

Britain Leaves. Cameron Resigns. Carney Reassures.

EU Referendum FINAL RESULT: 52% Leave 48% Remain



The pundits didn't predict it.

The political establishment couldn't believe it.

Big business did everything it could to try to stop it.

But with Brexit moving from a risk to a firm reality, everyone is now urgently assessing the scale of the seismic political and economic shock.

"The will of the British people must be respected" said David Cameron, as he announced his departure. A new Conservative leader will be chosen by October.

Bank Governor Mark Carney says contingency plans are in place and the bank "will not hesitate to take additional measures".

Here is a quick summary of what's likely to happen next.

The coming hours

- Financial market stability will be the immediate priority for the Bank of England and the UK Treasury – with sterling-denominated assets under pressure
- The Bank of England has made substantial additional liquidity available to UK financial institutions, with Carney making a live TV appearance to reassure investors
- Cameron will stay for around 3 months to provide some stability. Cabinet ministers are likely to remain in their jobs until a new Conservative leader takes charge
- The party leadership contest effectively starts immediately, with Boris Johnson, Theresa May and Michael Gove all possible candidates
- No immediate decision will be taken on invoking "Article 50" which begins a two-year withdrawal negotiation. The decision on timing will be taken only once a new leader is in post
- The international focus moves quickly to Spain – with general election being held there on Sunday
- An emergency summit in Brussels will be convened in the coming days to consider the impact of the vote on the future of the EU

The first weeks

- The emergency Brussels summit will reveal some of the battle-lines between those EU countries wanting a positive process of negotiated Brexit and those favouring a more punitive approach towards the UK
- The candidates for Conservative leader will emerge, with a clear timeline established for the election
- Markets will settle, but volatility is likely to continue with great uncertainty over the timetable and process for EU exit
- Business news outlets will focus on the impact on investments and for different sectors of the economy, almost to the exclusion of all other company and financial news



The first months

- By the autumn, the UK government – under a new Prime Minister – will decide whether to trigger the Article 50 process for withdrawal
- A decision may also follow on whether a general election also needs to take place in the UK
- The full scale of the task for civil servants and diplomats will become clear: unravelling tens of thousands of pages of EU agreements
- A decision will probably be taken in the autumn on whether to try to stay in the single market (but outside the formal EU) or negotiate a separate trade deal with the EU
- Pressure may now be growing in some other countries to hold their own EU membership referendums, and core EU countries are likely to unveil a plan to reform and renew the EU

The years ahead

- How long the process of Brexit takes has been a subject of fierce debate – any deal will have to be agreed by a majority of remaining EU countries within two years (once Article 50 is triggered) and ratified by both the European and UK parliaments
- Short-term financial turbulence may settle. The shock to confidence, though, will probably have had a real economic impact, at least in the medium term
- Elections are due in 2017 in both France and Germany – with Brexit a major campaign theme in both contests
- There will be a battle to secure the City of London's position in the global financial order, with other financial centres – notably Frankfurt – moving to capitalise on Brexit
- New political alignments are likely with Conservative and Labour party rifts over Europe and immigration unlikely to be easily healed. The result is a blow to the progressive wings of both parties
- A second referendum on Scottish independence becomes highly likely