

Silver Taste. Base Metal Money.

By [The Mogambo Guru](#)

04/21/09 Tampa Bay, Florida Dominic Frisby of MoneyMorning.com writes, "According to Jeff Christian of commodities research firm CPM Group, investors bought 70m ounces of silver in 2007; 100m in 2008; and based on current trends, they're on track to buy 180m ounces in 2009."

Mr. Frisby goes on that demand for silver is so great that the Barclays iShares Silver Trust has "completely filled up all the storage space foreseen in its custodian agreement with JP Morgan Chase, London. In fact, as of this past week, SLV reported its silver holdings exceeded the amount of silver JP Morgan is obligated to store for SLV." Wow!

Demand is so high that they ran out of room to store the stuff! Yow!

Mr. Frisby apparently sees me taking this fact and going directly into a Screaming Mogambo Rant (SMR) about how people should be buying silver because it is such a raging, screaming bargain, but they are not, proving that they are idiots. Idiots, I tells ya!

Cleverly heading me off, he says, "Goodness knows where SLV are going to put all that extra silver, but the point is, investor demand is soaring and the price is not" which is usually enough to again get me predictably bellowing that the price of silver is insanely, insanely, insanely low before getting right in your face to demand to know why you are not buying some silver right now.

And then, if I don't like your answer ("I don't have any money!") or your attitude ("Go to hell!"), I will subject you to a scathing examination of your intelligence, or lack thereof, hopefully in front of your kids so that they will learn a valuable lesson about silver, trusting governments, and the supposed intelligence of adults.

But we are thankfully spared such an emotionally-draining and inflammatory outburst today, as Mr. Frisby says pretty much the same thing in a calm, analytical way when he writes, "Adjusted for inflation, if silver were now trading near its all-time highs, it would be somewhere near \$250 an ounce, almost 20 times higher than it is today."

How so? He refers to 1980, the last time silver really spiked because inflation was roaring, and "in 1980 you could buy the average UK house with 1,000 ounces of silver. 1,000 ounces today is about £9,000 plus VAT, while the average UK house is £150,000" which would certainly seem to show that silver is seriously under-priced and/or British houses are overpriced, or both.

He admits, however, that 1980 was a price spike, but "between about 1974 and 1979 silver traded in a consistent range between about \$40 and \$60 (adjusted for inflation), still about four times where we are today", which makes you wonder how in the hell silver could sell for so low a price, in an almost complete absence of supply, during the biggest expansion of government

deficit-spending so huge that it boggles the mind that we are actually doing it, which portends inflation in prices of such magnitude that it will take your breath away!

In fact, it DID take my breath away, and during the short lull when I was not busily running my loud mouth nonstop, I was attracted by the article “Gold Undergoing Long-Term Restoration as Financial Asset” by Jeffrey M. Christian of CPM Group, who says, “Investors actually have been buying historically enormous amounts of gold for the past nine years. Between 2001 and 2008, investors added around 320 million ounces to their gold holdings, taking the total amount of gold owned by investors to nearly 1.2 billion ounces, more than all of the central banks put together”!

I appended that last sentence with an exclamation point, as I think that this competition with central banks will become very important over the next couple of years, if my study of Earth governments, both now and over the last few thousand years, is any indication of how despicable they will act as they tragically thrash around in their final death throes, victims of their own economic idiocy of condoning the long-term excessive creation of fiat money and credit, especially for the screwball purpose of expanding government deficit-spending! For permanent entitlement spending! And over the long-term, inflation-adjusted ! Hahaha! We are So Freaking Doomed (SFD)!

CPM Group is apparently not ready to comment on things “doomed” or acknowledge that I have a “right” to park in a Handicapped Parking space because I have a “brain impediment” where it makes me crazy to see such stupidity in government, but figures that “investors are rehabilitating gold as an important financial asset.”

This seems natural that gold should come around in some sort of Grand Cosmic Cycle (GCC) or something, as he reminds us that “Gold was one of the key financial assets, forms of savings, forms of money, for most of the past 5,000 years”!

Anyway, sometime in this time, ending in ‘now’, gold “fell from an estimated 4.5%-5.0% of world private sector wealth in the late 1960s to roughly 0.2% of world financial assets by the early 1990s, and stayed low until the past few years”, when things started to turn around, and “by the end of 2008, gold’s share of global financial assets may have increased to around 0.6%.”

Well, now! Wow! How now, brown cow? This means to me that gold holdings, as a store of global wealth, fell 96% from 5% of the total, and then, hitting bottom, tripled recently! Wow! Tripling!

This is the kind of thing I keep screaming about which is supposed to make you cancel all of the kid’s extracurricular activities and dental appointments, and use all that freed-up money to buy as much gold As You Freaking Can (AYFC)!

Perhaps because my greed gland is squirting out 100-octane Avarice Hormone, I am very, very sure that this can only be the beginning, because with all of these trillions and trillions of dollars in new money being deficit-spent by a corrupt, desperate government and a bizarre Federal Reserve that has no qualms about its role to provide the requisite over-creation of money,

inflation in consumer prices will freaking soar, because that is their plan, and that is how new money is absorbed into the economy! Yow!

And if you don't think gold will soar right along with it, and actually outpace it by a long shot as the horrors of inflation make themselves plain, then you are going to have a very, very valuable learning experience very, very soon! Hahaha!