

# BM Political Highlights

Week Beginning 20/08/18

## Top 3 Political Stories This Week

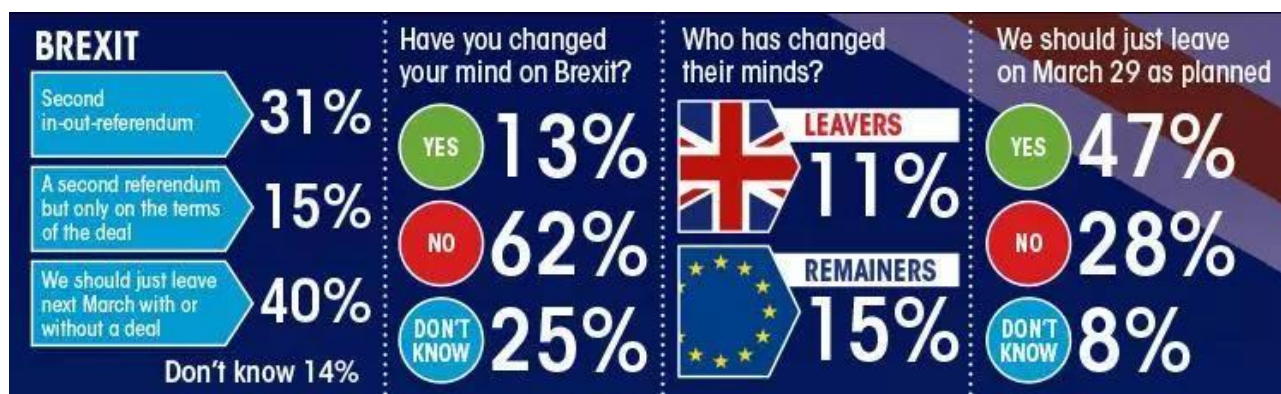
- UK [publishes](#) 70 documents on “No Deal” plans; [two-thirds](#) of asset managers draw up plans for hard exit
- Pres Trump [laments](#) Fed rate hikes and competitive devaluations; [Chinese delegation](#) arrives in Washington for trade talks
- Italy warns it may [breach](#) Eurozone deficit rules as [blame game](#) over Genoa bridge collapse continues

## BlondeMoney View

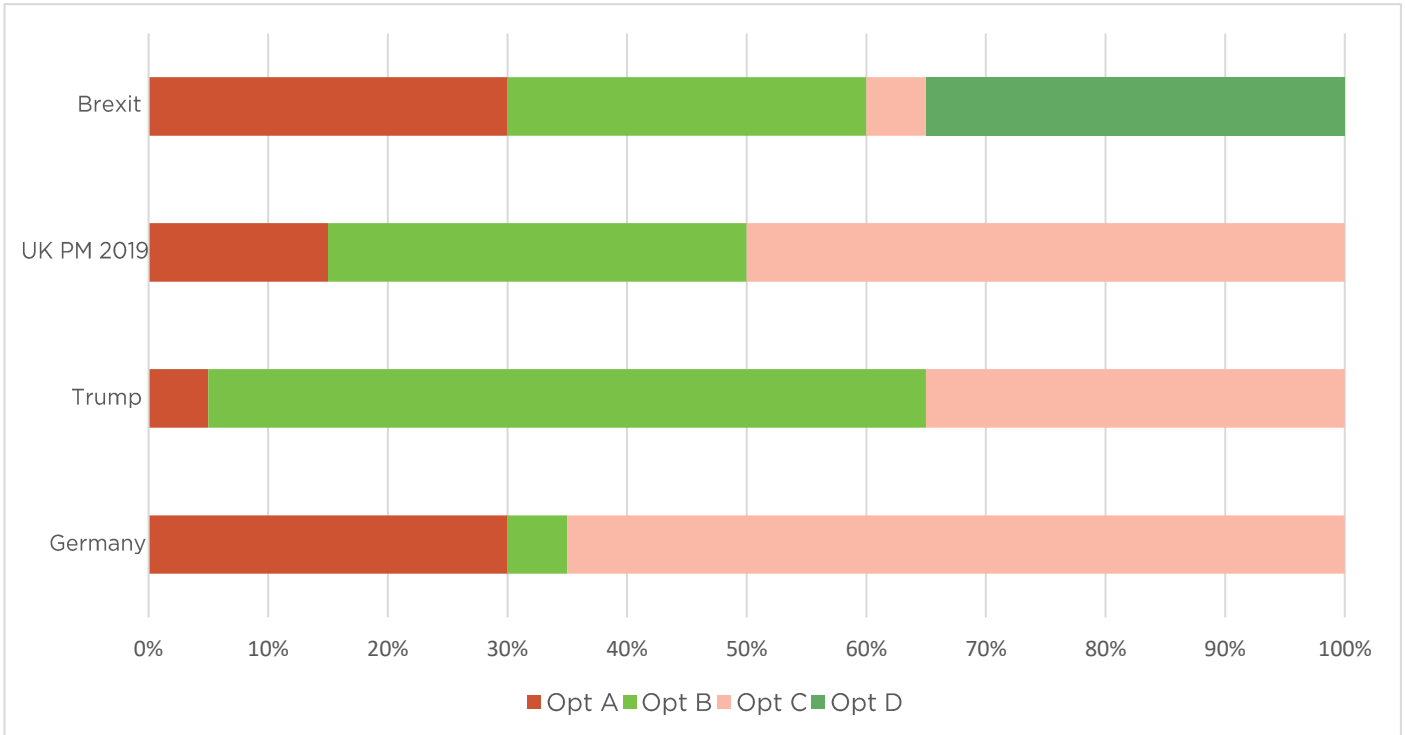
- The summer holiday is providing an ideal time for politicians to marshal their defences. Brexiteer-in-Chief Rees-Mogg gave a terribly polite but clearly threatening [interview](#) to the Sunday Times where he warned TM “*If she sticks with Chequers, she will find she has a block of votes against her*”. Former Tory leader and leading Eurosceptic Duncan Smith [told](#) Bloomberg the markets need to “*stop constantly panicking*”. That’s tough when the government releases [70 technical documents](#) on planning for “No Deal”, ranging from a need to quarantine your pets when travelling to the EU to the provision of medicines. Even new Foreign Sec Hunt is in contortions explaining all of this: he [earned Brexiteer rebuke](#) for wailing that ‘No Deal’ would be a “*huge geo-strategic mistake*” but [then warned](#) the risk of it was “*not negligible*”. Businesses must tread carefully through this political morass: no wonder the FT reported asset managers are putting [contingency plans](#) in place. A [YouGov poll](#) shows Labour could benefit from taking an anti-Brexit stance but they continue to be bogged down in anti-semitism rows. Is it any surprise that 59% of Britons declare themselves bored with Brexit? The [DeltaPoll survey](#) also shows half the country wants to leave next year, with or without a deal. As The Sun on Sunday declared: “Get On With It”. The markets have as little patience as the public on this.
- President Trump gave a [wide-ranging interview](#) to Reuters in which he confirmed [leaked remarks](#) from a Hamptons fundraiser last week that he wasn’t happy with the new Fed Chair: ‘*I’m not thrilled with his raising of interest rates*. Nor is he happy about Chinese Yuan and Euro ‘*manipulations*’. Nor does he sound confident about this week’s trade talks with China: ‘*I don’t anticipate anything coming out of it*. Everyone and everything else though, well that’s just great. Great guys. Great people. Great discussions. In case the Mueller probe doesn’t work out so great, he’s ready: “*I can go in, and I could do whatever – I could run it if I want*”. However, developments elsewhere have today thrown the Russia probe into a sharper context. Over the space of an hour, dubbed ‘The Worst Hour of Trump’s Presidency’, DJT’s former lawyer [Cohen pleaded guilty](#) to campaign finance violations and “*has information that would be of interest of Mr. Mueller*”. Then DJT’s former campaign manager Manafort was found [guilty of 8 charges](#) and could face a long stint in jail. The fallout from these convictions? DJT will continue to fight, publicly threatening shut down and undermine the probe. Mueller will be emboldened by his success, and may press for an interview with the President. Axios quotes ‘sources close to the White House’ that impeachment has moved from a hypothetical danger to a possible reality. If it gets to that point, DJT will make sure it plays well into his November timeline to boost GOP performance in midterms and his ‘them vs us’ story-line. With a void of political drama due to the summer, the President has the ability to dominate headlines and shape narratives. Expect him to do just that.
- With this week marking the exit of [Greece](#) from their bailout programme after eight years, Eurozone nations are reminded of the responsibilities imposed by membership of the Euro. The new Italian government, with a Budget to deliver and a desperate infrastructure tragedy to avenge, is drawing up the battle lines. Cabinet undersecretary and influential League MP Giancarlo Giorgetti [warned](#) speculators would be “*doing their job*” against a profligate government, but that “*it is up to us to be credible*”. Oh but if they’re not? ‘*I hope that [ECB QE] will go forward*. With QE in place, it’s no surprise he went on to warn that he would be [unable to rule out](#) a breach of the Eurozone’s 3% deficit rule. On Brexit, the EU have finally accepted that a deal might not be done by the October summit. Media reports say that the EU are planning [another EU summit in November](#) devoted just to Brexit. Also with France Pres Macron meeting Germany Chlr Merkel in [Sept to talk through Brexit](#) shows a renewed vigor in talks and that we can expect more action once the summer ends.

## Chart of the Week

Source: [Sun on Sunday](#)



## 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*

