

Watch: Are the markets right to be worried about Brexit... again?

We're expecting another update on the torturous Brexit negotiations between Britain and the European Union on Friday. While there are some hopes of minor breakthroughs, the markets are clearly worried about the possibility of a 'no-deal' and the pound is not liking that prospect one bit



Brexit: Are the markets right to be worried... again?

Brexit is back in the spotlight amid growing concerns that negotiations between the UK and the EU aren't going particularly well. And that's putting pressure back on the pound. So are markets right to be worried? Well, it's tempting to say that the chances of a free trade agreement being stuck later this year looks fairly slim. But we aren't so sure. Don't forget, meaningful progress was always pretty unlikely before the autumn anyway. And there are subtle signs that both sides may actually compromise in some places, notably fishing. The prospect for some initial disruption at the start of 2021 is putting pressure on the UK government to extend the post Brexit transition period. Both sides have until the end of June to agree on an extension. But it's looking pretty unlikely. And that means there's further downside ahead for the pound. And our FX team reckon fears of an abrupt end to that transition period could see the pound trade at ninety-one pence to the euro by

the end of June.

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