



Sterling is likely to receive a post-election shot in the arm and rally around 3-4% should the voting public give the ruling Conservative Party a majority in parliament on December 12. The exact opposite would almost certainly happen should we see a shock Labor Party victory. Sterling would plummet; I would not be surprised to see a fall of 4%.

With Boris Johnson currently ahead in the opinion polls we have already seen the Pound strengthen in the lead up to the election.

Looking back, the Pound has experienced massive volatility since the United Kingdom decided in the June 2016 referendum to leave the European Union, the plagued currency often becoming absurdly oversold. At times the once mighty Sterling's value in USD terms entered what could have been described as a massively undervalued position.

RIO predicts that once the UK is rid of all the uncertainty and the Brexit saga is finally resolved, the Pound will rally back above 1.35. This prediction, when coupled with the volatility in the exchange rate between Sterling and Dollar, known as the Cable, will offer an investment opportunity. Having traded the Cable for over 20 years I am well prepared to take advantage. The Cable is the third largest traded currency pair in the world, offering what can be only seen as massive liquidity. With all that in mind RIO launched the Currency Concept account on 1st of October 2018 to enable RIO members to benefit from the potential gains from the ongoing political turmoil.

The Labour Party plans to renegotiate Brexit and put the revised deal to a new referendum, that could take months and would likely cause intense market uncertainty. A Conservative majority would imply that we see a swift approval of the Withdrawal Agreement, thus ending uncertainty about Brexit, which would underpin Sterling.

Sterling has mostly focused on the twists and turns of Brexit, it has recently reacted insignificantly to economic data and or any comments of future monetary policy from the Bank of England.

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