

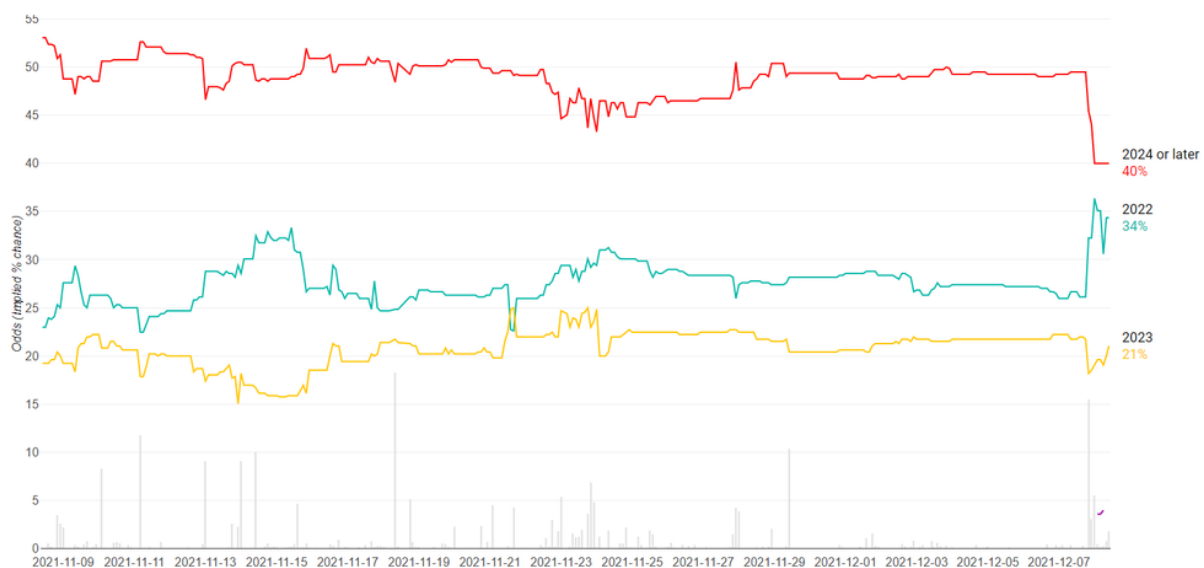
## MNI POLITICAL RISK ANALYSIS-Betting Markets Turning Against UK PM

by Tom Lake

Prime Minister Boris Johnson is under significant pressure this morning after a clip showing former No.10 Downing Street press spokeswoman Allegra Stratton answering mock questions regarding a Christmas party alleged to have taken place during lockdown in 2020 was leaked late last night. The government has previously denied the party at No.10 Downing St took place, and this morning has failed to send any ministers or government representatives to participate in the media round.

- The incident is on the verge of blowing up into a similar sort of scandal seen when former senior government advisor Dominic Cummings broke lockdown rules to travel to Barnard Castle in northern England in 2020.
- Betting markets have shifted notably in the past 12 hours, with the implied probability of Johnson remaining in office beyond the next general election (slated for 2024) falling from 50% to 40%. The implied probability of Johnson ceasing to be PM in 2022 has spiked from 26% to 34%.

**Chart 1. Betting Market Implied Probability of Year of PM Johnson Leaving Office, %**



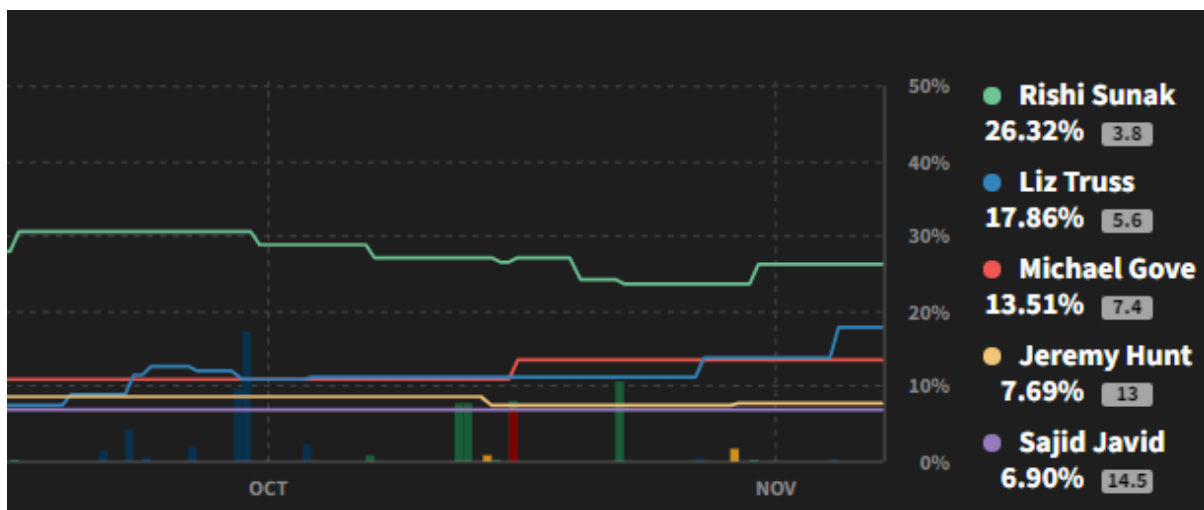
Source: *Betdata.io, Betfair*

- As [noted by MNI previously](#), the gov't already faces a major test in the North Shropshire by-election on 16 December. Polling in previous months has shown that

the public by-and-large has not reacted to changes in economic circumstances, but do to incidents where politicians are seen to be 'not playing by the rules'.

- Spiking energy prices, fuel shortages, rising COVID-19 cases, and food shortages earlier in the year had little impact on the Conservatives' polling, but allegations of 'sleaze' in recent weeks have severely dented party support.
- Betting markets continue to view Chancellor Rishi Sunak as the most likely candidate to take over the Conservative leadership should Johnson leave office (see chart below). His implied probability of moving into No.10 stands at 26%, while Foreign Secretary Liz Truss' star has risen, now standing at 18% from 7% in September.

**Chart 2. Betting Market Implied Probability of Next Conservative Leader, %**



Source: Smarkets

- BBC Political Editor Laura Kuenssberg quotes an unnamed 'senior Conservative MP' this morning stating that *"Every lie just compounds the problem. But lying eventually catches people out. Another awful mess created out of Downing St. Question now in tea room is Boris reaching a tipping point - where he is becoming a liability and no longer an asset?"*
- Prime Ministers' Questions take place at 1200GMT in what is likely to prove an extremely uncomfortable session for the prime minister.
- In order to trigger a leadership contest, 15% of sitting Conservative MPs are required to submit letters calling for a contest to the chair of the 1922 Committee, the group of backbench (non-ministerial) Conservative MPs. This equates to 54 MPs at present. Prior to this incident there had already been rumours swirling in Westminster that some letters had been submitted already, and this number could swell should the government's polling numbers suffer further.

---

IMPORTANT: This email contains information protected by copyright which can only be used in accordance with the terms of your Market News subscription agreement. UNAUTHORIZED DISCLOSURE, PUBLICATION, REDISTRIBUTION OR FURTHER DISSEMINATION OF THIS INFORMATION MAY RESULT IN CRIMINAL PROSECUTION OR OTHER SEVERE PENALTIES. Any such authorization requires the prior written consent of Market News. Redistribution of this information, even at the instruction of your employer, may result in personal liability or criminal action unless such redistribution is expressly authorized in writing by Market News. Market News takes any such violation seriously and will pursue available legal remedies.

This document may contain forward-looking statements. Forward-looking statements may be identified by the use of such words as; "may," "might," "will," "would," "should," "could," "expect," "plan," "planned," "intend," "anticipate," "believe," "estimate," "estimated," "outlook," "predict," "project," "probable," "potential," "possible," "target," "continue," "look forward," or "assume" and other similar terms. Forward-looking statements are not historical facts or guarantees of future performance but instead express only beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside the control of Market News. It is possible that actual results and events may differ, possibly materially, from the anticipated results or events indicated in these forward-looking statements. Subscribers are cautioned not to place undue reliance on any forward-looking statements or examples. None of Market News or any of its affiliates or principals nor any other individual or entity assumes any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. All statements made herein speak only as of the date that they were made.

This information has been obtained or derived from sources believed to be reliable, but we make no representation or warranty as to its accuracy or completeness. This is not an offer or solicitation of an offer to buy/sell. Copyright © 2021 Market News Ltd & Hawking LLC d/b/a Market News. All rights reserved.