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THE PREHN INSTITUTE | RESEARCH

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The New Fed Chair Just Ripped Up the Playbook: What It Means for Gold, Silver, Bitcoin & Your Portfolio

Kevin Warsh's radical reset of Fed communication — and the 3-step framework for investing in the new era

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FELIX PREHN

Economist and former investment banker
The Prehn Institute

REPORT SCOPE

Plain-English explanation of the video.

RATING

None

PRICE TARGET

None

BOTTOM LINE:

The appointment of Kevin Warsh as Federal Reserve Chair represents the most significant shift in U.S. monetary policy communication since the 2008 financial crisis. In his first FOMC meeting, Warsh eliminated forward guidance, refused to contribute to the dot plot, and reduced the official Fed statement to approximately 130 words — six of which defined his entire philosophy: "The Committee will deliver price stability."

About Felix Nikolas Prehn and The Prehn Institute

Felix Nikolas Prehn

Felix Nikolas Prehn is an economist and former investment banker. He writes and lectures on how the financial markets work, with a focus on how ordinary savers can protect what they have built.

The Prehn Institute

Felix Nikolas Prehn is the founder of The Prehn Institute. It publishes research on the financial markets and provides instruction in how they work. It gives no financial advice.

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BOTTOM LINE:

The appointment of Kevin Warsh as Federal Reserve Chair represents the most significant shift in U.S. monetary policy communication since the 2008 financial crisis. In his first FOMC meeting, Warsh eliminated forward guidance, refused to contribute to the dot plot, and reduced the official Fed statement to approximately 130 words — six of which defined his entire philosophy: "The Committee will deliver price stability."

The resulting market shock erased approximately $7 trillion in combined market capitalisation across gold (– 18%), silver (– 30%), and Bitcoin (–50% from highs) in a single session. We believe this was a correction of overextended parabolic moves rather than a fundamental breakdown. All three assets have since recovered significantly from their lows.

We outline a 3-step framework for navigating the new era: (1) Accept the new rules — the "Fed put" is gone,

1. Upgrade to quality — own companies with real earnings and strong balance sheets, (3) Establish selling rules before you buy. Our Wall Street Protocol screen of 50 major gold and silver miners shows zero qualifying breakout setups, indicating the sector remains in pullback mode. We expect patience will be rewarded when technical conditions improve.

WHO IS KEVIN WARSH?

Background. Kevin Warsh served as a governor at the Federal Reserve from 2006 to 2011, placing him inside the institution during the 2008 financial crisis. He witnessed first-hand the consequences of emergency money printing and the moral hazard of unlimited central bank intervention.

Appointment. President Trump appointed Warsh when the previous chairman's term expired. The market consensus was that Warsh would aggressively cut interest rates to stimulate growth — the president had publicly stated, "We should be paying the lowest interest rates of everybody."

The Surprise. Warsh did the exact opposite of what was expected. He signalled tighter policy, eliminated the Fed's communication safety net, and launched a comprehensive internal review of how the institution operates.

Key distinction. The Federal Reserve is independent of the federal government. The president can appoint the chairman, but cannot direct monetary policy. This independence is what allowed Warsh to contradict the administration's public preferences.

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What Warsh Changed — The Five Bombshells

At his first FOMC meeting, Warsh delivered five decisions that collectively shocked financial markets:

1. Rates Held Steady Kept rates at 3.50–3.75% — unanimous vote. Not a huge shock alone.
2. Dot Plot: Rate HIKES Expected 9 of 18 Fed members now expect hikes. Only 1 of 18 expects a cut. Complete reversal from prior consensus.
3. Chairman Refused His Own Dot First Fed chair in modern history to abstain from the dot plot. Killed Wall Street's favourite "crystal ball."
4. Statement Slashed to ~130 Words Stripped out 15 years of hand-holding language. Six words defined the new era: "The Committee will deliver price stability."
5. Five Task Forces Launched Communications · Balance Sheet · Data Sources · Productivity/Jobs · Inflation Framework

What this means. For 15 years, the Fed acted as a "GPS" for investors — telegraphing every policy move in advance. That GPS is now off. The "Fed put" — the expectation that the Fed would always intervene to support markets — may be gone. Warsh has made it clear: his focus is killing inflation, not babysitting portfolios.

The Fed's dual mandate. Think of the Fed as having two buttons: one for jobs and one for inflation control. Pressing the "jobs" button (cutting rates) can worsen inflation. Pressing the "inflation" button (raising rates) can hurt employment. Warsh has firmly pressed the inflation button.

THE $7 TRILLION CRASH — THREE FORCES AT WORK

Context. Before the crash, all three assets were in parabolic territory. Gold had surged past $5,500. Silver blew past $120. Bitcoin was hitting all-time highs. The "rubber band" was stretched to its limit. Warsh was the flick that snapped it back.

→

→

→

→

Force 1

Debasement Trade Reversed

+

Force 2

Opportunity Cost Rose

+

Force 3

Fear Triggers Faded

=

$7 Trillion Wiped Out

Force 1: The Debasement Trade Reversed. Gold, silver, and Bitcoin are "debasement trades" — bets against the dollar. Investors pile in when they expect money printing, rising debt, and a weakening dollar. Warsh signalled the opposite: no more printing, no rate cuts, a stronger dollar. The entire thesis driving these assets was suddenly working in reverse.

Force 2: The Opportunity Cost Got More Expensive. Gold, silver, and Bitcoin pay no dividends, no interest. When rates are near zero, this doesn't matter. But with the Fed signalling rates could stay high — or even rise — investors can earn 4–5% risk-free in treasuries. These assets must now outperform that 4–5% just to break even compared to doing nothing.

Force 3: Fear Triggers Went Away. Every time there's a scare — tariffs, wars, financial crisis — investors run to gold and Bitcoin as "insurance." But nobody buys insurance on a sunny day. Tariff fears calmed. Geopolitical concerns eased. The urgency to hold "insurance" assets faded simultaneously.

Critical insight. These three forces hit at the exact same time. That is why the sell-off was so violent. It was not one catalyst

✓ it was three, compounding.

GOLD — CRASH ANATOMY & OUTLOOK

–18%

Gold crash from highs

RECOVERY

Significant rebound from lows

25–50%

Major bank year-end targets above post-crash levels

The crash. Gold fell approximately 18% — the worst single-day drop for precious metals since the 1980s. The sell-off was driven by the triple forces outlined above: debasement reversal, rising opportunity cost, and evaporating fear triggers.

Not a fundamental breakdown. Gold did not suddenly become worthless. The trade got overcrowded, the run went parabolic, and the new Fed chair was the catalyst for a correction that was going to happen regardless. Parabolic moves always correct

✓ that is not a prediction, it is gravity.

Analyst consensus. The major investment banks still carry year-end gold targets that are 25–50% higher than post-crash levels. They view this as a correction within a longer bull run, not the end of the bull run.

Historical parallel. In 2022, the last time the Fed talked aggressively about raising rates, gold was also hit hard. Gold has since moved significantly higher than its 2022 levels. Crash → fear → panic selling → recovery → new highs. The pattern has repeated across multiple cycles.

SILVER — THE DOUBLE-EDGED METAL

–30%+

Silver crash — cut by a third

STRONG

Structural industrial demand

The double vulnerability. Silver is not just a precious metal like gold — it is also an industrial metal used in solar panels, electronics, and semiconductors. This means it gets hit from both sides simultaneously: the inflation-hedge side going down AND economic-fear side going up.

Paper vs. physical disconnect. There is a persistent gap between what the paper market (Wall Street traders) thinks silver is worth and what the physical market (actual users of silver) thinks it is worth. This disconnect creates extra volatility during sell- offs.

Structural demand story. The world is building more solar panels, more semiconductors, more electronics every year. We need more silver, not less. This demand story has nothing to do with the Fed or interest rates — it is driven by global industrial and clean-energy trends that will persist regardless of monetary policy.

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Bitcoin — Leverage, Liquidation & the Crypto-literate Fed Chair

–50%

Bitcoin cut in half from highs

$60K+

Recovery bounce level

Why Bitcoin crashed harder. Leverage. Many traders were buying Bitcoin with 10x or 20x borrowed money. When the price drops, brokers force liquidation. One liquidation pushes the price down further, triggering the next, creating a domino-effect chain reaction of forced selling on top of selling on top of selling.

Price Drops

→

Leveraged Positions

Liquidated

→

More Forced Selling

→

Domino Cascade

The Warsh crypto nuance. Here is something most analysts overlook. Kevin Warsh is arguably the most crypto-literate Fed chair in history. He has invested in crypto-related companies. He has advised crypto venture firms. He has called Bitcoin "digital gold" for younger generations.

But he is deeply sceptical of altcoins. He has called most altcoins "software pretending to be money." This distinction is critical: Warsh is not anti-crypto. He is anti-junk crypto. For Bitcoin investors specifically, this nuance should be reassuring, not alarming.

2022 parallel. The last time the Fed talked aggressively about rate hikes, Bitcoin crashed approximately 60%. From those 2022 lows, Bitcoin subsequently rose to new all-time highs. The technology did not stop working. The network did not break. The crash was a correction of leverage and speculation, not fundamentals.

GOLD & SILVER MINERS — WALL STREET PROTOCOL SCREEN

Methodology. Our Wall Street Protocol screens for stocks building a specific technical pattern — a "coiled spring" shape just below a resistance ceiling. When all criteria align, it flags a potential breakout setup. We ran this screen on every major gold and silver miner — all 50 of them.

0 OUT OF 50

Gold & silver miners qualifying for breakout setup — entire sector in pullback mode, 20–62% below recent highs

Source: Wall Street Protocol screen via Winston app

What this tells us. This is not a "buy the dip" moment for miners. The entire sector is in pullback mode. However, this is incredibly useful information — it tells investors: do not chase the bounce. Wait for the setup.

What we are watching for — three signals:

Signal 1

Stocks stop falling and go sideways

→

Signal 2

Flat ceiling forms with price coiling beneath it

→

Signal 3

Sector RS crosses back above

50-day average

Source: Wall Street Protocol methodology via Winston app

Speed of transition. When these three conditions line up, the miner group can move from zero qualifying setups to several very quickly. The value of a systematic approach is that it replaces guessing with waiting for confirmation.

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The Recovery Nobody Talks About

What happened. While commentators posted panic videos predicting the end of gold and crypto, the assets quietly began recovering. Gold climbed back significantly from crash lows. Silver recovered strongly. Bitcoin bounced back above $60,000.

Catalyst 1: Warsh softened. Just weeks after his tough debut, Warsh spoke at a major central banking conference in Europe and said: "Inflation risks have come down." Very different energy from "The Committee will deliver price stability" with a fist on the table.

Catalyst 2: Weak jobs data. The economy added only 57,000 jobs in June — an anaemic number. Weak employment data makes rate hikes less likely, because raising rates would further damage a struggling labour market. Markets recalibrated: maybe those hikes aren't happening after all.

Crash

→

Fear & Panic Selling

Warsh Softens + Weak Jobs
Recovery Begins

→

The history lesson. The last time the Fed signalled aggressive rate hikes (2022), gold, silver, and Bitcoin all crashed. All three subsequently recovered to levels significantly above their 2022 lows. Investors who panic-sold at the bottom permanently locked in losses right before massive recoveries. We are not predicting the same outcome — past performance does not guarantee future results — but the pattern is worth understanding.

THE 3-STEP FRAMEWORK FOR THE NEW FED ERA

Step 1

Accept the New Rules

→

Step 2

Upgrade to Quality

→

Step 3

Know When to Sell

Step 1: Accept the New Rules. The Fed is no longer your co-pilot. For 15 years, investing was like driving with GPS — every turn announced in advance. That GPS is off. Nobody has the edge of decoding Fed signals anymore — because there are no signals. Everyone works with the same information simultaneously. More volatility, yes. But also more opportunity for investors who have a plan.

The levelling effect. The old system favoured Wall Street. Banks had teams of analysts decoding Fed signals and trading ahead of everyone else. Regular investors were always a step behind. In the new system, there are no signals to decode. The playing field is flatter than it has been in 15 years.

Step 2: Upgrade to Quality. In a world where cheap money is gone, quality wins. Think of it like building a house — in calm weather, cardboard works fine. In a storm, you need brick. Higher-for-longer interest rates is the storm.

The 3-Question Portfolio Filter	
1. Does this company actually make money?	Real earnings, not accounting tricks
2. Is it growing its earnings?	Consistent growth, not cyclical spikes
3. Could it survive 3 more years of high rates?	Strong balance sheet, low debt dependency

If the answer is YES to all three → passes the filter. If NO to any → hard questions required.

Zombie companies exposed. The companies that only survived because they could borrow at near-zero rates are now in trouble. When borrowing costs are high, companies without real cash flow, real earnings, or strong balance sheets get exposed. The rising tide of cheap money used to lift all boats. That tide is going out.

Step 3: Know When to Sell Before You Buy. Most investors have a buying strategy but no selling strategy. In a world with no forward guidance and more volatility by design, the cost of not having selling rules just went through the roof.

Institutional discipline. Every institution on Wall Street has selling rules. Every hedge fund. Every trading desk. When a position hits a certain loss, they cut it. When it hits a certain profit target, they take some off the table. Mechanical. Emotionless. Planned in advance. The best investors decide when they will sell BEFORE they buy.

RISK FACTORS

Risk	Description	Impact
Fed rate hikes materialise	9 of 18 FOMC members project at least one hike. If implemented, this would strengthen the dollar further and pressure gold, silver, and crypto.	HIGH
Inflation re-acceleration	If inflation rises again, the Fed may become even more hawkish, extending the higher-for-longer regime.	HIGH
Leverage-driven crypto cascades	Persistent high leverage in crypto markets means any shock can trigger another liquidation cascade.	MEDIUM
Gold miner operational risk	All 50 major miners are 20–62% below recent highs. Extended pullbacks can stress balance sheets.	MEDIUM
Silver paper vs. physical divergence	Disconnect between paper and physical markets can create additional volatility in either direction.	MEDIUM
Policy reversal	If Warsh reverses course and returns to dovish policy, assets currently positioned for hawkishness could face rapid repricing.	MEDIUM

LOWER-RISK ETF ALTERNATIVES

For investors who want exposure to the themes discussed in this report without concentrating risk in individual assets or miners, we highlight the following sector and commodity ETFs:

ETF	Exposure	Rationale
GLD (SPDR Gold Shares)	Physical gold	Direct gold exposure without miner operational risk. Liquid. Low expense ratio.
SLV (iShares Silver Trust)	Physical silver	
		Direct silver exposure. Captures both precious metal and industrial demand
		thesis.
GDX (VanEck Gold Miners		
ETF)		
	Gold miners	
	basket	
		Diversified miner exposure. Reduces single-stock risk while capturing sector
		recovery if breakout signals trigger.
GDXJ (VanEck Junior Gold		
Miners)		
	Junior gold	
	miners	
		Higher beta to gold price moves. More volatile but greater upside potential if
		sector recovers.
SIL (Global X Silver Miners		
ETF)		
	Silver miners	
	basket	
		Diversified silver miner exposure. Benefits from structural industrial demand
		growth.
BITO (ProShares Bitcoin		
Strategy)		
	Bitcoin futures	
		Regulated Bitcoin exposure via futures. Avoids direct custody risk. Note: futures-
		based, may diverge from spot.

ETF vs. individual assets. ETFs provide diversification within a theme, reducing the impact of any single company's operational or financial difficulties. For investors uncertain about timing individual miner entries, a basket approach via GDX or SIL allows participation in eventual sector recovery while limiting downside concentration risk.

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Opportunities & Key Takeaways

Opportunity	Detail
Gold — correction within a bull run	Major banks target 25–50% above post-crash levels for year-end. Viewed as a correction, not a regime change.
Silver — structural industrial	
demand	
	Solar panels, semiconductors, electronics growth is independent of Fed policy. Demand is
	increasing annually.
Bitcoin — most crypto-literate	
Fed chair ever	
	Warsh has called Bitcoin "digital gold." He is anti-junk crypto, not anti-Bitcoin. Regulatory clarity
	may improve.
Miners — setup approaching	
	Zero setups now, but when sideways base + coiled spring + RS crossover align, the group can
	move rapidly from 0 to many qualifying stocks.
Level playing field	
	Without Fed forward guidance, Wall Street no longer has an information edge over retail
	investors. The playing field is flatter than in 15 years.

Want to learn the selling rules Wall Street has used for 50 years?

GO TO WHENTOSELL.ORG

Grab your free ticket, show up live, bring your questions.

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20. About Felix Prehn and The Prehn Institute
21. Felix Prehn is a former investment banker. He gained deep insights into the strategies and principles that professional investors use to build and protect wealth.
22. Tradevision.io Felix Prehn is also the co-founder of Tradevision.io, a platform dedicated to providing news and data specifically tailored for retail investors. Tradevision.io helps individual investors access the information and tools they need to compete effectively in modern financial markets.
23. Mission and Dedication Felix Prehn has dedicated his retirement to teaching regular investors how to protect their wealth and navigate the complexities of the stock market. His approach emphasizes understanding the fundamental principles that drive long-term investment success, rather than chasing short-term trends or speculation. By bridging the knowledge gap between Wall Street professionals and individual investors, Felix works to level the playing field and help people take control of their financial destinies.
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DISCLOSURES

The Prehn Institute Felix Prehn is the founder of The Prehn Institute, an educational platform that has taught over 20,000 students the fundamentals of investing and stock market analysis. The Prehn Institute focuses on demystifying Wall Street's investment strategies and making them accessible to regular investors. The academy provides comprehensive training on fundamental analysis, technical analysis, risk management, and portfolio construction—empowering individual investors to make informed decisions about their financial futures.

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