



Thank you to the fifty or so members who commented on my recent investment report on the US Debt Ceiling issued on 20/09/13. As members seem focused on my comments on this matter I have provided some further notes below.

As I have highlighted in several reports the ghost of the '*debt ceiling debate*' will raise its head again and it has done just that in the past few days. The Democratic Senate and Republican House continue the stand-off in their next great budget debate.

The '*left*' stand by their push for an increase in spending and higher tax rates (on the '*wealthy*') with rhetoric on the potential elimination of the '*debt ceiling.*' Whilst in contrast the right remains firmly focused on spending cuts and the defunding of the Affordable Care Act.

The Republicans have little backbone for a prolonged fight. They are deathly afraid of a government who are in such fear of shutdown, this will likely lead them to once again cutting a very poor deal for themselves.

Clearly what's critical to the financial markets is whether or not the debt default card is once again played. **While I believe that currently the US government will NOT default on its debt** simply because they can print US Dollars to pay their obligations, the rhetoric of a potential default will be very negative for the stock market and the US Dollar going forward.

I have just closed another Sterling/Dollar trade in positive territory as the opportunities to trade are opening up. Profits anyone? The repositioning exercise performed by me over the last two months on Professional Investors Fund with additional weighting to Sterling based assets proves to be correct.

William Gray
The RIO Club