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POLITICAL UPDATE: FRENCH AND GERMAN POLLS

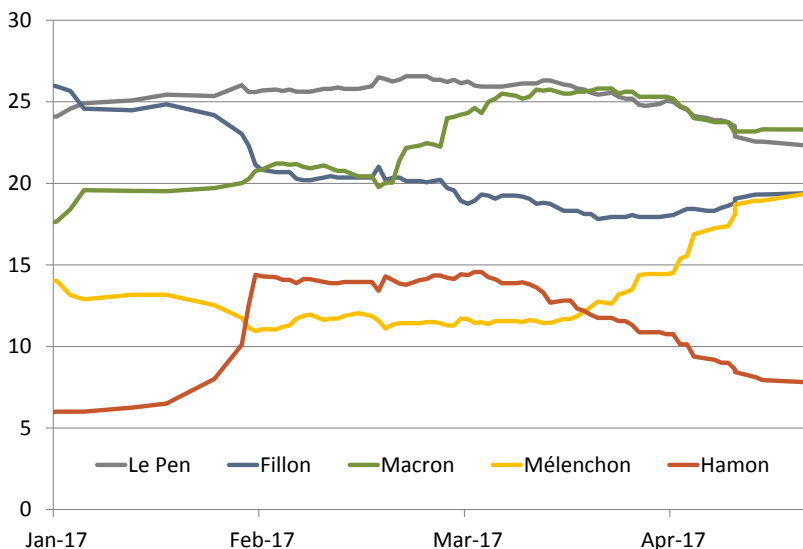
Berenberg Macro Flash

France: Macron still ahead, Melenchon advances in four-way race

The four-way presidential election race in France has tightened slightly further. Five days ahead of the first round on 23 April, opinion polls show a further gain for ultra-left insurgent **Jean-Luc Melenchon** to an average of 19.4% after 18.0% five days ago. While Melenchon had initially surged at the expense of the Socialist candidate Benoit Hamon, his latest advance has come mostly at the expense of ultra-right **Marine Le Pen**, who has fallen back from 23.5% to 22.3%. Support for the centrist reformer **Emmanuel Macron** has stabilised at 23.3% whereas the centre-right reformer **Francois Fillon** has edged up slightly to 19.4% from 18.8%. Melenchon and Fillon are now on par. Although Melenchon remains behind the two top contenders Macron and Le Pen, he still has a little momentum on his side. With around 30% of French voters still undecided, any of the four major candidates could make it into the run-off round on 7 May. In most polls, the gap between these four candidates is now within the margin of error. We take the average of the last polls of those 8 institutes that have published new results in the last four days and compare them to the polls available five days ago.

For the second round, polls seem more clear cut. If he makes it into the run-off, Macron would likely win handsomely against any of his three potential opponents whereas Le Pen would probably lose against any of the other candidates. If Fillon and Melenchon face each other on 7 May, Melenchon would likely prevail. As explained in our [French update: what if Mélenchon beats Macron?](#) from 13 April, we see a 10% risk that Melenchon and a 10% risk that Le Pen may win the French presidential elections. In both cases, France and Europe would be in for a period of trouble. However, both radical candidates would likely fail to gain the parliamentary support needed to take France out of the EU or the euro.

Chart 1: Opinion polls for the first round of the French presidential vote



Support for political parties in %, average of last 8 opinion polls. Source: Elabe, Ifop, OpinionWay, Le Terrain, BVA, Odoxa, Ipsos, Harris



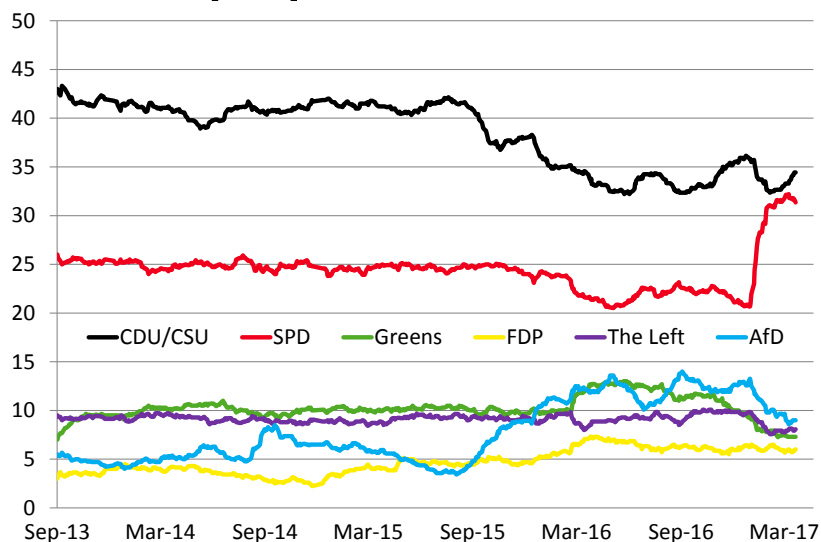
MACRO NEWS

Germany: Merkel clearly in the lead again

Unlike many French voters, most Germans see little reason to listen to the siren songs of the radical fringes. The advance of the centre-left candidate Martin Schulz has stalled since he toyed with the idea of teaming up with the radical Left Party to form a government after the elections on 23 September. Instead, chancellor Angela Merkel's centre-right CDU/CSU has recovered from 32% to 34% in the opinion polls, establishing a 3-point lead over the centre-left SPD. With the smaller parties roughly stable (centre-left Greens at 7.5%, ultra-left Left Party at 8%, liberal FDP at 6% and far-right AfD at 9%), the only politically feasible two-way coalition that could command a majority of seats in the German Bundestag would be Merkel's current "grand coalition" between CDU/CSU and SPD.

Of course, it is very early days. But the initial hype about Schulz as the fresh face for the old SPD has given way to a more normal assessment. As Germany is doing well, most Germans are not really longing for serious change. We continue to see a 75% probability that Merkel will be re-elected and a 25% probability that Schulz will take over as German chancellor. In both cases, Germany would remain solidly pro-EU, pro-euro and pro-NATO.

Chart 2: German opinion polls



Support for political parties in %, average of last 8 opinion polls.

Source: National opinion polls

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