

BM Political Highlights

Week Beginning 07/05/18

Top 3 Political Stories This Week

- UK Cabinet still at odds over [PM May's 'customs partnership'](#); Labour [underwhelms](#) in local elections
- Pres Trump [pulls out](#) of Iran nuclear deal; Chinese Vice Premier He will [visit US to continue trade talks](#)
- Italy 5-Star Di Maio and League Salvini call for [new elections in June](#); Italy Pres Mattarella calls for [all parties to support a "neutral government"](#)

BlondeMoney View

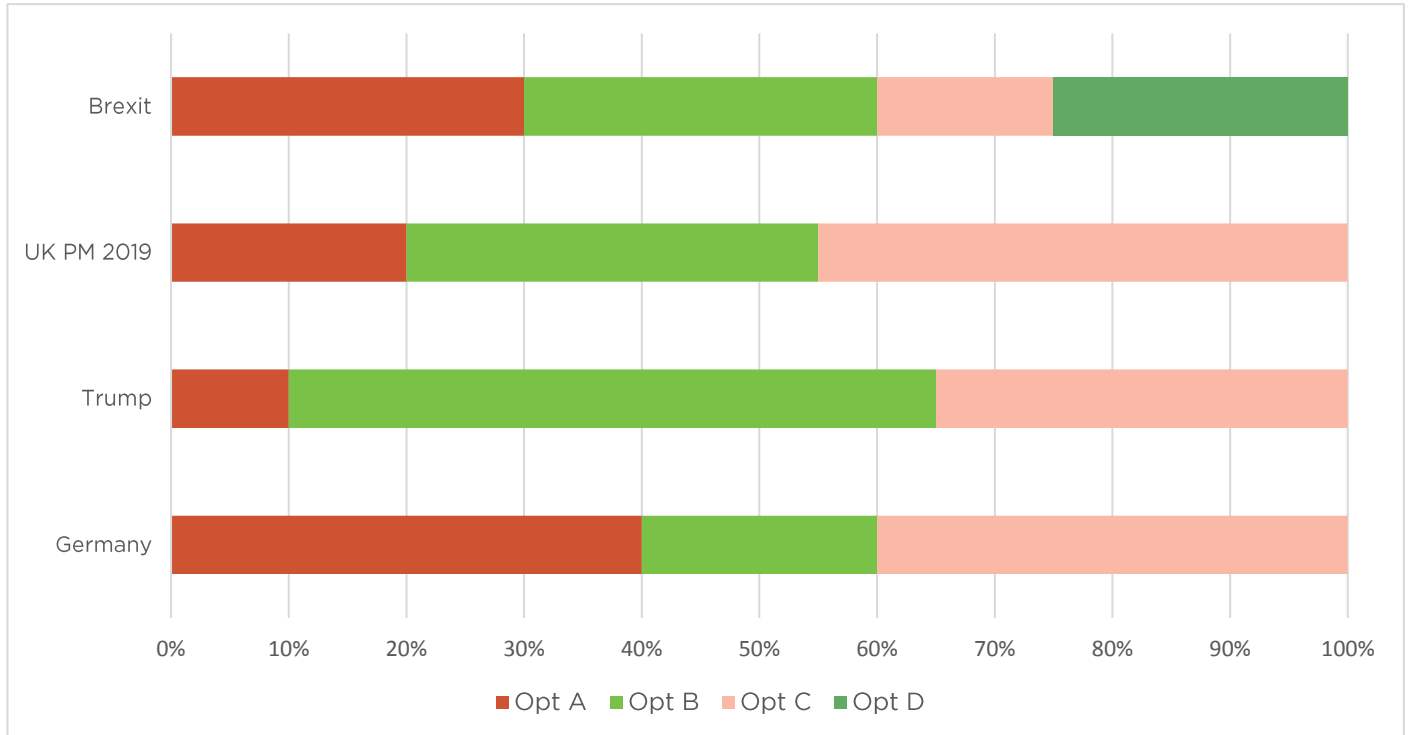
- Thursday's local election results offered a brief respite to UK PM May and the Conservatives [as they performed better than expected](#). The Tories held off a spirited Labour campaign, especially [in several London boroughs](#), though they still suffered net losses. Neither party provided much inspiration to voters. The real battleground lies elsewhere. Last week, the Brexit War Cabinet voted 6 to 5 against the proposal for what Brexiteer Michael Gove described as a ["bonkers" 'hybrid customs partnership'](#) with new appointee Javid being a [notable dissenter](#). [Previous amendments to the Brexit bill](#) mean that if the Cabinet fail to come to a decision, there is a risk that parliament could enforce the less palatable option of a full customs union. Aware of the political fallout from that outcome, Business Sec Clarke warned that ["thousands of jobs"](#) were at risk without a customs partnership, to which [the Confederation of British Industry \(CBI\)](#) agreed. Brexiteers did not sit quietly, with BoJo calling the PM's proposed [EU partnership "crazy"](#). Although no minister has yet threatened resignation over Brexit negotiations, [Trade Sec Fox](#) refused to confirm or deny he would quit given the customs union would prevent him from pursuing 'third party' trade deals with other countries. Meanwhile the House of Lords votes that [remaining in the EEA](#) should be a government negotiating objective. With reports the EU could see the customs partnership as ["workable"](#), the stage is set for a final showdown between the two halves of the Tory Party. We put the chance of this happening ahead of June's European Council meeting at 40% versus a 60% chance ahead of October's meeting.
- Pres Trump delivered on another campaign promise, [taking](#) the US out of the Iran nuclear deal, declaring it an ["embarrassment"](#). Will this lead to greater Middle East tension with Israel and Saudi Arabia emboldened against a weakened Iran? Or will Iran succeed in maintaining a deal with the other signatories, causing a headache for the UK who either side with fellow dealmakers the EU, or ditch it in favour of TM's BFF DJT. Elsewhere, the Mnuchin-led trade delegation to China bore mixed results. With China's political and cultural requests dismissed as ["Orwellian nonsense"](#), the US made huge trade ultimatums to the Chinese such as the impossible demand that they [cut their trade deficit by \\$200bn](#). It hasn't put off the Chinese, yet: their [Vice Premier Liu He is coming to Washington](#) to ["keep on the momentum of consultation"](#).
- Italy remains in political deadlock. Pres Mattarella, in a last attempt to avoid elections, officially announced his desire for [all parties to support a "neutral government"](#) for the sake of passing much needed legislation before the year is out. However, this is merely symbolic with League leader Salvini joining 5-Star's Di Maio in [calling for June elections](#). Former PM [Berlusconi also called for elections](#) although asked for them to be delayed until October as a ["summer \[vote\] does not help turnout"](#). (Italy never holds elections in July & August). It now looks inevitable that Italy will have fresh elections this year, so most parties will be preparing to start a new campaign. Current public opinion (below) points to similar outcome as March, with League and 5-Star once again in the driving seats as Berlusconi's 'establishment' Forza Italia looks to be firmly rejected by the electorate.

Chart of the Week

Source: [Tecne May Poll](#)
 Results L to R: "today", 20th April,
 Election result

	OGGI	20 APRILE	POL 2018
 MOVIMENTO 5 STELLE	32,1%	33,5%	32,7%
 LEGA	22,3%	21,8%	17,4%
 PARTITO DEMOCRATICO	17,7%	18,1%	18,7%
 FORZA ITALIA	13,0%	12,6%	14,0%
 FRATELLI D'ITALIA	4,0%	4,0%	4,3%
 LIBERI E UGUALI	3,0%	2,8%	3,4%
ALTRI	7,9%	7,2%	9,5%

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%	0%	0%
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