

Zanetti Monday Missive 08.30.2021 Silver. The Dog Didn't Bark

Scotland Yard Inspector Gregory: **Is there any other point to which you would wish to draw my attention?**

Sherlock Holmes: **To the curious incident of the dog in the nighttime.**

Gregory: **The dog did nothing in the nighttime.**

Holmes: **That was the curious incident.**

Hello Everyone,

In the mystery of the "**Silver Blaze**" a racehorse was stolen and a horse trainer was murdered. Yet on the night of the crimes, the dog didn't bark.

That led Sherlock Holmes to believe the dog knew the evildoer. This is called a negative fact. Something that should have happened is absent from the record.

Silver (and gold, but we will stick to silver today) is our dog that isn't barking.

We all know "money printing" has gone off the rails. We all see inflation hitting at the gas pump and on store shelves.

We can all anticipate that events in Afghanistan will hurt America's standing in the world. That will likely diminish confidence in the dollar.

And Hurricane Ida smashing into oil production and refining facilities won't help our energy situation or economy.

Yet, the two “canaries in the coal mine” (yes, I just switched metaphors) that should warn of trouble ahead are silent. (BTW, coal miners routinely took canaries deep underground because canaries can detect carbon monoxide and other toxic gases far faster than humans can.)

In short, silver should be singing and barking and it’s not.

I am no Sherlock Holmes, so I can only speculate as to why. My guess is the suppression of gold and silver prices is sanctioned way up the governmental food chain. The goal is to defend the dollar.

But rather than have disciplined spending and borrowing, it is easier to “unplug” the monetary alarms of gold and silver instead.

With that said, all suppressions end (see the Nixon Shock missive of three weeks ago); and when they do all the suppressed potential energy explodes suddenly higher. I believe we are getting close to that event. We’ll see.

With that in mind, let’s look at some of the research done by Mike Maloney over at goldsilver.com. Mr. Maloney went back over 40 years to 1980 (when silver hit \$50/oz.) and compared silver’s price today against various other measures such as home prices, inflation, money supply, etc.

In a nutshell...

**If Silver Had Kept Up With
Would Be**

The Silver Price

Inflation (CPI)

\$175/oz.

CPI Using the Methodologies of 1980

\$1226/oz.

Home Prices

\$275/oz.

| | |
|---------------------------------------|-------------------|
| <i>US Gross Domestic Product</i> | <i>\$400/oz.</i> |
| <i>Stock Market (Dow)</i> | <i>\$1900/oz.</i> |
| <i>Bond Market (10-year Treasury)</i> | <i>\$360/oz.</i> |
| <i>Broad Money Supply (M2M)</i> | <i>\$1250/oz.</i> |

Mr. Maloney has other measures, but you get the point.

Of course the immediate (and legitimate) question would be, “*What about supply and demand?*” Here is a quick synopsis.

- In 1965, President Johnson called in all the real silver dimes, quarters, and half dollars. It was too expensive to continue making coins with silver. Thus, our flimsy coins today.
- The recalled silver coins were melted down. And for decades the US Treasury had a vast surplus of silver. That surplus was sold into the markets to help fund Treasury operations. That kept the price down and discouraged silver mining.
- In 2003, the Treasury ran out of that “melt” silver.
- Today, we routinely have years where demand outstrips supply, yet the price barely moves.

So why aren’t more people buying at rock bottom prices you may ask. They are. If you get a chance, go back and look at the silver delivery notices I posted at the end of last week’s missive.

Yes, it is kind of dull reading. But the exponential increase in **physical** silver deliveries happening “under the radar” tell you big money sees a significant price increase coming. (Picture 1000-ounce silver blocks on pallets being delivered to vaults.)

In short, all the fundamentals are with silver owners. Now it is just a matter of when and how much?

Circling back up to Mr. Maloney's numbers, quadruple digit silver is probably pie-in-the-sky (and he admits such) unless there is hyperinflation. And we don't want that. Triple digit silver, however, seems very much in the cards.

I believe we will start to see significant moves up before the end of the year. I hope I am right. But then again, I am no Sherlock Holmes.

Signed, Your I-Would-Rather-Live-In-A-World-Where-Questions-Can't-Be-Answered-Than-In-A-World-Where-Answers-Can't-Be-Questioned Financial Advisor,

Greg

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