

TODAY'S BREXIT SPEECH AT A GLANCE

Strategy and economics

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Today Prime Minister Theresa May gave her much-anticipated speech outlining her key priorities for the Brexit trade negotiations:

Her own concluding comments

- We will provide certainty wherever we can.
- Leaving the European Union will mean that our laws will be made in Westminster, Edinburgh, Cardiff and Belfast.
- A stronger Britain demands that we strengthen the precious union between the four nations of the United Kingdom.
- We will deliver a practical solution that allows the maintenance of the commons travel area with the Republic of Ireland.
- Brexit must mean control of the number of people who come to Britain from Europe.
- We want to guarantee rights of EU citizens living in Britain and rights of British nationals in other member states, as early as we can.
- Not only will the Government protect the rights of workers set out in European legislation, we will build on them.
- We will pursue a bold and ambitious free trade agreement with the European Union.

- It is time for Britain to get out into the world and rediscover its role as a great, global, trading nation.
- We will welcome agreement to continue to collaborate with our European partners on major science, research and technology initiatives.
- We will continue to work closely with our European allies in foreign and defence policy even as we leave the EU itself.
- We believe a phased process of implementation will be in the interests of Britain, the EU institutions and member states.
- The recognition that although the government wants to have concluded negotiations within the two years of triggering Article 50, there will be the need for 'phased implementation' (transitional agreements) in certain areas to avoid a 'cliff edge' change that affects both the EU and UK.
- That the final deal will be voted on by both the House of Commons and House of Lords – an important check in the process.

What does this mean?

Key messages that will impact markets

- The intention to leave the single market – there was no real alternative given the desire to have control of immigration and the ability to make our own laws.
- The desire to negotiate partial access to the customs union, (less 'hard' Brexit than sterling was discounting before the speech).
- The desire to negotiate a free trade agreement with the EU.

Key messages that gave clues about her negotiating strategy

- That free trade is not a zero sum game – it benefits both sides and would be negative for both the EU and the UK if we don't have it.
- That no deal is better than a bad deal – the government is prepared to walk away.
- That the UK could implement a new economic model – very low corporation tax rates.

Market reaction

- In the immediate aftermath of the Prime Minister's comments, sterling/dollar rose from 1.21 to 1.23, the FTSE 100 fell, and gilt yields rose.

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