

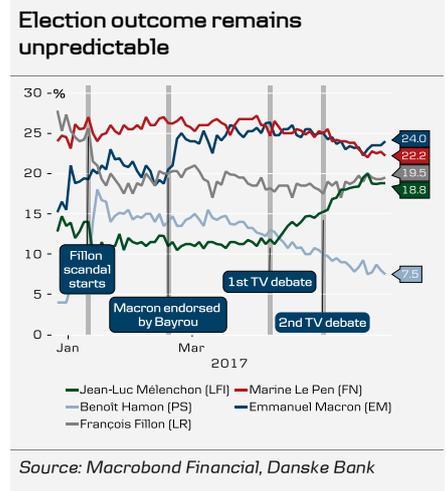
French Election Monitor #3

Markets hold their breath as first election round draws near

As election day for the first round of France’s presidential election approaches on Sunday, the result remains unpredictable, with the four leading candidates Marine Le Pen, Emmanuel Macron, François Fillon and Jean-Luc Mélenchon head to head in the polls. Around 30% of voters are still undecided, as outlined in *French Election Monitor #2*, 18 April. The market reaction afterwards will depend largely on the candidate combination in the second round and we see three broad risk scenarios, depending on the chances of an EU sceptic proceeding to the second round and subsequently winning the presidency (see below). While a run-off between Fillon and Macron would be the lowest risk scenario, with no EU sceptic reaching the second round, we see a face-off between the two EU sceptics Le Pen and Mélenchon as the highest risk scenario, with the biggest adverse market reaction. A ‘surprise’ scenario where we see, for example, Le Pen significantly outperforming the polls, gaining some 30-49% of the vote in the first round, should also be considered a high-risk scenario, as, in this case, the predictive power of second round polls would also be highly questionable, even if her contender is Macron.

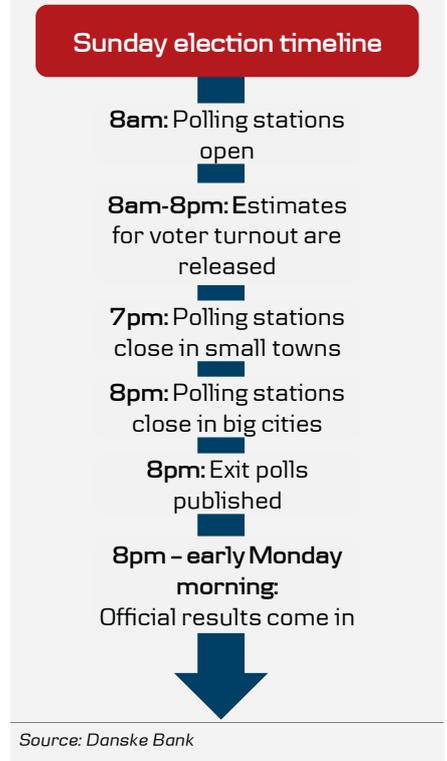
Voting stations will open at 08:00 CEST on Sunday and close at 19:00 in small towns and 20:00 in big cities. Voting in the French overseas constituencies will take place on Saturday, to ensure that voting takes place before any preliminary results are published. Exit polls by the main TV and radio channels are due to be published at 20:00 on Sunday and have been relatively accurate in the past. Keep an eye out for voter turnout estimations released during the day. Lower participation, as suggested by the polls, would be likely to boost Le Pen’s chances of winning, as her supporters remain the most certain of their choice.

Official election results will be released by the *Ministry of the Interior* over the course of the night and updated continually as new results come in district by district. Due to France’s overseas territories, the final result will probably be released on Monday around midday. However, unless the race is very tight, the votes from the overseas territories should not move the result much and we should have a good indication of the outcome around midnight or in the early hours of Monday morning.



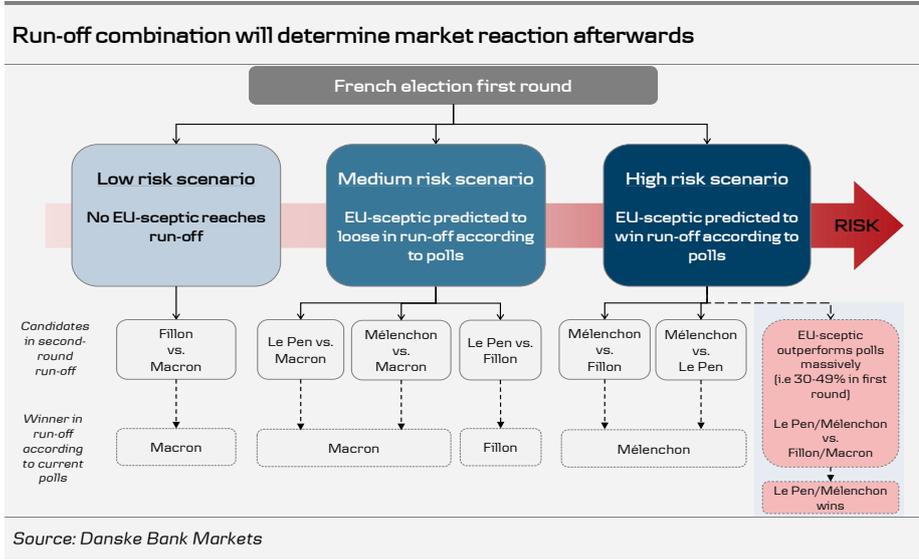
Source: Macrobond Financial, Danske Bank

Exit poll release will be watched closely by the market



Source: Danske Bank

First Year Analyst
Aila Mihr
+45 45 12 85 35
amih@danskebank.dk



Source: Danske Bank Markets

Disclosures

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Expected updates

None.

Date of first publication

See the front page of this research report for the date of first publication.

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