1. Real GDP Growth, 2017 2. Consumer Price Inflation, 2017 3. Ten-Year Government Bond Yield, in 12 Months - 2.0 1.2 -1.5 -Before Brexit (June) **Before Brexit** 1.0 -(June) After Brexit - 1.5 (July) **Before Brexit** 0.8 -1.0 -Probability density (June) After Brexit After Brexit (August) 0.6 - (August) - 1.0 After Brexit (July) 0.4 0.5 -After Brexit - 0.5 (July) After 0.2 -Brexit (August) 0.0 0.0 0.0

Figure 1.1.1. Brexit Implications for the United Kingdom

Source: IMF staff calculations, based on Consensus Economics data.

0

2 3 4

1

Percent, year over year

-3 -2 -1 0

Note: The probability distributions of market participants' forecasts were estimated using a Kernel density estimation approach—a nonparametric algorithm to estimate probability density functions of random variables. Data before and after Brexit were obtained from the June 13, 2016, July 11, 2016, and August 8, 2016 surveys, respectively. Brexit = June 2016 U.K. referendum result in favor of leaving the European Union.

2

Percent, year over year

3

4 -0.5 0.0 0.5 1.0 1.5 2.0 2.5 3.0

Percent