



The ARC remains one of the market's least volatile physical gold investments; this is perhaps made clear by the fact that since September 2023, this investment has filed twelve consecutive gaining months, adding another 1.52% to its returns during September.

As we moved through September, I sold in to gold's rally banking gains for those invested, and in doing so, I reduced the downside risk. Gold was valued at around \$2,634 an ounce as the month closed. It had remained in range on the 8th of October when it lost ground, falling over 1.42% on the week to the 9th.

The Market - Last month, the Fed announced the year's most significant fiscal and monetary action; in fact, it was the first interest rate cut since the early days of the Covid pandemic, and the knock-on effect helped push gold briefly above \$2,600 per ounce for the first time in history. The rate cut had surprised most pundits, and it certainly was more aggressive than the 0.25 basis points cut that the investment industry had already priced in.

When the Fed cut rates by 50 basis points they had commented that policymakers see risks to employment while inflation goals look better balanced. The aggressive move pushed the dollar to a sharp fall, as it moved lower against other currencies, and in turn, gold and silver prices moved higher.

Looking forward, the gold rally will be bolstered by the continued lowering of global interest rates and structurally higher central bank demand. Gold benefits from the fact that it is used to hedge against geopolitical, financial, and recessionary risks. RIO has now raised our gold price forecast to \$2,750, and predict that the metal could easily breach \$2,800 in the first half of 2025. Our previous forecast was for gold to move to \$2,500 per ounce during 2024, this price point was reached on the 17th of August, and was then surpassed.

There is arguably an additional upside for gold as the war in the Middle East continues to escalate. The Israeli Defence Minister has announced a new phase in the war, this as Iran launched a barrage of missiles targeting Israel simply adding to the rising danger. We are likely to see a retaliatory response from Israel given Benjamin Netanyahu's comments over the past few days, that being so there is certainly the potential for further safe-haven buying, and in particular gold.

I would underline that both gold and silver stand out as commodities that RIO are bullish on, especially in the near term, the reason being that they both have strong upside potential against the current back drop. With Fed rate cuts poised to bring even more Western capital back into the gold and silver market, this is, and will be an important driver for gold and silver as we move in to early 2025. This rate cut factor was not in the mix until now, yet despite this, we have seen a sharp gold rally, further cuts will likely drive gold higher.

It's important to remember that gold carries, as always, a significant hedging value for investment portfolios, offering a degree of protection from geopolitical shocks, this including tariffs, debt fears, and Fed subordination risk.

Finally, since mid-2022 central bank purchases have tripled on fears surrounding US financial sanctions and US sovereign debt. These vexing issues remain.

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