

# Majorca Daily Bulletin

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**S**PANISH caretaker Prime Minister Mariano Rajoy said yesterday he would reach out to rivals in a bid to quickly form a government after his conservative party strengthened its lead in elections on Sunday, though still far short of a majority. As Europe enters uncertain waters with Britain's historic decision to exit the European Union, Spanish parties are under pressure to avoid the protracted, ultimately fruitless negotiations that followed an inconclusive December ballot.

Against expectations, Rajoy's centre-right People's Party (PP) was the only one to make gains in another hung parliament as voters flocked back to mainstream parties and abandoned newcomers that did well in December.

But while the results lent the PP some momentum in talks with other leaders, it still faced difficult options. **See Inside**



## Spain's Rajoy seeks swift government deal, but doubts still linger after election

- Globally the vote wiped \$2.08 trillion off equity markets on Friday, the biggest daily loss ever.
- Companies consider moving operations abroad.



# Post-Brexit slowdown fears hit holiday firms, builders and airlines

**A**irlines, holiday companies and housebuilders joined British banks in bearing the brunt of Brexit-induced market turmoil yesterday, which analysts said reflected expectations Britain was headed for recession following its vote to leave the EU.

The FTSE 250 index, which is more closely aligned to the British economy than the multi-national heavy FTSE

100, was down 12.8 percent in the two days of trading since Thursday's vote.

The FTSE 100 was down 5.2 percent, while sterling tumbled to a fresh 31-year low against the dollar and British 10-year government borrowing costs sank below 1 percent for the first time, as investors seek a respite from turbulent markets.

"UK lead indicators are already consistent with a recession and will likely

now worsen," Credit Suisse European equity strategist Andrew Garthwaite said.

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British employers' group the Institute of Directors reported that a quarter of its members would put a freeze on recruitment and 5 percent would make redundancies. Its snap reaction survey

of 1,092 members also found 22 percent of companies were considering moving some of their operations outside the United Kingdom, whereas only 1 percent said they would bring operations back. "A majority of business leaders think the vote for Brexit is bad for them, and as a result plans for investment and hiring are being put on hold or scaled back," IoD Director General Simon Walker said.