

Rid Investment LLC FZ. 01/04/2022

Report March 2022.

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Report

In March 2022, the financial markets experienced pronounced volatility driven by a convergence of macroeconomic factors, including aggressive central bank policies, significant economic data releases, heightened geopolitical tensions, and ongoing global supply chain disruptions. The US Federal Reserve played a pivotal role in shaping market sentiment by implementing its first interest rate hike since 2018, raising rates by 25 basis points. This move was part of a broader strategy to combat inflation, which had reached multi-decade highs due to persistent supply chain bottlenecks and robust consumer demand. The Fed's hawkish stance, combined with its signals of further rate hikes throughout the year, exerted upward pressure on the US dollar, impacting currency markets globally.

In the forex market, the US dollar strengthened against major currencies, supported by the Fed's actions and a robust US economic outlook. The EUR/USD pair faced downward pressure as the European Central Bank maintained a more cautious approach to monetary policy amid uncertainties surrounding the Eurozone's economic recovery and inflation dynamics. Additionally, geopolitical tensions, particularly the escalating conflict between Russia and Ukraine, added layers of complexity. The conflict led to heightened risk aversion, boosting demand for safe-haven assets like the US dollar and causing significant fluctuations in currency pairs such as EUR/USD and USD/JPY.

Commodity markets were also heavily influenced by these geopolitical tensions, especially energy commodities like crude oil and natural gas. The conflict in Ukraine, a major transit country for Russian energy exports to Europe, raised concerns about potential disruptions to global energy supplies. This fear drove oil prices to multi-year highs, with Brent crude surpassing \$120 per barrel at its peak during the month. Similarly, natural gas prices surged due to fears of supply shortages in Europe, which heavily relies on Russian gas. These developments not only affected energy markets but also had broader economic implications, contributing to inflationary pressures worldwide.

Precious metals like gold and silver saw mixed performance in March. Gold initially rallied, driven by its traditional role as a safe-haven asset amid geopolitical uncertainty and inflation concerns. However, as the US dollar strengthened and real interest rates rose due to the Fed's actions, gold prices faced headwinds. Silver, which has both industrial and monetary attributes, mirrored gold's movements but was also influenced by industrial demand dynamics, especially in the context of ongoing supply chain issues.

Equity markets exhibited significant volatility, reflecting investor concerns over the potential impact of higher interest rates on corporate profitability and economic growth. The S&P 500 index experienced sharp fluctuations, with technology and growth stocks particularly affected by rising borrowing costs. Despite these challenges, some sectors, such as energy and materials, benefitted from higher commodity prices, providing a degree of support to broader market indices.

Overall, March 2022 was characterized by a highly dynamic and uncertain macroeconomic environment. The interplay of aggressive monetary tightening by central banks, persistent inflationary pressures, and geopolitical risks created a challenging landscape for investors. Our investment strategies during this period focused on adapting to these conditions by strategically reallocating assets across forex, commodities, and equity markets to optimize returns while managing risk effectively. This approach allowed us to navigate the volatility and capitalize on emerging opportunities, resulting in a notable profit for the month.

In March 2022, the financial markets were heavily influenced by the escalating conflict between Russia and Ukraine, prompting significant volatility and necessitating strategic adjustments to our

investment portfolio. The geopolitical tensions led to sharp movements across various asset classes, and we adapted our strategies to capitalize on these market conditions while managing risk effectively. Our diversified approach resulted in a monthly profit of 1.95%.

As the conflict intensified, we reassessed our allocations across the five investment accounts to optimize returns and hedge against heightened risks. Account 1, which had previously maintained a balanced exposure, increased its forex allocation to 50%, focusing on pairs like NZD/USD, CAD/CHF, and GBP/JPY. The NZD/USD pair experienced notable downward pressure due to the US dollar's strength and New Zealand's economic challenges, making our short positions in this pair particularly profitable. Similarly, the CAD/CHF pair benefited from Canada's relatively stable economic outlook against a weakening Swiss franc, driven by differing central bank policies. Long positions in CAD/CHF yielded significant gains. The GBP/JPY pair saw increased volatility, with the British pound under pressure from UK inflation concerns and the Japanese yen acting as a safe haven, leading to profitable short positions.

In response to the geopolitical situation, Account 2 shifted its focus more towards commodities, increasing the allocation to 60%. This account capitalized on the surge in energy prices, particularly crude oil and natural gas, due to fears of supply disruptions from Russia, a major energy exporter. Long positions in crude oil futures and natural gas contracts were highly profitable, driven by soaring prices that peaked above \$120 per barrel for Brent crude. The forex allocation in this account was reduced to 20%, with trades in CAD/CHF and GBP/JPY contributing positively. The remaining 20% was allocated to indices, primarily the S&P 500, which saw selective gains in energy and materials sectors despite overall market volatility.

Account 3 maintained a balanced approach with 30% allocated to forex, 30% to indices, and 40% to commodities. This diversified strategy ensured robust performance across all sectors. Forex trades in NZD/USD, CAD/CHF, and GBP/JPY provided substantial returns, complemented by gains in the S&P 500 and commodities like crude oil and copper. The balanced allocation allowed the account to navigate the mixed performance in equity markets and leverage opportunities in forex and commodities.

Account 4, heavily focused on commodities with a 70% allocation, maximized returns from trades in energy commodities, gold, and silver. The surge in oil prices and the robust demand for precious metals due to geopolitical uncertainties provided a solid foundation for gains. The forex allocation was increased to 20%, focusing on pairs like CAD/CHF and GBP/JPY, which offered profitable trading opportunities amid market volatility. The remaining 10% in indices, particularly the S&P 500, added to the overall gains through selective investments in energy and materials sectors.

Finally, Account 5 maintained a balanced allocation of 30% forex, 30% indices, and 40% commodities. This strategy allowed for significant returns across all asset classes. Forex trades in NZD/USD, CAD/CHF, and GBP/JPY leveraged movements driven by economic data and central bank policies. The indices allocation in the S&P 500 and the commodities allocation in crude oil, gold, and silver also contributed to the account's success.

Overall, our strategic adjustments in March 2022, in response to the evolving geopolitical landscape and market conditions, resulted in a notable profit of 1.95%. Our ability to adapt allocation percentages across forex, indices, and commodities ensured effective navigation of the volatile market landscape, capitalizing on emerging opportunities and optimizing returns across our diversified portfolio. This performance underscores our expertise in managing investments amidst complex and dynamic macroeconomic environments.