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Will May end in November?

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It was Helmut von Molte, known as the father of German military strategy who said that no plan survives contact with the enemy. It's Theresa May's bad luck to have spent most of the past two years developing a Brexit plan that's succeeded only in uniting her enemies both of the Left and the Right.

Following the resignation of Dominic Raab and the growing list of others, it's hard to see how the British polity can move forward. Hemmed in as it is by ideologues on all sides of the House of Commons.

We seem to have moved from 'no deal is better than a bad deal' to 'any deal is better than no deal' with the inflammatory language of war added for good measure. But unlike the terrible events of 100 years ago that we recently commemorated, this isn't a war. To speak of victory or defeat in these circumstances is to misunderstand the words. We are, however, dealing with the prosperity of millions of people both here and on the European mainland.

There's a matrix of possibilities from here. We have Theresa May's deal. Then there's no deal. There's constant chatter about another referendum and even a General Election. The financial implications are surprisingly counter-intuitive.

It looks unlikely that the Theresa May deal will receive the necessary support of the House. The question therefore is whether or not the alternatives are more palatable and importantly, do they offer a solution?

A no deal scenario implies a much lower level of sterling and a reduced flow of investment. This will be highly disruptive, economically damaging and we believe will leave the UK materially poorer in the medium term. The pound will inevitably weaken further, perhaps sharply.

In this environment, UK blue-chips, paradoxically offer a hedge as more than 70% of blue-chip earnings are derived overseas. Gilts would probably strengthen in the short-run on a flight to quality but UK inflation would rise. The outlook for domestically focussed companies would deteriorate. It's worth reflecting that after Raab's resignation, blue-chips rallied strongly but domestic builders and banks fell sharply.

In the long-run, a no deal scenario would probably hollow out the City as major firms de-listed in the UK in favour of deeper bourses in New York and Europe.

So, where are we? First there appears to be no majority in the House for a 'no-deal.'

Jeremy Corbyn is trapped as we see it in the blinkers of a worn out ideology and he wants a General Election. But, to what purpose? There's scant evidence that he'd be able to negotiate a better Brexit deal. For those who trumpet 'taking control of our laws, money and borders' we're not in the Euro, nor in Schengen and existing European laws allow for the repatriation of non-economically engaged migrants. Since the Labour leader offers no alternative Brexit view, it's not clear what an election would solve.

It also appears that there's no majority in the House for an early dissolution of Parliament.

Another referendum then I hear you ask? If 'Leave' were to win another majority despite all the economic risks, a 'hard Brexit' would almost certainly follow. This would irreparably damage Britain's long-term future not least because we'd still trade with Europe and we'd still have to meet European standards but with far less inward investment. There are few, if

any so called easy free trade deals on offer of the magnitude of our trade with Europe. And in any case, the general opinion is that there doesn't appear to be a majority in the House for another Referendum.

So, it takes us back to Prime Minister May. Her deal might indeed, be the best on offer. And from our perspective, Brexit makes the strongest possible case for international diversification both of earnings and geographical location.

All of our strategies are internationally diversified both directly and indirectly. And this offers us some security from the self-inflicted uncertainty and harm imposed by what we feel was nothing less than an ill thought through referendum and a mendacious political campaign.

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