

WEEKLY POLITICAL COMPASS

In **Mexico**, AMLO's coalition is well short of a two-thirds majority. **EU** and **US** leaders will meet for several transatlantic summits. Vote counting is continuing in **Peru**. Meanwhile, **India's** PM will address the nation, the Greens are the party of the new middle classes, not of Middle **Germany**, **Brazil's** footballers may oppose their country hosting the Copa America, and **South Africa's** health minister is under pressure to resign.

CHART OF THE WEEK

Voting propensity (*) for the Greens and the Social Democrats across different party families

Party voted in last election	Voting propensity (>=6)	Germany	France	Sweden	Finland	Netherlands	Denmark	Austria	Spain
Radical left	% who are potential Green voters	46.07 ●	56.58 ●	41.33 ●	59.09 ●	● 40	69.89 ●		
	% who are potential SD voters	● 21.35	● 34.21	● 50.67	● 27.27	● 43.75	● 34.41		● 46.51
Greens	% who are potential SD voters	● 28.71	● 42.22	● 55.77	● 42.31	● 63.16	● 62.16	● 55.56	
Social Democrats	% who are potential Green voters	● 61.33	● 63.38	● 25.51	● 50.71	● 51.39	● 53.11	● 48.42	
	% who are potential SD voters								
Liberals	% who are potential Green voters	● 34.43	● 45.81	● 19.75	● 25	● 66.1	● 12.9	● 58.14	
	% who are potential SD voters	● 18.03	● 28.49	● 19.75	● 20.45	● 52.54	● 26.34	● 23.26	● 26.52
Moderate right	% who are potential Green voters	● 40.65	● 21.36	● 16.39	● 33.66	● 26.37	● 17.95	● 22.33	
	% who are potential SD voters	● 32.52	● 7.77	● 15.57	● 21.78	● 28.02	● 30.77	● 17.96	● 14.73
Radical right	% who are potential Green voters	● 9.82	● 17.61	● 6.94	● 12.2	● 11.41	● 10.12	● 8.37	
	% who are potential SD voters	● 10.71	● 6.34	● 9.83	● 21.46	● 9.24	● 34.52	● 8.81	● 6.5

Source: Own calculations using the European Election Study (2019). Version 1.0.0.

Voting propensities are measured as follows (Q10): "We have a number of political parties in (OUR COUNTRY) each of which would like to get your vote. How probable is it that you will ever vote for the following parties? Please answer on a scale where '0' means "not at all probable" and '10' means "very probable"."

(*) We consider potential voters of the Greens/Social Democrats those indicating a voting propensity of 6 and higher

More than a decade after the Great Recession, **party systems remain in flux across many advanced economies**. In countries such as Germany, Italy and Spain, the reconfiguration of the political right seems still underway. Meanwhile, the importance of left-right competition varies across countries. In Germany, the Greens appeal to center-right and liberal voters (around 40% of Christian Democratic voters could vote for the German Greens); this does not happen in other countries (Denmark, Spain, Sweden) where vote transfers across ideological blocs are less common, and the Greens are situated more clearly in the left-wing space. On the other hand, radical parties remain relevant after Covid-19. But mainstream parties still hold power in most West European countries. In the years ahead, mainstream parties will continue to be torn between different programmatic strategies. Businesses will need to pay attention to the risks emerging from an ever-changing party-political landscape.

WHAT TO WATCH

Mexico

All eyes will be on President Andres Manuel Lopez Obrador (AMLO) at his morning press conference today to see how he reacts to the results of the lower house mid-terms and 15 state gubernatorial elections held yesterday, 6 June. The quick count released last night suggests that, as forecast, AMLO's coalition has retained its majority but is well short of a two-thirds majority that would be needed for constitutional reforms. According to the quick count, the governing National Regeneration Movement (Morena) and its allies are likely to have won a minimum of 265 seats (out of 500) and a maximum of 292. The full count is ongoing, as it is for the state votes, though preliminary results suggest Morena may have won ten state governorships.

EU/US

As of next weekend, the back-to-back G7, NATO and EU-US summits will offer multiple opportunities for transatlantic debate. G7 finance ministers have already agreed on a global minimum corporate tax rate of 15%. Other questions to be discussed include climate change, transatlantic trade (including sector subsidies), relations with China and Russia, and defense spending. Quick fixes are unlikely on any of these issues, however.

Peru

Vote counting is continuing after the presidential run-off election held yesterday, 6 June. With around 86% of votes counted, Keiko Fujimori has a razor-thin advantage over the leftist Pedro Castillo; Fujimori is on 50.58% and Castillo is on 49.41%, which amounts to a difference of around 180,000 votes. However, many votes yet to be counted are from rural areas and the Amazon region where support for Castillo is higher, though votes cast by expatriate Peruvians, which are thought to generally favor Fujimori, are also slower to come in. According to the Ipsos quick count based on a representative sample of ballots, Castillo could have won 50.2% versus 49.8% for Fujimori.

Myanmar

The trial of Aung San Suu Kyi will start on 14 June and is expected to run until 26 July. She is charged with several crimes, from the unlawful importation of walkie-talkies to violation of the country's pandemic rules. The trial will not be considered credible both locally and abroad. Protests have died down in recent weeks, but the trial will have to be monitored for its potential to trigger antigovernment sentiments.

ON THE HORIZON

ASIA

China

The founder of food delivery app Meituan, Wang Xing, donated USD2.3bn in shares to his personal charity. This makes him the latest Chinese technology billionaire to make a large charitable donation as regulators [target the sector](#) for

anti-trust violations. In March, the founder of e-commerce giant Pinduoduo, Colin Huang, gave away USD 1.9bn in company shares, while ByteDance founder Zhang Yiming stepped down as the company's chief executive in May amid regulatory pressure.

India

Today, 7 June, Prime Minister Narendra Modi will address the nation. Such public addresses are relatively rare, though, during the pandemic Modi has taken to this means of communication several times. His speech will reflect the government's public health and economic priorities. Several states have begun dismantling lock-down regulations, though the government has warned a third wave might be around the corner.

EUROPE

Germany

After the strong result for the Christian Democrats (CDU) in last weekend's regional state election, the Greens' conference is the signpost to watch next weekend. The Greens' regional result was a reminder of the structural limitations the party faces in less urban, more carbon-dependent and traditionalist areas. The Greens are the party of the new middle classes, not of Middle Germany. This poses a strong contrast with the CDU/CSU, the only force that still has the potential to speak to both new middle-class voters and non-urban traditionalists.

Turkey/US

Turkish President Recep Erdogan will meet with US President Joe Biden in Brussels on 14 June during the NATO summit seeking a "reset" in Turkey-US ties. Despite the likely positive atmospheric, the meeting is not expected to solve any of the key disagreements that complicate the relationship between the two NATO allies.

LATIN AMERICA

Brazil

The head coach of the national football team is expected to make a public statement following next Tuesday 8 World Cup qualifier against Paraguay. With the full support of all players, he is likely to oppose the decision by President Jair Bolsonaro to authorize the hosting of the Copa America (the South American Nations's cup held every four years) in Brazil. The decision came after Colombia was denied the chance to host the tournament amid social protests and Argentina declined to do so due to the worsening of the Covid-19 pandemic. A cancellation would be a major defeat for Bolsonaro.

MIDDLE EAST AND AFRICA

South Africa

Health Minister Zweli Mkhize is under pressure to resign over a corruption scandal. The Special Investigating Unit (SIU) is still investigating the ZAR 150mn "Digital Vibes" scandal. An adverse finding would likely force President Cyril Ramaphosa to remove Mkhize, particularly amid his efforts to renew the party ahead of municipal elections and remove

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