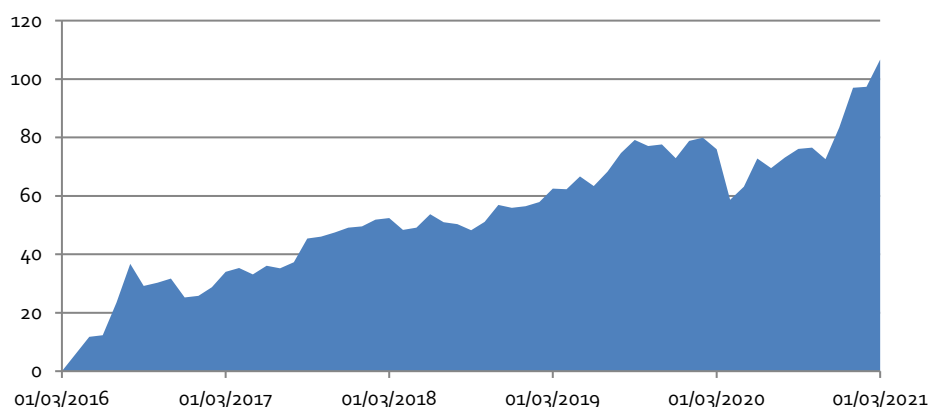




The RIO Platinum Account GBP has delivered its second consecutive gain of 2021, ending February up 4.75%, an excellent result for the month.



The Platinum account was first launched during March 2016 and since then the return on capital has more than doubled in value. That being so, any member who has remained invested from the outset has significantly benefited from their exposure to this physical platinum investment. RIO had first identified platinum as having the potential to gain four years ago, at that time we launched and promoted the RIO Platinum Account to our membership. Identification of opportunity is very important, but as always it is the dedication and the adherence to the strict management strategy which remains all important. Today, we could be at the start of what could potentially become a melt up situation in the platinum market, if so this may prove to be rewarding in terms of future gain.

When launched RIO Platinum had joined what has now become a selection of eleven active investments managed by RIO. It may be of interest to note that this investment has become the sixth active and open investment to cross the elusive 100% net returned point, as such more than half of our current product range have already doubled members initial capital investment.

The recorded statistics show that this doubling of initial capital return is nothing new, many of our now closed investment products had returned over 100%, some having done so in the four/five year period. This is above the industry norm for mid risk products, the norm being **seven/eight years**.

Platinum has been a volatile market at times but it is evident that yet again RIO's identification of the investment opportunity has shown its true worth. When you combine the early recognition of the investment opportunity with risk management, and then apply our proven trading strategy, it can, and indeed in this case has, been very rewarding. Every member who remained invested has done well and the account has gained 106.67% to date.

Looking forward, with more and more investment houses waking up to platinum's supply deficits, the potential upside remains. As such, the recent rally should continue this year. Even so, as noted in my investment comment displayed on the March factsheet, I expect to see some consolidation in the coming weeks. The Account is now positioned for this fall back, at present we are currently holding an increased cash position which both limits the down side risk and enables me to take full advantage of any buying opportunity should the market fall back as envisaged.

Platinum's price has not fully reacted to the growing imbalance in the marketplace, but the shortages have begun to be factored in. Last month I predicted that shortages, when paired with the projected demand growth, could see the metal back above £1,000 in 2021. During February Platinum pushed to £963.90, the highest the precious metal has been since September 2013, before it fell back to £858.61 an ounce.

There are a number of factors driving the platinum rally

As I have commented in previous reports, South Africa remains an area where the largest percentage of the world's platinum production is focused and as previously stated any disruption in this area would cause shortfalls in the world production levels. This forecast was proven correct when the Sibanye mine, which is one of the top three producers in that country, was plagued by power outages from beleaguered state-owned supplier. This added to the already reduced Covid production levels, in fact at times this mine has struggled to operate.

I had highlighted the fact that there would likely be increased shortages as platinum had already recorded a global supply deficit of 390,000 ounces last year. The forecasted Covid economic recovery has also sparked renewed interest in platinum; increased interest has been evident for the automotive industry and with the current optimism in the market it is possible that we could see demand rise even further.

Looking back platinum's price drop during the decade took it from the highest value precious metal to one of the lowest, this is a psychological factor for some investors who believe it's only a matter of time before it enjoys a resurgence.

The new administration in the US favours a move to clean energy!

The US government under Biden will likely drive a green revolution. Many countries are starting to tighten up vehicle emission rules as part of a long-term commitment to reducing carbon emissions. While logically there should be a reduction in the need for platinum (and palladium) in new electric or hydrogen-based cars, the opposite is actually true. The new breed of environmentally conscious vehicles need platinum or palladium for fuel cells and similar energy conversion processes.

Palladium may soon take a back seat to platinum

Palladium has perhaps begun to price itself out of the market, and since platinum and palladium are used towards the same ends it's not inconceivable that automotive manufacturers will switch back to platinum. The importance of securing this saving has recently increased significantly due to reduced sales and margins. The industry previously changed from using platinum to using palladium which caused palladium to rally strongly, a reversal of this situation could push platinum far higher than its current value.

Finally, watch for the ARC Bullion account update due out this week, the report highlights gold's oversold position and the opportunity which this presents.

William Gray
The RIO Club