

# Commercial Finance REVIEW

Edition 5 | July 2016 | Brexit Update



Bank Leumi (UK) plc



## Business as usual

**Brexit might have wrong-footed the market, but Bank Leumi (UK) is still well positioned to help customers navigate the changes, writes CEO Eli Katzav.**

Following the UK referendum result recently, we would like to reassure you, our clients, that we are taking every necessary action to ensure that we remain adequately capitalised and that credit, market and all

other relevant risks are being monitored and managed.

Despite the immediate shock waves the Brexit vote has caused in the markets, as far as we are concerned, it is business as usual for Bank Leumi (UK) plc. We continue to do what we do best, which is to provide a high level of service to our clients.

Although we do not anticipate any specific adverse consequences for the Bank, there will be a period of uncertainty in the

markets. This is to be expected, and is likely to be the new normal for some time to come.

We are confident we will be able to manage any issues that might arise as a result of Brexit and our customers will continue to thrive. Although change can be unsettling, we would encourage anyone who has any questions or concerns to contact us.

**Eli Katzav, CEO**

## The road ahead

**Having survived an economic downturn unlike any other, the UK now finds itself once again in uncharted territory following the Brexit vote, writes James Thomas, Senior Relationship Manager, Commercial Finance. There is, however, a danger, that the markets will dwell too much on the challenges, rather than the opportunities, that the coming months, and year, will present.**

In the next few months and potentially years, we will get more clarity on how the UK will trade with the EU. As we learn more, your clients and suppliers are sure to have questions about the impact of Brexit on existing and future contracts, pricing and delivery. We are, of course, on hand to help you answer them.

We can help you choose the right banking products, for example effective hedging against currency risk, could help you protect margins or increase your returns. Whilst new trade deals will provide opportunities to enter new markets and grow your business internationally. For this, you might require

additional funding, or just advice. This is what we are here for.

Bank Leumi has been providing support and expertise to UK trading businesses for over 100 years with a range of trade finance and treasury products which can help provide certainty in uncertain times whether you are importing or exporting. Our approach is simple. We listen and understand your business, discuss the issues, help mitigate the risks and provide the advice and funding that you need. We are here to help and welcome your call.

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# What a difference a day makes

**The last two weeks have certainly been interesting and eventful. Treasury and Global Markets reviews a fortnight for the markets like no other in recent memory.**

Following the Brexit vote we have seen spectacular forecasts about the multitude of possible market reactions that we might expect. We, at Bank Leumi UK, take a more measured view.

In the short term we have seen sterling depreciate and as a result there may be an uptick in imported inflation. The price of oil has dropped as has demand for riskier assets and commodities whilst safe havens like gold have benefitted. The BoE have pledged their support to stabilise markets and now seem likely to

lower interest rates; the futures markets are already pricing in a 76% chance of a cut in the coming weeks. In the longer-term, UK interest rates may have to rise to attract investors to achieve their risk-reward pay-off following recent rating agency downgrades. Nevertheless, the UK is in a positive starting position with a healthy long-term economic outlook and we could well see a weaker pound provide a boost to exporters.

Internationally, the US Fed is unlikely to hike interest rates this year and the ECB

seems set to remain accommodative in its monetary policy.

We are embarking on a long period of uncertainty which is likely to provide periods of high volatility together with great opportunities. Bank Leumi (UK) can confidently manage relevant exposures allowing our clients to concentrate on their day-to-day business, safe in the knowledge that we will provide them with the necessary tools to put their hedging in place and reduce the risk of the unknown.

## Treasury and Global Markets

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**We have more than 100 years of experience in providing financing solutions to UK companies and we believe in creating long-term relationships backed by exceptional service. That makes us the ideal bank to support your business.**

[www.bankleumi.co.uk](http://www.bankleumi.co.uk)

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