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Dear Mustafa,

Returning recently from 'France Profonde', where electronics fail, and news still travels by village phone, Brexit feels like a jolt from a bygone era. Its longer term consequences remain veiled, however, the UK now seems to have the characteristics of a conventional emerging market:

- ☑ Currency devaluation of 15%;
- ☑ Political leadership changed hastily;
- ☑ Fiscal rectitude heading towards the window;
- ☑ Export-oriented companies rising, adjusting for the currency loss; and
- ☑ Eventually, an economic slow down and rising inflation.

Usually at this point a desperate call is being put through to the IMF for them to provide USD loans, but fortunately this time around we have the Bank of England providing Quantitative Easing liquidity and offering further interest rate cuts.

But this does not alter the dynamic that the UK is now the first developed market to 'go fully emerging'.

So what happens to income and asset owners in an emerging market? Simple...disparity worsens as the people who own assets, be they equities or real estate, continue to prosper as their assets revalue to the currency loss. However, savers and income earners are further squeezed, losing purchasing power. This seems to be the path of Brexit-UK, as external capital is already arriving to buy recently debased pound denominated assets. Foreign money remains welcome... people less so.

An open question to pose is whether other developed nations desire to 'go emerging'. It is already happening on the income to asset front in most developed countries. All that is missing is their own version of Brexit.

See you soon - Chris