

Flash Note:
25/09/2019

Alex Fusté

[@AlexfusteAlex](#)

alex.fuste@andbank.com

**An impeachment process against Trump begins.
Q&As. Latest information.**

- **Why?** House Speaker Nancy Pelosi announces the opening of a formal impeachment inquiry into President Donald Trump on Tuesday. Earlier Tuesday, Pelosi said that Democrats are “ready”. Pelosi has so far resisted the pressure from Democrats in the House (who wanted to impeach Trump), but more than a dozen moderate Democrats finally have come out for impeachment within the past week, following bombshell reports that Trump had asked Ukraine President Volodymyr Zelensky multiple times to investigate Biden’s son, Hunter Biden, during a phone call in July. Apparently, Trump had directed his acting chief of staff to withhold hundreds of millions of dollars in military assistance to Ukraine at least a week before the call with Zelensky. A move, which was criticized as being opaque, has bred speculation that Trump may have used the aid as leverage to pressure Zelensky into investigating Biden. That aid money was eventually sent earlier in September. Trump has denied that the assistance to Ukraine was mentioned in the call.
- **What degree of cohesion is there among the Democrats?** More than two-thirds of Democrats within the House now support launching an impeachment inquiry.
- **What president Trump says?** Trump has acknowledged mentioning Biden in the call with Ukraine president. Trump also confirmed that he delayed the funds to Ukraine, saying he did it because other countries weren’t contributing enough. The contents of that call have not yet been publicly disclosed but, in a way that surprised me quite a little last night, Trump has said that “Secretary of State Pompeo received permission from Ukraine Government to release the transcript of the telephone call I had with Zelensky”. “Democrats do not know either what the big deal is”.
- **Outlook?** At the moment we do not lower our year end central target level (2900) or the exit point (3100) for the S&P.

- **Market reaction?** Bonds rallied (with 10yt UST yield declining by 7.5bps yesterday), meanwhile the S&P declined by 0.84%, although there were other negative information that surely dragged the market sentiment. Trump was heavily critical of China at the UN General Assembly, saying that “Not only has China declined to adopt promised reforms, it has embraced an economic model dependent on massive market barriers, heavy state subsidies, currency manipulation, product dumping, forced technology transfers and the theft of intellectual property and also trade secrets on a grand scale”. Of course, Trump’s words did not help the market

Stay tuned!