



### **The ARC Bullion Account gains ground on rate cuts**

Wednesday produced the year's biggest fiscal monetary announcement, this being the first interest rate cut since the early days of the Covid pandemic, and the knock-on effect pushed gold briefly above \$2,600 per ounce for the first time in history. The rally in gold has benefited those invested in the ARC accounts because I sold the metal, banking gains. The accounts are now certain to close yet another month in profit!



### **The Market taken by surprise**

Most pundits were taken by surprise when the Federal Reserve announced the more aggressive 50 basis point cut to US interest rates, I like most fund managers had expected this cut and already priced the move in. The Fed cut rates by 50 basis points as policymaker's said they see risks to employment, while inflation goals are in better balance. 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.

In Stark contrast, The Bank of England left UK interest rates unchanged, they stuck with a more cautious tone than the Fed. This lifted the pound to a two and a half year high against the dollar, and as you'd expect we witnessed a little negative pressure which helped gold move a little lower in Sterling terms, closing at £1,950 per ounce.

Looking forward, the Fed is penciling in another 50-basis point worth of cuts before year end, commenting that an additional 25bps cut could be seen at each of the remaining two 2024 meetings. Historically rate cut cycles have been followed by strong equity performance, suggesting a potential need to adjust portfolios.

Moving to safety assets such as gold may also be wise due to the fact that the war in the Middle East looks to be escalating once more, with Israel believed to be behind a spate of explosive electronic devices that have rocked Lebanon two days in a row. With Israel's Defence Minister announcing a new phase in the war, there is the potential for further safe haven buying, and in particular gold.

The Fed's actions marked the start of a key period for precious metals, and with the US election on Nov 5th, I fully expect the Fed to cut rates again on the 7th, it's very likely that there will be further volatility in the coming weeks which could push gold to new records.

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