



GOLD AND SILVER SHINE THROUGH

Both gold and silver rallied this week, both safe havens seeing a strong gain on the back of the horrendous damage which has been done to the global economy following almost three months of inactivity. This run to safety assets was anticipated by both myself and our analysts, who were 100% agreed on the coming price action prior to the rally. This will certainly bode well for those invested in RIO's ARC bullion accounts, importantly as always, to reduce the downside risk and preserve wealth I sold into the gold rally. Gold's move above \$1720/oz had added a shine to silver which in turn moved the gold-silver ratio, which fell back to 106 (ounces of silver to one ounce of gold). Why is that important? It is the lowest since the mid-March melt down. It also highlights the next key level for silver, being \$17.50/oz. Gold meanwhile has some technical resistance at \$1747/oz; if breached we will see investment funds start to reduce their bullish bets.

The above is certainly good news for the RIO Silver Ling account, I sold in to the rally again selling 15% of the accounts physical silver at \$17.17 on the 18th May, as always taking profits for those invested, the rally then continued to push prices upward. This is welcome news for all invested in RIO's precious metals accounts which are now almost certainly set to post further gains. Looking forward both silver and gold are likely to continue to rally due to their safe-haven status, on diversification and demand fronts.

There is also a building rumour on possible supply shortages and as the analysts begin to factor in the effects of mine closures the net result could set this market on fire. In the coming months my prediction is that we are most likely to see bankruptcies and seriously negative corporate earnings revisions. I would also be surprised if unemployment in the US didn't remain high until at least September. Then there's the remaining risk of a second wave of the virus outbreak, perhaps emerging as summer wanes, all are positive drivers for gold and silver. Not forgetting Trump versus China, a rift set to intensify as we draw nearer the US election in November. The take away of this is that I remain cautious, I see increased risk of a coming stock market weakness; but again this is positive for safe-haven assets such as gold and silver.

If you are not already invested in gold or silver now is the time to take action, the ARC is an actively managed physical bullion account available in both USD and Sterling. The RIO Silver Lining is an actively managed physical silver account which has continually out performed hold in hand silver. After all, money in the bank currently gives little to no return. Holding cash in a bank also exposes you to a loss of purchasing power as several governments seem hell bent on devaluing their currencies as fast as possible.

The Chinese are buying

New research has confirmed that Chinese commodity traders are hoarding tangible assets. Some companies were granted Covid-19 loans from banks and they have injected this money into commodities, perhaps speculating that it will be more profitable than their production activities.

Looking forward

Today we are finally seeing some signs of moving forward as parts of the world begin to emerge from Covid-19 lockdowns. As for the world's financial markets, they have tried to strike an optimistic note, this has certainly been massively supported by a colossal injection of what can be regarded as a wall of money bolstered by near zero interest rates. But like any natural disaster it has

caused havoc, and as with any such disaster the longer-term impacts will become more and more apparent in the aftermath. We have now just started to see the financial damage to the global economy from many weeks of inactivity, this in turn has put a spotlight on safety assets and highlighted that those like RIO were well prepared for the melt down in March.

RIO had long preached the benefits of holding gold. Sadly, many in the investment industry laughed at our approach, these very same people were caught unprepared and as such suffered horrendous losses in the melt down of March, losses that are yet to be recovered.

Looking back, at the start of the month I had noted that gold longs had cut positions to an 11 month low as the price continued to find the resolve to break it's \$1700/oz technical resistance, I was well aware that a breach would almost certainly see a rally higher.

As for Silver, the buyers also returned to the market, just as I had forecast to Alastair a long term prominent member. I noted the increase of the net-long position, over 35% ahead of the spike back above \$16/oz. Following a short lacklustre period Silver has finally shown its worth and the white metal has already regained most of the ground lost in the collapse seen during late February through March. Importantly from recent action I can confirm that this mega move has not gone unnoticed, it has in fact now attracted renewed interest from investment speculators.

Please click on the link below to read my recent Forbes article on Gold.

<http://docs.rioclubreporting.com/RIO-Press-Article/Forbes---Gold---As-Good-As-It-Gets-May-2020.pdf>

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