

Table 1. Published studies on the short-run economic impact of Brexit.

	Shocks	Magnitude	Calibration Method	GDP impact
NIESR	Uncertainty ⁰	2016Q3 three times level of baseline previous quarter ¹	Probability of a vote to leave the EU as implied by betting markets data was around 1/3	2.3% lower in 2018 compared to the baseline case where the UK remains in the EU
	Exchange risk premia	Sterling depreciates by around 12% in 2016Q3 ¹	Shocked by 2/3 of the magnitude observed in 2008	
	Corporate and household borrowing spreads	Raised by 50 basis points for 6 quarters ¹	Academic literature and historical data	
	Equity risk premia	Raised by 50 basis points for 6 quarters ¹	Academic literature and historical data	
	Government debt term premia	Raised by 100 basis points for 4 quarters ¹	Academic literature and historical data	
	Long-run effects	Shocks on trade volumes and foreign direct investment ^{2,3}		
OECD	Exchange risk premia	10% depreciation of sterling in mid-2016 ¹	– ⁴	1.3% lower in 2018 compared to the baseline case where the UK remains in the EU
	Corporate and household borrowing spreads	Raised by 100 basis points over 2016H2-2017 ¹	Estimated equation linking corporate bond spreads, the Economic Policy Uncertainty Index (EPU) and stock market volatility. EPU and stock market volatility both shocked by two standard deviations to calibrate the corporate bond spread shock	
	Investment and equity risk premia	Raised by 50 basis points in first half of 2016, 150 basis points in 2016H2-2017, and 100 basis points in 2018 ¹	Broadly reflects corporate bond spreads above	
	Government debt term premia	Raised by 20 basis points in the first half of 2016 and then 50 basis points over the rest of the simulation period	– ⁴	
	Saving rate	Increased by just over 1% in second half of 2016	– ⁴	
	Long-run effects	Shocks on trade volumes, net migration and productivity ⁵		
HMT	Uncertainty	One standard deviation	Estimate a VAR to calibrate shocks on private consumption and business investment within NiGEM following a one standard deviation shocks to uncertainty	3.6% lower† compared to the baseline case where the UK remains in the EU
	Exchange risk premia	Yes	Calibrated to produce a 12 per cent sterling depreciation on impact	
	Corporate borrowing spread	130 basis points	1 standard deviation based on historical data	
	Household borrowing spread	70 basis points	1 standard deviation based on historical data	
	Equity risk premia	120 basis points	1 standard deviation based on historical data	
	Government debt term premia	40 basis points	1/2 standard deviation based on historical data	
	Long-run effects	Shocks on trade volumes, productivity and foreign direct investment ⁶		

⁰: Model expanded to include uncertainty feeding into the business investment equation

¹: Shock gradually decays to zero over the simulation period

²: Central case does not include shocks on productivity

³: For more information see Ebell and Warren (2016)

⁴: Information not available

⁵: For more information see OECD: *The economic consequences of brexit: a taxing decision* (2016)

⁶: For more information see *HM Treasury analysis: the immediate economic impact of leaving the EU* (2016)

†: Impact figures based on peak impact between 2017-2018.