

Recent Brexit events

- 25 Nov 2018** EU/UK agreement on a Brexit deal (May's deal)
- 15 Jan 2019** First rejection of May's deal
- 12 Mar 2019** Second rejection of May's deal
(despite some last minute reassurance on the Irish backstop from the EU)
- 13 Mar 2019** Rejection of a "no deal" Brexit by the House of Commons
- 14 Mar 2019** Approval by the House of Commons to request an extension

Brexit countdown: what's next?

- 21 Mar 2019** EU summit
- by 29 Mar 2019** Possible new vote on a deal

Accepted

**Rejected /
No new vote**

Brexit deal approved with a likely short technical delay agreed by the EU

Extension to be agreed with all 27 EU members. If the extension is beyond June, the UK will have to participate at EU elections. The UK parliament may explore new possibilities.

Softer Brexit

New General UK Elections¹

Second Referendum²

Notes: source BBC. ¹**General elections:** the PM does not have the power to call an election, but can ask MPs to vote for an early election under the terms of the Fixed Term Parliaments Act. Two-thirds of all MPs would need to support an early election. The earliest date for the election would be 25 working days later but it could be after that: it's up to the prime minister to decide the precise date. ²**Referendum:** Calling a referendum is a complex and lengthy process. Experts at University College London's Constitution Unit suggest that the minimum time for all of the required steps above is about 22 weeks.



Scenarios ahead and related probabilities

SCENARIO 1	SCENARIO 2	SCENARIO 3
Ratified deal by 29 March	Prolonged uncertainty	No deal
<ul style="list-style-type: none"> Rationale: Hard Brexiteers may prefer to approve a deal in case of a new vote if the alternative is a prolonged extension. Some opposition parties MPs may approve the deal or abstain. UK leaves the EU and enters a transition period, retaining its access to the European Single Market at least until the end of 2020. The UK will probably ask for a technical extension. The EU parliament will need to ratify the withdrawal agreement and the UK Parliament will need to pass the necessary laws to leave the EU. 	<ul style="list-style-type: none"> Article 50 is extended: it could be a short (25% prob.) or a long extension³ (30% prob.). In case of a long extension, the UK would participate in the EU elections in May. A long extension could open the door to a new referendum, new elections in the UK and/or a softer Brexit deal. A long, lasting extension would cause uncertainty on the future of the European model in the long term but more clarity in the short term. A short extension without a deal remains possible. 	<ul style="list-style-type: none"> The UK exits the EU without (or with only a very limited) transition regime. Sub-scenarios: an outright “default” to a WTO regime is a risk but mitigation measures (“managed no-deal” and “deals under no-deal”), may be agreed. Negative impact on EU GDP growth with differences across countries (Ireland would be the worst hit, followed by countries well integrated in international supply chains). Extreme uncertainty concerning the Irish border issue.
25%	55%	20%
Probabilities		

Market relief

Uncertainty would linger and then increase as the new deadline approaches. Market relief if a long extension is secured

Not priced in by the market, negative for EU equities and GBP

³ A short-term extension is until the European elections or the end of June. A long-term extension is beyond June.

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