

WEEKLY POLITICAL COMPASS

Welcome to this edition of the Weekly Political Compass from Teneo's political risk advisory team.

This week, we take a closer look at **Japan's** incoming prime minister. Elsewhere, the resignation of **France's** PM raises the risk of snap elections, **Venezuela** responds to growing US assertiveness, and **China-India** ties show a further sign of improvement. Meanwhile, a populist party is set to take power in the **Czech Republic**, **Cameroon's** 92-year-old president is poised to win another seven-year term, former leaders in **Greece** look to form new parties, and a state election could impact national politics in **India**. Finally, **Romania** awaits a key constitutional ruling on fiscal reforms, **Kenya** steps up debt management efforts, and LNG developments drive **Mozambique's** Eurobond outlook.

As always, we welcome your questions or comments at Macro@teneo.com.

GLOBAL SNAPSHOT

With [new LDP leader Sanae Takaichi](#) set to become Japan's next prime minister, we ask our Japan analysis lead [James Brady](#) to look ahead.

What is the significance of Takaichi's victory?

Assuming confirmation by the Diet around 15 October, Takaichi will become Japan's first female prime minister, though she is known for deeply conservative views on gender and social issues. A protégé of former Prime Minister Shinzo Abe, her administration is likely to reflect elements of his policy agenda. Takaichi is seen as a hardline nationalist, so she could help the LDP regain voters who have drifted recently toward smaller hard-right parties. However, if she fails to demonstrate tangible progress within a year, the LDP may again seek new leadership.

What are the likely implications for economic policy?

Though she moderated her rhetoric on fiscal expansion during the leadership race, Takaichi's past positions have raised market expectations of higher government spending and tax cuts. If she expands the LDP–Komeito minority coalition by bringing in the economically populist Democratic Party of the People, prospects for a return to the looser fiscal discipline of the Abenomics era would increase, with implications for equities, bond markets, and the yen. Until recently, Takaichi has also been strongly critical of the Bank of Japan's shift toward monetary tightening, so markets will closely watch upcoming BoJ meetings for signs of political influence on rate decisions.

WHAT TO WATCH

ASIA-PACIFIC

[China/India](#)

Direct flights between China and India will resume after a halt lasting over five years, authorities in both countries have confirmed, in the latest sign of [improving bilateral relations](#). Daily flights between Guangzhou and Kolkata will begin on 26 October.

India

Local legislative elections in state of Bihar have been confirmed for 6 to 14 November, with significant implications for national politics. The incumbent Janata Dal (United) is expected to win, though uncertainty surrounds the emergence of Jan Suraj, a new party launched by poll strategist Prashant Kishor that could emerge as a kingmaker. A strong JDU performance would give leader Nitish Kumar greater leverage over Prime Minister Narendra Modi, as the party is one of two key allies underpinning the central government's majority. Modi would prefer the JDU to remain balanced—neither dominant enough to challenge his authority nor weak enough to undermine BJP's momentum ahead of next year's elections in four other states

EUROPE

France

Following the resignation of Prime Minister Sebastien Lecornu, the risk of snap elections has increased. Political parties appear unwilling to compromise, and President Emmanuel Macron's centrist bloc is struggling to produce a figure that could bridge divisions. One immediate implication is that the timely passage of the 2026 budget now seems unlikely. If Macron decides to dissolve parliament, elections would need to be held within 20 to 40 days. Marine Le Pen's far-right National Rally (RN) is leading in the polls, though the effects of the two-round electoral system will be crucial.

Czech Republic

The populist ANO party achieved a convincing victory in the [3-4 October parliamentary elections](#) and is set to form the next government. Led by businessman and former prime minister Andrej Babiš, ANO has begun preliminary talks with the far-right Freedom and Direct Democracy (SPD) and the right-wing Motorists for Themselves (AUTO) on cooperation in the next government. While a new ANO-led government would be more Euroskeptic and less supportive of Ukraine, it is expected to be more pragmatic on key foreign policy issues than illiberal populist governments in Hungary and Slovakia.

Romania

The Constitutional Court (CCR) is set to rule on 8 October whether the [four fiscal consolidation bills](#) adopted by parliament in September comply with the constitution. The most contentious amendment concerns the pension system for magistrates. Although Prime Minister Illie Bolojan (PNL) has pledged to resign if any bill is struck down, the four governing parties and President Nicusor Dan have downplayed that scenario, leaving room for Bolojan to reconsider. Meanwhile, the coalition is seeking a compromise on public administration reform, which continues to strain relations between the PSD and PNL, the two largest governing parties.

Greece

Former PM Alexis Tsipras resigned from parliament on 6 October, severing his remaining ties with SYRIZA and fueling speculation about the creation of a new center-left party. His departure clears the way for Tsipras to lead a new party, free from the institutional history and internal feuds plaguing SYRIZA. Another former PM could follow his example. Antonis Samaras, expelled from the ruling New Democracy amid a feud with PM Kyriakos Mitsotakis, is also considering launching a new conservative movement. Although national elections are not due until July 2027, electoral maneuvering is already intensifying.

LATIN AMERICA

Venezuela

President Nicolas Maduro's regime is seeking to project readiness and unity amid continuing US naval deployments in the southern Caribbean and assertive signals from Washington. US forces have destroyed at least four vessels allegedly transporting narcotics from Venezuela, while US President Donald Trump has hinted at operations targeting land-based assets.

A leaked White House memo described the engagement as a “non-international armed conflict.” Caracas has readied additional security powers, with signs that Maduro is trying to buttress internal cohesiveness with recent military promotions. Maintaining military loyalty remains essential to Maduro’s capacity to resist US pressure.

AFRICA

Cameroon

Presidential elections on 12 October are expected to deliver another seven-year term for 92-year-old President Paul Biya, following the exclusion of his main opposition challenger. Electoral continuity under Biya is unlikely to bring stability, given the unresolved question of succession. His renewed mandate will perpetuate conditions fueling separatist movements and broader opposition, while any eventual transition is likely to prove destabilizing.

Kenya

Kenya’s debt management is back in focus as the government buys back its USD 1bn 2028 bond while issuing a new USD-denominated bond. As in 2024, the early bond buyback aims to smooth bond maturities and ease liquidity pressures. An IMF Mission is currently in Nairobi for preliminary talks on a new program, but questions over feasibility remain given that the previous program was abandoned before completion. Markets will watch whether the government is pushing early debt buybacks as a potential alternative strategy.

Mozambique

LNG developments are expected to shape Mozambique’s Eurobond performance in the coming weeks. Eni has approved a second floating LNG project that could double the country’s LNG production, while markets will watch whether TotalEnergies lifts force majeure on its USD 20bn onshore LNG project, suspended since a 2021 insurgent attack. President Daniel Chapo said on 2 October that conditions had been met for the lifting of force majeure and groundwork for a restart has begun, but local security conditions have once again deteriorated.

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Geopolitical Research

+44 20 7186 8894

Macro@teneo.com

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