



RIO PLATINUM ACCOUNT GBP

The Platinum account has produced a gain of 0.32% in October; hold in hand platinum (the accounts benchmark) produced far less (0.14%) in the same period. The outperformance continues with RIO producing a net gain of 6.58% in the past six months, the benchmark also recorded a gain, but only 4.70%. As for the twelve month period, it was simply more of the same as RIO gained 13.23%, while the benchmark return was 9.14%.

This outperformance of the metal was achieved due to both the correct weighting of the account, and the trading during the month which was profitable. During October, I acquired platinum on the 17th at £684.74, this was sold at £719.06 on the 1st of November, again taking profits for those invested.

One major benefit of investing in RIO Platinum can easily be seen from the accounts resilience amid the platinum price decline, being able to trade the decline successfully is a very positive sign, perhaps this goes hand in hand with our knowledge of this specialist market.

In stark contrast, most platinum ETFs which simply seek to follow the price of platinum, and or platinum weighted mutual funds, which utilize a buy and hold strategy, came under severe pressure during 2018 with almost all posting losses. Their lackluster performance persisted through the early part of 2019. A positive sign for those invested in Platinum is that even the platinum ETF's have begun to deliver positive returns mid-way through 2019.

Given the current outlook for platinum the remaining months of 2019 could be promising, as trade talks begin to look far more productive and a partial deal looks on the cards.

Our analysts are keeping a close watch on platinum as it competes for use with palladium in automobiles and electric cars. Meanwhile, industrial sectors such as petroleum and glass are projecting increased usage. When you add the fact that both India and China are reporting an increasing demand for platinum from jewelers, there could be good times ahead. In fact, several events could boost the metal's value significantly; for example, platinum mining output is lower due to some mine closures, the decreased investment has limited supply. If demand continues to be strong, the imbalance between supply in the market and demand could easily result in a rise in price for this precious metal.

The current gold price is £1,160/ oz, while platinum sits at £720/ oz and as such gold is more than one and a half times the price of platinum. The fair value for platinum would be about 1.25 times the price of gold meaning that statistically there is plenty of upside remaining. The World Platinum Investment Council had forecasted a 9% increase in total platinum demand in 2019. The rise in platinum demand is importantly far greater than the 4% rise in production, which will support the metals near term price. The positive rhetoric and subsequent news on a possible partial deal between the US and China could spell the start of the end to trade wars which is good news for platinum.

The metal's price would also benefit from any positive news on regulation from the automotive industry, as this would further increase platinum demand and could push Platinum closer to the norm of 1.25 times the price of gold.

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