



## Rosenthal's Economic Update and Thought for the Week



### **6/28/16 - SPECIAL ECONOMIC UPDATE**

Friends and Colleagues

#### **What will Brexit mean for the economy?**

Here are some thoughts on the impact of Brexit on the economy according to the economists at Wells Fargo Bank:

- UK exiting the EU adds greater risk to the global economy.
- UK will likely go into a recession.
- The EU will likely grow at a slower rate, but it should not slip into a recession.
- This economic shock will likely be similar to the US bond downgrade in 2011, or China's devaluation of its currency last year. In both cases, the global economy was resilient and weathered the storm.
- According to the terms of its membership in the EU, it will take the UK two years to fully exit.
- This will allow time for the UK to negotiate a new trading relationship with EU countries.
- The UK's fallback trading position should be based on its participation in the WTO, which already provides for limited trade tariffs.
- Interest rates should remain low.
- Foreign capital flows into the US should increase as foreign investors pursue a flight to safety.

Threat or opportunity? That remains to be seen...so stay tuned.

Thought for the Week

Teaching Peace

San Bernardino...Orlando...Istanbul...

Our world has gone mad!  
Hate-filled acts consume our headlines and our attention.  
Our social media is inundated with hate-filled speech.  
The world is being bullied.

How do we counter the hate?

We remember that teaching hate will never lead to peace.  
Only teaching peace, speaking out about peace and practicing peace will lead to peace.  
It worked for Ghandi...it can work for us.

Make it a great week!

*David*

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