

# ABOUT PM RATIOS AND PRICES

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“U.S. Gold Market Switches From A Surplus in 2016 To Deficit In 2017” appeared at SRS Rocco [site](#) on January 5, 2018. I want to ask some questions and raise some issues about a portion of this presentation; I am not trying to hinder someone’s work. I want to bring up what I see as neglected aspects, to consider some ramifications; same as he “forgot” to say *“at those prices”*

previously when he wrote that in the 1960s that “there just wasn’t enough silver to go around” (to maintain coinage issues and supply industry both). I was stunned that such an obvious point was treated as if it didn’t apply and wasn’t mentioned! Silver mining companies sure knew about it, and faced holy hell in Congress year after year to ask for tiny price increases to keep pace with costs. Had so called “silver bloc” states not lost the support of “farm bloc” states by the early 1960s due to ongoing cartelization of agriculture, I believe silver coin issues would have persisted minimum another ten years---by letting silver values rise, incentivizing more production!

Owners of family farms hurt by Monsanto and Big Agribusiness combines should buy as much silver as they can comfortably afford; it will eventually afford them retaliation!

The higher the price of any commodity, the more inducement to produce or mine it; higher price also starts to discourage use in some instances. Minor examples of this principle today are the copper one ounce rounds, the poor man's silver. With a higher purchasing power assigned to silver, less silver could have been used very effectively as money! Chris Duane has often made the historical reference that a silver dime correlates to a day's wages.

That was valid until organized financial cliques began interfering. The subsidiary role for copper would have improved, and that also would have made more silver available. Now I want to focus on the SRS notion of the gold/silver price ratio and the gold/silver mining output ratio. I want also to raise the questions others must have thought about, because these aspects weren't mentioned at all, and they should be mentioned!

**Everything in the realm of gold and silver mining does not trace entirely to the energy needed to extract these metals. I feel it's not his intent to so depict.**

It's quite relevant but let's also point out the sad fact that any commodity traded as a future on exchanges is subject to severe price abuse by industrial commodity consumers. Silver has a huge historic profile as money and the matter of the created money crowd pushing silver out of payments systems, and interfering with price increases (for many years this was an out in the open situation in Congress with 64.64 cents, 71.1 cents, 90.1 cents/ounce actually legislated) shows that manipulation is the reason for chronically slumped silver prices.

See for ex the May 2009 release, “Users Demand 71 Cent Silver”

<http://nosilvernationalization.org/95.pdf>

Energy costs can and do act as a floor.

When/if (if =?) energy costs rise, the basement price for silver will rise or mines will suspend. I can't see that energy producers will be bankrupted due to no price increases or that any glut won't be addressed by governments, industry and markets---unless it's a plan to severely curtail middle class living standards, which I could believe.

My mission is hardly to put words into anyone's mouth as I've had that done to me and it's dreary. But I'm looking at what

wasn't said that I feel should have been, in determining PM prices and ratios. Maybe he held some things in reserve for later.

Where to begin? We could start with the sore thumb problem that nowhere in the text nor in his graphic images was the word "COMEX" mentioned nor "concentration," not even including in sixty (60) some odd readers remarks following.

The bullion banks are still holding silver so low that the mining companies most specific to silver are like men limping about on legs composed on marrow only.

Ted Butler has said for many years---I and many others concur---that silver prices would be MUCH loftier all along had not a

shortside silver cartel seized control of the price! See his “COMEX Silver [Cartel](#)” all the way back in November 2000. It took over from the United States Government Treasury Department, which for decades was out in the open, quite visibly acting to maintain a price cap on the silver market, and even publicly admitting as much!

(Click [here](#), see upper right text box!) That wasn't merely to discourage hoarders from putting away silver coins, as that price maintenance policy persisted long after the country was flooded with sandwich coins.

Notice Butler has been the biggest voice re COMEX acting to hold silver prices low, and hasn't been noted for mentioning energy



costs as to mining recovery of silver/gold. Naturally, nearly no one should dispute that mining costs, energy included, act to create a “floor” in PM prices (neither should they create a CEILING), so that despite COMEX, prices usually don’t slump below the rates needed by these miners to just tread water! But why should they be treading water for so many years? Short sellers bankrupted Sunshine Mining in [2000](#) its assets were \$33 million against \$55 million liabilities! (Now under revised management).

An exception to the floor price caused by mining costs was summer 2008, when

silver prices [nosedived](#) below \$9.50! I haven't looked, but it was likely so COMEX commercial shorts (megabanks) could cover at a profit!

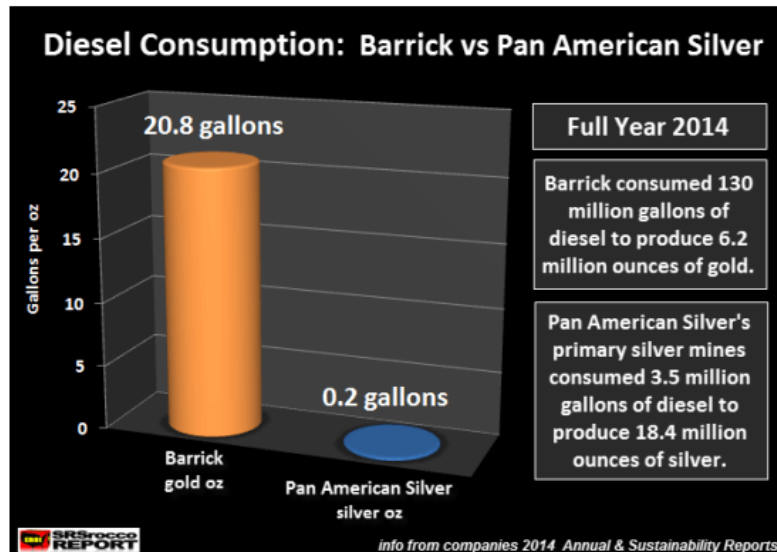
Where does it say in giant permanent letters across the sky that silver prices should naturally be just a few nickels, dimes and quarters above the cost of mining production, emphasizing energy costs? Is that true of the lumber industry? Well, wooden nickels have been used as money, but hardly have any historic profile that way to match against silver!

On December 5, 1931, the Citizens Bank of Tenino, Washington, failed and the wooden nickel was born and the slogan was,

“Confidence makes good; Money made of wood.”

Energy costs are not holding silver prices low, the megabanks are doing that dirty deed! But did he say that energy costs are holding silver low? Not in so many words. But if energy is in a glut due to low prices, and possibly manipulated low prices, that makes silver cheaper to mine so they can use derivatives to cap silver at prices allowing anemic profits. This entire sphere of precious metals and energy remains under extreme price management!

Not only does it take a lot more human labor to produce gold than silver, it also takes a lot more fuel. According to data, I put together for 2014, Barrick consumed nearly 21 gallons of diesel to produce one ounce of gold while Pan American Silver only consumed 0.2 gallons of diesel to produce an ounce of silver. Thus, it takes 100 times more diesel to produce gold than silver:



Investors need to understand that the price of gold and silver are based on their cost of production, not the ratio extracted out of the earth. For example, **the world produced 886 Moz of silver in 2016 compared to 104 Moz of gold. That is a silver-gold mine ratio of 8.5 to 1.** Some readers suggest that the price of silver should rise to the same extraction ratio to gold. Thus, that would be approximately \$154 silver.

However, the reason gold and silver were valued closely to the ratio they were extracted out of the earth in the past was due to the mining method. In the past mining was done mostly with human and animal labor. Thus, the 10-15/1 historic gold-silver price ratio was valued based on the extraction ratio. Today, the energy we use is mostly from coal, natural gas, and oil. These carbon-based fuels have distorted the cost of production.

According to my last estimate, the primary gold mining industry's breakeven was between \$1,100-\$1,150, and the primary silver mining industry was \$15-\$17. **Thus, the cost of production ratio is 70/1. The gold-silver cost ratio is very close to the current gold-silver price ratio of 76/1.**

His statement, “the price of gold and silver are based on their cost of production, not the ratio extracted out of the earth,”

stopped short of accounting for why the price of silver should be so marginal for so many years, to allow miners to barely scratch profit. And of course, the reason is in two parts one, price managers borrowing from the past, including coin melts, non-disclosed bullion holdings, melted calutrons a la Bix Weir (I agree with that item), silver leasing and so forth, and derivative suppression schemes including a NASTY silver exchange traded fund and non-allocated storage “services” caught red handed without silver.

One of the things I didn't find in his brief historical mention of silver extraction costs was about the well known epithermal

deposition principal---silver tends to be deposited near surface, whereas gold can and does reach much more depth. That sure has something to do with the extraction cost! And sustains his input as to gold costing, in most cases, more to mine. Bonanza grades of silver once encountered in various states like Colorado barely exist today! The city of Silverton, Colorado, was so named as mines literally yielded silver “by the ton” with OZPT (ounces per ton) in some cases upwards of four figures!

“The Colorado Directory of Mines” for the year 1879 published by Rocky Mountain News Print Company, in a long list (pages

352 to 403) of registered mining claims in the Silverton district, silver grades almost unheard of today were so robust as to beggar even the word “bonanza.” Some of the maximum ounces of silver per ton of ore, usually rounded to even values, reported by assay were (exclusive of other metals) ---(three examples only) 400 OZPT in the Bavarian Mine, 3,700 OZPT in the Roman Beauty Mine and up to 10,000 OZPT in the Nevada Mine! Dozens of mines had tremendous silver grades.

That sure had something to do with silver recovery costs in that bygone era. Today costs are rising due to energy which he

focuses on and also that ore grades average so much less; Cerro Rico in Bolivia had great silver values. Consider the deep South African gold mines, the best example of high cost gold. The greatest silver lode ever in America, the Nevada Comstock with its famed “blue mud” was mined out around 7 to 8 generations ago depending on what a generation figure is. The only place in North America where silver is found at depth is the Idaho mines, due to earthquake activity far back in the past.

I may not be so much disputing SRS [this time](#) as desiring to add some ancillary observations.



The 15 to 1, sixteen to 1 etc., classic monetary ratio, was just the ratio of silver to gold produced and was the monetary ratio. The powers that be launched a big war against silver especially at the end of the Napoleonic Wars (and just as the second United States Bank started) and drastically lowered silver's ratio to gold, peaking in February 1873 and again in February 1931. Those crushing actions against silver, three generations apart, had nothing to do with energy or mining costs and everything to do with concerted actions by extremely powerful men intentionally carried out against silver as money. That war has never yet ended and

shows in the lopsided price, created by silver being the biggest short target as to number of days of per annum planetary output. The quantity of phantom silver “traded” is boggling.

Will we see a freely traded silver price, free from shortside concentration so relentlessly hammered at by Ted? Well, there’s one big menace remaining! The powers that be can say silver has to be nationalized a second time because America just has no silver reserve for military tech purposes! And hoarders shouldn’t be paid any undue rate, as that would be unpatriotic; they shouldn’t be allowed to “hold the country hostage.” Will

this happen? Will silver be declared a national security interest, strategic war material and be treated like controlled substances are treated in medicine?

Yes it could! Unless The Pilgrims Society can be intimidated from jerking Trump's strings to do it due to the public [record](#) I created by warning against this very threat.

See my February 2016 item

<http://nosilvernationalization.org/187.pdf>

on Trump's extensive Pilgrims Society connections. Ever hear of Ivan Obolensky?

(Ivan = old Russian royalty; Southern Pacific Railroad and Astor fortunes);

Trump's connection to Brooke Astor and Gordon J. Whiting of the old-line Cabot

fortune, one of the families behind State Street Corporation which is “responsible for more than 10% of the world’s [assets](#)”? (All members!) Hear zero from the kept media. Trump’s older sister Elizabeth was once a Chase Manhattan Bank exec.

When SRS talks about \$15 to \$17 being a cost to produce a silver ounce including energy, and the price has now been well below \$20 for so long---the question is---why should silver mining be so thinly profitable, if at all? The first thing we hear is that most silver comes by way of byproduct of lead, zinc, copper and gold mining; no dispute. But when I hear from many sources “they don’t care what price

they get for their byproduct silver” I wonder, well if that’s the case it shouldn’t materially impact their bottom line then to just stockpile silver for the future! They could even have stored it on the Caribbean island of Martinique, which is a French dominion, and the French were justifiably very angry at America in August 1971 when Pilgrims Society member Richard Nixon blocked France converting dollars into gold! Tricky Dick became a member on March 24, 1969 (page 141, “The Pilgrims of the United States,” short run book, 2003). Soon after Nixon added to the demonetization of gold they used him to attack silver via the Cost of Living Council,

which for a time capped domestically mined silver at \$1.61 the ounce!

Official price ceilings imposed on silver are long gone. Unofficial price ceilings on silver still persist---who knows---for how much longer? Part of the religion of silver longs and bulls is that silver is always “about to skyrocket,” well sadly this sentiment has been spread about for many years just to access people’s pockets and has caused financial hardship to so many. Since before 2010 this palaver has been chattered about by so many and they’ve been wrong. See “Calling Tops” [here](#). No one on the long side of silver is in ANY position to predict what the silver price will

be in several [months](#), at year's end, two years out. Reason being, silver is 100% controlled by shorts and will remain so till conditions break the control. The shady guy running CPM Group knows when.

Never take out a loan to buy silver because someone just announced it's soon to rise!

The globalists launched the cyber currency mania several years ago to prevent silver and gold rising. Supposedly a Japanese man created Bitcoin. So he could be a flunky for the Trilateral Commission and the Japan Society, both Pilgrims Society fronts. In postulating who launched these things, I want to consider who benefits and what is achieved thereby. It dampened

demand for silver. When they incinerate, millions will be ruined and in the aftermath, the public will be herded into “FEDCOIN.”

If you ran a diamond mining company in alluvial (river) recovery and started finding gem rubies, would you toss them away not caring what you could get for them, just because they weren't your primary focus? Yes you would if there was a conspiracy to depress ruby prices, which there isn't. It exists with fantastic power in silver.

Stockpiling silver by polymetallic mining giants doesn't happen because the flow of silver is managed to maintain the near-impenetrable price cap. It's almost as if no



bull market in silver prices can happen until after the world's 50 largest mine producers of silver (like Cannington) are tapped out! The price managers own enough shares in the right mining concerns so as to flout shareholders who want to see silver rise, and having risen, to be sustained at higher rates. The wait since the short duration April 2011 price spike has been traumatically harrowing for many. Another thing needing analysis as to price ratios is the critically important fact that silver has been consumed, used up, for literally over a century, whereas gold gets conserved. What should be the price correlation for gold and silver mining, how

these metals are PRICED, to how much physical reserves there are of these metals above ground? That is hardly any settled matter, but must be acknowledged as vitally important. Gold swaps are notorious and clandestine silver dumping has debilitated mining balance sheets and will do so till that unidentifiable reserve exhausts.

I'm among those concluding the silver to gold ratio will dramatically narrow. I refuse to predict when.

This above ground PM ratio should have been acknowledged by most analysts decades ago and will be eventually regardless. Ted and others (Jason Hommel)

have mentioned it. That is still being disregarded as to silver's cost to mine and the dismal price miners get for it. The above ground ratio of silver to gold narrows daily as industry uses so much more silver than gold. I didn't see SRS stating different. He says only the collapse of the energy industries will enable silver to rise. Well? In fall 1979 with Russia invading Afghanistan energy wasn't collapsing but the precious metals were flying, cited by many as correlated to military and geopolitical tensions. It wasn't only the effect of the Hunt-Arab silver coalition. Things are different this time? Not necessarily; we shall see. If the energy

industry will collapse as he concludes, it's not likely to happen in advance of war.

Even the most fanatical cyber “money” devotees who'd rave about “Circuitry Man” (1990 [movie](#)) should be given pause as to the safety of their speculations since in wartime or solar flare natural disaster, their cotton candy “wealth” of math puzzle solving becomes inaccessible and vanishes into a “crypt.”

If some larger pension fund managers had a light bulb turned on in their pea brains to start buying hard silver that could do it--- without an energy crunch. If some State Treasurers and State Comptrollers had the idea, same situation. No! Other factors

can cause silver to fly. Most of us would prefer to not see any energy collapse as our living standards would suffer.

Now this extraordinarily lengthy low price regime over silver has everything to do with, firstly, the monetary conspiracy against silver and secondly, the industrial users collusion against higher silver prices, regardless of the point that at any time, they can simply pass cost increases along to the public. Users may twitch violently over a 2% silver increase while a 10% increase in their water costs gets no reaction. Low silver prices are a religion with bankers, the government, the FED, and with industrial silver consumers. Not

stating complaints about it is a religion with silver execs and board members and big institutional holders.

The prices quoted for silver can't be just based on the cost to mine it; Steve reckons as currently between \$15 and \$17 the ounce. That leaves just crumbs of profit for silver mining. Gold mining he shows as significantly more profitable than silver extraction. I refer the reader to the his graphic and the remark---

“It takes 100 times more diesel to produce gold than silver,” suggesting that even at these trash prices, silver could still be overvalued relative to gold. However, the context of his write-up admits this 100 to

one fuel ratio was a comparison between Barrick Gold and Pan American Silver. It isn't likely to be exactly like that for all other mining company comparisons; there must be large variations.

The main reason and it is irksome past any description why silver prices are so damnably low is the naked silver short corner in COMEX silver. For silver to be produced at between \$15 and \$17 the ounce, and silver struggles up and down in the \$14s to \$16s for years, shows that silver is just a milk cow to the bankers and industrial silver users---feed her just enough to keep her producing, but not so much that her output draws a healthier bid

for her shareholders. The silver price is in a vise between gradually rising energy and equipment costs and this never ending COMEX price ceiling, which has had to retreat upwards since the era of sub \$5 silver ended in the early 2000s.

“Yeah I’ve done just fine since I found a silver mine, I can have just about anything I want!”

---gambler to Paladin in “Have Gun Will Travel,” May 17, 1959, “The Silver Queen.”



“Say come to think of it, it was a silver mine!”---actor Brad Dexter in “The Magnificent Seven” (1960).

“If there’s any silver in the Thunderhead, it was hauled in from somewhere else, and that makes the whole deal crooked! That whole Thunderhead strike, there’s no strike there, the whole thing’s a phony, it’s a swindle, Jim told me that Furness and Cunningham offered him \$10,000 to say there was silver down in the Thunderhead, there’s no silver there!”

---“Bonanza” episode “The Thunderhead Swindle,” April 29, 1961.

“Where are you going?” “Sonora, folks down there got a silver mine, a little

trouble, think I might be of help!” ---John Wayne in “El Dorado” (1967)

The backbone reason silver is such a small fraction of the gold price is that the powers that be hate silver with unlimited detestation because silver is the money of the masses, and they are dead set against silver showing value, and keeping investors thinking of silver as a sleepy investment that is doomed to stay sleepy and misdirecting trend investors into will ‘o the wisp cyber currencies. There’s no other rational reason for silver to be priced at mere pennies past the cost of production. See #'s 135 through #179 at No [Silver](#) Nationalization on how the elite have been

beating silver down for generations and their kept politicians have made it the whipping boy of monetary policy especially since the close of the Civil War.

The elite hate the common man so much that for generations in Europe, regulations called “sumptuary laws” banned commoners from wearing certain colors and styles; the Turks banned Greeks from wearing the color green during 376 years of Turk control. Even today the British upper crust wear showy [outfits](#) intended to awe the commoners. Now the concern is silver, which could help free the common man from elite serfdom.

Stay tuned for an update on the Texas Bullion Depository, especially important to Texas PM investors but of interest to PM holders elsewhere. Are you upset over confiscatory property taxes? That also will be covered, and hopefully remedied before home ownership is relegated to mere doll houses.

I have a project underway not involving receipt of funds. Interested parties can use the contact form at Silver Stealers. It has a comparison to Hercules cleaning up the Augean [Stables](#).

[www.silverstealers.net](http://www.silverstealers.net)

[www.nosilvernationalization.org](http://www.nosilvernationalization.org)

