From: Joachim Troilius <joachim.troilius@gmail.com>
Sent: Thursday, November 18, 2010 12:44 AM
To: PosLimits <PosLimits@CFTC.gov>
Subject: Re: Silver, US Future Prosperity, Position Limits and the CFTC

I send this letter anew, that I sent a couple of days ago, as I, upon review, found some minor, mainly typographical, errors, that I have now corrected, in enclosed erratum of the original letter. I am sorry for any inconveniance such errors might have caused the reader:

Dear Sirs and Madame,

Yesterday, there was a big sell-off, in the Comex silver market, starting after lunch-time, your time. This sent down the price of silver a couple of percentage points. As I write, there is another sell-off, sending the price of silver down another couple of percentage points.

One might think it is just the market, but, actually, there is a difference between asset and asset: Some assets have one set of fundamentals, others have another set of fundamentals. And market out-look.

As for silver, the market fundamentals (for the physical metal) are wildly bullish: Not only is there increased investment demand, as investors seek a hedge against what they perceive as economically uncertain times, but there is also increased industrial demand, both as a function of increased world population and increasing standards of living, in emerging market economies (rising the demand for products where silver is an intrinsic part, as in electronics) and also of the increased width of technical and medical applications, for the metal, within the silver consuming industry, a width that is continually increasing, due to continually new found technical and medical applications.

All this makes for an over-all stronger market demand, for the physical metal.

More: The industrial demand for silver is to a great part inelastic, as many of the technical and medical applications, calling for silver to be used, due to its unique physical properties, can not easily let silver be substituted by another metal.

On the supply-side of silver, there is also a very high degree of inelasticy, due to that there are very few pure silver mines in the world, and the ones that are, are usually tiny: The main part, of silver produced, is derived from the mining of other metals, such as zinc, copper and/or lead, where silver is extracted only as a by-product, in the extraction of the base metals. This makes for, that in order to increase silver production, the production of base metals would have to be drastically increased. This would hardly be economical, at current silver prices.

So the market out-look for silver, the physical metal, is very bullish, indeed. Yet we have these gyrations, in the COMEX market, with big and drastic sell-offs, that has no correspondence in any altered market fundamentals, for the physical metal, as the market fundamentals, for the physical metal stays, unalteredly, very bullish.

As my friend, silver analyst Ted Butler says; there is no reason at all, for these market sell-offs, in the paper silver market, except for the presence of the big silver shorts. They are the reason.

And they can do it, because of the non-presence of legitimate position limits, in the silver market.

Legitimate position limits is the answer. In the presence of position limits, the schemes of the big silver shorts would not be possible.

In the past decade, the greed of, earlier, Bear Sterns, now, JPMorgan, in making a buck (actually millions or billions) from selling silver short, has left JPMorgan (who took over Bear Sterns position) with a huge mountain of unfulfilled silver short contracts, corresponding to more than 150,000,000 ounces of silver, as they apparently got carried away, in their shorting activities of silver, up until recent days.

This mountain of unfulfilled silver contracts is an enormous problem, to JPMorgan, as there is not that much silver to be had, in the world, at current silver prices, or any prices near, what we see today: For them to be able to honor their obligations, and deliver the silver they have sold short, they would have to scour the world market, for silver, and the price of the physical metal would have to rise to levels hitherto unseen (the price of silver, as it would have been, without the short-selling by, first, Bear Sterns, and then, JPMorgan).

And JPMorgan realises this: This is the reason why they have continued, in their silver market actions, to depress the price of silver, in the paper market: They know they would be unable to buy the silver required, to fulfill their short-sell silver contracts, so they, instead, as a desperate "solution", have decided to "kick the can down the road", by simply trying to "maintain" the silver price at current levels, to prevent their big silver short position from being totally unmanagable.

And they can only do this by the way of persuing different forms of silver market manipulation schemes, the constituent parts of which are all in violations of the American commodities trading act, which you will see, at a further look at the Comex silver market actions of the big silver shorts, foremost JPMorgan.

If silver was allowed to be priced only according to the price-setting mechanism of demand and supply, of the physical metal itself, in the market, the price of silver would be considerably higher, than it is today. How high? I do not know, but as a hint, I can say that there is less silver available, in the world today, to the market, than there is gold: There is actually more gold, in the world market today, than there is silver. The fundamentals speak for themselves.

And the bad thing, about the above described situation, is not only that a market participant (well, several market participants, but in collusion) has severely distorted the price of silver, downwards, to their own benefit, in violation of commodities trading laws, as that is only the market participant's viewpoint (and, of course, the regulator's), but there is also a more serious significance, and consequence, of this silver market suppression manipulation scam:

Silver is a unique metal, with physical properties unique to silver, properties that can not be matched by any other metal, not even by gold. Among those properties is a uniquely high electrical conductivity, making it unmatched in high-tech electronical applications, and a uniquely high reflectivity coefficient, making it an unmatched material to use, in all applications of reflectivity, such as solar applications. It also has unique medical properties, where no other metal can substitute it.

In short, silver has many high-tech applications, where the physical metal of silver is indispensable; no silver, no technical application.

Silver has an importance, in today's high-tech society, that is so vital to today's society, that we can safely say that the physical metal of silver is actually underpinning today's civilization. Without silver, much of today's high tech would be out-the-window, thus meaning a detrimentation of today's society and standards of living.

Due to its actual scarcity (which is a real circumstance, the present perception of silver, as being more abundant than gold, actually only being a false perception, caused by the big silver short scammers, through their suppression of the price), and its vital importance, to any society that wishes to base its prosperity on not only technology, but on high-technology, silver is so indispensable, that it should actually be, more accurately, labelled "a strategic metal".

What the big silver scammers are doing, is that they are causing the US to sell out its assets of what is, probably, not only "an important strategic metal", but what is perhaps *the most* important strategic metal, in its inventory, to under-prices. Not only under-prices, but severe under-prices.

According to the latest survey, by the USGS, in its inventory of remaining planetary resources, remaining in the ground, it was found that remaining inventories of silver, under-ground, all planetary known resources included, amounts to ca 10 billion ounce of silver, all in all (9 billion, as I write this).

World consumption of silver is ca 1 billion ounces per year. This means, that at present levels of consumption, world wide, the planetary inventory of silver, in the ground, will be depleted within 10 years. But the yearly consumption of silver, world wide, is not decreasing: It is increasing, for the reasons above given.

So silver is not only a strategic metal, really, in the national resource inventory, of the US: It is a vital strategic metal, enabling the American Way of Life; without it, people will have to forget many things, that they are used to (as an example: Silver, as a catalyst, is vitally important to the petro-chemical industry, in its production of plastics.)

And it is growing scarce, planetary.

And the US is selling out this resource, from its under-ground inventories, at "supersale" prices. Please contemplate:

Gold, which is more frequent, in the market, the inventory of which, above-ground, is increasing and which is mainly a monetary metal, goes for $1,350/ounce, today.

Silver, which is, actually, much more scarce, in the market today, the inventory of which, above-ground, is *de*creasing (alarmingly fast), which is also a monetary metal, but also an indispensable, vital, high-tech, strategic industrial metal, is going, today, at the market price of $25/ounce.

What will happen, further up the line, concerning silver, its availability, and its industrial applications?

Please consider what the Chinese did, concerning their assets of REEs. And they have also done it with their assets of silver, since last year.

Thus, silver is an extremely important, extremely undervaluated precious strategic industrial metal, in extremely short supply, and also object to the biggest commodity fraud in known world history.

The big bullion banks are putting the safety, securety, prosperity and stability of the US and Western nations on the line, in the issue of silver, and they do it, first, because it helped them line their own pockets and fattening their own bonuses, and then, because they did not want to admit they had committed crimes, and take the consequences, for their actions.

Here, the CFTC is crucial, in helping securing the stability and future of America. And the Western world, as we know it.

It will be achieved, through the implementation of position limits.

Only through such a limitation, for the big *paper* silver shorts, will we be able to see silver regain its ability to be soundly priced again, based on the relation between supply and demand, of the *physical* metal silver, in the silver market.

Best regards,
Joachim Troilius
Sweden

2010/11/16 Joachim Troilius <joachim.troilius@gmail.com>

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On the supply-side of silver, there is also a very high degree of inelasticy, due to that there are very few pure silver mines in the world, and the ones that are, are usually tiny: The main part, of silver produced, is derived from the mining of other metals, such as zinc, copper or lead, where silver is extracted only as a by-product, in the extraction of the base metals. This makes for, that in order to increase silver production, the production of base metals would have to be drastically increased. This would hardly be economical, at current silver prices.

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