

Flash Notes 12/02/2019

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An "agreement in principle" to avert another shutdown

- Last night saw an “agreement in principle” reached between Democrats and Trump on the homeland security bill and also the six remaining other bills.
- The homeland security bill would include:
 - i. USD 1.4bn for 55 miles of “physical barriers” on the US-Mexico border (the Republicans had originally wanted USD 5.7bn of funding)
 - ii. Reduce the number of people that can be detained by Immigration and Custom Enforcement (ICE) from the current 49,000 to the actual mandated cap of 40,500.
- Details of the final deal may not be released until Wednesday as the President is likely to come under fire from the right of his party ...
- ... which suggests what we were already suspecting, and mentioned in our Corporate Review document: “Trump needs to deliver an environment of calm to the markets and the real economy if he wants to maintain his chances of re-election”.

This makes me think that Trump may not be that “risk factor” that was in 2018. Now we need that the rest of risk factors to come out of the table: The Fed (which already sounds more dovish), the oil price (which is already more cheap), the Brexit talks, Italy & Europe spat, etc ...

Best regards