MARKET MAYHEM · RESEARCH SHEET · EPISODE 06

Corner the World's Silver

The Hunt Brothers, Silver Thursday, and the Day the Exchange Changed the Rules

United States · 1980 · v1.0 · July 2026

Two Texan brothers accumulated roughly one-third of the world's privately held silver and drove the price up over 800%. Then the exchange banned new buying, and in a single day everything they had built collapsed.

Key Facts

Event	Silver Thursday — the collapse of the Hunt Brothers' silver-market corner
Date	27 March 1980
Key Figures	Nelson Bunker Hunt and William Herbert Hunt; Saudi partners via IMIC; Paul Volcker at the Federal Reserve
The Position	An estimated 200 million troy ounces — about one-third of the world's privately held silver
The Trigger	COMEX Silver Rule 7 (Jan 1980) permitted only the closing of long positions; no new buyers allowed

By the Numbers

Silver: ~$6/oz (Jan 1979) to $50.35 at the January 1980 peak — over 800% in about 14 months

Silver Thursday close: ~$10.80 — a 50% single-day crash

Margin call: ~$135 million from broker Bache — it could not be met

Estimated losses: over $1 billion direct; Bunker Hunt's 1988 bankruptcy listed debts above $2 billion

CFTC settlement: $134 million in fines (1989)

The Day the Exchange Changed the Rules

The Hunts had done everything their thesis required: they were right about inflation, they cornered the physical market, they drove silver from $6 to over $50. What they could not control was the referee. In January 1980 COMEX introduced Silver Rule 7, allowing only the closing of positions. With no new buyers permitted, the only direction left was down.

> ***"You can be right about the asset and still lose everything, if your position is large enough to make the rules change."***

How It Happened

After the dollar left gold in 1971 and inflation took hold, the Hunt brothers concluded that silver was the ultimate hedge. From 1973 they bought aggressively, and crucially took physical delivery rather than rolling paper contracts.

By late 1979, partnering with Saudi investors through a vehicle called IMIC, they controlled an estimated 200 million ounces, about a third of the world's privately held silver. The price rocketed from around $6 to $50.35.

A corner works by owning so much that others must buy back from you to settle. But it also concentrates enormous risk in one position and draws the full attention of the exchanges and regulators.

The Collapse

In January 1980 COMEX introduced Silver Rule 7, permitting only the liquidation of existing long positions. Demand was switched off at the source, and the price began to fall.

On 27 March 1980, Silver Thursday, the Hunts could not meet a margin call of around $135 million. Silver crashed roughly 50% in a day, and the shock threatened the brokers financing them. The Federal Reserve, under Paul Volcker, became involved to contain the fallout.

The Hunts lost over $1 billion. Bunker Hunt filed for bankruptcy in 1988 with debts above $2 billion, and in 1989 the brothers settled with the CFTC for $134 million.

Timeline

1971	Nixon ends the dollar's link to gold; the decade's inflation begins
1973	The Hunts begin accumulating silver via futures, then take physical delivery
Late 1979	Combined position ~200 million ounces, partnering with Saudi investors through IMIC
Jan 1980	Silver peaks at $50.35; COMEX introduces Silver Rule 7 — no new long positions
27 Mar 1980	Silver Thursday: a ~$135m margin call goes unmet; silver crashes ~50%; the Fed convenes emergency meetings
1988	Bunker Hunt files personal bankruptcy, listing debts over $2 billion
1989	CFTC settlement of $134 million in fines
2011	Silver briefly nears $49 again, more than 30 years later

Mind · Method · Money — What This Means for You

MONEY · Position size creates regulatory risk
At a certain scale a position stops being an investment and becomes a systemic problem, and systems respond to systemic problems by changing the rules. The largest positions in any market carry not just price risk but the risk that the rules governing them change while you hold. Concentration kills.

METHOD · Know who controls the game
The Hunts had a coherent thesis and enormous resources, but COMEX had the power to change margins, limits and rules while they held. On any exchange-traded market, the exchange is the ultimate authority. Any position that depends on specific rules staying the same should account for the risk that they change.

MIND · Conviction is not a risk framework

The Hunts were right that 1970s inflation was real and that silver hedges it. None of that protected against the leverage, scale and regulatory response their position attracted. Being convinced you are right is not risk management; cap your risk regardless of how right you feel.

Modern Parallels

Any position large enough to move a market is also large enough to become a systemic problem, and systems change their rules to protect themselves. From exchange margin hikes to trading halts to the LME cancelling nickel trades in 2022, the lesson recurs: on someone else's exchange, you are never the ultimate authority.

Read & Listen

Read the full write-up and listen to the episode: Corner the World's Silver (EP06)

Related Research

Previous episode: EP05 · Black Tuesday (1929)

Next episode: EP07 · Souk Al-Manakh (1982)

The next one forming: The Next Market Crash — 5 Scenarios

Sources & Further Reading

Stephen Fay, Beyond Greed (1982)

Charles P. Kindleberger, Manias, Panics, and Crashes: A History of Financial Crises

Market Mayhem: When Greed Meets Gravity, The Complete Trader's Edge

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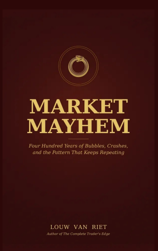
Learn the framework behind these lessons in The Complete Trader's Edge — 70 chapters of Mind, Method and Money.



FROM THE BOOK

This crash is dissected in full in **Market Mayhem: When Greed Meets Gravity** — 22 chapters, four centuries of bubbles, one repeating blueprint.

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