



The Federal Reserve has announced that it will expand its holdings of long-term securities with open-ended purchases of \$40 billion of mortgage debt a month, in what has become the third round of quantitative easing. This announcement ended the speculation on what would be announced at the two-day meeting in Washington.

The Federal Open Market Committee said it would probably hold the Federal Fund rate at near zero "at least through mid-2015." Since January, the Fed had said the rate was likely to stay low at least through late 2014. The Fed said "a highly accommodative stance of monetary policy will remain appropriate for a considerable time.

Chairman Ben Bernanke is enlarging his supply of unconventional tools to attack unemployment, which has been stuck above 8 percent since February 2009, a situation he has called a "grave concern." The decision provoked a renewed backlash from Republicans, who said Bernanke's policies damage the Fed's credibility while doing little to spur the economy.

#### **Republican lawmakers criticised the Fed's action**

They released a statement that Bernanke is beginning to do serious damage to the Fed as an institution. Open-ended purchases of mortgage-backed securities will politicise the Fed and add substantially to its balance sheet risks, but it will not help the economy's long-term growth prospects.

#### **Republican presidential candidate Romney**

Mitt Romney made it clear that he would not reappoint Bernanke when his term ends in January 2014. Glenn Hubbard, the Columbia University Business School Dean and Romney adviser, has said additional bond purchases by the Fed would do little to shore up the economy.

Glen went on record saying that he did not think that another round of quantitative easing would have a material effect on the recovery. This statement was made to the public during his interview on 31 August on Bloomberg Television. Fed district bank presidents have also raised concerns about inflation or whether more Fed action would help fuel growth.

**Expectations of additional stimulus have put even more weight behind the rally in Silver. This affords another opportunity to take profits in what is indeed becoming the "silver lining" for RIO. I sold Silver at \$ 34.20 taking profits for the RIO Professional Investors Fund, which looks set to witness the benefit of another successful month of trading.**