



CURRENCY NEWS

Here's the Winlock currency trends update:

STERLING/DOLLARS

The July average of just under \$1.30 was the highest monthly average rate since for 10 months or so but it is still lower than a year ago and still over 13% below the pre-referendum rate. It has also fallen back a little since and it is unlikely to be on a long term upward trend. There is far too much uncertainty politically and with regards to future trading terms with the EU for sterling to come back into favour. The expectation of higher interest rates sooner rather than later is underpinning sterling at the moment and it is far from clear that rates will be increased in the short term.

EURO

The Euro has been strong recently against both sterling and the dollar it has strengthened 4% against sterling in the last month and 8% in the last 3 months. It is now at sub -€1.10 and close to its historic peak against sterling so expect price rises on European made goods soon! Given the many problems that remain in the Eurozone this strength is a bit of a surprise, and whilst German manufacturers can cope with it this makes life even more difficult for southern European factories. It looks overvalued but not many other major currencies look attractive either at the moment!

CHINESE YUAN

Sterling fell approx. 3% against the Yuan in the last month but the rate of 8.60 is still around 5% better than the nadir of last October. President Trump and his pals will be glad to see that the Yuan has strengthened approximately 4% recently against the dollar, but this only gets it back to the rates of a year ago and with ongoing worries about Chinese output and dodgy lending it is unlikely to be allowed to get much stronger – so bringing jobs back to the US will not be easy!!

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