

BM Political Highlights

Week Beginning 10/08/18

Top 3 Political Stories This Week

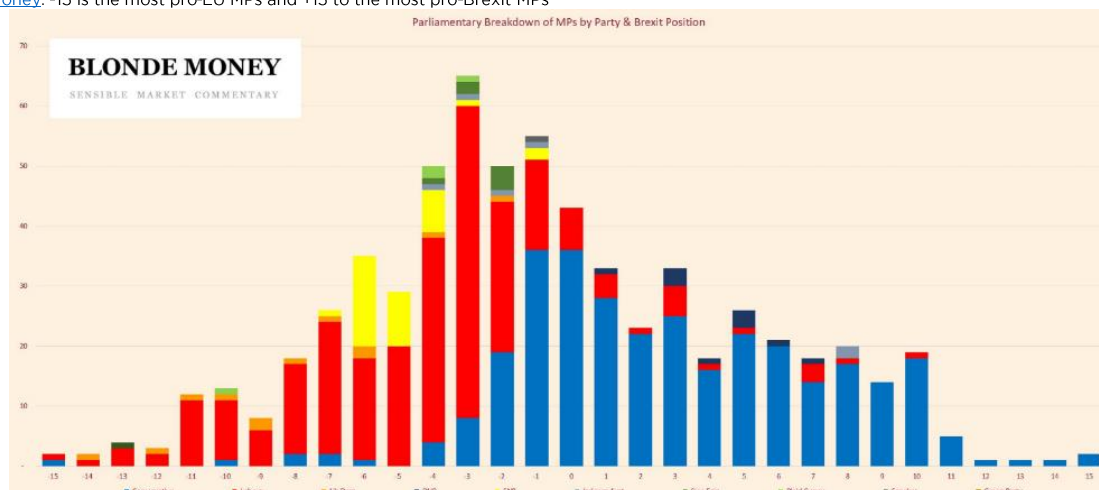
- Tory Eurosceptic MPs [fail to come to an agreement](#) over a Chequer's alternative White Paper; BoE Gov [Carney will stay](#) on until Jan 2020
- [Pres Trump](#) threatens to cut out Canada of NAFTA talks and seek bilateral Mexico deal; Trump Administration say [more China tariffs](#) are coming "very soon"
- Sweden elections lead to [no overall majority](#) with far-right Sweden Democrats gaining over 10 seats

BlondeMoney View

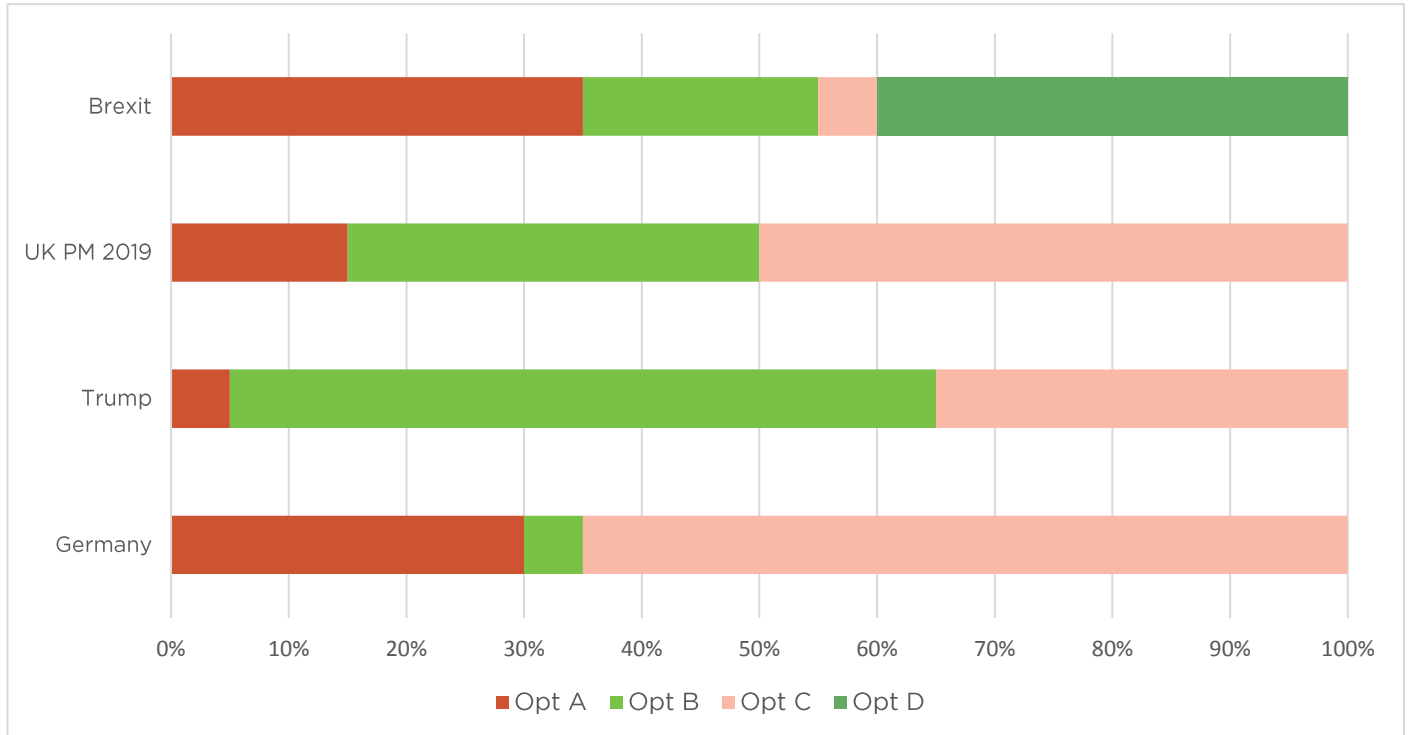
- BOE Gov Carney announced he would stay on until [Jan 2020](#) "to promote both a successful Brexit and an effective transition". As the bank moves to stabilise their leadership, political disorder continues at the top of the Tory Party. 50 MPs of the Eurosceptic ERG group met to discuss removing PM May (which was "[virtually the only topic](#)") even as they failed to produce their alternative Brexit White Paper. This is a distinct move away from [their stance of the last few months](#): 'they do not wish to unseat the PM'. As the date for the [November EU 'emergency Brexit' summit](#) is finalised this week, and ahead of Party conferences, both sides of the Brexit debate prepare to make their move to drag the PM's Brexit position towards their own. Labour supporters continue to call on their party to capitalise on the ever-increasing rift within the Conservative Party but Corbyn is too preoccupied with Labour's [ongoing disarray](#) following on from last week's antisemitism row. For markets, EU Barnier's comments on there being a "[realistic](#)" [chance](#) of a deal come November has seen some confidence return, however the chance of No Deal still remain uncomfortably high. An upcoming BlondeMoney special will highlight the difficulties any deal will face in a 'meaningful vote' by the House of Commons (see the Chart of the Day for a taster!).
- The NAFTA talks continue with the Trump administration announcing that a final agreement is expected soon, once the Canadian side of the deal is concluded. As Canadians allow a [concession on dairy](#) and lumber products, they stand firm to forbid the purchase of [domestic media companies by US behemoths](#). President Trump has made significant ground on one of his headline 2016 campaign pledges and delivered NAFTA. A "[locked in](#)" agreement between the US and Mexico will be used to turn the screw on Canada. Comments by Mexico Econ Min Guajardo suggesting Mexico could enter a bilateral deal and scrap NAFTA altogether will also worry Ottawa. The ball remains firmly in Canada's court with the clock ticking down. Not one to shy away from a second front, Pres Trump turned his [twitter gun](#) towards China, threatening more than [\\$200bn more tariffs](#) on Chinese imports. This takes on added significance as DJT accused Beijing of a lack in effort and hindering US-led progress in N Korea. Eager to play to his voter base, reports suggest that the White House will organise [another N Korea-US summit](#) ahead of the midterms as DJT hopes to get another national boost in the polls.
- Sweden's election concluded with a celebration for the far-right Swedish Democrat after winning 14 new seats. Both the centre-left bloc and the centre-right moderates were [left licking their wounds](#) after suffering a combined loss of 29 seats. With both blocs tied neck-and-neck, the situation is reminiscent of Germany this time last year; expect a long custody battle for governance. As for populism flaring up in the EU, Germany Chlr Merkel [voiced her anger](#) over the ongoing debacle following the death of a German national in an altercation with two Afghans. In a move to stop this trend, the European Parliament is deliberating [punishing Hungary PM Orban](#) over the rule of law in Hungary – which the Parliament sees as limiting free speech and other EU fundamental rights. Whilst the occasion marks a large dissent within the EU, Commission Pres Juncker used his [State of Union speech](#) to placate members on the migration crisis suggesting the Bloc should only allow "[qualified migrants](#)" in. Migration continues to dominate European politics, and until the EU seeks to address it, populism will remain on the rise.

Chart of the Week

Source: [BlondeMoney](#): -15 is the most pro-EU MPs and +15 to the most pro-Brexit MPs



BlondeMoney Probabilities:



n.b. these are subjective estimates made by BlondeMoney

	OPTION A	OPTION B	OPTION C	OPTION D
BREXIT	No Brexit	Leave March 2019	Leave after March 2019	Disorderly Brexit
	0%	0%	0%	0%
UK PM JAN 2019	Jeremy Corbyn	Theresa May	Other	-
	0%	0%	0%	
TRUMP	Trump leaves before end of term (resigns, removed, Impeached etc)	Trump wins a second term	Trump leaves after one term	-
	0%	0%	0%	
GERMANY	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

