

BM Political Highlights

Week Beginning 01/04/19

Top 3 Political Stories This Week

- PM [May asks for Labour leader Corbyn to help](#) her reach a Brexit “*compromise*” in order to “*break the logjam*”
- White House Economic Adviser Kudlow: China talks could [stretch for “months”](#); President Trump threatens to use executive powers to [close Mexico-US border](#)
- [EU leaders meet](#) ahead of emergency Brexit EU council next week; Spanish polls show [centre-right coalition](#) including Vox could govern

BlondeMoney View

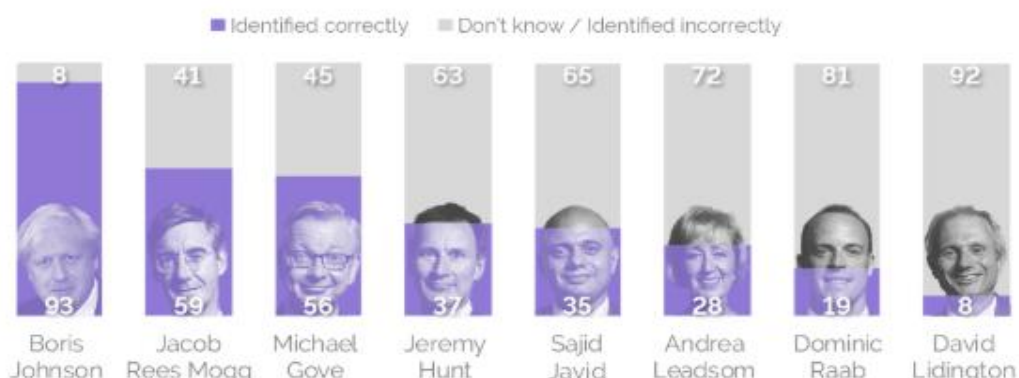
- After a mammoth 7-hour Cabinet meeting, PM May finally puts a deal ahead of her Party politics, turning to the Labour party to try and [build a cross party “compromise”](#). Failing that the PM will hold Govt-endorsed indicative votes to find a way forward as well as another extension from the EU – and all this done [before the end of the week](#). While at the time of writing, there has only been [one ministerial resignation](#) (from Minister for Wales and Govt Whip Nigel Adams), backbench Brexiteers and the DUP are [unimpressed](#) with the latter saying her move “*comes as little surprise*”. Although angry Brexiteers can’t remove the PM in a Party Leadership vote, they still have the Government No Confidence option if they want to go nuclear. As we outlined in [more depth here](#), Labour needs to be sure to outmanoeuvre May and try to extract a price for their cooperation – potentially a confirmatory referendum. There still is no guarantee that even with Labour’s help, May’s deal will pass. Some Tory MPs have already expressed that [any softer Brexit will lead them to vote it down](#), and pro-EU MPs will still want to revoke Article 50. While all of this goes on in Westminster, there is no guarantee from the EU that they will cooperate. Although Tusk has called for patience, Macron has said the [EU cannot be “hostage” to the ongoing political crisis engulfing the UK](#). We still think No Deal remains the default, and although the path to a softer Brexit has become much clearer – it does not make the numbers easier. Parliament remains unable to find a majority for anything, and GBP pricing should reflect that in the coming days.
- Pres Trump drops back down to Earth after riding high from his Mueller win. Having [overreached on Obamacare](#) and seeking to defeat it in the courts, Trump was forced to [reverse](#) his comments stating the vote will happen “*right after the election when Republicans hold the Senate and win back the House*”. This, coupled with China talks stalling [despite 90% being agreed](#), and potentially warping into a deal which will [not make the Chinese market more ‘open’](#), illustrates how Trump’s re-election build-up is not going quite to plan. Not one to go quietly, Trump has pivoted to a tried and tested policy to keep his 2020 plans on track: immigration and the southern border. Knowing his base becomes energised on the topic, Trump has [vowed to close the border](#) even if it impacts on the economy: “*security is more important than trade*”. In a bid to up the pressure on split Congress to pass immigration laws, Trump has added “*I’m not playing games*” hoping to pressure Democrats into action. With impeachment now a distant possibility, it is unlikely that the Pelosi will yield any ground with immigration the [keystone to many 2020 candidates’ campaigns](#). Trump will keep the argument alive.
- Europe remains gripped by Brexit drama. The limbo in Westminster continues to dominate the international agenda with [incumbent leaders busy](#) with negotiations between themselves and Downing St. EU member states are shaping the Brexit debate to help their own domestic agendas ahead of elections; nowhere more so than Spain with their [General Election](#) before the European elections in May. Incumbent PM Sanchez has continued to rise in the polls, although [not enough to control an outright majority](#). The chance of a centre-right coalition with the far-right Vox party ruling in Madrid is now a serious contender to Sanchez and his Socialists. Sanchez is hoping to reverse this change by sucking up voters that the nationalistic and anti-immigration Vox party would normally capture. This includes the [disbandment of a volunteer coast guard](#) designed to pick up immigrants who have capsized in the Med and a hardening of sentiment towards Catalan independence. Sanchez can now use Brexit concessions on Gibraltar in exchange for Article 50 extension to further boost his nationalist credentials.

Chart of the Week

Source: [YouGov](#)

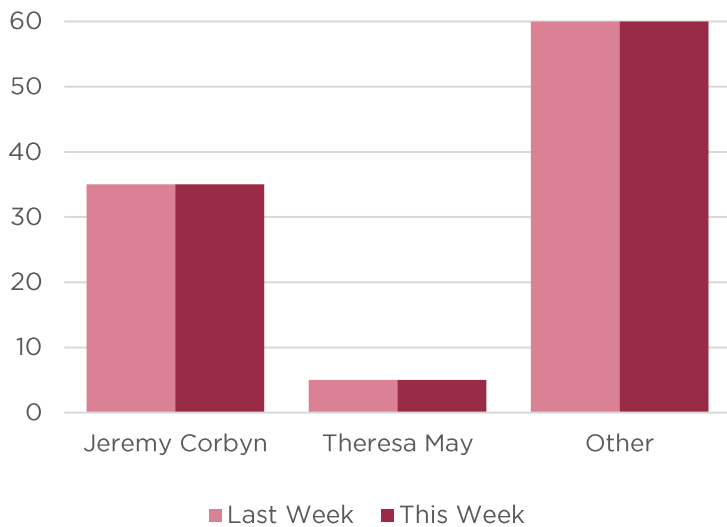
Which Conservative leadership hopefuls do the public recognise?

We are now going to show you some pictures of public figures. For each, can you please write in the text box who you think it is. If you are not sure please select ‘Don’t know’. %

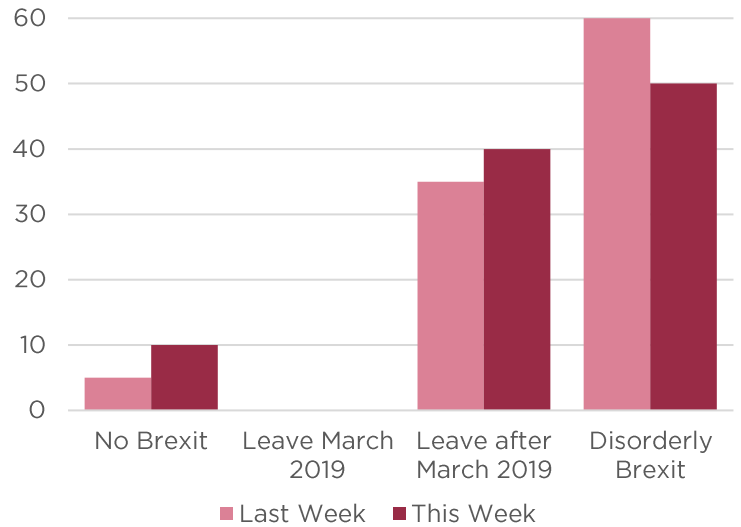


BlondeMoney Probabilities:

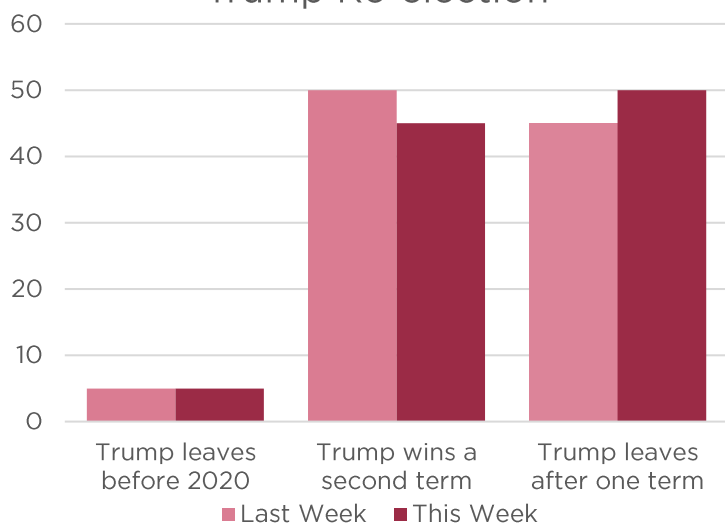
UK PM in Jan 2020



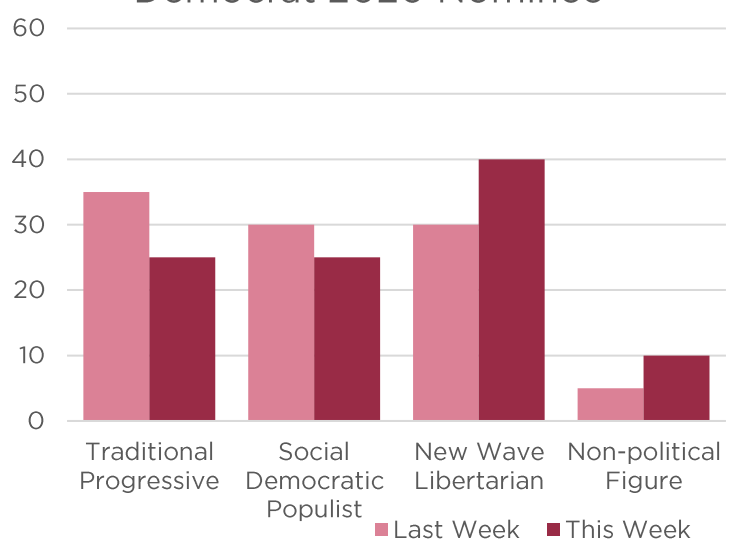
Brexit Outcome



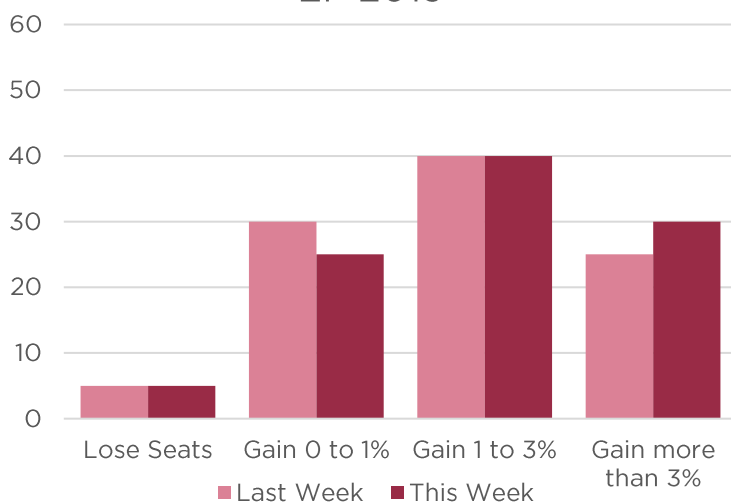
Trump Re-election



Democrat 2020 Nominee



Populist Party Performance in EP 2019



- UK PM Jan 2020: PM May remains in place and no one else wants to take on the role. She shouldn't last the year, but stranger things have happened.
- Brexit: PM May's cross-party approach could yet yield the passage of her Deal. If not, No Deal remains the default.
- Trump: Trump fails to capitalise on his big Mueller win for the 2020 campaign.
- Democrat Nominee: Biden's fall from grace coincides with a surge in support for outsider 'Mayor Pete' and O'Rourke who are dominating national and international headlines. Bloomberg announces he may consider running after all.
- EP Election: The populists' performance is now linked how well the EU deals with the ongoing Brexit conundrum. Too soft, and the EU will be accused of giving in and too hard, accused of beating down the UK.