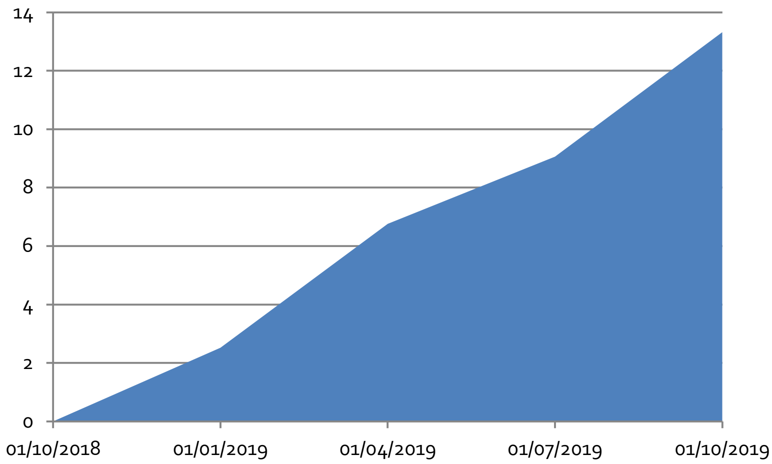
THE RIO CLUB

08 October 2019

RIO CURRENCY CONCEPT ACCOUNT

The Currency Concept Account was launched in October 2018 to take advantage of the Sterling Dollar fluctuation caused by the ongoing Brexit fiasco. To-date it has capitalized on the opportunity, and as a result has produced four consecutive gaining quarters. The account has recorded a net gain of 13.32% since launch, and is positioned well as we head to the all important date of 31st October.



Brexit

UK PM Boris Johnson announced that the Brexit ball was now in the EU's court, stipulating that the EU should discuss in detail his proposal for breaking the deadlock ahead of the UK's departure on October 31st. Boris also received some good news as the Scottish court rejected a bid by campaigners seeking an order for him to seek a Brexit delay.

Over the last fortnight the Brexit headlines have driven the demand as the GBP/USD drifted from 1.24 to 1.22, I bought Sterling for the account at 1.2290 utilizing 20% of the USD cash held to facilitate the trade.

Initially, Sterling reacted positively to the PM's Brexit proposal, whilst the Irish border issue remained contentious. The Pound quickly gave up gains as EU officials showed little enthusiasm for Johnson's 'final offer'.

Looking forward, the French President Emmanuel Macron has given Boris Johnson until the end of the week to overhaul his plan. It is important to note that a positive Brexit headline would put to bed any no-deal Brexit concerns, and this in turn would return the Pound to its previous range. This would allow me to reverse the above trade taking profits. The account has plenty of USD cash on reserve to take advantage of any further Sterling weakness which may come should the market see a widening of the UK trade deficit, as this could cause the Pound to lose further ground this week given the lack of clarity from the UK's future trade relationships.

The US dollar, on the other hand, will be reactive to global risk appetite, and the upcoming Federal Reserve rate cut speculation. That said, currently the Fed seem divided on the need to a further lowering of interest rates, the upcoming meeting is scheduled on October 29-30th and a rate cut would weaken the USD, but only time will tell.

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