

# BM Political Highlights

Week Beginning 25/06/18

## Top 3 Political Stories This Week

- [‘Meaningful vote’ Brexit Bill amendment](#) fails to pass parliamentary vote; [Brexit War Cabinet to meet July 5th](#) to set out Brexit white paper
- Pres Trump prepares to [restrict Chinese investment](#) into the US; White House Economic Advisor [Navarro](#) “*The whole idea that we’re putting investment restrictions on the world -- please discount that*”
- EU leaders meet for emergency [‘mini-summit’ on migration](#) for “*frank and open*” talks

## BlondeMoney View

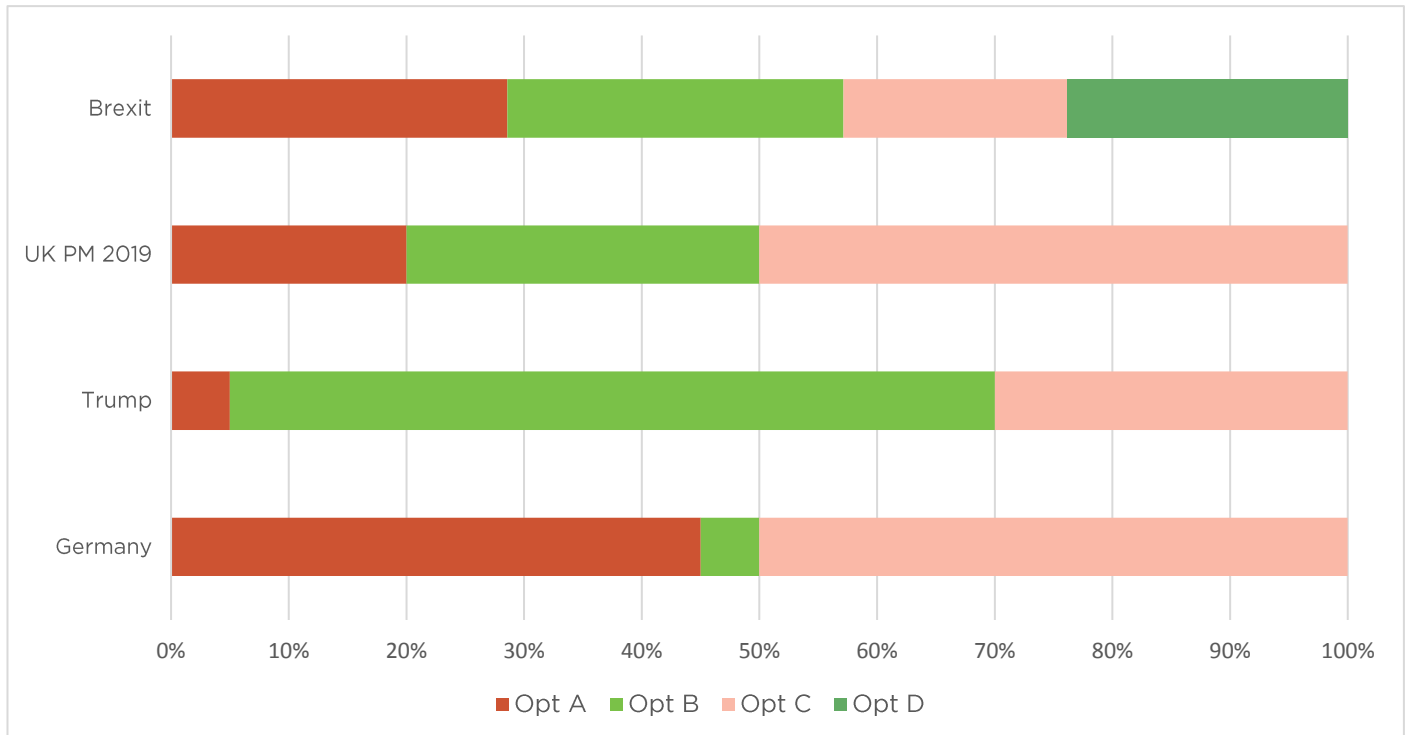
- After a week of parliamentary ‘ping pong’, the Brexit Bill passes into law without the ‘meaningful vote’ amendment. Despite PM May’s insistence this was a step towards a “*smooth and orderly Brexit*”, her ministers can’t agree on what it really means. Intl Trade Min Fox argued [a ‘no deal scenario’ was still possible](#), while more than 50 Tory MPs leaked they would be prepared to “*block*” [any no-deal Brexit scenario](#). The architect of the ‘meaningful vote’ amendment, Tory MP Dominic Grieve, revealed the real reason for his capitulation, arguing “*we’ve managed to reach a compromise without breaking the government*”. Corbyn still frightens the Tories more than the EU. Or big business. BMW echoed [Airbus’ warning](#) that it would “*reconsider its investments*” in the UK if no deal was struck. Health Sec Jeremy Hunt [huffed](#) about these “*completely inappropriate threats*”. The Cabinet believe it is not in their broader interest to let the UK leave without a deal however will continue to use it as a bargaining chip. Theresa will be hoping for more breakthrough at this week’s EU summit, and with a [July Cabinet ‘getaway’ to Chequers](#) to hash out a Brexit white paper momentum could be starting to turn her way. Can they agree on anything substantial or is the big Brexiteer v Remainer battle still to come? The risk premium can fall over the summer, only to return in Q3.
- Pres Trump’s trade war saga took another step this week with media leaks suggesting that the White House planned to enact [IEEPA law](#) (which dates back to the 1970s) to stop foreign, in particular Chinese, investment into American companies. With stocks wobbling, Tres Sec Mnuchin and Economic Advisor Navarro downplayed the Sino-US rhetoric pointing out their trade policy was against “*any country*” and aimed at stopping anyone “*trying to steal our technology*”. The President threw a MAGA slant on it, challenging others “*we have the greatest technology in the world... people come and steal it*”. His boastful tone will play well with rural ‘rust belt’ voters as well as easing Wall Street’s fears of Chinese retaliation. The Republican Party faces an unpredictable Democrat Party in the midterms. This week 28 year-old former Bernie Sanders campaign manager Ocasio-Cortez [defeated senior 10-term Congressman Crawley](#) in a New York primary. With DJT soaring and the Democrats divided we believe the mid-terms will not be a slam dunk for Trump’s haters.
- The EU remains divided on migration. Italy’s populist govt wants to [overturn the ‘Dublin Agreement’](#) where refugees must apply for asylum in the country in which they first arrive. This received short shrift from France’s Macron, who proposed [sanctions for those countries](#) not taking their fair share. But his auld ally, Germany, is under pressure with Chlr Merkel given an [explicit mandate from her sister Bavarian party](#) to take a tougher line on migration. She left the summit disappointed and admitted proposals will have to be “*bilateral or trilateral*” rather than EU-wide. While Merkel has quelled mutiny for now, pressure from the CSU will push her to chase deals at the June EU summit. Her options are limited, as she needs to balance migration demands from France/Spain versus the populist govts of Eastern Europe. We believe the EU will survive this existential crisis but some faces of the previous era, like Angela, may not.

## Chart of the Week

Source: [INSA](#) Germany Opinion Polls

date	CDU / CSU	SPD	GREEN	FDP	LEFT	PIRATES	FW	AFD	other	respondents	Period
06/26/2018	29%	19.5%	11%	9%	11%	-	-	16%	4.5%	○ • 2.036	22.06.-25.06.
06/19/2018	29%	19%	11%	8th %	12%	-	-	16%	5%	○ • 2.060	15.06.-06.18.
06/12/2018	31%	17%	11%	8th %	12%	-	-	16%	5%	○ • 2.038	08.06.-11.06.
06/04/2018	32%	17%	11%	8th %	11.5%	-	-	16%	4.5%	○ • 2.067	01.06.-04.06.
05/29/2018	32%	17%	11.5%	8th %	12%	-	-	15.5%	4%	○ • 2.062	25.05.-28.05.
05/23/2018	32.5%	16.5%	11.5%	8th %	11%	-	-	15.5%	5%	○ • 2.044	18.05.-22.05.
05/14/2018	32.5%	17%	11.5%	8th %	11%	-	-	15.5%	4.5%	○ • 2.098	11.05.-14.05.

## BlondeMoney Probabilities:



*n.b. these are subjective estimates made by BlondeMoney*

	OPTION A	OPTION B	OPTION C	OPTION D
<b>BREXIT</b>	No Brexit	Leave March 2019	Leave after March 2019	Disorderly Brexit
	0%	0%	0%	0%
<b>UK PM JAN 2019</b>	Jeremy Corbyn	Theresa May	Other	-
	0%	0%	0%	
<b>TRUMP</b>	Trump leaves before end of term (resigns, removed, Impeached etc)	Trump wins a second term	Trump leaves after one term	-
	0%	0%	0%	
<b>GERMANY</b>	Merkel leaves before end of term (resigns or removed)	Merkel stays, AfD national support falls	Merkel stays, AfD national support increases	-
	+5%	-10%	+5%	

*Change in percentage points from last week's edition*