

Soft								October 2018	Hard
No Brexit <i>Brexit Vote is Reversed; UK Remains</i>	"B.I.N.O." <i>Stay in SM or Endless Transition Period</i>	Latest Govt Position <i>Chequers Agreement - Facilitated Customs Arrangement</i>	Norway Model <i>Leave CU, Stay in EEA, Join EFTA but Access to SM</i>	Switzerland Model <i>Leave CU, Join EFTA, Not in EEA, & "Off-The-Shelf" Trade Deal</i>	Turkey Model <i>Stay in CU but Leave the SM</i>	"Canada+++" Model <i>Leave CU & Create Bespoke Deal</i>	No Deal <i>Cliff Edge Brexit</i>		
Process	1) Theresa May caves to Pro-European MPs asking for a second referendum on Brexit. A landslide remain vote stops Brexit. OR, 2) the Government takes a risk and declares that public sentiment has changed. They fudge Article 50 with the EU's help and stop Brexit.	1) The EU decides it cannot break up the Single Market or the Customs Union. Theresa May, sensing public apathy, bends her red lines to keep businesses on side. OR, 2) Conservatives are unable to agree a consensus Brexit policy and the PM agrees to extend the transition period to buy time until next election.	The EU agrees to the Chequers Agreement with a few technical adjustments. The UK follows a common rule book for goods, using technology to regulate her borders. At the end of the Transition Period this is fully implementable, and the UK is free to negotiate new trade deals.	The EU is unwilling to make a bespoke trade deal for the UK and the UK can't agree on what the future partnership looks like. Time ticks down. The govt decides to go "off-the-shelf" and join Norway, Iceland & Liechtenstein in membership of the EFTA and stay in the EEA.	The EU offers the UK nothing more than being inside or outside the Customs Union. Theresa May decides that Brexit means Brexit, sticks to the UK's red lines and takes the UK out of the Union. The UK joins EFTA, but not the EEA.	The EU offers the UK the choice of being inside or outside the Customs Union <i>and</i> the Single Market. Theresa May sticks and twists, opting to stay within the Customs Union but outside the Single Market.	The UK and EU bend some of their red lines in a desire to avoid a no deal. Both sides agree to ongoing negotiations which will conclude with a bespoke Trade Agreement (similar to CETA).	1) Theresa May is removed, and a hardline Brexiteer becomes PM, OR, 2) the UK Government is unable to agree a workable Brexit policy in the time frame, and the UK crashes out.	
Obstacles	1) None of the major parties support a second referendum. The public will not want a fourth vote in 3 years. Timing is tough, as a referendum will take minimum three months. Tricky if EU doesn't extend Article 50. 2) Requires a mandate from the people.	1) Eurosceptic rebellion could force out TM before a deal is done. 2) Conservative HQ fears that traditional Tory voters will turn away from the party should they fail to deliver Brexit - forcing a Labour or LibDem Govt at the next election. 3) The UK becomes a vassal state.	After Brexiteers added amendments, the Remainers voted against it. The Chequers deal is now practically unworkable and is the minimum the Govt will accept. The EU will not agree to a Customs Union with differing tax laws and the Irish border remains confused.	Most EEA members have to abide by the EU's four freedoms and have no say. EFTA was designed for economies that were goods and energy dependent - unlike the UKs. Cost for SM Access. Hard Irish Border	Complex and takes time. Requires all bilateral deals. No SM access for banks. Hard Irish Border.	The Customs Union leaves little wiggle room to negotiate independent trade deals. The UK's huge services sector will not have Single Market access. Hard Irish Border.	Theresa May stated at Mansion House she wanted to go beyond CETA. Takes time. CETA does not include unrestricted access for services and ex-/importers have increased 'red tape'. The UK has a more integrated relationship with the EU than Canada, so cannot boilerplate CETA.	1) Tory leadership contest is unwinnable by a compromise candidate as TM needs more than half her MPs to choose someone else. 2) The new PM would need to sell and win an election to a furious electorate. 3) The Tory Party would need to accept a potentially irreversible split. 4) Opens door to Corbyn govt, moderate Labour MPs + Tory MPs unlikely to tolerate	
Control of UK Borders?	No	No	Unclear	No - need to abide by the EU 'Four Freedoms' but can apply an 'emergency brake'	Yes	Yes	Yes		
Self Jurisdiction?	No	No	Unclear	No - EFTA Court works in conjunction with ECJ	Yes	Yes- ECJ has jurisdiction over any goods or services going into the EU	Yes		
Other Trade Deals?	No	No - future trade deals, in theory, are possible	Yes - UK Govt already publicly interested in joining TPP	Yes - but have to abide by EFTA rules	Yes	Yes - Yes if they're not about tariffs. But No - because most trade deals require tariffs	Yes - will need to adhere to some provisions set out in EU deal	Yes	
Outcome Probability	5%	10%	15%	20%	5%	5%	10%	30%	
EUR/GBP	0.77	0.95	0.89	0.85	0.85	0.85	0.79	1.00	
GBP/USD	1.45	1.20	1.31	1.35	1.35	1.35	1.40	1.10	
10-year Gilts	1.25%	1.50%	1.53%	1.40%	1.40%	1.40%	1.50%	2.00%	
FTSE 250	22,750	20,000	20,500	22,000	22,000	22,000	22,500	17,000	
Opposition Party Positions	Labour: Corbyn is a closet Brexiteer. Although some Labour MPs voted to Leave, the vast majority voted to Remain. Labour is waiting for the Tories to shoot themselves in the foot and pick up the pieces. Officially they support: a new bespoke Customs Union with EU, an ability to make future trade deals for <i>services</i> , and express a preference of economic stability rather than immigration targets. Corbyn previously has expressed a desire to ensure worker's rights. Shadow Cabinet members have also said they will not rule out a second referendum.			Liberal Democrats: Their parliamentary representation is hugely diminished. To counter this, the Lib Dems have hoped to capture public anger towards the traditional parties' handling of Brexit. They have called for 'An Exit from Brexit' and are the only party explicitly calling for a second referendum. Their MPs have backed Remain MPs in both Labour and Conservative parties.			DUP: Personally, DUP leader Foster and other MPs have expressed support for Brexit. They give Tories their majority in Commons. Their only demand is no hard border in NI.	SNP: Strong Remain bias, with their policy supporting a 'Norway' model as it protects Scottish interests. A harder Brexit could lead to a second independence vote.	