

London - 16 January, 2019

**Ana Boata, Senior European Economist at Euler Hermes, the world's leading trade credit insurer, said:**

“The result of yesterday’s vote will reduce the remaining pockets of resilience in the UK economy, and will impact investment levels, GDP growth and the number of corporate failures.

“We expect that continued political uncertainty will cut GDP growth by a further 0.1-0.2pp per quarter. Sterling could fall below EUR 1.1 by the time either a deal is approved or an extension of Article 50 is decided and be accompanied by a spike in volatility, which could make transactions above a certain threshold complicated.

“Even if a deal is agreed with the EU before the March deadline, we expect annual UK GDP growth to weaken to a +1.2% in 2019 and business insolvencies to rise by +9% year-on-year. While unlikely, a ‘no deal’ Brexit would see the number of corporate failures increase by +20% and the economy contract by at least -1% for the next two years.

“Sterling has already depreciated by more than -10% since the leave vote, which has increased import costs and triggered a fall in profit margins for many non-financial corporations. As a result, the Eurozone has missed around €60bn of potential exports to the UK over the past two years. UK real import growth will be below 1% this year, the lowest level since 2011.”

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Further information: [www.eulerhermes.com](http://www.eulerhermes.com), [LinkedIn](#) or Twitter [@eulerhermes](#).

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