

BM Political Highlights

Week Beginning 19/11/18

Top 3 Political Stories This Week

- [DUP abstain from several votes](#) on PM May's Budget bill as they "had to do something to show [their] displeasure"
- Vice Pres [Pence attacks Chinese trade approach](#) at the APEC summit; Pres Trump suggests that US will not impose any new tariffs on China as "[China wants to do a deal](#)"
- Spain PM Sanchez threatens to [vote against the Brexit deal](#) should it not be amended

BlondeMoney View

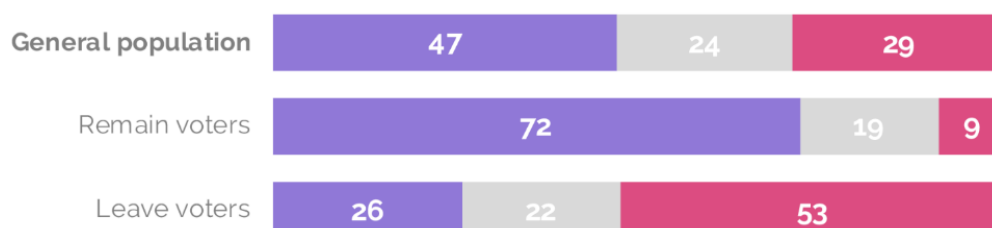
- After a tumultuous last week, PM May gained a little respite with installation of the party loyalist and Leave-voter [Barclay as the new Brexit Sec](#) and a welcoming of 'Remainer Rudd' [back](#) to Cabinet. Arch-Brexitteer Rees-Mogg's [theatrical announcement](#) that he and the ERG can no longer stomach May as leader, has (at the time of writing) [failed](#) to deliver and led to some internal strife with Brexiters accusing JRM of "[naivety](#)". A meeting of the 'Brexit Five' ministers (Mordaunt, Leadsom, Grayling, Gove and Fox) [was also cancelled](#) due to a lack of a "[united](#)" position. But PM May is not out of the woods yet. She is still worried about her job security as, although the mark of 48 letters of No Confidence has not been reached, some MPs will wait to see the results from Sunday's EU Summit before deciding to submit their letter or not. Her government has existential issues with the DUP firing a [warning shot](#) about the potential to break their 'Confidence and Supply' agreement by abstaining on recent Finance Bill votes. Should the threat become a reality, we believe that the Prime Minister would rather let herself be removed than be held responsible for allowing a potential Corbyn-led Government into power. We expect media leaks to settle down towards the end of the week with a glut coming as PM May leaves for Brussels as MPs try to leverage Downing St for more [concessions](#) on the Withdrawal Bill.
- It is now less than two weeks until China Pres Xi and President Trump meet at the G20 in Argentina. With US import tariffs set to jump to [25% on the 1st of January](#), the Trump Administration has framed this as the key event to push Beijing into giving concessions. After a flurry of cancelled and delayed [China-US trade meetings](#), the White House and the President have manipulated the situation to appear as though only Trump himself has the pragmatic persona to make deals happen. This has been seen before: in Singapore with N Korea's Kim and in Helsinki with Putin – both meetings have had little or, in some cases, [detrimental](#) impacts on relations. The Administration remains optimistic of a breakthrough, with [Commerce Sec Ross](#) calling the meeting the "[key event](#)" and expects a "[framework](#)" for others to build upon. However, [US diplomats reported](#) that China's preliminary trade offering to the White House is "[unlikely to spur a major breakthrough](#)". We expect nothing of substance to come from the meeting, except an agreement to have more talks (much like Kim in Singapore – the meeting is more important than the result). However, President Trump, who is sensitive to financial market movements, will not want a flat market heading into meeting with Xi, so will orchestrate [China positive stories](#) to give himself some momentum before Argentina.
- With Germany's Merkel looking increasingly likely to leave before her 2021 date, Italy in open rebellion, and France's Macron domestic popularity continuing to weigh him down, a power vacuum is opening at the top of the power structure within the EU. The final stretch of Brexit negotiations comes at a tricky time. Germany and France are putting the pressure on moving the process forward, repeating that the Withdrawal Bill is "[as good as it gets](#)" to Downing St, but each country is now trying to extract their concessions. France wants access to UK fishing waters, and Spain PM Sanchez has threatened to [veto the Withdrawal Bill](#) unless the Gibraltar-Spain border is negotiated separately. Spain Foreign Min Borrell threw in the hand grenade that Brexit will mean the UK breaking up, and offered a lifeline to the SNP and Scotland by suggesting they would be "[welcome](#)" to re-join the EU. However, Madrid has its own domestic problems, with [reports](#) that PM Sanchez has told a number of ministries to prepare to function without a budget as his minority Government is unable to pass one. With Italy already in [open revolt against the EU](#) on their budget plans, Brussels will be keen to avoid another Western member state getting into fiscal and political trouble.

Chart of the Week

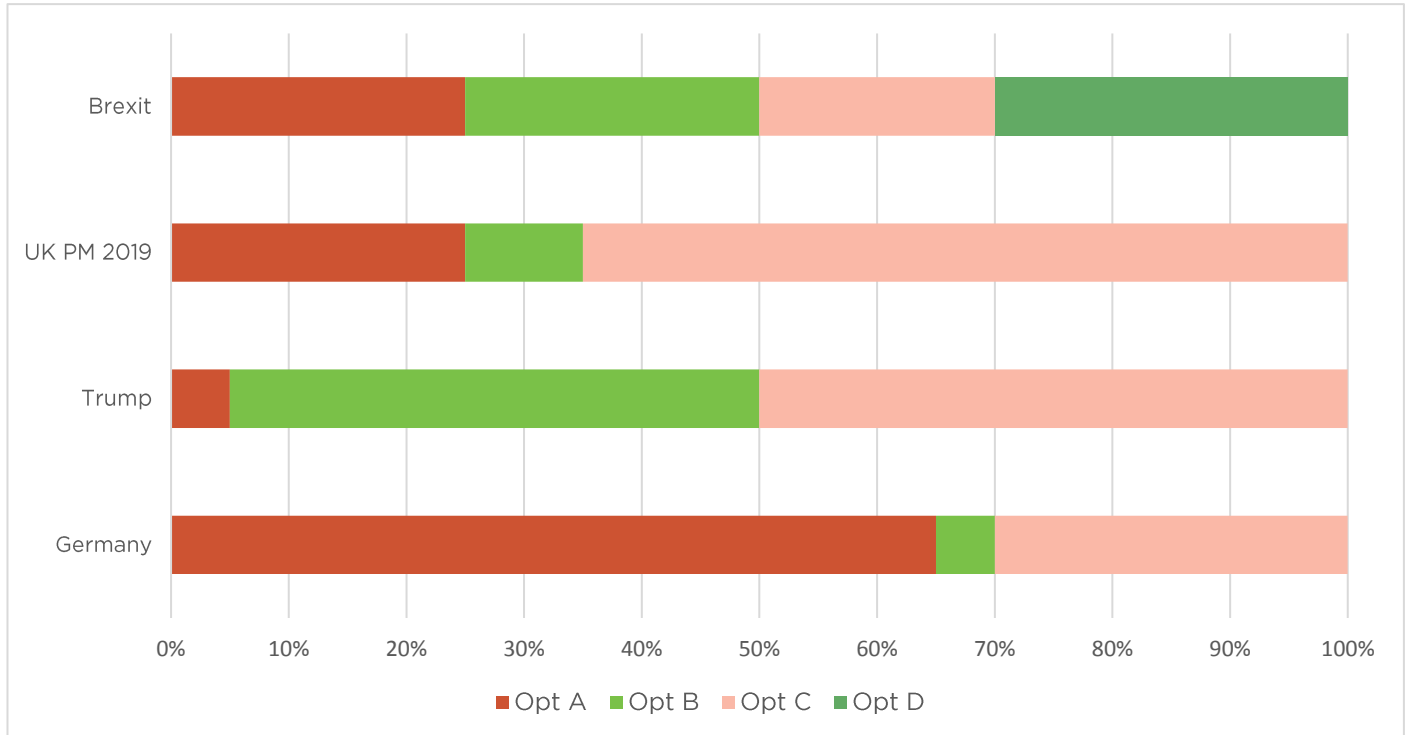
Source: [YouGov](#)

If a second referendum were to be held on whether the UK should remain in the European Union or should leave it, what do you think the outcome would be? %

■ Remain would get the most votes ■ Don't know ■ Leave would get the most votes



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
	+5%	-15%	+5%	+5%
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	-
	-5%	0%	+5%	

Change in percentage points from last week's edition

