

BM Political Highlights

Week Beginning 26/11/18

Top 3 Political Stories This Week

- Some Cabinet members warn PM May she should abandon the Meaningful Vote as she could lose it by [up to 200 votes](#)
- White House Economic Advisor Kudlow hopes for a *“breakthrough”* in China talks; President Trump renews [attack](#) on Fed Chair Powell
- EU wants to initiate [excessive deficit proceedings against the Italian Govt](#) before Christmas with December 19th suggested date

BlondeMoney View

- MPs piled in again during the Prime Minister’s statement to the House, with over 31 MPs attacking her deal before the 32nd ([former Education Min Morgan](#)) became the first to offer a supportive word. While the media and some *louder* Tory MPs think it is a foregone conclusion that May will not get the votes she needs from her own party, there are signs that some have begun to waver. ERG member Chris Davies MP has come out [in support of the deal](#) as he was worried about the alternative i.e. the reversal of Brexit. With the date for the meaningful vote set for the [11th of December](#), PM May and her advisors have given themselves 2 weeks to turn more MPs to her side. Economic reports from the Treasury (released today) are unlikely to swing Brexiteers – who called the reports a *“rehash of Project Fear”* – but could swing some pragmatists with warnings of *“economic shock”*. May has also taken personal charge of selling her deal, surprising many by suggesting a [live-TV debate with opposition leader Corbyn](#) (something she flatly rejected in the 2017 campaign). Despite arguing that it’s Her Deal or No Deal/No Brexit, the PM is now going to allow [amendments](#) to be tabled. This should reveal who really does want, for example, a second referendum. Could this bloc of MPs force policy in their direction? ([click here](#) to see what support May can rely on from Labour). Public opinion will remain the swing vote for many MPs, and a recent poll suggests [52% of the public](#) think May’s deal is the *“best on the table”*. It is going to be a very noisy fortnight.
- This Saturday’s meeting between China President Xi and US President Trump at the G20 is the only planned meeting between the two before the New Year and the implementation of new US tariffs. President Trump reiterated his threat that it was *“highly likely”* the tariffs on \$200bn of Chinese goods would be levied should the US-China talks fail. This threat will be used as leverage to try and win some concessions from a, so far, stubborn Chinese delegation. Chinese delegates and Treasury Sec Mnuchin have repeatedly organised and cancelled high level meetings, and senior members of China’s gov’t have warned of *“dire consequences”* should the US maintain their hard-line position. President Trump also touched on *“maybe”* introducing levies on Apple products although the White House seemed keen to distance themselves from this play due to increased consumer prices in the US and bad optics. Trump’s Administration has been incredibly sensitive to stock market movements with the The Donald this week [renewing his attack](#) on Fed Chair Powell. He has his scapegoat ready should the market tank on poor China news.
- Italy, after months of defiance, has slowly started to back down to the EU on their budget proposals. 5-Star leader and Dep PM Di Maio told reporters his party will allow the budget deficit to come down as they are *“not important”* as long as it contains their landmark policies. Even though these policies could be under threat as another 5-Star official leaked that they will [defer implementing](#) their landmark universal citizens’ income policy as the budget constraints tighten. As talks between Italy PM [Conte and EU Juncker](#) continue this weekend, EU Dombrovskis warned that any Italian changes must be *“substantial”*. The EU are not backing down, with the European Council expected to approve the Commission’s recommendation to launch the Excessive Deficit Procedure against Italy [as early as this week](#). With this coming to a head at the same time as the Brexit vote, we think the EU will find itself on the backfoot in December, up against criticism from both Italy and the UK over its heavy-handed disciplinary approach towards populist movements representing ‘the will of the people’.

Chart of the Week

Source: [Guardian](#)

413 voting against the deal



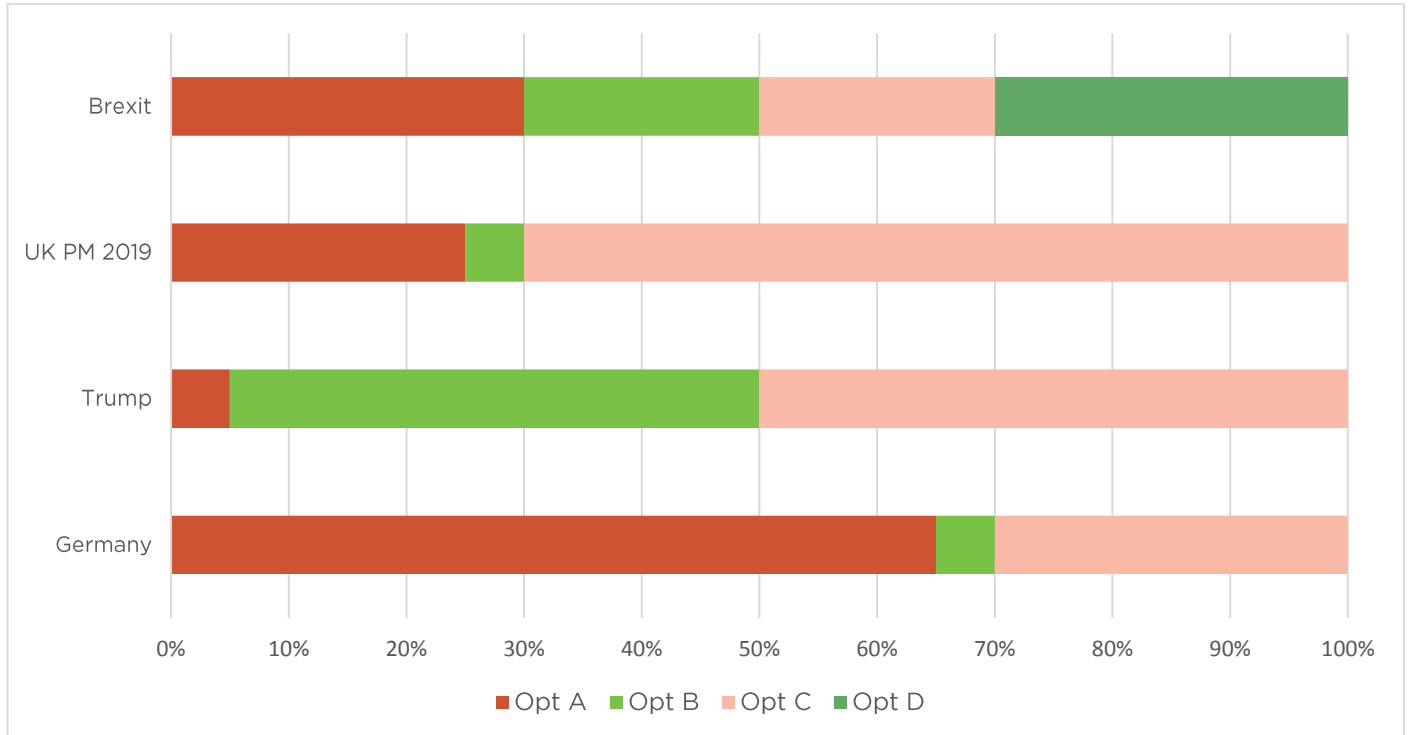
and 11 LibDem 10 DUP 1 Green 4 PC 3 Independent

226 voting for the deal



and 1 Labour 1 LibDem 2 Independent

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%	-5%	0%	0%
UK PM JAN 2019	Jeremy Corbyn	Theresa May	Other	-
	0%	-5%	+5%	
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

