



The Currency Concept Account is the latest addition to RIO's product range. It was launched in October 2018 to take advantage of the volatility in Sterling due to the ongoing Brexit fiasco. The Account has started well recording two consecutive gaining quarters, to date producing a net gain of 6.76%. So far in this quarter we are in positive territory, and given that I have already successfully closed four trades in profit prior to Friday 24th May, the account is now well positioned.

Last Friday Theresa May resigned, creating a buying opportunity for the account to sell USD to Sterling.

As the UK PM Theresa May announced her resignation outside Downing Street last Friday, she underlined the fact that she officially has only two weeks left in charge. For now the task for the Tories is to find a new leader. The good news is that I had expected Sterling to lose ground against the USD should we see the PM announce her resignation. I was therefore proved correct as Sterling did fall back to below the 1.27 level. The reason for this is simple. The news of her resignation put further short term downward pressure on Sterling, and this created an excellent opportunity for the Account. Accordingly, I took action and sold 15% of the USD held by the Account, acquiring the undervalued Sterling at 1.2685. I expect to be able to reverse the position at 1.2785 sooner rather than later.

Who will replace Theresa is the big question, and how will this affect the Sterling to USD rate?

I am also awaiting a further opportunity to sell USD in the coming weeks, of course dependent on who becomes the replacement for the current PM. A pro-Brexit candidate, such as Boris Johnson or Andrea Leadsom, could cause another strong move in the Sterling/USD exchange rate. This could potentially weaken the Sterling to USD rate, as it would mean that the UK would potentially swing towards a hard Brexit.

That said, at present Sterling looks oversold, with the current GBP/USD exchange rate near the lowest level it has been since early January.

The investment product trades Sterling/Dollar/Sterling positions only. One reason why I limited the trading to this pairing is that this is one of the oldest currency pairings in the world. The pair is often called 'The Cable', since the first transatlantic communication cable runs across the floor of the Atlantic, connecting Great Britain with the United States, and was used to transmit currency prices between the two economies. It was no mistake that RIO elected to trade The Cable as it remains a favorite of currency traders today. The pairing accumulates massive interest worldwide, and currently offers real potential to profit from today's ongoing Brexit related volatile market position.

The Currency Concept Account is not the only product likely to post gains from the political turmoil in the UK.

Gold has rallied through the month of May, climbing from 980 per ounce to over 1012. I took profits selling Gold held by The ARC Bullion Account at 1,004.57 per ounce on 15th May, doing so this has underpinned the potential to post another gain for those invested.

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