

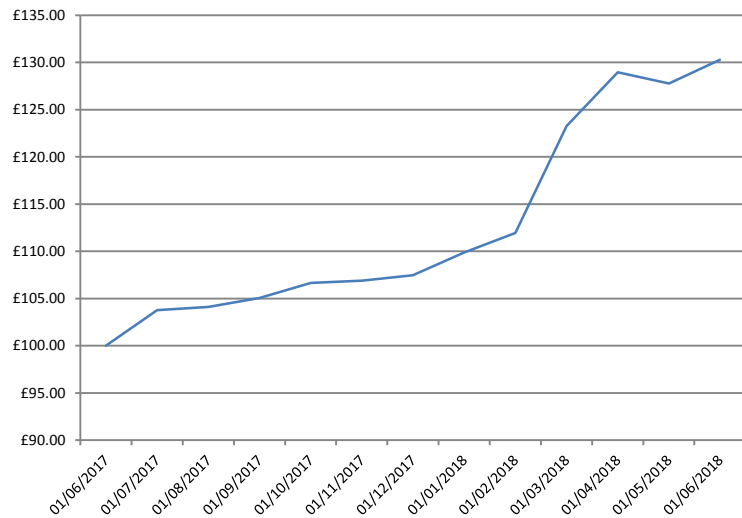


RIO REGULAR INVESTMENT ACCOUNT GBP

The RIO Regular Account (GBP) had a reasonable month, as it notched up yet another gain.

Notable trades executed in May

BHP Billiton stock was acquired on the 9th May at 1.631,80 and the position held for nine days before selling 100% of the position on the 16th. This afforded the taking of profits before returning both the capital and profit to cash/safety.



Paddy Power, identified earlier as an investment prospect due to changes in US legislation which bode well for sports betting. Paddy Power, being Irish, would likely benefit given the significant Irish presence in the USA. I was cautious and didn't jump in at the beginning, hence missing some of the positive up side. With further scrutiny of the stock, I bought in at 8.860 on the 24th May, selling on the 29th, some five days later, at 9.140.

UK Consumer Market news

There was positive news from the UK Consumer confidence Index in May, the index going up from its April figure. This is important to note, because the number has been in negative territory for the past 29 months. It is even better for the market when we factor in the fact that it came in above market expectations. Those following the data will take this as an obvious sign of improvement. The numbers indicate that UK consumer spending is on the rise, and that the previous negative impact on consumer spending power is now easing off, this is good news following what had been a weak start to 2018. This bodes well for the BoE, which had been vigilantly watching for signs that the near stagnation of the economy in the first quarter was, as expected, only a temporary slowdown, especially given the BoE's plan to raise interest rates gradually.

Investment Market woes from Italy

Market mayhem ensued after Italy's Central Bank warned the nation they were only "a few short steps" away from losing investor confidence. As a result, financial markets suffered the biggest sell-off in years on fears that repeat elections would become a proxy vote on euro membership. The Bank of Italy Governor raised the alarm as investors dumped Italian bonds, causing the biggest one-day leap in short-term market interest rates in almost three decades while the head of state sought to install a stop-gap government.

Stock Market update

News yesterday, Tuesday the 5th, that the UK government sold a 7.7% stake in RBS for around £2.6 billion. The bad news being that this deal was completed at 271p per share, which represented a loss for taxpayers of over £2 billion. As expected the news caused RBS to fall as much as 5%, and lead to further weakness in the banking sector, with Barclays and Lloyds also weaker on the day. This in turn weighing on the whole banking sector and as such on the market, the UK 100 dipped under 7700 points.

Currency markets were volatile as global trade tensions continued, and expectations of Donald Trump's trade tariffs worried investors.

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