

WEEKLY POLITICAL COMPASS

Russia's military offensive in **Ukraine** will intensify. Incumbent Emmanuel Macron will face far-right candidate Marine Le Pen in the second round of the **French** presidential election. Shanghai's lockdown continues under **China's** "dynamic zero" Covid-19 policy. A new prime minister will be sworn in in **Pakistan**. Meanwhile, **Australia's** federal election has been called for 21 May, **Eurozone** inflation responses will be watched at the ECB press conference, **Mexico's** president won his recall referendum, and **Nigeria's** vice president will run for the presidency.

CHART OF THE WEEK

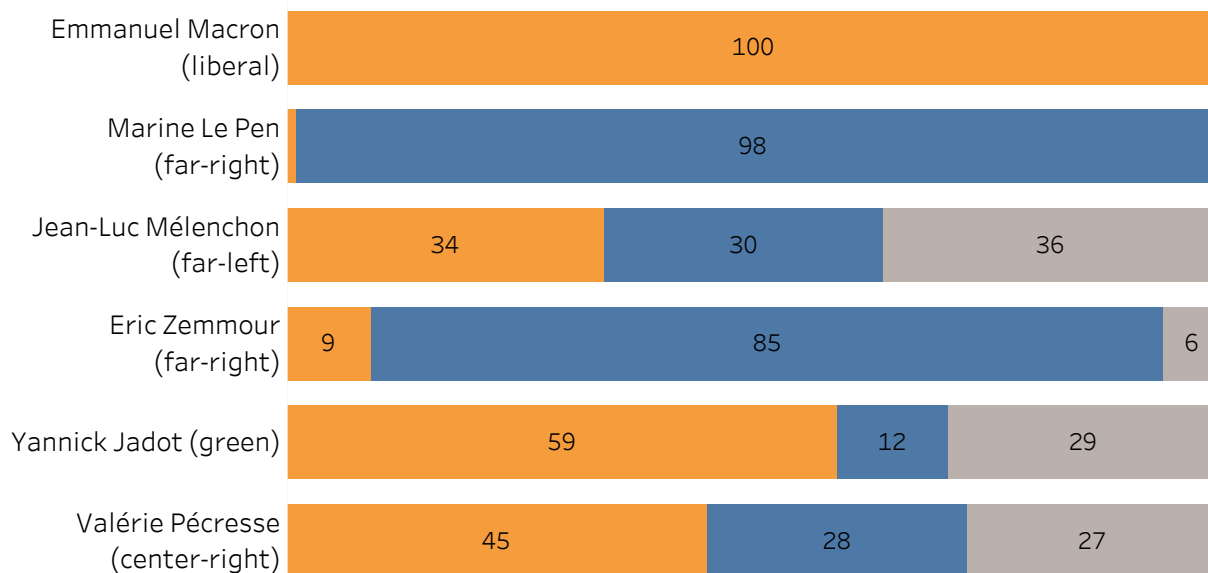
Vote transfers (and undecided voters) will be crucial in the second round of the French election

"Which candidate are you more likely to vote for in the second round of the French presidential election?" (%)

(Declared) vote preference in the second round

Emmanuel Macron Marine Le Pen Don't know

Vote in the first round

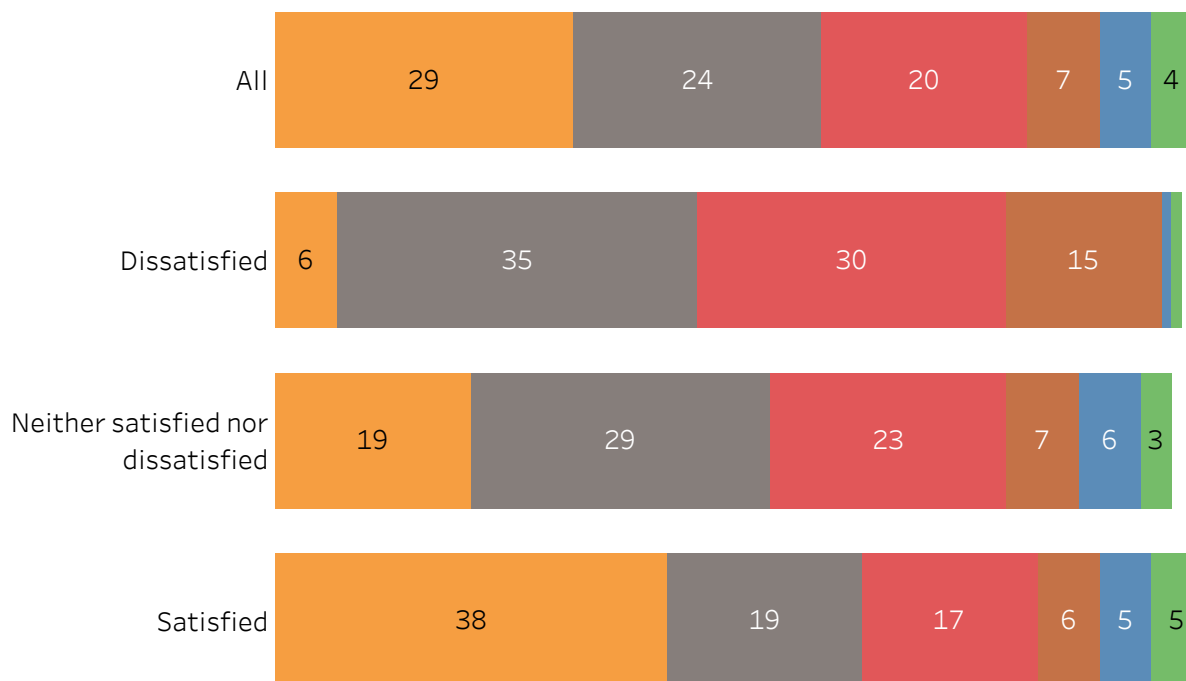


Source: Ipsos (10 April 2022)

Satisfaction with life is an important predictor of vote choice in France

Vote in the first round (% by satisfaction with life)

Emmanuel Macron Jean-Luc Mélenchon Valérie Pécresse
Marine Le Pen Eric Zemmour Yannick Jadot



Source: Ipsos (6-9 April 2022)

The results of the first round of the **French presidential election** point to some (potentially also Europe-wide) trends. First, the poor result of candidates from the traditional center-right and center-left confirms the transformation of the French political landscape initiated in 2017. Second, anti-establishment forces, with different ideological flavors, are today a structural feature of French politics. Life satisfaction is one of the most important predictors of vote choice in France, with the far-right electorate expectedly much more dissatisfied than President Emmanuel Macron's voters. Even if Macron prevails in the runoff election, the existence of a structurally disenchanted electorate – either abstaining or voting for anti-establishment forces – will continue to pose challenges to liberal democracies and the businesses environment in the future.

WHAT TO WATCH

Russia/Ukraine

Russia's military offensive in Ukraine is set to intensify significantly in the second half of April, as Moscow attempts to gain full control of the Luhansk and Donetsk regions. Fighting will not be limited to Donbas and could spill over into the adjacent regions of Kharkiv, Dnipropetrovsk and Zaporizhzhia, as well as to southern Ukraine. Also, missile strikes will likely continue against critical infrastructure, military, and civilian targets across Ukraine. In the meantime, Russian President Vladimir Putin and his Belarusian counterpart, Alexander Lukashenko, are set to hold a joint press conference following their meeting to discuss bilateral relations and the situation in Ukraine on 12 April.

France

Incumbent President Emmanuel Macron and radical right candidate Marine Le Pen will fight it off in the second round of the presidential election on 24 April. Macron is still likely to prevail in the runoff, but the race is expected to be tight, with some polls putting Le Pen at 46-49%. The two candidates will face each other in a televised debate on 20 April at 9pm local time.

China

Shanghai reported nearly 25,000 locally transmitted Covid-19 infections on 10 April. The city's lockdown continues, as executives from Alibaba and JD.com said that the companies are focused on increasing delivery capacity for basic foodstuffs. A day earlier, the foreign ministry rejected US criticism of its "dynamic zero" policy, after the US embassy in Beijing raised formal complaints about China's strict Covid-19 policies and allowed nonessential staff at the Shanghai consulate to leave.

Pakistan

A new prime minister, most likely Shahbaz Sharif will be sworn in on 12 April. The former chief minister of Punjab province and younger brother of former prime minister Nawaz Sharif will replace Imran Khan. Pakistan goes for general elections in August 2023. Shahbaz's main challenge will be managing Pakistan's crumbling economy, which has been hit by high inflation, a tumbling local currency, and rapidly declining foreign exchange reserves.

ON THE HORIZON

ASIA PACIFIC

Australia

The federal election has been called for 21 May. The government has now entered caretaker mode. The campaign period is a relatively long one. Aggregated polls have the Labor opposition leading the government 54.9 to 45.1% on a two-party preferred basis. To win, the government cannot lose a single seat in the House of Representatives. The Labor opposition needs to gain seven. Both present a challenge for Australia's major parties. With several high-profile candidates

running in key marginal government seats, a hung parliament – whereby the votes of independents are relied upon to form a majority in the House – is possible.

India

External Affairs Minister S Jaishankar will meet United States Trade Representative Katherine Tai on 12 April. The visit comes in the midst of India's resolve to carry on trading with Russia despite US sanctions. Tai paid her first visit to India for two days after she assumed office in March last year.

Indonesia

Student protests in several cities on Monday are likely to further dampen the political momentum behind the maneuvering to extend President Joko Widodo's term. Last week, Widodo asked his cabinet to drop any public discussions on the issue, but this was met with some skepticism because the president did not categorically deny any such plans. However, the protests add another dimension – of the term extension becoming a distraction and polarizing issue – that will likely cause Widodo and his allies to stay away from the issue for the foreseeable future.

EUROPE

Eurozone

The press conference after the 14 April ECB governing council meeting will be watched for any indications about a more aggressive anti-inflation stance. However, no major policy decisions are expected this week. ECB President Christine Lagarde will chair the meeting and the subsequent press conference virtually, following her positive test for Covid-19 last week.

LATIN AMERICA

Brazil

The Government will focus on preventing the establishment of a parliamentary inquiry committee to investigate corruption in the education ministry this week. Two evangelical pastors with no formal functions in the ministry were found to ask for bribes in the allocation of official funds to municipalities. Two senators withdrew their signatures from the request for the establishment of the committee over the weekend, thus thwarting the necessary minimum total of 27 signatures. The House should also vote on an increase of the new cash transfer program, *Auxilio Brasil* this week.

Mexico

As expected, AMLO won yesterday's recall referendum that he himself had promoted. Based on preliminary results, approximately 90% voted in favor of AMLO remaining in power until the scheduled end of his presidency in 2024; around 7% voted against. Note that there was no formal campaign movement trying to eject him from power in this referendum. However, turnout stood at no more than 18%, despite the governing National Regeneration Movement (Morena)'s campaign to mobilize voters. This means the referendum failed to meet the threshold to count as legally valid (40% of the electorate, or almost 38mn votes). This will not stop AMLO casting the outcome as a ringing endorsement of both his leadership and his "Fourth Transformation" project. In the immediate term, AMLO will press on with twin initiatives to reform the power market and electoral system, both of which are highly controversial.

MIDDLE EAST AND AFRICA

Nigeria

The political stakes within the ruling All Progressive Congress (APC) party have just been raised with Vice President Yemi Osinbajo's declaring his presidential bid on 11 April. [As previously explained](#) Osinbajo's decision to run for president pits him against his political mentor, the powerful APC stalwart, Bola Tinubu, who was one of the first influential party members to declare his presidential ambition. Tinubu has been widely credited with lobbying to get Osinbajo on the 2015 presidential ticket and would unsurprisingly expect that the vice president remains loyal to him – including not competing with him. With both men now on the ticket, their rivalry represents a serious risk to the unity of the APC.

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