

Silver Takes on Gold Supremacy

By [The Mogambo Guru](#)

07/01/09 Tampa Bay, Florida Mark at Northwest Territorial Mint suggests that instead of me always yammering about buying “gold, silver and oil”, maybe I should switch to “silver, gold and oil”, which he deems “might even merit an exclamation point” since silver should precede gold in the lineup since silver is probably the most astoundingly under-priced element on the face of the planet!

I noticed that he was right, in that it did merit an exclamation point!

And in gold, Ed Steer of Casey Research writes that the latest Commitment of Traders report from the CFTC “was, in a word, depressing.”

The details are that “Despite the price decline in gold during the prior week, the bullion banks in the Commercial category only decreased their net short position by 1,474 contracts...a number hardly worth mentioning”, so you wonder why he does, unless there it is a secret code that, when run through a Junior Mogambo Ranger (JMR) secret decoder ring, gives the secret message, “The Mogambo was right! Buy as much freaking gold as you can get your hands on because this is bizarre!”

But before we could ask, he provides the answer that “The Commercial [bullion bank] net short position in gold is now at a staggering 22.5 million ounces...almost at record levels.”

And in silver, the situation is about the same, as “bullion banks continue to add to their short positions”, and the “bullion banks added a whopping 3,976 contracts to their net short position. As of Tuesday’s cut-off, the net short position in silver was 46,950 contracts...that’s 234,750,000 ounces.”

This is certainly getting my attention! Then he says that his opinion is that “the bullion banks will, as they have in the past, most likely use their gargantuan gold short position to beat the living crap out of the silver price once again”, which is good news to us guys who would actually, literally salivate over the prospect of being able to buy more silver at ridiculously low prices thanks to a slimy manipulation of futures and options because we know that slimy manipulations have a limited lifespan, and we WOULD salivate, too, if we didn’t think about the ugly reality that after bills, taxes, and family demands, all denominated in higher and higher prices, there is no money left with which to buy silver. Damn!

So I wonder, “Is there something else in which I could speculate and make a Big Freaking Fortune (BFF) when the price soon zooms up?”

As if to read my mind, Chris Mayer of the Capital & Crisis newsletter says that the smart play right now is to “Buy what China needs, but can’t make enough of for itself”, which makes sense since China has already announced its own monstrous “quantitative easing” to flood the

economy with new money, and “the very best places to be” are in the staples of “potash, soybeans, iron ore and oil.”

Since Mr. Mayer is not here to stop me, to these selections I add, “Don’t forget silver, as all of those Chinese (one-third of the population of the world!) are going to want a lot of electronic and electrical devices, all of which need silver, by which I mean Every Freaking One (EFO) of them, of which there is very little left in above-ground stockpiles since it was all used in creating the cornucopia of electronic and electrical devices manufactured since World War II for the Western world that we used up and threw away!

It’s enough to make you want to shout, “Whee! This investing stuff is easy!”