



Investment Manager Comments

This Account continues to produce very positive results, up an impressive 3.59% in February. Today there are mounting reasons to buy gold, there is increased danger from geopolitical tensions, and any further action on this front could spark a gold rally. Furthermore, a major part of the world economic order is likely to change, as Trump brings protectionist politics back to America for the first time since WWII. This, in turn, also creates a strong argument to hold bullion.

Another factor, which could easily cause gold to move higher is the looming Italian banking crisis which, if not addressed, would cause significant stock market volatility, resulting in a run to safety assets with gold being a prime target given its a high quality liquid asset.

The US is just beginning to see the long awaited return of inflation and, given that gold is historically seen as a hedge against the negative effects of inflation, this means that the metal is an obvious buy! The smart money has already begun to move into bullion as we are seeing the first signs of higher inflation, this will certainly cause gold prices to rise in tandem.

I also expect European markets to show anxiety, which will add additional support to the price of gold. Recent events have led to comments such as 2017 may be the year that the fabric of the EU starts to show cracks or even, although unlikely, break up. Should that happen we would see a massive gold buying frenzy causing bullion to sky rocket.

William Gray
The RIO Club