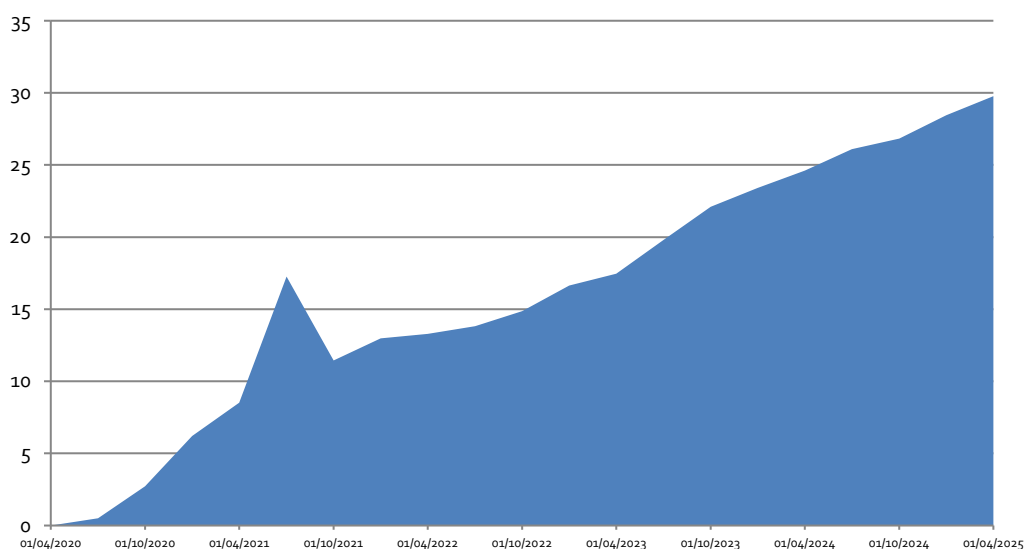




During March RIO Currency Concept registered a gain of 1.02%. Last month the pound had remained steady against the dollar during the last week, hovering around \$1.290. This as traders prepare for what is expected to be a volatile 2025, market sentiment remains cautious towards Sterling at present.



RIO Currency Concept, Percentage Return, 5 Years

The Market

As the quarter moved to a close the pound found support around 1.2870 during the final week but was held below 1.3000. It is always important to note that the UK is a small, and open economy which is heavily dependent on global and European economic growth.

If tariffs disrupt global trade, then one could argue that the UK will not be unscathed even if the government negotiates lower tariff rates. US dollar bears may voice their opinion that an increase in tariffs is already in the price of other currencies, or that higher tariffs will be just as damaging to the US economy as others.

I disagree with this point of view. The new US administration talks about spending cuts and much lower deficits, while the market was expecting tax cuts; the US is also more aggressive on tariffs than the consensus was expecting. This has led to downward revisions in US growth expectations and upward revisions in inflation forecasts. This in turn brings uncertainty over the dollar, today the pound sits at 1.29 and looking forward I am almost certain that sterling will move to 1.32 or more in the coming weeks.

William Gray
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