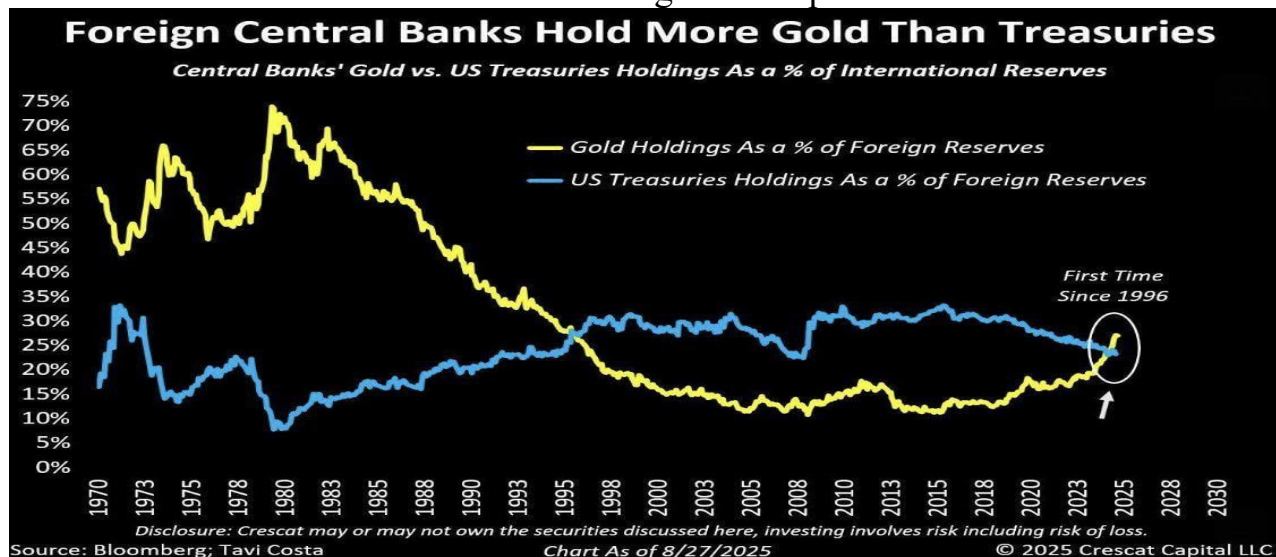


Newsletter – October 2025

In the last week of October the US central bank reduced dollar interest rates by an expected 0.25% to 3.75% and there is an expectation that they will do the same again at their December meeting. Rates in the Euro zone are already down to 2% and the UK has just decided to hold its rates at 4% (split vote, 5 hold, 4 cut). Rising rates in response to the CV19 lockdowns and higher inflation are over. The attraction of holding a currency is not going to be determined by the interest rates on offer but more likely on which currency is perceived to be stable.

Gold of course can be viewed as a currency and the chart below shows how central banks have decided to increase their holding at the expense of the US dollar.



At less than 30% they clearly have a long way to go to repeat their holdings in 1980. The odd feature of central bank gold reserves is the US still valuing their gold at \$ 42 per ounce which I covered in my March 2025 Newsletter. See :

<https://timunderwood.com/wp-content/uploads/2025/04/2025March-Report-1.pdf>

Looks to me that the Trump administration will revalue this holding. Too big a "prize" and PR opportunity now that the price is around \$4,000. If central banks are building up gold reserves then so should private investors and that is what we have done.

Best wishes

Tim

7 November 2025