



Retirement



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Equity
Release

Quarterly Newsletter November 2019

Brexit – TBC (To Be Confirmed)

On 20th February 2016, David Cameron announced there would be a referendum on the United Kingdom's membership of the European Union (EU).

124 days later on 23rd June 2016, the general public voted to leave the EU.

Another 1,222 days after that on 28th October 2019, the European Council offered to extend Brexit until 31st January 2020.

With the small matter of a general election to be held before the deadline, we still don't know what deal will be presented to the UK and European Parliaments or even who will be presenting it. The bottom line is, that even after so long, all Brexit options are still on the table (leave with an agreement, leave without an agreement or revoke Article 50).

Many will be keeping fingers crossed that we are at the final chapter of the Brexit story, but what are the likely outcomes post-election?

A majority win for the Conservatives would likely see the current deal re-presented (which has the majority support in principal).

Labour or a hung parliament point towards another referendum.

Although this may not seem like much certainty, it does point towards the UK knowing its future relationship with the European Union in early 2020. This clarity would be welcomed by companies as they could start their planning based on known laws, trade agreements and with less volatile currency exchange rates which they have not had since the original vote.

Without knowing the exact outcome, the emphasis on client's investments remains the same; it is important to have a global exposure so there is not total exposure to the UK, it is important that we look to invest in assets which have good long term prospects regardless of any single political decision and most important of all we ensure clients remain focused on their investment portfolios achieving their personal goals and not get caught up in short term volatility.

Q&A

“How is Europe affected by the US-China trade war?”

Essentially, the current trade war makes it more costly for America and China to buy goods from each other – therefore leading to lower sales than otherwise would be. This directly hurts the profit levels of European companies with a presence in the US (for example, German car manufacturers who export 60% of the vehicles produced in the US to China).

Although there has been an increase in Europe selling goods to the US and China, goods which they may have otherwise purchased from each other, the overall negative effect of the trade war on the global economy outweighs any gap-fill European exports at present.



Source: Kevin Lamarque/Reuters