

<https://blog.en.erste-am.com/2017/04/19/france-votes-on-23-april-what-is-the-current-position-of-marine-le-pen/>

France votes on 23 April: what is the current position of Marine Le Pen?

Gast-AutorIn / Guest Author



© (c) iStock

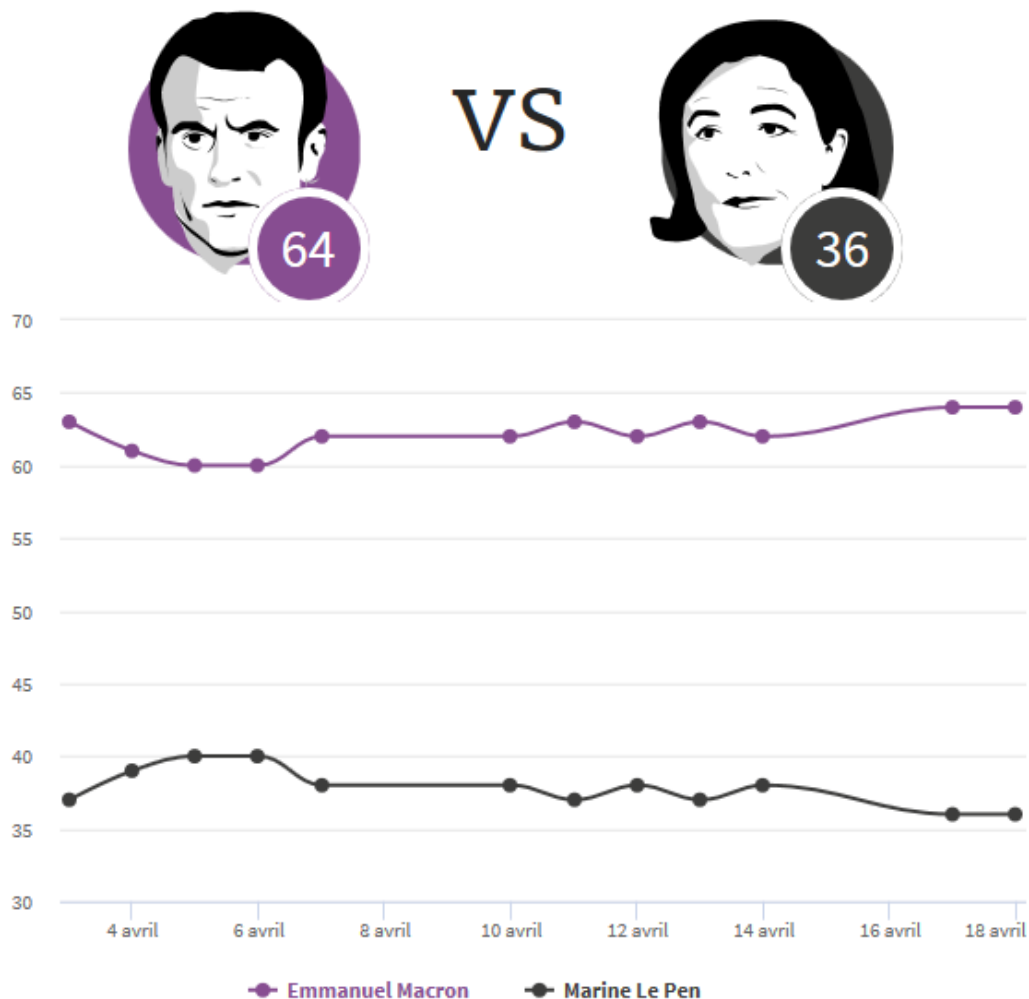


Author: Stephanie Clam Martinic
Senior Fund Manager Multi Asset Management

Marine Le Pen has been losing in the polls, a fact probably due to the improved economic environment in France.

The sentiment indicator for the business sector has continuously improved over the past three years. Unemployment has been falling since October 2016. According to a poll by OpinionWay, a majority of the French are critical of the introduction of a new national currency (71% of the respondents were against it, 29% in favour).

Therefore, the chances of the Front National to win the presidential elections have been in decline. At the moment, Emmanuel Macron is clearly ahead in the polls. However, unexpected events such as a terror attack or another scandal may change the sentiment drastically.



Source: OpinionWay

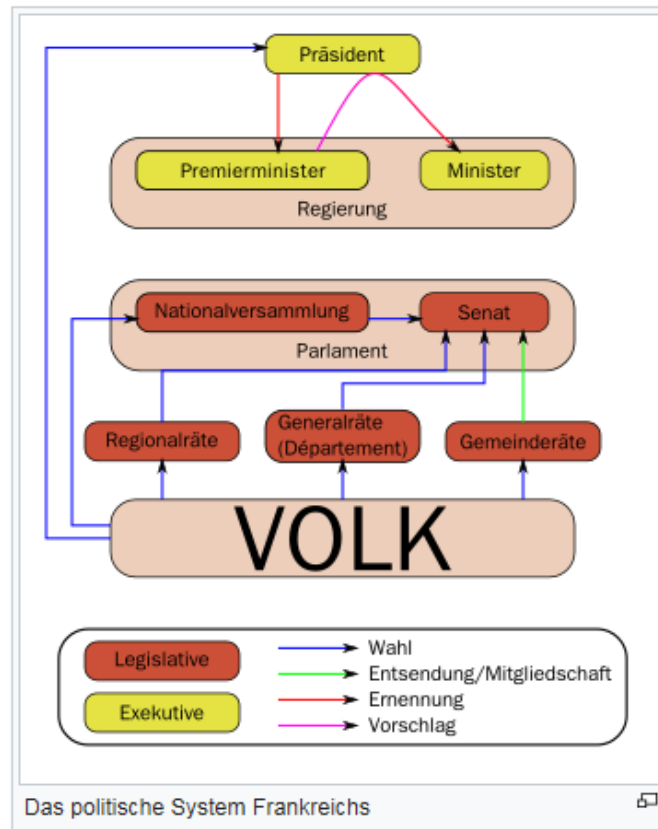
Does this mean the political risk in France has been contained?

No, because even a victory by Macron would not be able to completely calm the political situation in France, since like Le Pen he holds no majority in the parliament.

Without a majority in parliament (please refer to our [previous blog entry](#)), Macron has no chance of pushing the reforms that France urgently needs. His newly formed party currently does not have a single deputy in the National Assembly (“Assemblée National”).

Even if he can win over a part of the Parti Socialiste (N.B. some ministers have already declared they are backing Macron), the presidential candidate of the left wing of the Parti Socialiste, Benoit Hamon, can still rely on strong support.

The next elections for the National Assembly are scheduled for June. In [France](#), only few people can imagine that the traditional hegemony of the right or left wing could ever change. However, the outcome of the elections is hard to predict. Due to the voting system, according to which every deputy in a municipality is elected from a group of candidates from different parties, personal attachments sometimes are of higher relevance than party membership.

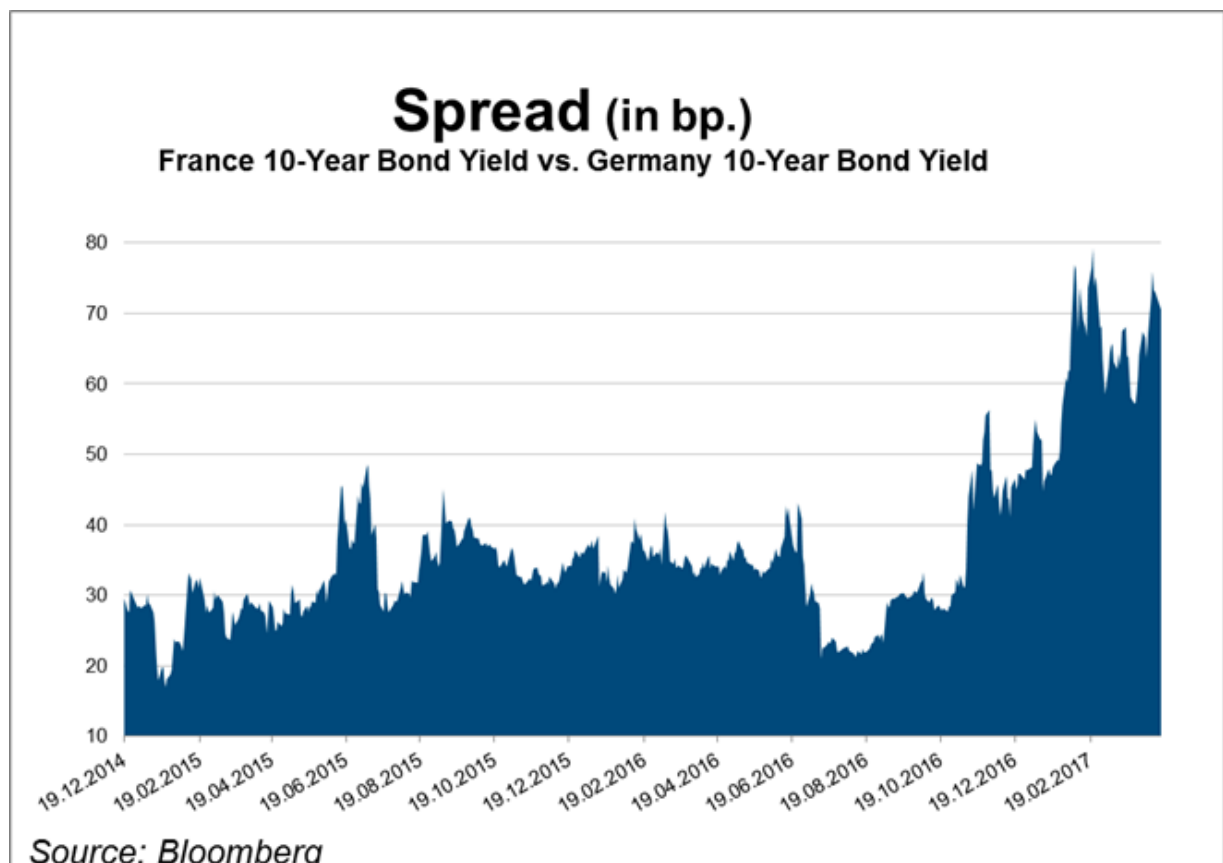


Source: Wikipedia

What does this mean for the bond markets?

In the short run, a continued falling of Le Pen's poll numbers could lead to narrowing spreads on French government bonds. However, if the market realises how few necessary reforms can be implemented in France, the attractiveness of French bonds may cool down again, and the yields of French bonds might rise again relative to German yields.

Yield differential (spread) 10 years French vs. 10 years German government bonds



Please note: Estimates or expectations are not a reliable indicator for the future development of a security or a financial instrument.

Legal disclaimer

This document is an advertisement. All data is sourced from ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., Erste Asset Management GmbH and ERSTE Immobilien Kapitalanlagegesellschaft m.b.H. unless indicated otherwise. Our languages of communication are German and English.

The prospectus for UCITS (including any amendments) is published in Amtsblatt zur Wiener Zeitung in accordance with the provisions of the InvFG 2011 in the currently amended version. Information for Investors pursuant to § 21 AIFMG is prepared for the alternative investment funds (AIF) administered by ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., Erste Asset Management GmbH and for ERSTE Immobilien Kapitalanlagegesellschaft m.b.H. pursuant to the provisions of the AIFMG in connection with the InvFG 2011 and regarding ERSTE Immobilien Kapitalanlagegesellschaft m.b.H. published in Amtsblatt zur Wiener Zeitung or at the web site www.erste-am.com or www.ersteimmobilien.at.

The fund prospectus, Information for Investors pursuant to § 21 AIFMG and the key investor document/KID can be viewed in their latest versions at the web site www.erste-am.com or www.ersteimmobilien.at or obtained in their latest versions free of charge from the domicile of the management company and the domicile of the custodian bank. The exact date of the most recent publication of the fund prospectus, the languages in which the key investor document/KID is available, and any additional locations where the documents can be obtained can be viewed on the web site www.erste-am.com or www.ersteimmobilien.at.

This document serves as additional information for our investors and is based on the knowledge of the staff responsible for preparing it at the time of preparation. Our analyses and conclusions are general in nature and do not take into account the individual needs of our investors in terms of earnings, taxation and risk appetite. Past performance is not a reliable indicator of the future performance of a fund.



Gast-AutorIn / Guest Author

Der Gastautor wird für Autoren verwendet, die nicht regelmäßig Beiträge am Blog veröffentlichen. Dies können auch externe Personen sein (nicht von der Erste Asset Management).