

Pound to euro exchange rate: Sterling hampered by ‘risks’ over Brexit parliament chaos

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THE POUND to euro exchange rate tipped both ends of the scale yesterday as Brexit fear marked what initially was the best day of the month for GBP. Today, sterling could see further woe and currency transaction "risks" as Brexit chaos ensues - what is the expert forecast?

The pound is being hampered by the UK's Brexit chaos which saw UK Prime Minister, Boris Johnson's request to prorogue Parliament approved by the Queen yesterday. The sterling to euro exchange rate took a marked, instant hit - and currency experts have forecast similar "downside risks" today. As Britons begin to take their last holidays of the month, the slump could prove costly when it comes to currency exchange and poor value for money. The

pound is currently trading at 1.101 against the euro, according to Bloomberg, at the time of writing.

Michael Brown, currency analyst at Caxton FX, has told of the ongoing "Brexit barometer" dictating the fortune of the pound of late.

Today he told Express.co.uk: "Sterling lost ground against the common currency on Wednesday, unwinding all of Tuesday's gains, as the government's decision to suspend Parliament in mid-September heightened the chances of a no-deal Brexit.

"Lawmakers now have incredibly tight time constraints to pass legislation preventing a 'hard' Brexit, resulting in increased uncertainty and concerning investors.

"The day ahead sees a couple of minor releases from the eurozone, namely German labour market figures and August's economic sentiment surveys, likely resulting in focus remaining on political developments in the UK.

"With the Brexit outlook remaining uncertain, the ongoing Parliamentary manoeuvring and political melodrama over the coming fortnight poses significant downside risks to the pound."

Yesterday, Express.co.uk reported on the crash of the pound after PM Johnson wrote to the Queen requesting she suspends parliament.

This sparked fears a no deal Brexit would be all the more likely, in a move set to please hardline Brexiteers.

The Queen, 93, as is typically the case, approved the request and will now stage a new Queen's speech on October 14.

The pound was trading at 1.107 against the euro, according to Bloomberg, at the start of the day.

This quickly dipped to 1.102, a small but significant difference, with the currency today falling further.

Ricardo Evangelista, senior analyst at ActivTrades, said: "The markets regard no deal as the worst possible outcome for the British economy and news that there will be a cross party effort to counter Prime Minister Johnson's plans to leave on the 31st of October no matter what, were enough to fuel Sterling gains of nearly 0.5 percent to the dollar.

"However, these gains have been completely cancelled during early Wednesday trading as reports emerge that Boris Johnson will ask the Queen to suspend parliament from mid-September until mid-October; a move seen as a way to ensure his plans of a no deal Brexit are executed without interference from MPs opposed to such an outcome."

Senior City figures warned Mr Johnson was "inflicting unnecessary economic damage on an already vulnerable UK economy."

Nigel Green, chief executive and founder of deVere Group, said: "What we do know for sure though is that this step will inflict further unnecessary economic damage on an already extremely vulnerable UK economy."

It remains to be seen how today's political developments will affect the pound further.