

HOW TO SURVIVE A GOLD-SILVER SUCKER PUNCH

By David H. Smith

Anyone who owns precious metals, mining shares or metals' ETFs knows the drill. First, gold and silver begin to establish an uptrend on the charts. Analysts (like us) start writing about how prices are getting ready to make an upside run. Then "out of nowhere" thousands of highly-margined futures contracts hit the market on the short side, "re-painting" the charts, sending terror into the hearts of stackers and those who believe in "honest money". The reality is that honest money is being manipulated for personal gain by dishonest traders, enabled by "regulators" who, to put it charitably, look the other way.

It can be disheartening. It can make you feel helpless. And worse, it can knock you off what David Morgan Doug Casey, and others believe is destined to become the biggest precious metals' and mining stock bull run of

our lifetimes. But you can get to your feet again and persevere on the path to the Winners' Table.

Years ago, when I was moving through the Dan ranks in martial arts' study with my revered Sensei (who unexpectedly passed away last December, ending- at least on this plane - our 33 year relationship), I was given an assignment.

"Choose two or three self defense situations you've been in when you felt unable to respond, and design effective, multiple-response counter attacks.", he said.



The late Professor Bradley J. Steiner with the Author.

Remembering how in third grade I had been sucker punched by a supposed friend when I reached out to shake hands, and how terrible that felt, I went to work on a solution.

I trained all-out for five minutes, stopped, and breathed out fully to see what kind of offensive response(s) I could execute. Surprisingly, even though my lungs were oxygen-deprived, I was able to perform several powerful empty hand and kicking techniques. In the event, this would have provided an effective response before breathing in to refill my lungs. (This also holds true for run, stop, draw-and-fire sidarm practice.)

Not that long ago, when silver was dropping \$2.50 an ounce, with gold down \$75, metals' dealer Andy Schectman at Miles Franklin, had this to say:

"The Big money always moves way ahead of the crowd. And if you look at what sophisticated money on the planet is doing; they're using price as a cover; manipulating price as a tool of misdirection to accumulate. Today, silver and gold are getting crushed like I've never seen, (yet) our phones have been ringing off the hook for the past couple of days, as the price has dropped...no one is selling anything.... This is nothing more than a function



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of a paper price hit-and-run; a paper price drive-by shooting. As soon as the Commercials get to where they can cover, the price will turn around.

The whole concept in the art of war is misdirection.

They (the “Floor traders”) realize that most people are so inundated with life they don’t have time to look under the hood. So how do you control sentiment? You beat the heck out of the price and espouse negative rhetoric across the gamut of big-business-controlled media...allowing big money to accumulate gold and silver in copious amounts without being crowded out of their trade.

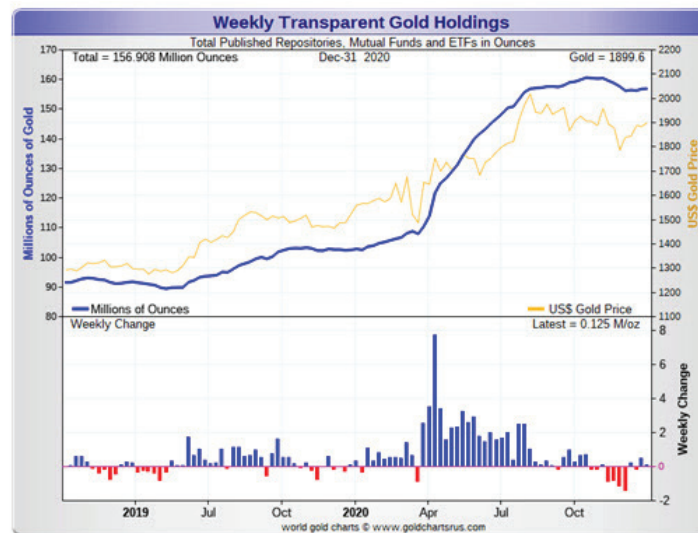
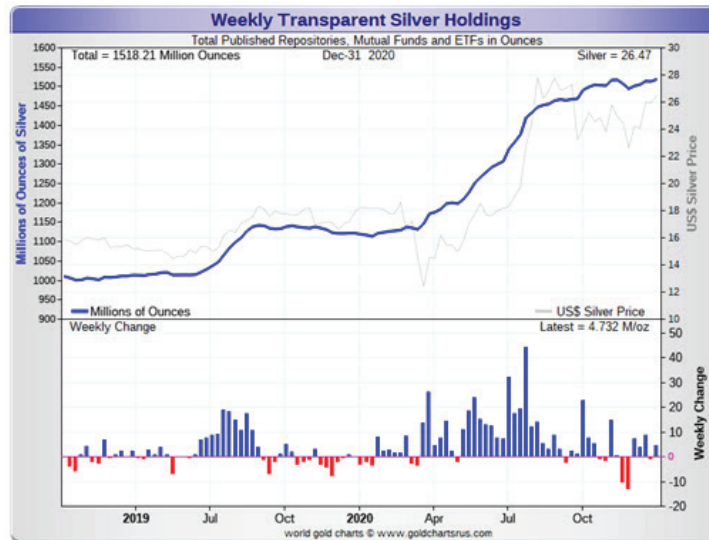
- Why did central banks reclassify gold as a Tier 1 (good as cash) asset?
- Why have central banks been massively accumulating? (Bloomberg reports, that in the last two years, central banks have acquired more than 1,300 tonnes of gold, which they’ve termed “the biggest gold-buying spree in half a century.”)
- Why are the most wealthy and influential people on the COMEX - the “Others”-pulling record amounts (physical gold and silver) off the COMEX?

In a daily column titled, “This is No Time to Give Up on Gold”, Rick Ackerman, of Rick’s Picks, commented about the metal’s swoon:

With gold’s gratuitous, 4% plunge on Friday, bullion has once again affirmed its reputation as one of the nastiest, most frustrating assets an investor can own. Its chief enemy is a global network of shamans, thimble-riggers and feather merchants who make their living borrowing bullion from the central banks for practically nothing, then lending it to everyone else for slightly more. They are always looking for excuses to pound quotes so that they can replace what they’ve borrowed at a lower price...

The massive selling of metals - an illusion - has been going on for quite a while. During a 2010 CFTC hearing, CPM Group’s Jeff Christian testified that:

in an entire year. Such large scale trading is at the heart of the price suppression scheme. A supply illusion causing the paper metals to be manipulated lower, even if demand is rising!”



Deep Pocket Smart Money does not fear a sucker punch.

“Precious metals trade in a multiple of a hundred times the amount of the underlying metal. In other words, prices are manipulated and suppressed with bets placed on tons of imaginary or non-existent metals.”

In his book “Rigged: Exposing the Largest Financial Fraud in History”, Stuart Englert concludes that “*More imaginary gold and silver is traded in a few days than is mined*

So... how can YOU respond to these periodic “shakedowns”?

As Master Miyagi in The Karate Kid movie would say, “Don’t be there”. You can sidestep a lot of the action by not trading on margin, buying your physical in tranches rather than all at once, and saving some capital to deploy during one of these periodic take downs.

Of course if you have a position, you’ll need to suffer through some short-term pain while prices get back to recognizing true supply/demand reality. But now that you know what’s going on, it should help you dial down the emotions - and not give up!

One of the core principles that David Morgan at The Morgan Report teaches is that “The market is ultimately bigger than any attempts to subvert it.” Keeping this in mind can enable you to “stay long and strong” while the short-term sorting out takes place, and metals’ prices bounce back quickly thereafter.

Note: A variation of this Essay was posted earlier in 2020 at <https://www.moneymetals.com/>

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