

Insights, Tacit Thought | Weekly Investment Insights

Brexit, high finance and Ayia Napa

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Despite the ongoing drama surrounding Brexit and the resignations over what kind of arrangement politicians believe we want, let's not forget, nothing's happened yet.

The UK remains a member of the EU and all the associated 'acquis' legalities still apply. This includes facilitating trade in goods and services, harmonised pharma, rights to work and a myriad of laws and regulations that keep the trucks on the road, the aircraft in the air and so on.

Ironically, given the tense negotiations Britain applies EU law very selectively. One of the problems former Prime Minister Cameron found was that there were few areas where Britain could negotiate opt-outs and still remain in the EU.

Britain is not a member of the Economic and Monetary Union and doesn't participate in the Euro. We're not members of the Schengen free movement area where passports are needed to move in and out of British territories. And we're not signatories to the European Fundamental Charter of Human Rights which limits the role of the European Court of Justice. Britain also has exemptions from the Lisbon Treaty on Justice and Home Affairs which restricts EU influence on UK domestic matters.

But financial markets are forward looking especially the currency markets. And so, with the holiday season underway, Tacit Investment Management has reminded our clients that Britain's non-membership of the Euro means we have the freedom to devalue.

This came to light last week when certain foreign exchange outlets at British airports offered the Euro at 89c to the Pound. The current spot or inter-bank rate is 1.12c that's 25% above the airport rate.

Many of our clients will be travelling to Europe over the summer or have children or family holidaying there. So, we've advised them to order their currency before they go. Or apply for a fee-free or pre-loadable credit card that gives you access close to those spot exchange rates.

Some of these cards also allow you to top-up using your smartphone giving you more control over when and at what rate you buy your money.

Ready for some more money saving thoughts?

When spending abroad don't use Dynamic Currency Conversion or DCC. You can pay up to 8% more spending this way. And if you're offered the choice pay in local currency.

Much of our time at Tacit is spent discussing high finance. Sometimes low finance is just as important particularly when the kids are exchanging the fruits of their hard earned Saturday jobs for some fun on the beaches of Ayia Napa or wherever.

So, don't let the politicians spoil the party. Our tip for the week? Buy before you go.

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