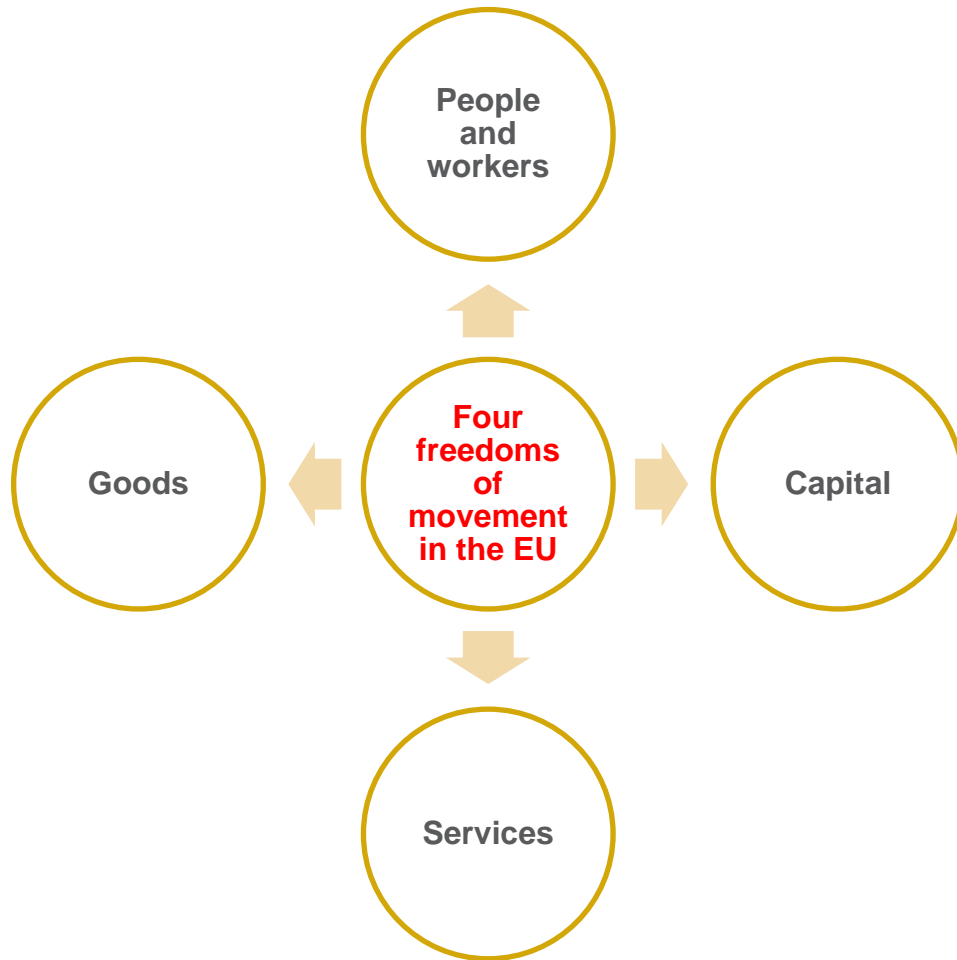


Brexit requires four “freedoms of movement” between UK and EU to be re-aligned over the next two years



From easiest to most difficult:

- Goods
- Capital
- Services
- People/workers



Channels for the propagation of the Brexit shock through the economy

Variable of interest	Impact on
Labor supply (via reduced migration)	UK labor market
Trade in goods	UK imports / EU exports
Trade and FDI in services (especially financial industry)	UK exports / EU imports / Inward FDI
Confidence and investment	UK – EU – World economy
Financial markets and monetary policy	UK – EU – World economy
Appreciation of the \$ vis-à-vis the Euro and the Sterling	UK – EU – US – World economy

