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NORDIC CAPITAL MARKETS FORUM

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OCTOBER 2016

# AN ECONOMIST'S PERSPECTIVE ON BREXIT

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**Aktia**

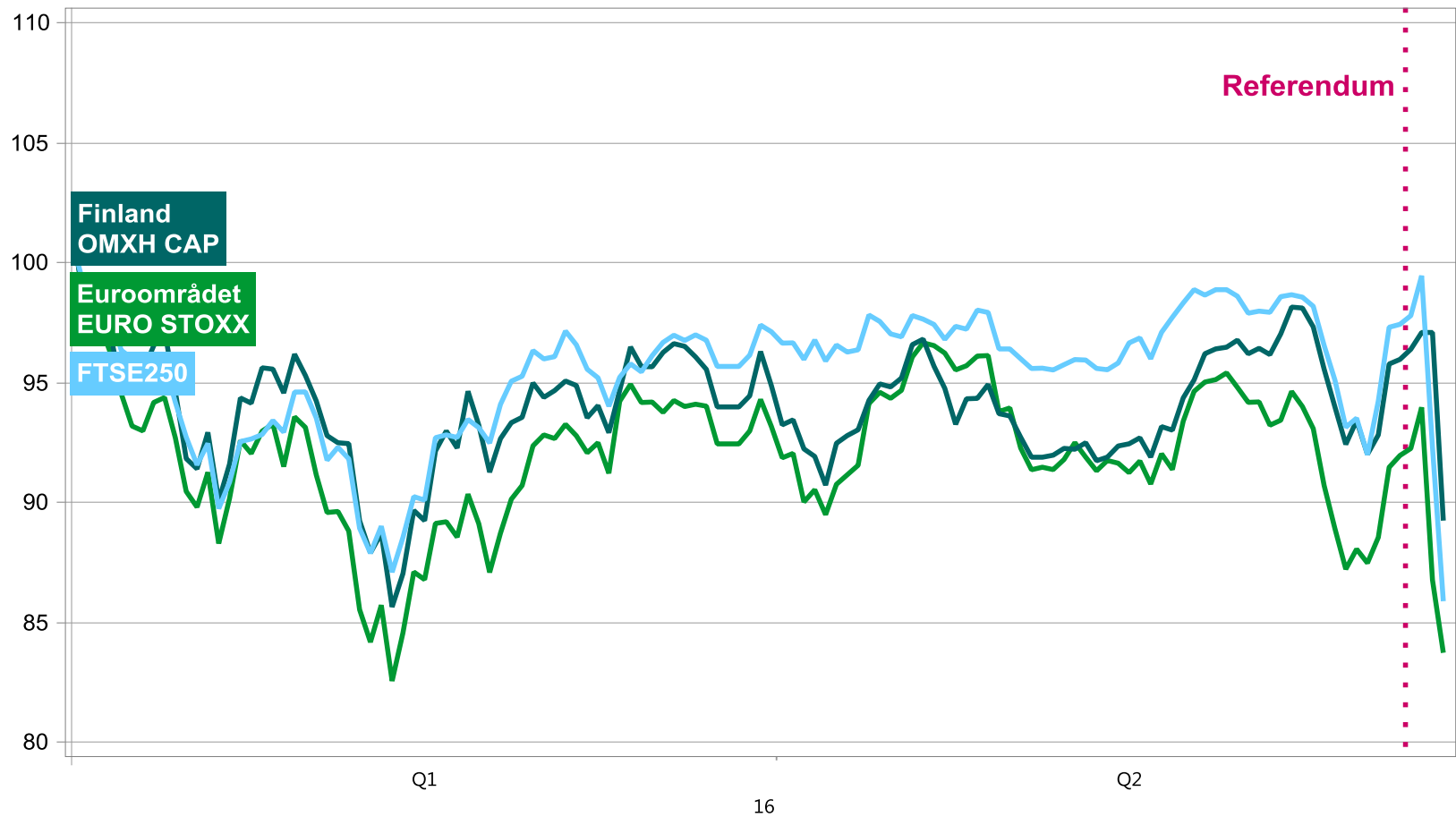
# WHAT DID WE EXPECT?

- an unexpected brexit would have large effects on markets
- short term effects on the macroeconomy would be limited
- longer term effects could be larger, but all depends on how brexit is executed

# Referendum outcome surprised markets

## Stock indices

Index 1.1.2016 = 100

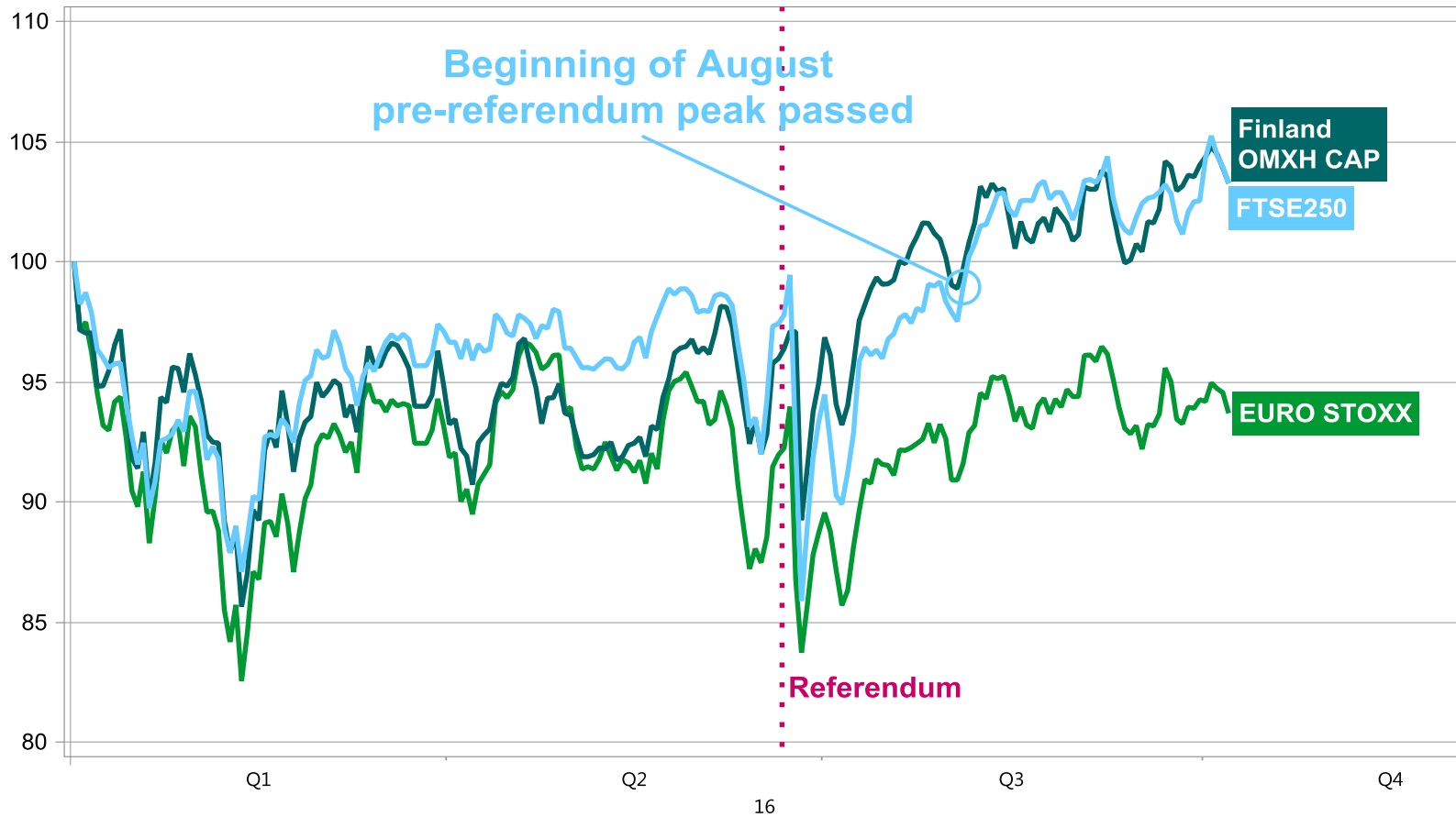


Sources: Aktia and Macrobond

# But the reaction soon faded

## Stock indices

Index 1.1.2016 = 100

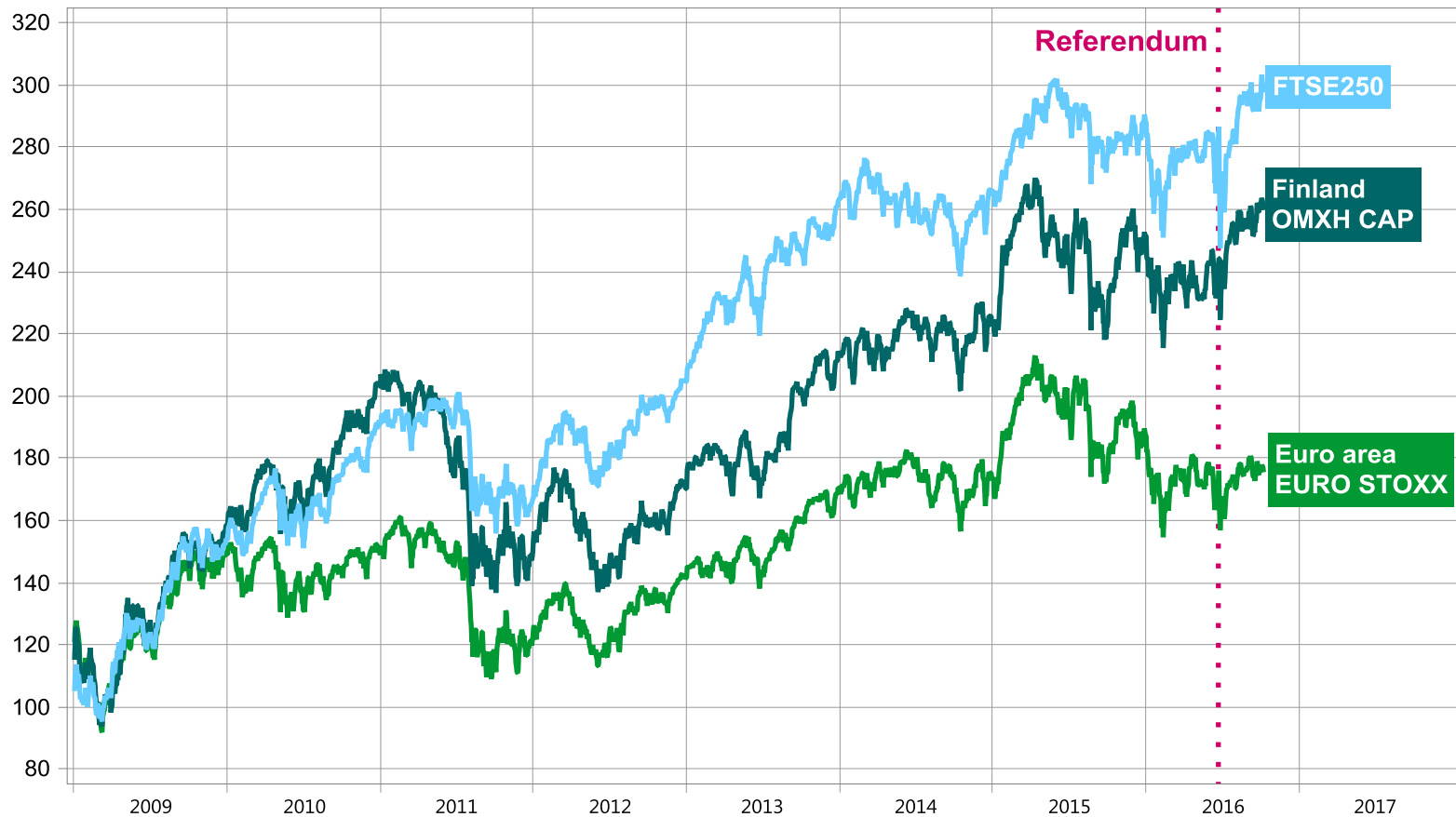


Sources: Aktia and Macrobond

# In the long run it is a blip!

## Stock indices

Index 1.3.2009 = 100

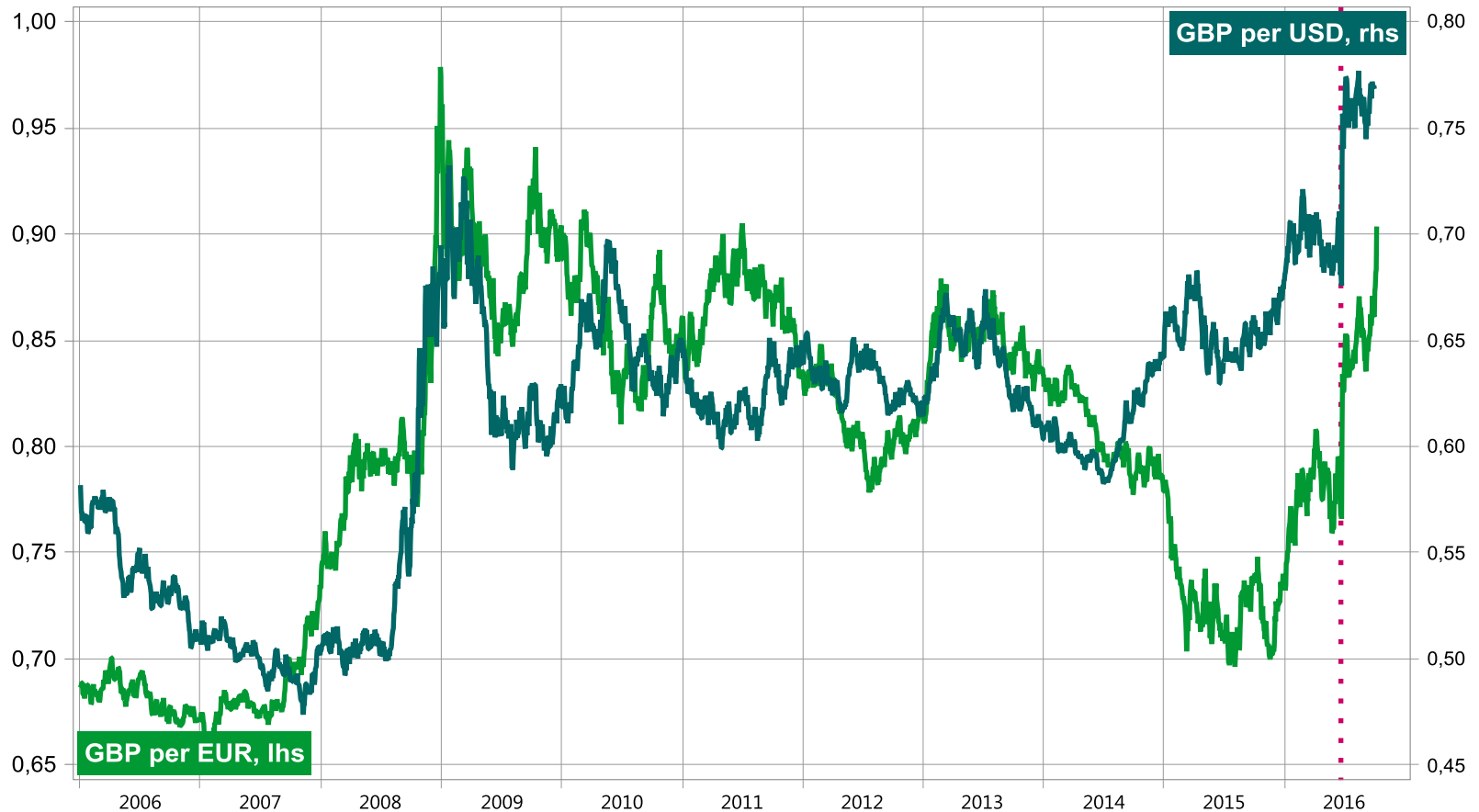


Sources: Aktia and Macrobond

# But the FX respons has been more lasting

## FX

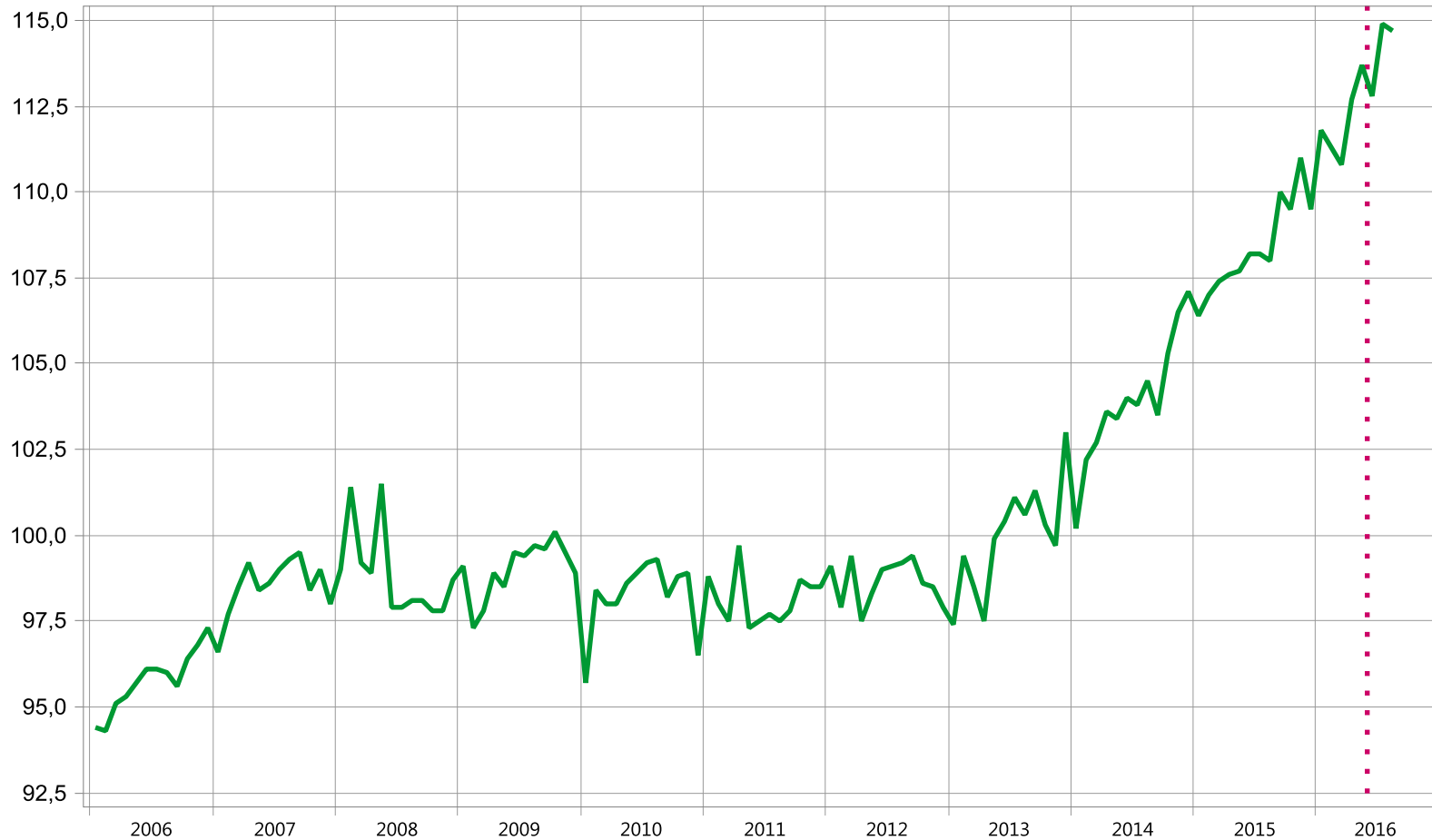
Sources: Aktia and Macrobond



# Weak pound supports shopping (by foreigners)

## Retail Trade

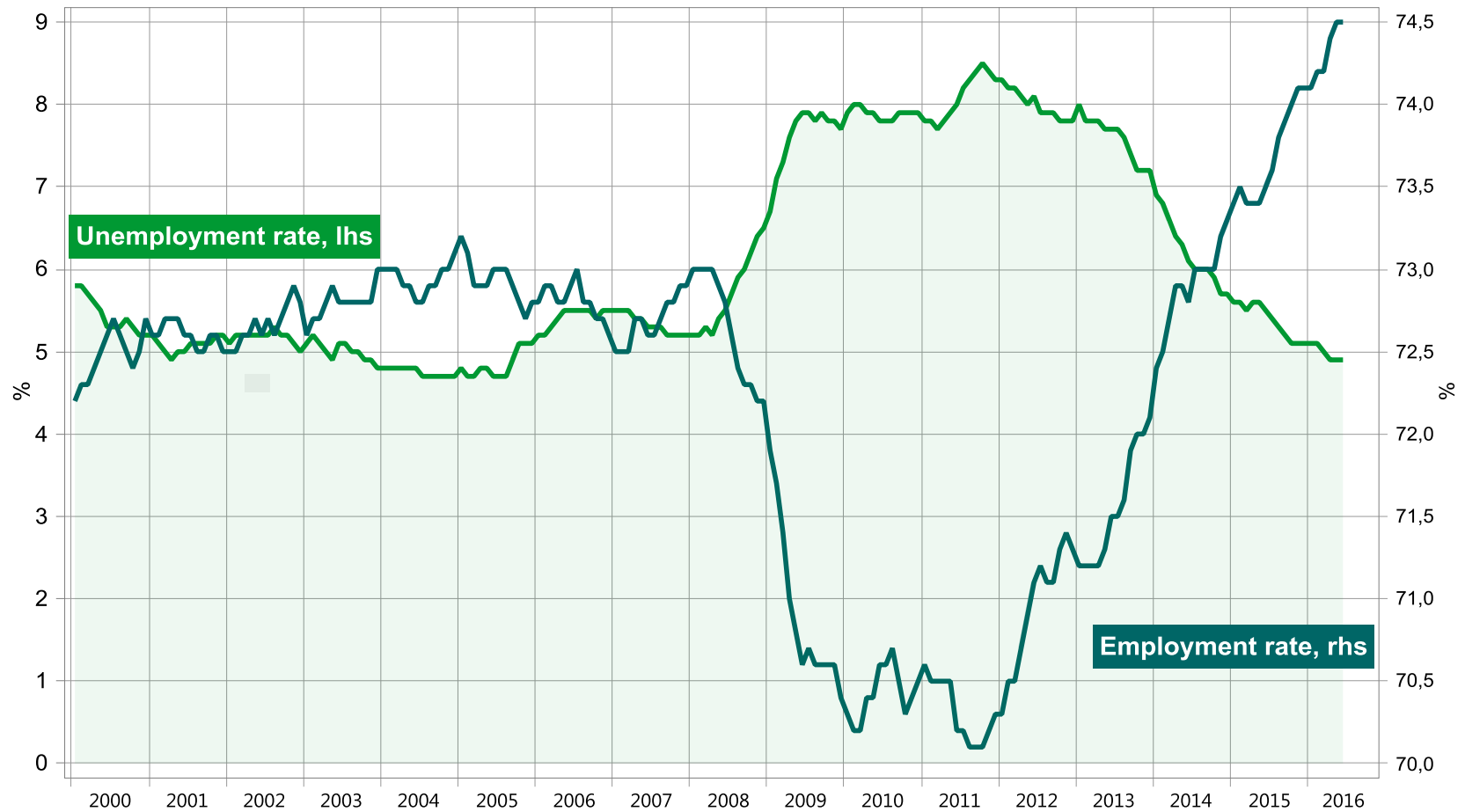
Index. Source: Aktia and Macrobond



# Labour markets are still doing amazingly well

## Employment and unemployment

Sources: Aktia and Macrobond

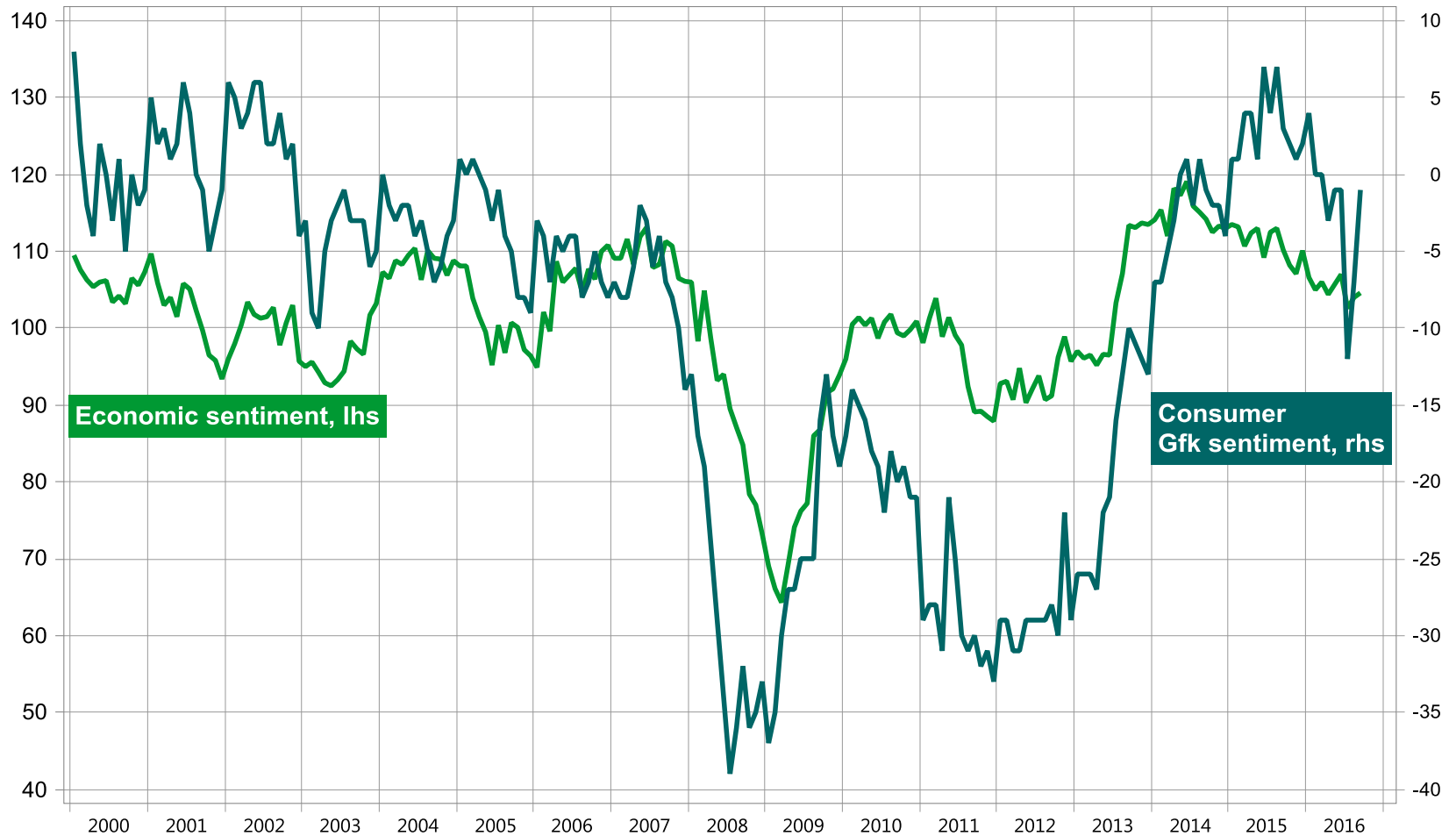




# Confidence is still high

## Economic confidence

Sources: Aktia and Macrobond



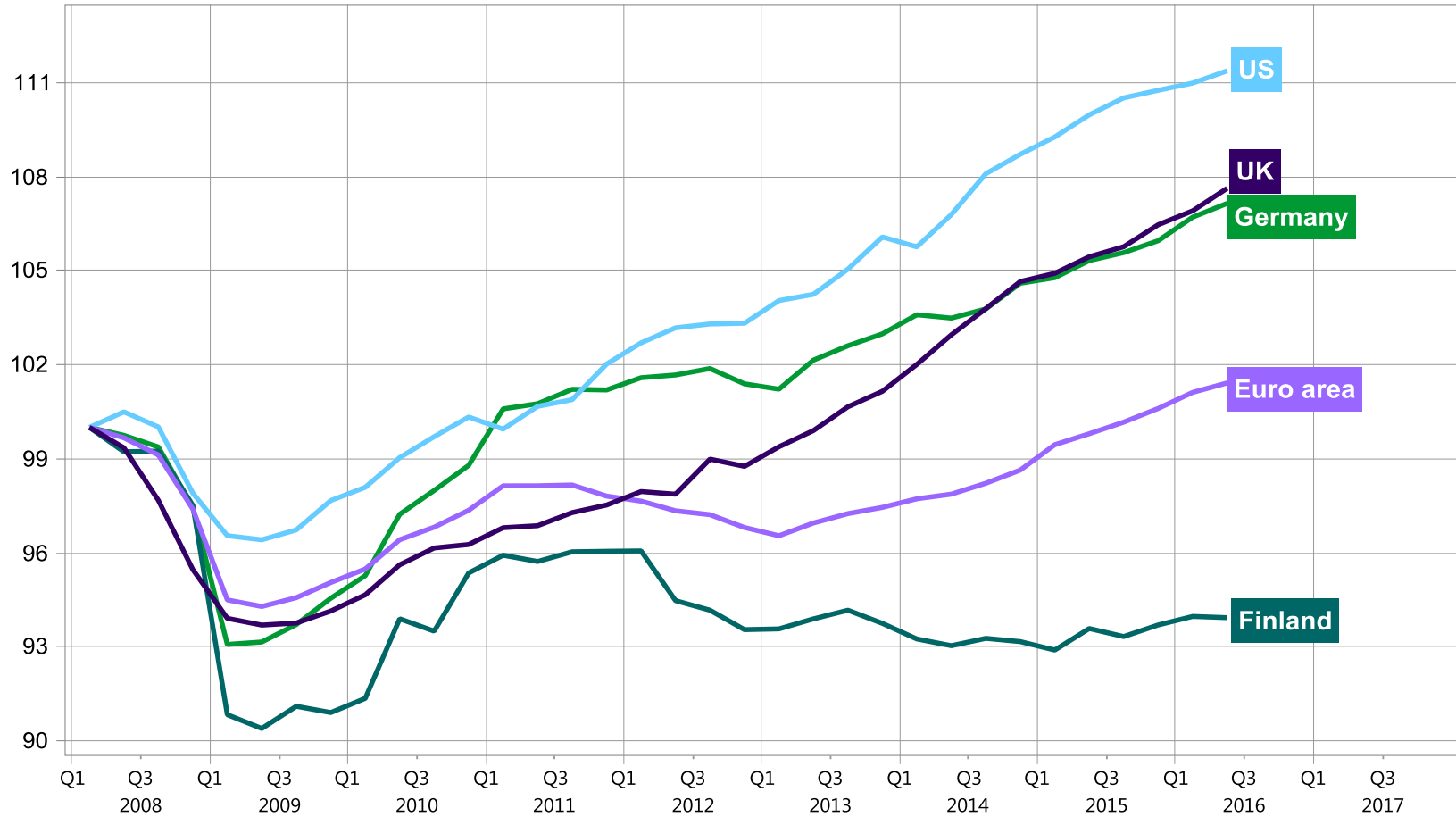
In many ways as if the  
referendum had not  
taken place

Aktia

# No GDP data yet

## GDP

Index 2008 q1=100. Sources: Aktia and Macrobond

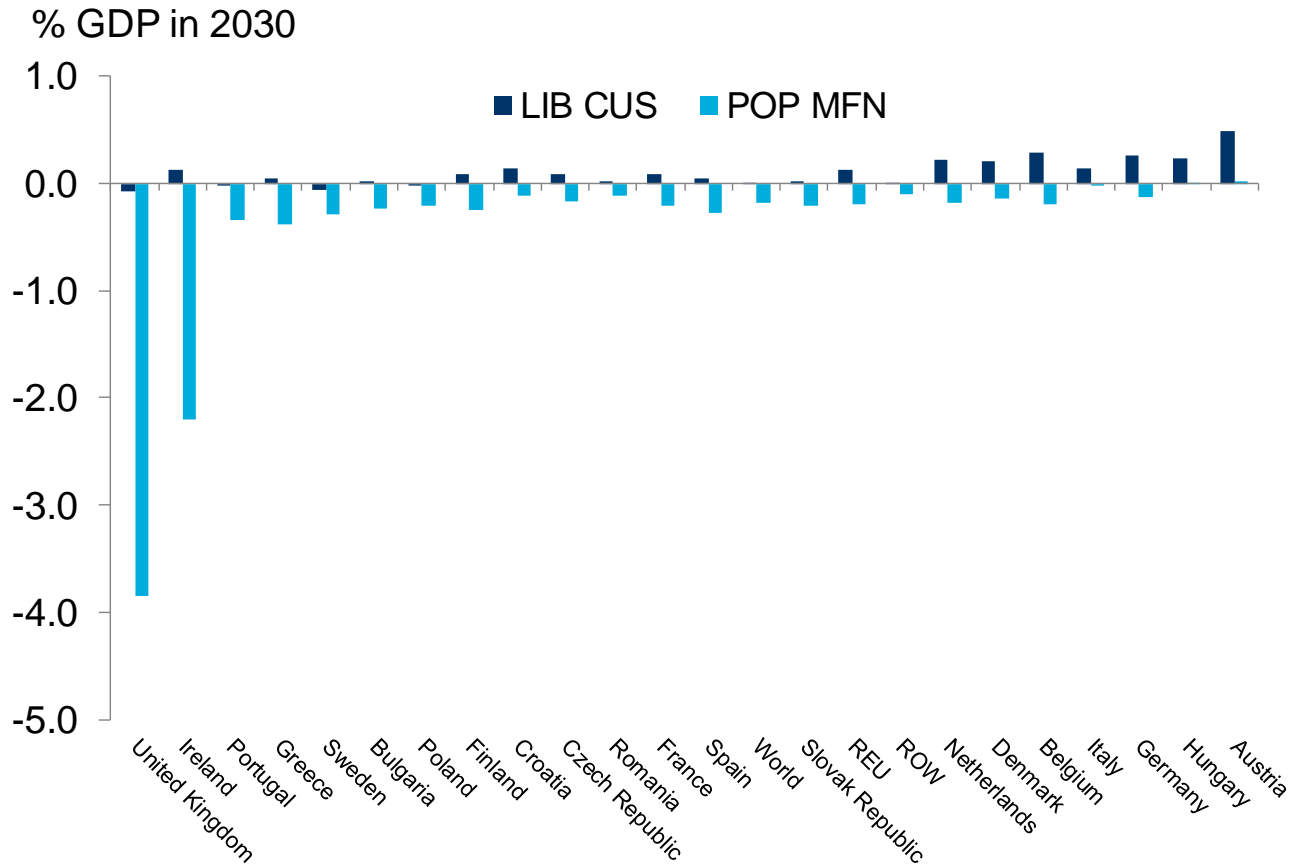


What is the true price tag?



# One view on it

## Impact of Brexit on the rest of the world



Source : Oxford Economics

# HARD BREXIT IN THE PIPELINE?

## MORE QUESTIONS THAN ANSWERS

- Article 50 –when triggered?
- How long will the divorce process be?
- What will be negotiated about?

## TOUGH DEAL LOOK MORE AND MORE LIKELY

- No access to single market
- Immigration in hands of UK authorities

# The **real** Brexit effects are ahead of us

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POLITICAL



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ECONOMIC

