

COMMERCIAL BANKING

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# UK ECONOMIC OVERVIEW

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**LLOYDS BANK**

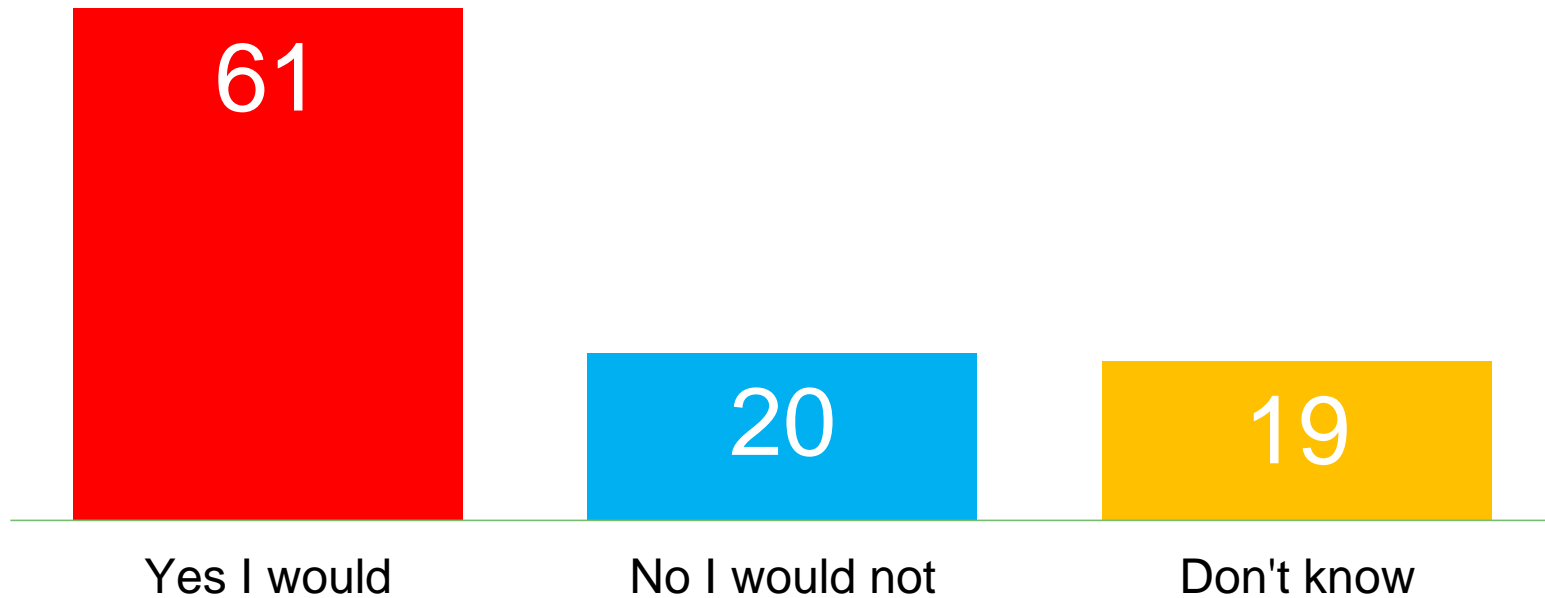
# ECONOMICS TAKES A BACK SEAT

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**Regardless of whether you think such an occurrence is likely would you consider...**

...significant damage to the British economy to be a price worth paying for bringing Britain out of the EU? (% of 2,042 Leave voters)

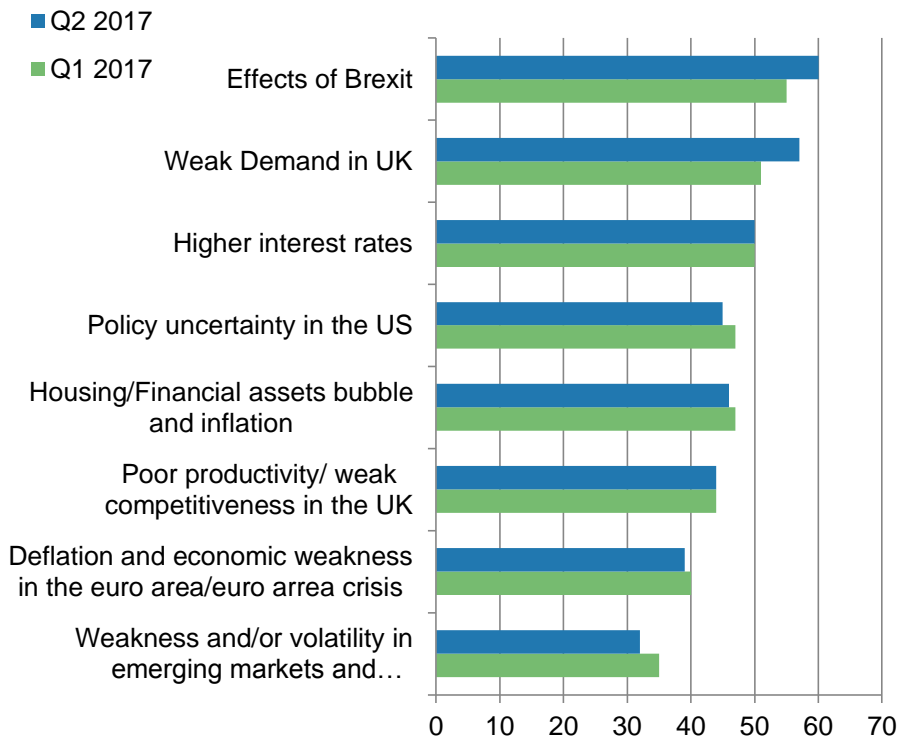


Source: Yougov poll July 12-19, 2017, Lloyds Bank Commercial

# BUSINESS STILL VERY CONCERNED

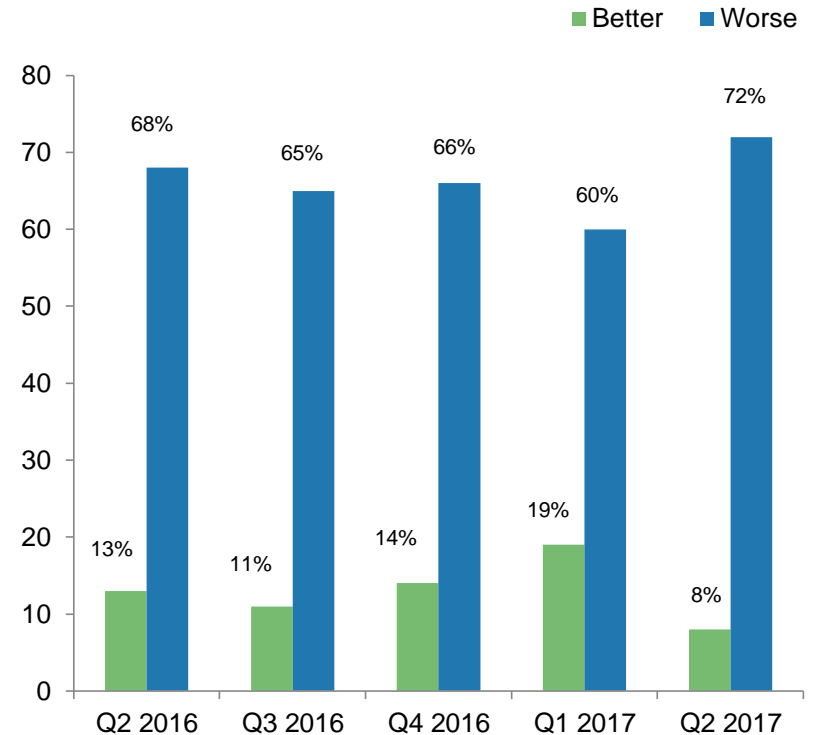


## Deloitte CFO survey Q2 2017



Risk to business posed by the following factors: weighted average rating on a scale of 0-100, where 100 is highest possible risk

Source: Deloitte CFP survey, July 2017

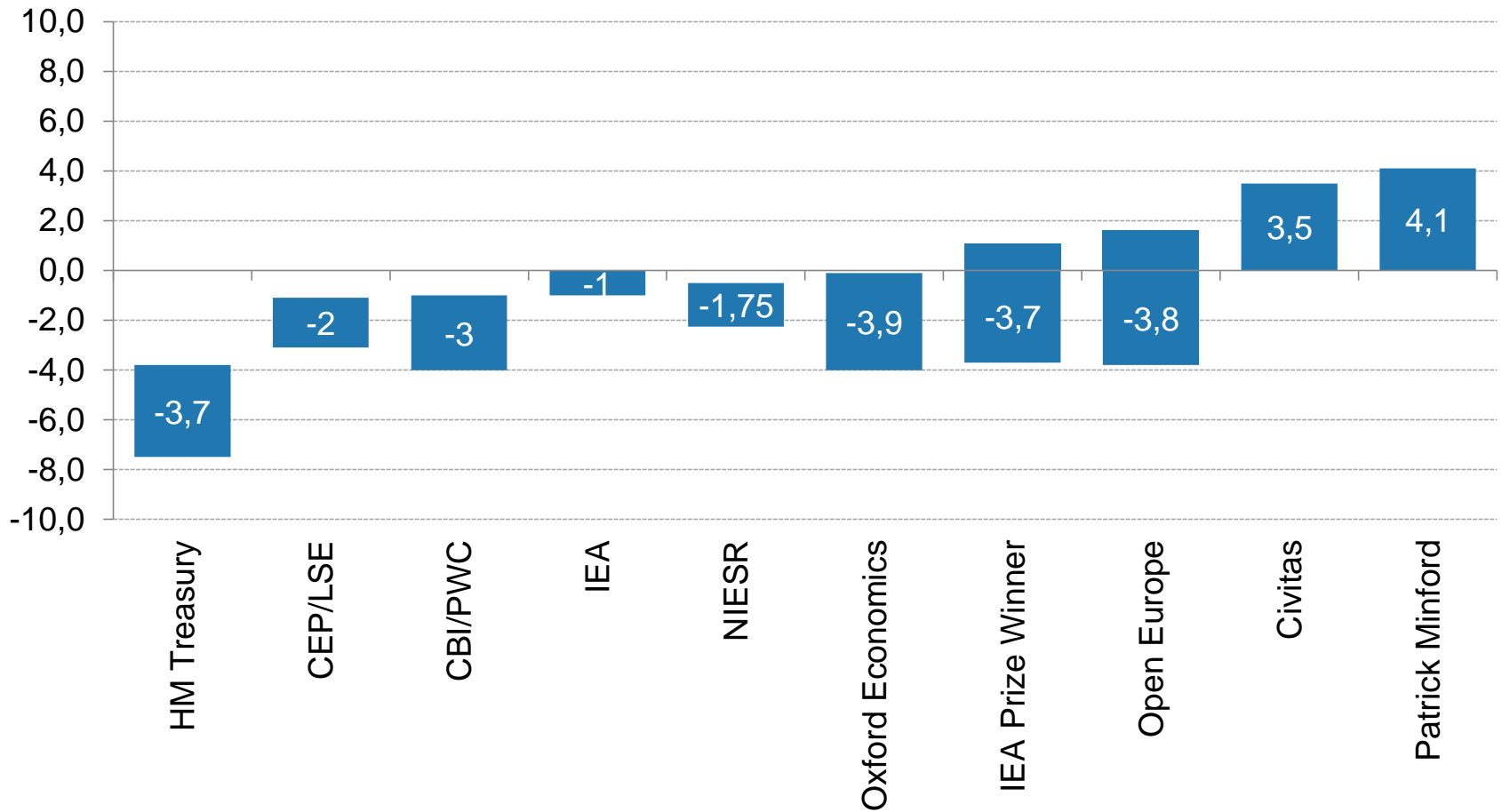


% of CFOs who think the overall environment for business in the long term will be better/worse if the UK leaves the EU (excludes 'little changed')

# THE ECONOMIC OUTLOOK?



% point impact on long-term level of UK GDP of EU withdrawal (worst to best)



Source: As cited, Lloyds Bank Commercial

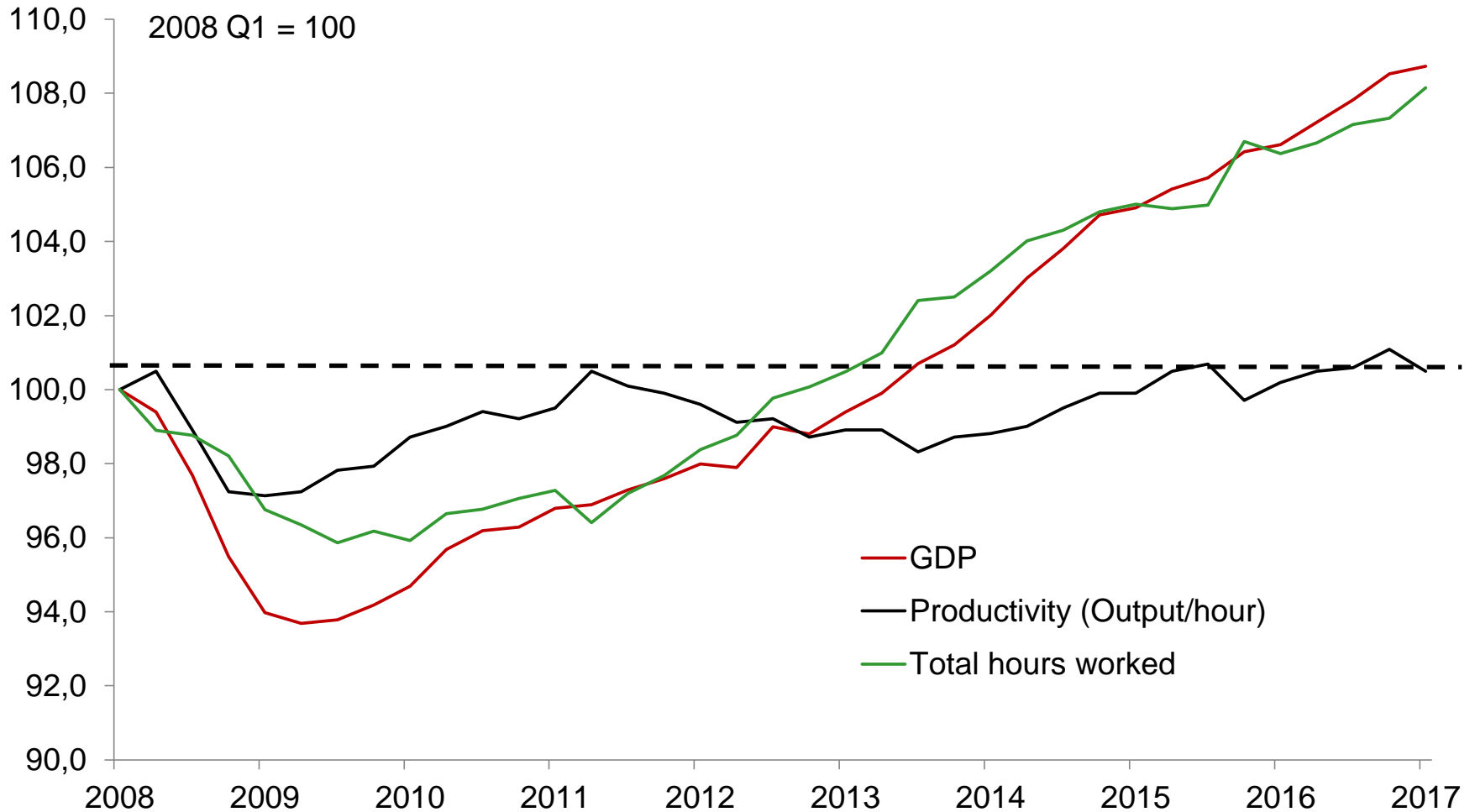
# TRADE THE BIG TOPIC



Trade Model	Votes on EU law	Freedom from tariffs	Ability to agree bilateral deals with non-EEA	Border Controls	Full access to single market	EU regulatory compliance	Contribution to EU budget	CAP
EU membership	✓	✓	✗	✗	✓	✓	✓	✓
EEA: Norway model	✗	✓		✗	✓	✓	Reduced	✗
EFTA: Swiss Model	✗	Partial	✓	✗	✗	Partial	Reduced	✗
Customs Union: Turkey	✗	Partial	✗	Partial	✗	Partial	✗	✗
Bilateral agreement: Canada	✗	Partial	✓	✓	✗	Partial	✗	✗
WTO membership	✗	✗	✓	✓	✗	✗	✗	✗

Source: HM Government, Lloyds Bank Commercial

# POOR PRODUCTIVITY POSES BIG(GER) RISK TO UK





## UK POTENTIAL GDP AND ITS COMPONENTS Average Percentage Growth

	2006-2015	2016-2025
Potential GDP	1.7	1.7
<i>Employment at NAIRU</i>	0.8	0.8
<i>Capital Stock</i>	1.6	1.8
<i>Total Factor Productivity</i>	0.6	0.7

# RISK IS ALL RELATIVE







Q & A

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