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## EU ELECTION PREVIEW: EIGHT RESULTS TO WATCH

### Berenberg Macro Flash

Starting in the UK and the Netherlands today, 427 million EU citizens can cast their votes within the next four days to elect the 751 members of the European Parliament. First official results of this second biggest exercise in democracy in the world (after India) will become available at 22h London time on 26 May when polling booths close in the last of the 28 EU member states. Some projections will be published beforehand.

Opinion polls project that close to 65% of the seats will go to the four pro-European mainstream groups, with the centre-right ahead of the centre-left, the liberals (including Macron's party and further moderates) as well as the Greens. Right-wing populists may get around 25%, left-wing populists are projected to stagnate at 10% - see chart below.

As the **populists** will likely fall far short of a majority in the European Parliament despite [some significant gains for the right-wingers](#), they will [not be able to block serious decisions](#) in the EU, let alone change the rules of the EU or the euro. Instead, the impact will be felt more on the national than the EU level. The key results to watch out for are:

- 1) Will the four **pro-European mainstream groups** win at least 65% of the seats in the European Parliament? That would be a major relief. Less than 60% would be negative.
- 2) Will it take two (positive), three (neutral) or all four (negative) of the mainstream groups to form a **majority** in the future parliament?
- 3) Will the **centre-right** beat the prediction of just 180 seats, down from 221 in 2014? An unexpectedly strong result for the centre-right would give its "Spitzenkandidat" Manfred Weber a strong claim to head the new **European Commission**, France would then likely install Francois Villeroy de Galhau at the helm of the **ECB**. Otherwise, France could probably nominate the next Commission president (Michel Barnier or Sylvie Goulard?), leaving the ECB to either Finland's Olli Rehn or Germany's Jens Weidmann.
- 4) In **Italy**, a result well above 30% for the right-wing Lega could embolden its leader Matteo Salvini to end his coalition with the left-wing 5Stars and go for new elections in - probably - September. Whereas this would add further uncertainty, markets may hope that a future government without the 5Stars would be fiscally less reckless than the current coalition.
- 5) In **Germany**, a plunge in support for the centre-left SPD to far below 20% (and a drubbing at the parallel Bremen state election) could cause the disoriented party to walk out of the coalition with Chancellor Angela Merkel's CDU/CSU in Berlin. That would end the reign of Merkel and probably usher in her chosen successor Annegret Kramp-Karrenbauer at the helm of a new coalition with the Greens and the liberals. Unlikely but not fully impossible, in our view.



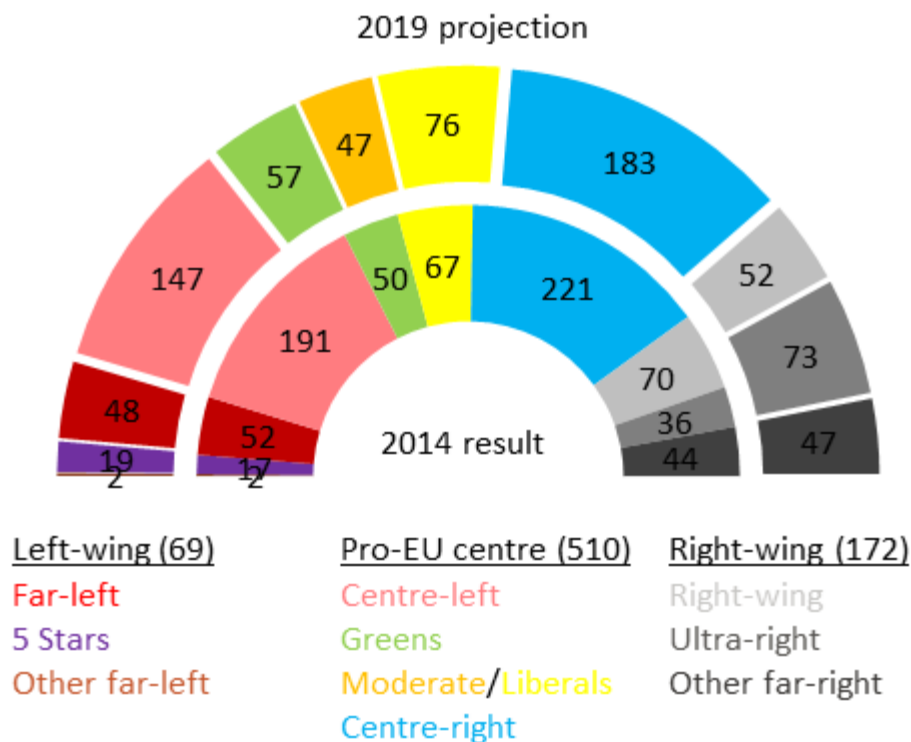
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6) In **France**, a surge in support for Marine Le Pen's right-wing party well beyond that for President Emmanuel Macron's centrist party would make headlines. Still, the practical consequences would be minimal. With a solid majority in the French parliament, Macron could easily ride out some midterm blues. He still has a lot of time for his reforms to work before he is up for re-election in 2022.

7) In the **UK**, a result of 35% or more for the Brexit Party could exacerbate the descent into unpredictable political turmoil and raise the risk of a no-deal hard Brexit beyond the 20% probability which we currently assign to it. In the unlikely case that the various pro-remain parties do better than the Brexit Party, the risk of a hard Brexit could decline slightly.

8) In **Poland**, an unexpectedly strong showing for the liberal opposition would raise the chances that the opposition could oust the populist PiS government in the Polish election due in November at the latest. Markets would probably applaud that prospect.

### Modest changes – current and projected seats in European Parliament



Current seats in European Parliament by political group (751 seats) versus seat projections for the time after the 2019 elections. Sources: European Parliament, [europeanelectionsstats.eu](http://europeanelectionsstats.eu).



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