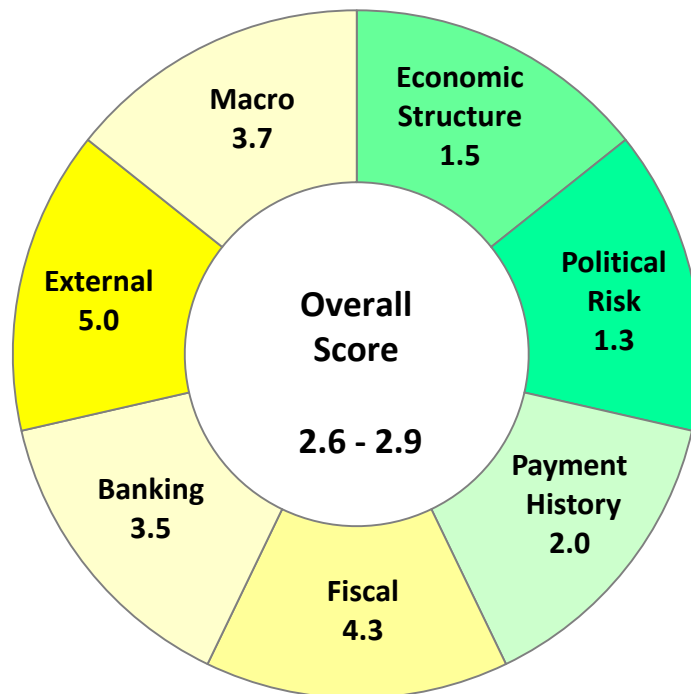


UK Risk Scores



Britain Trend Risks

Economic growth remains sluggish, with large pockets of unemployment across the nation. Very low domestic inflation will allow interest rate hikes to be put on hold.

The shock Brexit vote and shakeup in leadership of major political parties brought to the fore a new Cabinet, committed to a “hard Exit” from the EU. Financial markets were reassured by strong Bank of England actions, but the political future is quite uncertain.

Credit growth to the population has stagnated, despite an ever-increasing deposit base. Exceptionally high real estate prices fuel fears of an asset price bubble.

Very modest deficits and an exceptionally long debt maturity profile allow the UK authorities to slow fiscal tightening, particularly in light of Brexit worries.

Before the Brexit vote, Britain had large trade and current account deficits. Investor concerns at accelerated exit will keep pressures on Sterling and capital outflows. The pound will remain at its weakest level in decades

