PSYCHOLOGY AND EDUCATION (2021) 58(5): 7997-8004
Article Received: 22nd November, 2020; Article Revised: 26th March, 2021; Article Accepted: 26th April, 2021

Britain's Exit from the European Union and Its Impact on the Stock Market and the Comparison of the Value of the Euro against the Pound

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ABSTRACT

Since the formation of the European Union, various theories have sought to examine why, how, and the results of the convergence process. Neo-functionalists emphasize the role of internal consensus and intergovernmental negotiation in the expansion of intergovernmentalism, constructivists emphasize identity issues and interactions between objects, institutionalists emphasize the formation of transnational institutions, and neo-realists emphasize the balance of power in the international system. With the crisis in Europe, thinkers have once again turned their attention to the region to analyze the trend. The question that arises here is: Can any of these theories analyze the current (critical situation) of the European Union? In other words, which of them can be a good theoretical basis for analyzing the critical situation of the European Union? The answer to this question is that "most theories can analyze the growing conditions of convergence, but among them, intergovernmental theory can better analyze the current situation. Therefore, the aim is to examine the possibility of using Convergence After mentioning the introduction of the formation of the European Union and its critical conditions, theories of convergence and its impact on the stock market are examined by emphasizing the current situation in Europe and comparing the rise or fall of the EU currency against the British pound. Finally, a conclusion is presented.

Keywords
Brexit, impact on the stock market, impact on the value of the euro against the pound, Britain's exit from the European Union

Introduction

Britain's exit from the EU will result in the loss of decades of gains from EU membership, although in the short term it may improve slightly due to the pound's value propaganda, but in the long run the effect will be reversed. This is an economist's prediction of the consequences of choosing.

- **What does Brexit mean?**

The word Brexit, abbreviated to English, is Britain exits the EU. In fact, the Brexit process is the withdrawal of Britain (England, Scotland, Wales and Northern Ireland) from the union, which sets the trade, political and judicial rules of the member states. Britain is the first country in the union to intend to leave, so the exit process is complicated and has many components.

When was the issue of choice first raised in Britain?

Former British Prime Minister and former Conservative leader David Cameron has vowed to hold a referendum on secession from the European Union ahead of the 2015 general Brexit. Cameron cited a number of reasons for this, including border controls and easy stops for European immigrants, especially from poor European countries. The return of full jurisdiction to the British courts, the cessation of the imposition of many rules on Britain's economic relations with other countries, and the cessation of the payment of a large sum of membership dues to the European Union were other arguments for leaving the bloc. In 2016, most pre-referendum polls showed the British people voting to stay in the EU, but with the ballots counted after the referendum, the result was different.

Since Cameron himself was a supporter of staying in the European Union, he resigned from the leadership of the Conservative ruling party after the people voted to leave the EU, and as a result resigned as British Prime Minister.

- **What is the European Union?**

The European Union is an economic and political cooperation organization that currently has 28 members from continental Europe. The union was formed after World War II as the "European Economic Union" for economic cooperation based on the idea that countries that cooperate economically will avoid war with each other.

Shortly after the union was formed, a single market was created that allowed goods and people to move easily between member countries. The union has its own currency called the "euro", but not all members have chosen that currency for themselves, and currently 19 member states use the euro. Britain is one of the countries that has kept its currency, the pound, and has not chosen the euro. The EU has common rules among its members in a number of other areas, including the environment, transport, consumer rights and issues such as mobile phone costs.

- **How long has Britain been a member of the European Union?**

Britain joined the European Union in 1973 and, as mentioned, operated under the name of the European Economic Union at that time and had fewer members than the current members. Following the Cameroon government's promise in 2015 to hold a referendum, the referendum was held on June 23, 2016, with a total of 51.9% of British voters calling for a withdrawal and 48.1% of respondents They voted to stay. More than 30 million people took part in the referendum, which meant a turnout of 71.8%.

- **What was the result of your Brexit referendum?**

In the June 2016 referendum in the UK, 53% of UK respondents voted to leave. In Wales, more than 52% of voters cast ballots. But in Scotland and Northern Ireland the situation was different, with 44% and 38% of the participants voting in favor of leaving, respectively.

As a result, David Cameron, a member of the "Stay in the EU" campaign, resigned, and then the Conservative Party decided to hold by- Brexit s to elect a new party leader, but despite the announcement of the readiness of several party members, all They withdrew, and the then Home Secretary, Theresa May, was the only candidate left to run for office as the leader of the ruling party and, as a result, the Prime Minister of the United Kingdom.

Theresa May was Prime Minister of the United Kingdom until 24,May, 2019, but resigned because she could not be approved by the British Parliament by agreement with the European Union.

He was succeeded by Boris Johnson as Prime Minister of the United Kingdom. He called for early general Brexit s in Britain on October 31 after failing to win a vote in parliament so that he might be able to get the vote needed to ratify an agreement with Brussels on how to leave the EU.

Britain controlled about 15% of the EU economy and acted almost as a gateway for foreign companies to the EU, so leaving the "monarchy" out of the 26 members of the EU could have a bleak future for multinational corporations in the EU. Make that figure. Of course, this challenge could become a major problem for Britain if it fails to conclude successful free trade agreements between itself and the European Union.

On the other hand, with the withdrawal of the United Kingdom and the reduction of the number of members of the European Union, with the decrease or increase of economic power of the two, the value of the currency of the two sides is likely to change. It matters.

It should be noted that such decisions (Britain's withdrawal from the EU) have both short-term and long-term effects. In the short run, the pound raises the value of the pound slightly due to emotional issues and propaganda about British independent decision-making on economic issues, such as controlling the value of money without the supervision of the European Central Bank, but in the long run the effects are reversed.

In the long run, the facts will replace the excitement and propaganda of the exit, and Britain will realize the great benefits it has lost by leaving the union. Britain will lose all of its 40-year gains from EU membership in exchange for what is known as independence in monetary decision-making, as well as the value of the euro as the United Kingdom leaves the EU The dollar will weaken and all EU members will suffer.

- **With these changes in the value of the euro and the pound, how do you think central banks should view their reserves?**

Central banks that have a reserve view of this currency should reconsider their policy towards this currency and gradually reduce the share of this currency in the central bank's portfolio.

The euro is likely to falter as the European Union loses one of its members, which, in addition to devaluing it, could spur the exit of other members of the bloc who have been reluctant to do so. Become.

Does this also affect gold reserves in central banks?

The value of gold is currently affected by several factors. The price of ounces has risen sharply due to recent shocks, so when the crisis subsides, the price of gold will fall, and the dollar will stabilize.

However, the value of gold seems to be growing slightly. In any case, there is a small amount of gold in the central bank's portfolio, but it should be noted that almost from now on, the risk of gold in the central bank's portfolio will increase, so this risk should also be considered. In Table 1, they suggest a scenario in which one of them might be executed:

Table 1: they suggest a scenario in which one of them might be executed:

1. Britain leaves the European Union without reaching a "no deal Brexit" agreement This is the most difficult case for Britain to leave the European Union, and it will naturally bring the heaviest costs and losses to Britain.
2. Britain withdraws from a free trade agreement with the European Union "free trade agreement" This exit is a kind of soft exit of Britain from the European Union and will bring less cost and damage to Britain than a hard exit.
3. Withdrawal of the United Kingdom with the continued presence of this country in the single market and the European single customs union "single market and customs union “This exit will result in lower costs and losses for the UK compared to the first and second scenarios.
4. Exit Britain following a model similar to Canada's trade model with the European Union "Canada-style free trade agreement “This exit, like the second type exit, will cost Britain less than the first scenario.

- **Consequences and effects of Brexit:**

The research examines the consequences and effects of Brexit over a 15-year period on three major indicators: GDP, economic growth and tax revenues.

The first indicator is the GDP. According to the study, if the first scenario occurs, Britain's gross domestic product will fall by more than 3 trillion over the next 15 years. In the second scenario, if Britain can reach a free trade agreement with EU member states, Britain's gross domestic product will be ١٣ 131 billion less over the next 15 years. If the third scenario occurs, i.e., Britain can remain in the single market and the European Customs Union, this amount will be reduced to 52 billion pounds.

The second indicator is the rate of economic growth. According to research, if it leaves without an agreement, Britain will have to turn to WTO rules to trade with the European Union, which will reduce its economic growth by eight percent over 15 years.

But if Britain succeeds in achieving a model similar to Canada's business model with the European Union, it will grow by 5% and GDP will fall by / 8.30 billion.

The third indicator is the amount of tax revenue. Britain's tax revenues fall 4.82 billion over 15 years, 7.42 billion's free trade agreement, 1.17 billion's soft exit from the EU over 15 years without agreement Will find.

In sum, all the available evidence points to the detrimental negative effects of leaving the EU on the British economy. The statistics provided estimate the amount of damages over the next 15 years. In this section, we will look at the extent of the damage done to the British economy immediately after the referendum.

Prior to the referendum, Britain's exit from the European Union, in late 2015 and early 2016, saw its economy grow significantly in competition with Germany, Japan and the United States, but after the referendum, and more precisely in the three the first month of 2017 saw the lowest economic growth of 0.2 percent, which indicates a sharp decline in economic growth in recent years.

According to statistics, the inflation rate in the UK suddenly reached 2.7 percent in April 2017, which is the highest inflation rate since September 2013. With the vote in favor of Britain leaving the European Union, the pound fell sharply by 13 percent against the US dollar, followed by rising inflation.

The consumer price index in April 2017 was slightly higher than its 3.2% growth rate in March and far higher than London's 6.2% urban development, which was previously calculated and forecast by analysts.

- **Average wages also rose after the referendum.**

British economists say rising wages are not in line with rising inflation, which will affect the infrastructure of the economy in the coming years.

Another immediate effect of Brexit is to slow down the pace of immigration to Britain. In the second half of 2016, the level of employers' access to eligible employees for various job positions followed the fastest declining trend. As a result, the number of job vacancies required by British society increased significantly, and employers faced a shortage of manpower in at least 60 jobs.

- **Declining economic efficiency:**

According to figures for the first quarter of this year (2018), the British economy showed the worst performance compared to other competitors in the G7 and was among the last economic system in the developed world.

It is noteworthy that the British government, which is under pressure from pro-exit extremists, is reluctant to accept any possible scenario, despite the high cost of leaving. In other words, the British government has entered an emotional and dignified phase in its confrontation with the EU after a year and a half of negotiations with EU officials and the failure to meet its demands. A spokeswoman for the Prime Minister of the United Kingdom, Theresa May, has stated that the government is committed to the Brexit, even if Parliament approves it, and will accept the serious consequences even if no agreement is reached and a tough exit from the EU.

- **Consequences of the Brexit on the economies of the EU countries:**

The detrimental consequences of the Brexit are not limited to the British economy. EU member states will also be affected. The difference is that the damage to member countries that have maintained their economic market structure will be much lower. With Britain leaving the EU, concerns arose among EU producers and traders, prompting them to reconsider their economic policies. As one financial analyst in the European market puts it, European economic policies were unprepared for such days when they were formed, and recent economic developments in the international arena have made the fragility of this part of the international economy quite understandable.

The most important problem during the Brexit process and after that is the conversion of currencies. Because it can seriously challenge some economically weaker countries. The European Central Bank must therefore consider new and credible rules for such situations. Economic analysts predict the future of the EU economy Given the current policies as well as the weaknesses of some countries such as Greece and Italy, we will probably see an increase in recession in this part of the global village economy this year and next. To accurately predict the economic future of Europe, all market and industrial fluctuations in the next two years must be observed, and with the completion of the British exit process, a new version of the future of the region's economy must be written.

- **Increased worries!**

Reducing inflation in European countries has already raised renewed concerns among politicians about the implementation of the British exit plan. In this regard, data from the European Commission's Statistics Institute - Eurostat - show that the inflation rate in the euro area in March this year compared to the same time last year and reached 1.5 percent. Although these changes are only 0.5 percent, these small changes and the downward trend in inflation in the EU could be a warning sign of a significant recession in the near future in Europe, given the weak economic conditions of some members such as Italy, Greece and Spain. Meanwhile, European Central Bank policymakers are trying to regulate inflation in the region by implementing supportive monetary policies, including low interest rates and the monthly redemption of public and private bonds. It is ideal for the European Central Bank to reach 2%. In Figure 1, Estimate impact on GDP[1] 15 years after the UK leaves the EU :

[1] Gross domestic product (GDP) is **the standard measure of the value added created through the production of goods and services** in a country during a certain period. As such, it also measures the income earned from that production, or the total amount spent on final goods and services (less imports).

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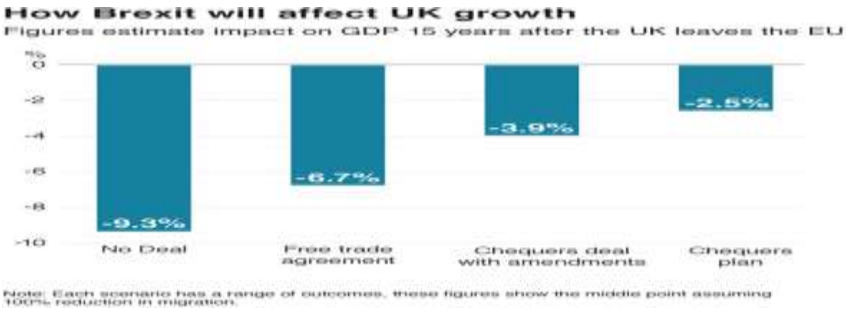
Figure 1: Estimate impact on GDP 15 years after the UK leaves the EU :



- **Consequences of the Brexit on the French economy**

According to French newspapers, the first consequences of Britain's exit from the European Union have been a reduction in France's foreign trade. The growth of French exports to the UK in 2013-2015 was a significant increase of 6.16 compared to other EU member states, but 2016 was the year in which the British voted in favor of their country's exit referendum. ; French exports to Britain fell, with the French second only to the Germans in terms of declining exports to Britain.

According to research, the rate of decline in French exports to the UK is estimated to be twice as high as in other EU member states. France's annual exports are estimated at 31 billion and 200 million euros, and the United Kingdom was the fifth largest importer of products produced in France, so the decline in exports to this country is very worrying for the French. Exports of French goods have been on the rise for the past four years, but have fallen from € 12 billion in 2015 to € 11.6 billion in 2016, the year of the referendum. France's auto sector, among other producers, suffered the most from declining exports to the UK, followed by food and agriculture after car.

- **Consequences of the Brexit on the German economy:**

Germany has not been without its negative consequences. Last year, Research Institute reported that Britain's sudden withdrawal from the EU had negative consequences for the German economic market. According to experts, the Brexit has caused about 70,000 people to lose their jobs in Germany. According to the German Federal Office, the UK was the third most important export market with almost 90 billion euros last year. With Britain seceding from the European Union, its share of the union will fall to Germany and France, with experts predicting that the Germans will take on more. Although Germany's economic growth is much higher than that of the eurozone countries, especially France and Italy, Britain's exit from the European Union has had negative consequences for the country. In the first reaction after the Brexit, the German stock market fell. Officials at the German Chamber of Commerce and Industry say Britain's exit from the European Union will have a negative impact on German companies, mainly due to the devaluation of the pound against the euro. This increases inflation and the price of German goods in the UK, thus reducing sales and turnover. More than 2,500 German companies now have branches in the UK, valued at around € 130 billion, and employ 400,000 people. According to Hermes Insurance, German exporters will lose about 6 billion and 800 million euros by 2019, the main ones being the export of German cars with 2 billion euros, chemical products with 1.1 billion euros and car manufacturing with 1 billion euros.

- **The value of the pound sterling:**

The pound is expected to fall sharply. But while many experts believe that leaving the union will hurt the economy, the main reason for the pound's fall is not that markets are expecting a sudden economic crisis.The main reason is that many investors were sure that Britain would stay in the union, but this did not happen. And now they have to sell their assets before the economic crisis intensifies. Also, if the country's economy is hit by leaving the EU, the pound sterling will not be worth much to save. The UK also needs to attract foreign investment to pay for its imports. But doubts about its access to other EU countries may dampen the interest of foreign investors. As a result, as the need for the pound sterling to buy assets in the UK decreases, so does the demand for the currency, which may lead to higher interest rates to make the pound more attractive. In Table 2: The value of the British pound [2]against the USD [3]and the EURO[4] and the Turkish lira[5] in 2019 and reflects the exchange rate changes in those days.

Table 2: The value of the British pound against the dollar and the euro and the lira:

The rate of the British pound	TL	The rate of the British pound	USD	Pound exchange rate against the USD	Pound rate against the EUR
1 February	6,78	7 February	6,74	1,30	1,13
2	6,77	8	6,75	1,32	1,14

[2] The pound sterling (symbol: £; ISO code: GBP), known in some contexts simply as the pound or sterling,[2] is the official currency of the United Kingdom, Jersey, Guernsey, the Isle of Man, Gibraltar, South Georgia and the South Sandwich Islands, the British Antarctic Territory,[3][4] and Tristan da Cunha.[5] It is subdivided into 100 pence (singular: penny, abbreviated: p). The "pound sterling" is the oldest currency in continuous use. Some nations that do not use sterling also have currencies called the pound.

[3] The United States dollar (symbol: $; code: USD; also abbreviated US$ or U.S. Dollar, to distinguish it from other dollar-denominated currencies; referred to as the dollar, U.S. dollar, American dollar, or colloquially buck) is the official currency of the United States and its territories. The Coinage Act of 1792 introduced the U.S. dollar at par with the Spanish silver dollar, divided it into 100 cents, and authorized the minting of coins denominated in dollars and cents. U.S. banknotes are issued in the form of Federal Reserve Notes, popularly called greenbacks due to its historically predominantly green color.

[4] The euro (symbol: €; code: EUR) is the official currency of 19 of the 27 member states of the European Union. This group of states is known as the eurozone or euro area and includes about 343 million citizens as of 2019.[14][15] The euro, which is divided into 100 cents, is the second-largest and second-most traded currency in the foreign exchange market after the United States dollar.[16]

[5] The Turkish lira (Turkish: Türk lirası; sign: ₺; code: TRY; numeric code: 949;[3] usually abbreviated as TL)[4] is the currency of Turkey and Northern Cyprus. One Turkish lira is subdivided into one hundred kuruş.

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February		February			
3 February	6,78	9 February	6,76	1,33	1,14
4 February	6,80	10 February	6,78	1,31	1,13
5 February	6,76	11 February	6,80	1,29	1,12
6 February	6,73	12 February	6,81	1,28	1,12

- **Exit scenarios:**

1. Exit without agreement:

Although the British Parliament has voted to remove this option, if no agreement is reached, this option will be applied automatically after 31 October. The only thing parliament can do is dissolve the government, which conservatives in parliament are unlikely to vote for.

2. Canadian style exit:

Canada has signed a free trade agreement with the European Union but is not a member of the single market or customs union. When staunch supporters of Brexit talk about leaving with an agreement, they mostly mean this way of leaving. Former Brexit minister in Theresa May's cabinet, David Davis, was one of those who wanted Britain's agreement with the European Union to be an upgraded form of a free trade agreement with Canada, according to Canada Plus .

3. Swiss style exit:

Switzerland is not a member of the union. It is a member of Schengen but has the power to control its borders. Non-Swiss must obtain a work permit. It is not subject to the courts of the European Union. It is a member of the European Free Trade Association, but not a member of the European Economic Community. Overall, the EU has given this small mountainous country a one-sided advantage. The British wish to be members of the union in this way. This is the most desirable way out for them, which, of course, has been rejected by the European Union. Recently, there have been talks in the European Union to reconsider its agreements with Switzerland, as they see them more in Switzerland's favor than in the EU.

4. Turkish style exit:

Remaining in the customs union is very undesirable for the British because staying in the customs union deprives the possibility of bilateral agreements with non-European parties such as China, Canada and the United States and practically deprives the British of the desire for a global Britain. This option has been rejected by Ms. May. In fact, they accept the union's commitments while losing the ability to make decisions in its institutions.

5. Norwegian style departure:

It is the softest way out. Norway is a member of the Single Market and Schengen, but not a member of the Customs Union and the Eurozone. We consider this option to be softer than the Turkish model, because for the British, the acceptance of the customs union is more tolerable than the acceptance of Schengen.

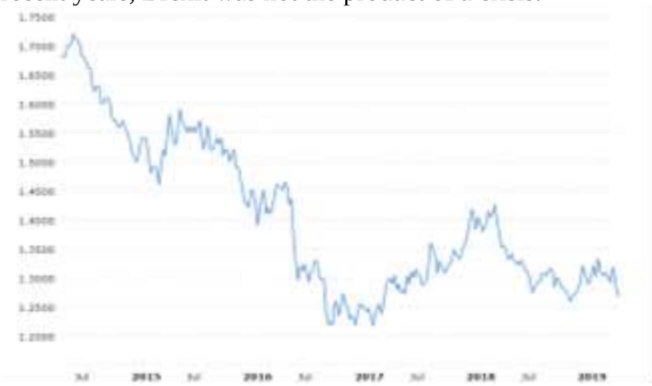
6. Article 49 and no withdrawal:

According to the Commission, Britain could apply Article 49 of the Lisbon Treaty at any time and join the Union. There were interpretations that the return of Britain after the activation of Article 50 required the resumption of the membership process and the consent of all 27 members, which the Commission disagreed with. Achieving this requires a re-referendum, which seems unlikely.

- **Historical trends:**

Looking at the state of the British economy in recent years, Brexit was not the product of a crisis. The British economy was not in crisis. In fact, the driving force behind Brexit was not the economy but social issues and immigration, although the economy was also influential. To see the historical trend of the pound, look at the chart below: In Figure 2 Looking at the state of the British economy in recent years, Brexit was not the product of a crisis:

Figure 2: Looking at the state of the British economy in recent years, Brexit was not the product of a crisis:



Source: https://www.macrotrends.net/2549/pound-dollar-exchange-rate-historical-chart

The chart shows that the pound had started a downward trend before the Brexit referendum, but the Brexit referendum marked a historic decline for the pound. In 2016, the pound strengthened again, but in 2018,:In Table 3: The trend of increasing and decreasing the price of the British pound is from 2016 to 2018when signs of the inability of British politicians to reach an exit agreement appeared, the pound weakened again against the dollar. To be able to show the effect of Brexit on the pound, we enumerate the events related to Brexit that have led to fundamental changes in the price of the pound against the dollar(USD) :In Table 3: The trend of increasing and decreasing the price of the British pound is from 2016 to 2018:

Table 3: The trend of increasing and decreasing the price of the British pound is from 2016 to 2018:

March 1, 2016: The bill for Britain to leave the European Union was submitted to the British Parliament by the Prime Minister (1.4 - price drop). In the weeks leading up to the referendum, the pound lost 10.4 percent to the euro against the euro.
June 24, 2016: The results of the referendum were determined. David Cameron resigns (1.37 - price drop).
October 13, 2016: Nicola Sturgeon has announced that a second referendum on Scottish independence is possible by 2020 (١ 1.22 - price drop).
January 17, 2017: The government announced the main points of the Brexit negotiations (pound price $ 1.24 - price rise from 1.2). The

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day before, however, rumors that Theresa May would announce Britain's exit from the single market caused the pound to lose 3.45 percent against the euro.
April 18, 2017: Theresa May announced early Brexit s (pound price $ 1.28 - price rise from 1.26). You see, anything that puts an end to uncertainty, regardless of the outcome, helps strengthen the pound.
June 8, 2017: In the early Brexit, the Conservatives lost their majority (pound price $ 1.27 - price drop from $ 1.30). Following the results of this Brexit, the pound reached its lowest level against the euro in the last week.
September 7, 2017: The European Commission has published a Brexit position document on some issues (1.31 - price rises from 1.29).
October 2, 2017: The European Parliament opposed the resumption of Brexit negotiations (pound price $ 1.33 - price drop from 1.35).
November 2, 2017: The UK raised interest rates for the first time in ten years (pound price $ 1.31 - price drop from 1.33).
March 29, 2017: The British government activated Article 50 of the Lisbon Treaty to begin the process of Britain's withdrawal from the union (1.24 - price drop from 1.25). There was disagreement between parliament and the government as to whether activating Article 50 required a parliamentary vote. The Supreme Court eventually ruled in favor of parliament, but during the legal debate, the pound fell 4.6 percent against the euro.
February 1, 2018: Theresa declared that those who entered the UK during the Brexit transition period did not have the same rights as those who had entered before (price 1.43 - price up from ، 1.41).
November 1, 2018: The financial services division of Ms. Brexit was announced (1.30 - price drop from ، 1.27).

• Stock markets:

It is true that the impact of Britain's exit from the EU may be felt for miles outside the country, but as many large companies in the country have warned of the devastating effects on their economic future, Britain's exit is first and foremost the value of stocks. Will change the country.

The devaluation of stocks may be transmitted to other union countries in the short term. Because other countries will have less confidence in stock trading due to the exit of one of the world's largest economies from the union.

On the other hand, the world economy is in a critical position as the economic growth of China and the United States has weakened. And with the shock of Britain's decision to leave the bloc to Europe, concerns about the critical economic situation are growing. Therefore, it can be said that the expectation of a sharp fall in the value of stocks in the UK and abroad will not be unexpected.

• Bond yields:

As stocks plummet, investors are turning to safer options, one of the most common of which is bonds.

The more money spent on bonds, the lower the profitability. Besides, the level of profitability of bonds has already decreased to some extent. The shock of Britain's exit from the EU could further reduce bond yields, to the point where investors are willing to lend to governments in exchange for loans.

This can happen in countries like Germany, Japan, the United States and even the United Kingdom. On the other hand, in countries like Greece, Spain and Italy, where their economies are more volatile, the opposite may be the case and the interest rate required to obtain a loan may increase.

• Housing market:

As the referendum approached, there were signs of declining housing transactions, particularly in London and the south-east of the UK. This was because home buyers, especially those who were wealthier and living outside the UK, waited for the referendum to be announced.

With Britain leaving the EU, the trend could be even slower - foreign buyers are less willing to make the big investments needed to buy major real estate in central London because they do not know where the country's political and economic future will go.

This may initially be done by only a handful of millionaires, but after a while what happens in central London will affect housing prices across the country and spread to the rest of the capital, the south-east of Britain and across the country.

For some, it may not be bad, because housing prices are so high and many who could not afford it now can enter the housing market. However, for those who feel rich about having a home, a drop in housing prices will mean a worsening of their economic situation.

• Trade and attract foreign capital:

In the short term, investment in the UK may decline and a fall in the pound sterling could lead to higher exports. But what determines the outcome of the negotiations that must now take place between Britain and the other countries of the Union. In the long run, a large part of the investment is due to Britain's access to the European Free Trade Association and the EU Common Market, which has a population of over 500 million. Sitting at such a colorful table would be desirable for many countries, and therefore the agreement reached between Britain and other EU countries is very important.

- **Consequences of the Brexit on the European Union:**

According to international experts and economic analysts, "the foundation of the international order is economics, not politics." Accordingly, the opposition of Brexit is worried about the economic consequences of leaving the European Union, which will affect London and several other countries for years to come.

- **Losses of billions:**

The latest figures on the EU's economic losses are based on a study by the German Bertelsmann Foundation, published by the Russian website Sputnik in April. According to these studies, the European Union will suffer an annual loss of 40 billion euros in the event of a withdrawal without the consent of the United Kingdom, and the damage to the British economy will be equivalent to 57 billion pounds per year. On the contrary, countries like Russia, the United States and China will benefit.

- **Immigration status and labor force:**

Another important outcome of the Brexit is its impact on the immigration process, which will slow down the pace in the UK and double the problems of employers in need of labor.

According to the statistics, in the second half of 2016, the level of access of UK employers to those who are eligible for various job positions has been the fastest declining trend, and this has increased the number of vacancies required by the British society. As a result, employers faced labor shortages in at least 60 jobs.

In fact, the disruption of trade and commerce between the UK and other EU countries has caused great concern to British and non-British businessmen and citizens living in EU countries. They do not know what will happen to them in Britain and the European Union when the Brexit takes place, as no law has yet been enacted. However, the new British Prime Minister has promised European citizens living in the country that under his administration, they will be able to continue living in Britain after being elected.

Citizens of EU member states can now immigrate to the UK for work without a visa, free of charge and indefinitely; This is called the principle of free movement of labor. By performing the Brexit, all these equations will be broken. Now if one wants to travel to the UK to work outside the EU, one must have a job offer with an annual salary of at least 30,000. The government of London has announced that it will also apply these strict regulations against EU citizens from 2021.

Conclusion:

Now that a year and a half has passed since the negotiations between Britain and the European Union, the negotiations between the two sides have not progressed much, and this has caused the officials of both sides to talk about the possibility of leaving the European Union without the agreement of Britain. If talks between the UK and the EU on the dispute between the two countries, including the border issues between Northern Ireland and the Republic of Ireland, as well as the rights of European citizens residing in the UK and British citizens residing in European countries, do not come to fruition by October 19. 2019 The deadline for the end of negotiations will be dark. This result has given a new shock to British society. Most Britons, seeing the negative results of the Brexit so far and the results that will be achieved in the future, believe that the referendum on leaving the EU was a wrong move that could lead to a rift in Britain. Be. One-third of British citizens believe that British influence in the world will decrease after a definite exit from the European Union.

Predicting is always difficult, but predicting the future becomes more difficult when it depends on the decisions of individuals rather than structures. When it comes to the impact of Brexit on the pound, it is important on the one hand the decisions of the British government and parliament, which unfortunately have become very unpredictable, and on the other hand the decisions of the Governors of the Bank of England (BOE) and the European Central Bank (ECB). Naturally, after any crisis, central banks try to curb monetary fluctuations and keep interest rates low; But here we are faced with two central banks and the reciprocal and competitive implications of their decisions, which makes things very difficult.

The impact of the pound situation in the world financial markets on its value is not less than the impact of the British economic performance. As much as Brexit has a negative effect on the British economy, a decision by the Bank of Britain can reverse all that. Although a country's currency is an indicator of that country's economic strength, it is less telling about reputable international currencies. In other words, the pound does not belong to the UK alone, even if its distribution is controlled by the Bank of England. However, the report focused on the effect of Brexit on the value of the pound and did not address the international aspect of the pound.

However, the British withdrawal may lead to an influx of monetary resources into Germany and Switzerland, which will eventually strengthen the euro. The strengthening of the euro in the current situation may lead to further instability in the EU. This is because the debtors of the union, such as Greece, France and Italy, may be forced to repay their loans in more expensive euros. This is dangerous for Greece, which has just stabilized its installments and economic structure, and Italy, which is already struggling with its union deficit.

One forecast is that the pound will fall 1.3 percent against the world's major currencies if it exits softly. This number is 7.5% for hard exit. Theresa May's resignation and the possibility of a more radical prime minister taking office have raised the prospect of a tough exit and further devaluation of the pound. The results of the first round of voting among conservative MPs, in which Boris Johnson defeated Jeremy Hunt 114-43, reinforce such a possibility. In Table 4: My views on the future of the stock market and the housing market and the increase or decrease in the value of the British pound to the EU euro will be fully expressed in the table.

Table 4: stock market and the housing market and the increase or decrease in the value of the British pound to the EU euro:

Stock markets: Britain's exit is first and foremost the value of stocks. Will change the country.The devaluation of stocks may be transmitted to other union countries in the short term. Because other countries will have less confidence in stock trading due to the exit of one of the world's largest economies from the union.
Bond yields: This can happen in countries like Germany, Japan, the United States and even the United Kingdom. On the other hand, in countries like Greece, Spain and Italy, where their economies are more volatile, the opposite may be the case and the interest rate required to obtain a loan may increase.
Housing market: For some, it may not be bad, because housing prices are so high and many who could not afford it now can enter the housing market. However, for those who feel rich about having a home, a drop in housing prices will mean a worsening of their economic situation.
Trade and attract foreign capital: In the short term, investment in the UK may decline and a fall in the pound sterling could lead to higher exports.
Consequences of the Brexit on the European Union: the opposition of Brexit is worried about the economic

consequences of leaving the European Union, which will affect London and several other countries for years to come.
Losses of billions: United Kingdom, and the damage to the British economy will be equivalent to 57 billion pounds per year. On the contrary, countries like Russia, the United States and China will benefit.
Immigration status and labor force: Citizens of EU member states can now immigrate to the UK for work without a visa, free of charge and indefinitely; This is called the principle of free movement of labor. By performing the Brexit, all these equations will be broken. Now if one wants to travel to the UK to work outside the EU, one must have a job offer with an annual salary of at least 30,000. The government of London has announced that it will also apply these strict regulations against EU citizens from 2021.
The comparison of the value of the euro against the pound : It should be noted that such decisions (Britain's withdrawal from the EU) have both short-term and long-term effects. In the short term, the pound raises the value of the pound slightly due to emotional issues and propaganda that the UK will make independent economic decisions, such as controlling the value of money without the supervision of the European Central Bank, but in the long run these effects are reversed. In the long run, the facts will replace the excitement and propaganda of the exit, and Britain will realize the great benefits it has lost by leaving the union. Britain will lose all of its 40-year gains from EU membership in exchange for what is known as independence in monetary decision-making, as well as the value of the euro as the United Kingdom leaves the EU. The dollar will weaken and all EU members will suffer.

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