

# Economic Alert iQ



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International

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## UK Votes To Leave EU In Historic Divorce

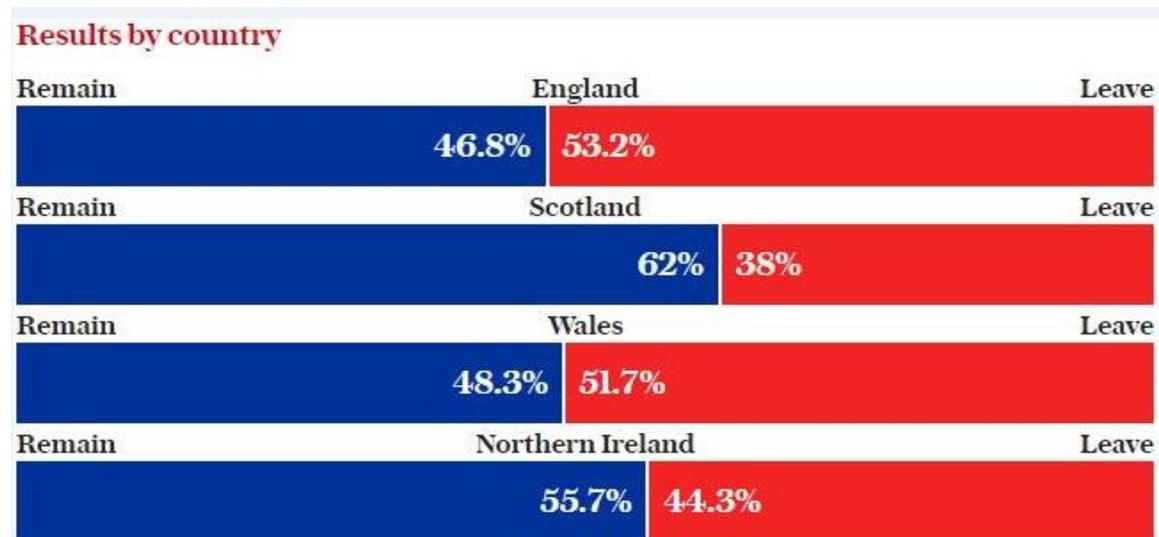
### Key Developments:

- As dawn broke today, the campaign to remove the UK from the EU was ahead by almost one million votes after a see-saw night, which saw fortunes swinging one way and then another. Britain has voted to leave the European Union in a referendum, with the result throwing into question the fate of the 28-nation bloc and Prime Minister David Cameron announcing he will step down by October.
- His statement came as stock markets around Europe & Asia saw initial significant falls, with early signs that this could be an event that causes a shock as deep as 1987's Black Monday.
- The official results were announced early this morning with the Leave campaign receiving 52% in Thursday's historic referendum as compared to the 48% choosing to Remain.



Source: BBC

- The Leave campaign saw victories across England and Wales, winning in large northern cities including Sheffield, the Welsh valleys, across the Midlands including Birmingham, and the south and east of England. Meanwhile, the Remain campaign, in contrast, dominated in London, Scotland and Northern Ireland. The highest share of the vote achieved by the Remain camp was in Gibraltar.



Source: The Telegraph

- Despite Scotland voting overwhelmingly to remain, the country now faces the reality of having to exit the European Union (EU). This result means the local government will now come under pressure to call a second independence referendum with respect to its relationship with the United Kingdom.
- Cameron, who had backed the campaign to remain in the EU, said the British people made "a very clear decision to take a different path".
- The Prime Minister gave no timetable for his departure, but said that he wanted a new leader to be in place by October when his Conservative Party holds its annual conference.
- Boris Johnson, a former London mayor who campaigned for the UK's departure from the EU, is tipped by many commentators as Cameron's likely successor.

**Markets React:**

In Japan the Nikkei 225 closed down some 8%

Sterling has fallen 8% against the dollar and 3% against the Euro

The prices of Brent and WTI have both dropped by more than 4%

The yield on the 10-year U.S. Treasury bond has fallen by roughly 14%

Dow Futures now down 600 points

**Source: Research & Analytics**

- The figures delivered a deep shock to financial markets, overturning earlier anticipation of a narrow victory for Remain.
- The pound had initially soared as polls closed and two opinion surveys put Remain ahead and two leading supporters of the Leave campaign said it appeared the pro-EU side had won. During the vote, the UK's currency, Sterling, was in freefall.
- According to Bloomberg estimates, it dropped to its lowest level since 1985, dipping to \$1.34 on Friday, falling 10% from the 2016 high of \$1.50 hit just hours earlier. Across Europe, markets opened deep into negative territory, with STOXX Europe 600 down 8%, the FTSE 100 opening down 7.83, Germany's Dax down by 8.6% and the CAC 40 in France down by almost the same amount.
- Mark Carney, the governor of the Bank of England, sought to calm markets early Friday morning with a pledge to provide an extra £250 billion (\$344 billion) in liquidity. He assured markets that U.K. banks were well-funded as their share prices tanked.
- The European Central Bank also expressed support saying it "stands ready to provide additional liquidity".



Source: Bloomberg



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