

Media Release

Brexit clarity still creates questions for UK businesses

(11 February 2020 – United Kingdom) After years of antagonising Brexit palaver between politicians, government officials and the general public, Britain has finally left the EU. Although the Brexit process is finally 'over', the journey of implementing Britain's new trading relationship with the EU has only just begun. While this historical moment in UK politics fares well for 'Brexiters' many 'Remainers' still fear the worst. As a result, at this immediate stage, UK business confidence is oscillating between optimism and scepticism.

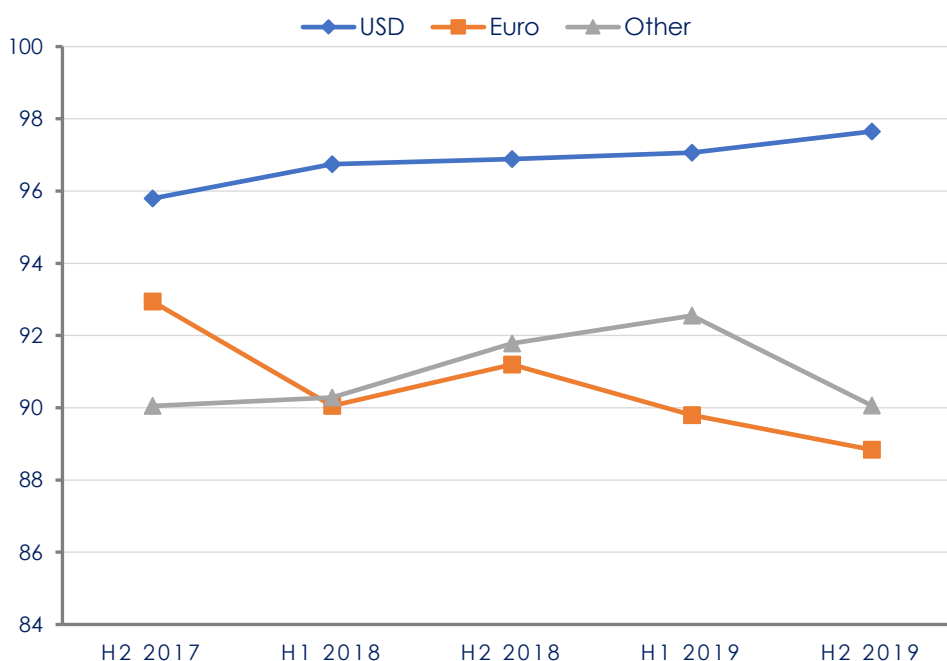
The truth is that many organisations are still not fully clear on the consequential impact of Brexit on the UK economy, trade and the value of the Great British Pound – which are all factors that affect corporates' ability to do business with the rest of the world. In precaution, many UK businesses have forecast an increase in their volume of hedged FX turnover within the first two quarters of 2020.

Figures show that Lower Corporates plan to increase their hedging ratio by 0.4 percent, with Micro and SME businesses planning to increase their hedging ratio by 0.3 percent and 0.7 percent respectively. Though these may seem negligible, it does illustrate that business confidence still isn't where it needs to be even with the apparent Brexit certainty under the new conservative majority government.

"While the UK government seals a deal with the EU, UK businesses have taken a stand to protect themselves against unwarranted risks to trade with Europe and the rest of the world." said Pierre Sokoya, Lead Markets Analyst at East and Partners.

Top Currencies Traded among UK Business

% of total



Source: East & Partners UK Business FX program

There have also been reductions in the use of the Euro among UK business. As businesses seek to expand to markets outside Europe, they are more and more likely to use the US dollar for foreign exchange transactions. East and Partners' business FX currency research reveals that 4.1 percent of UK businesses have reduced their use of the Euro for currency payments, while 1.9 percent have increased their use of the US dollar.

"The Brexit process has encouraged UK businesses to think outside the box and prepare for a new Britain with wider global market opportunities," Mr. Sokoya added.

About the research

This research is from the ninth round of East & Partners UK Business FX Markets Analysis research, a six-monthly research program. In total 2,213 UK enterprises from Micro, SME and Lower Corporate segments were interviewed directly in October 2019. Interviews were conducted with the CFO, Business Owner, Corporate Treasurer, Company Accountant or designated FX officer using a structured questionnaire.

The Micro segment comprises businesses turning over GBP£1million to 5 million each year, while the turnover band for SMEs is GBP£5 million to 20 million and Lower Corporates GBP£20 million to 100 million.

The interview sample was dispersed geographically across the UK and the sector distribution reflects a natural sample of the UK enterprise population in these segments.

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