



While the main stock markets witnessed a sharp decline at the end of the year, gold finished 2018 in rally mode, ending the year strongly at \$1,280.51 per ounce. A more detailed examination shows that the price of gold had been relatively flat throughout 2018, but importantly it remained very stable. It reached a high level earlier in the year of \$1,360 per ounce, but the strong US Dollar generally negated gold's real potential. That said, last year, gold showed its worth setting record prices and near highs in 72 currencies, while the Pound Sterling, Swiss Franc, Euro and Chinese Yuan all suffered against a strong US Dollar.

This underlines the fact that gold can act as investment portfolio insurance in tough times. As for mainstream stock investors many witnessed their stock-based investments take a 10-15% plunge at the end of last year. Should these very same people look back over the same time period, many could now feel that holding gold is not just worth considering, but is perhaps just common sense!

For any RIO member not already invested in the ARC Bullion account, it may be time to add this asset class to your investment portfolio selection.

This is especially true for those members who see Sterling as their asset base, given the new data released by the Office for National Statistics, which clearly underlines the fact that we are now witnessing the slowest growth in GDP since 2012. The Bank of England reduced its growth forecast for 2019 from 1.7% to 1.2%, and is warning that there is a 25% chance of a recession later in the year as a result of the economic slowdown. This news caused the currency market to respond negatively, the Pound falling against the Euro to €1.13907 (down 1.72%), and to the Dollar \$1.28507 (down 2.65%). In response to the news bullion rallied further.

Those already invested in the RIO ARC Sterling Bullion account will be more than pleased to hear that the value of gold surpassed £1,020 per ounce on the back of the disappointing UK economic statistics published last week.

Gold's price has rallied over 9% in the past three months, moving from around £932 per ounce in early November and climbing by £91 per ounce. The rally in gold has improved its value in Pound Sterling terms, just as forecast some months ago. As the Brexit uncertainty continues to plague the market, the fear of a 'No Deal' result looking ahead is likely to influence the value of bullion further in the coming days, for better or worse.

Theresa May has already refused to consider concessions contained in a letter from Labour leader Jeremy Corbyn, despite the EU saying they could work with them to pass the Withdrawal Agreement. EU's chief negotiator, Michel Barnier, commented that "Something has to give".

The Prime Minister gave a statement to the House of Commons yesterday, but suffered another Commons defeat after MPs voted down her approach to Brexit talks. MPs voted by 303 to 258 - a majority of 45 - against a motion endorsing the government's negotiating strategy. MPs have a further two weeks to negotiate with the EU over the Irish border backstop situation.

### **The price of gold is likely to be supported and underpinned by new data**

Recently released statistics for 2018 clearly show that we are beginning to witness a very real change in this market. Central banks and similar institutions have pushed the annual bullion demand to the highest level since 1971, a very relevant date as this was the time when then US president Nixon closed the gold window.

2018 has now been officially recorded as the second highest year on record for Central bank buying. The wider story is perhaps more telling as the number of Central banks on a bullion buying spree has grown. Simply, more and more Central banks are now taking in gold for diversification, as they seek to reduce their exposure to USD paper-backed assets, such as US Treasuries. Despite a decade passing since the global financial crisis, the financial outlook seems no less certain. Central banks have reacted to rising macroeconomic and geopolitical pressures by bolstering their gold reserves, and investors are beginning to following suit.

Today, gold is more relevant than ever as more and more investors worldwide are finally beginning to follow the RIO ARC's focus on physical gold, namely gold coins, which I have always said provides a safer form of bullion investment for the reasons outlined in the product brochure. Those invested in the ARC Bullion Account may be surprised to hear that gold coin demand worldwide has sky rocketed in 2018. Last year was the highest demand seen since 2013 when RIO launched the first of the two physical bullion products. A staggering 236 tons of this form of physical gold was snapped up by investors as the demand for bullion continues to rise.

	3 Year Return (%)	5 Year Return (%)
RIO ARC Bullion Account USD	28.44	62.16
RIO ARC Bullion Account GBP	44.24	n/a

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