Silver Supernova

By Charles Savoie (copyright January 2002)

As the year 2001 came to a close the world has witnessed the last full year of low silver prices. Thanks to the general media blackout of what can only be reasonably called conspiracies in silver and gold markets, the public at large has absolutely no inkling of the approaching catastrophe. As usual, distractions from urgent matters are offered to the public in the form of professional sports and TV gossip shows, both of which have slight importance yet mesmerize attention. The silver story is one of the strangest in financial history. Crucial aspects have been detailed for several years by Butler. For silver investors, this is an opportunity which would not exist, except for the fact of long-term obstruction of free market forces. The obscene situation of a long-term short corner on the market, so-called regulators allowing it and press ignoring it---culminating in a price explosion, shortages and rationing, is among the most outrageous manipulations in business history.

When the crisis in silver and gold erupts and the foundations of banking giants shake, the public will demand to know why didn't someone tell them this was coming! Little people are told what the powers that be want them to know. I see that nothing has changed since Standard Oil Company was supplying editorials to over 300 newspapers more than a century ago. They think bullion banking has to do with financing enterprises which manufacture soup flavoring cubes. An excellent book concerning how big money interests always appear to have their way, History of the Great American Fortunes, written in 1909, seems like a narrative of current events, except that naked shorts have started a fire they cannot put out. The most jarring price shift in history is set to happen in silver and to a lesser extent, in gold. We are not now waiting for years to pass, or perhaps even months. The top half of the hourglass is almost empty of sand (silver) and the chance of a lifetime will soon be behind us. The ship will blast off soon, financially speaking, like the escape drama of the 1951 film, When Worlds Collide, and those not aboard will be stuck with watching silver investors clean up. From one week to the next, you can now almost hold your breath while you mark off the countdown to the Silver Supernova! (I can almost envision an old comic book hero called the Silver Surfer with a shining body, who came from a far away world to dazzle humans with his fantastic power, riding at the crest of the coming Nova!) With the deficit at maybe 9 million ounces per month---not counting superconductivity and escalating U.S. military use---from January through June 2002 we have 54 million fewer silver ounces from lease sources, with disinvestment blunting this figure only slightly.

My bet is, that much metal is more than they have left, leasing terminates, and the panic starts! The short corner on silver will soon be pulverized by market forces, namely, shortages crippling industry as leasing ends and the deficit asserts itself among metal users like a pack of wolves brawling over 10 pounds of meat when they must have 200 to keep from starving. When we see a 100 million ounce (plus) demand for silver which cannot be met by leasing because leasing has run its course due to the cumulative deficit soaking up more metal than the central banks contained; then we have arrived at the moment of critical mass when desperation paper sales, naked shorting can no more restrain the price, than a single filament of thread can restrain a charging locomotive! For industry, it is obtain silver or shut down! A colossal bidding war will erupt as silver can no longer be influenced by pranks allowed by exchanges. This price transition in silver, which is as inevitable as death itself, will happen with such a vengeance as to leave the world reeling in disbelief. It will rivet the attention of the financial world as intensely as the butcher who can consider nothing else when he carelessly slices off his finger. Short sellers and bullion bankers will arrive at their offices one day in the very near future and discover that the con job, which they have been running since 1982, when metal leasing started, can no longer continue. Some of them may have planned for departure overseas! Perhaps some of them have been in touch with Marc Rich in Switzerland. Those who fail to distance themselves from the unchained monster of their own making will find their hopes and dreams dead, and hell will be poured into their lives! We just had the former Enron vice chairman blow his brains out on January 25 (or had it done for him); suicide is an alternative to flight, or will they be treated like disgraced junk bond king Michael Milken? The dead end is that those central bank silver stockpiles in the leasing scam have finally become phantoms, consumed by ravenous increases in industrial silver use which is on an ever-upward curve, and by high net worth individuals all over the world hoarding gold and central banks declining to continue gold leasing.

The crisis for the shorts and bullion bankers could be compared to, what was once a wind tunnel environment for them has ended up as a sealed vacuum in which no breathing air remains. Even assuming the commodity exchanges change trading rules as they treacherously did in January 1980; and even assuming that silver lease terms are altered to be repayable in cash, or in something less scarce than silver, such as gold (what a concept); and even assuming a Presidential executive order or act of Congress eases their fate by allowing them to snake out of their eventual obligation to cover their shorts with real metal, there are still plenty of factors to send silver soaring. Yes, silver will move first, because less of it is available than gold. (In the event Judge Lindsay of the Federal District Court in Boston allows the Gold Anti-Trust Action Committee lawsuit to proceed to the discovery process, gold would jump first. I believe the fact that he said he would review the details further is to be taken as a delaying action, and not as a signal that he may allow the case to proceed. I expect to find no egg on my face later over this forecast.) There are other possibilities; since public agitation is high after the Enron catastrophe, it may be difficult for public servants to let wrongdoers off; this judge may not want to face the wrath of either the public or the financiers, and may recuse himself from the case, or suddenly retire, possibly claiming health reasons---he wishes to remain in health. When silver supernovas the inaction of a judge in the gold case will mean nothing to the market as gold also fires out of the missile silo with a roaring fireball beneath it!

The history of the Comex is that longs cannot get fair treatment, and the CFTC will not do its job. Or has it been doing its job all along, if it was brought into existence to allow certain interests to have their way? The Federal Reserve Act was supposed to regulate Wall Street excesses, or some such claim; who of you believes the Fed is some kind of populist agency? For this reason I maintain that the only silver investments you can count on are unhedged mining companies without derivative exposure; and physical silver of which you have taken delivery (and did not pay an inflated promotional retail price for!) Those trading pits you see on TV are no better than a seething viper pit. Commodity markets have always been a financial slaughterhouse for all the little people lured in by legal but dangerous heating oil and unleaded gasoline promotions on late night TV; these promoters likely go someplace to shed skin. I once saw someone give a knowing look to another person who alleged that such promoters tell one story to the masses, while lining up their insider friends on what they know will be the winning side (the other side of the trade.) Small investors lured in by the chance of turning $5,000 into $30,000 in short order usually lack even a basic understanding of commodity lingo which is murky to them; strike price, contango, delta hedges and so forth, are alien to them. They think a COT report has something to do with camping equipment, contango is a Latin-American waltz, delta hedges refers to rows of bushes planted where a river flows into the ocean, naked shorts is someone dressed indecently and Comex is a brand of Mexican TV dinners, but they plunge in anyway, and end up with zero net liquidity. These hopeful suckers are like the fellow I once knew who opened a store intending to deal in diamonds and coins and went broke.

A competitor nearby related to me how this fellow, when asked what he was paying for 90%, replied, 90% of what? (Coin silver is 90% silver.) Lack of comprehension aside, I urge you to not buy anything which has a deadline and can expire worthless, or which can be hurt by perfidious rule changes on an exchange where financial intrigue liquidated the Hunts 22 years ago. As for silver, the unquenchable deficit will send silver beyond $50 in short order as leasing supplies cease existence. A recent view has been expressed that silver could go to $15 by December 2002. Actually silver will move past $15 within days of the start of the crisis. As it becomes certainty that leasing of silver is a deceased entity, the marketplace panic will brew a desperate hysteria without parallel in business history. Silver, after being kept artificially comatose for a decade and a half (actually since a certain association was formed in 1947), will go from being like a day old kitten to raging sabre-tooth tiger in days, the most upwardly explosive commodity in history! The great silver buying panic will blast off with the same intensity as that of a food riot among starvation victims. At last the silver deficit turns into a supply shortage in 2002 as leasing ends, and the crisis starts. Since this crisis is far worse than that of 1979-1980, when silver breached $50, it is reasonable to hold the view that silver will top $200 per ounce at least by mid 2003 and maybe in 2002. Why? Because in 1980 dollars, silver would have to be much higher than $50, perhaps $100 per ounce, double that since this crisis is over twice as severe as before.

Rule changes on the exchange will not stop the emergency any more than an air conditioner could cool Dantes Inferno! It is a matter of strategic timing that as of March 2, 2002, the London Metals Exchange contract in silver is set to be SUSPENDED! Someone has precise details concerning remaining lease supplies! (The last scheduled Bank of England gold auction is set for March also!) On top of the 120 million or so ounce average annual deficit, we have mothballed silver mines, less supply from primary zinc, lead and copper deposits, likely embargos from India and partial embargos from Mexico due to calls for returning to fiscal sanity by using silver as currency, and a deficit ballooning to over 400 million ounces as the feds attempt to replenish the U.S. Strategic Stockpile, without which war efforts are badly hindered, and other nations doing the same. Ross Beaty of the Silver Institute said last spring he expected silver prices to move up very sharply before year-end 2001. We did see the underlying current, lease rates, do just that. We saw a sudden jump of about 5,900%! The next item is the spike in silver prices, because the iceberg, which was silver leasing stockpiles most of twenty years ago, is now a sliver of ice, which is melting in the hot sun and is soon to be gone. If the spike in metal prices matches that of the recent one in lease rates, we have silver at around $270! Considering the horizontal leverage some of the silver equities have, such a move in the underlying commodity could send their shares to over $1,000, and the dividends will leave shareholders feeling like they just moved to Mount Olympus!

In an off the record discussion in early January with an individual in a strategic position I am told that manufacturers are having difficulty getting silver on time and in the appropriate amount. This is no surprise, and a tremendous conflagration lies immediately ahead. When the wolves see just a few pounds of meat left on the carcass, and it cannot sustain them all, they lunge at it, and some are deprived. It was panic over a delivery problem that torched off the market emergency in 1979, and that explosion will prove to be only a noise cap for a toy gun compared to the detonation we are about to witness! Against this crisis and shortage background we see other frightening factors promising to move silver into the hundreds of dollars per ounce range, including the declining value of the dollar; over 100 million investors worldwide jumping into silver, gold, platinum and palladium in a desperation pay-any-price frenzy due to seeking a haven where their wealth will not wither as ordinary securities, bonds and real estate are set to; and the prospective collapse of the $30 trillion, 712 to one leveraged derivatives pyramid of JPMorganChase described by Adam Hamilton at Gold Eagle. The five bullion banks recently referred to by Butler have interlocking directorships with corporations having trillions in assets. As Chapman noted in an editorial, a gold and silver breakout could bring down the financial system! The Japanese banking system is still in major trouble, with many smart savers moving into gold, platinum and silver. The Silver Supernova will destroy fortunes while suddenly creating others. If you have failed to be positioned on the long side of silver, gold or platinum, expect to be burned to a cinder as the financial sun supernovas and catches on fire! A poem---

Silver, true money and wealth for five thousand years!
Banxsters said its worth was now null;
It went berserk with value, leaving them in tears!
Financial commentators proved themselves dull!
They gave us nickel-plated copper slugs,
Adding to long term tendencies to make us go broke,
And economic theories as repulsive as stink bugs!
Precious metals explode; the Dow goes up in smoke!

Silver And India

Short sellers frequently point to India as a reason they say silver prices will stay low for many years to come. This will not prove to be the case. The earthquake in Gujarat state in January 2001 resulted in a decision on the part of the national government to liquidate its approximately 80 million ounces of silver to fund relief efforts. Undoubtedly overseas interests influenced that move, as desperation to hold prices low vaporizes every possible stockpile. India is known to have the greatest silver holdings of any nation, however it is dispersed among hundreds of millions of people. Silver is primarily held in forms other than bullion; in forms such as silverware, silver objects and jewelry. Middle and upper income Indians have esteemed silver items for centuries, and it has taken them that long to accumulate what they have. An anti-Imperialist consciousness took hold in India since the divorce from the British Commonwealth was finalized in January 1950 when it became a fully self-governing republic. For example, Bombay was changed to Mumbai; in the same way that Zimbabwe in 1980 stopped being Rhodesia, named after British colonialist Cecil Rhodes of diamond fame. (I find it highly significant that the same people who bankrolled Rhodes over a century ago apparently are involved with a leading silver company, and in hundreds of mineral and gold mining firms in Australia; that the daily gold fix takes place in their London office; and that other participants in this ritual have included an institution linked to the Mellon fortune, described by one time House Banking Committee chairman Wright Patman as equal to two-thirds of all the gold in the entire world! Patman is remembered for his unsuccessful efforts to audit the Federal Reserve System. The third Mellon representative in less than 80 years is now Treasury Secretary, and he has said nothing about a precious metals manipulation. Judge Lindsay of the GATA case sits on the board of directors of an association with a Mellon representative!) Actually before India became a U.N. member in 1945, so-called British India had undergone a partition into Pakistan and India proper. In the last silver crisis, India embargoed silver exports. It can be expected to do so again even more resolutely. India is facing a catastrophic war with Pakistan fueled by territorial disputes and religious hatred (Islamic versus Hindu.) At this time close to 1 million soldiers are massed on the Pakistan-India border! Nuclear tensions remain high between the two powers after a December 13, 2001 attack in the Indian Parliament building, which was intended to claim many more fatalities than it did. The Hindustan Times, January 7, 2002, reflected the typical Indian outrage against Pakistan as troops near the Pakistani frontier shot down an unmanned spy plane apparently sent into Indian airspace.

In this same picture is the fact that China also is an antagonist of India, where tensions ran high after the Chinese takeover of northern neighbor Tibet in 1951, and Chinese troops crushed a revolt there in 1959 during which the Dalai Lama and some 100,000 Tibetans fled to India. China borders the disputed territory of Kashmir to the east with Tibet, and to the north with Sinkiang state. A Pakistani/Chinese alliance against India is a possibility. In view of the hostility of their most powerful neighbors, India will need all the silver it can obtain for defense industry purposes. As the price of silver finally breaks free with the soon end of leasing, India will be besieged by Western requests for silver exports but will prefer to not accommodate those demands, being more concerned for their own physical safety than the financial fate of short sellers who cannot cover. Hostility remains in India over long-term British occupation and exploitation. The Sahib mentality towards Anglo-Americans is mostly gone. India has many other reasons to withhold silver from Western interests besides the red-hot urgent one of self-defense. Resentment continues against Union Carbide Corporation (since merged with Dow Chemical) over the December 2 and 3, 1984, Bhopal poison gas disaster in which 16,000 Indians perished and some 500,000 received permanent respiratory damage. Indians will not miss such a detail as the fact that Union Carbide and Dow Chemical are Silver Users Association members. There will be no better way for India to lash out at them for 17 years of painful memories than to embargo silver exports. Earthquakes, floods and famines will no longer pass as reasons to be offered to India to supply Western corporations with cheap silver, as the dark clouds of war demand retention of the crucial metal.

War demands aside, India needs silver for infrastructure development. Why should they give it away at distressed prices when they can see that if they do so, they too will pay drastically higher prices afterwards? Their standard of living (as in appliances) depends on having silver. The miningindia.com website lists silver as in deficit in respect to demand. The squeeze in silver supplies is universal. Hindustan Zinc and its counterpart, Hindustan Copper, cannot possibly produce enough silver byproduct to meet the needs of India. The fact of the United States and Britain obtaining collaboration from hostile Pakistan to go after terrorists based in Afghanistan late in 2001 is a political signal to India that this collaboration might extend to other areas, such as militarily strengthening Pakistan (see article by Kalyani Shankar in the Free Press Journal, January 7, 2002, with references as to the displeasure of Indian Prime Minister Vajpayee of increasing American influence northwest of India.) And this against the background of the five nuclear tests India conducted in spring 1998 for which the Clinton Administration sanctioned India, this government can be predicted to embargo silver once the Silver Supernova flares. India has a long history of being looted by other powers. For instance, the steel blue Hope diamond, mined in India, resides in the Smithsonian Institution in Washington, D.C. Other important diamonds mined around Golconda, India, reside in nations historically seen as exploitative colonialist powers, including the Dresden Green (largest green diamond in history), the Nepal Pink (largest flawless pink diamond in history) and the Idols Eye, both over 70 carats. The French have the Regent diamond in the Louvre, 140.50 carats, and the Koh-I-Noor, 108.93 carats, is in the British crown jewels. Considering the strategic, infrastructure and standard of living needs of India, along with their strong tradition of silver objects as family heirlooms, and the aspects of dissatisfaction with the U.S. and Britain, I predict that when the Silver Supernova explodes, their attitude about bailing out silver shorts, bullion banks and industrial users here will be as cold as the winds on their highest mountain (Nanda Devi, 25,645 feet.) India is not interested in supplying the west with silver as a matter of course. Silver sold in India tends to remain there except for value added jewelry. The London Bullion Market Association lists no Indian refiners on its good delivery list of acceptable refiners. (Of note, the LBMA has a publication called The Alchemist, and a lot of suit and tie types in Manhattan and elsewhere are probably wishing they could turn lead into silver!) Some silver finds its way into wealthy Arab oil hands who have no interest in selling at rigged levels. We spoke of China in this discussion. In a possible war between Pakistan and India, China might ally with Pakistan; and an even likelier eventuality is that China is waiting for war to erupt between these two, against which backdrop it intends to take Taiwan within a 12-hour timetable.

With that, the Japanese craving for precious metal, strong for months now, will become insatiable like the shrew that can eat its own bodyweight in food every three hours, and dies of metabolic overload if it gets no food in a day. Figuring into this tapestry is also the fact that North Korea now has a nuclear missile capable of reaching Japan, and the fact of long-standing Chinese resentment of Japanese atrocities during World War II. With China increasing its gold holdings, North Korea may have additional incentive to attack South Korea with the recent discovery of a mine there estimated to contain 5.4 tons of gold. As of January 17, 2002, we hear from Defense Secretary Rumsfeld that it may be necessary to send U.S. forces into as many as 15 nations, to combat terrorism! (Does this include invading militarily capable Iran, as President Bush evidently suggested in his January 29 State of the Union Address?) It sounds like we are pushing some nations to form a coalition against us! Less dramatic than bombs and invasions but still of interest, what of Chinese silver exports, which short sellers rave about like a broken record? Some insight is obtained by examining the ad on the back of the Shell Processing Center remittance envelope I saw in December 2001 at the home of an acquaintance. The American Historic Society offering their one ounce---for $39.95--- American Eagle silver coin (commemorating firefighters, police and rescue personnel at the World Trade Center catastrophe) gave buyers the option of getting a coin presentation case---made in China. This is the only kind of so-called silver China will release in the coming crisis---plastic! While on the subject of one ounce silver coins offered at high retail prices by various marketers, it appears to have been a fluke that I saw the offer described above. As of January 28, 2002, this acquaintance, who happens to be a postal employee, sent me an e-mail detailing how a 20 minute search on the back of remittance envelopes bound for destinations all over the U.S. featured NOT ONE OFFER for one ounce silver coins; he reports that during 2000 these by mail offers were common and a decline began in 2001; now none are found. A visit to the online catalog of the United States Mint on January 29 reveals that their first four offerings are composed of five silver coins, priced at an average of $35.79 per ounce, plus shipping; except, they note, these American Buffalo and American Eagle coins are no longer available! Their Morgan silver dollar coin money clip, priced at $50, is also no longer available. Since they have to buy silver in the open market, but apparently cannot get enough to sell coins at over 8 times the alleged spot price of silver, this is another symptom of the shortfall in silver. This fraud of Comex silver in the low $4 per ounce range is an astonishing market hoax about to be blown away. Many users are running short of silver; we are at the edge of the market crisis! More on silveró

Who has millions of silver shares, Bill Gates!
What does he expect to get for silver, high rates!
Soros, the man who moves the markets is there,
In another silver miner, short seller beware!
Buffett also has a slice of the pie, its all been planned,
They wait to profit from silvers soaring demand!
Follow the actions of these fellows and you will win,
Market manipulating short seller, take it on the chin!

Effects Of The Silver Supernova

Since the silver price has been held at manipulated low levels for so many years, chronic shortages are certain. By act of Congress or Executive Order, rationing will be imposed. An order of priority will be established as to which industries will get some silver. Defense industries and medical users of silver will have priority. In relation to acts of bioterrorism, silver will prove to have lifesaving antiviral properties incorporated in filtration systems for air (masks) and water and other applications; the market for patented silver incorporating personal protection devices will be hundreds of millions of users! The Food and Drug Administration, the American Medical Association and the Pharmaceutical Manufacturers Association may be displeased! Layoffs will occur in silver using industries in which business is conducted that is not deemed vital to national security. Members of the Silver Users Association have hundreds of thousands of employees (Du Pont; Dow/Union Carbide; Kodak accounting for over 235,000) and many of these employees will be laid off; market value of these silver dependent companies will plunge. Kodak alone took a $2 billion hit in the 79-80 silver event, which was only a solar flare compared to the impending supernova!

The fact the treasury secretary Paul O Neill was a Kodak director will not alleviate their situation. They may have months of silver ahead but eventually will pay for silver at prices now seen for gold! In view of what happened with Enron, it makes you wonder if anyone is now shorting certain stocks! More trusting workers, treated like meat animals by string pullers, will be hurt as their savings disappears with falling stock prices of silver using companies, and that in addition to being laid off---financially shucked and boiled like ears of corn! Here are the regiments for the class action lawsuits against those who held silver low for a generation, ending in shortages; consumer groups should also sue. Pathetically, in this coming scene we may expect to find some prominent voice alleging with a straight face that the silver crisis is engineered by conspiring longs, and that, in fact, silver is so common as to become a threat to aluminum use as a cheap structural metal. An article from Reuters quoted in Investors Business Daily, January 23, called the underlying fundamentals for silver poor; I can believe this providing that paper derivatives can be used in industrial applications.

As of the day before the start of the market emergency, we can expect to hear sober sounding announcements, all suspiciously similar as if emanating from a central source, that suggest silver is rapidly heading towards classification as a base metal. When reality shatters this spurious propaganda, we will see full-page newspaper ads will be seen in all major papers featuring roving dealers (with armed security) pleading to buy silver in any form from the public. Specialty silver mining companies who have been accumulating silver ore bodies for most of ten years and are therefore hyper leveraged will very rapidly become money magnets, with their shares heading straight up into orbit. A power shift seems likely to take place from the boards of bullion banks to those of the silver and gold mining companies, as events leave the metal manipulators with a hole in their financial heads. A frantic scramble will be made by mining companies who failed to plan ahead, to acquire low-grade silver deposits (passed over by smarter silver acquirers who cherry-picked the best sites), as there will be no unimportant silver locations at that point. 61 Neutron Corporation, mentioned in my previous essay, has added an average of 2 million ounces PER DAY in silver reserves---at sites additionally having excellent exploration potential---in the 3 month period November 2001 through January 2002! Seabed mining (will Mike Nelson be involved?) will be necessary as important mines fail by a wide margin to meet demand; what they do produce will make shareholders immensely wealthy.

Before the Silver Supernova hits, if you have a good position in a quality silver stock, I suggest you ice your cake by buying physical metal also. By so doing you will contribute to crimping the actions of the naked shorts, and hasten the price supernova. Make no assumption that buying physical is as simple as having funds to pay for it. Values vary, and some fraud unfortunately exists. I know a gold and silver dealer who has on display atop his safe a silver bar sawed in half to reveal a thick lead core overlaid with several millimeters of silver. There are other pitfalls, educate yourself by discussion with dealers having faultless credentials. There are methods (including mass to weight and electrical tests) to verify the physical properties of what you want to buy, reputable dealers know them. Certain bullion brands have more international recognition and require no assays upon eventual resale. Numismatic rarities feature complexity not confronted when buying silver by weight. The scarcity of silver in proportion to its demand will soon be recognized as being so great, even average circulated common date coins will be rarities, and can currently be bought without significant numismatic premium. Zooming precious metals prices will greatly assist the Argentinean economy. There are some 53 foreign-based mining firms with projects in Argentina and their expertise and capital will contribute much employment and prosperity to the country. The same will be true of African gold producing nations.

With gold and the platinum group set to go berserk with silver, economic and health benefits will again flow to African workers. Silver will be acknowledged as the hottest investment of the new century due to its coming price performance based on inexorable supply/demand fundamentals. As farfetched as it sounds, the market capitalization of (what average consensus believes) to be the three best positioned silver companies, combined will explode to be several times that of the General Electric Company at its peak. In fact, General Electric will be extremely dependent on them for essential silver. The entire worldwide technology and electronics sector, including superconductivity, will be hostage to ever-rising silver prices, with holders of physical and unhedged miners receiving tribute like barons in a medieval castle during feudalism! With the derivative pyramids in gold and silver falling apart like jigsaw puzzles hit by a battering ram, the withering effect on the banking system seems certain to leave devastation in its wake, with a full-blown gallows scene for millions of investors. These victims will see their assets destroyed with the same coldness Communists exhibited during the Korean War when they stripped prisoners naked and pushed them out into the freezing night to perish.

A political crisis will be in store for the Bush administration due to the explosion in silver and gold and the effects thereof, and that severe jolt on top of the unfolding scandal centering around Enron may rattle Washington worse than the Teapot Dome oil scandal which started in 1921 when naval oil reserves were tapped without competitive bidding. Butler recently said more than 5 bullion banks are involved in criminal activity, and that prison sentences are in store for leasing participants. I have to see it differently but hope to be mistaken. As Frenchman Duke de Rouchefoucald (1613-1690) said, Innocence finds not nearly so much protection as guilt. One of these bullion banks has a director who is a member of The Accounting Standards Board and another director is advisor to something called the Independent Commission Against Corruption. (Is that like the Pro-Boxers Committee Against Brain Damage?) Buy and hold physical silver and unhedged silver equities and the Silver Supernova will make expensive items like new cars, big diamonds, world tours and upper end real estate cheap to you. Butler indicated in his recent essay that the silver price may be forced down once more to the low $4 range. The hooligans have just accomplished this; evidently a new lease source was secured.

The spike in lease rates recently seen indicates that inventory of current sources is small; a search for other lease sources able to service the deficit for more than a few months may prove fruitless as almost 20 years of leasing has exhausted supply due to the production-consumption shortfall. You can be certain that at the start of leasing, the largest sources were tapped first, and as those played out smaller ones were enticed. Before the silver price becomes uncontrollable there should be a run on remaining supplies, hastening the end of the short corner. All the silver which has vanished into the deficit had to come originally, not from central banks, but from silver mining. As this manipulatable supply has been consumed, unhedged silver awaiting mining will one day in the near future suddenly take on so much value, those who bought in a timely manner will realize they collectively did something like buying the entire DeBeers diamond stockpile for $5,000. Estimates of some 300 to 400 million ounces of silver commemorative coins held by individuals will not stop the Silver Supernova, nor delay it for long. Someone who paid $39.95 for a one ounce silver coin in a promotion (with red and white enamel which adds nothing to the metal value) has no interest in selling it at $5! So I say, most of this metal, which is not leasable metal, will not be available to have any meaningful effect on prices until $40 is breached. Investors in physical silver should hold till the Golden Gate bridge is extended to Hawaii (forever and never) to make a lot of users squirm who have lobbied the price low for decades! This old Earth really cannot supply enough silver even at $500 per ounce to cover industrial demand for the next generation.

Those who hold silver the longest will profit the most! William Jennings Bryan, Jerome Smith and James Blanchard III will look down from up above and smile. 38 years since America last minted 90% silver coins for circulation and 468 years after Spanish conquistadors started mining silver in the New World, we await the Silver Supernova, the most spectacular event in the 5,000 year history of silver, in 2002! A poem forecasting coming events---

The Silver Supernova explodes; prices fly to the skies,
Hype about limitless stockpiles was a pack of lies!
Timeless wealth reasserts itself with a fantastic surge,
To flee the country, naked shorts have an urge!
Holders of physical silver knew it would make them rich,
In this patient plan there was no possible glitch!
Unhedged miners now await tidal waves of wealth,
As the Silver Supernova showers financial good health!