major criminals at JPMorgan.

When I go back and contemplate positioning changes in a broad sense compared to the changes in price – it really stands out. Considering the rally we've seen in gold and silver to the highs in early August, what stands out the most to me is in how little the big shorts added to their short positions. This tells me the big shorts must be sick of this game and are eager to quit. As for JPMorgan, these super crooks are so far ahead of the game that they started buying physicals more than 9 years ago and hold no paper short positions at all. I remain convinced this – whether the big shorts add aggressively to shorts on the next serious rally – is the key and, increasingly, it doesn't look like they will. In the meantime, we must look beyond their current attempt to get blood out of a stone.

The nearby spreads continued to tighten-in today in gold and silver and while I know we're only in the early stages of the December deliveries, considering the number of contracts still open and the relatively very few deliveries made on the first day, it's hard not to notice and be reminded of the potential bullish implications – made all the more infuriating given the deliberate nature of the paper positioning to slam down prices.

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