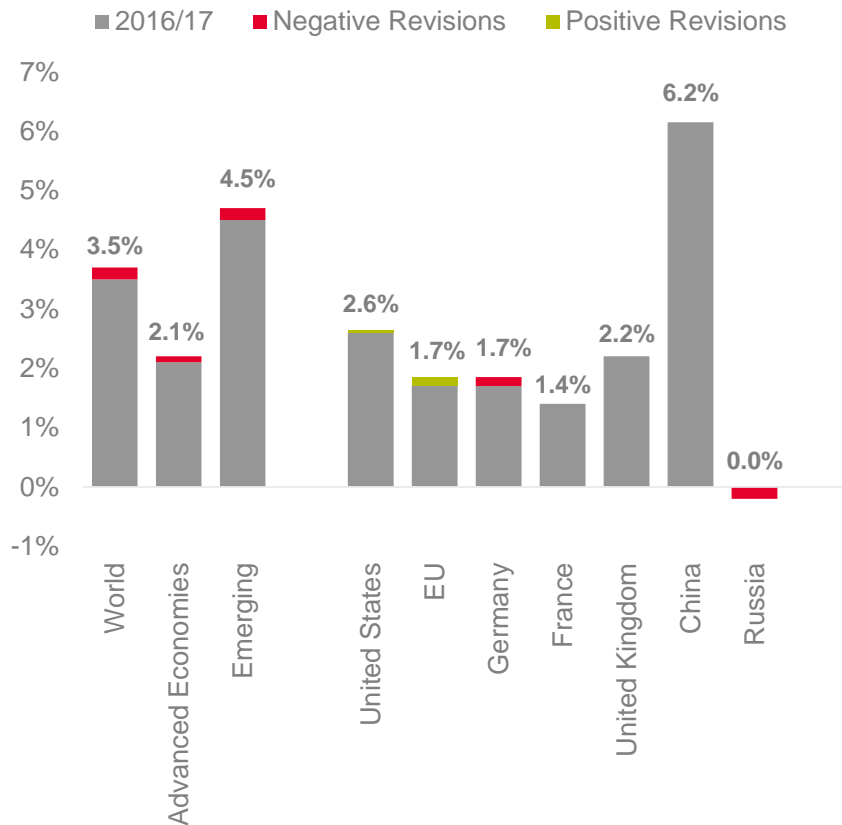


The impact of Brexit Discussed

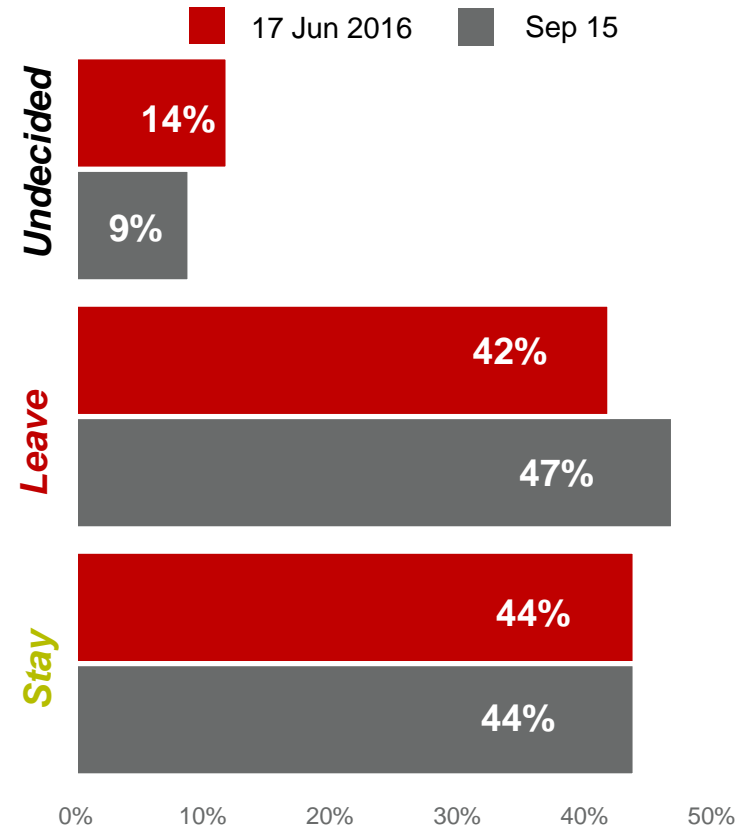
June 2016

Global: The IMF revised global growth down, but left UK forecasts unchanged despite the risks of the EU Referendum

IMF GDP Growth Forecasts, April 2016
Annual % Change 2016/17 average



Polling movement since September 2015

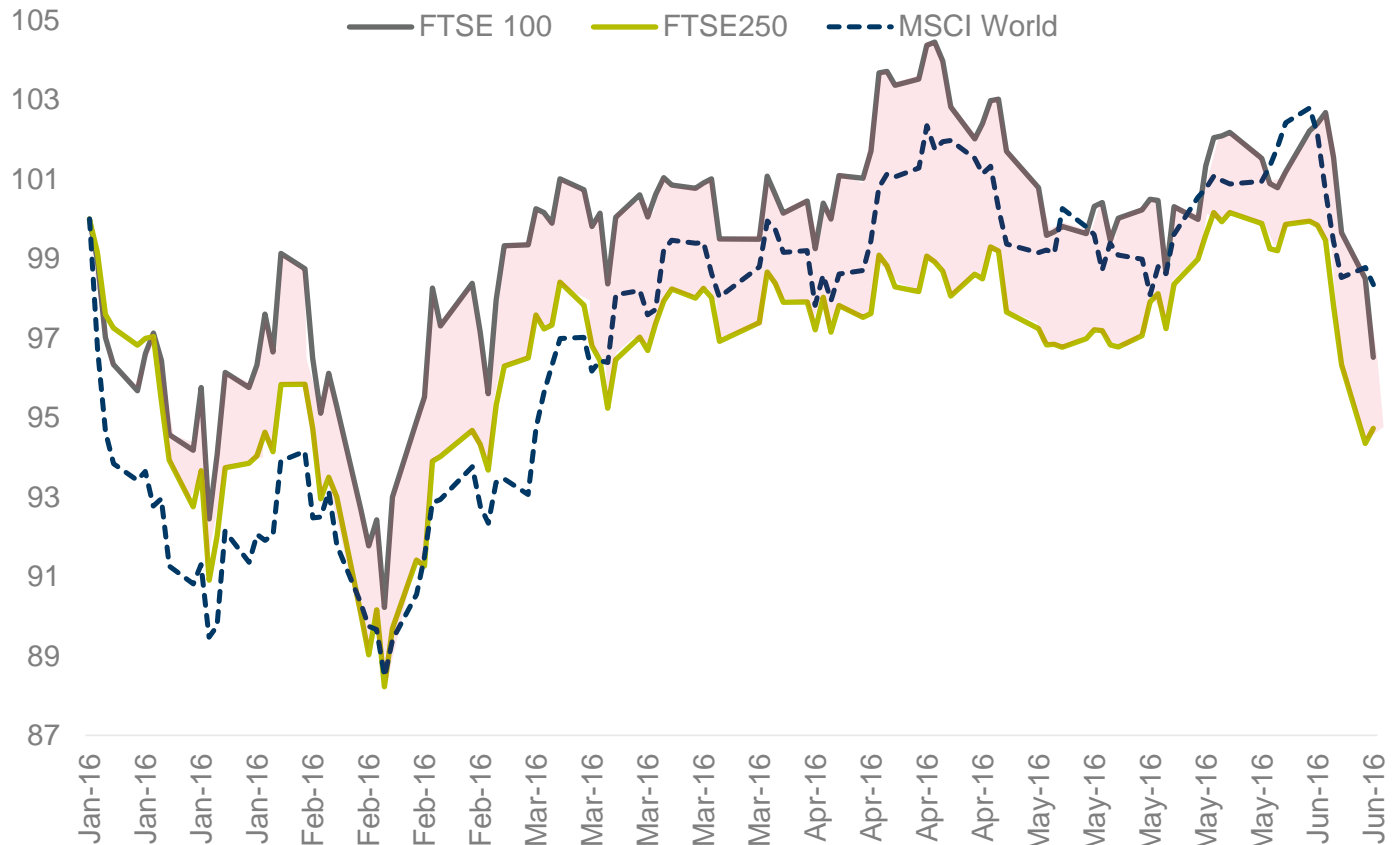


Source: International Monetary Fund

Source: Financial Times

Equity: The uncertainty is reflected in the FTSE 250 with a higher exposure to UK earnings underperforming FTSE 100.

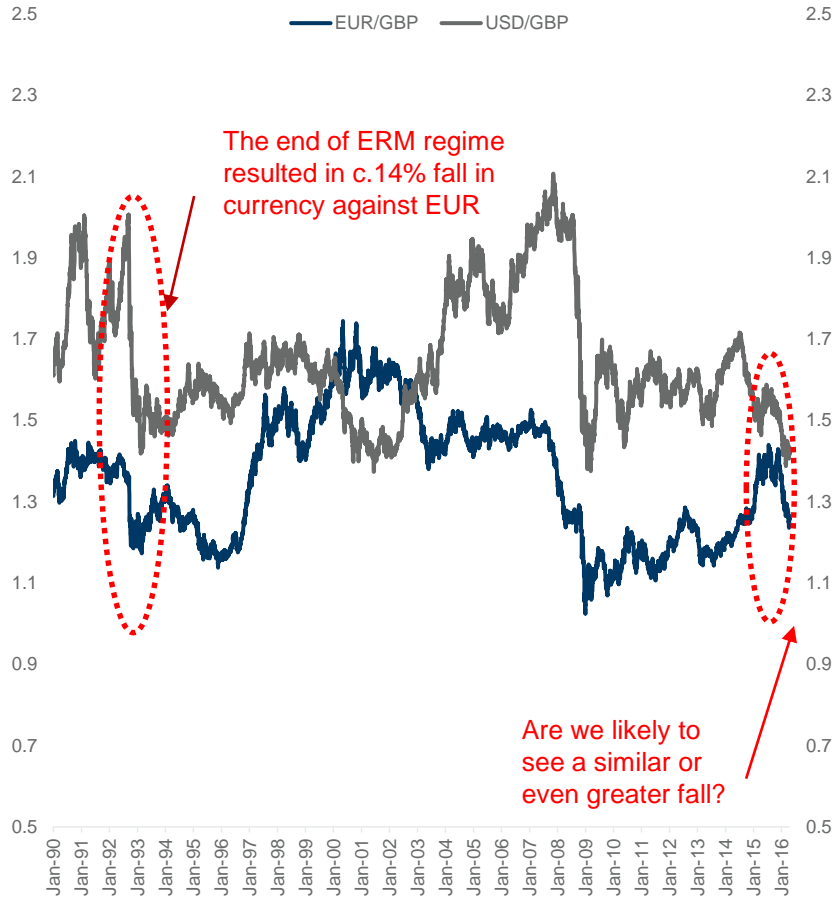
UK Equity Markets – since January 2016
FTSE100 vs. FTSE250



Source: Bloomberg, Yahoo Finance

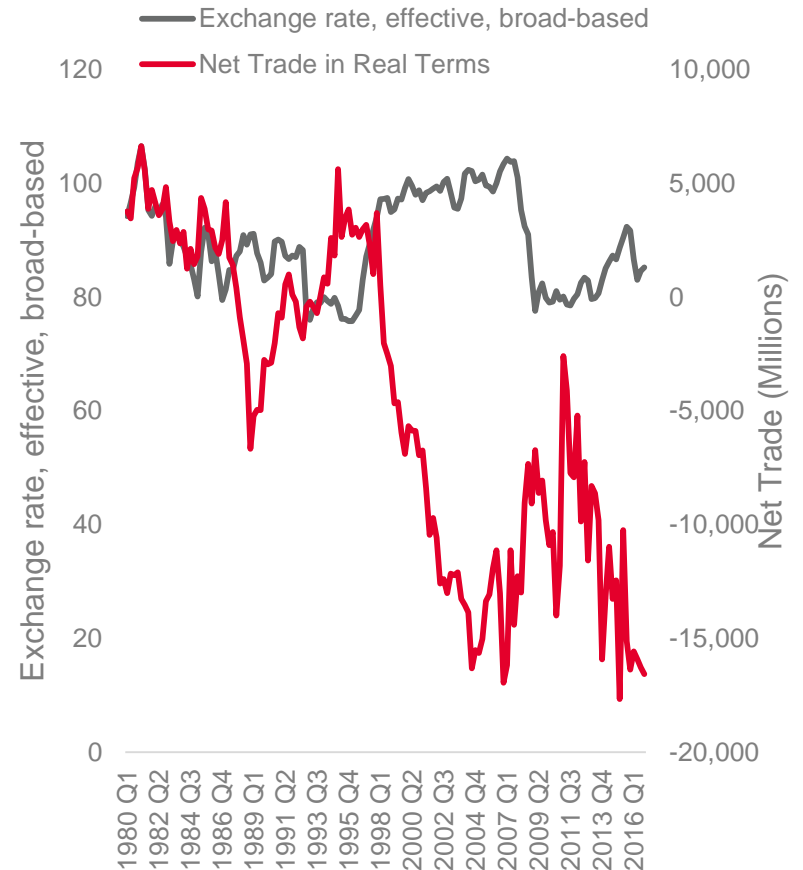
Trade: A vote for Brexit is likely to import inflation and hit imports, and not be entirely offset by an increase in exports.

FX Spot Rates EUR per GBP



Source: Bloomberg

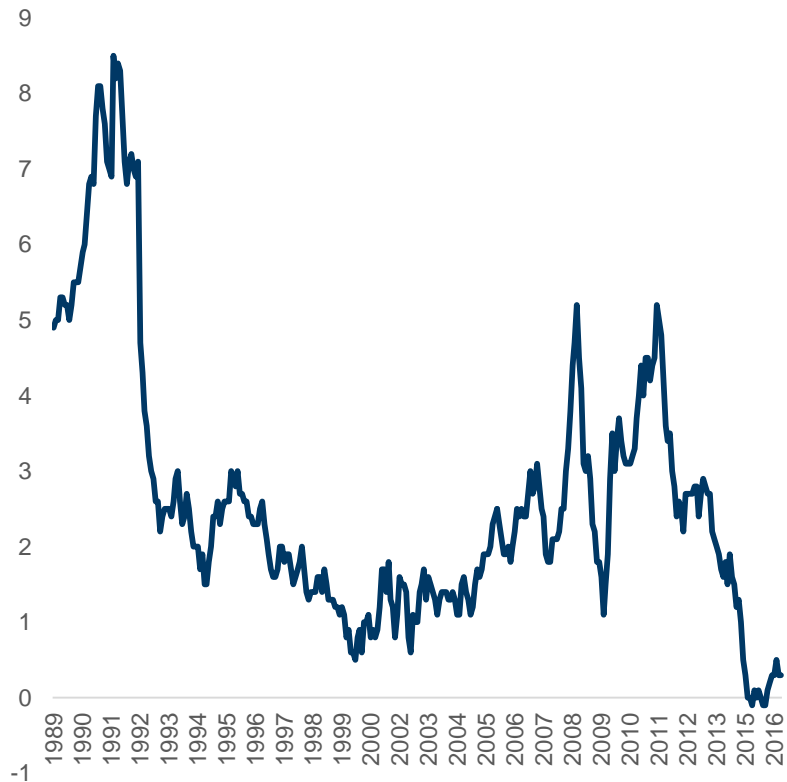
Exchange Rate impact on Net Trade



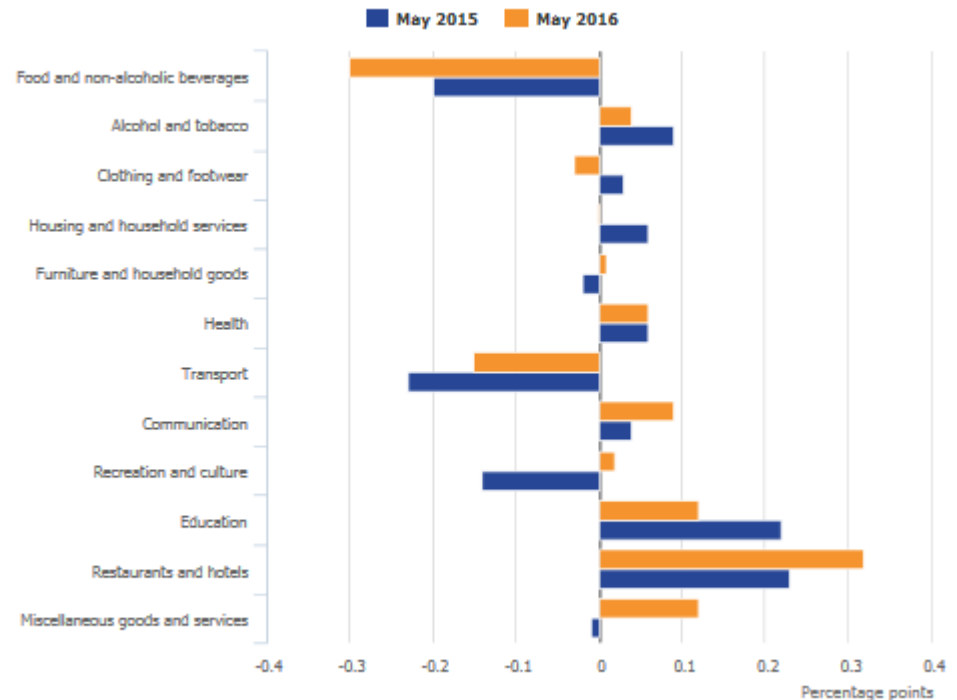
Source: Oxford Economics

Inflation: Prices rose by only 0.3% in May 2016 giving a low starting base for any inflationary pressures.

Consumer Price Index Annual % Change



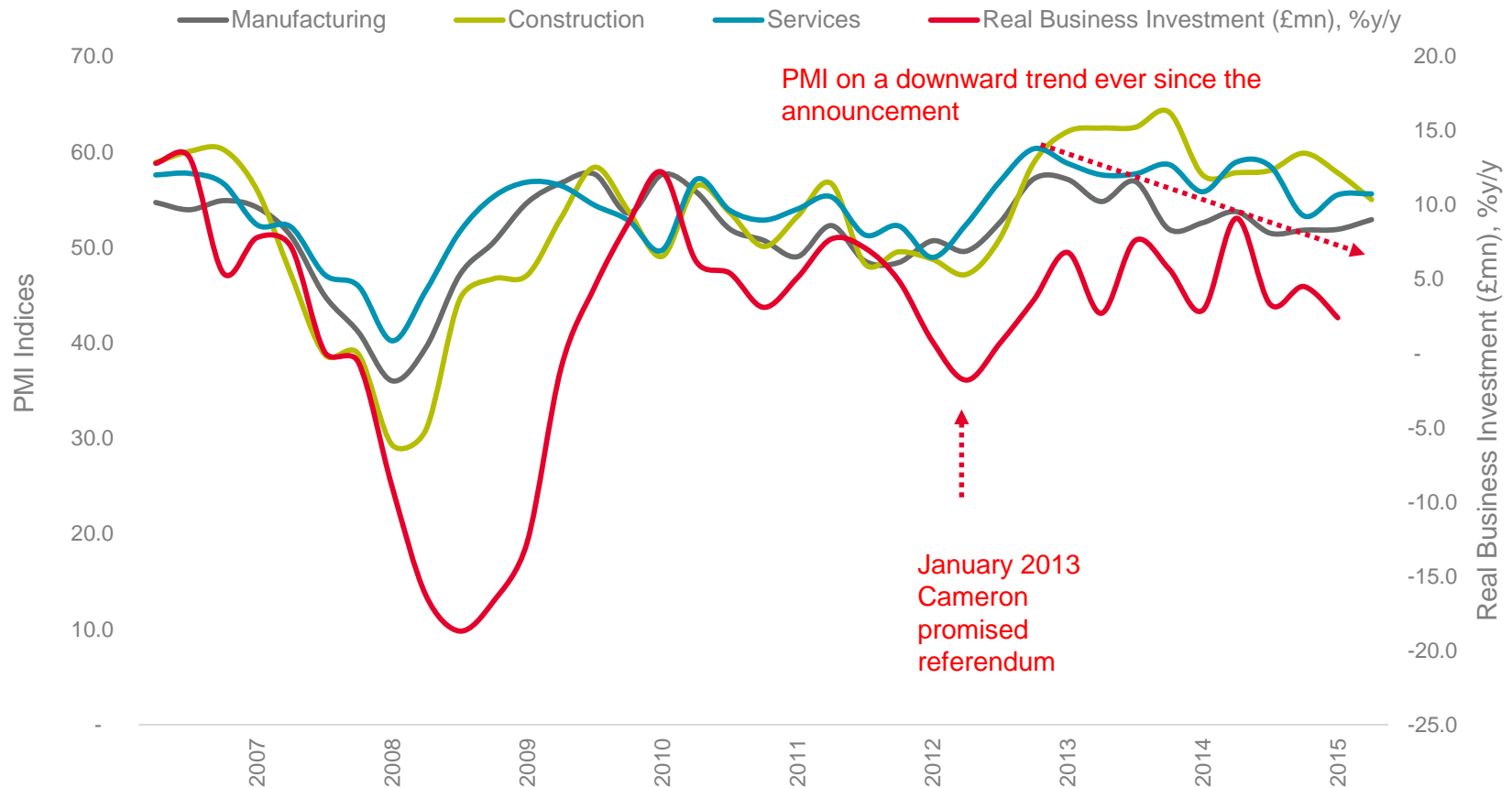
Consumer Price Index Breakdown Annual % Change



Source: Office for National Statistics, Financial Times

Investment: PMI Indices suggest that weakness in investment sentiment is influenced by the uncertainty of Brexit.

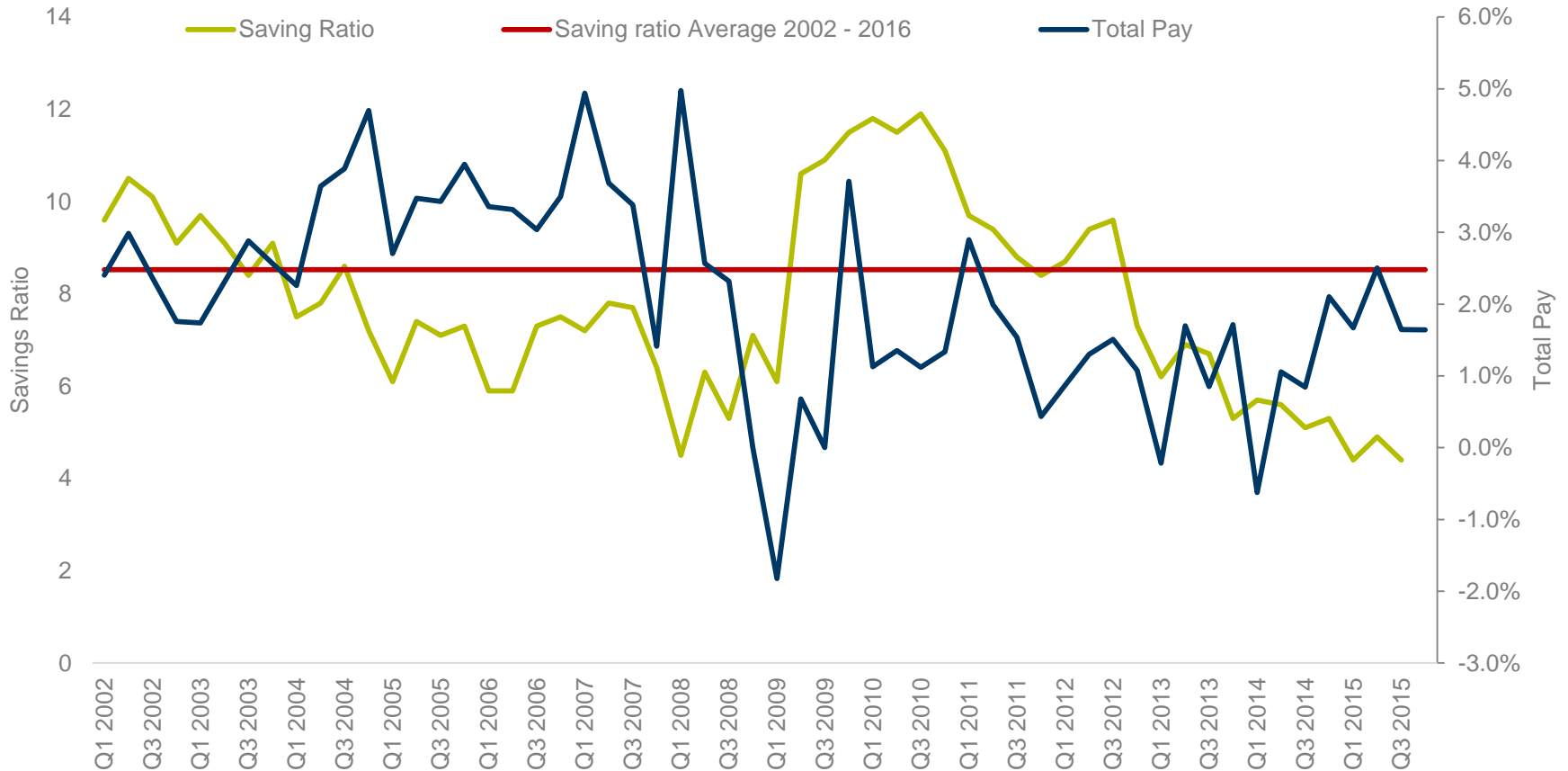
PMI and Business Investment



Source: Capital Economics, ONS, PMI

Consumer: After a vote to leave, saving reserves are not likely to offset weaker employment hitting consumption.

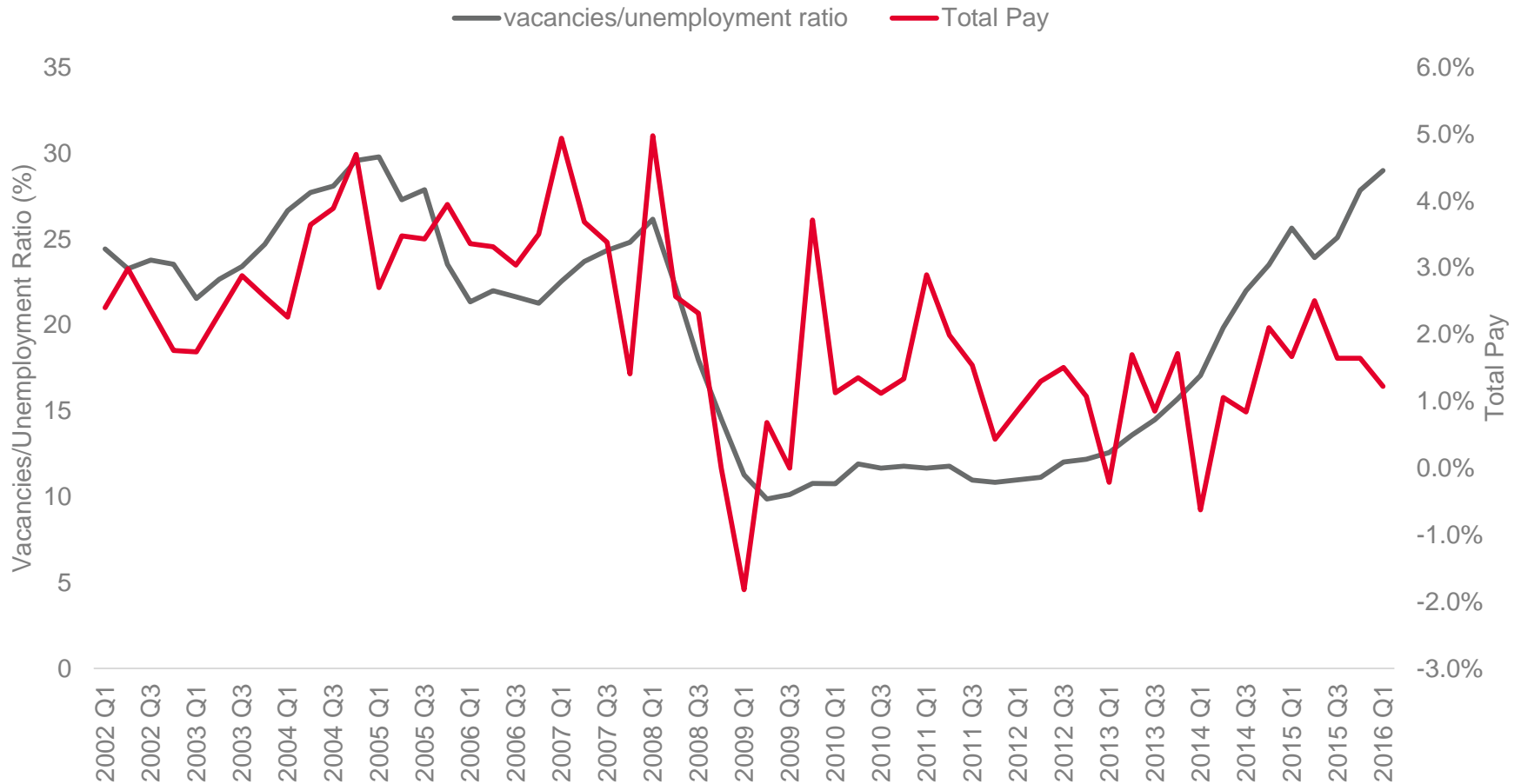
Real Average Earning and Savings Ratio vs. Retail Sales



Source: ONS, Bloomberg

Consumer: If UK votes to stay in the EU, vacancies and the unemployment ratio support a recovery in wages.

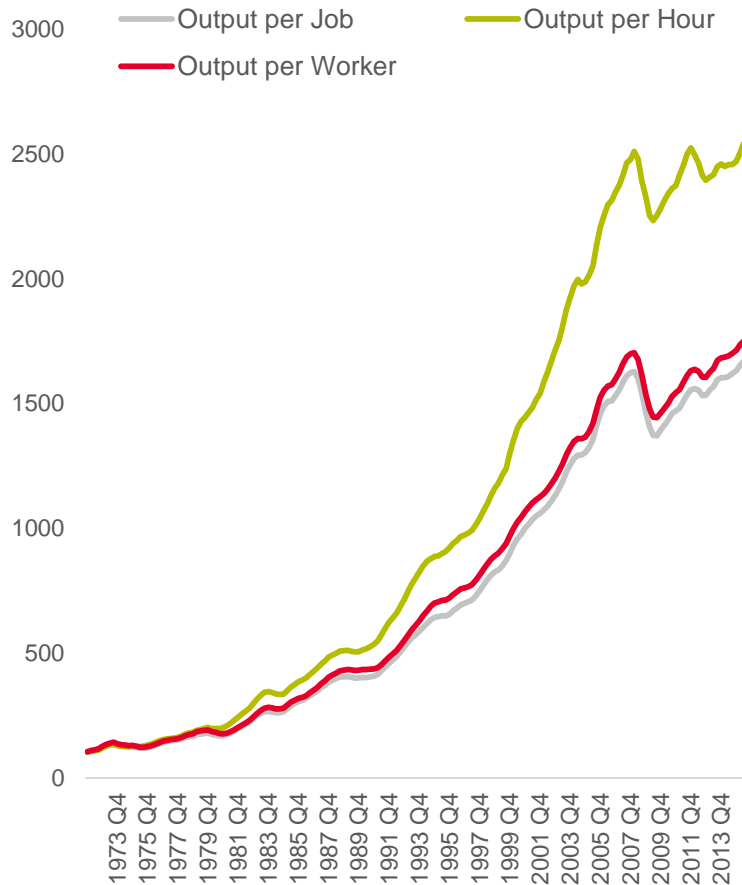
Vacancies/unemployment ratio and Total Pay Growth



Source: ONS

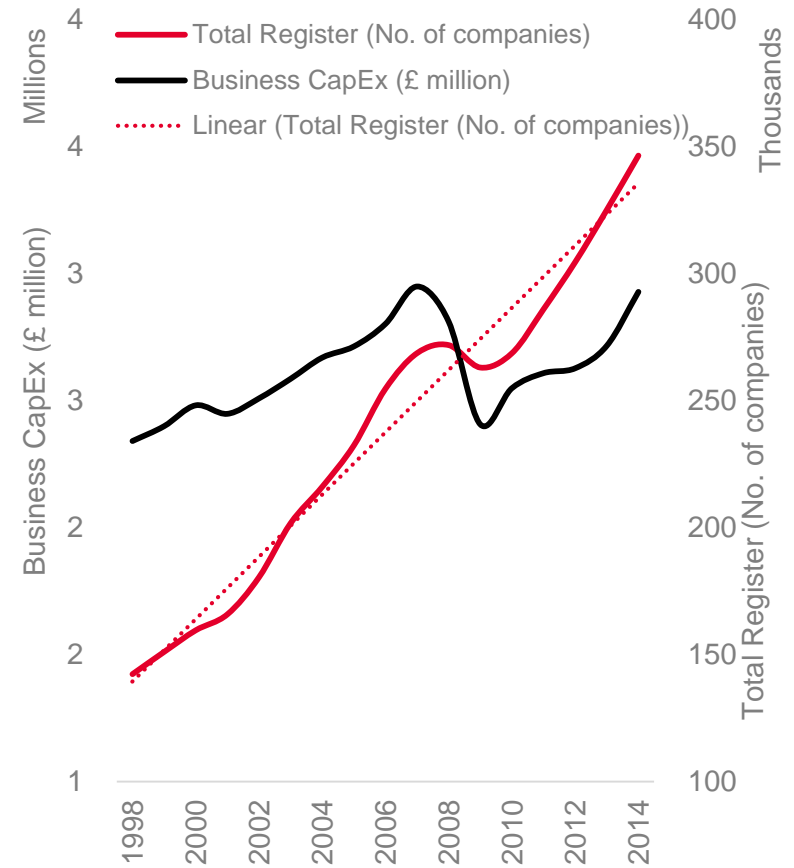
Productivity: There is no evidence that EU membership has contributed to growth in productivity.

Productivity Measures Index



Source: Office for National Statistics

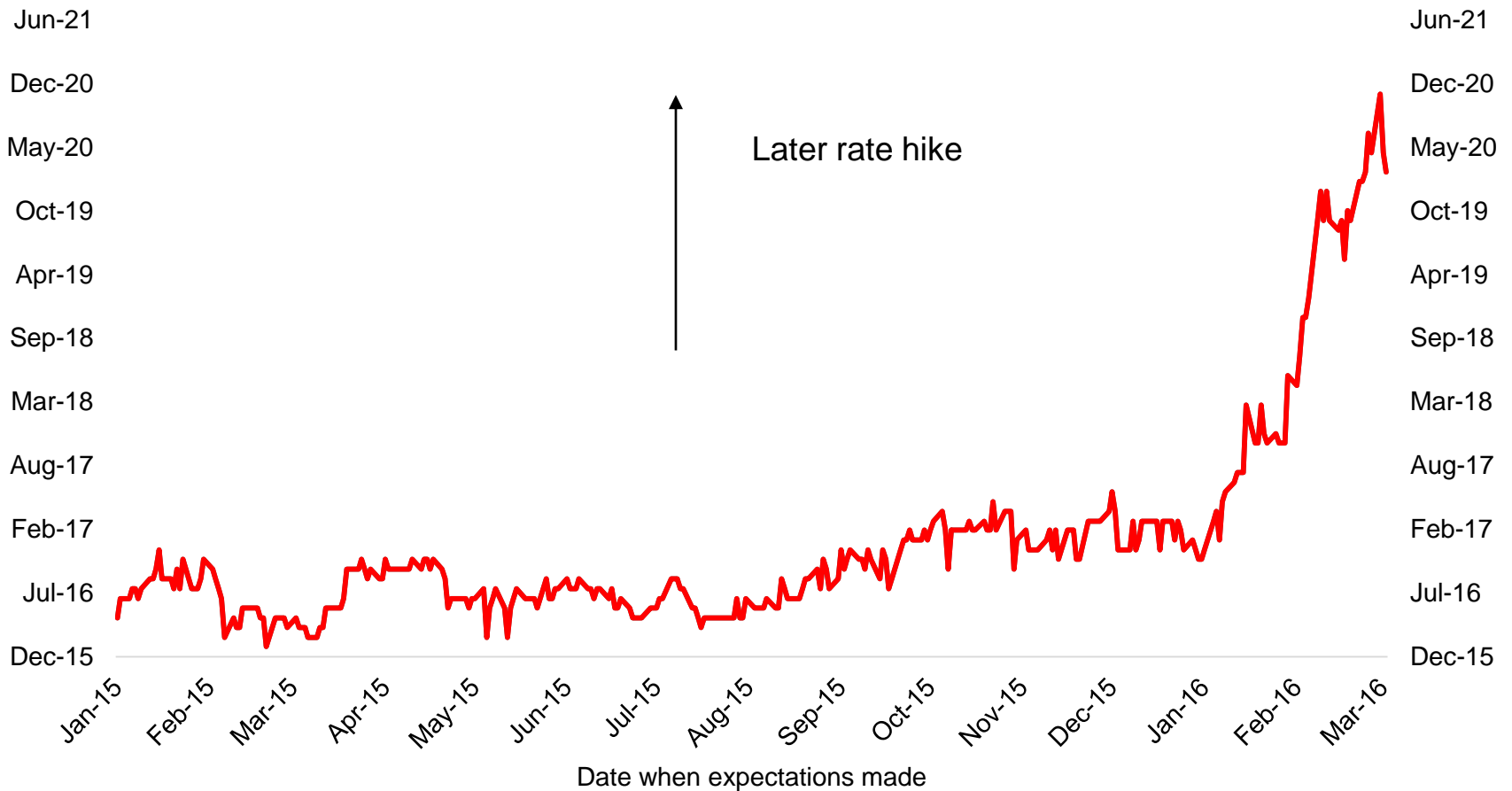
Companies Investment



Source: BIS, ONS

A vote to exit is expected to slow the UK economy deferring a rise in UK base rates further into the future.

Implied Date of First Rise in Bank Rate



Source: Thomson Datastream, Capital Economics

About DTZ Investors

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