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**Expert Commentary**

## **Andrew Wroblewski, Chief European Economist at Decision Economics, on 'Brexit'**

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**Andrew Wroblewski**  
**Chief European**  
**Economist**  
**Decision Economics**  
**UK**

**Analysts say that the Brexit's ultimate impact on global economy depends entirely on how the Central banks react. In your opinion, what actions should we expect from both the European Central Bank and the Bank of England in the near future?**

Certainly, the Bank of England has to ensure that banks continue to function and can provide a supply of credit. The Bank of England has already implemented a number of measures to maintain the supply of credit, particularly by ensuring there is a lot of liquidity offered to banks and by reduction in capital balances, guaranteeing that banks have a little bit more available funds. I am not so bothered about it being the major global factor; nevertheless, there also are banking sector risks that are evident in other parts of the world like the Euro zone, so any signs of any banking problems in the UK could actually have a spillover effect.

**Goldman Sachs slashed its 2017 UK growth forecast to 0.2% from 2%, following the June 23 referendum. Do you agree with the following outlook or not? Why?**

My own forecast for the growth is ranging between 1.5% and 2.5% over the next year. One thing which is pretty clear is that the UK economy was in a very solid state ahead of the referendum, and in fact we will probably have a very strong reading as far as the Q2 GDP is concerned, but it very much depends on how things develop.

My own view is that the current situation is not as bad as some people suggest. In my opinion, we would be worse off over the course of next three to four years than if we had stayed, but not absolutely worse off. Having said that, there is a chance, which is also one of the biggest risks, that there might be a threat coming from a drop in property prices; however, that is something that is more likely to happen more to London than to the UK economy as a whole.

**In your point of view, may the UK's vote trigger a 'Brexit' domino effect across the European Union or not? Why?**

I do not think it will cause any domino effect. In fact, it would if there was to be some of the downside economic risks people

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are talking about; because ultimately, the willingness to stay in the EU is very much a reflection of one's economic status and economic thinking, and that was one of the reasons why the UK actually had the 'Brexit' vote. In any case, the decision to leave the EU appeared to reflect dissatisfaction with the economic conditions rather than a clear wish to exit the EU.

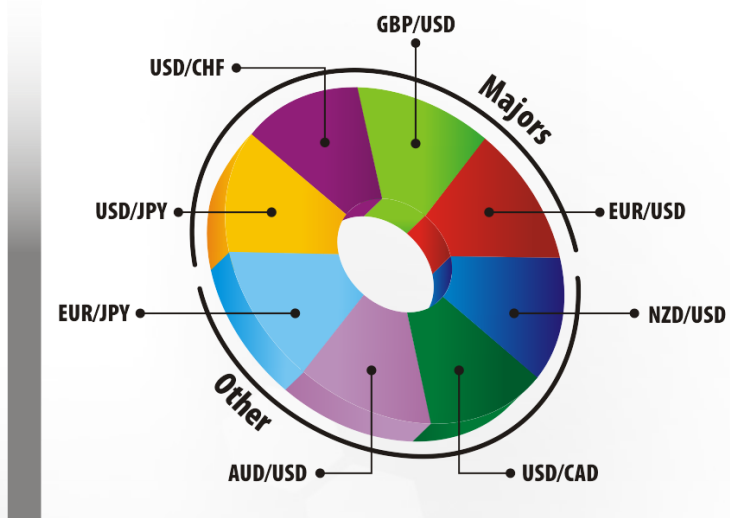
**How much time may it require for the EU and the UK to reach an agreement?**

It is going to take another three to six months if we even trigger the Article 50. At the moment, it is indeed very difficult to predict. To my mind, it is in the UK's interest to make this situation last as long as possible.

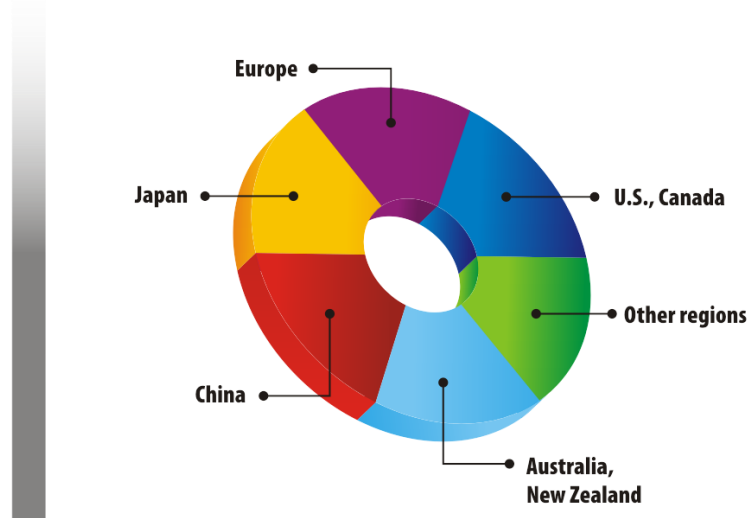
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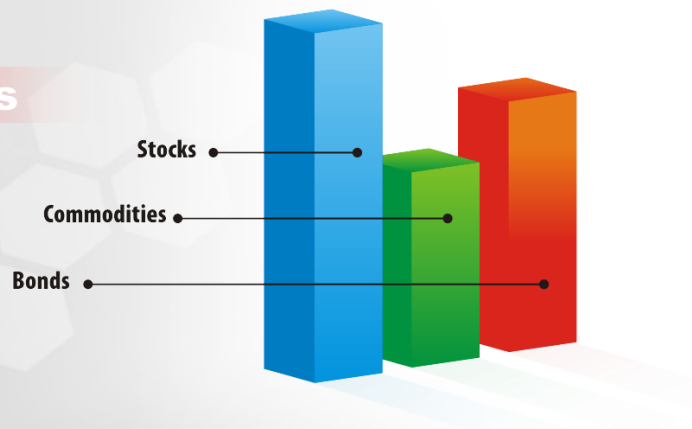
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