

# BM Political Highlights

Week Beginning 13/08/18

## Top 3 Political Stories This Week

- Rees-Mogg’s Eurosceptic ERG to write [their own Brexit ‘White Paper’](#); moderate Brexiteer and Remainer MPs form [‘Brexit Delivery Group’](#) aiming on “*pragmatic Brexit outcome*”
- Pres Trump authorises additional sanctions to [Russia](#) and [Turkey](#)
- Germany Chlr Merkel and Spain PM Sanchez reach new [migration agreement](#)

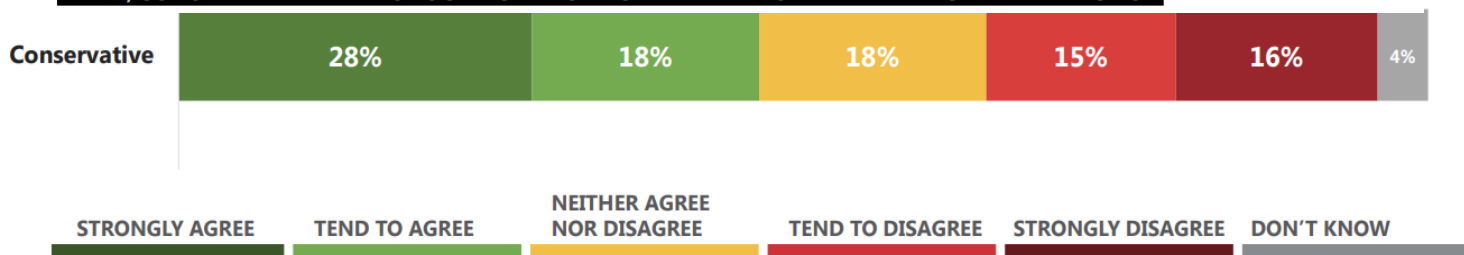
## BlondeMoney View

- Parliamentary support for UK PM May’s Chequers Proposal is waning. The influential pro-Brexit ERG, led by Rees-Mogg and Vote Leave leader Baker, have announced that they are writing an alternative “*positive*” [Brexit White Paper](#). It will explain how the UK can have a Canada-style free trade deal and demand the EU back down on the Irish border issue. ‘No Deal’ will also be outlined, which the ERG think “*would be a good second best*”. In response 50 moderate Brexiteers and pro-Europe MPs have announced their [own parliamentary group](#). The ‘Brexit Delivery Group’ seeks a “*pragmatic Brexit outcome*” – namely avoid No Deal. Including the pro-Remain cross-party People’s Vote group, there are now 3 major factions within the Conservative Party fighting for different outcomes. TM is trying to shore up her position as leader, sending a [letter to grassroots](#) Tory organisations. As BlondeMoney has said before, public opinion is key for a minority administration: a recent analysis of YouGov data suggested that over 100 ‘Leave’ constituencies [have swung](#) and would now vote Remain. If true, the ‘moderate-Remainer’ faction could gain momentum, but that will just make the No Deal noise louder. The markets will eventually force someone to deal their hand.
- Pres Trump continues to ramp up his trade rhetoric ahead of midterms in November. Following his [political faux-pas](#) with Putin in Helsinki, the State Department announced that Moscow had a hand in the Novichok poisoning and that they would put a bill to Congress which would [increase the sanctions](#) on Russia. Russia PM Medvedev responded: “*that’s a declaration of economic war*”, DJT knows this show of strength plays well with his Republican voter base. The Donald also aimed his twitter gun at embattled Turkey Pres Erdogan: only a few minutes after USD/TRY hit 7.0000, he announced a [doubling on metal tariffs for Turkey](#) unless American pastor [Brunson was freed](#). Brunson has been incarcerated in Turkey for over 2 years and has not lived in the US for over 20 years – raising questions over DJT’s sudden urgency. The inevitable [firing of FBI agent Strzok](#) also provided material for the White House to push their ‘it-is-us-versus-the-media’ agenda. Expect Trump to line up the enemies to keep his momentum going.
- Migration continues to be the decisive political topic across Europe. Italy’s populist government [turns away migrant boats](#)- “*[the boat] can go anywhere, but not Italy*”. Germany Chlr Merkel, having faced huge internal pressure to deal with the migration crisis within her own country, called the EU’s current ‘Dublin system’ for dealing with [asylum seekers as “not functional”](#) and hailed a joint “*European solution*” as the only answer. German media reported that during an informal meeting with new Spain PM Sanchez, Merkel was close to an [agreement for migrant repatriation between the two countries](#) and will try to arrange the same with Greece and Italy. While this is a huge political coup for Mutti, her Bavarian allies have taken a beating. We are now two months away from the key state elections. A [new poll from RTL and Forza](#) sees both the establishment CSU and SPD parties down 8-10 pct pts. The Greens are up 8 pct pts, and anti-establishment, anti-migration party AfD (who did not compete 5 years ago) enter the poll at 13%. Although 28% of voters see migrants as “*a problem affecting the region*”, 38% named the CSU as the bigger problem. Migrants are the scapegoat for general disaffection with the establishment. Until there is a clear political remedy, the continent will continue its move towards populism.

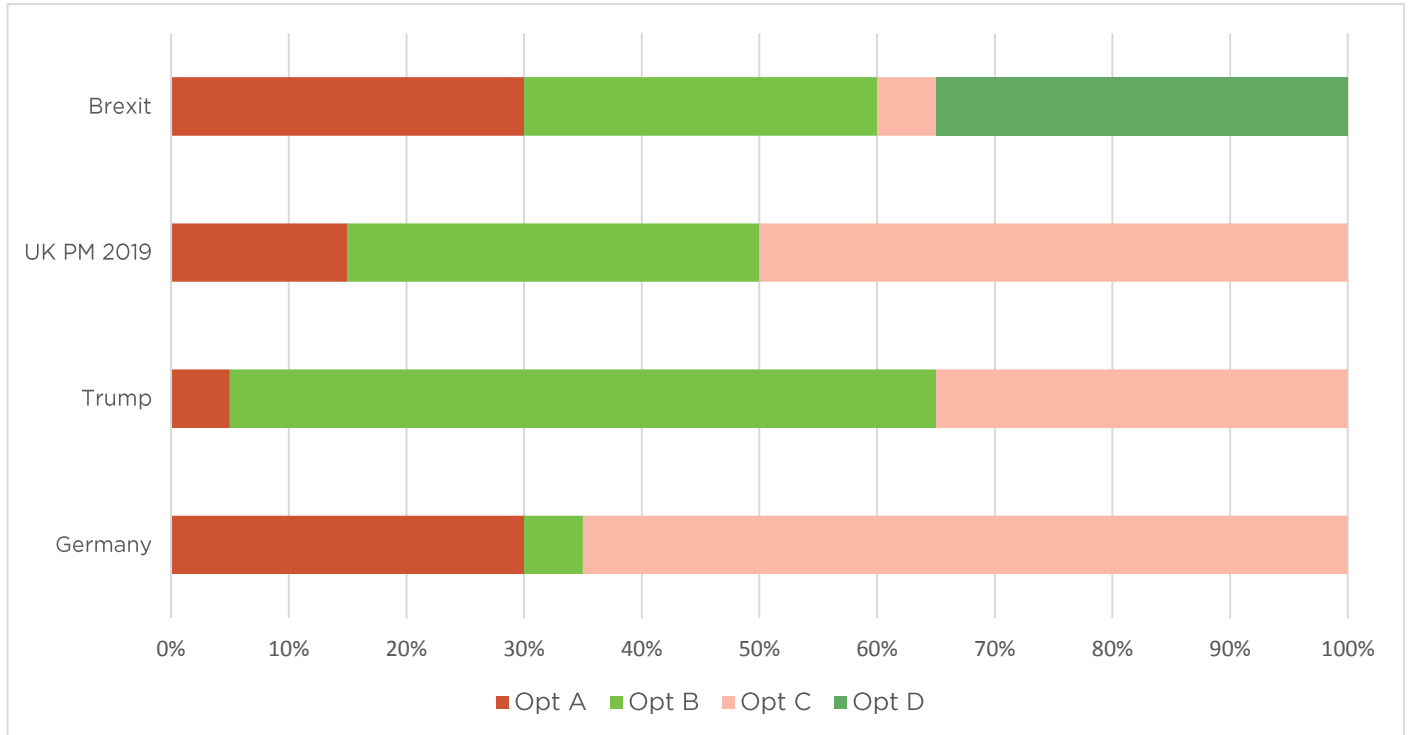
## Chart of the Week

Source: [Ipsos Mori](#)

**PLEASE TELL ME TO WHAT EXTENT, IF AT ALL, YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENT: THE LABOUR PARTY/CONSERVATIVE PARTY SHOULD CHANGE ITS LEADER BEFORE THE NEXT GENERAL ELECTION**



## 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*

