

# The Sua Took My Silver Away

By [The Mogambo Guru](#)

10/24/05 The SUA thinks that when demand swamps supply, and when the price of this scarce, expensive commodity soars in response, that employment in the silver industry will fall? As the Mogambo says: Hahahaha!

We read an interesting tidbit on the Today.Reuters.com site: "A U.S. silver industry nonprofit group opposes the creation of an exchange-traded fund backed by the precious metal amid concerns such an investment product could make silver too expensive or illiquid in the world market."

Now, in case this is the first you have heard of an Exchange-Trade Fund (ETF), Reuters helpfully elucidates thusly: "Commodity ETFs are designed to track the price of a specific product or basket of goods, and in the case of silver, one likely would be backed by physically stored metal." In short, some guys start a fund, buy up a lot of silver, and if you want to own silver, you can buy it by buying shares of the fund like an ordinary stock. Easy!

I thought that my eyes were deceiving me, or I had had a stroke or something, because my Sensitive Mogambo Senses (SMS) were tingling like when I hear that something is in danger of going higher in price, or what the SUA calls "too expensive or illiquid", because like most greedy people who want to effortlessly make large amounts of money without actually working, I would like to "Get in on some of that action" (known in the investing biz as GIOSOTA), every time I hear about something getting "too expensive or illiquid."

## **Silver Users Association: Huh?**

So, I am sitting here with this glazed look in my eyes as the article goes on to report, "The Silver Users Association is especially concerned that a new ETF might threaten jobs in the silver industry, as it would require large amounts of metal to be held in vaults and out of reach of the marketplace, a spokesman said on Wednesday." I raised my hand and said, "Excuse me, but I am The Mogambo, cub reporter for the Interplanetary Daily News Gazette, and my question is: 'Huh?' "

To make sure I got the point, they then trotted out a guy named Paul Miller, representing, so he said, the SUA. Well, he looked me right in the eye, and for a long while we just stared at each other, neither of us blinking. Then, just as I was about to fall to my knees and cry "Uncle!" he abruptly caved in and said, "The concern we have is about jobs. That concerns our members greatly." For some reason, this tickled the hell out of me, as it seemed like such an odd thing to say. I figured, "Yeah! Their own! Hahahaha!"

Composing myself and trying to show a little dignity for a change, I say, "Let me get this straight: Silver in an ETF would take silver out of the marketplace and put it in vaults someplace dark and spooky, probably full of vampires and communists or something, whereas the vaults

and warehouses that already contain the silver are bright and shiny, and do not have any vampires or communists. Is that it? And so, the price would go up higher, but still within its historical range, probably somewhere between \$30 and \$500 per ounce, which is a lot more accurate as to the true value of silver in the Big Freaking Scheme Of Things (BFSOT) than its current low, low, low inflation-adjusted price, especially considering the big supply-demand disparity and complete elimination of global stockpiles. So, am I hearing you right, you jerks?"

I, with an increasing fury, continue with a sneering tone of contempt in my voice, "But the SUA thinks that when demand swamps supply, and when the price of this scarce, expensive commodity soars in response, that employment in the silver industry will fall? Hahahaha!"

I can see their faces contorted in fear as my incessant bellowing reaches a thundering crescendo. "Hell, the miners will be putting on double shifts to mine more silver when the price gets that high! The beleaguered debtor out here will pawn the family silver and get a little breathing room so that he can do a little spending! Silver will be speeding around and around the economy! In short, there will be jobs, jobs and more jobs, all over the damned place as a result of the silver ETF, you big stupid morons!" In a blind rage, I leap to ascend to the stage with the idea to grab that SUA guy and slap the hell of him until he stops spouting such gibberish. But they see me coming and take it on the lam out the back door, leaving me alone on the stage. Now I am even madder!

Rising to the theatrical occasion, I drop to one knee, raise my arm towards the heavens, and with a voice revealing a breaking heart, cry, "But are there are any limitations as to how much silver a citizen, a simple person like you or me, can buy? No! Is it written that the noble citizen must contain his lust for silver? No! Is there a law that dictates the legal size of my silver holdings? No!" Rising to my feet, I continue breathlessly, "It is therefore perfectly legal for people, individually or collectively, to go out and buy all the silver they want, including the piddly 130 million ounces of silver that this new ETF is supposed to be proposing buying."

### **Silver Users Association: That's How You Invest in Commodities!**

That's how you invest in commodities, you SUA idiots! You buy the commodity, in this case silver, and you store it somewhere, hoping for a higher price in the future, or if the price drops, making plans to legally harass The Mogambo and his stupid idea to buy silver, because it is all his fault. Either way, you gotta buy it and put it in a safe place, and that is why it is called "storing"! And you don't bring the commodity out and sell it until the price gets so high that the profit is irresistible. When will that happen? It will happen after a period of time where all you do, all day long, is keep multiplying in your stupid little calculator, over and over, how much silver trades for right now in the open market by the number of ounces you have stored down in the basement and that vulnerable safety deposit box at the bank (which you never trusted in the first place, and which is the same snotty little bank that has some sort of "policy" against letting people booby-trap a safe deposit box, even though I am the one paying to rent the damned thing! And don't bother bringing up all those Second Amendment issues, as I have been down that road with them many, many times to no avail).

But getting away from this SUA thing for a moment, if you want another reason to sell your own grandmother to get money to buy silver, and lots of it, then listen to what David Bond, associate editor at Free Market News, says. China, he says, has admitted that they have literally run out of silver, and now they need to buy it! A country so big that it has almost five times as many people as ours needs to buy silver, because we, a country that has five times fewer people in it, have used all the silver to get to where we are! I mean, the potential demand for silver staggers the imagination!

So, if you want my Stupid Mogambo Opinion (SMO) about whether silver is astonishingly cheap in light of these two developments, namely the announcement by China that they were in the market as buyers, and the SUA announcing that a stinking ETF would make silver so scarce that it would drive up the price to crippling levels, then I will take this opportunity to show off. Without a safety net or even checking the facts, I fearlessly announce that I am staking out my claim to financial immortality by loudly proclaiming, in that piercing, girly screech I call a voice, that silver, at less than eight bucks an ounce, is so freaking cheap that it is also the fabled Mogambo Investment Tip Of The Century (MITOTC), which reads, in its entirety, "Buy silver now! And lots of it!"

Regards,

The Mogambo Guru  
for The Daily Reckoning

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**Mogambo Sez:** Things are getting spookier and spookier, and the weird gyrations of the markets, the result of rampant market manipulations by (I assume) the Plunge Protection Team, don't make it any easier to sleep. If there was ever a moment that cried out for the safety of gold, then this, my little Richard Daughy is general partner and COO for Smith Consultant Group, serving the financial and medical communities, and the editor of The Mogambo Guru economic newsletter, an avocational exercise to heap disrespect on those who desperately deserve it.