

**Welcome to Brexit** - There are many, many implications of the events overnight; for markets, for politics and for the wider global geo-political scene. Some will become apparent in the coming days, others will take years. For markets, sterling has already passed judgement, trading a 17 big figure range overnight as we've moved from believing the last polls showing a small lead for 'remain' to the eventual results. The immediate concern is with FX intervention, not from the UK but from Japan or Switzerland who have both seen their currencies appreciate from levels which they were already uncomfortable with. USDJPY has flirted with the 100 level, but not yet on a sustained basis. EURCHF is at levels last seen 10 months ago. The question is whether central banks can find common ground to pull together, or whether it's a case of each to their own. If the latter, then the SNB looks most likely to pull the trigger. If it's strength in numbers, then the BoJ will be taking the lead. The FTSE will have to weather a rough open. Domestically orientated stocks will suffer more, given the uncertainties prevailing in the UK economy. It's quite likely that we will see statements from both the central bank and government at some point in the day offering assurances. Economists and the BoE have been pretty clear on the near-term economic risks created by the prospect of Brexit. For politics, we have a prime minister who took on the nation, and his party, and lost. He's vowed to listen and carry out the wish of the people, but his situation looks tenuous at best. This creates an added layer of uncertainty. On the wider geo-political scene, the UK has laid



the ground work that will embolden other nations of the EU and also the single currency to take on the European establishment. If Europe acts tough, then the UK could be followed by others and if Europe gives ground, then countries will further back-pedal on reforms, both structural and financial. Add to this, there's the prospect of Scotland having another referendum on independence, which would almost certainly result in them leaving the UK. If you thought this Brexit referendum was going to remove some of the uncertainty in markets, then you are going to be sorely disappointed.

**Today's important market news**

Time: GMT

08:45	BOE's Governor Carney speech
12:30	Durable Goods Orders ex Transportation
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17:00	Baker Hughes US Oil Rig Count

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