Politics and Finance: Brexit vs UK Economy

Jessica Allan

PY 538

April 21st 2017

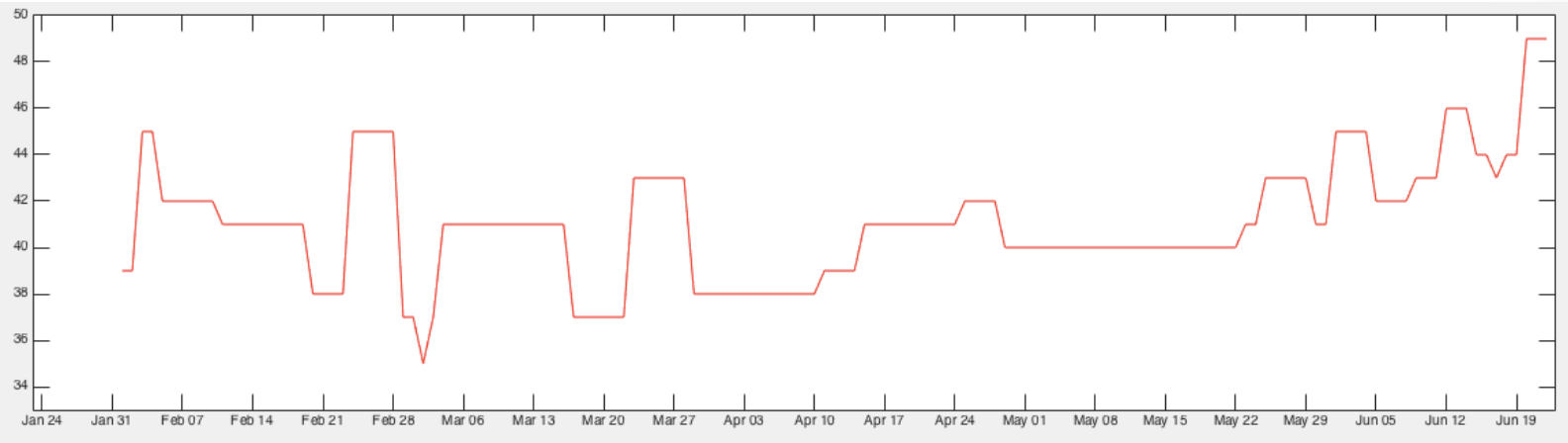
Motivation

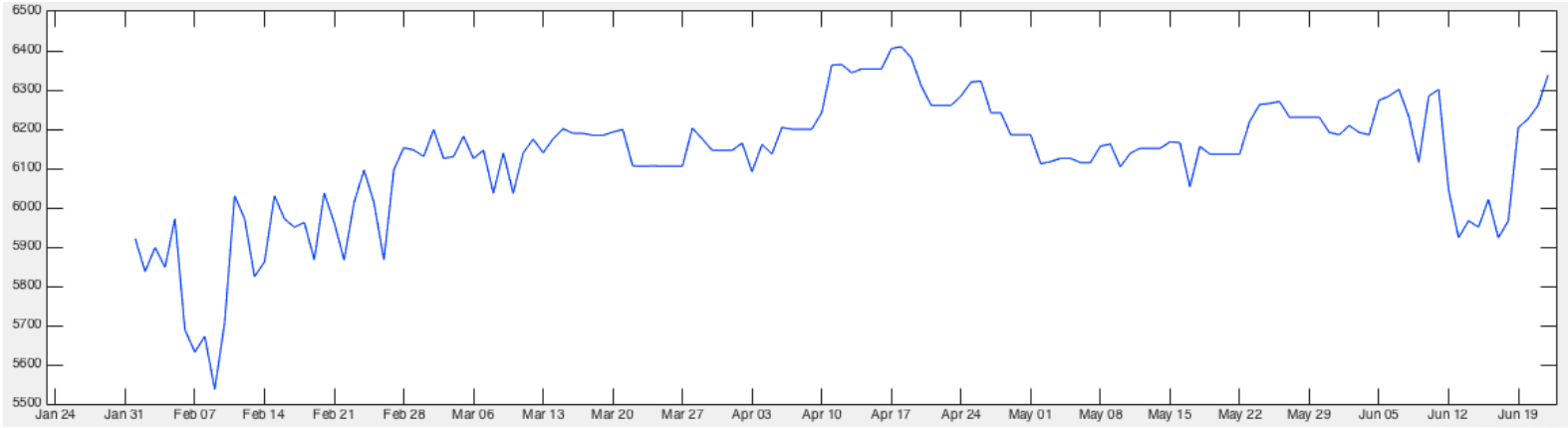
FTSE 100 IDX
6,400
6,200
6,000
5,800
5,600
4/1
18/1
1/2
15/2
29/2
14/3
29/3
11/4
25/4
9/5
23/5
6/6
20/6
January 2016
February
March
April
May
June
July

Overview

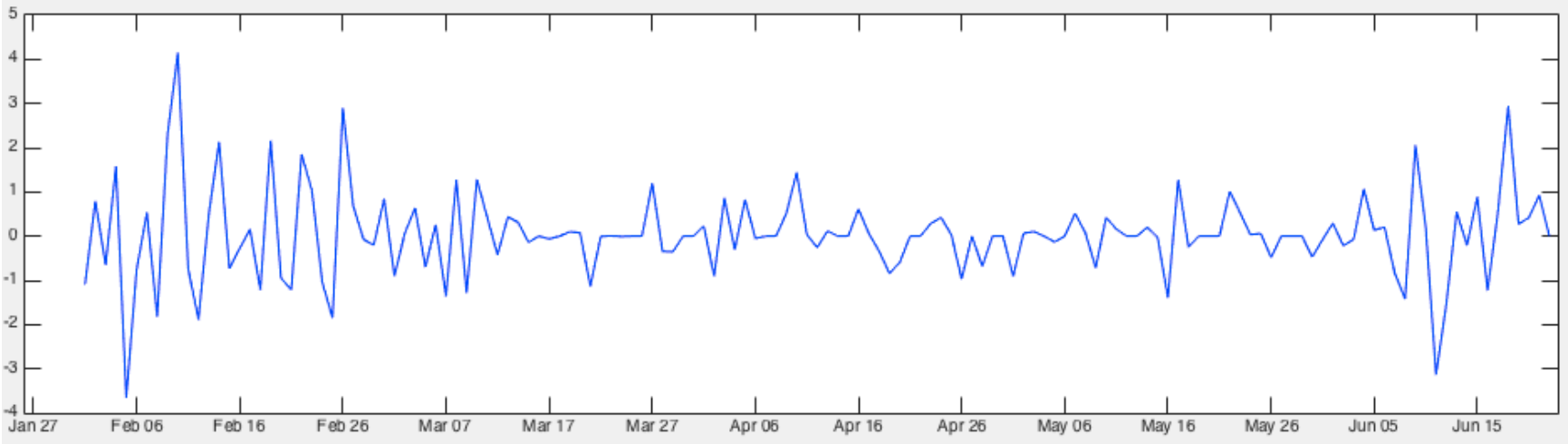
- Chosen Data
- Limitations
  - Polling data
    - Less data
    - Less Accurate
    - Where it comes from
    - How it is collected
- Expectations
- Reality
- Further Research

Expectations

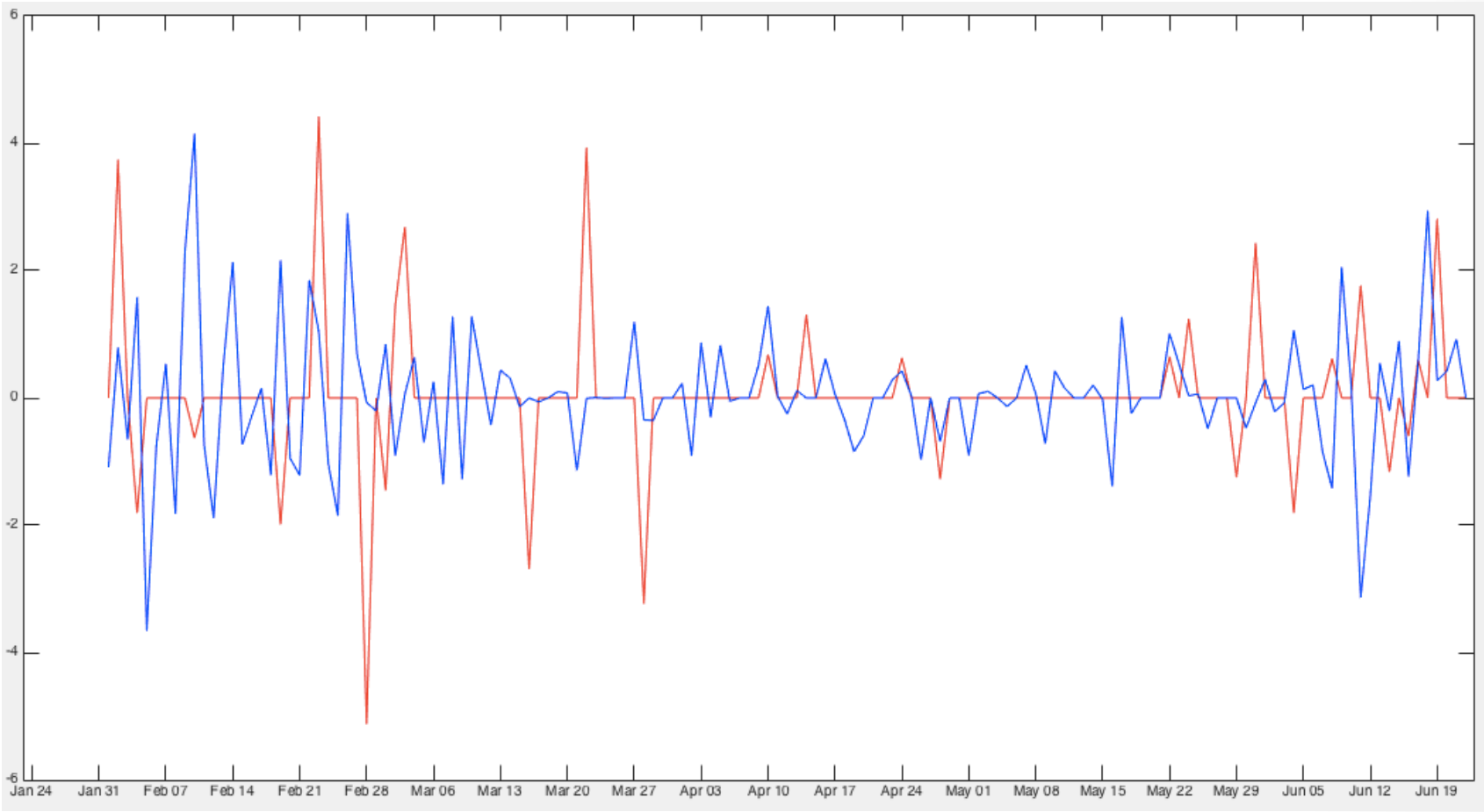




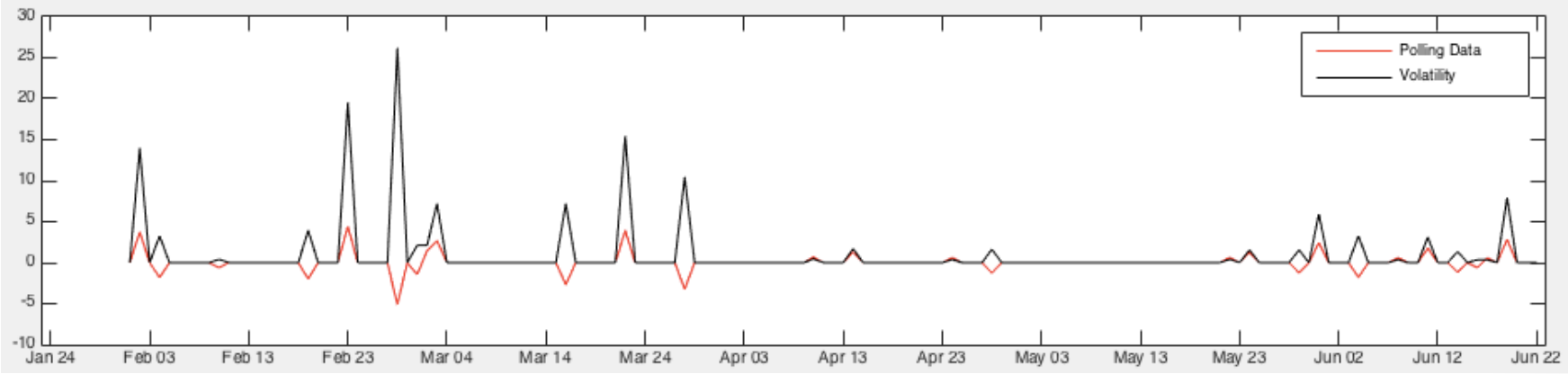
Normalized Returns

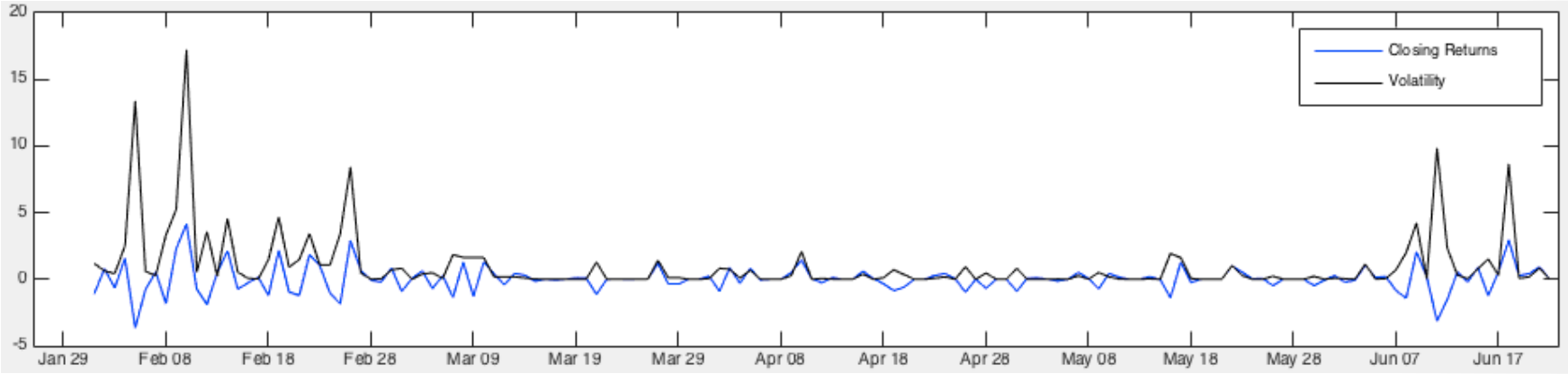


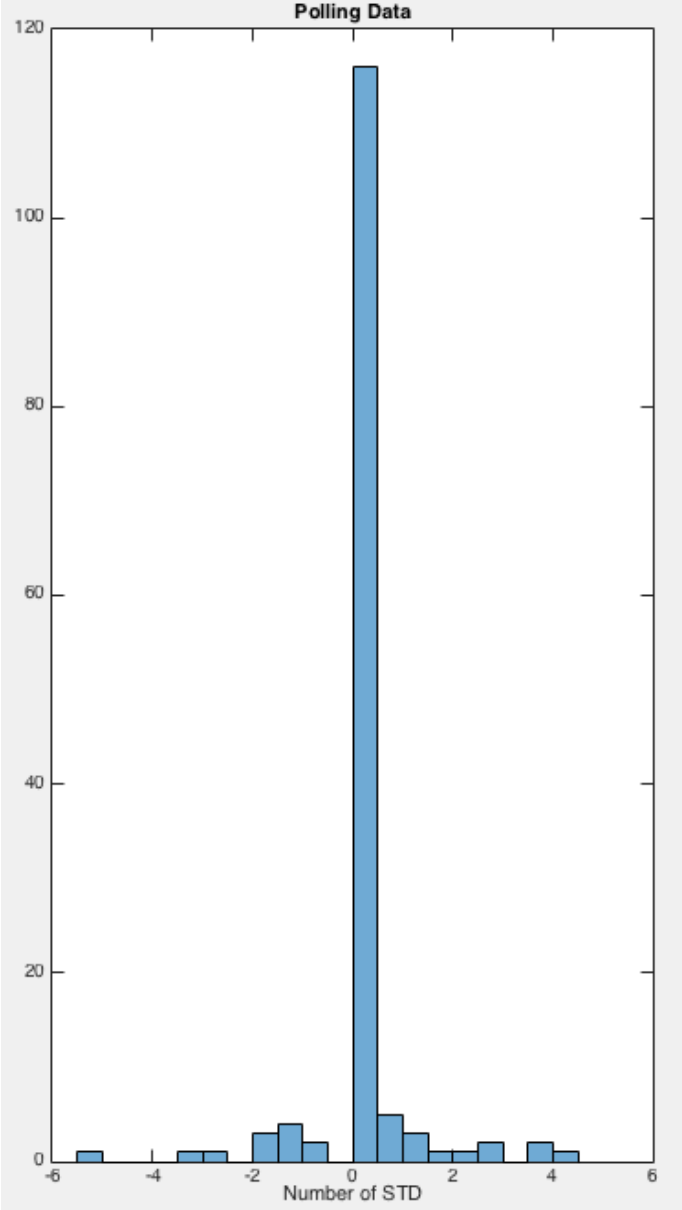
Normalized Returns

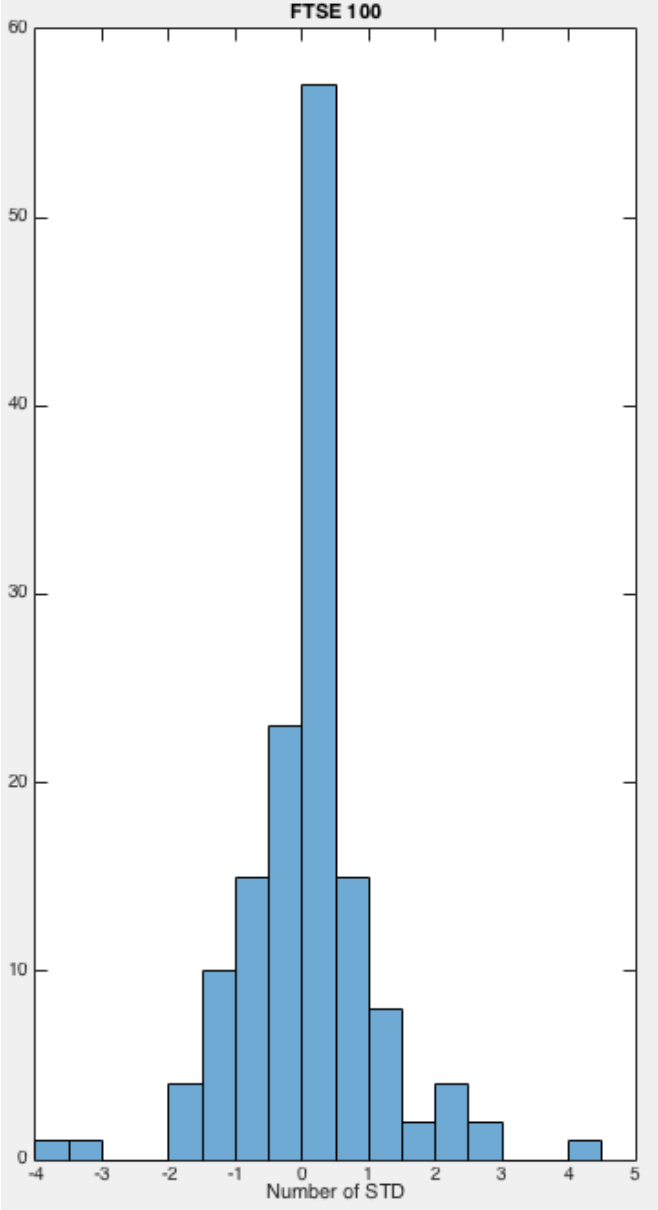


Volatility

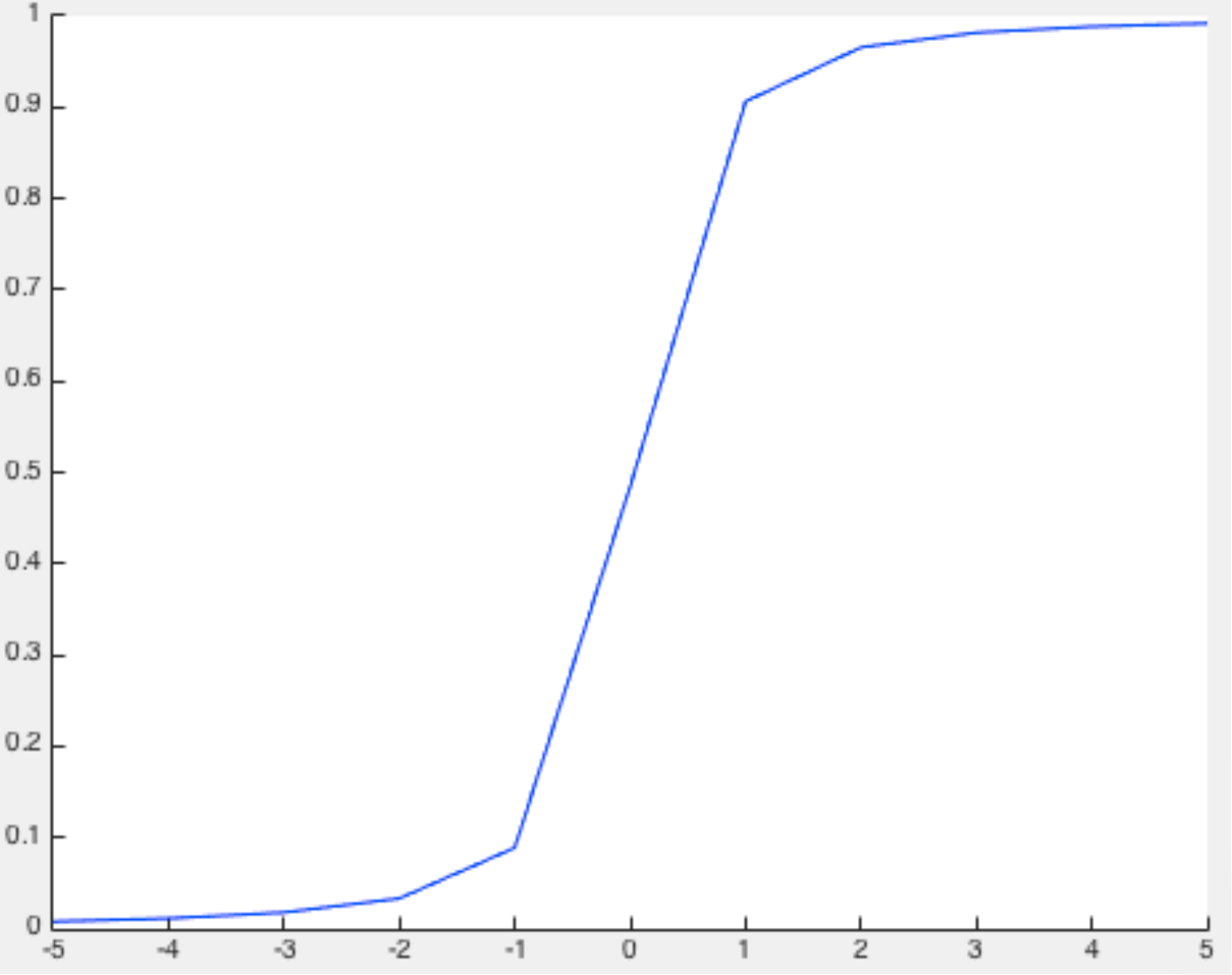

Polling Data
Volatility
30
25
20
15
10
5
0
-5
-10
Jan 24
Feb 03
Feb 13
Feb 23
Mar 04
Mar 14
Mar 24
Apr 03
Apr 13
Apr 23
May 03
May 13
May 23
Jun 02
Jun 12
Jun 22


Closing Returns
Volatility
20
15
10
5
0
-5
Jan 29
Feb 08
Feb 18
Feb 28
Mar 09
Mar 19
Mar 29
Apr 08
Apr 18
Apr 28
May 08
May 18
May 28
Jun 07
Jun 17

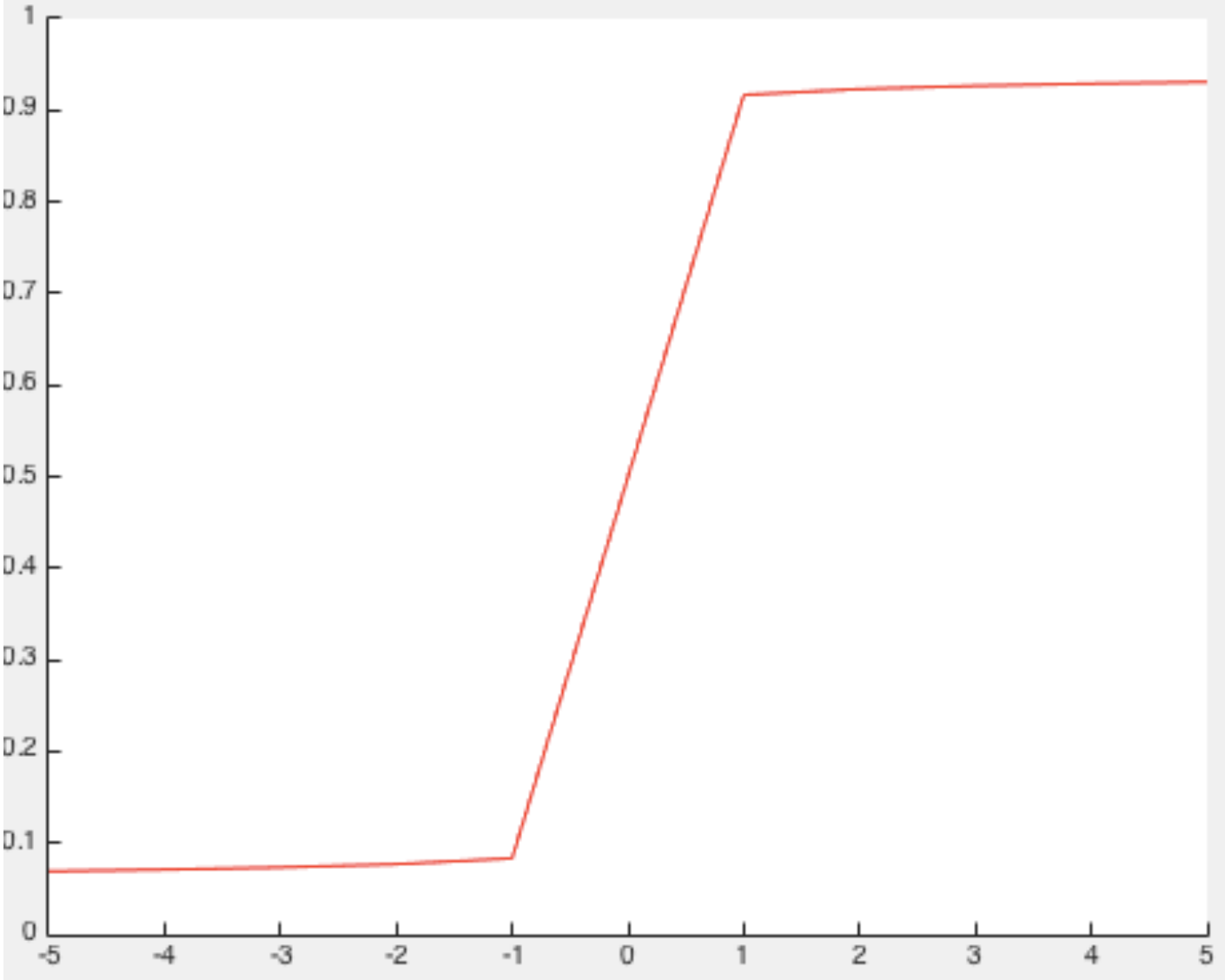

Polling Data
120
100
80
60
40
20
0
-6
-4
-2
0
2
4
6
Number of STD


FTSE 100
60
50
40
30
20
10
0
-4
-3
-2
-1
0
1
2
3
4
5
Number of STD

Closing Returns CDF

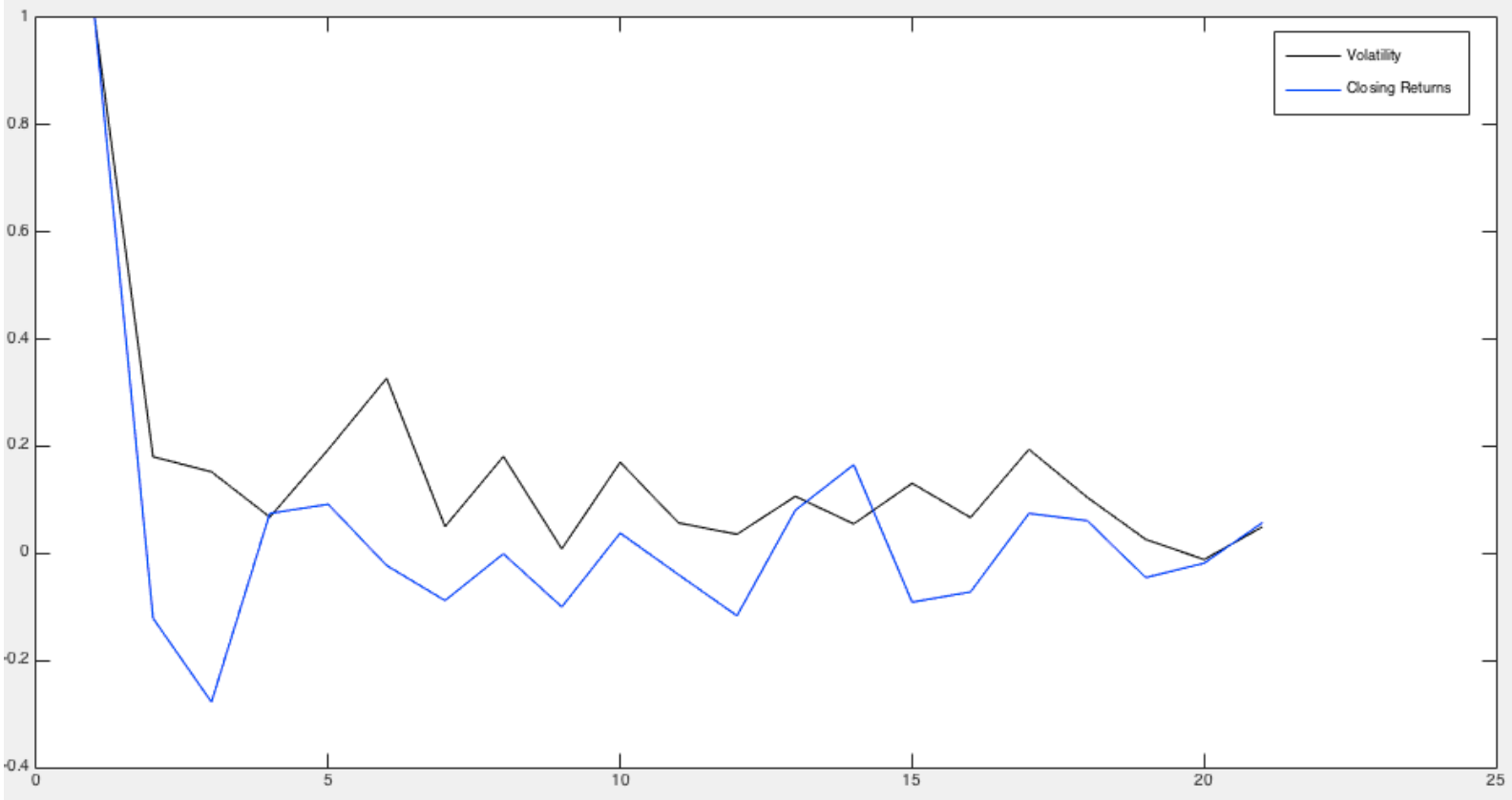


Polling Data CDF



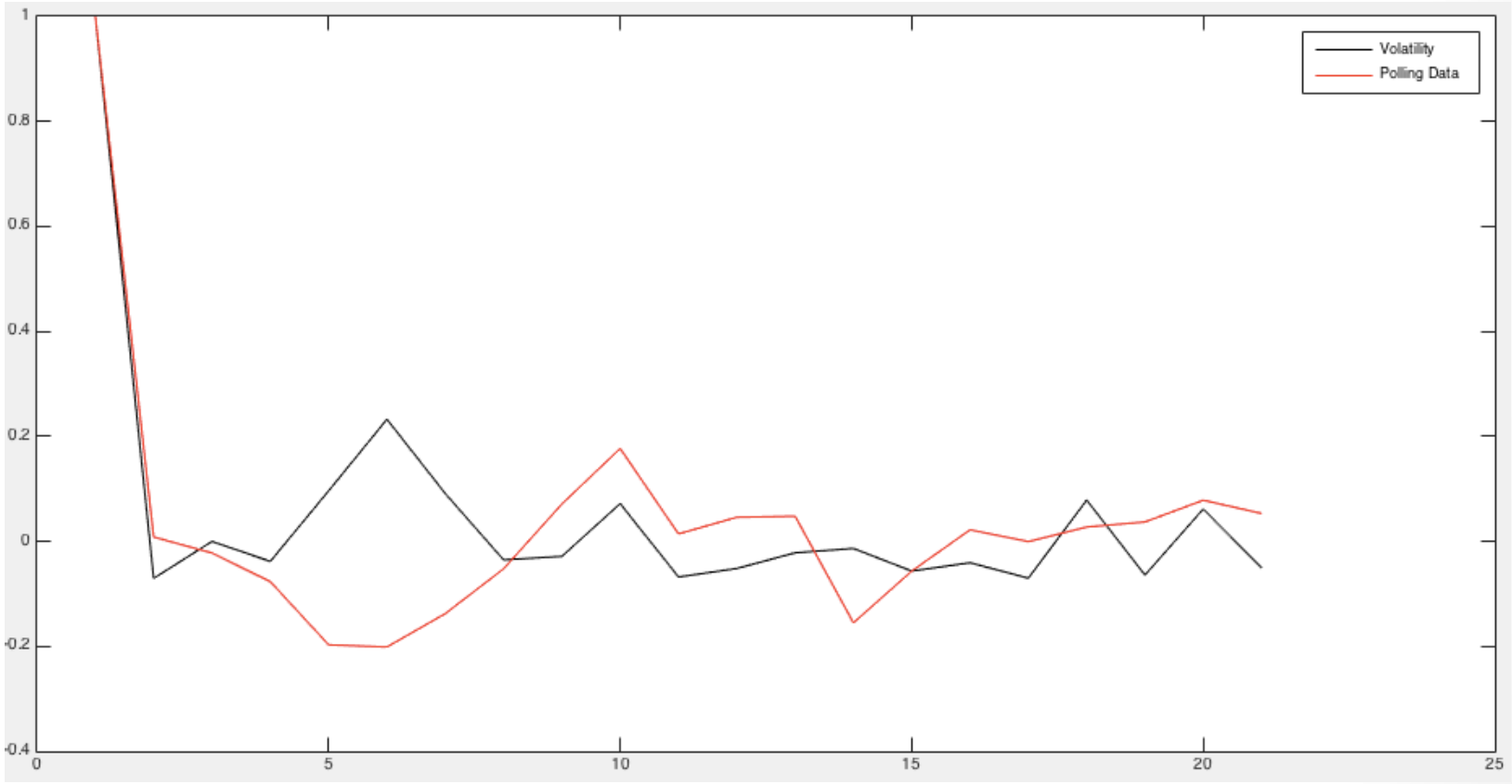
Autocorrelation and Volatility

Closing Returns



Autocorrelation and Volatility

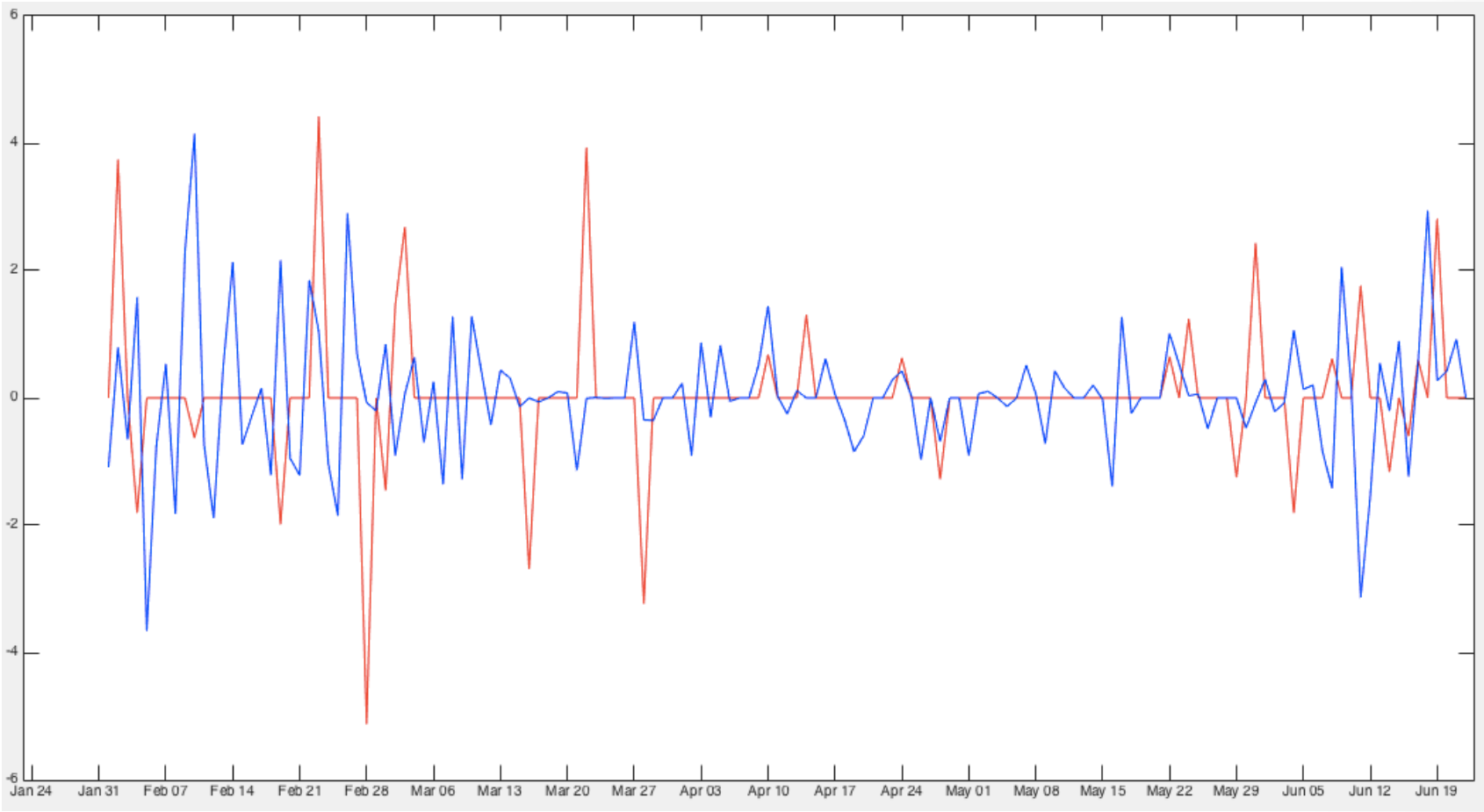
Polling Data



Reality and Conclusions

- Similar shape over time
- Similar volatility
- Stock market has less small fluctuations

Normalized Returns



Next Steps

- Compare public opinion after the vote to market data
- Use longer time scales

References

- Financial Times Historic Market Data
- Google Historic Market Data
- YouGov Polling Data
- Opinium Polling Data
- Class Presentations