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Many Thanks to the Damn Greedy Banks

by The Mogambo Guru

"I am so scared and paranoid at the economic horror that is looming in our future that I have been drinking heavily and consuming various medications in various quantities just so I can stop screaming...in horror about inflation in prices..."

Ed Steer, who is called "correspondent-at-large" at Casey Research, says, "I see that the derivatives market expanded 44% last year (according to the BIS) and now sits at \$596 Trillion dollars...that's spelled with a 'T'. If this pace keeps up, by this time next year, total derivatives will exceed one Quadrillion dollars...that's spelled with a 'Q'!!!"

Those of us who are chillingly familiar with the implications implied by three exclamation points gulp in horror. My daughter says, "What are you so afraid of, you Big Mogambo Sissy (BMS)!" and when she laughed at me, I realized that she is right! With a [fiat currency](#), maybe all things ARE possible!

Trying heroically to calm down, I take another look at the sentence, and I can't help but note that global GDP is only about \$50 trillion or so, while the Bank of International Settlements says that derivatives alone total \$596 trillion, which is staggering enough, but then one's brain is overloaded with the concept of a quadrillion dollars! \$1,000,000,000,000,000.00!

When you divide one quadrillion dollars by the measly 100 million workers in the USA who have a non-government job (and thus are the only ones capable of turning a profit through high value-added work), this comes to the amazing sum of \$10,000,000.00 for each American worker! Bets are made that total 10 million bucks per private sector worker! How the hell can such bets pay off?

Hell, for the derivatives market to make a profit of 1% is equivalent to \$1 million per worker! Hahahaha! It's so insane that it doesn't make any sense, and that is why you soon find your brain whirling, whirling, whirling and you whimper and cry in terror of the unknown and the terrifying unknowable.

Mr. Steer is made of sterner stuff than Big Crybaby Mogambo (BCM), and instead of screaming and crying like a little wuss, he calmly summarizes with "I don't think we're in Kansas anymore, Toto..."

And since we are already talking about derivatives and how I am such a wimp, David Morgan of silver-investor.com boldly says that he can "prove perhaps ONE HUNDRED TIMES the amount of silver exists on paper than exists in the physical world."

This affected me enormously; I don't know why. Maybe because I am so scared and paranoid at the economic horror that is looming in our future that I have been drinking heavily and consuming various medications in various quantities just so I can stop screaming, screaming, screaming in horror about inflation in prices, which is always (and necessarily) caused by an inflationary increase in the money supply, which is all thanks to the banks, the damned banks, the damned greedy banks.

But the prospect of 100 ounces of silver being sold short for every ounce of silver in existence was so exciting that I immediately noticed that I was grinning from ear to ear and that my hands were shaking at the Very, Very Happy Prospect (VVHP) of being on the squeezing side of a big short squeeze for a change! Hahaha!

Spontaneously, I started singing in joy, my Melodious Mogambo Voice (MMV) ringing through the spring air as I warbled that old time favorite, "We're in the money! We're in the money! We got a lot of what it takes to get along, because I have silver, and now for once in my pathetic, wretched life, I am going to be the squeezer, while some other sorry bastard is going to be the squeezee, and he'll lose his butt for a change, while we're in the money! We're in the money!"

Everybody was just kind of agog, looking at me with their stupid mouths hanging open, which I innocently mistook for interest and a desire for more, so the second verse went "We're in the money! We're in the money! We got a lot of what it takes to get along and hire lots of lawyers to file lots of nuisance lawsuits against my enemies, like my wife and kids, whom I sue just to show my OTHER enemies the kind of relentless, heartless, grudge-carrying bastard that I am so that they might more accurately anticipate the kind of non-stop, legal butt-kicking they can expect when I finally get around to them, which I will, because I got lots and lots of silver and I can afford it now that we're in the money! We're in the money!"

Mr. Morgan, as I gather from his lack of response to my fabulous song-and-dance act, is not a big fan of spontaneous musical theater, and neither applauded nor put any money in the hat I had conveniently placed on the ground in front of me, along with the helpful little placard that said "Put money in this hat!"

Instead, you could tell by the tone of his voice that he was singularly unimpressed, and went on to reiterate, "The derivatives markets are alive and well in both silver and gold" which is again made obvious when he says, "there is roughly one hundred ounces 'claimed' on paper for every physical ounce of silver."

And not only that, but Ed Steer of GATA puts it as "David Morgan of SilverInvestor.com and The Morgan Report today may have settled the question of manipulation of the silver market. In his new essay, 'Silver Price Manipulation,' Morgan notes that while there is no limit on the creation of paper promises to deliver silver on the New York Commodities Exchange, the exchange limits silver deliveries to 7.5 million ounces per month. That is, the exchange's rules are overwhelmingly stacked in favor of those shorting the metal."

Mr. Morgan says that this answers the question, "'Why doesn't some big investor come along and just buy up the remaining silver?'" He says that the answer is that "It cannot be done. There are delivery limits now! Let me repeat!! It cannot be done, there are delivery limits NOW!!!"

Even more ominously, he says, "Oh, you might ask, 'Is there any limit to the amount of silver that can be sold on paper?'"

Ominously, he explains that the answer is no, "there is no limit to the amount of paper silver that can be created!", which is bad enough, but apparently there is no limit on the amount of silver to be loaned, either, as Jason Hommel of the silverstockreport.com says that "If The Perth Mint is storing your metal, they admit that they may have loaned

your metal out to AGR Matthey", which in turn, he says, shows that "AGR Matthey has well established relationships with the major bullion banks and regularly supplies to them on a contractual basis." What? Hahahaha!

And the proof is allegedly found in the notation that "The \$880 million of precious metals deposited by Perth Mint Depository clients (note 17) was used in operations by Gold Corporation as inventory (\$381 million - Note 8b)."

Unbelievably, this looks like they are taking your money and buying silver for you, and then loaning the silver to people who sell it, dumping it on the market, driving the price of silver down, which is the opposite of what you wanted when you bought the Perth Mint certificates! Hahahaha! What a scam! Ugh.