

BM Political Highlights

Week Beginning 20/06/18

Top 3 Political Stories This Week

- [House of Lords defeats UK Govt](#) over a 'meaningful vote' on Brexit; Tory MPs admit they could ["collapse the Government"](#)
- Sino-US trade war escalates with [new tariffs](#); Pres Trump considers duties on all [foreign automobiles](#)
- Germany Chlr Merkel's [CDU clashes with sister party CSU](#) over migration; Austria Chlr Kurz calls for ["axis of willing"](#) against illegal migration

BlondeMoney View

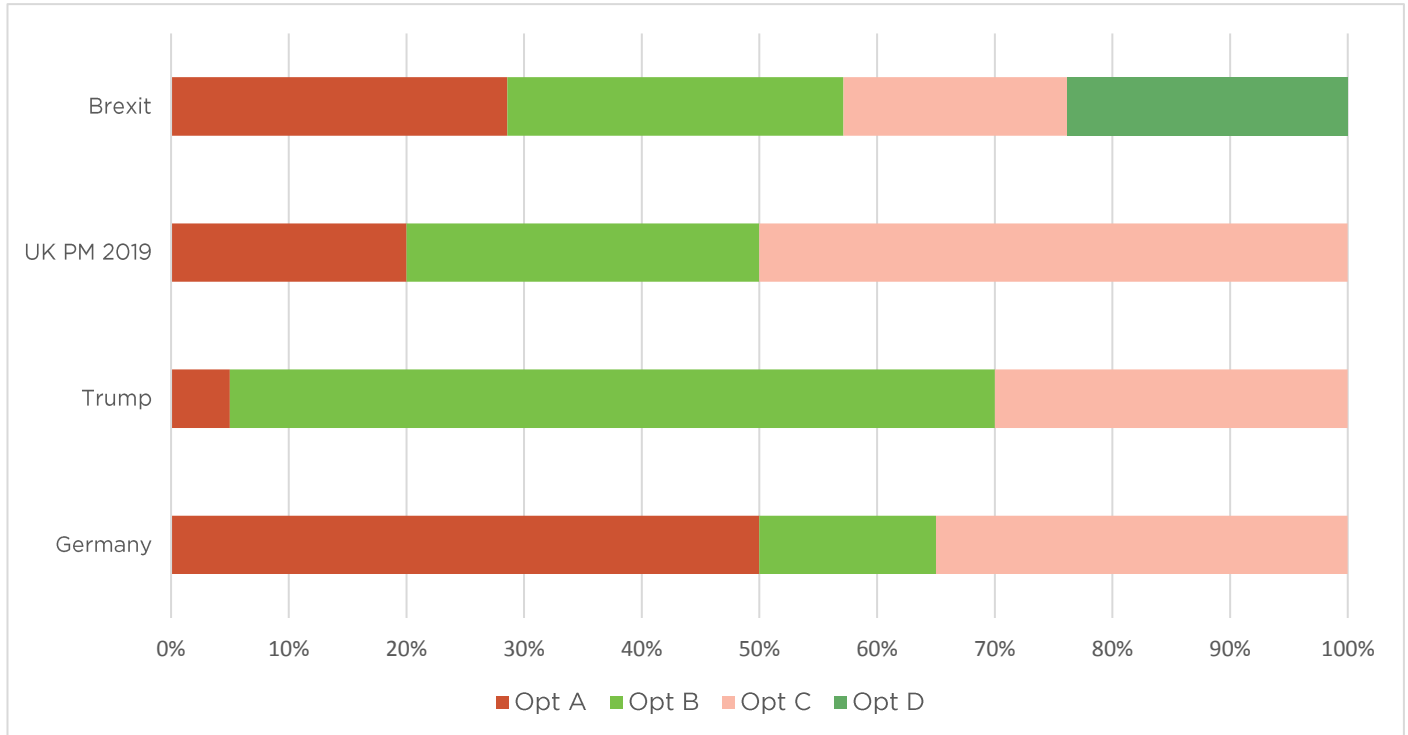
- After UK PM May's fudged promise to Remainers and Brexiteers alike last week, the Upper House voted [down her amendments](#) regardless of her efforts, setting up another showdown in the Commons today. Downing St have [re-tabled](#) their amendment on the "meaningful vote" which so upset Remainer Tory MP Dominic Grieve that he warned he could ["collapse the Govt"](#). He now says ["he didn't want to"](#) suggesting a Corbyn government still frightens Tory rebels. TM is trying to get the whole team back on track and move the debate along by announcing a boost to NHS funding. This ["Brexit dividend"](#) is a direct play to the contentious Leavers bus. Meanwhile her Cabinet's desired deal with the EU is no clearer. Both Ireland and the UK admit an agreement on the border at the June EU summit is unlikely, with Irish Foreign Minister citing ["conflicting messages"](#). With time spent in Parliament on what happens if we don't get a deal, it's becoming more unlikely that time is spent on what the deal actually is. The June EU Summit is likely to pass without any agreement, putting emphasis on the next European Council meeting in October. With the clock ticking, a risk premium should be priced into all UK assets.
- Following his MAGA agenda, the President continues to threaten [tariffs on Chinese goods](#). This ongoing saga will prevail until trade talks between the two largest global economies restart. Suggestions by DJT that he would follow through on previous threats to [tariff foreign cars](#) will worry long-time allies Japan and Germany given their large auto industries. Pres Trump has also come under fire from notable Democrats calling his migration policy of family separation a ["really...evil policy"](#). While anti-Trump sentiment from the Democrats is expected, there have been occasions this week of the Republican-controlled Congress blocking their President's headline pledges. Firstly, a move to re-sanction [Chinese telecommunications company ZTE](#) and, secondly, a refusal to [pay for 'the Wall'](#); both will frustrate Trump and will be taken as a personal attack against his 2020 bid. Re-election is also at risk as the [Mueller probe](#) takes on a fresh turn, with a former Trump aide reportedly admitting that he may ["recall"](#) a meeting with Russia. Should this have any grounds, it is unlikely to endanger the President; although his former campaign manager [Manafort has been jailed](#) this week in connection to the probe bringing the danger closer to home. Despite this, Trump's support from his rural bases will remain strong for his unwavering MAGA agenda and, right now, he is the front-runner to be the Republican candidate in 2020.
- Migration continues to dominate the political landscape of Europe. The Chancellorship of Germany's Merkel hung in the balance as her centre-right Bavarian sister party - the CSU - [threatened to bring her government down](#) over her controversial refugee policy. Germany's Interior Min Seehofer (most senior CSU minister) demanded an ["upper limit"](#) on migrant numbers as the ["cohesion of Europe is at stake as well as the cohesion of Germany"](#). Merkel has been [given 2 weeks to find a solution](#); expect bilateral deals on asylum to be struck at the [upcoming June EU summit](#). The official opposition party, the right-wing nationalist AfD, [accused the Chlr](#) of ["copy\[ing\] the AfD programme"](#) on migration to win votes. This drag rightwards is what happens when populist parties gain a foothold in parliaments and will make it tough for France Pres Macron and Chlr Merkel to hold together their plans for [new Eurozone reform](#). The CSU fear the AfD in their backyard of Bavaria; with an election there in October, Merkel will face more noise as they seek to fend off the populists. If these forces can destabilise Germany, what of Italy, where the anti-establishment government now poll almost 60% of the electorate?

Chart of the Week

Source: [SWG Poll](#) - Northern League leads in the Italy polls for the first time

| ORIENTAMENTI DI VOTO: 18 GIUGNO 2018 | | | |
|--------------------------------------|--------------------|--------------------|-------|
| | Stima 18/6/2018 | Stima 11/6/2018 | Trend |
| LEGA | 29,2 | 27,0 | +2,2 |
| MOVIMENTO 5 STELLE | 29,0 | 31,5 | -2,5 |
| PARTITO DEMOCRATICO | 18,8 | 18,4 | +0,4 |
| FORZA ITALIA | 9,2 | 8,6 | +0,6 |
| FRATELLI D'ITALIA | 4,1 | 3,9 | +0,2 |

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% | -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 | - |
| | +10% | -5% | -5% | |

Change in percentage points from last week's edition