

A NIGHTMARE on

Downing Street



With Brexit now delayed until October, and the decreasing likelihood of Britain facing a no deal withdrawal from the EU, we take a look at what's in store for Brexit and the pound.

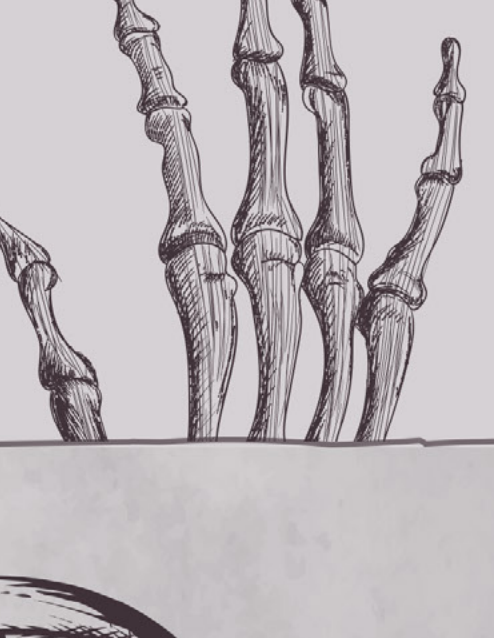
We know what we did last summer (okay, it was three summers ago nearly), and since then it seems the whole country has become possessed, sorry, obsessed with The Brexorcist. With more jumps and scares expected further down the line, the recent extension of Brexit until the fitting date of Halloween could be cause for many a sleepless night.

Night of the Living Dead

Instead of crashing out of the EU on 12 April, PM Theresa May asked for a postponement until the end of June, three years since the referendum.

However, the European Council made the point that a short delay wouldn't result in much change, and what exactly had the original brief extension achieved before it was brought up from the grave?

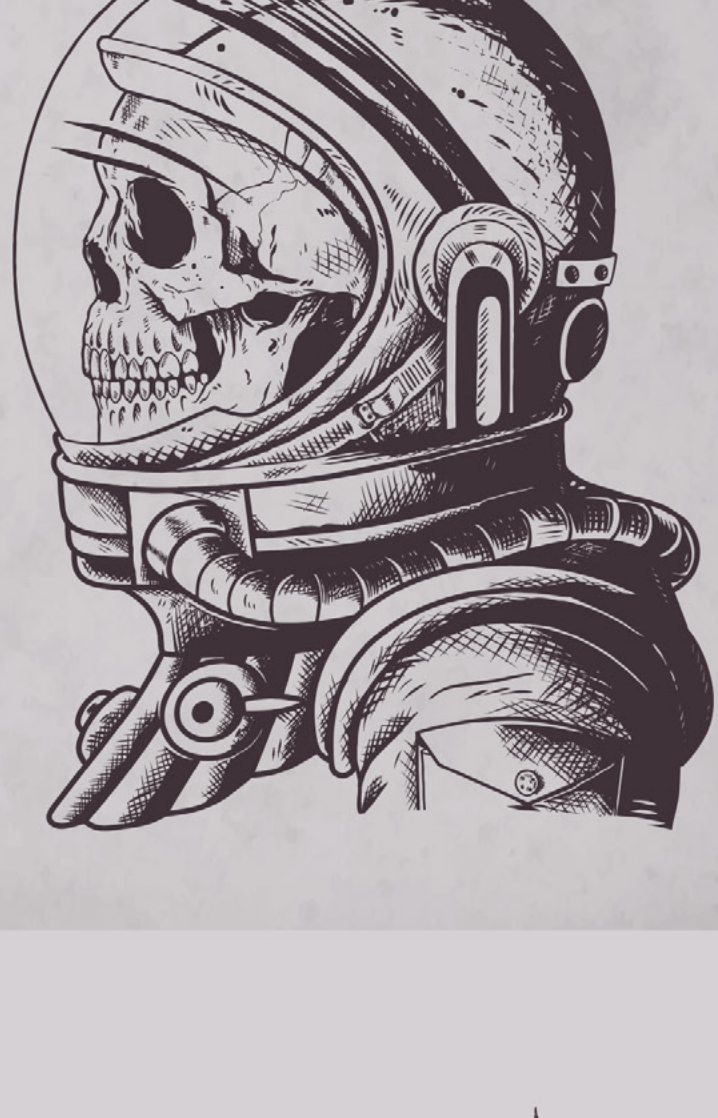
It took all of Wednesday evening and until 1am the next day to debate the length of another extension. In the end, much to the delight of tabloid newspapers and headline-writers, 31st October was announced as the new date, waking up the yawning journos sticking out the night in Brussels. The inevitable extension was already something investors had factored in, with the air around the announcement anticlimactic, and the pound unmoved.



A Quiet Place

Noise surrounding PM proves too much

After months of intense pressure and an increasing lack of support from her own party, Prime Minister Theresa May resigned on May 24. She will serve out her term until June 7, when she can finally escape the spotlight that has shone so fiercely on her and her Brexit negotiations over the last 3 years and seek some much-needed respite.



Cabinet in the Woods

Boris Johnson is an early favourite, while Dominic Raab and Michael Gove are also firmly in the fray. All three are devout 'Brexiters', with the leadership contest also including Andrea Leadsom, Sajid Javid and Esther McVey to name just a few. They are attempting to ultimately offer confidence to investors that the end is in sight.



1225 Days Later

An eclectic group of politicians free a caged country from the EU, so the apparent story goes anyway.

When Britain wakes up from its post-apocalyptic coma, will it find its cities deserted? Unlikely, but similar to 28 Days Later, Brexit is taking its time. The extra time may send negotiators back to the drawing board, considering something like the 'Norway deal' which will require greater involvement with the EU. While a second referendum was ruled out by Parliament, it could end up back on the menu if the deadline is extended and more direction on the will of the people is considered necessary.

Given that Article 50 can be revoked at any point, cancelling Brexit altogether is still a possibility at any point. However, while MPs who have called for May to stand aside have already taken a bite and been successful, how we progress with leaving all depends on change at the top. Significant changes to leadership could take negotiations right back to the start, patient zero style. Let's just hope all the negotiations don't result in World War Z.



The Purge

All forms of anarchy are allowed once a year in The Purge, but it seems Brexit has given way to anarchy throughout the ranks. The PM has seen over 20 of her senior ministers resign, including two Brexit secretaries, David Davis and Dominic Raab, as well as foreign secretary Boris Johnson, a prominent Brexiteer. All of this preceded her much-anticipated resignation at the fitting end of May, and now leaves her successor to pick up the gauntlet of delivering the UK's exit out of the EU.

Ghosts of Brexit

past, present and to come

29th March 2019
The original leave date

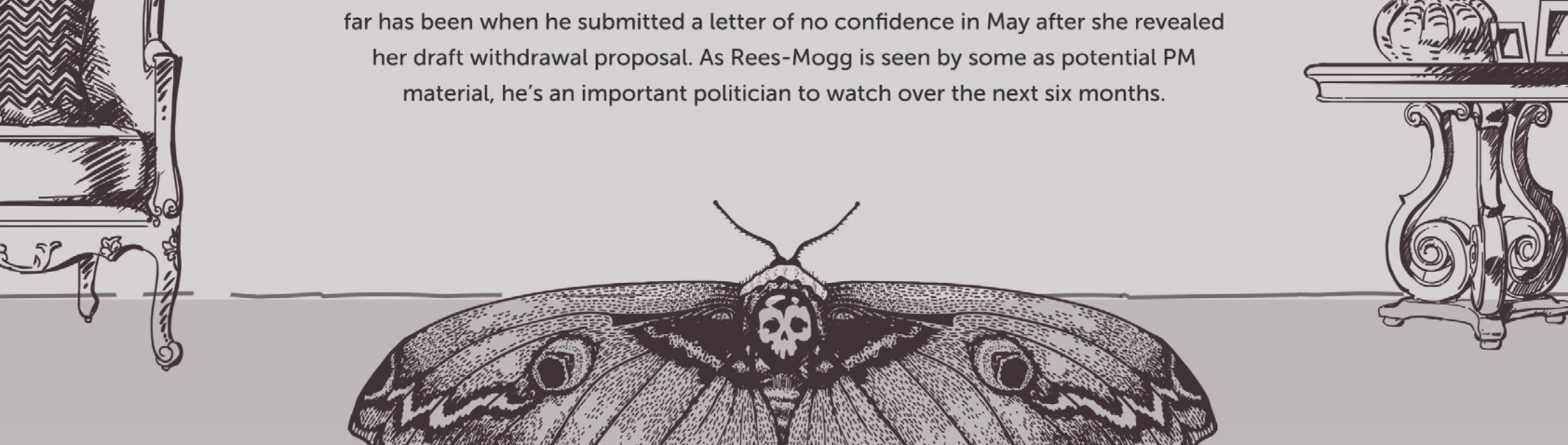
12th April 2019
Replaced the March date

31st October 2019
The new leave date

Here's Jacob!

Shining his Eurosceptic stance on the Tory party, Jacob Rees-Mogg has campaigned for a 'hard Brexit' and a 'Canada-plus' style deal, which would allow tariff-free trade without the UK remaining in the single market or customs union.

Becoming an MP in 2010, Rees-Mogg's prominence began to rise after the 2017 general election when PM May failed to win an overall majority. His signature move so far has been when he submitted a letter of no confidence in May after she revealed her draft withdrawal proposal. As Rees-Mogg is seen by some as potential PM material, he's an important politician to watch over the next six months.



The Silence of the Lib Dems

After hemorrhaging 85% of their seats in the 2015 election, the Lib Dems have been campaigning for a second Brexit referendum to appeal to the 17.4 million Remainers.

They claim to have gained 100,000 members since June 2016, yet Cable's victory speech on becoming the Lib Dem leader drew less than 1,000 views on YouTube. The party's opposition to Brexit hasn't returned the political dividend desired, until now. A recent positive burst at local elections and an impressive second place in the European elections has put the anti-Brexit party firmly back on the map. As the Lib Dems begin to find their voice, they now must compete with other alternative parties including Change UK and the Green Party.

The Others

They're hardly haunting the House of Commons, but their presence is a thorn in the side of traditional political parties.

Launched just six weeks and formed by former UKIP leader Nigel Farage, the Eurosceptic party performed best in the European elections, with 32% of the vote. The strong performance of both the Brexit Party and the Lib Dems show just how polarised the country is on Brexit, and how voters are moving away from a traditional two-party political sphere. Both could have influences on policies and allegiances, which could in turn affect currency.

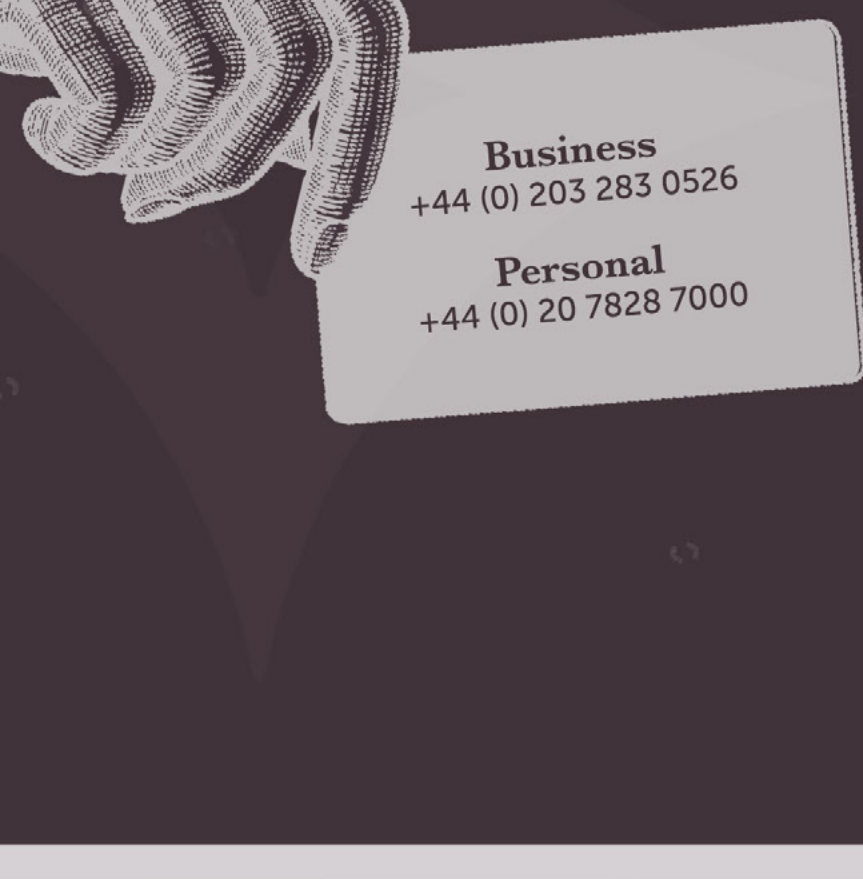


The Omen

Hindsight is a wonderful thing, and since the referendum result the fate of the pound has been closely tied to that of Brexit.

The latest developments do diminish the pound in the short term as concern over a 'no deal' Brexit diminishes. However, the longer term picture is less certain. Projections for sterling go back and forth without a clear conclusion, but what is clear is that there is likely to be volatility while the situation remains uncertain. The market appears to favour avoiding the no deal scenario, which it sees as apocalyptic.

Sterling is likely to be vulnerable to reports and rumours of developments, setbacks or changes to the Brexit situation. Major changes to the timeline have altered the picture dramatically, with a general election or even a referendum bringing a greater number of variables and unknowns to pressure the pound. **Remember, it's all for you Britain. It's all for you!**



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