

# BM Political Highlights

Week Beginning 06/08/18

## Top 3 Political Stories This Week

- BOE Governor Carney warns chance of No Deal is “[uncomfortably high](#)”; Opposition Leader Corbyn [apologises](#) over anti-Semitism row
- Pres Trump re-imposes [Iran sanctions](#); Trump [trade war](#) with China ratchets up
- New Italy Govt passes [first major legislation](#), penalising firms who move production abroad and limiting temporary job contracts; EU firms in Iran [struggle](#) after sanctions

## BlondeMoney View

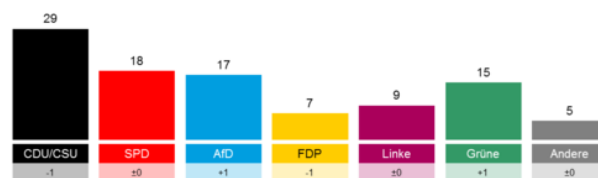
- The market is starting to engage with the potential for ‘No Deal’ now that actual probabilities are being discussed. First BOE Governor Carney came out with [his view that](#) ‘I think the possibility of a no-deal is uncomfortably high at this point’, then International Trade Sec Fox [put a number](#) on it, saying risks have increased: ‘I have never thought it was much more than 50-50, certainly not much more than 60-40’ but EU ‘intransigence is pushing us towards No Deal’. Certainly UK PM May’s charm offensive with France Pres Macron [yielded little](#) while EU’s Barnier took to 20 newspapers across Europe to publish an article [rebuffing the Chequers Agreement](#). Behind the scenes however we hear that EU diplomats are working to [soften the backstop](#) on the Irish Border. Project Fear is now working in both directions: The [British Sandwich Association](#) and [National Farmers Union](#) warn of food scarcity, while the City of London Corporation [reduce](#) expected financial sector job losses from Brexit to under 10k. MPs continue to jostle for who will emerge victorious politically, with Corbyn issuing [apology](#) after [apology](#) in an attempt to heal Labour’s rift over the anti-Semitism row and BoJo moving into pole position for the Conservative leadership in [recent polls](#). All this fiddling while Rome burns means markets will swing further into No Deal panic mode once the holidays are over.
- Pres Trump’s easy trade wars continue, as he threatens [25% tariffs](#) on China rather than 10% and [China](#) threatens tariffs on \$60bn of imports in return. An [executive order](#) announced on Tuesday attempts to show DJT means business by slapping the 25% tariffs onto \$16bn worth of goods. Although these were originally announced in March, it demonstrates the administration’s intent to follow through if it doesn’t feel it’s getting what it wants. (The Fed’s Powell should take note). Trump knows the power of creating a new headline, and gained further mileage from the already agreed re-imposition of sanctions on Iran by [tweeting](#) ‘Anyone doing business with Iran will NOT be doing business with the United States!’ Reminding the world of his power as the Mueller probe progresses is no surprise. Recent elections show [a close race](#) between Trump’s candidates and Democrats. He will need that bully pulpit more and more as the momentum picks up into the mid-term elections.
- Italy’s jobs market got a revamp with the passage of the [first major legislation from the new Government](#): compensation for unfair dismissal goes up, fixed term contracts can’t be continually renewed, and if a company relocates outside the EU it must repay up to 4x any government subsidies it has received. This unpicks much of former PM Renzi’s attempts to reform the labour market. Co-Deputy PM Di Maio joyously tweeted ‘Citizens 1 - The System 0’. The lack of trust in the system was also reflected this week with the [Italian Senate overturning laws](#) requiring children be vaccinated against measles and other diseases. The rebellious mood within the EU expands into the European Commission. As EU firms struggle to deal with Iran sanctions, the [EU’s high representative for foreign affairs](#) urged them to ignore the US and make their own investment decisions. At some stage the EU will have to decide how it wants its institutions to function, and whether they still reflect the will of the people. New German polls (below) show the AfD at its highest level of support, almost eclipsing the once mighty SPD.

## Chart of the Week

Source: [ARD poll](#)

ARD-DeutschlandTREND August 2018  
Sonntagsfrage zur Bundestagswahl

ARD®

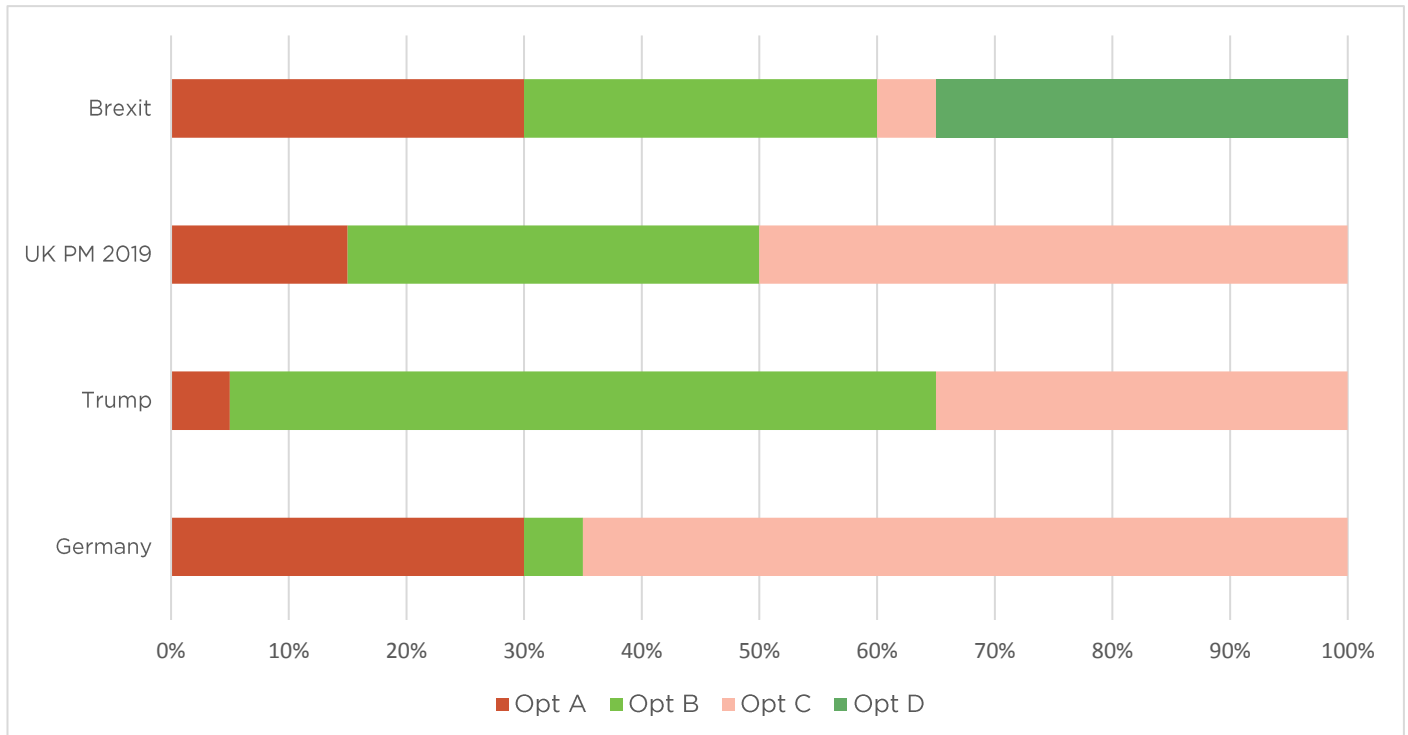


Welche Partei würden Sie wählen, wenn am kommenden Sonntag Bundestagswahl wäre?

Grundgesamtheit: Wahlberechtigte in Deutschland / Reihenfolge der Parteien entspricht dem Ergebnis der letzten Bundestagswahl  
Werte in Prozent / Veränderungen in Prozentpunkten zum ARD-DeutschlandTREND vom 5. Juli 2018

infratest dimap

## 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	-
	0%	0%	0%	

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