

Because of Brexit...

The favourite pastime of some economic commentators and broadcasters is to say such and such a figure about the economy they think is disappointing is because of Brexit. Often they are wrong to blame the Brexit vote for the figure they do not like. So let's have a look at some of the figures that must be in their view owing to Brexit, as they made forecasts of how the Brexit vote would hit these very figures.

1. The FTSE 100 Index. Before the vote they said it would fall if we voted Leave. Instead it has risen strongly from 6138 on 24 June to 7687 at the end of 2017. This rise is about the same as the French Index, a bit better than the Italian Index and massively better than the Madrid Index over the same time period. It is less than the US index. After the vote when they saw it was rising they shifted their forecast and said it would be the FTSE 250 of more domestic companies that would fall.
2. The FTSE 250 has instead risen from 16088 on 24 June 2016 to 20726 at end 2017. This is a bigger rise than the FTSE 100, which they said would only go up owing to its overseas earnings and currency effects. That's a 29% rise because of Brexit.
3. House prices. They forecast they would go down. They have risen gently since the referendum vote.
4. Employment. They said it would fall. It has gone up by half a million comparing the August to October 2017 figure with first quarter 2016 before the vote.
5. Unemployment. They said it would rise. It has instead fallen from 1.67 m in the first quarter of 2016 to 1.42 m in the latest ONS figures.
6. Economic growth. They forecast a recession in the winter of 2016-17. Instead the UK economy continued to report good growth of around 1.8-1.9%.

So we can now say that thanks to Brexit unemployment has fallen, employment has risen, share prices especially for domestic companies have gone up and house prices have risen modestly.

It is true that they forecast a fall in the pound. It did fall against the dollar at first, but has put in a good performance more recently rising 12% off the lows. If it fell because of Brexit presumably it is now rising because of Brexit.

Wouldn't it be good if forecasters and commentators went back to thinking about what truly moves these numbers, and come to see the impact of Brexit has been greatly exaggerated. All the reasons why the pound went down or up before Brexit still apply!