Brexit: are we in for a stormy summer?

The date of 23 June has been set for the EU referendum. It could be a volatile run into summer.

£ v US Dollar: A stumbling few months

Source: uk.finance.yahoo.com

February was the month that Brexit (UK exit from the EU) started to hit the headlines in a big way. The Prime Minister finished his negotiations after the traditional late night arguments and confirmed that the remain-or-leave question would be asked on Thursday 23 June.

One measure of global investors' concern about the impending vote can be seen in the performance of sterling. Shortly before Christmas it was trading at over $1.50 to the US dollar. By the end of February, it had sunk below $1.40. It was a similar story for the pound against the euro: having started December at over €1.40, by the end of February the rate had fallen to about around €1.27.

The currency's performance is a reflection of the uncertainty felt by global investors about the UK's future and is not directly related to the volatility seen in share markets. For many of the constituents of the FTSE 100, the fate of sterling is largely irrelevant. It is just one of many currencies for the multinationals and a distinctly foreign currency for most mining and resource companies. A fall in sterling is therefore no reason to avoid share-based investment. It could even be argued that it might be a reason for increasing exposure to UK exporters, who generally benefit from a weaker pound.

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

Investing in shares should be regarded as a long-term investment and should fit in with your overall attitude to risk and financial circumstances.