

BM Political Highlights

Week Beginning 05/02/18

Top 3 Political Stories This Week

- [UK ministers](#) & Downing St reiterate the [UK will leave Customs Union](#); leaked EU doc suggests UK will be forced to accept [37 new EU directives](#) and be [punished at will](#) if they transgress
- White House releases an unredacted Republican [memo allegedly showing FBI bias in Russia investigation](#); immigration debate continues, Trump would [welcome a government shutdown](#) if a deal can't be reached
- [German Coalition deal](#) finally reached, almost 3 days past the deadline; now SPD members must vote on it

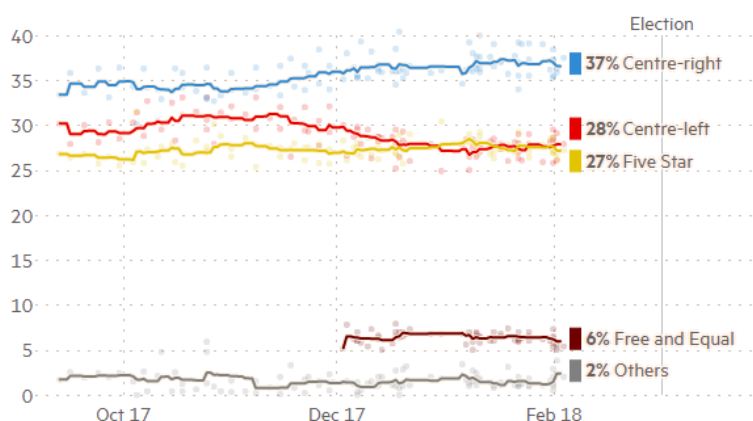
BlondeMoney View

- Despite coming back from China with over [£9bn in trade deals](#), UK PM May is still at a loss on how to deal with the pending EU trade deal. As talks progress this week, Barnier asks for [more clarity and decisiveness](#) from his UK counterpart. Even the [ECB's Draghi](#) warns cliff-edge Brexit is more likely than before. The Head of the FCA joined in, warning a transition agreement [must be in place by March](#) or £26 trillion of financial contracts may no longer be "serviceable". Within the Tory ranks, hardline Brexiteers escalated their discontent, with anointed leader Jacob Rees-Mogg accusing [Chlr Hammond of actively overseeing a plot to stop Brexit](#). While the clock ticks, and the UK prevaricates, the EU take the lead: inflaming Brexiteers, forcing concessions from the PM, upsetting Remainers, and leading to deadlock. No surprise that the meeting of the Brexit Cabinet Sub-Committee today and tomorrow is already expected to lead to [no conclusion](#).
- President Trump declared on Twitter that the Republican leaked memo ["totally vindicates" his Administration](#) and the Russia probe. This prompted a constitutional discussion on the ethics of a President releasing a document which would have a direct impact on an investigation involving himself – yielding more drama than the memo contents provided. The Mueller investigation refuses to go away, and although in Davos Trump said [he would welcome any interview](#), this week his lawyers suggesting that he would in fact [decline the opportunity](#). Throw into the mix that former aide & White House faux-enemy [Steve Bannon will defy a subpoena and not testify to a House Committee](#). Trump is trying to clear the Russia issue from his deck so he can press on with immigration reform. [A shutdown](#) may not be far away.
- The SPD and CDU/CSU finally reached a coalition deal, but it does not augur well that it took them so long. The SPD will surely sell the delay as an indication that they drove a hard bargain, extracting their desires from the CDU. We will now see whether the SPD membership is convinced of that argument. Even if they do vote in favour, the latest polls suggest there is no majority support in the country for the GroKo, with the two parties [jointly polling only 47.5%](#). Both have lost support since the election. There is concern that this is simply a coalition for the 'old boys club' to get the same ministerial positions and cling to power for another couple of years. That does not bode well for Germany.

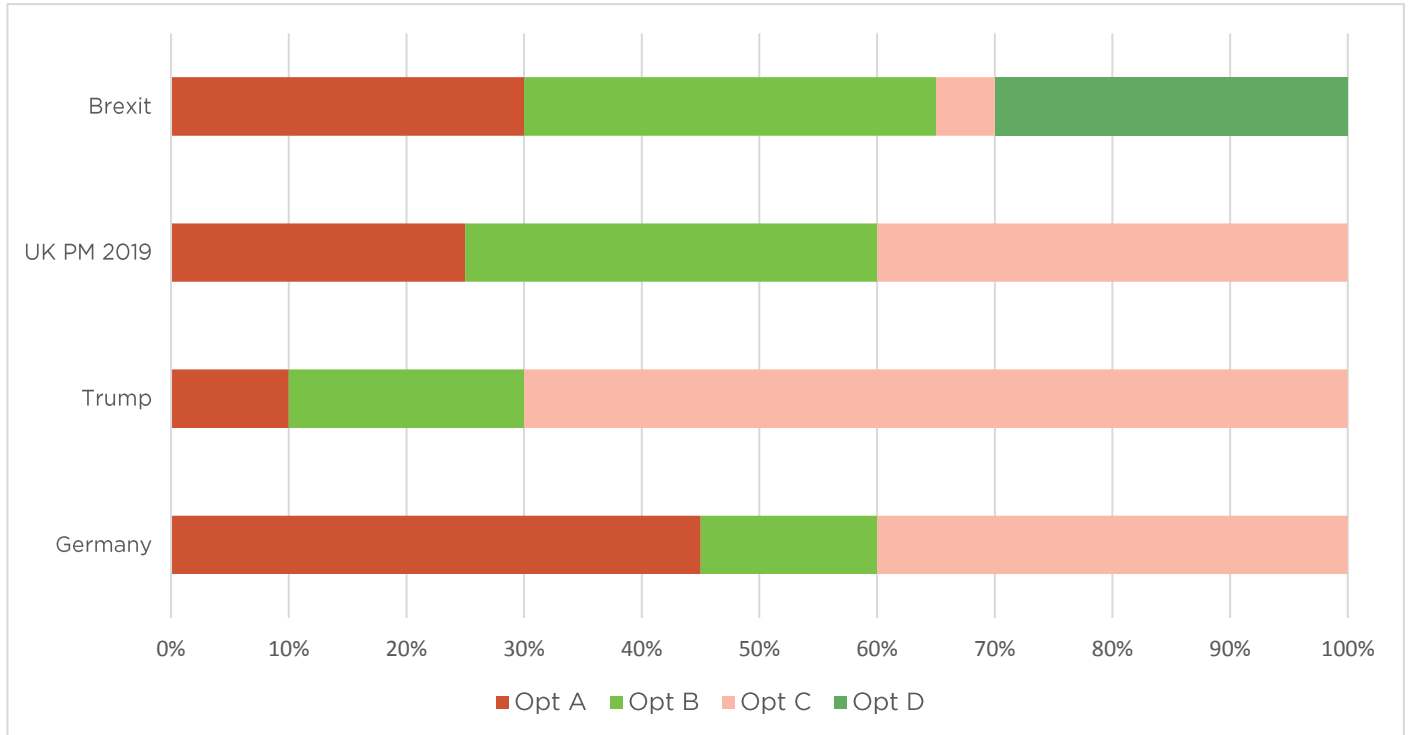
Chart of the Week Italy poll tracker: coalitions

Lines represent weighted averages, points represent polls

Voting intention, share by coalition (%)



BlondeMoney Probabilities:



n.b. these are subjective estimates made by BlondeMoney

	OPTION A	OPTION B	OPTION C	OPTION D
BREXIT	No Brexit	Leave March 2019	Leave after March 2019	Disorderly Brexit
	0%	0%	-5%	+5%
UK PM JAN 2019	Jeremy Corbyn	Theresa May	Other	-
	0%	0%	0%	
TRUMP	Trump leaves before end of term (resigns, removed, Impeached etc)	Trump wins a second term	Trump leaves after one term	-
	0%	0%	0%	
GERMANY	Merkel leaves before end of term (resigns or removed)	Merkel stays, AfD national support falls	Merkel stays, AfD national support increases	-
	0%	0%	0%	

Change in percentage points from last week's edition

