

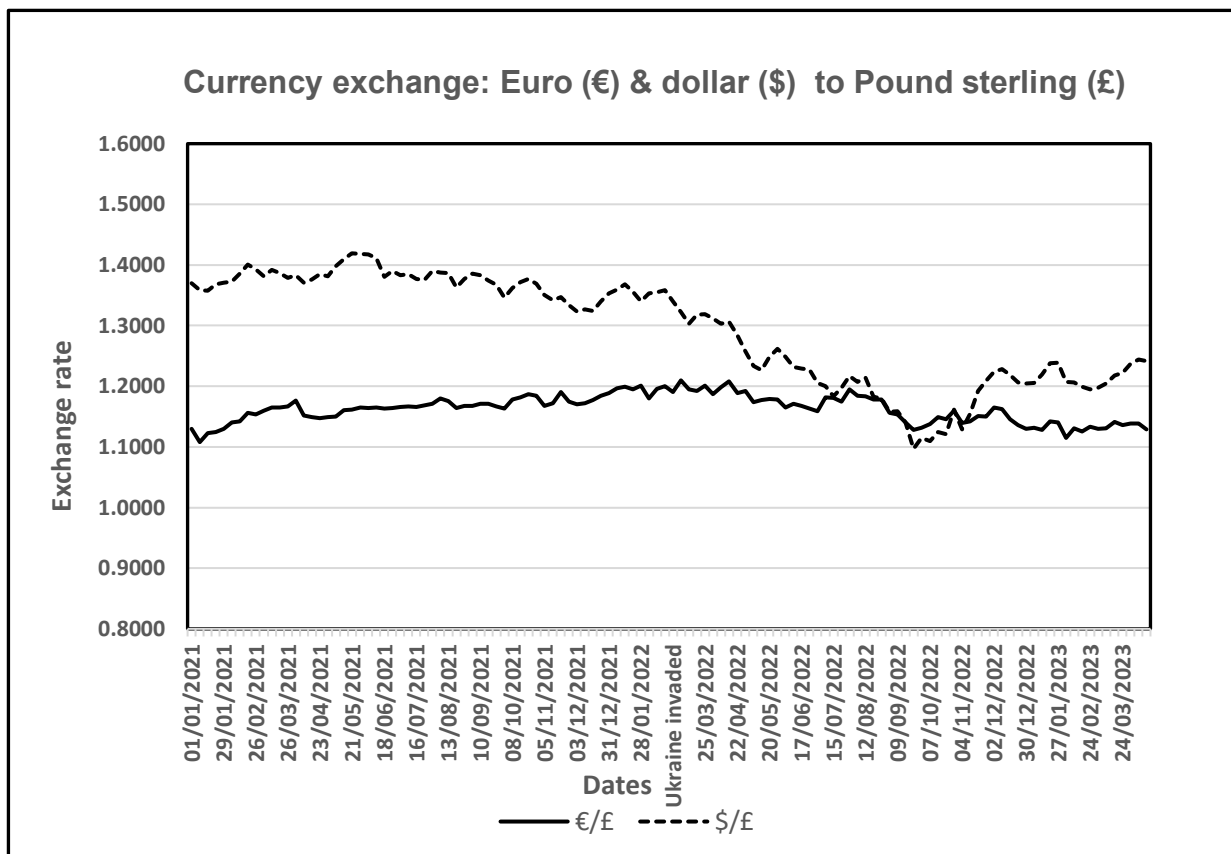
## Currency & Exchange Rates

The information contained in this report has been researched and compiled by Knud Møller at **KVM Research**. If you want to know more please look at my website [www.kvmresearch.co.uk](http://www.kvmresearch.co.uk), give me a ring on 01782 499384 or send me an email on [knudvmoller@gmail.com](mailto:knudvmoller@gmail.com). © 2023

### Introduction

The graphs in the diagram below represent the development of two major currencies, the Euro (€) and the US dollar (\$) week by week from the beginning of 2021 until and including early March 2023, a period of some dramas within the national body politics and internationally.

The value of each currency at close of trading on the last day of trading each week is recorded and added to the relevant graph. In March of 2022 – just before Russia invaded Ukraine - we can see that we would need €1.20 to buy £1, but \$1.30 to buy £1. From then on and until September/October 2022 the Pound Sterling remained fairly stable while the dollar seemed volatile. By September 2022 we would only need \$1.10 and about €1.13 to buy £1.

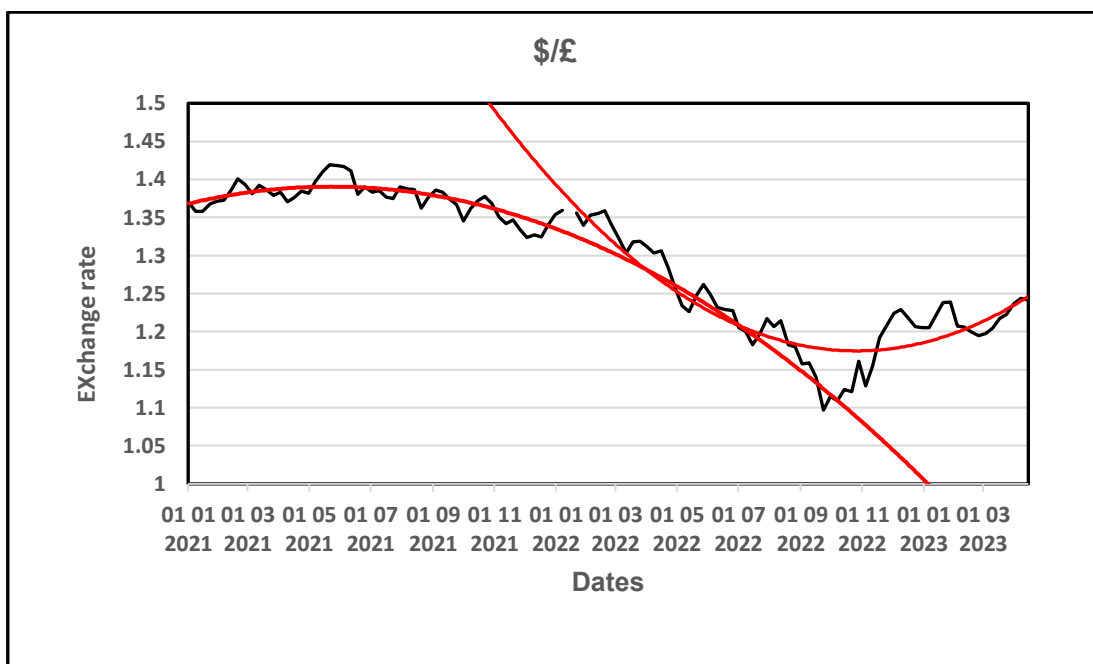
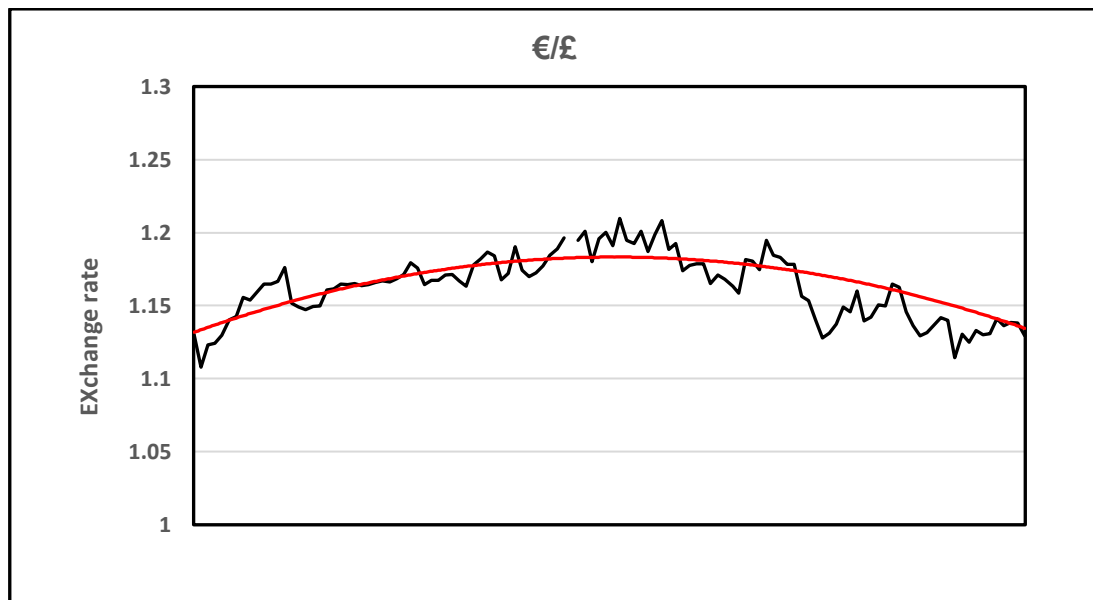


### Major events

The value of this exercise lies in a general interest in seeking to illustrate how the value of currencies has changed – if at all - in response to major political events such as the outbreak

of war in Eastern Europe an event that shuck national governments and the foundations of the international order established after WWII to the core.

General election was held in the UK in December of 2019 which produced a Conservative government with an unassailable, absolute majority of 80 in the House of Commons which still dominate British political life. Several subsequent changes of prime minister do not seem to have ruffled the currency markets nor did the 31<sup>st</sup> of January 2020 when the UK finally left the EU. However a Withdrawal agreement had still to be negotiated and agreed particularly with the unionist parties. A period of considerable uncertainty did follow and has only just ended. It happened finally with the approval of the so-called Northern Ireland protocol as amended by the addition of the 'Windsor Framework' vote in the house of Commons on the 21st of March 2023.



In the beginning of March 2020 a so-called pandemic named COVID-19 began spreading within the UK and most other countries. Health-wise the upheaval created by the pandemic now seems to have settled, but now this nature-created crisis has been followed by an entirely man-made crisis in the shape of the military invasion by Russia into Ukraine.

One can speculate whether it is this invasion which happened on the morning of 24<sup>th</sup> of February 2022 which have made the exchange rates react as they have. However, it is noticeable that after that date the pound sterling (£) have lost strength against both the Euro (€) and the US dollar (\$). It reached a low point in September 2022 when one pound sterling would cost \$1.10 compared to \$1.35 a year earlier.

It may be worth adding that according to media reports practically all countries throughout the world are looking to strengthening their military capability and at some stage a redevelopment of Ukraine will have to start. Both of these events are likely to benefit investors..

-----

Completed

Knud Moller

KVM Research ©2023