

FOMC Meetings Trigger Silver Price Crashes

Written by Kevin D.

Manipulation is a simple fact of life for silver investors. Because the silver market is so tiny, the silver price is easily controlled by big bullion banks with deep pockets. As a group, the bullion banks have been perpetually 'short' silver for decades, making their profits when the silver price falls (and absorb losses if the price rises). Therefore, inducing silver investors to sell at any cost is the first order of business for these banks, and they often use economic or political events as cover for their manipulative short selling activities.

As a precious metals investor, I've endured hundreds of steep intra-day silver price plunges, but there has been one upside to this: watching the silver market daily has helped me develop a keen insight into when silver prices are likely to decline rapidly, and that has helped me better time my regular silver purchases to catch these short-term declines (i.e. 'Buying the Dip'). Over the last number of years, I have found that there is a recurring event that is often used as cover to attack the price of silver; the **FOMC meetings**.

The FOMC (Federal Open Market Committee) meeting is basically a group of central bank members who control official US monetary policy getting together to decide how much new unbacked, printed-out-of-thin-air currency they will be creating (i.e. pure inflation). The FOMC meeting is normally held every 5 or 6 weeks on a Tuesday and Wednesday, and on the second day of the 2-day meeting, a statement is released by the Federal Reserve Chairman at 2:00pm EST (3:00pm AST). The release of this statement almost always triggers a steep silver price decline, regardless of whether the outcome of the meeting would be considered 'loosening' or 'tightening' monetary policy. The graph below (green line) is a good example of a typical FOMC silver price smash on Oct 30, 2013.

A WORD FROM THE EDITOR

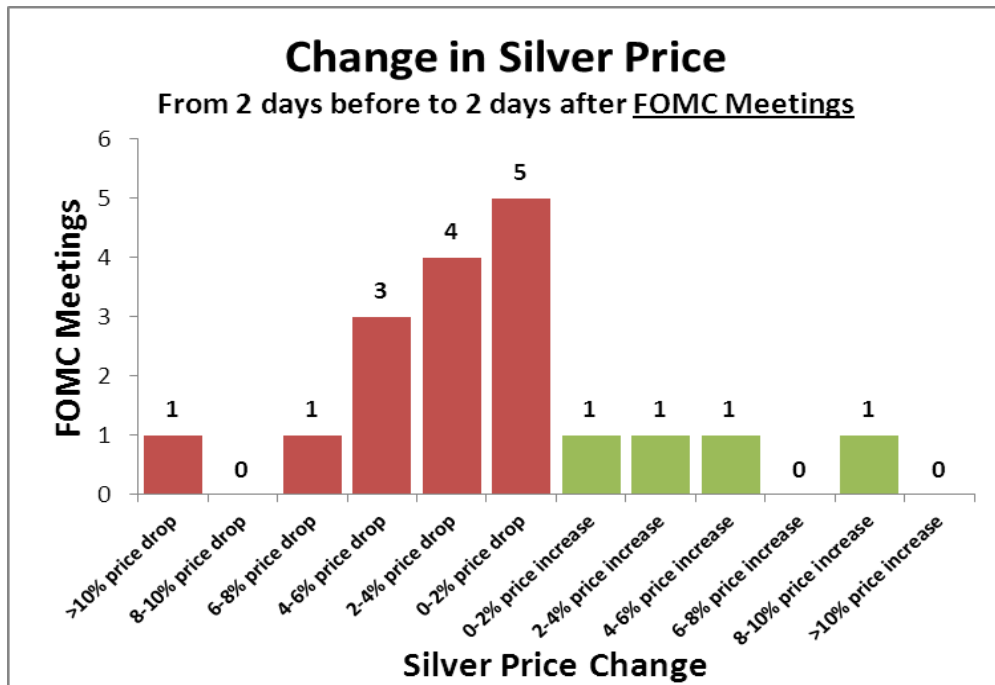
We live in a day and age where news and media content is available en masse. However, we recognize that one of the greatest challenges facing a self-directed investor is to make sense of all this information. In this month's newsletter, we focus our attention on practical ways to help our readers cut through the noise and access correct and truthful information. Enjoy!

Mark Yaxley

Editor



To validate my hunch above, I examined changes in the daily silver price low since January 2012. Specifically, I compared the silver price on the second business day **prior** to each FOMC meeting with the silver price on the second business day **after** the meeting to see if the price went up or down, and by how much. What I discovered was very interesting:



Over the last 30 months, the price of silver fell a whopping 14 out of 18 times around FOMC meetings. It would appear that price declines around FOMC meetings are pretty much a given, and it's certainly not because the Fed was tightening monetary policy over that timeframe, which would logically pressure silver prices; the Fed only began tapering their bond purchases in January 2014! Essentially, Fed 'jawboning' about 'tapering' at FOMC meetings over the last 2 ½ years has provided the perfect cover for attacks on silver.

No perfect indicator exists when it comes to predicting the silver market, but given how common silver price declines are around FOMC meetings, it's a good idea to keep an eye on upcoming meetings, which are published at <http://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>. The next FOMC meeting is on June 17-18, 2014; keep an eye on the silver price around that time and try to 'buy the dip' if you're planning a purchase in the next month or so!

Contributing author Kevin D. has been investing in gold and silver since 2005. He believes that every investor should hold at least 10% of their assets in physical precious metals stored securely outside of the banking system.

Five Alternative Media Websites You Need To Know About

Compiled by Robert Craig

Mainstream media might be a good place to catch last night's playoff highlights or check the weather, but certainly can't be relied upon to provide the whole picture (or truth) when it comes to political or market related events. Here's a list of the alternative news sources our resident media junkie Robert Craig frequents.

Zerohedge.com

A very informative site that provides current news pieces covering everything from geo-politics to finances and precious metals. It also features comments from well-informed readers which adds another interesting layer to the conversation.

Sgtreport.com

Similar to Zero hedge, this site provides podcasts related to precious metals as well as other current events.

Kingworldnews.com

A site almost exclusively devoted to PMs, it features both written articles as well as podcasts. Some well-known metals experts make regular contributions here; Eric Sprott, Doug Casey, Ted Butler and Jim Sinclair, to name a few.

Whatreallyhappened.com

Perfect for folks who enjoy conspiracy theories. It covers everything from PMs and Stock Market manipulation to covert government operations around the world. *Warning: this is highly addictive stuff!*

RT.com

Russian TV, as the name implies, this site is funded by the Russian government. It does however have many well-known financial and political experts with their own spots. Max Keiser and Larry King, for example. The site provides a look at current affairs from a different perspective than that of Western mainstream media.

Robert Craig has an extensive background in the field of financial services including the sale of private life insurance, Registered Educational Savings Plans and 15 years of personal banking spent at CIBC. He is a firm believer in the long term benefits of owning precious metals and is a self-proclaimed 'goldbug'.