SATURDAY, JUNE 25, 2016

**BREXIT HAS LIMITED IMPACT ON OIL PRICES SO FAR: EXPERT**

**BREXIT LANDS HEDGE FUND CHIEF ODEY A DOUBLE WINNER**

**LONDON:** Crude oil prices have so far shown only a modest impact from Britain’s vote to leave the European Union on Thursday. Brent crude futures fell nearly 10 percent yesterday, closing down by just over $2 per barrel or about 4 percent compared with the previous close at 0900 GMT yesterday morning. In both dollar and percentage terms the price move was about two standard deviations compared with all one-day price changes since 1990. Far larger moves have been common in oil markets which suggests traders see the impact from the vote as relatively limited, at least for the time being. Britain consumes less than 1.6 million barrels of oil per day, 1.6 percent of the global total, and the country’s consumption has been static or falling since 2005. Britain is now the world’s 15th largest oil producer, behind United States and China but also behind Brazil, South Korea, Germany, Canada, Iran, Mexico and even Indonesia. Even if the vote upsets in a period of uncertainty and causes the economy to slow or even contract, the impact on oil demand will be too small to register on a global level.

The larger impact would be if there is contagion to the rest of the European Union, which consumes around 11.1 million bpd, only slightly less than China. But Europe’s consumption has also been flat or falling since 2005 so a slowdown or recession in the rest of the European economy would be a modest impact on global demand.

The really significant threat comes if the turbulence in financial markets and problems in Europe trigger a widespread “risk-off” flight to safe assets and threaten an economic slowdown in the United States and Asia. So far, the oil market seems to be betting the threat of significant contagion is low, but that assessment could change very rapidly in the next week as the consequences of Brexit become clearer. — Reuters

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**VIENNA:** The OPEC daily basket price stood at $46.16 a barrel Thursday, compared with $46.46 the previous day, the OPEC said yesterday. The new OPEC Reference Basket of Crudes (ORB) is made up of the following: Saharan Blend (Algeria), Girassol (Angola), Oriente (Ecuador), Iran Heavy (Islamic Republic of Iran), Kuweit Export (Kuwait), Es Sider (Libya), Bonny Light (Nigeria), Qatar Marine (Qatar), Arab Light (Saudi Arabia), Murban (UAE) and Merey (Venezuela).

During their meeting in Vienna on June 2, OPEC oil ministers emphasized that Member Countries should continue to closely monitor developments in the coming months, and if necessary meet again and suggest further measures according to prevailing market conditions. They also decided that their next Ordinary Meeting will convene in Vienna on November 30, 2016. — KUNA

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**CAPE TOWN:** Goods are stacked in containers destined for global distribution near the harbor in Cape Town, South Africa, yesterday. Stock markets crashed, oil prices tumbled and the pound fell to a 31-year low yesterday as Britain’s unprecedented vote to leave the European Union shocked investors and dragged the region, the world’s largest economic bloc, into a new era of uncertainty. — AP

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**BREXIT LANDS HEDGE FUND CHIEF ODEY A DOUBLE WINNER**

**LONDON:** Crispin Odey, a hedge fund manager who backed the case for Britain to leave the European Union, could turn out to be one of the biggest financial winners of the vote to quit the bloc.

The boss of Odey Asset Management had bet his $10.2 billion firm’s assets on a fall in financial markets, including a series of “short” trading positions and a punt on gold. Those bets looked to have paid off yesterday when markets tumbled in reaction to Britain’s decision on Thursday to leave the EU, providing a much-needed boost for Odey, whose fund had been one of the worst-performing in Britain this year.

“I think it may be the winner. I’ve had a pretty tough year,” Odey, who bet much of his portfolio on gold, told Reuters. Odey, one of Britain’s richest men, who British newspapers reported in 2014 had built a stone Romanesque temple to house his prized chickens, had signed a public letter back in Brexit and donated to the “Leave” campaign.

He said in a telephone interview following the British EU vote that he had been 100 percent net short across his investment portfolio, which means he gained when markets fell.

Odey’s fund had been down 29 percent in the year to June 3, performance data seen by Reuters showed. The 57-year-old fund manager, who is based in London’s plush Mayfair district, said he expected to recover 15 percent off the year’s low, largely thanks to his bet on gold.

**FEASIBILITY**

Odey said Britain’s decision to quit the European Union would allow it to cope with changes in the world’s largest economic bloc into a new era of uncertainty.

“It was great news,” said Odey. “It will give us much more flexibility (given) what I think is coming down the road, which is a recession in the United States and a difficult time.”

Among his other bets were that sterling, the Hong Kong dollar and the euro would all fall against the dollar and that gold and risk prices would rise, an investor in his fund said.

After 7 percent and piling on the pain for Odey in the week leading up to the vote, Britain’s blue-chip stock index was down 5 percent on Friday and all of Odey’s 17 major short bets — which profit if prices fall — were in the black.

Any short position bigger than 0.5 percent in a company’s stock is made public by the Financial Conduct Authority. Of all his flagged positions, the biggest fall came for London-focused housebuilder Berkeley, in which Odey had a 1.42 percent short position, which fell 21 percent.

His biggest short as a percentage of the target company’s stock was in insurer Lancashire Holdings, which fell 3.2 percent and in which he had a 5.2 percent position.

Other investors, buoyed by last year’s surprise British general election result, had been more cautious, with many expecting Britain to vote to remain in the EU, in line with late polls, Russell Barlow, Head of Hedge Funds at Aberdeen Asset Management, said yesterday. “Hedge funds had been reducing risk in the lead up to the referendum but the majority were positioned in the expectation of a ‘Remain’ vote,” Barlow said. But Odey was not the only one who called it right, said Akash Kristian, head of $5 billion fund-of-hedge-fund firm Stemhan Asset Management.

“Some of our guys had been long gold leading up to it (the referendum)... I do think some people will come out making decent money for it.” — Reuters