

The Silver Market: Don't Push a Bad Position!

By [Bill Holter](#)

Theme: [Global Economy](#)

Global Research, June 27, 2015

“Don't push a bad position”! This is good advice in many varied quests. It is good advice in games like chess or poker. Good advice in sports, business, politics, geopolitics and certainly in militarily ventures. Today we will look at two separate issues where “bad positions” are being pushed to the wall!

First, we have an insane situation brewing in COMEX silver. The open interest finally exceeded 200,000 contracts (1 billion ounces). I believe the only other time this much open interest existed was back in 1980 or '81. This makes no sense whatsoever, the price is again plumbing 4 year lows yet open interest has moved to record highs? The fact open interest has expanded while price has declined is proof positive the “initiation” of this expanded open interest has been by “shorts” but absorbed by “someone” on the other side of the trade. Total global production of silver is only 800 million ounces or thereabouts so COMEX shorts have contracted to deliver 25% more silver than will even be produced globally over the next 12 months. Silver available for COMEX delivery only totals 57 million ounces so they sit on a naked short time bomb of more than 950 million ounces!

If we look at the July silver contract, there are 55,000 contracts still open with only 4 days remaining before first notice day. This is 275 million ounces still open with only 57 million ounces available to deliver. This is truly fraudulent sales of metal because the metal does not exist to deliver. Yes I know, the apologists will say “this always happens and the shorts will decline into first notice day and evaporate throughout the delivery month”. I agree, this “has” always happened in the past but something is changing now. In the past, total open interest always dropped going into FND, now it is not. Not only are all July contracts closed out being rolled into September, the total is rising rather than declining sharply.

I first wrote last August about the situation where huge open interest in the September contract dwarfed the available silver for delivery. My speculation then as it is now, I believe somehow the bulk of the open interest in the nearby month is of Chinese origin. I called it a “Kill Switch” then and still believe this to be the case. The shorts have had their way with silver but I believe “pushing a bad position”. They are “making” price by contractually selling silver which does not exist. This travesty was recently called out by Keith Neumeyer, CEO of First Majestic Silver corp.,

<http://www.mineweb.com/news/silver/silver-manipulation-first-majestic-question-cftc/>

Bravo! and you are exactly correct. Then of course we must wonder of JP Morgan reportedly accumulating millions of silver ounces, what of this?

To finish this section, there is NO market anywhere on the planet where the amounts of futures dwarf the physical product so overwhelmingly than in silver. Why is silver so important? Why has it been bludgeoned so badly and even priced below the cost of

production? You must understand how small the silver market is. Total global production is less than \$15 billion per year ...”but”, silver cannot be left alone because high silver prices do not jibe with low gold prices. ...And gold MUST be kept down and out of the limelight because high gold prices do not fit with low interest rates ...which are an absolute must in an effort of reflation. You see, in no way can interest rates be allowed to rise with the amount of global debt outstanding. Higher interest rates will crush the debt outstanding, the silver market is at the VERY BEGINNING of the “food chain” that keeps the lid on interest rates. I believe the Chinese hold this market in their back pocket paid for with “pocket change”, they will use it at their own discretion!

Another “bad position” is the stance the U.S. is taking with Russia (and the rest of the world for that matter). We have placed economic and financial sanctions on Russia in an effort to bankrupt them. It has been speculated the Saudis opened the oil spigots to lower energy and break Russia as was done in the 1980’s. So far there has been more stress in the U.S. fracking sector than damage done to Russia. This may have originally been the case, however, Russia and Saudi Arabia just signed six separate deals just last week. A case can be made, the sanctions meant to hurt Russia have hurt the German, French and other Euro economies just as much. The IMF has said they will fund Ukraine even after a default ...but not Greece, they need some of that “austerity stuff” that no one wants. Greece has turned back and forth playing nice with Russia in an on again off again type romance.

The scary part is the military buildup of U.S. hardware in Eastern Europe. Mr. Putin has a “limit” to what he will tolerate just as anyone else. The danger to the U.S. is not just World War III, it may be the lengths Mr. Putin will go to avoid a war. I have speculated Russia (Mr. Putin) will drop a “truth bomb” in order to cripple the U.S. financially by breaking confidence in any and all things American. I believe Russia (via Snowden) has enough evidence of various false flags, fraudulent deals and U.S. scam tradings to “shame” the U.S. into retreat. When I say “shame”, I am talking about the dollar being undermined by a break of confidence.

We have pushed and shoved our way around for years while “losing friends and not influencing people”. In trying to isolate Russia, we have succeeded in isolating ourselves as the rest of the world prepares avoiding the dollar. Just look around, the U.S. has steadily lost allies in meeting after meeting. We have been in a bad position for at least 15 years, our manufacturing base is gone. Yet we have pushed our position harder and harder? You see, we have had to “push” because what was once “earned” and deserved is no longer true, we now must demand our place at the table to sit at it ...and mostly unwelcome.

Let me finish with this thought, just as the high school football star is always invited to the parties, the invitations become less and less if he becomes conceited or if his skills diminish. In this analogy, the U.S. has not only become conceited but crossed the line well into arrogance. As for “skills”? These were shipped overseas just as Ross Perot said they would. Unfortunately, the U.S. has pushed itself from a bad position into one worse than anyone could imagine 20 years ago!

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Bill Holter](#)

About the author:

Bill Holter writes and is partnered with Jim Sinclair at the newly formed Holter/Sinclair collaboration. Prior, he wrote for Miles Franklin from 2012-15. Bill worked as a retail stockbroker for 23 years, including 12 as a branch manager at A.G. Edwards. He left Wall Street in late 2006 to avoid potential liabilities related to management of paper assets. In retirement he and his family moved to Costa Rica where he lived until 2011 when he moved back to the United States. Bill was a well-known contributor to the Gold Anti-Trust Action Committee (GATA) commentaries from 2007-present.

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca