

A Bull in a Silver Shop

By [The Mogambo Guru](#)

10/29/08 Tampa Bay, Florida One of the most interesting news items I've found was on the cover of *The Financial Times*, where I learned that a guy named Lahde "made tens of millions of dollars from betting against the financial and property sectors during [the] past two years", and he now wanted to thank "the low hanging fruit, i.e. idiots whose parents paid for prep school, Yale, and then the Harvard MBA" who made it all possible for him to find enough suckers.

He noted that **"These people who were often truly not worthy of the education they received (or supposedly received) rose to the top of companies such as AIG, Bear Stearns and Lehman Brothers and all levels of our government.** All of this behavior supporting the aristocracy," he says, "only ended up making it easier for me to find people stupid enough to take the other side of my trades. God bless America."

This goes along with an article in the *St. Petersburg Times* about Tom James, chairman and chief executive of Raymond, James Financial, who had **"some tough words for the wizards of Washington, DC who oversaw the \$700-billion bailout package"**.

He reports, "The Brave And Wonderful Mogambo (BAWM) was right all along! Those government weenies are the biggest freaking morons you ever saw, and we as a country should be ashamed of ourselves for having elected such corrupt, half-witted, utter failures and congenital idiots!"

As you have probably guessed by now, he did not say those exact words, but he implied every syllable when he said, **"Legislators were almost embarrassingly ignorant of how the financial system works"**, which I figure explains how they don't understand the linkage between their own Bad, Bad Performance (BBP) as legislators and the subsequent Bad, Bad Performance (BBP) of the economy, and he says that only 3 of 16 legislators that he talked to actually understood what was going on in the "credit crisis." Less than 20%! Hahaha! We're doomed!

Well, maybe these Congressional losers will understand the unfolding economic slowdown, as evidenced by the Baltic Dry Index, which is an index of the cost to transport stuff by cargo ship, and which has fallen precipitously, which seems very important to me, and to Junior Mogambo Ranger (JMR) Riccardo, too, who is also alarmed by this like – as I previously said – me.

It's actually beyond scary, in a terrifying kind of "ain't nobody buying nothing in a consumer economy" kind of way, which means that without the consumer buying stuff as his or her contribution to the famous statistic of "the consumer is 70% of the economy", we are, in case you ain't heard, freaking doomed!

Well, maybe not all buying is drying up, as silver market analyst, Ted Butler, reports that in the last 10 months, **“some 150 million ounces of silver can easily be documented to have been bought by investors. Undocumented purchases would add tens of millions more ounces.”**

In fact, when you add it all up, “Investment demand for silver this year is running at a full 25% of world mine production and over 20% of total production (including recycling). This is a remarkable historical turnabout.”

Thus, it is easy to see why Mr. Butler is “bullish beyond belief for silver”, since this kind of demand means that “In silver, the documented 150 million ounces bought in the first ten months of this year is equal to 15% of all the silver bullion equivalent thought to exist!” Wow!

More than one-seventh of all the silver bullion “thought to exist” in the whole world was suddenly bought up in less than a year, and yet the price of silver has been pounded down to less than 10 bucks an ounce? No wonder I am so bullish on silver!

He also notes that the gold/silver ratio is at more than 80, which is “one of the biggest differences in history.”

And not only that, but since there are 4 to 5 billion ounces of gold in the world versus only 1 billion ounces of silver, that means that “the total dollar value of all the gold in the world is worth 300 to 400 times more than all the silver in the world (80 times 4 or 5)”.

Talk about undervalued! Hey! This investing stuff is easy! Whee!

Until next time,

The Mogambo Guru
for *The Daily Reckoning*

P.S. In dollars and cents, the dollar value of all the gold in the world is about \$4 trillion, while the value of all the silver in the world is but a laughably low \$10 billion! Where do YOU think the most profit potential lies? Me, too!