

BM Political Highlights

Week Beginning 23/04/18

Top 3 Political Stories This Week

- House of Lords votes in [favour of amending UK PM May's Brexit bill](#)
- Pres Trump hosts France Pres Macron; both promise to be ["open" to a new Iran deal](#)
- Italy 5-Star turns away from League coalition as they are ["condemning themselves to irrelevance"](#) by staying with Berlusconi; Italy PD (acting) leader Martina is [open to talks with 5-Star](#)

BlondeMoney View

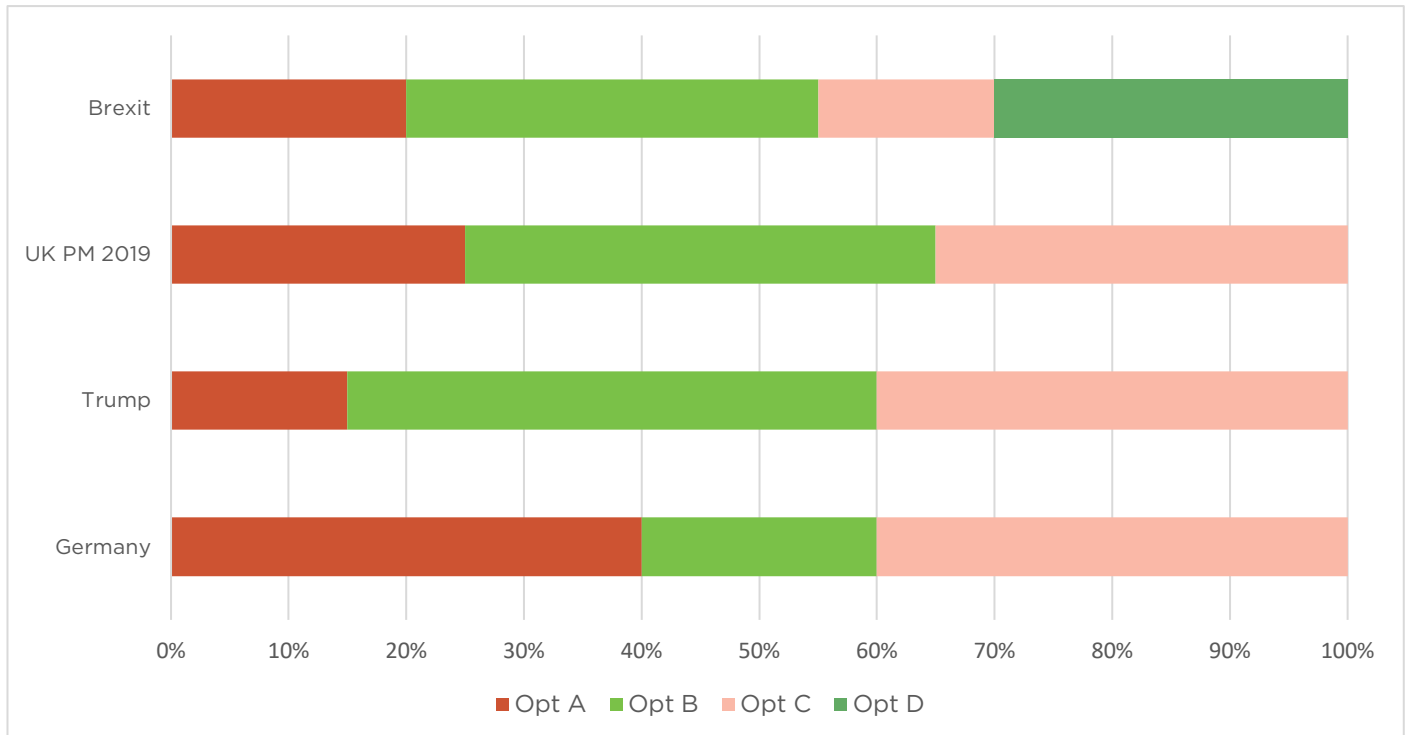
- The Brexit debate has now moved onto the question of Customs Union membership, as a result of the Lords passing [amendments to UK PM May's Brexit bill](#). Throughout negotiations so far she has stood by the fact that the [UK will always leave the Customs Union](#), however with a parliamentary vote on membership now on the agenda, she will be under pressure to yield her position. As spelt out in last week's report, the Maybot does not command a majority within her own party on the issue and all opposition parties are strongly in favour of remaining part of a customs union. Put to a debate, the PM's authority will be significantly eroded should she have to shift her Cabinet's policy. BlondeMoney attended today's [questioning of Brexit Sec Davis by the Brexit Select Committee](#) and there is a distinct feeling of anger amongst MPs at the lack of action, yet all sides are also keeping their powder dry until the last minute. June is a false deadline: all eyes are on October for a vote on the final deal.
- France and the US have not always seen eye-to-eye, we all remember when the US insisted that 'french fries' were now 'freedom fries'. No such [frostsiness was evident when France Pres Macron](#) arrived in Washington DC this week. As the self-anointed spearhead of the EU, Macron has wasted no time in maximising his relationship with Trump. News of ["doing a much bigger"](#) and all-encompassing [Iran nuclear deal](#) captured the headlines along with continued French-US involvement in Syria. However, this meeting demonstrates a change in tack from the normally headstrong US president in regards to his MAGA agenda. As many of his rural voting base are unlikely to be interested in French foreign policy (much less even know who Macron is), Trump took this opportunity to demonstrate to send a message to the wider world: if you cooperate with my administration, I will cooperate back. With [China trade talks ahead](#), the signal is clear. This new bromantic approach is awkward for DJT as illustrated by him [lovingly wiping 'dandruff' off the Emmanuel's lapel](#). The new French-US relationship will have repercussions across the continent as Macron cements himself as Trump's go-to European man, and put some UK noses out of joint as there could be a new 'Special Relationship' blossoming.
- The Italian poker game of governing continues with the League party seemingly unwilling to spilt up their centre-right coalition and go off on their own. This is much to the displeasure of 5-star who saw Salvini and his League party as a good coalition candidate; they denounced Salvini as condemning his party to ["irrelevance"](#) by sticking by [Berlusconi and his centre-right coalition](#). However, 5-Star Di Maio's disappointment did not last long as the [previously incumbent PD party offered an olive branch](#), saying they will pick up the mantle of governing again should no other offers arise. Italy Pres Mattarella has threatened a ["technocratic"](#) government if 5-Star fail to form a working government. However, this threat might fall on deaf ears as Di Maio has emphatically said his party would prefer to go back to the polls than suffer that ignominy. International markets still remain happy that populist parties remain far from the levers of power, but the longer the stasis continues the more likely a populist government becomes.

Chart of the Week



Source: BlondeMoney attended a lecture by Francois Villeroy, Governor of Banque du France entitled "Europe, what is next after Brexit"

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
	-10%	0%	+5%	+5%
UK PM JAN 2019	Jeremy Corbyn	Theresa May	Other	-
	0%	-5%	+5%	
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