

# Capital Economics

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## BREXIT could destabilise the global economy - boosting gold, says Capital Economics

Simona Gambarini, commodities analyst at Capital Economics, says that uncertainty over a potential BREXIT has been the reason the gold price has risen "quite sharply" over the last few weeks.

Gold is traditionally seen as a haven in times of uncertainty, and has climbed around US\$70 (5.9%) in the last three weeks to US\$1,274.

Gambarini says if the UK leaves the EU, it would have a "quite an impact on the global economy", adding that it could "trigger a round of different countries setting up referendums to also decide on leaving the European Union".

This has also been highlighted by Federal Reserve, which said it would slow the pace it will increase interest rates.

She says "BREXIT has been highlighted by the Fed as a key risk to their monetary forecast and it could potentially destabilise the [global] economy and therefore the Fed might decide to keep rates on hold".

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*Capital Economics is one of the leading independent economic research companies in the world. We provide country and regional research on the US, Canada, UK, Western Europe, Japan, China, India, Latin America, Emerging Europe, the Middle East, Africa, Emerging Asia, Australia and New Zealand.*

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