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Sterling to slip again once EU divorce talks get started, says poll

London.— The British pound's relative upswing over the past few weeks will come to an end when Britain formally begins divorce negotiations with the European Union, and if the talks turn fractious its fall could be steep, a Reuters poll showed yesterday.

Since the surprise outcome in a June referendum, when Britons decided to quit the EU, the pound has slumped over 15 percent against the dollar and was trading at \$1.237 yesterday. The economy, however, has fared much better than had been projected.

The poll suggested the pound will also suffer against the euro, despite the currency bloc's own potential headwinds.

In one month's time a pound will be worth \$1.23, in three months \$1.21 and in a year \$1.21, according to the poll of over 60 foreign exchange strategists taken in the past week.

Those medians are a little stronger than in last month's poll, with the pound up about 1.5 percent this year, but some still thought the pound could fall below \$1.10 in a year.

Only around a third predicted a rise to \$1.27 or above and none thought it would get anywhere near the \$1.48 it was hovering around before the referendum.

Prime minister Theresa May plans to trigger Article 50 - which starts the two-year countdown to Brexit - by the end of March. Many expect negotiations with the EU to be difficult.

So two thirds of the strategists who answered an extra question said their sterling forecasts over the next three months were more likely to be too high than low.

"If Brexit talks go haywire and/or, the economy begins to slow significantly, a material fall in the pound could result," said Chris Hare at Investec.



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