THE RIO CLUB

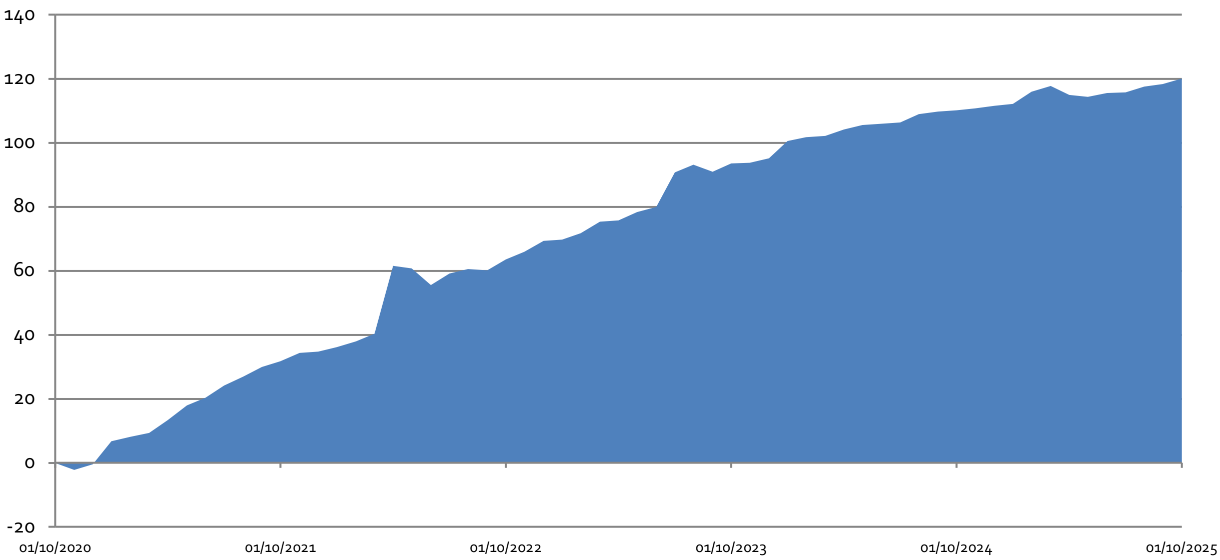
09 October 2025

RIO STOCK TRADING GBP

RIO Stock Trading GBP has produced a return of 0.76% during September.

As we entered week two of the month, I sold British American Tobacco stock at 4.185, TESC.L at 442.90 and Anglo-American Plc at 2.582, moving both the original capital and profits back to cash. This meant that I had reduced the equity weighting from 52.5% to 28.2%, which has the account well positioned for any volatility that I expect to see in October.

During the past twenty-four-month period, this account has produced gains and the lack of volatility has made this investment very popular with members. The account has impressive statistics, producing a net gain of 34.56% in the past three years, and has returned a staggering 120.04**%** in the past five years.



Looking back, September marked a turning point for global markets, as the Federal Reserve cut interest rates for the first time this year, shifting its focus to supporting employment amid a cooling labour market. The more accommodative financial environment boosted risk appetite, driving gains across equities and fixed income.

UK stocks reached new highs, while US stocks were driven higher by strong investor interest in AI-related firms. Chinese equities also benefited from tech exposure and improving sentiment. All this while Gold surged past US$3,900, supported by safe haven demand and fiscal concerns.

Despite the positive momentum, risks persist. Elevated valuations, late-cycle dynamics, and political uncertainty warrant a cautious stance. Members should continue to maintain diversified and resilient portfolios.

Gold remains the best hedge against global fiscal sustainability concerns, and will continue to benefit from the run to safe haven assets.

UK Inflation and interest rates

The Bank of England expects UK inflation to have risen in September. Is this forecast a cause for concern, and what does it mean for further interest rate cuts? I noted that UK inflation had held at 3.8% during August, and in fact had remained at the same level as July's 18-month high reading. The Bank of England's most recent Monetary Policy Report, published in August, said it expects inflation to push up to 4% in September, a position they reiterated in September.

If this level of price growth is recorded it would be the highest inflation reading since January 2024. Should we see a 4% reading I forecast that it will fall soon after that, against the current backdrop we see inflation at or around 3.75% by year end, and then it should fall back in 2026.

The Bank of England chose to keep interest rates at 4% at the latest Monetary Policy Committee (MPC) meeting on 18 September. Looking forward, high inflation is making base rate cuts much more difficult to justify. Our team predicts that we will had a rate cut to end the year, with two more rate cuts in 2026, time will tell if our forecast is correct.

William Gray
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