

## UK Businesses Set to Cut Back Use of the Euro

(20 November 2017 – United Kingdom) As the UK continues its political negotiations to leave the EU, UK businesses are forecasting that they will reduce their use of the Euro in currency payments when trading internationally in the next six months. This market insight comes from research conducted in November, 2017, by East & Partners with over 2,200 UK businesses.

The research shows that businesses in the UK plan to reduce their use of the Euro by 7.8 percent, with the biggest decline being with lower corporate companies (with annual turnovers of £20m - £100m) who forecast they will reduce their Euro use by 23.1 percent.

As this reduction in the use of the Euro for international trade takes place UK businesses are clearly looking to new international markets to do business with. While small increases in the use of the US Dollar and Chinese Renminbi are forecast, 1.2 percent and 2.7 percent respectively, the biggest increase will be in the use of 'other' currencies at 37.7 percent.

The highest increase in the use of other currencies is planned by SME businesses (small and medium enterprises with annual turnovers of £5m - £20m) who are set to increase this usage by 51.9 percent. Micro businesses (with annual turnovers of £1m - £5m) closely follow, forecasting they will increase their other currency use by 34.1 percent, while lower corporates plan to increase by 30.3 percent.

“While uncertainty may persist politically with Brexit, UK business is clearly planning to trade more beyond the EU,” said Simon Kleine, East & Partners Europe Business Lead. “UK businesses’ forecasts for currency usage going into 2018 show that they are definitely looking to trade more widely.”

East’s research also shows optimism amongst UK businesses in GBP sterling in forecasts for its rate in June 2018 with all businesses forecasting the pound to be up and at the following rates:

Euro - GBP/EUR:	up 6.8 percent to 1.188
US Dollar - GBP/USD:	up 6.0 percent to 1.390
Chinese Yuan Renminbi - GBP/RMB:	up 6.5 percent to 9.331

“The international trading plans of UK businesses as the country heads towards Brexit and their optimism for the Pound will be welcome news to HM Government,” said Kleine.

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## Methodology

This research is from the eighth round of East & Partners UK Business FX Markets Analysis research, a six-monthly research program. In total 2,211 UK enterprises from Micro, SME and Lower Corporate segments were interviewed directly by telephone in November 2017. Interviews were conducted with the CFO, Business Owner, Corporate Treasurer, Company Accountant or designated FX officer using a structured questionnaire.

The Micro segment comprises businesses turning over up to GBP£5 million each year, while the turnover band for SMEs is GBP£5-20 million and Lower Corporates GBP£20-100 million.

The interview sample was dispersed geographically across the UK and the sector distribution reflects a natural sample of the UK enterprise population in these segments.

## About East & Partners

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