

## **Pound to Euro exchange rates: GBP/EUR rates at best levels since early June, could Sterling make further gains?**

By Tom Hollan - *September 23, 2019*

### **Pound to Euro at best levels since early June**

Last week, pound to euro exchange rates hit their best level to buy euros since early June, closing at 1.1311 EUR/GBP. This has come as good news for anyone buying a property abroad at the moment. Brexit negotiations appear to have improved a little in recent times. Talks are committed to take place on a daily basis in order for Britain to try and leave by the 31st October.

However, the Prime minister from Finland has claimed that 'Boris has 12 days to set out his plans.' The next big day in the calendar will come on 17th October which is when Boris Johnson will be back in Europe. It will be then that he will have to announce whether the UK will ask for an extension or still try and have the talks concluded by the end of October. Jean Claude Juncker also announced that a deal could still be struck before the end of October. This gave the pound to euro exchange rate some support. Historically, the higher the prospect of a Brexit deal the stronger the value of sterling.

### **Bank of England interest rate decision: UK inflation**

Last week the Bank of England held their recent monetary policy decision. With inflation figures falling to 1.7% this is just below the central bank's target of 2%. With inflation falling this typically encourages a central bank to consider cutting interest rates.

However, as we are less than 6 weeks before the Brexit deadline then it was no surprise that the Bank of England held policy the same. This allowed the pound to find support against a number of major currencies including vs the euro and the US dollar.

### **Euro under pressure showing signs of weakness**

Meanwhile, the euro has come under pressure by what is happening on the continent. The euro plunged below the 1.10 level against the dollar, closing at 1.0995 USD/EUR. Germany has showed signs of an economic slowdown, Spain is going back to the polls and the Italian government is also suffering from uncertainty. With the ECB having cut the deposit rate from -0.4% to -0.5% and also increasing QE to EUR 20bn per month the single currency has shown signs of weakness recently.