

BM Political Highlights

Week Beginning 27/05/19

Top 3 Political Stories This Week

- PM May [announced](#) she will step down as leader of the Conservative Party on the 7th of June
- Pres Trump on Iran says '[nobody wants to see terrible things happen](#)'.
- Discussions over who should be the next President of the EU Commission began this week, with reports suggesting the process [could take months of negotiations](#).

BlondeMoney View

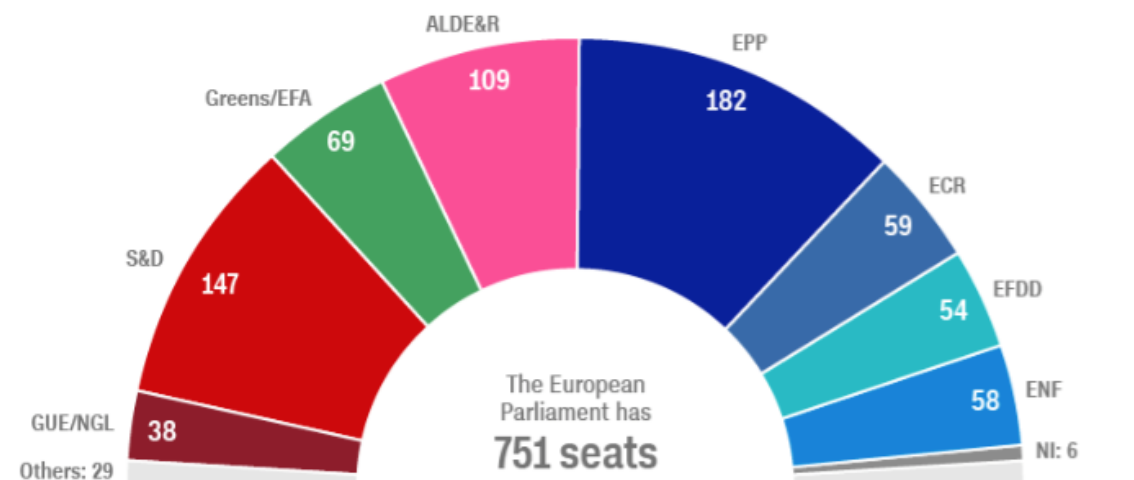
- Within days of Theresa May's [tearful resignation](#) speech on the steps of Number 10, the cast of the UK's latest political soap opera reached double figures – [11 Conservative MPs](#) are now in the running to replace the PM as party leader when she steps down on the 7th of June. In a bid to differentiate himself from fellow pro-Leave hopefuls, Michael Gove became the first to reveal any concrete policy proposals by announcing that he would offer EU nationals living in the UK [free citizenship](#) after Brexit. Meanwhile, it was a poor night for both main parties as they took heavy losses in the European Parliamentary elections. Even Corbyn's closest allies began to [question his muddled Brexit policy](#) in response, with John McDonnell and Emily Thornberry both putting their weight behind calls for a people's vote. While all eyes are on the Conservative leadership election, we shouldn't ignore the impending conflict Corbyn will face if he continues to ignore ministers and membership alike over Brexit. Both Labour and Conservative will now tack further to Brexit extremes, increasing uncertainty over whether we end up with No Deal or No Brexit. UK assets should build in this risk premium.
- Pres Trump blustered his way through yet another conflict-filled week this week, finding himself in confrontation with politicians on both sides of the aisle. After the brief possibility of cross-party compromise on infrastructure, the President [stormed out](#) of a meeting with Democratic leadership. Citing Rep Pelosi's claim that he had been involved in a '[cover-up](#)', Trump blamed Democrats for the break-down in negotiations. However, criticism of the President was not limited to the blue side of the Capitol this week, with Republican Senator Joni Ernst calling the trans-pacific trade war '[hurtful](#)'. A tame criticism yes, but a criticism nonetheless. This is indicative of the choice that many GOP politicians will be faced with as 2020 approaches: to support the President in his trade wars and risk losing key rural voters or to turn on Trump in a bid to win back those voters which are key to victory in states such as Iowa and Wisconsin.
- As the European Parliamentary elections concluded on Sunday, leaders wasted no time in beginning [the selection process](#) for many of the EU's top jobs. [Pres Macron met with PM Sanchez of Spain](#) in Paris to discuss who should be the next EU Commission Pres, with a potential progressive coalition on the cards. The EPP candidate (Manfred Weber) will be difficult to beat though, having both the largest number of seats in the European parliament as well as the backing of Chllr Merkel. Pres Macron will be hoping to use the commission presidency to bolster his sway in Europe, [despite his party coming second](#) to Marine Le Pen in the EP elections. There was more good news for populist parties across Europe too, as they won [227 out of 751 seats](#). Anti-establishment forces are strong given the [success of the Green candidates](#). Europe must now decide how it wants to move forward, but with a much more fragmented political system.

Chart of the Week

Source: [CNN](#)

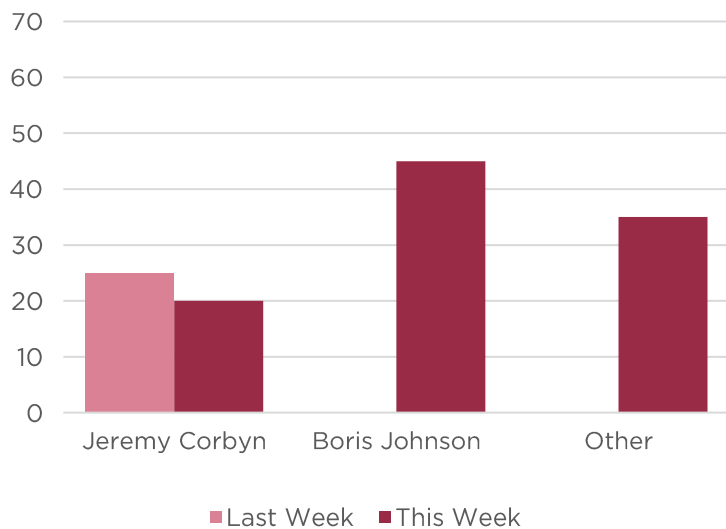
European Parliament projection for 2019-2024

Provisional results 2019

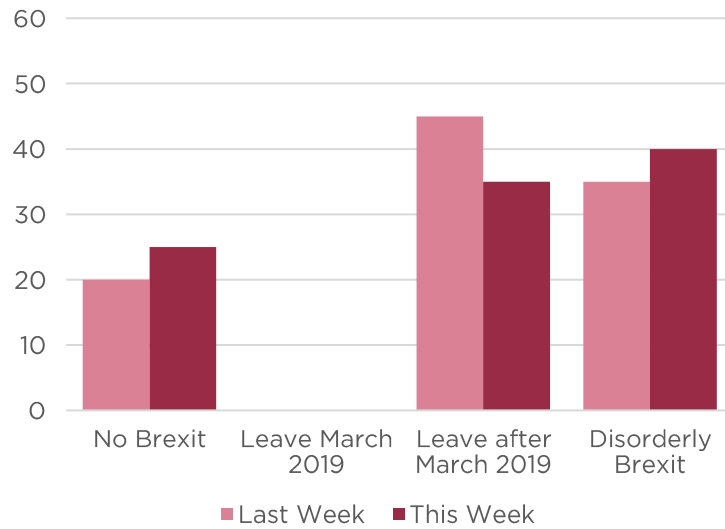


BlondeMoney Probabilities:

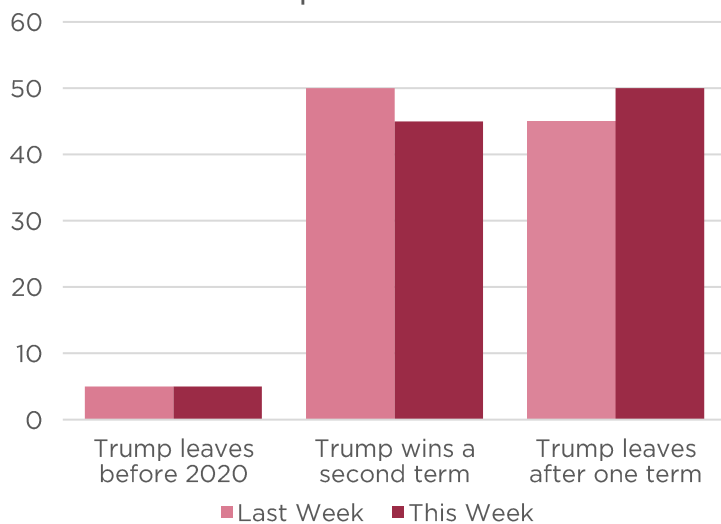
UK PM in Jan 2020



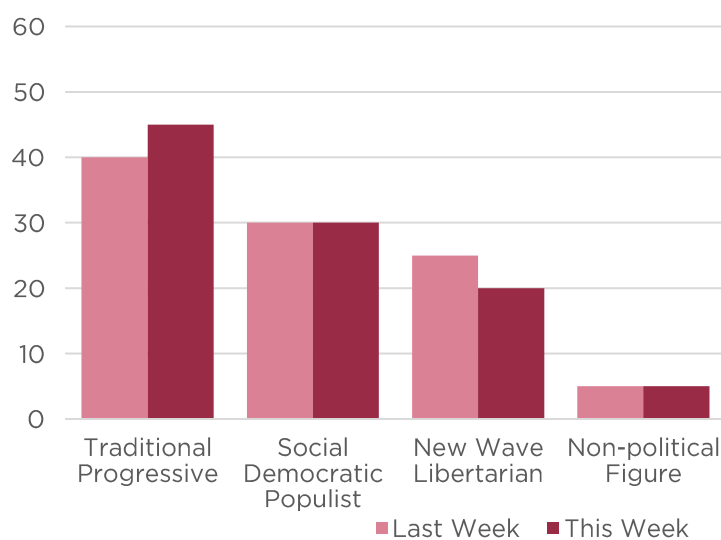
Brexit Outcome



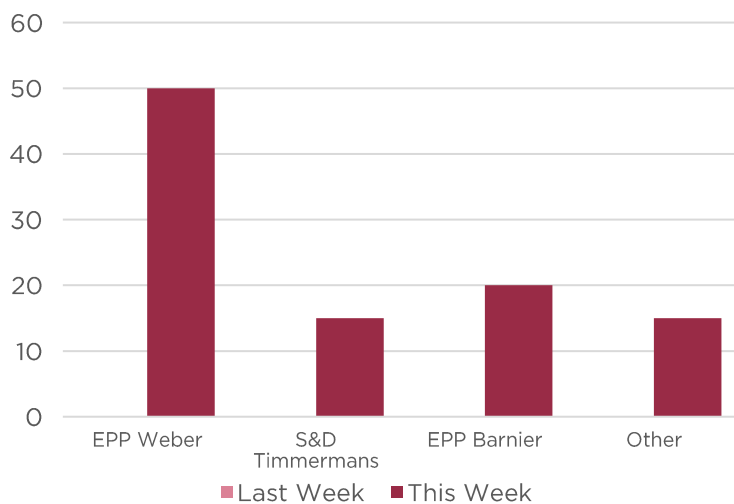
Trump Re-election



Democrat 2020 Nominee



Next EU Commission President



- UK PM Jan 2020: Boris Johnson is the immediate favourite to replace PM May when she steps down in June. Jeremy Corbyn's chances of becoming PM took a hit following poor European Parliamentary election results and a mini-mutiny on his front benches by McDonnell and Thornberry.
- Brexit: The main frontrunners to replace PM May in Number 10 continue to express their willingness to exit the EU without a deal. Also, the EU elections saw a large proportion of the vote go to parties either supporting a 2nd ref or a no deal Brexit.
- Trump: Pres Trump continues his trade war with China, despite increasing concerns over potential damage to the agricultural sector. In doing so, the President risks losing a group of voters that were crucial to his 2016 victory.
- Democrat Nominee: Despite intense scrutiny of his voting record this week, Joe Biden continues to lead the way in the polls. This is an indication that the former VP has the staying-power necessary to be successful in the marathon-like campaign that lies ahead.
- EU Commission Pres: With the *Spitzenkandidat* system of choosing the lead candidate from the leader of the ruling coalition itself under pressure, Germany's choice of Weber could struggle given the success of Macron's LREM party.