

BM Political Highlights

Week Beginning 03/06/19

Top 3 Political Stories This Week

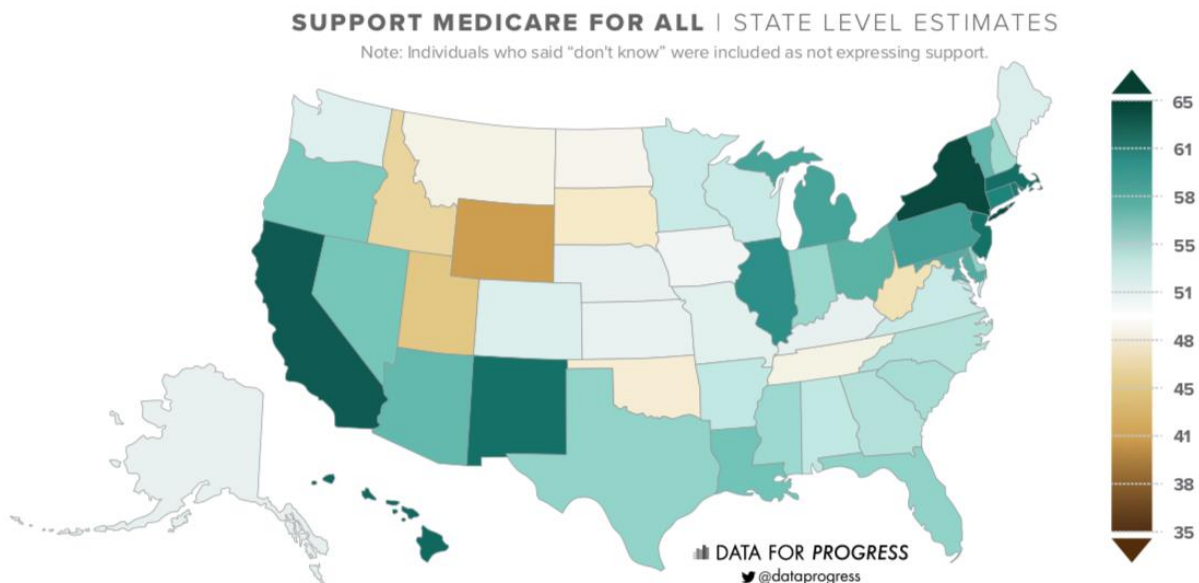
- The Conservative Party [changes the rules](#) to choose its next leader in order to speed up the process
- Pres Trump reaffirmed his commitment to a [post-Brexit trade deal](#) with the UK
- Merkel's coalition partner loses its head as [its leader resigns](#), while Italian PM [threatens to resign](#) if his coalition can't work together

BlondeMoney View

- This week saw James Cleverly and Kit Malthouse become the [first casualties](#) in the race to replace Theresa May at Number 10. They withdraw after rule changes mean that candidates must receive [at least 8 nominations](#) to progress onto the next ballot. MP support will be key as 16 votes then 32 [will be required](#) to stay in the race for one of two coveted spots on the final ballot. Initial endorsements point towards a battle between [former cabinet colleagues](#), with Jeremy Hunt set to represent the moderate wing of the party and Boris Johnson the Brexiteers. With one eye clearly on the membership ballot which will ultimately decide this race, [Johnson announced](#) that he would increase education funding and cut taxes if he were successful. President Trump has evidently decided who he thinks the next PM might be, [arranging to meet](#) Jeremy Hunt and Michael Gove as well as Boris. He also reserved time for [Nigel Farage](#). One man he didn't meet was Jeremy Corbyn, who [spoke at a protest](#) against Trump in Trafalgar Square instead. It's clear who Trump would rather strike a trade deal with, and where he sees the balance of power resting in the UK.
- Pres Trump was on his best behaviour this week as he [arrived in the UK](#) for a state visit. In an uncharacteristically cordial press conference with PM May, the President spoke positively with regards to a range of UK-US issues. Trump reaffirmed that a post-Brexit trade deal was still very much on the cards. Also, the President reassured PM May that transatlantic intelligence cooperation would not be compromised by Huawei's involvement in the UK's 5G network. Although such positive steps are undoubtedly encouraging, it is important to remember that if the 'tremendous' trade deal Trump speaks of is to come to fruition, it likely rests largely on his re-election in 2020 – not yet a foregone conclusion. Meanwhile, a [5% tariff on Mexican goods](#) is set to come into effect this week, in an attempt to pressure Mexico into taking greater action to prevent illegal immigration to the US. We expect trade tensions to continue to increase.
- It was a turbulent week on the continent this week as the [leader of the SPD in Germany resigned](#), following recent poor electoral performances. This has called into question the longevity of Angela Merkel's coalition and indeed career, with the possibility that any new leader could withdraw from the current coalition upon taking office. It is becoming more difficult for Merkel to continue until her planned departure in 2021, but she's a survivor and would try to create a new coalition or tough it out in a minority government before admit defeat. Elsewhere, PM Conte of Italy is [threatening to resign](#) unless tensions within his government are rectified. With a potential dispute with the EU over budget deficits on the horizon, Conte will be eager to unite his government in order to pass a budget that is both acceptable to the Italian people and acceptable to the European Union. Finally, the race to become the next EU Commission Pres is set to begin on Friday, [as top officials gather in Brussels](#) to begin negotiations.

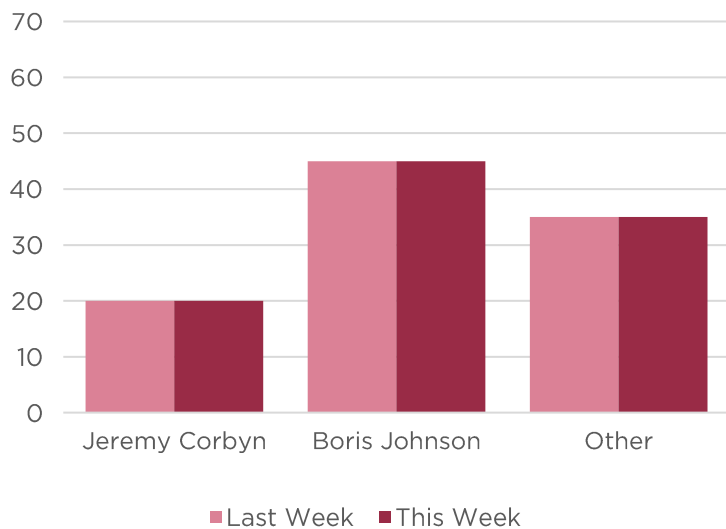
Chart of the Week

Source: [Data for Progress](#)

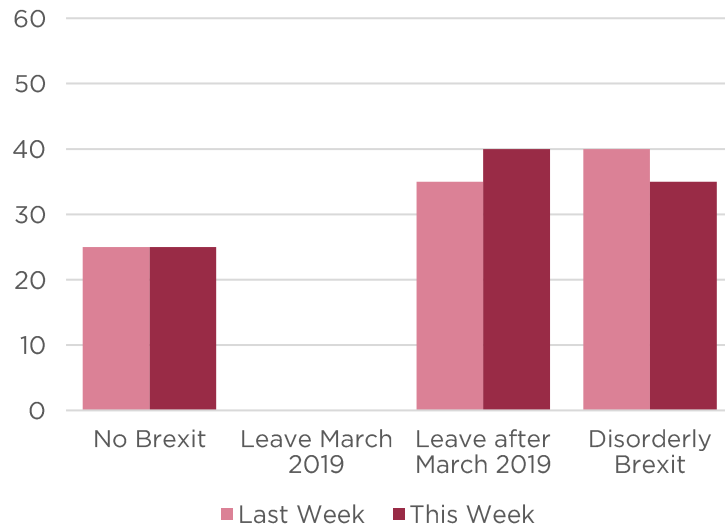


BlondeMoney Probabilities:

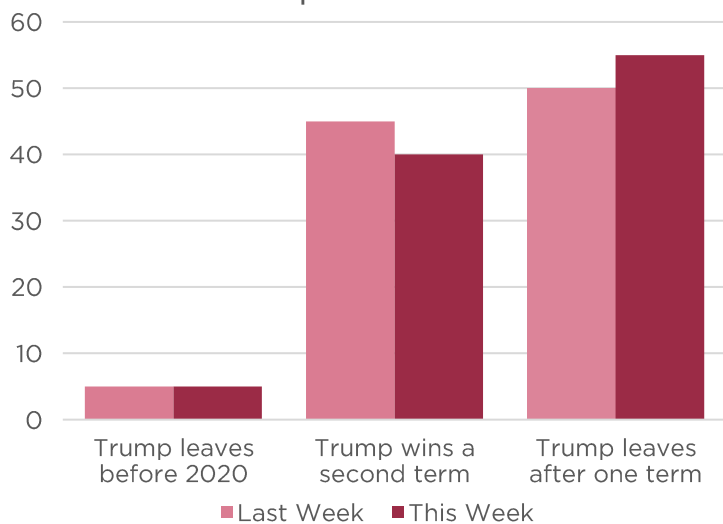
UK PM in Jan 2020



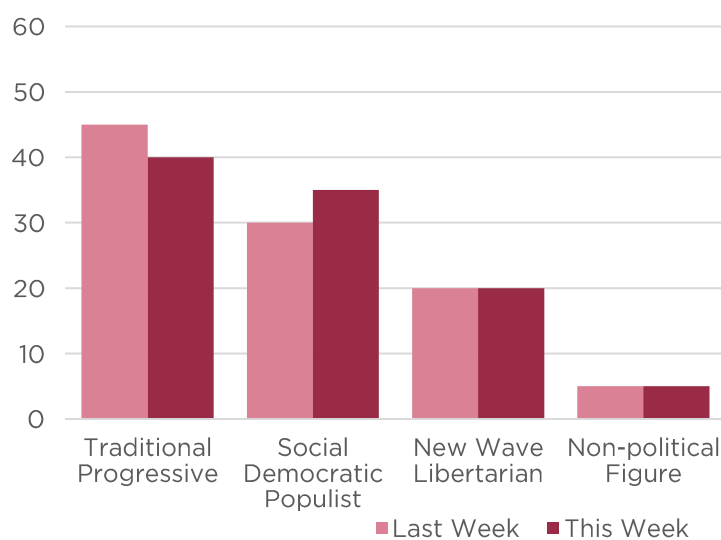
Brexit Outcome



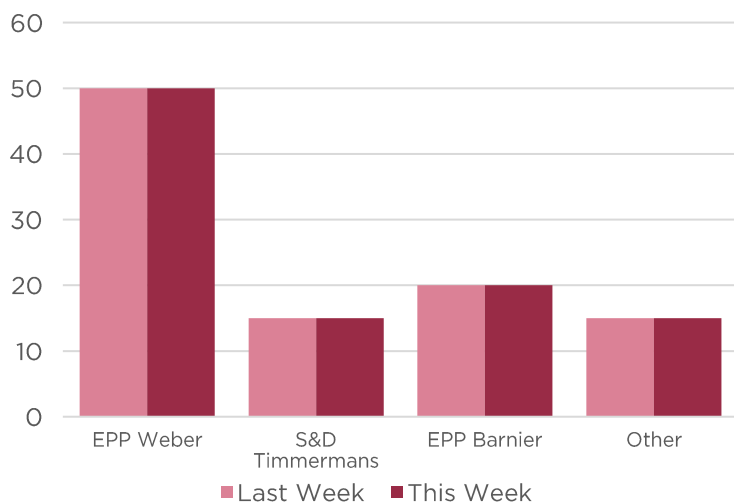
Trump Re-election



Democrat 2020 Nominee



Next EU Commission President



- UK PM Jan 2020: Boris Johnson continues to lead the race to become the next leader of the Conservative Party, with Jeremy Hunt his closest rival.
- Brexit: Rhetoric among Conservative hopefuls has softened with regards to a No Deal Brexit. However, many still affirm that it is an option that must be on the table, albeit as a last resort.
- Trump: Pres Trump continues to trail both Biden and Sanders in key states such as Pennsylvania and Michigan, according to polling. Rust belt voters appear to be losing patience with the President over his damaging trade war with China.
- Democrat Nominee: As illustrated by our chart of the week, flagship democratic-socialist policy Medicare for all is proving to be popular among American voters. This was certainly the case at the California Democratic Convention this week, where presidential hopeful John Delaney was booed for suggesting the party should seek a different solution to the healthcare issue.
- EU Commission Pres: The search for the next EU commission Pres continues, with no candidate making a decisive breakaway as of yet.