

BM Political Highlights

Week Beginning 09/04/18

Top 3 Political Stories This Week

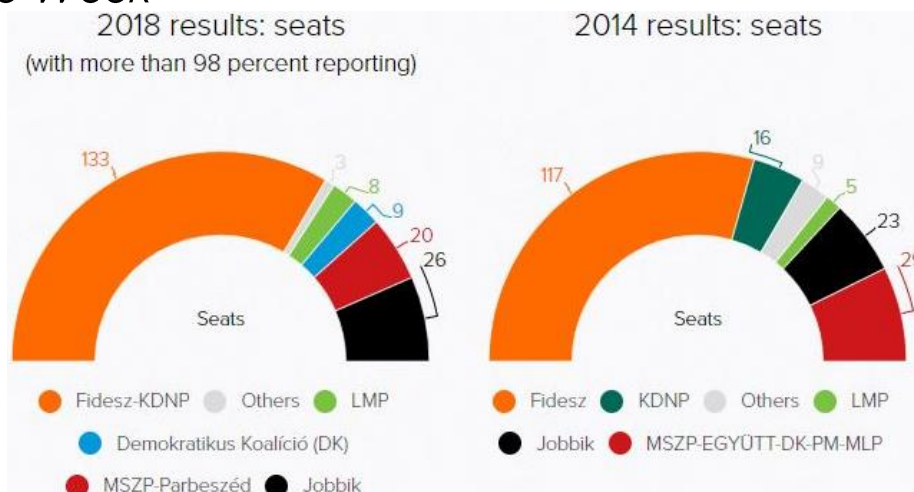
- UK PM May [visits Scandinavia](#) to boost post-Brexit trade hopes; [CBI survey](#): 18 of 23 industry sectors want to stick to EU rules after Brexit
- US [blames Russia & Iran](#) for alleged Syrian chemical attack; [FBI raids office](#) of Pres Trump’s personal lawyer
- Nationalist Hungary PM [Orban wins 3rd term](#) after historic turnout; Italy remains without a government as 5-star [Di Maio dismisses working with Berlusconi](#) as “condemning themselves to irrelevance”

BlondeMoney View

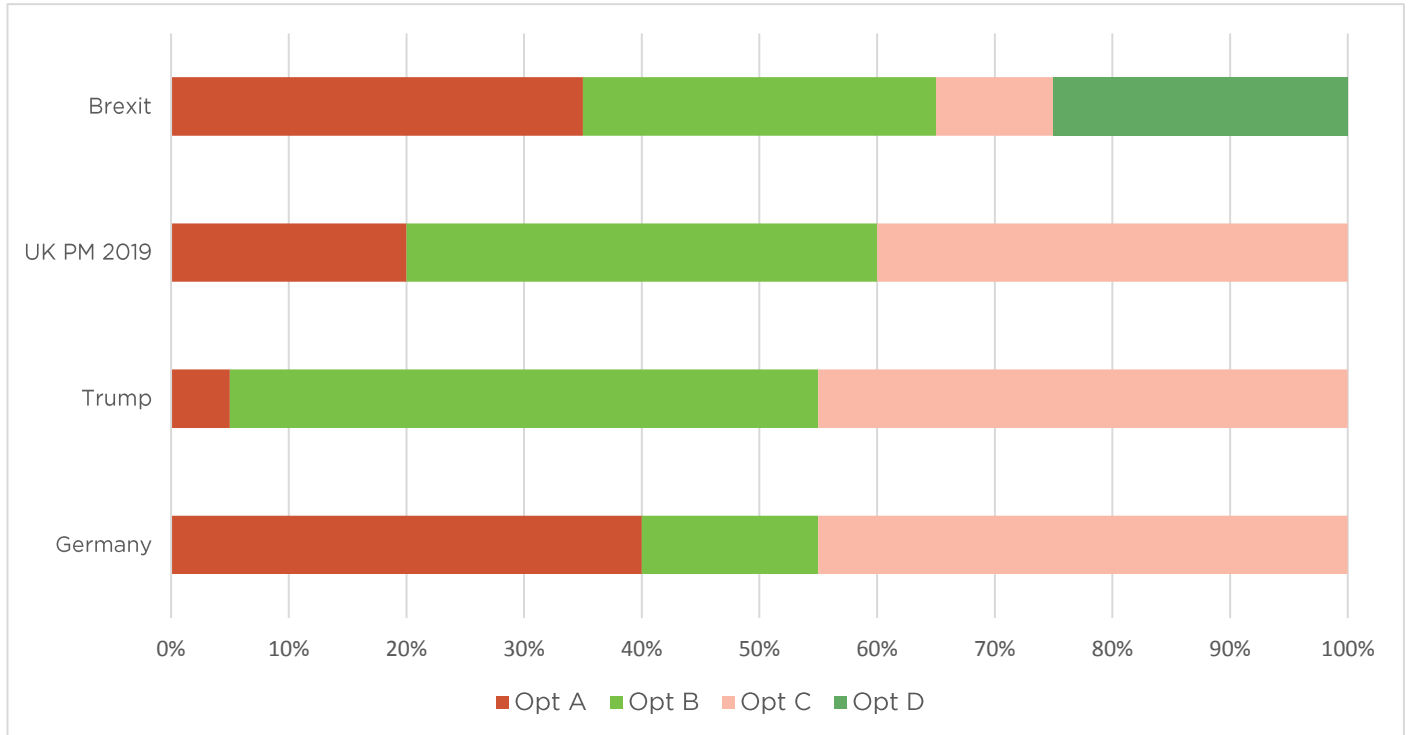
- Using the guise of security and defence as the opening gambit for bilateral trade talks, UK PM May went on a European charm offensive meeting both [Swedish and Danish PMs on Monday](#). She received a reality check, with [Danish PM Rasmussen](#) declaring any Brexit “will create more bureaucracy” and warning that “leaving the Single Market comes with a price tag”. The MayBot merely repeated some old tropes on [freedom of movement](#), without actually confirming any change of stance. The N Ireland border issue remains similarly unresolved. Despite previous reports that the UK was [close to offering](#) an alternative to the ‘back-stop situation’, sources suggest [no alternative](#) has yet been proposed by the UK govt. Alarm is rising, with even [the Clintons](#) now chipping in to warn that “reinstating the border would be an enormous setback”, with this week marking the 20th anniversary of the Good Friday Agreement. It’s a reminder that opinions and events will fill a vacuum: UK PM May can’t just keep her head down and hope for the best until the Brexit deal is done.
- US relations with Russia hit a new low with [Trump calling out Putin by name](#) for the (alleged) chemical weapons attack in Syria, while slapping a new wave of sanctions on several Russian oligarchs, including aluminium king-pin [Oleg Deripaska: shares in his United Co Rusal plummeted by a third](#). Russia then [vetoed a UN resolution](#) to investigate the use of poison gas in Syria, arguing it would merely be used as a pretext for an attack. DJT will be acutely aware of the potential political fallout if he doesn’t respond; it’s still fresh in the memory how Obama suffered following his inaction despite [Syria crossing his ‘red line’ in 2012](#). Now that Trump has hired foreign policy hawk Bolton and [France Pres Macron has already agreed to ‘strong, joint response’](#) a coalition of the willing is taking shape. The UK has made supportive noises but UK PM May will also be reminded that former PM Cameron [lost a House of Commons vote](#) on launching airstrikes in 2013. Away from foreign policy, the [FBI raided the office](#) of Trump’s personal lawyer Michael Cohen, which the Donald described as an “attack on our country in a true sense”. With attacks coming from all sides, will Trump decide attack is the best form of defence? And will a market in the grips of a passive fund flow euphoria even bother with a switch into safe haven assets if he does?
- [Hungarian PM Orban’s third successive victory](#) is worrying liberal and left-wing European governments. With his party set to have over two-thirds of the seats in parliament he can even change the constitution. Orban has threatened to [shut down any NGO](#) which “meddles with politics” and [warned](#) that “most of a country’s media should in national hands”. With Kremlin backing and former Trump aide Bannon stating Orban is “the most significant guy on the scene right now”, Hungary will be at the forefront of Europe’s worry radar. Or will it be superseded by Italian woes? The League’s leader Salvini said there was a “51% chance” of the right-wing coalition striking a deal with 5-Star; but 5-Star’s Di Maio would only countenance this if they ditch Berlusconi. Either way the Italian government will contain an anti-establishment element, whether a discredited former PM joins them or not. Elections across Europe have created a new constellation of political forces but their populist muscles have yet to be fully flexed.

Chart of the Week

Source: [Hungary National Election Office](#)



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