

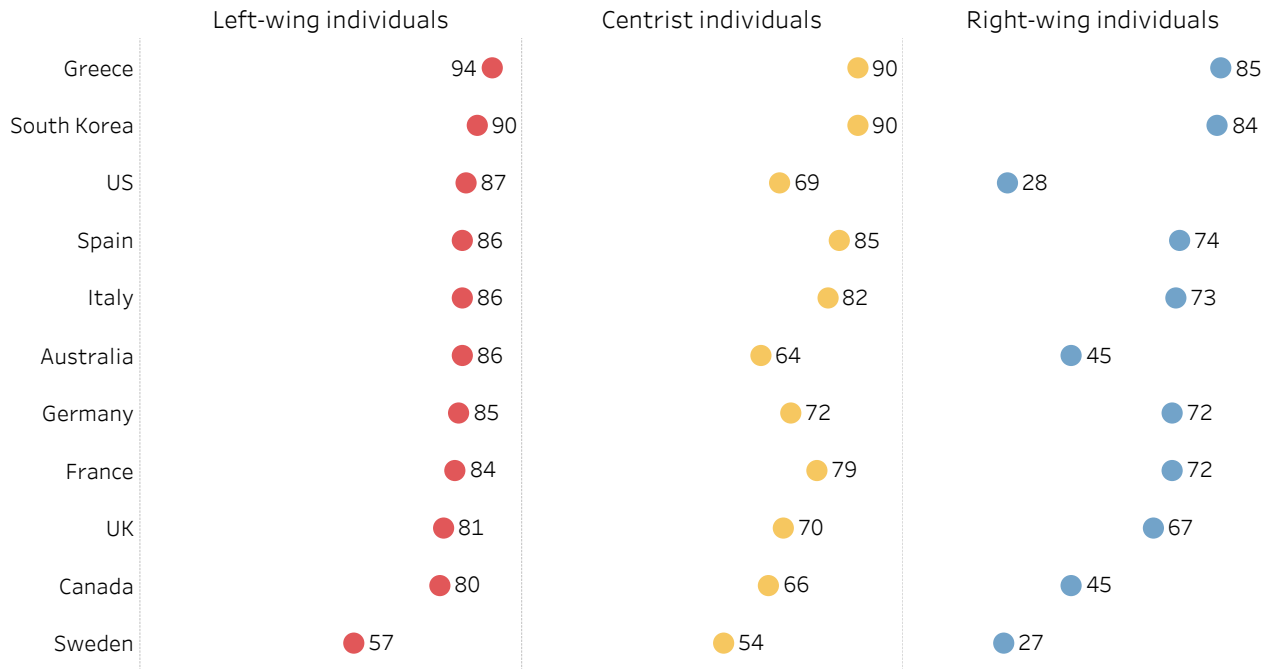
## WEEKLY POLITICAL COMPASS

**Russian** President Vladimir Putin's party won the State Duma elections. Voters will go to the polls in **Germany**. **Turkey's** central bank could start easing monetary policy. Meanwhile, **China** is defending its recent crackdown on tech companies, a leadership contest will be held in **Romania's** ruling party, **Argentina's** president will swear in his new cabinet, and **South Africa's** ruling party gets a second chance to nominate candidates for the looming municipal elections.

### CHART OF THE WEEK

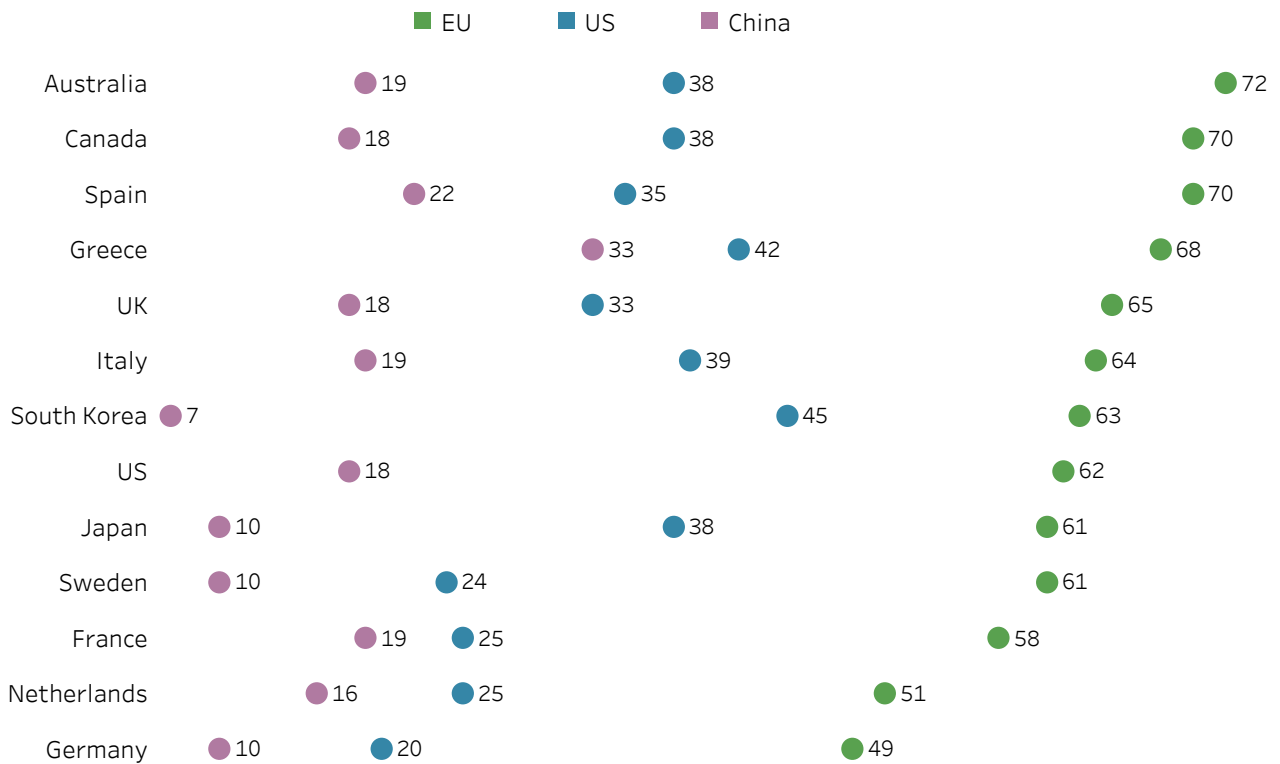
## Political ideology matters for climate more in some countries than in others

% who are somewhat concerned/very concerned about the potential harm of global climate change



## The EU's climate response is more popular than the US' and China's

% in each country who say that the EU/US/China is doing a good job dealing with global climate change



Source: Pew Research Center. Spring 2021 Global Attitudes Survey.

In most European countries, including the UK, people from all sides of the political spectrum are **concerned about the potential harm of climate change**. Even though left-wing individuals are still slightly more worried about it than those holding conservative views, the environmental concern gap across ideological lines is today much smaller than years ago in most European countries. However, the climate issue is still very ideologically polarized in advanced economies outside Europe. In the US, 87% of those on the left are worried about the potential harm of global climate change, but this figure is as low as 28% among right-wing respondents. Meanwhile, the EU's climate ambitions are recognized not only within the bloc but also outside. A majority of citizens in advanced economies believe that the EU is doing a good job dealing with global climate change, while China and the US do not receive the same level of praise.

## WHAT TO WATCH

### Russia

**The State Duma election resulted in a widely anticipated victory of the ruling United Russia (UR) party.** UR is on track to retain a two-thirds majority in the 450-seat lower chamber of parliament. However, the vote cannot be considered as free and fair, and UR's election result masks the waning popularity of President Vladimir Putin's regime. No major changes in the cabinet or its policy direction are expected after the vote. Meanwhile, Putin remains in self-isolation due to Covid-19 outbreak in the Kremlin and, potentially, among senior government members.

### Germany

**Less than one week ahead of the 26 September federal election, the Social Democrats (SPD) continue to lead in the polls.** However, the Christian alliance (CDU/CSU) appears to have recovered some ground. But even if the SPD wins, this does not necessarily mean that Finance Minister Olaf Scholz will become the next chancellor; CDU/CSU candidate Armin Laschet could still try to outmaneuver Scholz, for instance by trying to form an alternative government with the Greens and the center-right Liberals (FDP). Coalition formation might take some time.

### Turkey

**After setting the stage for an interest rate cut long sought by President Tayyip Erdogan, Turkey's Central Bank (TCMB) could start easing its monetary policy as soon as 23 September.** Even if the TCMB does not pull the trigger this week, it is just a question of time before Erdogan gets what he wants, despite the risk of currency depreciation and high inflation.

## ON THE HORIZON

### ASIA

#### China

**Beijing's recent regulatory crackdown on technology companies is intended to strengthen protections for consumers and improve data security, not an attack on the private sector.** This is the line taken by China's securities regulator at the China-US Financial Roundtable, a group of US investors and financial services executives.

#### India

**In his first physical foreign trip in six months, Prime Minister Narendra Modi will visit the US on 24 September, to attend a summit meeting of Quad leaders.** On 25 September he will address the United Nations General Assembly (UNGA) where among other things, he will likely clarify India's position towards the Taliban government in Afghanistan which New Delhi is yet to recognize as legitimate.

## Japan

**The Bank of Japan's monetary policy committee will meet on 21 and 22 September, its first meeting since July.**

Major policy changes at this time would appear unlikely, given that economic data has yet to improve due to the August virus surge. With the ruling LDP set to choose a new leader on 29 September, all the top candidates for prime minister are aligning with the current framework of ultra loose monetary policy and the 2% inflation target.

## **EUROPE**

### Romania

**Prime Minister Florin Citu and President of the Chamber of Deputies Ludovic Orban will compete in an electoral contest on 25 September for the leadership of the ruling National Liberal Party (PNL).** If Orban remains as the head of PNL, the party could be expected to renew cooperation with the reformist USR-PLUS, which would bode well for political stability and fiscal outlook in the medium-term. Meanwhile, Citu's victory would likely result in a vulnerable PNL-led minority government and could pose risks to fiscal consolidation.

## **LATIN AMERICA**

### Argentina

**President Alberto Fernandez will swear in his new-look cabinet today, 20 September, after a bruising week that stretched the governing Front for All (FdT) coalition to breaking point.** Many new ministers are *Kirchnerista* veterans, some of them controversial figures whose ability to help the FdT win back disenchanted voters in the November mid-terms is questionable. Juan Manzur, the Tucuman provincial governor, comes in as the new cabinet chief as per Vice-President Cristina Fernandez (CFK)'s wishes. Finance Minister Martin Guzman stays on for now, though his modest fiscal consolidation efforts are likely to slow following pressure from CFK to engineer a boost in consumer confidence; expect some announcements such as a minimum wage hike and pension top-ups, during the course of this week.

### Brazil

**President Jair Bolsonaro will deliver a speech on 21 September at the UN general assembly.** He intends to defend his controversial view on the need to limit landownership by indigenous populations to lands occupied by October 1988. On 23 September, the rapporteur of the senate inquiry into the handling of the pandemic will present his final report that will include a request for the indictment of Bolsonaro for prevarication in relation to known regularities in the purchase of COVID-19 vaccines – among other crimes. The House plenary may vote this week on a favorable report by the constitution and justice committee (CCJ) for a constitutional amendment that would allow the government to partition the payment of judicial claims due by law in 2022 - without which, the government would surpass the official spending ceiling.

## **MIDDLE EAST AND AFRICA**

### South Africa

**On Monday, the Constitutional Court ruled it lawful that the Electoral Commission (IEC) reopened candidate registration ahead of municipal elections on 1 November.** A second chance to register candidates will be crucial for the ruling ANC, which had failed to register hundreds of candidates by an earlier deadline due to a financial crunch and infighting. Failure to register all outstanding candidates would increase the ANC's risk of dropping below 50% of the overall

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