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## **AUSTRIA: NO RIGHT-WING PRESIDENT**

### Berenberg Macro Flash

Not all risks materialise: in a repeat election for the ceremonial post of president, Austrians rejected the ultra-right candidate Norbert Hofer, choosing the pro-European Alexander Van der Bellen with 52% to 48% instead. The margin may rise to 53% to 47% once postal ballots have been counted. In the first election on 22 May, which had been nullified by the Austrian Supreme Court because many postal ballots were opened too early, Van der Bellen had won much more narrowly with 50.3% versus 49.7%. Van der Bellen's warnings that a Hofer victory would be seen by many as a vote against Europe seems to have convinced some additional Austrian voters in the meantime. A rejection of the rhetoric of Donald Trump may also have played a role.

In Austria, the Euro-sceptic far-right is stronger than in all other Eurozone countries, now scoring some 34% in opinion polls (see Chart below). The FPÖ's Hofer came close to winning the presidential election partly because Van der Bellen, as a former boss of the Green party, was not ideally suited to attract all votes from the mainstream parties, especially those from the centre-right.

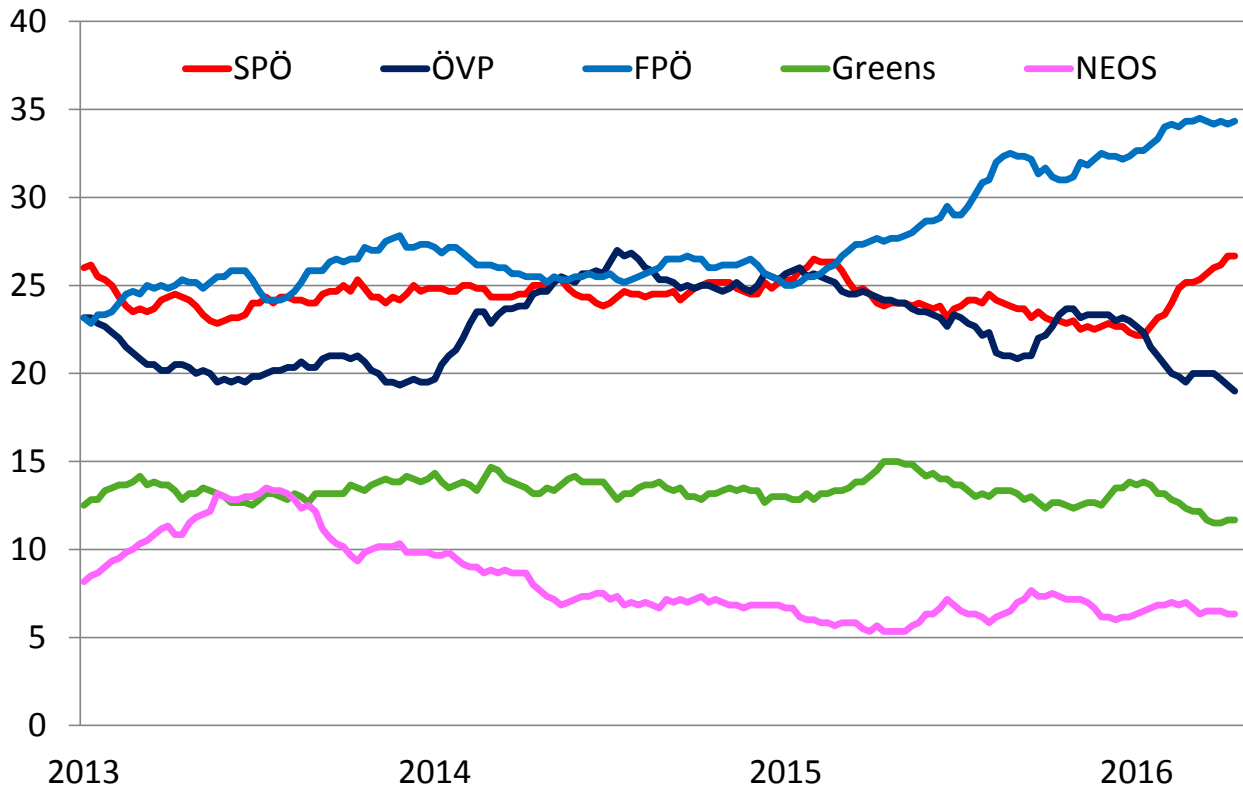
If Hofer had won, it would have been the first outright victory for a right-wing populist in the Eurozone. In the wake of Trump's upset triumph in the US, it would have made a torrent of headlines and would have been seized upon by France's Le Pen and far-right candidates elsewhere as evidence that they are on the way up.

Judging by opinions polls, the far-right FPÖ still looks set to become the strongest single party at Austria's next parliamentary elections due by the autumn of 2018. If so, the mainstream pro-EU and pro-euro parties from the centre-right and centre-left would still get 60% to 65% of the popular vote and seats in parliament. They would see to it that Austria does not turn its back on Europe and would prevent any referendum on the euro – which would likely result in a clear vote for the euro anyway. After all, Austria had de facto let its monetary policy be run from Frankfurt even well before the euro. In addition, sensing a realistic chance to get elected, Hofer had distanced himself from his party's earlier calls for an EU referendum, saying that such a referendum would only be necessary if Turkey were to join the EU. That looks pretty unlikely for the foreseeable future, to put it mildly.



## MACRO NEWS

Chart: Austrian opinion polls for next parliamentary election



Support for centre-left SPÖ and Greece, centre-right ÖVP, right-wing FPÖ and liberal NEOS, in %. Source: National opinion polls.

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