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GENERAL ELECTION CONFERENCE CALL CHARTS

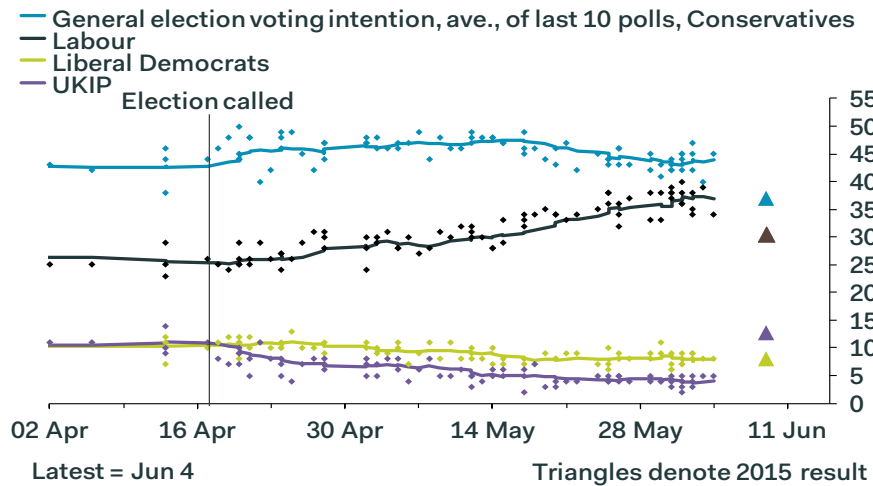
JUNE 5, 2017

SAMUEL TOMBS, CHIEF U.K. ECONOMIST

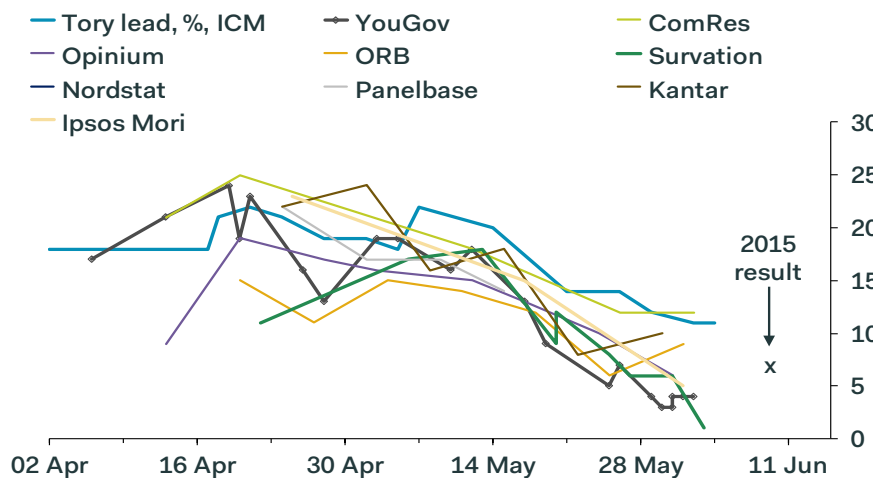
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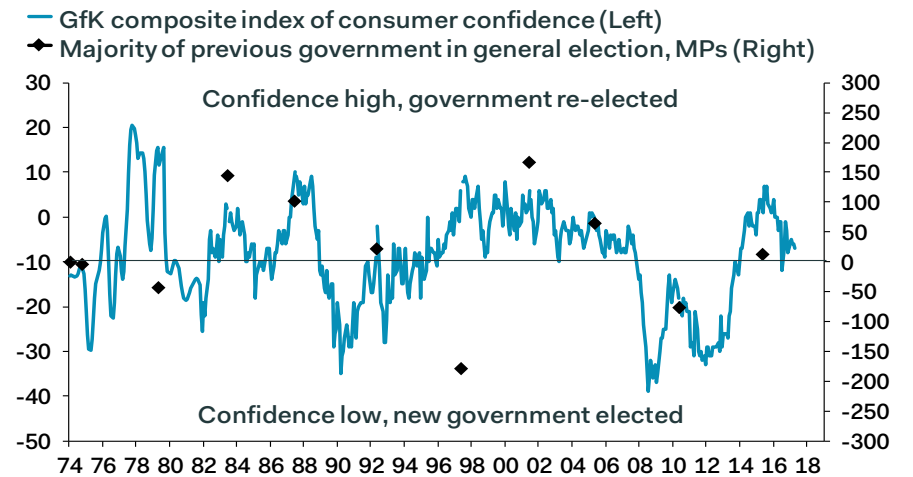
1. THE CONSERVATIVES' POLL LEAD HAS CONTINUED TO NARROW...



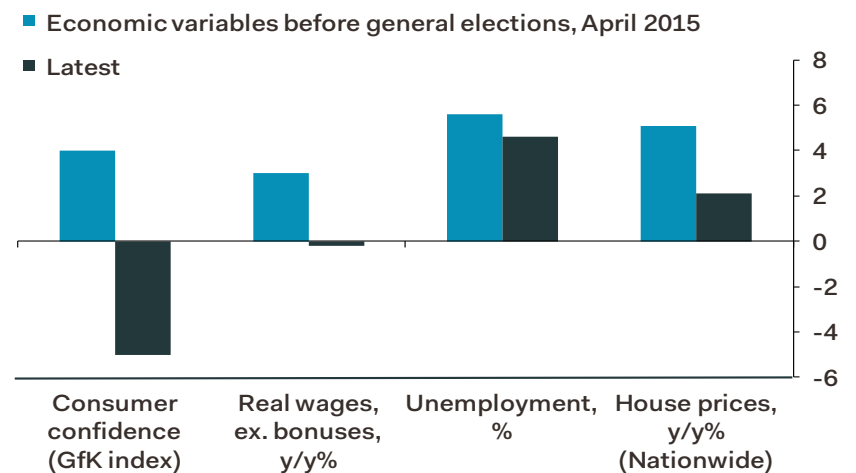
2. ...SUGGESTING THEY WON'T IMPROVE MUCH ON 2015'S RESULT



3. LOW CONSUMER CONFIDENCE SIGNALS ONLY A SLENDER TORY WIN

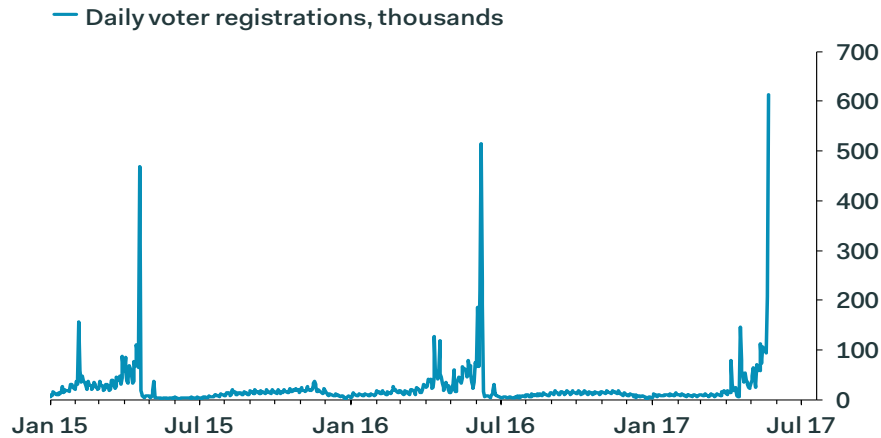


4. MOST ECONOMIC VARIABLES ARE WORSE THAN AT THE LAST ELECTION

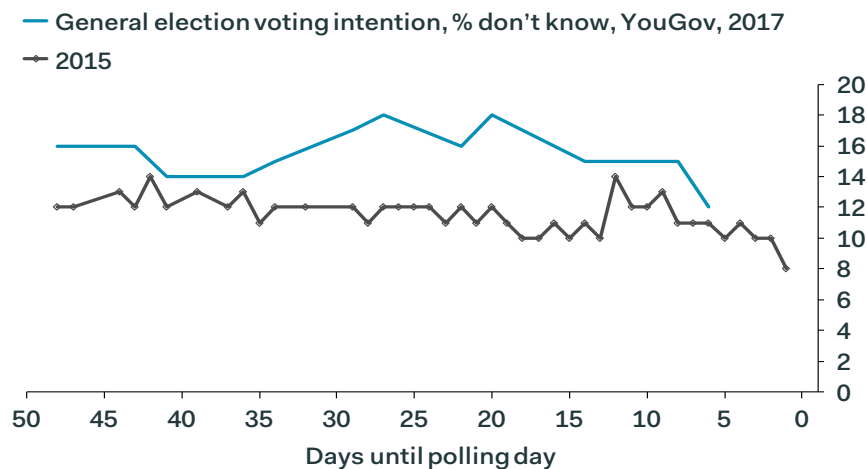




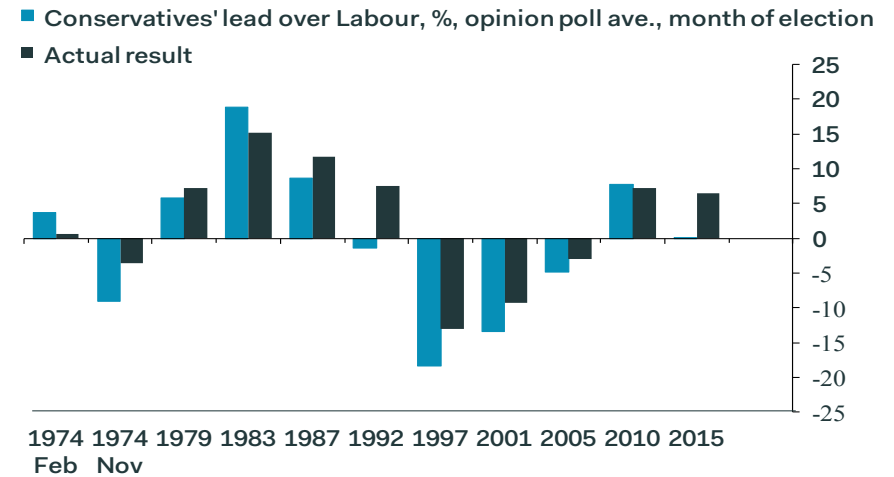
5. THE SURGE IN VOTER REGISTRATIONS IS A GOOD SIGNAL FOR LABOUR...



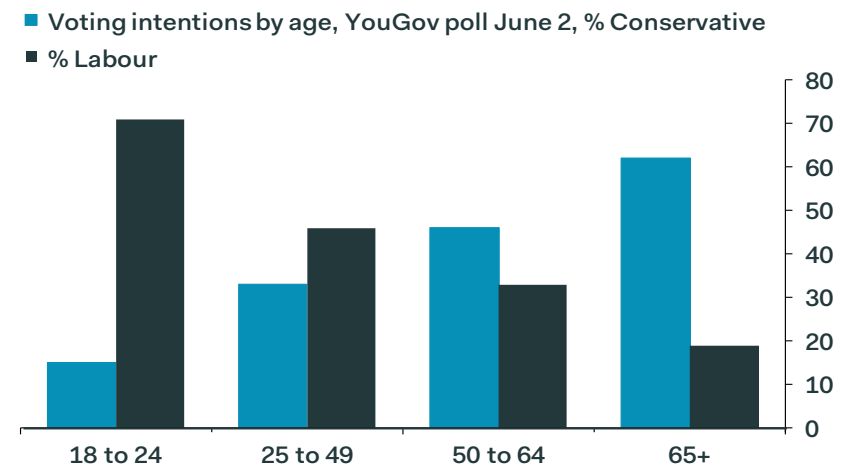
6. ...AND UNUSUALLY NUMEROUS DON'T KNOWS ARE BREAKING FOR LABOUR



7. BUT THE TORIES USUALLY DO BETTER IN ELECTIONS THAN POLLS SUGGEST

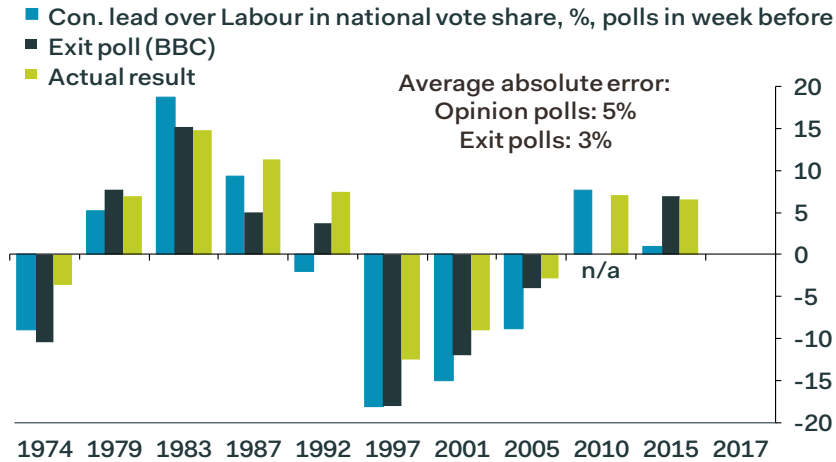


8. WILL THE YOUNG VOTE? AND WILL THEY BE TOO LOCALLY CONCENTRATED?

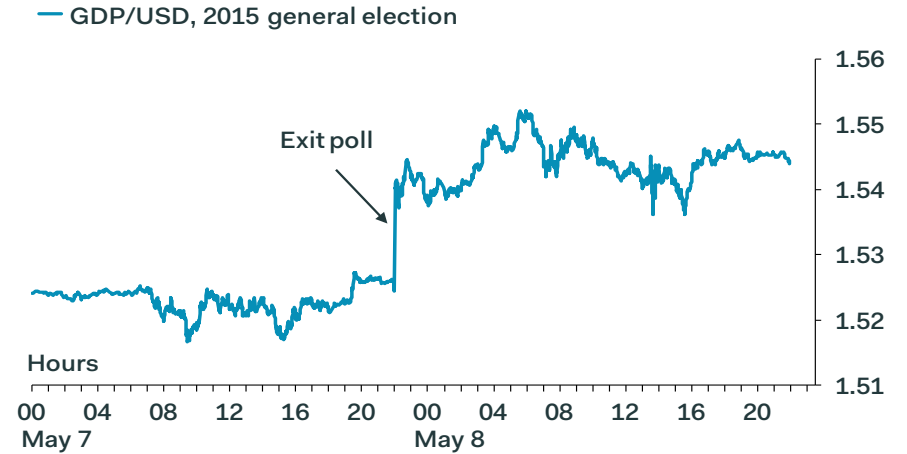




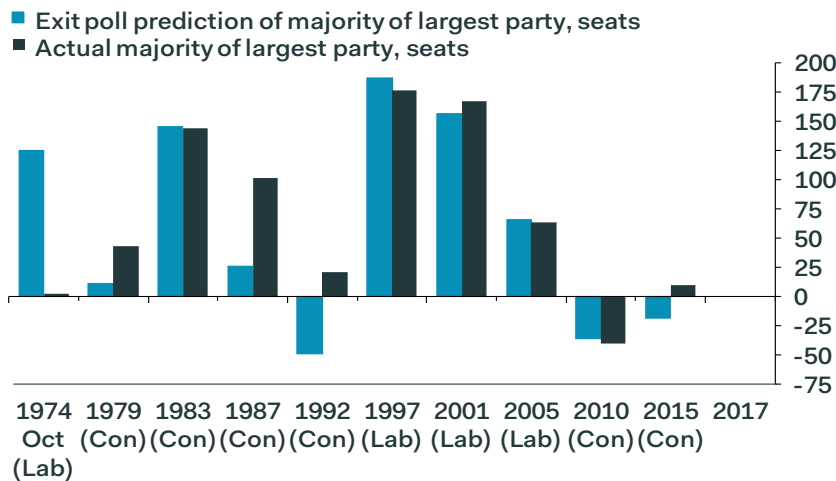
9. THE 10PM EXIT POLL IS MORE ACCURATE THAN POLLS BEFORE IT...



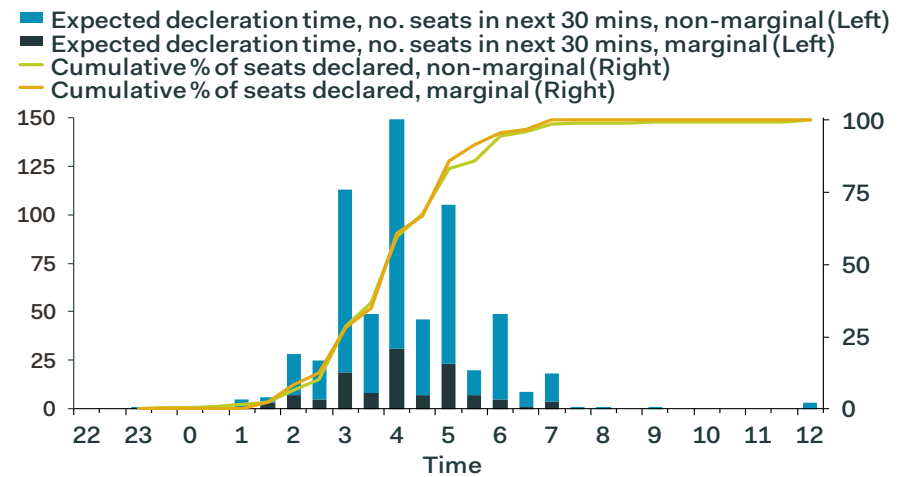
11. STERLING JUMPED AS SOON AS THE EXIT POLL WAS RELEASED IN 2015



10. ...EVEN THE EXIT POLL'S SEAT PREDICTIONS USUALLY ARE CLOSE



12. THE RESULTS WON'T FLOOD IN UNTIL 3:00AM





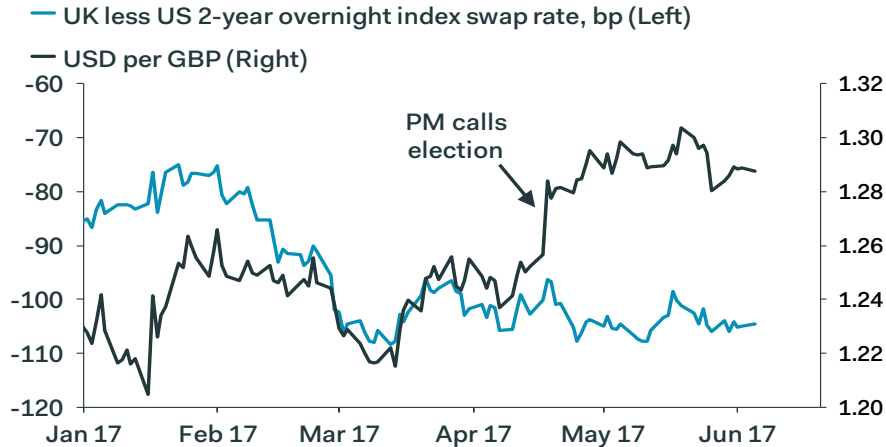
MARKET IMPLICATIONS OF U.K. GENERAL ELECTION OUTCOMES

	Lab. majority govt	Lab. coalition	Con. minority govt	Small Con. majority (1-50)	Large Con. majority (50+)
Conservative seats* (change from current)	Less than 240 (-90)	240 to 311 (-90 to -19)	312 to 321 (-18 to -9)	322 to 347 (-8 to +17)	More than 347 (+17)
Probability implied by betting odds	3%	12%	5%	35%	45%
Fiscal rule & likely borrowing	Eliminate the current budget deficit within five years. Implies borrowing of c.£400B over five years.		Run an overall budget surplus by the middle of the next decade. Ensure in 2020/21 that cyclically-adjusted net borrowing is below 2% of GDP. Implies borrowing of c.£250B over five years.		
Brexit implications	Soft Brexit (EEA) likely.	Soft Brexit (EEA) very likely. Both Lib Dems & SNP are pro-EU.	Higher ultra hard Brexit risk.	Ultra hard Brexit risk remains.	All non-EEA options open.
Possible market reaction - Sterling	\$1.32	\$1.32	\$1.24	\$1.26	\$1.30
Possible market reaction - Gilt yields	Rise (more debt issuance, earlier Bank Rate hikes)		Fall (lower debt issuance, more distant Bank Rate hikes)		Unchanged (lower debt issuance, but possibly earlier Bank Rate hikes)
Other implications	-	Another Scottish independence referendum?	Prime Minister resigns?	-	-

* Majority calculations assume 4 Sinn Fein MPs don't take up their seats and exclude the non-voting speaker.

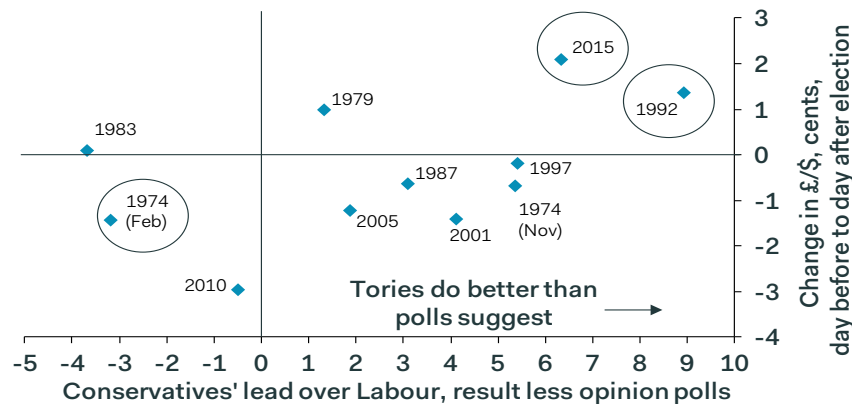


13. STERLING STILL IS ABOVE ITS PRE-ELECTION ANNOUNCEMENT LEVEL

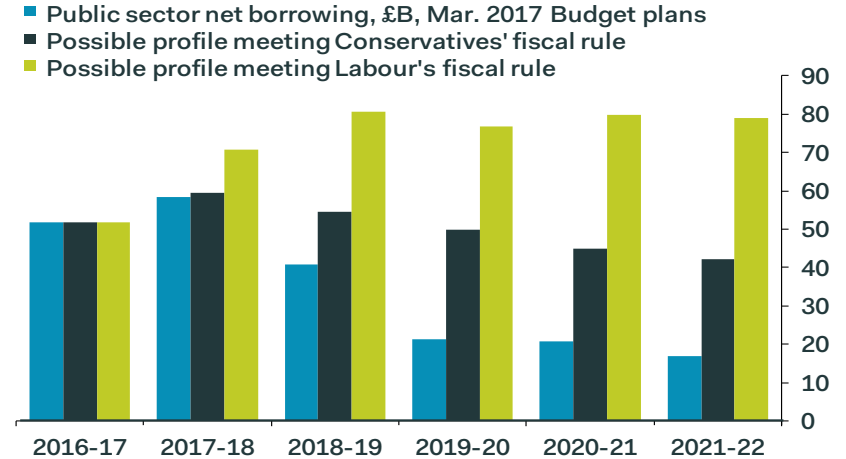


14. THE POUND HAS RISEN AFTER SHOCK TORY WINS, FALLEN AFTER DEFEATS

◆ Opinion poll error and change in £/\$ day before to day after election



15. MANIFESTOS POINT TO VERY DIFFERENT PUBLIC BORROWING PATHS



16. TAXES NEARLY ALWAYS RISE IN POST-ELECTION BUDGETS

■ Net tax rises, £B per year, average over first five years, 2015/16 prices

