



Yesterday, Gold and Silver futures tumbled the most in two months, why?

The Federal Reserve said nothing on offering more monetary stimulus to bolster the US economy. In testimony before Congress yesterday, Fed Chairman Ben S. Bernanke gave no signal that the Central Bank will take new steps to boost liquidity. The effects of this statement gave the Dollar a small push of +0.6% against a basket of major currencies.

Ben's testimony caused a ripple as the appeal of precious metals investment took a nudge. **I forecast that this correction in Gold and Silver is temporary, and will be seen as creating a buying opportunity for many.** Members will recall that I had predicted that Gold would revisit \$1,800 in 2012. Yesterday, pre the testimony, Gold had reached \$1,792.70 an ounce, a three month high point!

Almost all investment houses were expecting that the Fed would loosen policies, even in the midst of all the pre-election propaganda, creating perhaps the perception that the US economy is doing well. The events yesterday caused investment sentiment to switch from precious metals as the Fed committed to nothing, highlighting the manic nature of the market.

The statistics show the result of Ben's testimony. Gold futures for April delivery fell 4.3% to settle at \$1,711.30 at 1:59 p.m, the biggest drop since 14 December 2011, again creating a buying opportunity. This metals rally was merely dented as the commodity fell 1.7% for the month as a result of the statements made. However, the bigger picture shows that this metal is still in rally mode, clearly show a gain of 9.2% in 2012 alone.

Silver futures were also affected as I would also expect; May delivery slumped 6.9% to \$34.642 an ounce, the largest decline since 14 December 2011. Since my recommendation to buy Silver this metal has continued to climb reaching \$37.58 an ounce before yesterday's remarks. In fact it had reached the highest price since 22 September 2011, my hot ticket having gained 4.1% in February alone.

To be precise, since my recommendation to buy Silver in December (RIO's aptly named silver lining investment) this commodity has gained a huge 24% I have been trading this up market for RIO Professional Investors Fund profitably, I hope our members were in on the action.

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