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GERMAN ELECTION SUMMARY

Berenberg Macro Flash

- Official result confirms exit polls: heavy losses for CDU/CSU and SPD, right-wing AfD strong, major gains for liberal FDP (see table below).
- As SPD rules out renewed "grand coalition", chancellor Merkel will most likely lead a novel "Jamaica" coalition with FDP and Greens for her fourth term.
- Coalition talks will be difficult, they always are. After losing heavily to the AfD in Bavaria, CSU will be prickly, as will be the resurgent FDP and the left wing of the Greens. But Merkel is good at bridging such differences.
- Expect a period of soul-searching and preliminary talks before the new government takes shape, with decisive talks likely after the Lower Saxony state election on 15 October. The new government will probably take office just before Christmas.
- Expect no significant change in European and international policies. On Europe, FDP views are close to those of parts of the CDU/CSU (Schäuble).
- At home, a "Jamaica" coalition will put more emphasis on income tax cuts, on the digital economy and on combatting climate change and less emphasis on raising pension entitlements.
- Partly because of the strong role of the upper house of parliament, the *Bundesrat*, German politics tilt towards consensus. That will help to build a stable government for Merkel's fourth and probably final term.
- Right-wing AfD adds noise to the debate but will have no significant impact on policies.
- Is the outcome a big surprise? Only a modest surprise. The gap between the result and the last pre-election polls falls within the standard error of such polls. The deviations for the various parties (CDU/CSU and SPD weaker; AfD and FDP stronger) extend the trends that had been visible in the opinion polls before. Taking the two parties together whose views on economic issues are often close, CDU/CSU and FDP, two thirds of the losses for the CDU/CSU relative to 2013 (-8.5ppt) are offset by the gains for the FDP (+5.9ppt).
- Just in case anybody wonders: new elections are extremely unlikely for political and legal reasons. Germans value stability. That Merkel would have to lead a minority government because she cannot find coalition partners also looks unlikely.

For more, see our earlier flash comment based on the exit polls and last Thursday's [Berenberg guide to the German election](#).



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Table: AfD strong, CDU/CSU and SPD weak: election result vs. pre-election polls and previous results

	CDU/CSU	SPD	FDP	Greens	The Left	AfD
Preliminary						
Result 2017	33.0	20.5	10.7	8.9	9.2	12.6
Average of opinion polls	35.9	21.5	9.6	7.8	9.6	11.1
Earlier results						
- 2013	41.5	25.7	4.8	8.4	8.6	4.7
- 2009	33.8	23.0	14.6	10.7	11.9	-
- 2005	35.2	34.2	9.8	8.1	8.7	-

24 September 2017 German election, preliminary official result versus average of latest pre-election opinion polls and results of previous three federal elections, in %. Source: Bundeswahlleiter, Allensbach, Emnid, Forsa, FGW, GMS, Infratest dimap, INSA

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