

# The pound has been rising

There has not been a lot of media comment, but the pound has risen from 1.06 Euros to 1.17 Euros since August and from \$1.21 to \$1.29. The commentators say this has happened thanks to opinion polls implying a Conservative government that can get Brexit done.

Indeed, its not so far off the Euro 1.23 and \$1.37 levels it was at just before the referendum. Since then we have seen a worldwide strengthening of the dollar against most currencies, to do with US interest rates being a lot higher than Euro area, Japanese and UK ones.

Prior to the referendum and any suggestion we might leave the EU sterling hit a low of 1.04 Euros in 2009. In the 1980s sterling was well below current levels against the dollar whilst in the EEC.

There has been a lot of nonsense talked about sterling and Brexit. Sterling has fluctuated substantially against both the dollar and the Euro all the time we were firmly in the EU. Interest rate differentials, different outlooks for growth and inflation all have an impact, as does relative money policy. Once out of the EU sterling will doubtless continue to go up and down according to relative sentiment about our economic policy and valuations as it has done during our long time in the EU.