

# BM Political Highlights

Week Beginning 03/09/18

## Top 3 Political Stories This Week

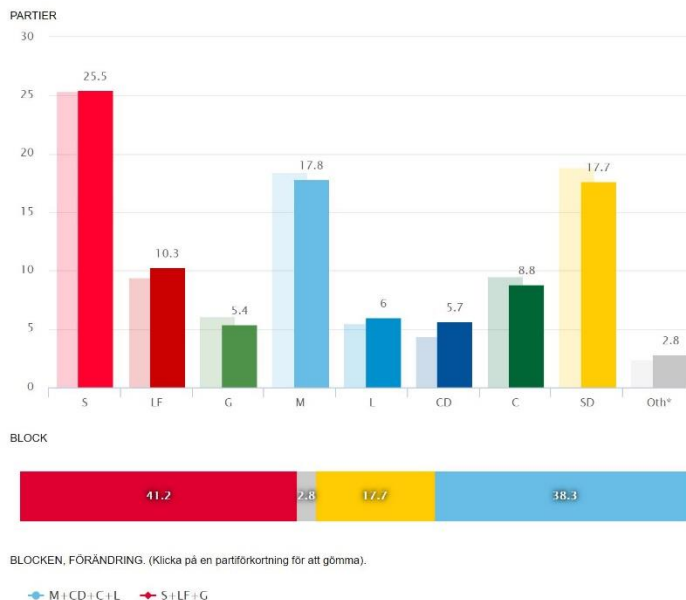
- Chequers Brexit deal “[not acceptable](#)” to EU; [David Davis](#) and [ERG](#) each to release their own versions; Labour Party National Exec Cttee elections [won](#) by pro-Corbyn candidates
- Pres Trump [threatens](#) to leave Canada out of new NAFTA deal with Mexico; next [China](#) tariffs could start Friday
- [Sweden's](#) anti-establishment parties lose ground ahead of Sunday's General Election; Italy's League [vows](#) to respect Eurozone budget deficit rules

## BlondeMoney View

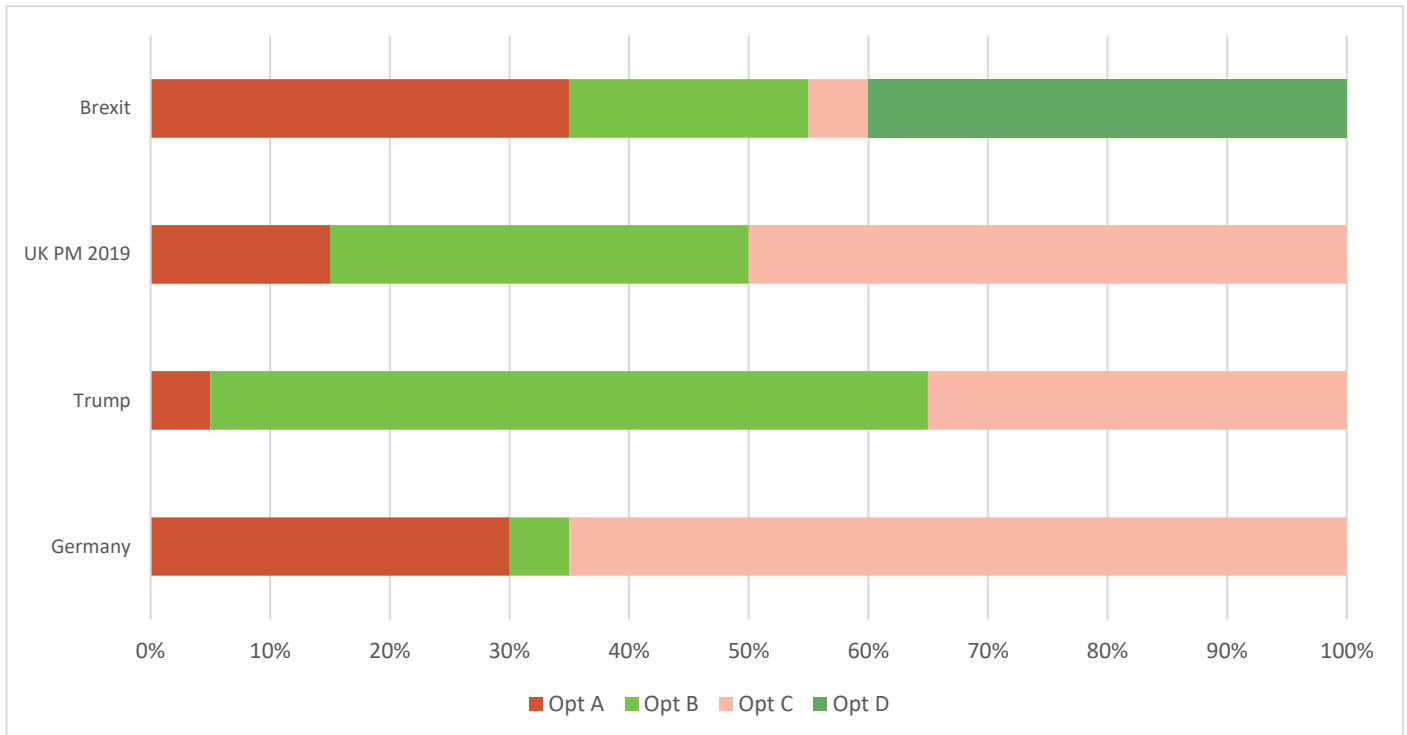
- There are only 13 days in which Parliament is officially sitting ahead of the alleged deal deadline of the EU Council Summit in October. The real battle remains within Britain's borders, as the PM's Chequers Deal goes the way of [the Norwegian Blue](#), with Parliament's Brexit sub-committee members declaring it “[dead](#)” following their meeting with EU's Barnier. Instead he supported [an alternative plan](#) based on the EU's free trade deal with Canada, at least according to the Eurosceptic MPs in attendance. This heralds the start of a plethora of alternatives: [Jacob Rees-Mogg's ERG](#) will be publishing their plan to exit on WTO rules just ahead of the Conservative Party Conference; [David Davis](#) is writing a foreward to one created by the Institute for Economic Affairs; and Cameroonian MP [Nick Boles](#) has proposed doing a Norway and entering the EEA for a transition period to give us more time to decide our final end point of becoming Canada. Meanwhile the clock ticks towards No Deal at all. [Merkel](#) says “we can't rule [that] out completely” as Germany hires more customs officers to prepare for that contingency. The Labour Party is happy to let the Government tie itself in knots, not least because of their own Gordian internal straitjacket over the ongoing issue of anti-semitism. Corbyn struggles but [his supporters gained ground](#) in this week's National Executive Committee elections, raising the risk of anti-Corbyn MPs facing de-selection ahead of the next election. Could this encourage them into the arms of the Tory government on the EU deal? We think not but it makes the future even more uncertain than it already is. We continue to expect these rows to cause market wobbles this month.
- President Trump wasn't happy that Canada's intransigence [prevented](#) the announcement of a new NAFTA deal last Friday. Negotiations continue so The Donald must be patient. A new trade deal would be a PR win going into the mid-term elections. With this in mind, the new slew of Chinese tariffs is due to [kick in](#) on Friday as soon as the public consultation period finishes. That would hit \$200bn of Chinese imports with a tariff of either 10% or 25% (DJT likes to keep us guessing). This would significantly ramp up the trade wars, as so far only \$50bn of imports have been hit. Elsewhere Watergate's [Bob Woodward](#) has published a book with further juicy gossip about the 'nervous breakdown' of a White House. This is grist to the President's anti-mainstream media mill and will only serve to embed the pro-and-anti Donald divisions ahead of the mid-terms.
- With anti-establishment parties performing so well across Europe, the focus now turns to Sweden. Their election on Sunday is expected to see the far-right anti-immigration Swedish Democrats achieve a top 3 place. Although all the other parties have refused to work with them, if they achieve the ~20% that they're [currently polling](#), then their support could be required for either the moderate left-wing or right-wing blocs to govern, with each of those blocs on ~40%. The Swedish Democrats have been losing ground over the summer, down from ~25%, but given that they only won 12.9% of the vote in the last election, they are still in a much stronger position than four years ago. There is much desire to blame this on Sweden bearing the brunt of the EU migration crisis, with the highest per capita number of migrants in Europe, but that as usual tells only part of the story. Rather, it is yet another example of anti-establishment sentiment that provides a challenge to political leaders across the developed world. In Italy, the League's Salvini is reaping the benefits of playing ball with the Eurozone, as his party storm into [a record high lead in the polls](#) even as he makes a placatory pledge to [respect Eurozone budget rules](#).

## Chart of the Week

Source: [Swedish Radio](#)



## 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
	<b>+5%</b>	<b>-10%</b>	0%	<b>+5%</b>
<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*