EXCLUSIVE-With 6 months to go before Brexit, 630 finance jobs have left-Reuters survey

By Andrew MacAskill, Simon Jessop and Carolyn Cohn

As few as 630 UK-based finance jobs have been shifted or created overseas with just six months to go before Brexit, a far lower total than banks said could move after Britain’s surprise vote to leave the European Union, according to a new Reuters survey.

Many bankers and politicians predicted after the June 2016 referendum that leaving the EU would prompt a mass exodus of jobs and business and deal a crippling blow to London’s position in global finance. But as Brexit Day nears, the number of jobs that UK-based financial institutions say they expect to move in the event of a "hard" Brexit was around 5,800, just 500 more than the last survey in March, and with more firms responding. That compares to around 10,000 in the first survey in September 2017.

The results are based on answers from 134 of the biggest or most internationally-focused banks, insurers, asset managers, private equity firms and exchanges to a survey conducted by between Aug. 1 and Sept. 15.

Nearly all of those surveyed said they are moving as few people as possible, hoping for a last-minute political deal that protects access to the EU’s $19.7 trillion-a-year economy after Britain leaves the bloc.

The likelihood of a "hard" or "no-deal" Brexit has increased substantially since Prime Minister Theresa May’s plan for maintaining ties with the EU has been rejected by Brussels as well as by many politicians in her own Conservative Party.

Many business chiefs fear Britain could be heading for a chaotic split that would spook financial markets and dislocate trade flows across Europe and beyond. Some politicians on both sides put the odds of talks collapsing at more than 50 percent.

The survey findings suggest London, which has been a critical artery for the flow of money around the world for centuries, is likely to remain the world’s largest centre of international finance. While New York is by some measures bigger, it is more centred on American markets, while London focuses on international trade.

Extreme forecasts for UK job losses in a hard Brexit scenario have ranged from about 30,000 roles, estimated by the Brussels-based Bruegel research group in February 2017, to as many as 232,000 by the London Stock Exchange in January 2017.

Iain Anderson, the executive chairman of Cicero, a public affairs company, which represents many finance companies, agreed with the survey findings that the impact of Brexit is likely to be much more modest than initially predicted.

Anderson said early estimates were made by executives in a period of unprecedented emotional turmoil following the vote.

“They have now moved through the five stages of grief,” he told Reuters.

**BANKERS BLUFF?**

Ninety-seven of the companies that responded said they would have to move staff or restructure their businesses because of Brexit, although only 63 specified numbers. The rest said it would have no impact, that they were still deciding what to do or they declined to comment.

HSBC, which has publicly said up to 1,000 jobs could move to Paris, has so far not moved any staff, a source at the bank told Reuters as part of the survey. Royal Bank of Scotland, which expects to move 150 to Amsterdam, also has not moved any employees, an RBS source said.

Many other large international banks said in the survey that although they have moved or hired a small number of staff in European cities, they are aiming to shift as few jobs as possible and will take decisions about staff redeployment over several years. Goldman Sachs, which has taken a new office in Frankfurt and plans to move 500 people to Europe, has only moved or hired about 100 so far. JPMorgan, which has publicly said up to 4,000 jobs could move, said recently in a staff memorandum it has only asked "several dozen" staff to move.

Read more
London's skyline is changing fast, pierced by gleaming new skyscrapers which defy predictions of a Brexit-related slowdown in the capital's two financial districts. With only six months until Britain is due to leave the European Union, the terms of its separation have yet to be decided, leaving critical questions over the long-term future of London as the bloc's pre-eminent financial centre.

Some politicians and economists expect the split will damage the City, as the capital's traditional financial services centre is widely known, while Brexit supporters say it will benefit from being able to set its own rules. Reuters is publishing its third Brexit tracker, monitoring six indicators to help assess the City's fortunes, taking a regular check on its pulse through public transport usage, bar and restaurant openings, commercial property prices and jobs. The latest Reuters assessment shows a slowdown in some areas, while others are thriving despite the uncertainty.

"It is certainly an awful lot better than we expected 12 months ago and dramatically better than we expected 24 months ago," Mat Oakley, head of European commercial research at real estate agents Savills, said.

Although property prices and hiring rates have slowed, the number of bars and restaurants open in the centuries-old financial district are at a record level and financiers still queue at the security scanners at nearby City Airport. Britain is due to leave the EU on March 29 next year, but there is so far no full exit agreement and Prime Minister Theresa May's plans for future trade ties have been rebuffed by both the EU and many lawmakers in her own party.

Many business leaders fear that a political crisis could propel Britain into a chaotic and economically damaging split, spoofing financial markets and dislocating trade flows. The latest Reuters jobs review shows just about one-in-ten of the about 5,800 jobs flagged as being at risk of moving out of London or being created in another EU city by the end of March have actually moved, although many firms have taken steps to change their legal structure to enable a swift change if needed.

**Jobs leaving London?**

![Graph showing finance jobs moving from London](chart.png)

*134 banks, asset managers, insurers, rating agencies and exchanges employing more than 480,000 people in Britain.*

With just six months to go before Brexit, only 630 finance jobs have been shifted or created overseas. Big financial firms surveyed by Reuters in autumn of 2018 said that the number of jobs they would move out of Britain or create overseas by March 2019 due to Brexit has increased since the last survey. Click here for an interactive graphic.

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**Brexit Negotiations**

**TIMELINE-Brexit at breaking point? Diary dates for Britain's EU departure**

With just six months to go until the United Kingdom is due to leave the European Union, negotiations are at what Prime Minister Theresa May has called an impasse.

**PM May: No-deal Brexit better than current EU offer**

Prime Minister Theresa May signalled on Tuesday that she would prefer a 'no-deal' Brexit to the offer currently put forward by the European Union, stressing that Britain needs to see counter-proposals from the EU to move Brexit negotiations forward.

**EU open to free trade but not Chequers customs plan - document**

EU negotiators are ready to offer Theresa May a free-trade area after Brexit but say that, contrary to her "Chequers" plan, there must be a customs border that will make trade less than "frictionless", according to an internal EU document seen by Reuters on Tuesday.

**UK's Raab says confident of Brexit deal, needs two to tango**

British Brexit Secretary Dominic Raab said on Monday that he was confident that the United Kingdom will make progress and eventually clinch a Brexit deal with the European Union.

**Snap election not in UK's interest during Brexit talks -PM May**

Prime Minister Theresa May said on Tuesday it would not be in Britain's national interest to hold another general election just as she is negotiating the terms of Britain's exit from the European Union.
Carmakers trigger Brexit contingency plans as 'no deal' fears grow
By Costas Pitas

Carmakers in Britain have triggered some Brexit contingency plans, such as certifying models in the EU, and are working on redrawing production schedules and stockpiling more parts to defend against any loss of unfettered trade after Brexit. The moves are aimed at ensuring plants, which rely on the just-in-time delivery of tens of thousands of components, can keep operating after Brexit on March 29, but will add costs and bureaucracy which could risk their long-term viability. London and Brussels hope to agree a deal by the end of the year to avoid tariffs and trade barriers, but Theresa May's proposals have been criticised by both Brexiteers, who want a cleaner break from the bloc, and the European Union.

McLaren Automotive is looking at having its cars certified by both a British and an EU agency to smooth sales. It is also planning to stockpile critical components and change shipments into the EU around Brexit if there is disruption. "I will sell a little more in January and February and plan to pick the volume up in May and give us a leaner period through the change point," Chief Executive Mike Flewitt told Reuters. BMW, which said last week it would move the annual summer-time shutdown of its British Mini plant next year to April, is looking for lorry parking areas and warehousing on both sides of the channel and is seeking to sign contracts to lease certain locations, a spokesman said.

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ANALYSIS-Sterling derivative bets rise as Brexit endgame nears

By Saikat Chatterjee and Maiya Keidan

As negotiations become fraught before Britain’s exit from the European Union in March, tensions of a different kind are surfacing on the currency markets -- derivatives activity is rising sharply as investors bet on a weaker sterling. Hopes of progress on a Brexit deal between London and Brussels have fuelled a sterling rebound to nine-week highs; yet the view broadly remains that talks will go down to the wire, setting British assets up for a volatile few months.

EU leaders' rejection this week of Prime Minister Theresa May's Brexit plan already knocked the pound on Friday, and many investors warn against banking too much on a positive outcome. Collateral damage to the British economy could be enough to warrant holding a short sterling position even as negotiations get more intense, some investors believe.

"We are happy to hold our short pound position against the euro through currency forwards as we think there are a lot of red lines that the EU and the UK have to cross before a deal can be signed," said Kaspar Hense, a portfolio manager at BlueBay Asset Management, which runs $60 billion in funds. Read more

COLUMN-Hedge funds, smelling Brexit blood, circle sterling

By Jamie McGeever

Hedge funds are betting big against sterling, the most since May last year. And following last week's Brexit debacle in Salzburg, that bet will probably be even bigger now, closing in on the largest on record. Funds and speculators have been growing increasingly bearish on the pound since April, when it traded above $1.42. Their aggressive selling helped to drive it below $1.27 last month.

They have increased their net short position in sterling in the latest week to 79,258 contracts, according to the latest Commodity Futures Trading Commission figures from U.S. futures exchanges. That's a $6.51 billion bet against the pound. But those figures are for the week ending Sept. 18. That was Tuesday, before the European Union summit in Salzburg on Thursday, which laid bare the chasm between Britain and the EU on Brexit.

Talks between the EU and Prime Minister Theresa May on how to manage Britain's withdrawal from the bloc, which is only six months away, hit a brick wall. The consensus seemed to be that it was a humiliation for May. She hit back the following day with a defiant speech that cheered the Tory party faithful and eurosceptic elements of the UK media. But as far as the FX market was concerned, it only raised the likelihood of a no-deal Brexit. Read more

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