

Macro Roundup Article

Headline: [Rule, Britannia!](#)

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Tweet: [.@verdadcap_quant compares profit margins and valuation multiples for British and European small-cap companies before and after Brexit and argues that British companies now trade at a discount to their European counterparts.](#)

Summary: In the table margin spreads are defined as UK profit margins minus European profit margins, and valuation spreads are measured as UK Price/Book minus European Price/Book. To isolate the Brexit effect on domestic economies, the analysis is based on small-cap companies in both regions, since small-cap firms primarily generate earnings in their domestic markets. Companies in the UK used to earn higher profit margins—and trade at higher valuations—than companies in continental Europe. But, post-Brexit, the spread in margins has almost entirely disappeared, and UK stocks now trade at a discount. Related: [Is Britain Really As Poor As Mississippi?](#) and [Britain's Graduates Are Being Short-Changed While America's Are Rich](#) and [Britain's Economic Record Since 2007 Ranks Near The Bottom Among Peer Countries](#)

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, Op-Ed/Blog Post

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