



Gold has reached a new record high in USD terms and is now at a high in almost all currencies, what comes next?

Following years of RIO reports and personal forecasts it is perhaps reassuring for members to see that my predictions have now all been proven accurate as gold surges past previous highs.

The actual high recorded on the day depends on the trading region time zone, but to simplify, gold has now exceeded both the previous record of US\$1,895.0/oz set by the PM Price on 5th September 2011 and the US\$1,921.2/oz intra-day high the following day during Asian trading hours.

The recent price surge during July came fast, which, combined with markedly weak consumer demand, is likely to result in higher gold price volatility in the near term. The recent increases were driven to a large degree by the sharp depreciation of the US dollar. The magnitude of the change is highlighted by gold's 14-day Relative Strength which reached a high of 88 on 27th July, this would indicate that the market is overbought and as such we would expect to see a correction in normal circumstances.

My caution at present is bolstered by the fact that there is additional downside risk; such risk comes when you take into consideration recent statistics which indicate that some countries like China, South Korea, Germany and other European nations have started to turn a corner.

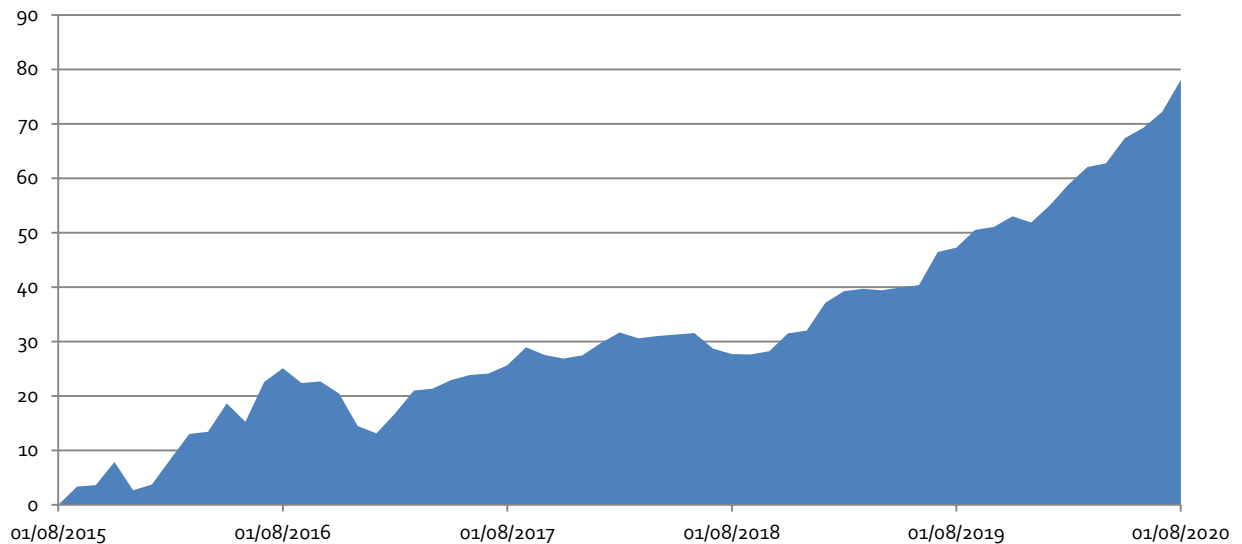
Further expectation of a correction comes from the fact that retail consumer demand is weak this year, it has fallen significantly. Statistics show that the jewelry sectors demand has plunged by 46% in the first half of the year; this of course due to the negative effects of the pandemic on the economy and bolstered by the stringent lockdowns which were in place in the period. All of the above underlines that it is, as always, crucial not to lose sight of the goal of the ARC Bullion Account's investment objective, which is to provide members a less volatile form of physical gold investment. The ARC is certainly not an investment which is speculative high risk, it is often utilized for portfolio protection. Since launch The ARC has maintained its wealth preservation/ portfolio protection strategy, thus protecting those invested from a major correction in gold's value.

Looking forward, although we should expect some consolidation in gold's current price; a weakening US dollar, falling returns on US bonds and fears of both the US-China divide, and a second wave will almost certainly help keep bullion in its rally mode. Gold's upside is also supported by the financial response to the crisis as many countries have been printing unprecedented amounts of money, massively increasing the debt burden. This could easily result in accelerated inflation; bullion's reputation as a hedge against inflation is well documented and any sign of such a scenario entering the fore would send investors worldwide scrambling to protect their portfolios and their overall wealth.

The broader position is simple to deduce; with levels of interest in the bullion market, gold could surpass \$2,250 before the end of this year. A large second wave of the C-19 virus would almost certainly produce a strong rally. Finally, the true impact of the pandemic must be considered; I am sure no one would be surprised when I remark that the colossal economic damage will plague the markets for years to come, it could even slow up economies for the next decade.

The ARC bullion account has provided an excellent return, importantly with minimal risk taken. The excellent Risk/Reward ratio underlines this fact!

The risk reward ratio of the ARC USD Account for the last two years is measured at 29.99 to 1. This is more than attractive as it means that the investor benefits from a return on the investment that is almost 30 times that of the risk taken to achieve the return. A massive effort has been expended to improve the all-important risk/reward ratio, the results of which speak for itself.



RIO ARC Bullion Account USD, 5 Years

Our Club

The fact is that RIO takes less and gives more; this is an important benefit of membership and is one reason why our membership continues to give back in terms of the referrals of family, friends and work colleagues. This referral system has and always will be the backbone of the RIO Club, for me, I certainly appreciate the continual flow of referrals which have been constantly provided. Thank you to the many members who have brought friends and family onboard over the years.

RIO membership has increased significantly this year and our notoriety as the go to for a physical gold investment is renowned. However, this year that very reputation as the top physical gold investment in the world, combined with our precious metals knowledge and expertise has helped propel the membership to a record high. I was happy to hear that many members had told family and friends that due to being in the RIO Club they did not suffer financial losses in the carnage of the March stock meltdown. In conversation several members had alerted their family and friends of the dangers in not owning gold, this in turn resulting in a frenzy of activity and many have now acted to join our ranks. Many of these new members had suffered significant financial loss due to being invested with buy and hold investments. Those promoting such products just blamed the onslaught of the virus and subsequent stock market meltdown for the carnage endured. None offered a solution, well now a solution has been provided; welcome to the RIO Club, as members you will all now benefit from RIO's active management strategy.

William Gray
The RIO Club