It's now almost 18 months since the UK voted to leave the EU. With the Brexit negotiations still at an early but seemingly critical stage, the ramifications of the vote are still hotly debated. In what is undoubtedly a complex, emotional and highly political debate, many myths and misperceptions persist on the subject of Brexit from all sorts of angles.

Leaving the politics to one side, our focus is purely on the economic consequences of Brexit. And so, following the “Economic impact of Brexit” report that we exclusively published in early 2016, we have again commissioned Capital Economics to revisit the subject with a new report, “Brexit – where are we now?”.

The report combines innovative and in-depth analysis of existing information and statistics, a wide range of economic impact studies, and fresh research, as well as Capital Economics’ macroeconomic projections.

Broadly speaking, we agree with many aspects of the report and its key conclusions, and have found the report valuable, interesting and ultimately, from the perspective of our investment strategy, very reassuring. It reinforces our confidence that the portfolios are positioned appropriately for the long-term outcomes that are forecast. That is why we want to share it with you.

We expect a deal to be struck with the EU in the coming months. This report suggests that neither side can be entirely comfortable about the prospect of walking away from the table without an agreement, as do the Bank of England Financial Policy Committee notes released last month. These highlighted that £20 trillion of uncleared derivatives contracts, impacting tens of thousands of counterparties, were potentially at risk of disrupting the functioning of financial markets in the event of no deal. Nevertheless, the Capital Economics report indicates that even in the event of no deal, the long-term prospects for the UK economy are nowhere near as bleak as many have predicted.

That conclusion will surprise many people, if the results of our Twitter poll are anything to go by. Almost half of the 42,000 that voted believe that the UK economy is “facing a cliff-edge” as a result of Brexit. This negative consensual view is reflected in the UK stock market, helping to forge a compelling investment opportunity in domestically-focused stocks, which the funds are positioned to exploit. The Capital Economics report, which explores the key debates in detail, provides considerable grounds for optimism that the long-term outcomes for the UK economy will be far better than the alarmed consensus would suggest.

Read the report in full

So what are the facts and what are the likely economic outcomes?

Explore our infographic below and read the report in full to find out more.
Scope of this report

The Capital Economics report reviews the likely positive and negative impacts from Brexit for many key sectors of the economy, including manufacturing, financial services, life sciences, property, construction, the public sector, consumers and trade in general. It considers the impacts that may stem not only from base case scenarios, but also from other eventualities. As a result, each sectoral chapter begins with the highlights of the implications for that sector, plus a description of what would constitute the Brexit base case, and the corresponding high case and low case.
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