

2024's elections around the world: The who's who and the so what...

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Macroeconomic Research

Key points

- More than 60 countries, representing almost half of the world's population, go to the polls in 2024
- The US Presidential election is likely to be the most consequential; a rerun of the 2020 Biden vs. Trump contest looks most likely, but alternatives are still plausible
- European Parliament and UK elections are likely to have less global significance, but will impact policy going forwards
- Geopolitically-sensitive general elections took place in Taiwan in January – the Democrats achieved a historic third consecutive Presidential victory. We continue to monitor China's reaction
- Policy continuity is expected in major emerging markets such as Indonesia, India and Mexico. South Africa's ANC party may lose its Parliamentary majority for the first time since apartheid and Turkey's local elections will test the country's commitment to orthodox policies
- In frontier markets, Panama faces an uncertain outcome and Senegal is looking at a fraught election process

2024: The ultimate election year

Voters from more than 60 countries will head to the polls this year, representing almost half the world's population (Exhibit 1). This makes 2024 perhaps the ultimate election year by historical standards. But the act of merely holding elections does not guarantee a free and fair process e.g., Russia's March elections, nor does it imply consequential change. Yet financial markets' sensitivity to politics has increased since the 2008-2009 global financial crisis, particularly in advanced economies. Moreover, the pandemic and the wars in Ukraine and Gaza have caused significant uncertainty, deepened inequalities and poverty and made poll outcomes all the more unpredictable, often giving populists a stronger hand.

Exhibit 1: 2024's heavy election agenda across the world



US Presidential election the most significant

A rematch of the 2020 Presidential election Biden vs. Trump in November looks likely. Polls currently suggest a slim lead for Trump but we expect economic improvement to benefit Biden by year-end. With significant uncertainty around the outcome, different policy agendas for each candidate and with clear economic and geopolitical significance, the US election stands out as likely to be the most consequential in 2024.

Europe will also hold several key elections. European Parliamentary elections in June are likely to see a shift towards the right, which could impact overall policy direction and make it more difficult for the pro-European Union (EU) majority to smoothly enact certain policies including those around climate change. The UK will also face a general election this year, most likely in the fourth quarter (Q4), with the opposition Labour Party currently enjoying a large lead in the polls.

Multiple elections in emerging and frontier markets

The electoral year has already begun, with what could be the most geopolitically sensitive ballot of the year: Taiwan's General Election. The Democrats pulled off a historic third consecutive presidential victory, disappointing China, whose future reactions will continue to require close monitoring.

Some of the most populous countries, such as India and Indonesia, will hold elections in 2024. 14 February will be the world's biggest election day of the year, with more than 200m Indonesians going to the polls to choose a successor to Prime Minister Joko Widodo. Indian elections will take place between April and May; Prime Minister Narendra Modi is likely to comfortably remain in power for a third mandate. Mexican Presidents are limited to a single six-year term, Andrés Manuel López Obrador's party candidate, Claudia Sheinbaum, may become Mexico's first female president. Turkey's President Recep Tayyip Erdoğan's will aim to regain Istanbul mayorhood that he lost to the opposition in 2019. If he fails, there is a real risk to the orthodox economic policy orientation implemented recently with significant economic and financial implications. Another historic moment may occur in South Africa, where polls suggest the African National Congress party is set to lose its parliamentary majority since the end of apartheid.

Frontier markets will also face several political tests spanning from the Dominican Republic in Latin America, where business-friendly policy should remain no matter who wins, to more contested polls in Africa's Senegal. El Salvador President Nayib Bukele should remain in power enjoying high levels of popular support. Against a tense social backdrop, election outcomes in Panama appear less certain, with many contenders and many challenges to tackle ahead. Venezuela's timely comeback on the international stage should be confirmed, although there is little chance of seeing fair elections taking place this year.

Taiwan – Irina Topa-Serry, Emerging Market Senior Economist

General Elections (13 January 2024)

Exhibit 2: 2024 and 2020 results

2024 election outcome				
Parties	DPP	KMT	TPP	Independents
Seats (/113)	51	52	8	2
Candidate	Lai Ching-te	Eric Chu	Ko Wen-je	
Vote %	40%	33.5%	26.5%	
2020 election results				
Parties	DPP	KMT	TPP	Others
Seats (/113)	61	38	5	9
Candidate	Tsai Ing-wen	Han Kuo-yu		James Soong
Vote %	57.1%	38.6%		4.3%

Source: Central Election Committee and AXA IM Research, January 2024

A key geopolitical election. Some 23 million inhabitants of the island of Taiwan, situated only 180km away from the Chinese coast, went to the polls at the start of the year to elect their President and the 113 seats in the Legislative Yuan. The pro-sovereignty Democratic Progressive Party (DPP) pulled off a historic third consecutive presidential victory as Lai Ching-te received 40% of the vote against a split opposition. Perceived as more hawkish towards China in the past than former President Tsai Ing-wen, Lai's win is a setback for Beijing which swiftly and clearly reiterated that reunification is inevitable in spite of the results. More toned down during the campaign, newly elected President Lai restated his commitment to the cross-strait status quo in his first address after the announcement of the results. China's foreign ministry's criticisms of the US State Department's congratulations to the winner underscored the irritation. Further displays of US support, including any official US delegation visit or military purchases from the US, could trigger a negative reaction from China and needs to be closely observed.

We expect economic policy continuity. Domestic economic policy in Taiwan is unlikely to change. The DPP failed to retain a majority in the Legislative with 51 seats, against 52 seats for the nationalist Kuomintang (KMT) and eight seats for the centre-left Taiwan People's Party (TPP). Thus, the DPP will need to form a working coalition. Ahead of elections, China had removed tariff exemptions for 12 petrochemical products imported from Taiwan, a marginal part of Taiwan's exports and China's imports. We think Chinese economic sanctions imposed on Taiwan will remain symbolic and importantly should leave the vital technology sector – including the semiconductor industry – untouched, given its critical role for China at present. Given this backdrop, Taiwan's economy should be able to reaccelerate into 2024 to above 3% on the back of export recovery, after a very weak 2023.

US – David Page, Head of Macro Research

Presidential Elections (5 November 2024)

Exhibit 3: 2024 candidates and polling, 2020 results

2024 election candidate			
Candidate	Voter preference		Party
President Joe Biden	44%		Democrat (D)
Former President Donald Trump	44%		Republican (R)
Ron DeSantis	41%		Republican (R)
Nikki Haley	36%		Republican (R)
2022 Congress election results			
Seats	Senate	49+2 (D)	49 (R)
	House	213 (D)	222 (R)

Source: *The Economist/YouGov*, 538, *Politico* and AXA IM Research, January 2024

In many ways the US Presidential Election is already underway. The Iowa caucus on 15 January marked the start of the Republican primary process which will run until 8 June and the Republican Convention on 15-18 July that will formally announce the party nominee. At the time of writing, former President Trump holds a strong lead in the Republican field (nationally polling at 62% compared to nearest rivals Ron DeSantis at 12% and Nikki Haley at 11%) and nearly twice as strong as at the same time in 2015. However, Trump faces a number of legal challenges that may yet impact his Presidential bid and is currently barred from standing in several states, although this will be reviewed by the Supreme Court from 8 February and determined by 5 March.

Presently a rerun of the 2020 Joe Biden vs. Trump election still looks most likely, but alternatives are plausible. For a long time, polling suggested that Biden would come out best in such a rematch. More recently Biden’s favourability polls have deteriorated (currently 39% in favour versus 56% disapproval). In contrast, Trump’s favourability had improved to the low 40s, but has started 2024 lower at 39%. We are sceptical of poll-based predictions this far out, particularly with Trump’s candidacy not yet certain. Moreover, polling is likely to be impacted by the economy across the course of this year. Our central forecast of a US soft landing, inflation moving back to target and unemployment rising only gently should improve approval rates for the incumbent administration.

Congressional elections will be important. The House of Representatives tends to go with the popular vote – whoever wins the Presidency will likely win the House – but governance and shutdown risks in early 2024 may influence this. Further redistricting in New York may unwind some of the headwinds against the Democrats this time around, while significant retirements ensure a large turnover of Congressmen (around 20% in this year’s election). The Senate elects one-third of its constituents every two years. 2024 favours the Republicans, with 23 Democrat seats up for re-election – several of which Biden only won with a thin majority in 2020 – versus 11

Republican seats. In what we expect to be a close race, a Biden Presidency would likely face a mixed Congress; a Trump Presidency could benefit from a unified Congress.

This would be important for delivering policy. A second-term Biden administration with a mixed Congress would likely see an extension of current policy intransigence, also increasing the risk of government shutdowns around funding bills and the debt ceiling, with the next limit to be faced in January 2025.

Trump is yet to suggest a clear manifesto. However, we would expect a second term to echo themes of his first. Trump has already suggested a sweeping 10% across-the-board tariff, pushing the US further towards protectionism. We would also expect him to persist with a tax cutting agenda. Tax cuts included in the Tax Cuts and Jobs Act (2017) expire at the end of 2025. We expect Trump to seek to avoid that, which would likely further increase the deficit. We would also expect rising geopolitical tensions under a second Trump term. These would include renewed tensions with China, but also include concern over the outlooks for Ukraine and the Middle East.

Otherwise, **the new administration will have to focus on two long-standing challenges.** The first is **government indebtedness.** Both Presidents have presided over a time when US fiscal deficits not only rose to 6% of GDP, but Congressional Budget Office forecasts have them staying there for the rest of the decade. With the level of debt forecast to be 98% of GDP in 2023, we see no imminent danger surrounding fiscal sustainability. However, neither Biden nor Trump have discussed a long-term plan to unwind these large deficits, which are forecast to see debt rise to 107% by the end of the next Presidential term and 134% by 2040.

Climate policy will also be important

Biden has spent much political and physical capital incentivising the US clean energy transition. To a large extent we consider the economics of this self-sustaining; the broader security and industrial competitive advantage this gives the US should make aspects of these policies appealing to any administration. However, the Republican party has twice made an upturn on internationally-agreed climate goals – Trump being the second offender. Despite progress, the US has not done enough to sufficiently offset its largest cumulative and current per capita greenhouse gas emitter status and help the world avoid the destructive climate change an above-1.5°C warming world could see. A second Trump term could mean further backsliding.

Given the US’s economic and geopolitical significance and the divergent paths the two likeliest Presidential candidates could take the next administration in, **the US election is likely to be the most consequential of this year’s elections for the globe.**

Europe – H. Le Damany and F. Cabau, Economists (Euro Area)

UK – David Page, Head of Macro Research

European Parliament Elections (6 to 9 June 2024)

General Election (expected late 2024)

Exhibit 4: 2019 results, no definitive head of list for 2024 yet

2019 election results						
Parties	EPP	S&D	Renew	Greens	ID	ECR
Leader	Manfred Weber	Frans Timmermans	Margrethe Vestager	Ska Keller	Matteo Salvini	Jan Zahradil
Vote %	24.2	20.5	14.4	9.9	9.7	8.3

Source: European parliament and AXA IM Research, January 2024; Progressive Alliance of Socialists and Democrats (S&D, centre-left), Renew (centre), European People's Party (EPP, centre-right), European Conservatives and Reformists (ECR), Identity and Democracy (ID, far right), others gather far left (5.5%) and non-affiliated (7.6%)

Exhibit 5: 2024 current candidates, 2019 results

2024 election candidates					
Leader	Rishi Sunak (Conservative)	Keir Starmer (Labour)	Ed Davey (Liberal Democrats)	Humza Yousaf (Scottish National Party)	
2019 election results					
Parties	Cons	Lab	Lib Dem	SNP	Other
Seats	365 (+48)	202 (-60)	11 (-1)	48 (+13)	24 (-)
Leader	Boris Johnson	Jeremy Corbyn	Jo Swinson	Nicola Sturgeon	-
Vote %	43.6	32.1	11.5	3.9 (45.0)	8.9

Source: House of Commons Librar and AXA IM Research, January 2024

European elections are scheduled for 6-9 June and look likely to lean to the right.

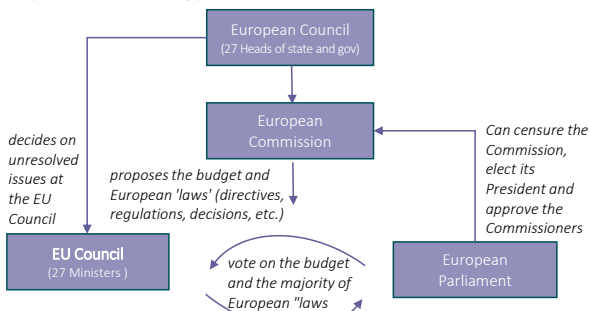
The European People's Party is currently leading the polls (23.8%) ahead of the Socialist and Democrats (19.6%). At this stage, a pro-EU majority could be formed with Renew (11.4%) and possibly the Greens for key policies. However, this would not be a smooth process as these parties are opposed on certain topics, while the frontier between centre-right and far right is now more porous. Currently, Identity and Democracy and the European Conservatives and Reformists stand at 12.6% and 10.8% respectively but will soon be joined by Fidesz, Hungarian Viktor Orbán's party.

The government's five-year term expires on 17 December. If Parliament is not dissolved before, an election would be held on 25 January 2025. In reality, it is likely to be sooner. Last November's Autumn Statement added 0.5% of GDP's worth of fiscal loosening and kept the option for a May election open. Yet Prime Minister Rishi Sunak recently said his "working assumption" was for the **election to be "in the second half of the year"**; **we suspect October, but November is rumoured.** This would allow time for more stimulus and some recovery.

If far right parties collectively reach one-third of seats, they may be able to block some EU procedures (blocking minority rule), just as some populist parties recently vetoed policies at the European Council (aid to Ukraine, Next Generation EU NGEU funds to Poland and Hungary). Beyond the difficulty in passing legislation, they could also influence the strategic agenda and/or delay implementation of ongoing policies (i.e., climate), particularly if other parties are divided.

The Conservatives had a relatively large 80-seat outright majority in 2019 at the height of the Brexit furore. Under the leadership of Keir Starmer since 2020, the opposition Labour Party has enjoyed double-digit poll leads since late 2022. By-elections have seen the government lose nine seats since 2019, recently delivering large swings and only one hold (in 12) in the last two years - although these convey only so much information about a national poll. The Conservatives also appear engaged in an internal battle for direction. If the election were tomorrow, the Labour Party is likely to win. Yet much can happen, and the current government will hope an improving economy boosts its prospects.

The European decision-making process



Source: AXA IM Macro Research

Whatever the results, key policy priorities are likely to be regaining competitiveness in energy prices and counter Chinese/US subsidies, green deal implementation and EU enlargement (Ukraine or Moldova are unlikely to join EU soon, but discussions should continue). The next mandate may also extend the deadline for NGEU spending (2026) and could seek to finalise capital market and banking union at the EU level.

Yet unlike 2019 – a clash of extremes from the Right and Left – **this election is set to be fought over the political centre:** Labour shifted post-Jeremy Corbyn and the Conservative party moved to the centre following Liz Truss's disastrous 49 days in office. The economic impact of this election may be similar with either outcome: the new government will face grim public finances, already committed to significant fiscal retrenchment over the coming years, with incentives for further fiscal tightening at the start. The difference between this and the notorious, ill-timed austerity of the early 2010s would be that monetary policy is now in restrictive territory and could be eased, rather than pegged to a zero lower bound. Fiscal tightening would reduce public borrowing and add to arguments for lower rates, which could then propel future growth.

India – Irina Topa-Serry, Emerging Market Senior Economist

General Elections (April/May 2024)

Exhibit 6: 2024 current candidates, 2019 results

2024 election candidates						
Coalitions	NDA		INDIA			
Leader	Narendra Modi		Mallikarjun Kharge			
Opinion polls	42.9%		39.3%			
Seats projections	304-326		162-184			
2019 general election results						
Parties	BJP	INC	DMK	AITC	YRCP	Others
Seats	303	52	23	22	22	120
Vote %	37.7%	19.7%	2.3%	4.1%	2.6%	33.6%

Source: ABP-CVoter, Times Now-ETG, India TV-CNX, Times Now-ETG (Aug-Dec 2023 polls), official sources and AXA IM Research, January 2024

India, the world's largest country by population, goes to the polls in Q2 to elect 543 members of the lower house, called the Lok Sabha. The party or coalition winning a simple majority is invited to form a government and elect its leader who then becomes prime minister, not subject to any term limit. The electoral machine is inevitably impressive: elections take place in seven phases by electronic machines (since the early 1980s) across 29 states and seven federally-administered territories and are to be held over April and May. For the 2019 general elections, one million polling stations were open with the support of 11 million election officials and security forces for the 900 million registered voters to elect their Members of Parliament proposed by 2,000-plus registered political parties.

For the 2024 general elections, there are six national parties, 55 state parties and more than 2,500 unrecognised parties registered. Yet, **the political spectrum in India has become increasingly bipolar** around two major coalitions: the centre-right to right National Democratic Alliance (NDA), led by the Bharatiya Janata Party (BJP), in power since 2015 under the leadership of Narendra Modi; and the centre-left to left Indian National Developmental Inclusive Alliance (INDIA), led by the Indian National Congress (INC) party, which stems from the Congress party that led the Indian independence movement during the 1920s under Mahatma Gandhi.

A third mandate for Prime Minister Modi? Several assembly elections recently held at state level saw BJP victories. Modi enjoys strong support in ratings and is very likely to win a third mandate this year. Political and policy continuity could help in avoiding excessive fiscal pre-election spending, maintaining the focus on digitalisation and manufacturing production, as well as exports development ahead. India stands among the most indebted emerging market (EM) economies (government debt at 80%+ of GDP) but is also one of the fastest growing major EM economies supported by public investment. Improved consumption, but also a pickup in private investment, will be key to sustaining such growth trends into 2024 and beyond.

Mexico – Luis Lopez Vivas, Emerging Market Economist

Presidential Elections (2 June 2024)

Exhibit 7: 2024 candidates and polling, 2018 results

2024 election candidate				
Coalition	Morena	Fuerza y Corazón por México	Movimiento Ciudadano	
Leader	Claudia Sheinbaum	Xóchitl Gálvez	Jorge Álvarez	
Opinion poll	60%	33%	7%	
2018 election results				
Parties	Morena	PAN	PRI	Independent
Leader	Andrés Manuel López Obrador	Ricardo Anaya	José Meade	Jaime Rodríguez
Voter share	54.7%	22.9%	16.9%	5.4%

Source: AS/COA and AXA IM Research, January 2024

Recent polls suggest **Mexico is on the brink of making history on 2 June by electing its first female president**, who will succeed popular President Andrés Manuel López Obrador (known as AMLO). Claudia Sheinbaum, AMLO's protégée, and former opposition senator Xóchitl Gálvez dominate the race with over 90% of voting intentions. Voters will also elect all members of the Chamber of Deputies and the Senate, eight governors, Mexico City's Head of Government, 31 local congresses, and representatives across the country.

Sheinbaum, former Mayor of Mexico City, has a background in environmental engineering and is known for her progressive and environmentally conscious approach. She is comfortably leading the presidential race with a 27-point lead over Gálvez. Her popularity likely reflects AMLO's high 68% approval rate, but he is constitutionally barred from a second term as president. Her party Morena is a well-oiled electoral machine commanding the majority of governorships across the country.

Meanwhile Gálvez, practically unknown until recently, defied all odds by securing support from Mexico's traditional parties: National Action Party (PAN), Institutional Revolutionary Party (PRI) and Democratic Revolution Party (PRD), which collectively form the Fuerza y Corazón por México coalition. This comes after five years of nearly non-existent and fragmented opposition. However, despite their backing, Gálvez holds only 33% of the vote and has yet to articulate a concrete policy platform to invigorate her campaign. In a distant third position is the small centre-left Movimiento Ciudadano party, which initially featured Samuel García as its candidate but replaced him with Jorge Álvarez in early January.

Barring a major upset, **Sheinbaum appears poised to secure a victory in the presidential race**. However, the question remains whether her party will have a strong majority in Congress, potentially leading to challenges in pushing her agenda, reminiscent of the hurdles AMLO has faced during his term.

Indonesia – Irina Topa-Serry, EM Senior Economist

Presidential (February 14/June 26), General (February 14) and Local Elections (November 2024)

Exhibit 8: 2024 current candidates, 2014/2019 results

2024 election candidates			
Coalitions	Coalition of Change	Advanced Indonesia Coalition	Alliance of Political Parties
President	Anies Baswedan	Prabowo Subianto	Ganjar Pranowo
Vice President	Muhaimin Iskandar	Gibran Rakabuming	Mohammad Mahfud Mahmodin
Seats (/575)	167	261	147
Opinion polls	22.2%	40.1%	28.2%
2014 and 2019 election results			
Leader	Joko Widodo	Prabowo Subianto	
2014 vote share	53.15%	46.85%	
2019 vote share	55.5%	44.5%	

Source: Litbang Kompas, LSI Denny JA, Populi Center, Poltracking, Indikator, Charta Politika, Indo Barometer and AXA IM Research, January 2024

In 2024 multiple elections will take place in the world’s third largest democracy. Wednesday 14 February will be the world’s biggest election day of the year, with more than 200 million Indonesians coming to the polls to vote in the Presidential and House of Representative elections (575 seats). Since 2009, people vote directly for candidates proposed by eligible parties in an open proportional system. The President and Vice President of Indonesia are also directly elected by the people through general elections every five years. Incumbent President Joko Widodo, popularly known as Jokowi, who has been in power for the last 10 years, cannot constitutionally run for another mandate. Indonesia will also hold local elections in November.

We expect political stability to prevail thanks to the practice of power sharing among political elites via big governing coalitions. This practice has gone as far as seeing Jokowi including his political rival Prabowo Subianto, whom he defeated twice, in his 2019 government. Indeed, parties are not driven by ideologies or policy orientation, but rather by political calculations. This cooperative approach is evident from the absence of clear policy distinctions among the duos (President/Vice President) presented by the three coalitions formed for the upcoming election. So far, polls suggest a run-off in June is highly likely. All candidates pledge to raise GDP growth to 5.5%-7% per annum for the next five years, through increasing efforts to onshore metal refining capacities, which should reduce the sensitivity to commodity price volatility, as well as increase agricultural production. Some candidates explicitly target a higher tax base, which is a well-identified weakness of the otherwise sound fiscal model of Indonesia.

South Korea – Irina Topa-Serry, EM Senior Economist

General elections (10 April 2024)

Exhibit 9: South Korea National Assembly composition

Current composition of National Assembly		
Party	Leader	Seats (/300)
Democratic Party of Korea (DPK)	Lee Jae-myung	168
People Power Party (PPP)	(Han Dong-hoon)	112
Justice Party	Kim Jun-woo	6
Basic Income Party	Shin Ji-woo	1
Hope of Korea Party	Yand Hyang-ja	1
Progressive Party	Yoon Hee-suk	1

Source: official sources and AXA IM Research, January 2024

Korean general elections are scheduled in spring. A year and a half into office, conservative President Yoon Suk Yeol is still seeing low approval ratings. This could pose challenges for the People Power Party (PPP), as the upcoming parliamentary elections are widely seen as a referendum on Yoon's leadership. Last October, the ruling PPP was defeated by the opposition Democratic Party (DPK) in a by-election for the head of Gangseo-gu, Seoul’s Western district with a 17% margin, underscoring a very comfortable position for the opposition ahead of the general elections. The DPK dominates the 300-seat Assembly and poses as the political alternative to the conservatives who have been going through an internal crisis over their leadership.

More recently, former DPK leader Lee Nak-yeon and former PPP Chairman Lee Jun-seok have announced plans to create their own parties. While the two politicians do not share similar political backgrounds, they appear open to collaboration which could offer an alternative for voters frustrated by Korea's increasing bipolar politics. Recent polling suggests a very close race: 29% of voters surveyed expressed a preference for the PPP versus 25% for the DPK, but importantly, 35% were undecided. Yet, there has been no formal announcement and political observers see the possibility of cooperation as rather unlikely at this juncture.

Economy slowly improving. As a very open economy, Korean GDP has been rather weak lately, but is expected to improve from 1.3%-1.4% in 2023 to around the 2%+ potential growth in 2024 (November Bank of Korea projection stood at 2.1%, the International Monetary Fund forecasts 2.2%). We expect a gradual improvement in the export trend but remain concerned about a slower recovery of consumption and construction investment on the back of lagged effects of past monetary tightening. Fiscal policy is likely to continue to lean on the prudent side no matter the election outcome.

Romania – Irina Topa-Serry, EM Senior Economist

Local/Presidential/Parliamentary elections (H2 2024)

Exhibit 10: 2024 candidates and polling

Romanian Parliament composition and polls		
Party	Seats (/466)	Polls
Government		
Social Democratic Party (PSD)	152	29.0%
National Liberal Party (PNL)	116	18.5%
Social Liberal Humanist Party (PUSL)	5	1.2%
Opposition		
Save Romania Union (USR)	61	13.8%
Alliance for the Union of Romanians (AUR)	38	19.3%
Democratic Alliance of Hungarians in Romania (UDMR)	29	4.5%
Force of the Right (FD)	19	1.7%
Renewing Romania's European Project (REPER)	12	1.3%
Romanian Nationhood Party (NR)	5	na
People's Movement Party (PMP)	0	3.4%
S.O.S. Romania (SOS)	0	4.3%
2024 Presidential election candidate		
Candidate	Party	Voter preference
Mircea Geoana	(independent)	24.9%
Marcel Ciolacu	PSD	16.9%
George Simion	AUR	14.8%
Diana Iovanovici-Șoșoacă	SOS	12.1%
Nicolae Ciucă	PNL	8.0%
Cătălin Drulă	USR	5.6%

Source: latest opinion polls and AXA IM Research, December 2023

Extreme right gaining ground. All possible elections will take place in Romania in 2024, from European parliamentary elections on 9 June to local ones on 29 September; parliamentary and presidential elections are likely to be held in the second half of the year. There is clear dissent among the coalition parties about the sequencing of these elections; the precise official timeline remains unknown. Running together and against each other doesn't seem to be fruitful for either of the grand coalition parties, which could jeopardise its absolute majority in Parliament. Polls also underscore a sharp increase in support for the right-wing Alliance for the Union of Romanians (AUR) party recently. President Klaus Iohannis will step down after two consecutive mandates, and a social democrat President is more likely to take over the function.

Fiscal consolidation postponed. The heavy election calendar will limit further fiscal consolidation efforts, already visible in higher pension expenditures and public deficits are likely to exceed 6% of GDP in 2024. Yet, these measures are likely to be offset by tax hikes after the elections, as economic policies should maintain their EU orientation over the longer term.

Turkey – Irina Topa-Serry, EM Senior Economist

Local Elections (31 March 2024)

Exhibit 11: 2023 election results

2023 Presidential election results					
Leader	Erdoğan	Kılıçdaroğlu	Oğan	İnce	
Party	AKP	CHP	Independant	MP	
First round vote %	49.5	44.9	5.2	0.4	
Second round vote %	52.2	47.8	-	-	
2023 Parliamentary election results					
Parties	AKP	CHP	HEDEP	MHP	IYI
Leader	Erdoğan	İnce	Uçar/Akın	Bahçeli	Aksener
Seats (/600)	268	169	61	50	43
Vote %	35.6	25.3	8.8	10.1	9.7

Source: official sources and AXA IM Research. NB: AKP=Justice and Development Party, CHP=Republican People's Party, HEDEP= Peoples' Equality and Democracy Party, MHP=Nationalist Movement Party, Good Party=İYİ, MP=Homeland Party

AKP/Erdoğan defied pollsters (again) in 2023. Recep Tayyip Erdoğan won Turkey's elections in May 2023. The conservative coalition led by the Justice and Development Party (AKP) obtained a majority in parliament and Erdoğan defeated the opposition's joint candidate Kemal Kılıçdaroğlu, in a runoff for the presidency, renewing his mandate for yet another five years. Local elections are his next target.

Once again Istanbul? Several mayors, city council members, provincial general council members, muhtars and councils of elders will be elected in March, as per every five years. President Erdoğan announced AKP's slogan "Once Again İstanbul" highlighting the focus on reclaiming the major city lost in 2019, Turkey's commercial hub of 16 million people (20% of the population). Former environment minister Murat Kurum was named AKP candidate in Istanbul's mayoral election standing against the Republican People's Party (CHP) incumbent Ekrem İmamoğlu. The race is tight. Opposition parties have struggled after last May's defeat: the CHP changed leadership; the Good Party (İYİ) faces important resignations; and both parties failed to unify so far, in spite of their previous fruitful partnership in the 2019 local elections. The pro-Kurdish Peoples' Equality and Democratic Party (HEDEP) renamed after the Peoples' Democratic Party (HDP) faces prospects of closure.

Orthodox economic policy at risk? The new government economic team instated after the 2023 elections was allowed to use more orthodox policies toward economic rebalancing through aggressive monetary policy tightening which has stabilised confidence and secured financing, particularly from Middle Eastern allies. The rebalancing process is nonetheless still at the early stages and economic orthodoxy may be at risk of a *déjà-vu* U-turn in the case of a weak result for Erdoğan in the local elections, which will therefore deserve full attention and careful monitoring.

South Africa – Claire Dissaux, EM Senior Sovereign Analyst

Local/Parliamentary elections (likely Feb-May 2024)

Exhibit 12: 2024 polls

Party		Voter preference
African National Congress	ANC	48%
Democratic Alliance	DA	20%
Economic Freedom Fighters	EFF	17%
Inkatha Freedom Party	IFP	4%
ActionSA	ActionSA	4%
African Christian Democratic Party	ACDP	2%
Freedom Front Plu	VF	1%

Source: Official sources and AXA IM Research, Note: vote intentions corrected from turnout assumption (average at 43%) December 2023

General and local elections, which are due to take place by mid-August 2024 at the latest, could be a watershed moment for the **African National Congress (ANC) party as it may lose its majority in Parliament for the first time in 30 years**. While the ANC still won a majority in 2019, its share has been falling compared to 2014 and has recently been polling at just 33% (down from 55% in 2019), pointing to potentially needing to form a coalition government. Power outages and purchasing power losses, especially for those dependant on welfare payments, have taken their toll especially hard on ANC voters. Support for the ANC dropped below 50% at the 2021 local elections. While the latter may be driven by local rather than national issues, ANC dominance has faded.

Whether dissatisfied ANC voters shift to opposition parties or stay away from the polls will be key for the election outcome.

In past elections, with few appealing alternatives for the working class, ANC voters have expressed their disappointment with the party by not casting a ballot. Now that some opposition parties have united (e.g., Multi-Party Charter) and been tested at the local level, their behaviour might change.

Whether the next government has the ability to tackle the reform of state-owned enterprise (SOE), accelerate structural reforms, and embark on fiscal consolidation will be key for investors in view of the heavy SOE losses, lacklustre growth and unsustainably wide fiscal deficits. Hence a majority ANC government would probably be the best outcome for markets. The efficiency of policymaking could be maintained if the ANC were to obtain 45%-47% of the votes and form a coalition with a minority partner as it has in the past (with the Inkatha Freedom Party). A more severe ANC defeat holds the risk of Ramaphosa resigning, a negative signal for reform prospects, as his deputy P.S. Mashatile would find it difficult to maintain cohesion between a coalition government and the ANC as well as within the ANC. A coalition with a larger party, perhaps the Economic Freedom Fighters, a far-left party, would bring the risk of reform reversal (e.g. Green deal, liberalisation of the energy sector, South African Reserve Bank independence etc.).

Panama – Luis Lopez Vivas, Emerging Market Economist

General elections (5 May 2024)

Exhibit 13: 2024 current candidates, 2019 results

2024 election candidates				
Coalitions	RM	CD	PP	MOCA
Leader	Ricardo Martinelli	Rómulo Roux	Martín Torrijos	Ricardo Lombana
Opinion poll	43.0%	9.0%	8.0%	7.0%
2019 election results				
Parties	PRD	CD	Independent	Panameñista
Leader	Laurentino Cortizo	Rómulo Roux	Ricardo Lombana	José Blandón
Vote share	33.4%	31.0%	18.8%	10.9%

Source: Gallup Panama and AXA IM Research, January 2024

Panamanians will cast their votes on 5 May for the next President, Vice President and all 71 members of the National Assembly. Constitutional term limits render incumbent President Laurentino Cortizo ineligible for a consecutive term, setting the stage for a dynamic political landscape.

Recent political developments were marked by protests last October, the largest in the country's democratic history. These protests were triggered by the renewal of the contract of Cobre Panamá, the largest open-pit copper mine in Central America. While the Supreme Court suspended the contract in November, the protests underscored deep-seated dissatisfaction with the government and the overall political system. In this context, former President Ricardo Martinelli has emerged as a frontrunner in the polls with 43% of the vote. He is capitalising on public discontent and nostalgia for the economic boom experienced during his 2009-2013 term. However, his recent money laundering conviction, with a possible 10-year prison sentence, could prove an impassable hurdle, pending the Supreme Court's decision. If the conviction is upheld, he will be ineligible to participate in the elections.

In a crowded field with over 10 candidates, other key contenders such as former President Martín Torrijos, Rómulo Roux and Ricardo Lombana trail with less than 10% in polls. However, if Martinelli gets side-lined, the whole race opens up. The real puzzle is where Martinelli's supporters would shift their allegiance, injecting a dose of uncertainty into the election outcome.

Irrespective of the election's result, the next President faces formidable challenges. Urgently **addressing the unsustainable pension system in the midst of a deteriorating fiscal situation and navigating operational issues posed by the current canal drought are key priorities.** Additionally, the next President needs to pay attention to the public's call for broader development, as highlighted by protests last year, going beyond just economic growth.

Uruguay – Luis Lopez Vivas, Emerging Market Economist

General elections (27 October 2024)

Exhibit 14: 2024 candidates and polling, 2019 results

2024 election candidate		
Coalitions	Multicolor Coalition	Frente Amplio
Leader	To be determined	To be determined
Opinion poll	45%	42%
2019 election results		
Coalitions	Multicolor Coalition	Frente Amplio
Leader	Luis Lacalle Pou	Daniel Martínez
Vote share	50.8%	49.2%

Source: Factum and AXA IM Research, January 2024

The upcoming general elections in Uruguay are marked by intense political debates fuelled by pressing issues, including a severe drought impacting Montevideo's water services, corruption scandals and rising crime. As such, opposition party Frente Amplio is seeking to capitalise on public discontent. As Uruguayans prepare to vote on 27 October, the elections go beyond electing a President and Vice President—they encompass all members of both chambers of Congress. A potential Presidential runoff is scheduled for 19 November.

President Luis Lacalle Pou will not seek re-election due to legal constraints, and with primary elections set for 30 June, polls indicate a closely contested battle between the two main coalitions. The ruling centre-right Multicolor Coalition, led by Lacalle Pou's National Party, leads with 45% support. The primary candidate for the National Party is Lacalle Pou's right-hand man, the Secretary of the Presidency, Álvaro Delgado. He will face other politicians from the National Party in the primaries, including former mayoral candidate for Montevideo, Laura Raffo. On the opposing side is the left-wing coalition Frente Amplio, which ruled the country for 15 years before Lacalle Pou's victory in 2019 and has strong ties to labour and social movements. Frente Amplio is currently only three points behind the Multicolor Coalition. The main candidates for the left-wing coalition include two current mayors, Yamandú Orsi from Canelones and Carolina Cosse from Montevideo.

In these early stages of the presidential race, where primaries are yet to unfold, details on policy proposals remain scarce. However, a potential Multicolor Coalition victory is expected to maintain the trajectory set by the current administration, focusing on the professionalisation of the state, increased efficiency, and a greater trade liberalisation. Conversely, a Frente Amplio win might reflect the José Mujica administration's approach by placing a higher priority on a broader safety net. Importantly, this emphasis does not necessarily entail a reversal of the reforms introduced by Lacalle Pou, indicating the possibility of policy continuity amidst changing leadership.

Senegal – Claire Dissaux, EM Senior Sovereign Analyst

Presidential elections (25 Feb 2024)

Exhibit 15: 2024 candidates, 2022 legislative results

2019 presidential election results, selective 2024 candidates			
2019 candidates	%	2024 candidates	Party
Macky Sall	58	Amadou Ba	BBY
Idrissa Seck	20	Bassirou Faye	Pastef
O. Sonko	16	Idrissa Seck	Rewmi
M. Niang	1.5	Khalifa Sall	Taxawu Senegal
2022 parliamentary election results			
Parties	% votes	Number of MPs	
BBY	47	82	
YAW	33	56	
Wallu Senegal	15	24	
Les Serviteurs/MMR	2	1	
AAR Senegal	2	1	
Bokk Guis Guis	1	1	
Total	100	165	

Source: Constitutional council and AXA IM Research, January 2024

Although President Macky Sall has given up seeking a third mandate, the run-up to presidential elections has been fraught with political tensions and risks of violence. The list of approved candidates that was only unveiled on 20 January did not include two important opposition leaders, Sonko (Pastef) and Wade (PDS). The establishment has kept throwing hurdles for opposition leader Sonko, who remains in jail, to run for the past 2 years. He did not make it in the preliminary list of candidates but his deputy (Bassirou Diomaye Faye), also in jail, did. With Sonko barred from running, this sharply raises the odds of the ruling coalition candidate PM Amadou Ba becoming the next President, albeit perhaps in a runoff on 10 March 2024. Pastef has not been able to form alliances with other opposition parties. Therefore, Ba will benefit from a highly divided opposition. While allowing Sonko to run would have been a victory for democracy, his radical economic agenda, which includes withdrawing from the African Financial Community (CFA) union or renegotiating oil and gas contracts, would deal a blow to the economy. We expect policy continuity if Ba is elected, paving the way for much needed fiscal consolidation including through the phasing out of energy subsidies and broadening the tax base, key to reducing Senegal's twin deficits and preserving the CFA peg.

The election of a new President may not mark the end of political uncertainties given the lack of a stable majority in Parliament. Since 2022, the BBY administration had to govern with a one-seat majority. The next President is likely to call for early legislative elections. With the anchor from a large IMF programme and the upcoming revenue from new oil and gas production, a reduction in Senegal's country risk hinges as much as on a peaceful and democratic political transition than on its economic performance.

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