

Water, Meet Blood - JP Morgan Admits To, Reduces Massive Silver Short Position, Proves Millions Of Conspiracy Theorists Correct

By Tyler Durden

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In the latest example that virtually every conspiracy theory is almost always inevitably proven to be fact, the Financial Times reports that JP Morgan, the firm targeted by thousands of "tin foil hat" wearing, conspiratorially-oriented "gold bugs", has cut back on its US silver futures. "JPMorgan has quietly reduced a large position in the US silver futures market which had been at the centre of a controversy about its impact on global prices for the precious metal." And in what can only be considered an unprecedented victory for all those who have over the past year agitated to putting JP Morgan out of business, most recently spearheaded by the likes of Mike Krieger and Max Keiser, by forcing a massive short squeeze on its commodities trading desk, we learn that "the decision by JPMorgan **was an attempt to deflect public criticism of the bank's dealings in silver, a person familiar with the matter said.** The person added that the bank's position in silver would from now on be "materially smaller" than in the past." Of course, the latter is pure and total bullshit: as Bart Chilton indicated over the weekend, it is JP Morgan who at one point or another (and possibly very recently) [controlled as much as 40% of the silver market](#) [1], via a massive short. Attempting to make others believe that this short could be covered without pushing the price of the silver metal to over \$100/ounce is an indication of either how stupid JPM believes the general population to be, or just how desperate the firm is to end the ongoing short squeeze onslaught. Either way, we are confident that this first unprecedented confirmation that a) JPM is indeed massively short silver and b) that it is hurting bad, will merely redouble efforts to put the world's biggest financial company out of business. **Lastly, this means that silver is about to really blast off as the push to really hurt JPM takes off in earnest.**

From [FT](#) [2]:

The US regulator, the Commodity Futures Trading Commission, announced in September 2008 that it was investigating complaints of misconduct in the silver market, although it did not name specific entities.

However, JPMorgan said in a statement: "It is absolutely incorrect to say or imply that the Nymex, CFTC or any other exchange or regulator has instructed or asked us to reduce our position." The bank declined to comment on whether it had reduced its position in the silver market.

The price of silver has risen more than 70 per cent since mid-August to hit a 30-year high of \$30.68 a troy ounce last week on the back of a surge in investor buying and a rebound in industrial silver consumption.

In two previous reviews of the silver market, the CFTC has dismissed claims of manipulation. Most analysts say there is little reason to believe the price of silver is being systematically manipulated.

But Bart Chilton, a CFTC commissioner, said in October that he believed there had been "fraudulent efforts" to "deviously control" the silver price. He did not name any party.

Publicly available data on individual traders' positions are sketchy. In a speech last Wednesday, Mr Chilton said that "earlier this year, one trader held more than 40 per cent of the silver market". He declined to identify the trader.

The CFTC's Bank Participation Report shows that one or more US banks held a gross short silver futures position equal to 19.1 per cent of the total number of outstanding contracts in early December. In January the share was 30.2 per cent.

The CFTC only reports data for the US silver futures market, a small corner of the global derivatives market for the precious metal, which is centred in London and largely traded via private over-the-counter deals. The data also do not cover transactions in the physical market.

Analysts and traders said that JPMorgan's large short positions on New York's Comex exchange, a division of Nymex, were hedges for the bank's long positions in physical silver and London's over-the-counter market.

JPMorgan has invested nearly \$3bn over the past two years in its commodities business led by Blythe Masters.

And while we revel in the knowledge that the short squeeze is causing massive pain for JPM, we are far more overjoyed that the days of Blythe Masters as head of JPM's commodities desk is coming to an end: any comparable massive admission of weakness by a trader is always and inevitably followed by some very high profile terminations.

[Blythe Masters](#) [Commodity Futures Trading Commission](#) [Futures market](#) [Gold Bugs](#) [NYMEX](#)

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