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MACRO NEWS

24/09/19

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## UK COURT RULES AGAINST JOHNSON - 3 KEY TAKEAWAYS

### Berenberg Macro Flash

**Johnson's strategy is in tatters:** Today the UK supreme court ruled that PM (Prime Minister) Boris Johnson unlawfully shut down parliament on 9 September. The 11 judges decided unanimously that 'Parliament has not been prorogued'. The court ruling de facto implies that Johnson misled the Queen. It comes as the second big blow to Johnson's hardline Brexit strategy. This first came some three weeks ago when he lost his working majority in parliament.

This has three consequences:

**1. Parliament will likely return within the next few days**

House of Commons speaker John Bercow has said parliament will sit from 11.30 UK time tomorrow. The so-called 'rebel-alliance' of MPs out to stop a hard Brexit has a majority in the House of Commons. Having already passed a law that will force the PM to ask the EU for a further Brexit delay if parliament has not backed a deal or a hard Brexit by 19 October, the alliance will likely take further steps to strengthen such legalisation. Overall, the news supports our call that the risk of a hard Brexit on 31 October is now vanishingly small (c2.5%) and the UK is instead very likely heading for a further delay (85%). With Johnson weakened even more, the probability that parliament could pass a Brexit deal by 31 October, which we put at 12.5%, may be receding further.

**2. Johnson could resign (unlikely) or toppled by MPs (more likely)**

The court ruling will further embolden the rebel alliance that wants to stop a hard Brexit (moderate ousted Conservatives), hold a second referendum (Labour), or stop Brexit altogether (SNP, Liberal Democrats). Johnson is now under pressure to resign. While he has ruled this out, it will be more difficult for him to stay on for much longer. Although parliament cannot topple the prime minister directly, it can topple the government in a vote of no confidence. If this happens in the coming days, the rebel alliance would have 14 days to form a new government before elections would automatically be triggered. Since the MPs against a hard Brexit already have a majority, this is theoretically possible. However, it would be difficult. To highlight one problem, the Lib Dems have said they will not join a coalition with Labour under its far-left leader Jeremy Corbyn.

**Fact:** If Boris is out of office in the coming days he would go down in history as the PM with the shortest tenure ever. Currently, that title goes to George Canning, a Tory PM who in 1827 died of pneumonia after just 119 days in office. More likely, he will remain in office at least until after the EU summit on 16-19 October.

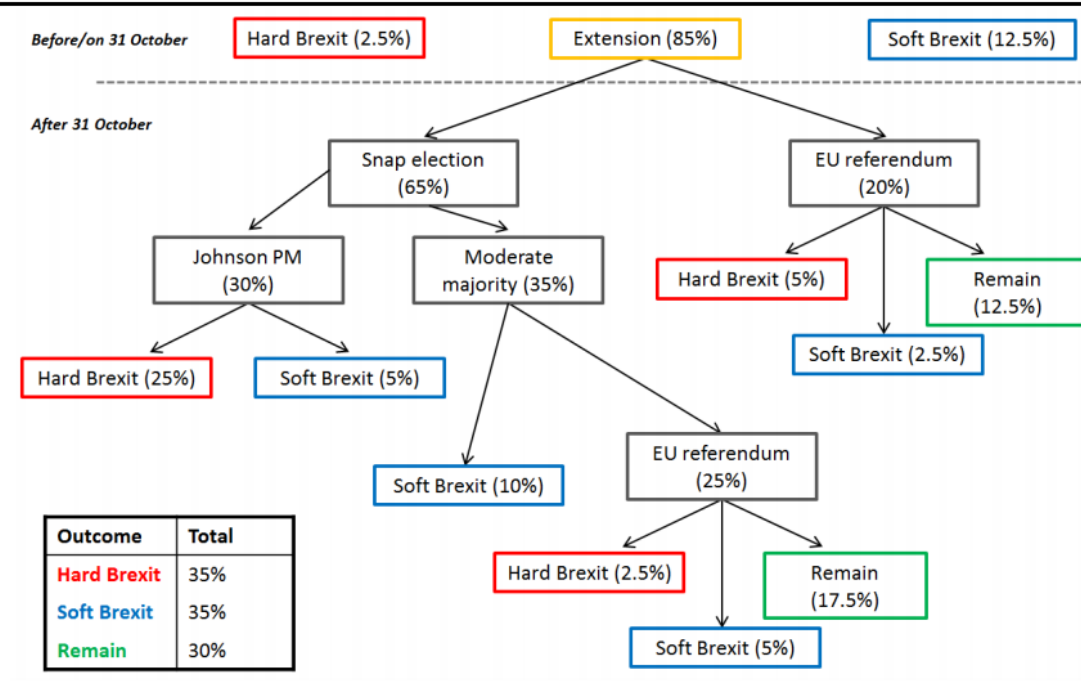
**3. UK is heading back to the polls soon**

Whether this is the first step that ends with the rebel alliance backing a second referendum or, failing that, triggering fresh elections is an open question. Either way, we expect [the UK to head back to the polls soon after a delay is secured](#). As set out in the chart below, in our view, the hard Brexit risk is now mostly a function of the ability of Johnson to win an election. In any other scenario, election then referendum, or straight to referendum, the distribution of probabilities shifts towards a soft Brexit or remain. In a second vote on EU membership, moderates would campaign for remain while the Brexiteers would be partly in disarray. A lot would depend on the question on the ballot, however.



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## Potential Brexit outcomes



Source: Berenberg

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