



‘Brexit’ has potential to move exchange rates by huge margin

Last month was a very positive one for sterling, with the GBP/EUR rate climbing from a low of €1.26 to a 4 month high of €1.32.

As regular readers of our reports will be well aware, the volatility for the pound is being caused by the EU referendum, which is now only 3 weeks away.

In May it became more and more apparent the likelihood is that the UK will remain in the EU, according to the polls. As the uncertainty that caused rates to drop to their 2 year low evaporated, the pound recovered.

GBP/EUR week exchange rate graph



However as the chart above illustrates, as we enter a new month, things have changed. Sterling has started to drop away from its recent highs.

A poll this week showed that 45% would vote to leave, 42% to stay, and the remainder undecided. Simply put, the more likely that the UK will leave the EU, this will weaken the pound and pull exchange rates lower. With only 3 weeks to go until the vote, the coming weeks will be incredibly volatile for exchange rates.

What could happen to the pound?

In my 10+ years as a currency broker, I can't recall anything in that time that presents such a risk for the pound, or that has the potential to affect sterling exchange rates so much. The 'Credit Crunch', last year's surprise conservative general election victory, and the Scottish independence vote all created some significant volatility for the pound, but none of these events have the potential to move the markets as much as this month's vote could.

As such, any private or business clients that have currency to convert in the coming months need to take action now to decide how to cover their exposure. Simply watching the rates and hoping they will move favourably could be disastrous.

We're now in completely uncharted territory, however we can help you to navigate the unknown, chart a course and remove your exposure to what will be an incredibly volatile market. Whether you're a business that buys or sells in Europe, or a private client buying or selling property overseas, there are various strategies you can employ.

The solutions vary of course, depending on your particular requirements and attitude to risk. With exchange rates now being affected by opinion polls that can be released at any time, exchange rates can change very quickly, and by a large margin.

Get in touch

If you have a currency transfer to make, and you're worried about how exchange rates could be affected in the coming weeks, your next step should be to [contact us today](#) to discuss your options, and we can tailor a bespoke solution that matches your requirements and attitudes to risk.

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Notes to editors:

Alastair Archbold is an FX manager on the dealing floor, having been with the Foremost Currency Group for over 6 years. With over 16 years' experience in the Financial Services sector, he has a wealth of knowledge for any clients entering the often daunting world of the currency markets. In addition to providing clients with incredible exchange rates, he has also written countless FX articles for various national newspapers and international publications.

About Foremost Currency Group

"We are committed to shaking up currency exchange by operating in a smarter, leaner and more efficient way, passing the savings onto you and getting you a better rate – every time you trade. Say goodbye to impersonal service and hello to your new dedicated broker. Committed to working on your behalf to get you the very best deal possible."

Robin McEwen, Managing Director