

# Why Silver Sales Demand Excitement

By [The Mogambo Guru](#)

02/15/11 Tampa, Florida – Being a Big Silver Buff (BSB) like I am, I note the ups and downs of silver. Lately, it's been mostly the downs. This strange downtrend in the [silver price](#) makes me look like an idiot after I so arrogantly Highly, Highly Recommended (HHR) that people buy silver, buy silver, buy silver all these years, and I'm pretty testy about it, too.

I mean, the sheer fundamentals of silver make me giddy with excitement that, thanks to the manipulation of silver prices via the commodity futures since (by one estimate) 1983, the low market price of silver is an unbelievable, unbelievable bargain.

And, apparently, a lot of other people think so, too, as in his essay, [“Silver Eagle Sales Hit Their Second-Highest Ever”](#), [Addison Wiggin](#), Publisher of *The Daily Reckoning* reported that “The US Mint sold 6,422,000 Silver Eagles in January 2011 – half again as many as were sold in the previous record-setting month of November 2010.”

You can see by the way my hands are shaking with excitement that I am titillated by this, which is odd in that I don't ever remember being “titillated” before, and if I had, I probably would not have admitted it because it sounds so weird.

But titillated it is! I'm very excited by the fact that in November 2010, a few short months ago, the US Mint sold a record amount of Silver Eagles, and now, fast-forwarding a few short months back to today, they have surpassed that mark by a whopping 150%!

Mr. Wiggin says, “There are a few nattering nabobs who say the figures are skewed because the Mint credited some December sales to January. So what? If you add up December and January sales and average them, you still get the second-highest monthly total ever...right behind November 2010.”

To his eye, the “fact is” that “demand is intense.”

Of course, he may have been prompted to say this by reading ahead in his own newsletter, *The 5-Minute Forecast*, to the part where it looks like the supply/demand dynamic is out of whack, where it reads, “After just one week, Canada's biggest bullion bank sold out its limited stock of 100-ounce silver bars. Now ScotiaMocatta has no silver bars to sell in any size. One ounce, 5 ounces, 100 ounces and the kilobars – all gone.”

All gone! As in zero, zilch, nada! So what does THAT do to the old law of supply-and-demand where price adjusts up or down to clear the market? Hahaha!

This is not only very interesting, but is also the subject of today's Mogambo Pop Quiz (MPQ), which involves me finding an obscure fact, proving that you do not know the answer (and thus help you prepare for a lifetime of failure), but that I do know it, the object being both pedantic

(in that you will learn something), and also so that everybody will think I am smart to know such an esoteric thing, and then maybe people will stop telling me to shut up all the time and calling me “stupid” and “ridiculous.”

So, the question for today’s MPQ is, “What do you call a thing that has such voracious demand that the marketplace is sold out of it, yet the price goes down, seemingly violating the law of supply and demand, which would say that the price should be rising?”

Well, grading your test papers, I see several of you came up with the answer “Giffen good,” named after the guy who came up with the term to describe the phenomenon of the poor buying more bread as the price of bread rose, which seemed utterly paradoxical.

Paradoxical, that is, until it was shown that prices were rising so high that the poor could increasingly not afford to buy other foods, too, because they were simply unaffordable, and thus the poor increased their consumption of bread to make up for the deficit in their diets.

So, this Giffen good answer was a good guess, but actually incorrect.

Actually, the correct answer is, “There is no such thing as something whose price falls as demand rises, you morons! And even if there was such a preposterous thing, it would not be a Giffen good, because to be a Giffen good, demand should fall as the price falls, or demand should rise when the price rises, neither of which is happening, as proved in previous paragraphs, which clearly, clearly show that the price is falling even as high demand has cleared the marketplace due to insufficient supply! It’s just a weird circumstance of the corruption in the silver market, government and regulatory complicity, and the foul Federal Reserve creating more money to finance the Whole Freaking Thing (WFT)!”

Of course, such massive manipulations cannot long continue, which means that if you are not buying gold and silver at every opportunity, then you are probably really stupid, and too stupid to come up with some clever ways to raise money with which to buy gold and silver, like telling your kids that they weren’t getting their allowances this week, whereupon you find, to your delighted surprise, that you have a few extra bucks with which to buy gold and silver!

Like I always say, “Whee! This investing stuff is easy!”