

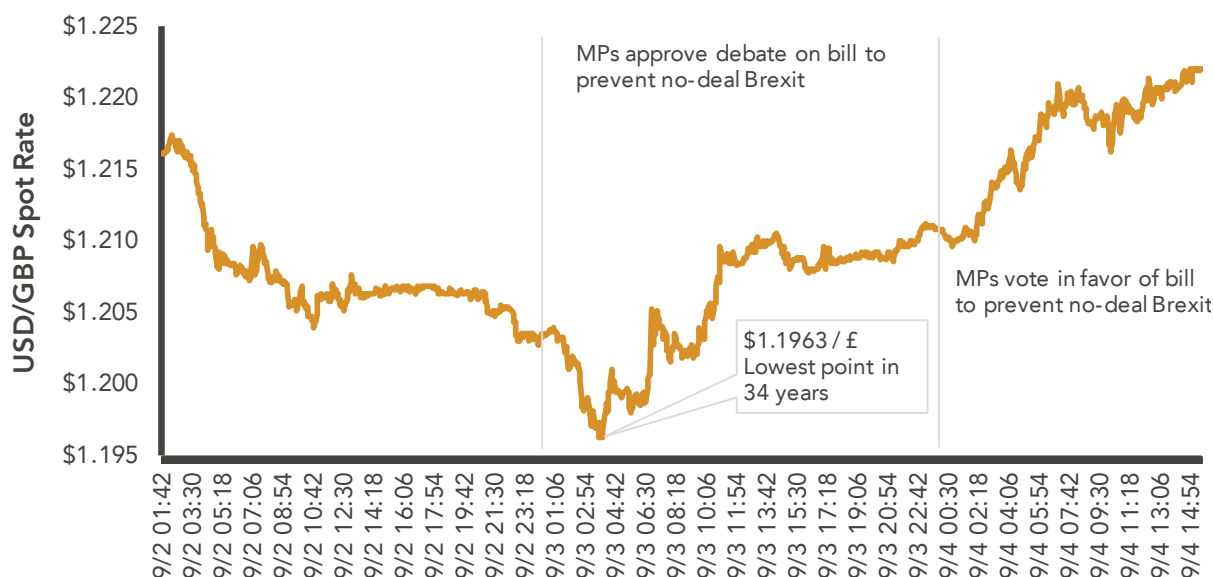
Chart of the Week

September 6, 2019

Plummeting Pound Rebounds as PM Johnson is Thwarted

NICOLE JOHNSON-BARNES, RESEARCH ANALYST

Brexit continues its twists and turns, as shown by pound sterling value



Source: Bloomberg

There has been a flurry of updates on the Brexit saga over the last three weeks, starting with the leak of the Yellowhammer doomsday report on August 18th to Wednesday's stunning news of British Members of Parliament (MPs) successfully pressing forward on a measure to foil a no-deal Brexit. Throughout that time — and since the Referendum — the pound sterling has taken varying degrees of "pounding" based on these Brexit updates, and this week was no different.

In today's chart, we show the intraday moves of the USD/GBP spot rate over the last three days. On Tuesday September 3rd, MPs exerted their legislative muscle and debated the merits of a bill designed to prevent a no-deal Brexit on October 31st. In a sharp early sell-off that morning, the pound nosedived below the October 2016 "Flash Crash" dip and hit a 34-year low. The slump came amid growing fears that Britain could crash out of the European Union sans divorce agreement and the possibility of a snap general election. By that evening, however, MPs had voted 328 to 301 to seize control and presented a formal debate on the proposed legislation, delivering Prime Minister Johnson's first legislative defeat in the House of Commons and causing the pound to rebound from the intraday low. And we saw the pound continue to rise in conjunction with PM Johnson's second loss on the following day — MPs voted 329 to 300 in favor of the proposed legislative block on a no-deal Brexit. While it is unknown whether the pound will continue to climb, the MPs' steps towards ensuring that the worst-case Brexit scenario would be avoided appeared to placate currency traders and the market. ■

PREPARED BY MARQUETTE ASSOCIATES

180 North LaSalle St, Ste 3500, Chicago, Illinois 60601
CHICAGO BALTIMORE MILWAUKEE PHILADELPHIA ST. LOUIS

PHONE 312-527-5500
WEB marquetteassociates.com

The sources of information used in this report are believed to be reliable. Marquette Associates, Inc. has not independently verified all of the information and its accuracy cannot be guaranteed. Opinions, estimates, projections and comments on financial market trends constitute our judgment and are subject to change without notice. This material is not financial advice nor an offer to purchase or sell any product. References to specific securities are for illustrative purposes only and do not constitute recommendations. Past performance does not guarantee future results.

About Marquette Associates

Marquette Associates is an independent investment consulting firm that guides institutional investment programs with a focused client service approach and careful research. Marquette has served a single mission since 1986 – enable institutions to become more effective investment stewards. Marquette is a completely independent and 100% employee-owned consultancy founded with the sole purpose of advising institutions.

For more information, please visit www.marquetteassociates.com.