

Brexit turmoil: Here's what's at stake if U.K.'s May faces a leadership challenge

Excerpt below from: "Brexit turmoil: Here's what's at stake if U.K.'s May faces a leadership challenge"

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In The News

The advertisement features a blue background. On the left, the text 'CUMBERLAND ADVISORS®' is written in white, with the website 'www.cumber.com' below it. Underneath the text is a stack of newspapers and a tablet displaying a news article. On the right side of the advertisement is a portrait of a middle-aged man with short, light-colored hair, wearing a dark suit, a light blue shirt, and a striped tie.

In could be a tense weekend for currency traders and others keeping a close eye on the political turmoil surrounding the British government's efforts to negotiate its exit from the European Union.

Prime Minister Theresa May faces a potential leadership challenge from within her Conservative Party after a draft agreement on terms of the country's departure from the EU sparked multiple cabinet resignations, including the departure of Brexit Secretary Dominic Raab. He was [replaced Friday with Steve Barclay](#), who will become the country's third chief negotiator after Raab and David Davis, who resigned in July.

Others warned that May's ouster would also raise the odds of a no-deal Brexit, leaving the U.K. to effectively crash out of

the EU in March without any agreements on trade or other matters.

“Whatever their reservations about the draft agreement, the Tory party members would have to consider the implications of rejecting May and thereby the terms of this [Brexit] agreement,” wrote Bill Witherell, chief global economist and portfolio manager at Cumberland Advisors. “Doing so would mean that the prospect of a no-deal Brexit in which the U.K. is ejected from the EU with no transition period, becomes highly likely and would increase the likelihood of a new election and the threat of a Labor government.”

Market participants see eventual election victory by a Jeremy Corbyn-led Labor Party as a negative risk for the pound.

Read the full article at www.marketwatch.com