

Newsletter

Q3 2024

Special Edition on
Global Elections



**Andy Blocker**

Global Head of Public
Policy and Strategic
Partnerships

Contents

1

**State of US
politics**

Page 03

2

**Presidential
election**

Page 04

3

**Congressional
races**

Page 05

4

Global lens

Page 08-13

Letter to the reader

A presidential candidate convicted on 34 charges. An assassination attempt that left a former president bloodied but defiant. And a sitting president who pulled out of his reelection race after a disastrous debate performance. Any one of these events could have easily been the defining moment of an election. But in 2024, all that — and more — happened in the span of just 52 days.

Voters, party leaders, and down-ballot candidates have had to quickly shift gears from a Trump-Biden rematch to a Trump-Harris showdown. What are polls telling us about the new shape of the race? We highlight some early data from the key battleground states, but as we've so clearly seen over the past several weeks, things can change in the blink of an eye.

Elsewhere around the world:

- In France, polling predicted that the far-right would win the most seats in the snap parliamentary elections, but multiple political parties successfully banded together to block the advance of the far-right. In many constituencies, candidates from the left and the center made tactical decisions to withdraw between the first and the second round to allow the best-placed candidate to consolidate the vote against the far-right.
- The Labour Party won a landslide election victory in the UK, returning to office after 14 years in opposition. Sir Keir Starmer became the Prime Minister and Rachel Reeves became the first-ever female Chancellor of the Exchequer.
- Indian Prime Minister Narendra Modi won a third term in office, but the results fell well short of expectations. The governing Bharatiya Janata Party lost its overall majority in the Indian Parliament and has formed a coalition with regional parties to continue in office.

Best,
Andy Blocker

State of US politics and elections



Aaron Sorkin
couldn't write a
more tumultuous
script if NBC
handed him a
blank check.

Not that long ago, many would have suspected that the US's political drama had peaked with a slew of legal woes. On May 31, former president and current candidate Donald Trump was convicted on 34 charges stemming from hush money payments to adult film actor Stormy Daniels. And President Joe Biden had to deal with the fallout of his son being convicted of multiple gun charges on June 11.

But the voting public had barely a chance to catch its breath after processing what that all could mean when we had the first (and earliest ever) presidential debate on June 27. The overwhelming consensus was that an exhausted Joe Biden had an extremely poor performance, which set into motion several weeks of intra-party fights over the ability of the president to serve for four more years.

All of that was quickly overshadowed by what came next

Without a doubt, the most shocking political news in recent weeks was the assassination attempt on Donald Trump at a campaign rally in Butler, Pennsylvania, on July 13. In a stunning security failure, a 20-year-old gunman took aim at the former president from a rooftop 150 yards away, injuring Trump's ear and killing one attendee – 50-year-old volunteer firefighter Corey Comperatore.

The shocking event has brought conversations of political violence immediately to the forefront and has led to a dangerous game of finger-pointing among political rivals. Within the Republican Party, however, the attempt on the former president's life was a galvanizing and unifying force that bolstered the Republican Party's chances for victory heading into November. And with the timing of the

assassination attempt mere days before the Republican National Convention, the shot heard around the nation was especially loud in Milwaukee, where Trump's former primary rivals and future allies came together in full force to pronounce Trump as the Republican presidential nominee officially.

In the midst of all this, Biden's debate debacle led to a speedy downward spiral for his struggling campaign. Biden faced a barrage of calls by rank-and-file Democrats and – eventually – congressional leadership to "pass the torch" onto the next generation of leaders waiting in the wings. After three weeks of consultations and deliberations with his closest advisors and family, the president made a historic announcement – he would step aside. Shortly after, Biden threw his full-throated support behind Vice President Kamala Harris. And while many Democrats expected the possibility of a quasi-primary-like scenario, Harris quickly consolidated her support with endorsements from a cross-section of elected officials who had been considered possible contenders for the top spot. And after just two weeks of vetting, Harris chose Minnesota Governor Tim Walz as her vice presidential running mate ahead of August's Democratic National Convention in Chicago, Illinois.

Before Biden exited the race, this year's Democratic National Convention was expected to be a dynamic gathering, with memories of the drawn-out primary fight between Hillary Clinton and Bernie Sanders in 2016. And while unity and harmony are expected on the convention floor, outside the perimeter of the United Center and McCormick Place, Democrats still anticipate protests related to the Gaza conflict. Hopefully, history will not repeat itself regarding the political turbulence of the 1968 Democratic Convention in Chicago, the last time an incumbent president decided not to run for reelection.

Presidential election



Of course, public polling represents just a snapshot in time. It is widely believed that the polling after Labor Day will provide the best forecast as to where the race is headed in the approach to Election Day.

The American electorate is quite used to "October surprises" and unforeseen events that shake up the race for president. But as we outlined in the previous "State of US politics and elections" section, we've never seen anything quite like the multiple historic,

earth-shattering developments that have occurred during the 2024 race.

So how did these events — a disastrous debate, an attempted assassination, and an extraordinary exit — shape the polls?

Early polls show Harris narrowing Trump's lead

	Biden	Trump	Harris	Spread
Pre-Debate	43.6%	44.1%	-	0.5
Post-Debate	43.3%	46.6%	-	3.3
Post-Biden Exit	-	47.2%	47.6%	0.4

*Polling averages by The Hill: Pre-Debate, June 27, 2024; Post-Debate, July 20, 2024; Post-Biden Exit, August 9, 2024.

Just 16 days separated the first presidential debate and the attempted assassination of former President Donald Trump, but these events and the aftermath have fundamentally and historically altered the race. Early polling conducted post-assassination attempt and following the Republican Convention suggested a very small bump for Trump in some of the battleground states, but that small gain was quickly wiped out by the withdrawal of President Joe Biden and the massive enthusiasm for Vice President Kamala Harris taking over the ticket and, effectively, the Democratic Party.

As of this writing, Kamala Harris is seeing a surge the polls, but it is still too soon to tell whether the Democratic momentum generated by a change in the nominee can be sustained for another roughly 100 days until Election Day. On almost every issue and in nearly every battleground state, polling suggests voters want a change in leadership. Democrats lead on key issues surrounding abortion, and while Trump tends to lead on the question of who best will manage the economy, a recent Financial Times poll puts Harris on top for the first time. According to Real Clear Politics, Trump maintains a lead in most battleground states, but Harris has pulled ahead in Wisconsin and Michigan, with leads tightening across the board.

Battleground states favor Trump in early polls

State	2016	2020	Current Polling
Wisconsin	Trump +1.0	Biden +0.7	Harris +0.8
Michigan	Trump +0.3	Biden +2.8	Harris +2.4
Pennsylvania	Trump +0.7	Biden +1.2	Trump +0.8
Georgia	Trump +4.7	Biden +0.3	Trump +0.6
Nevada	Clinton +2.4	Biden +2.3	Trump +3.7
Arizona	Trump +4.1	Biden +0.4	Trump +1.5

Source: Real Clear Politics as of August 12, 2024.

Congressional Races

Politics is often compared to sport, and the team with momentum and enthusiasm ultimately rides to victory. President Joe Biden's exit reoriented not only the race to the White House, but also countless Congressional races. His endorsement of Vice President Kamala Harris to succeed him provided a jolt of energy for the Democratic Party and a windfall of campaign donations – \$81 million in the first 24 hours and \$200+ million in the first week for the Harris campaign. With the fate of a few dozen House and Senate races likely being decided by mere percentage points, the popularity or lack of popularity of each political party's presidential nominee can impact this November's Congressional contests.

Democrats hold a two-seat majority in the Senate and Republicans have a four-seat majority in the House, representing historically slim margins. The fate of who controls both bodies come January 2025 will be influenced by the battle for the White House. Will Harris' current role as Vice President and previous positions as a Senator and California Attorney General provide momentum or challenges for Democrats and down-ballot races? Will Harris be able to maintain her impressive momentum and assist all Democrats this November? Will Former President Donald Trump successfully define Harris to Republicans' advantage not just in the presidential contest but House and Senate races well? Can the Trump win over new voting blocks and create a political wave resulting in control of the House, Senate, and the White House? These are all questions

the political pundits will explore over the next few months along with several other forces at play in both Senate and House races to ascertain who might control Washington in 2025.

Senate

In the Senate, Democrats have a tall order to maintain their two-seat majority margin with 34 races at stake. Democrats and allied independents are defending 23 seats, and Republicans just 11. Further complicating Democrats' ability to maintain control of the Senate is that many of the 2024 races are in red states where Trump is deeply popular. In West Virginia, for example, Senator Joe Manchin (I-WV) announced he would not seek reelection (and recently switched party affiliation to Independent) — this could make West Virginia an easy pickup for the very popular Republican Governor Jim Justice — and his perhaps even more popular English Bulldog "Babydog" — who is running for the seat.

Beyond the Mountain State, most experts look at 10 states as indicators of Senate control come January 2025: Arizona¹, Maryland, Michigan, Montana, Nevada, Ohio, Pennsylvania, and Wisconsin are being defended by Democrats, and Florida and Texas are being defended by Republicans. Trump won four of these states and narrowly lost five others. Recent history offers Texas and Florida as difficult terrain for statewide Democrats, so they must rely on running the table in bluer or purple states with their incumbents to keep their Senate majority.

1. Independent Senator Kyrsten Sinema caucuses with the Democrats.



The race for the Senate: 10 states to watch

State	Candidates	Race Ratings	Polling on 7/20 (Date of Biden exit)	Today (8/9)	Net
Arizona	Rep. Ruben Gallego (D) Kari Lake (R)	Lean D	Gallego – 47.1% Lake – 43.1%	Gallego – 46.8% Lake – 40.9%	Gallego (-0.3) Lake (-2.2)
Montana	Sen. Jon Tester* (D) Tim Sheehy (R)	Toss Up	Tester – 44.5% Sheehy – 48.6%	Tester – 45.3% Sheehy – 49%	Tester (+0.8) Sheehy (+0.4)
Ohio	Sen. Sherrod Brown* (D) Bernie Moreno (R)	Toss Up	Brown – 52.0% Moreno – 45.7%	Brown – 49.1% Moreno – 44.4%	Brown (-2.9) Moreno (-1.3)
Nevada	Sen. Jacky Rosen* (D) Sam Brown (R)	Lean D	Rosen – 41.0% Brown – 37.0%	Rosen – 41% Brown – 38%	Rosen (N/A) Brown (+1)
Michigan	Rep. Elissa Slotkin (D) Mike Rogers (R)	Lean D	Slotkin – 45.5% Rogers – 38.9%	Slotkin – 46.9% Rogers – 41.2%	Slotkin (+1.4) Rogers (+2.3)
Pennsylvania	Sen. Bob Casey* (D) David McCormick (R)	Lean D	Casey – 48.4% McCormick – 40.7%	Casey – 49.1% McCormick – 40%	Casey (+0.7) McCormick (-0.7)
Wisconsin	Sen. Tammy Baldwin* (D) Eric Hovde (R)	Line D	Baldwin – 49.2% Hovde – 42.8%	Baldwin – 51.1% Hovde – 44.3%	Baldwin (+1.9) Hovde (+1.5)
Maryland	Angela Alsobrooks (D) Larry Hogan (R)	Likely D	Alsobrooks – 48.1% Hogan – 39.8%	Alsobrooks – 48.1% Hogan – 39.8%	N/A
Texas	Colin Allred (D) Sen. Ted Cruz* (R)	Likely R	Allred – 41.5% Cruz – 47.6%	Allred – 41.5% Cruz – 47.6%	N/A
Florida	Debbie Mucarsel-Powell (D) Sen. Rick Scott* (R)	Likely R	Mucarsel- Powell – 36.4% Scott – 46.3%	Mucarsel- Powell – 41.8% Scott – 46.8%	Mucarsel- Powell (+5.4) Scott (+0.5)

*Polling averages for Arizona, Montana, Ohio, Michigan, Pennsylvania, Wisconsin, Maryland, Texas, Florida (The Hill); polling average for Nevada (FiveThirtyEight).

In a unique strategy to bolster their chances of flipping the Senate, Republicans have recruited wealthy political outsiders with little to no public service records to try to unseat Democrat incumbents in Montana, Pennsylvania, Wisconsin, and Ohio. Part of the political strategy in recruiting outsiders is voter dissatisfaction with career politicians and the attractiveness of a blank or no-slate voting record. That strategy does have some potential downsides — these candidates might not have a political record to pick apart, but their personal and business experiences are now open season for Democrats to find electoral vulnerabilities. For some perspective on the non-political strategy, only 15 current senators never held office before coming to Washington, and two of those were appointed.

Will Harris's place atop the presidential ticket impact hotly contested races, or will these Democratic incumbents continue to outpoll their Republican

challengers? One thing is sure — policy issues like reproductive rights, immigration and the border, crime, and inflation will continue to be flashpoints in all these races. Beyond the issues that have voters' attention, both political parties will keenly focus on maintaining enthusiasm and driving voter turnout as they will be the gamechangers.

House

Like the Senate, the House majority is razor-thin, with Republicans holding a four-seat edge. For many, the kickoff to the 118th Congress and the chaotic, drawn-out Speaker battle with former Rep. Kevin McCarthy (R-CA) feels like just yesterday and foreshadowed a tenuous hold on Republicans keeping the House in their control come 2025. This was only exacerbated with the Motion to Vacate McCarthy as Speaker and the messy process of naming Rep. Mike Johnson (R-LA) as his replacement.

Some interesting perspectives can be gained through district analysis of the scenarios at play:

5

Democrats holding seats won by Trump in 2020

18

Republicans holding seats won by Biden in 2020

35

Districts (out of 435) won by five points or less in 2022

54

Members retiring or running for another office

With those major political blemishes and Democrats only needing five seats to win the House back, many Beltway insiders looked at the November elections as a given for the Republicans to lose control of the lower chamber.

As history has shown us, politics are fluid, and now it's more of a coinflip on whether Republicans will keep the gavel next year. Republicans have coalesced around Trump, while the Democratic Party appears more unified with Harris at the top of the ticket. With Harris charting a new path, Democrats hope new, younger, and minority voters will turn out for her and down-ballot candidates. Republicans will now label Democratic Congressional candidates with Harris' positions, not just from this Administration but also her previous political jobs as Senator, Attorney General, and prosecutor.

Control of the House will come down to a few states, with Democrats needing to flip five seats. There are about 22 true toss-up races nationwide, and whoever wins in battleground districts across Arizona, California, New York, and Pennsylvania will play significant roles in who's in power next year. New district lines in Alabama, Louisiana, and North Carolina will also influence the power structure next year, and 17 out of 19 Democratic challengers have outraised their Republican incumbent

contestants. But just like the Senate, House Republicans hope their tested incumbents have what it takes to beat back Democratic challenges.

Republicans will look to nationalize many of the contested House races with a focus on the economy, inflation, crime, and immigration, and to cast Harris as an ultra-progressive version of Biden with leftist policies on steroids. Democrats, on the other hand, will try to differentiate themselves from Biden, delivering local results and labeling Trump and his Republican recruits as extreme enablers of policies like those in Project 2025.

Conclusion

Momentum can shift in a heartbeat, as we saw with Biden's decision not to seek reelection. Advantages can and will oscillate over the next few months, but Republicans and Democrats will play the cards they have been dealt (or seek new cards) and make the best of them. We can't deny that presidential tickets matter in Congress, and they can either be an anchor dragging candidates down or a wave to victory for down-ballot candidates. While time will tell who has the advantage, the numbers tell us change is coming to Washington.



Global lens

EMEA

European Parliament Election

The European Parliament elections were held over 6-9 June. The traditional pro-EU coalition formed by the centre-right European People's Party (EPP), centre-left Progressive Alliance of Socialists and Democrats (S&D), and the liberals from Renew Europe will continue to dominate the parliamentary process, albeit with a reduced majority. Nationalist and far-right parties surged in some large Member States, at the expense of the Greens, but inroads at the EU level were relatively contained: They now represent 25% of the new parliament, compared to 20% in the previous one.

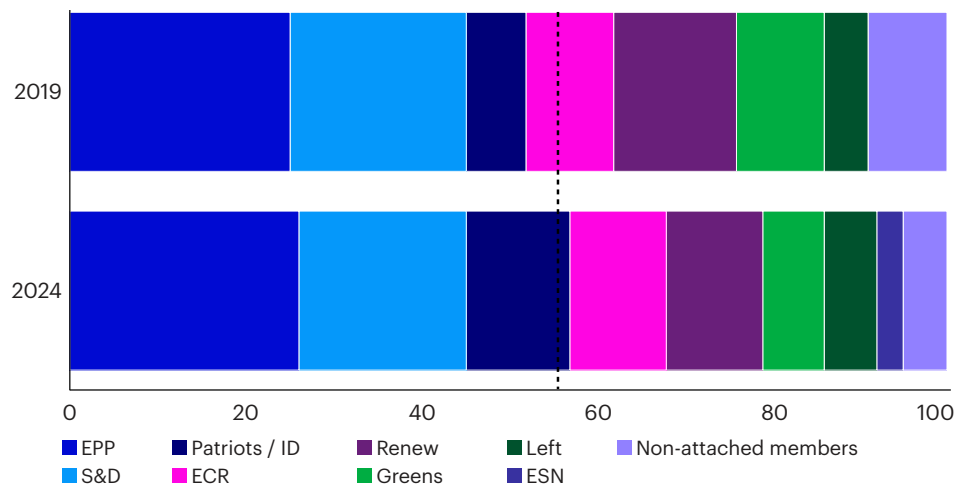
In late June, EU leaders agreed on the nominees for the President of the European Commission, the President of the European Council and the High Representative for Foreign Affairs and Security Policy (the so-called "top jobs" package). On 18 July, the European Parliament confirmed Ursula von der Leyen for a second term as President of the Commission. In her address to Members of the European Parliament (MEPs), von der Leyen set out her key priorities in the challenging international context the EU is facing. She mentioned security and defence, sustainable prosperity, competitiveness, as well as democracy and social fairness.

While von der Leyen's core base (EPP, S&D, and Renew Europe) represents a smaller coalition than in the previous Parliament, she was re-elected with a bigger margin than before thanks to the support of the smaller Green group, which backed her in exchange for a continued commitment to the EU Green Deal. By contrast, the right-wing/conservative European Conservatives and Reformists (ECR) risk remaining isolated, having failed to back von der Leyen in both the European Council and the Parliament. This raises questions about the ECR group and PM Giorgia Meloni's ability to influence policy despite potentially providing ad-hoc support to von der Leyen on specific issues.

Commissioner-designates and their respective portfolios should be announced in late August. In September and October, each of them will be subject to hearings in relevant European Parliament committee. Thereafter, the European Parliament will vote on the whole college of Commissioners (likely during the 21-24 October plenary session). The new Commission is expected to take office on 1 November at the earliest, although delays are likely. Among the key commissioner candidates, the influential French commissioner Thierry Breton is likely to be reconfirmed despite uncertainty over the shape of the next French government.

Political Parties in the EU

361 seats needed for a majority



Source: <https://results.elections.europa.eu/en/tools/comparative-tool/>

French Parliamentary Elections

The French snap parliamentary elections took place over two rounds on 30 June and 7 July. The result is a fragmented Parliament dominated by three main political blocs: the left and far-left alliance (184 seats), Macron's centrist alliance (166) and the far-right represented by Marine Le Pen's party (143). No grouping will be able to command an absolute majority. While polling predicted the far-right would win the most seats, the strategy of the "Republican front" – a combined effort by several mainstream political parties to block the advance of the far-right – was unexpectedly successful. In many constituencies, candidates from the left and the centre made tactical decisions to withdraw between the first and the second round to allow the best-placed candidate to beat the far-right.

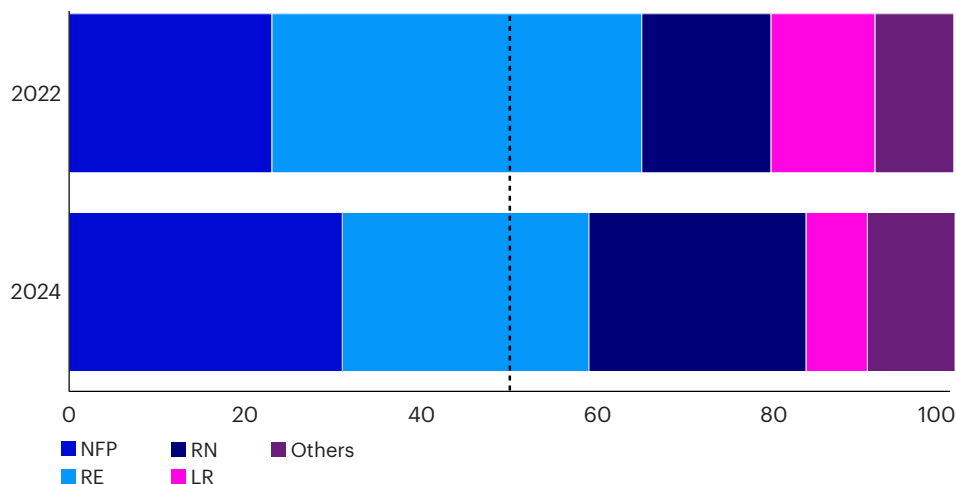
Negotiations to form a government have started but will take time – possibly weeks. The current government has formally resigned but will remain in office as a caretaker government in the meantime. The left-wing alliance argues they should get to pick the Prime Minister as they won the highest number of seats, but political parties within the left-wing alliance have so far

failed to agree on candidates (which is ultimately the President's decision). At this stage, a technocratic government led by a consensual figure could be a satisfactory compromise for all political parties. Given the President cannot dissolve Parliament again for 12 months, fresh elections are not possible in the near term but could be on the cards again in a year's time.

This political uncertainty means that France's structural problems will likely remain unaddressed in the coming months and years. There is no majority to pass ambitious structural reforms. Major legislation such as Macron's pension reform could be repealed if the far-right and the far-left decide to unite. France's high level of public debt will also be difficult to address, and public finances are likely to continue to deteriorate (public debt reached 110% of gross domestic product last year). This prompted the European Commission to launch an excessive deficit procedure against France in June. A Eurozone crisis is unlikely, but the European Central Bank could hold off on rate cuts given political and economic instability in a major Member State.

Political Parties in France

289 seats needed for a majority



Sources: 1. https://www.resultats-elections.interieur.gouv.fr/legislatives2024/ensemble_geographique/index.html
 2. <https://www.archives-resultats-elections.interieur.gouv.fr/resultats/legislatives-2022/FE.php>

UK General Election

The Labour Party won a landslide victory in the UK General Election on 4 July, returning to office after 14 years in opposition. Sir Keir Starmer became the Prime Minister and Rachel Reeves became the first-ever female Chancellor of the Exchequer.

While Labour's election campaign was built around the slogan of "Change", its policy platform was more cautious. Labour takes office in the context of fiscal and economic challenges, poor-performing public services, and heightened geopolitical risk. To address these issues, Labour has defined a number of "Missions" to determine and drive policy across priority areas, with its most prominent and central mission focused on economic growth (the others are education, healthcare, crime, and tackling climate change).

In the past few weeks, Labour's announcements and early legislative programme, as set out in the King's Speech, have been clearly defined by the growth mission: announcing, for example, sweeping planning reforms to unlock both housing and commercial development and establishing a National Wealth Fund to catalyse private sector investment in infrastructure. These early announcements have helped to shape the political narrative and provide a sense of momentum, but implementation may be challenging.

More broadly, Labour has also committed to a wholesale review of the pensions landscape to better incentivise the use of pension funds in productive finance while securing better returns for pension savers.

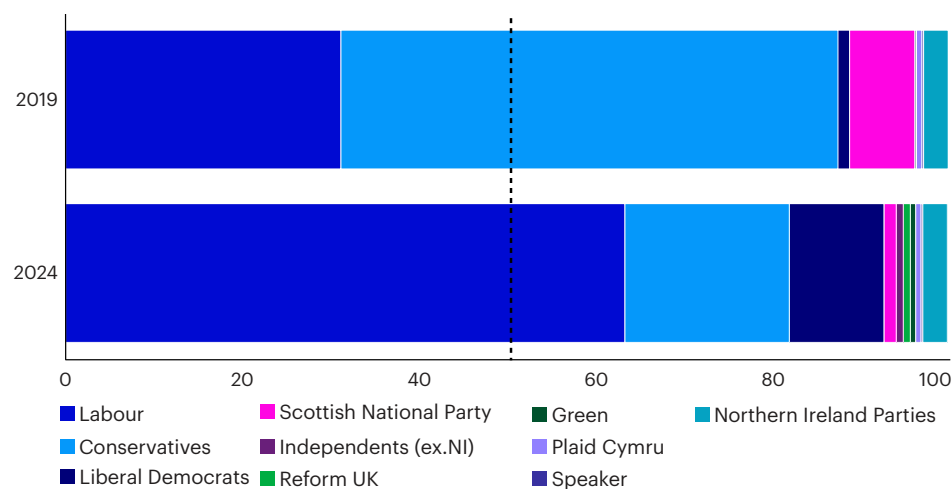
Beyond these announcements, the Labour Government will also begin renegotiating the Trade and Co-operation Agreement with the EU, with a view to building closer ties, including on the mutual recognition of professional qualifications, which could lead to further cooperation on financial services policy over time.

Upcoming milestones, which the Labour Government could use for further policy announcements include:

- The Mansion House speech, where the Chancellor speaks to the City of London on financial services policy (expected in September)
- Labour Party Conference (22-25 September)
- Budget and potential Spending Review (October)
- An International Investor Summit (expected to take place in early October)

Political Parties in the UK

325 seats needed for a majority



Source: <https://commonslibrary.parliament.uk/research-briefings/cbp-10009/>

APAC

India

Indian Prime Minister Narendra Modi won a third term in office in early June, but the results fell well short of expectations. The governing Bharatiya Janata Party (BJP) lost its overall majority in the Indian Parliament and has formed a coalition with regional parties to continue in office. The opposition INDIA alliance, led by the Congress party, outperformed projections and pre-election polls.

As part of the election campaign, the BJP ramped up its Hindu nationalist rhetoric, but this is likely to be toned down in office following heavy losses in key states like Uttar Pradesh and the inclusion of non-Hindu nationalist parties in the coalition. Maintaining the unity of the coalition parties may be challenging.

Modi has retained key cabinet ministers such as finance, home affairs, defence, foreign affairs, commerce and agriculture, indicating continuity of policy and approach. His coalition partners have been given less important portfolios: civil aviation, food processing, steel, animal husbandry, and small and medium enterprises.

There was a significant market reaction to the results, which were at odds with both pre-election polls and exit polls. However, markets retraced that move and continued their upward pre-election trend.

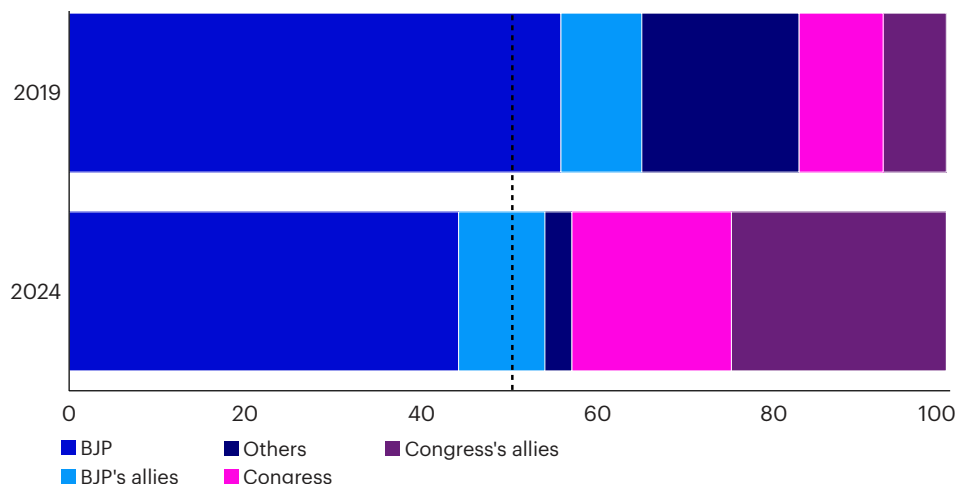
The Indian Government's broad pro-business policy agenda remains in place. However, passing and implementing some of the more controversial aspects of structural economic reform will be even more challenging, which may limit India's medium-term growth prospects. Changes in personnel may change or delay aspects of the planned legislative agenda, such as replacing the IT Act with a new Digital India Act, and reforms to insurance and bankruptcy rules.

That reflects the broader challenge in governing India: Achieving its ambitions will require a step-change in its approach across a number of areas. For example, its ambition to become a global manufacturing hub would require a rethink of India's historically protectionist approach to trade and investment – which would be politically challenging.

On financial services policy, the offshore financial hub Gujarat International Finance Tec-City (GIFT City) allows for regulatory innovations which could be a template for wider regulatory reform in time. However, there is a risk that GIFT City becomes another tax haven rather than encouraging innovation and deepening capital markets.

Political Parties in India

272 seats needed for a majority



Sources: 1. <https://results.eci.gov.in/PcResultGenJune2024/index.htm>
 2. https://www.lokniti.org/media/PDF-upload/1586442379_77322100_party_performance.pdf

Taiwan

Lai Ching-te (known as William Lai) formally took office on 20 May. This was the first time in Taiwan's democratic history that a party has won a third consecutive term. However, the Democratic Progressive Party (DPP) won with a significantly lower vote share and lost its majority in the Taiwanese Parliament (the Legislative Yuan), in part because of domestic economic issues, including housing affordability, stagnating incomes, and youth unemployment. The mainland-leaning opposition party – the Kuomintang (KMT) – now have the largest number of seats, and no one party has a majority. In addition, support for the newer centrist Taiwanese People's Party (TPP) rose by 10 percentage points.

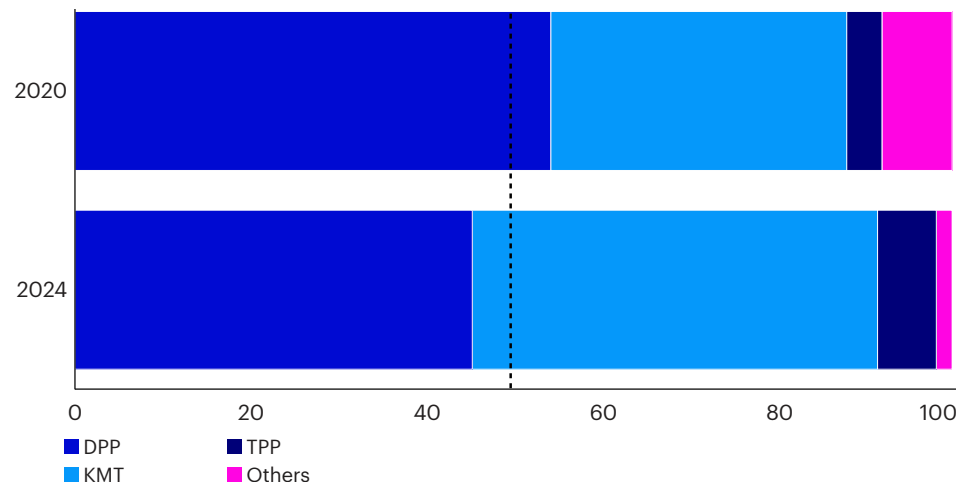
Signs of disagreement between the DPP-controlled executive and the legislature began shortly after Lai's inauguration. The legislature quickly passed a controversial KMT and TPP-sponsored bill which criminalises "contempt of parliament" and enables

lawmakers to summon government officials for questioning, including Lai himself. Those whose answers are deemed false or misleading, or who respond with questions of their own, could face jail time. It would also make confirming nominated appointments considerably more complicated. The bill has resulted in altercations within the legislature, been the subject of large-scale public protests, and attracted criticism by international experts. The DPP's position is that the bill is unconstitutional, and in early June, Lai approved a request by the executive to "ask the legislature to review" the bill, though the legislature has since passed again. The next stage is a judicial review process.

Taiwanese politics does not have a culture of governing via coalitions, and this episode demonstrates the potential instability Taiwan's government could face. This would derail Lai's policy agenda, including reforms to the economy, defence spending, and security policy.

Political Parties in Taiwan

57 seats needed for a majority



Sources: 1. <http://vote.nccu.edu.tw/engcec/B202000E.PDF>
 2. <https://db.cec.gov.tw/Visual/Legislator?dataLevel=N&legisId=00&typeId=ELC&subjectId=L0&themeId=e06c04a91fcb0bb3f9a563fe93395ad5>

Japan

The Liberal Democratic Party's (LDP) fundraising scandal has led to a drastic drop in approval ratings for the ruling party, and for Prime Minister Fumio Kishida himself. On 14 August, Kishida announced that he would not be standing for re-election in the upcoming party leadership elections in September, effectively stepping down.

Candidates to replace him include Taro Kono, Minister for Digital Transformation and Digital Reform, Toshimitsu Motegi, Secretary General of the LDP, Shigeru Ishiba, Minister for Overcoming Population Decline and Revitalising the Local Economy, and Shinjiro Koizumi, former Environment Minister and son of former Prime Minister Junichiro Koizumi. The final vote for the election will be held in late September. Given the LDP's majority in the Japanese House of Representatives (244 out of 465 seats), the winner of the LDP presidential election will be elected as the next Prime Minister at the following parliamentary session in October.

The LDP's current low poll ratings do not mean it is likely to lose the next election. Opposition parties remain divided between the centre-left Constitutional Democratic Party, the right-wing and populist Nippon Ishin no Kai, and the left-wing Communist Party, among others. If the LDP can select a more popular replacement for Kishida, it may help

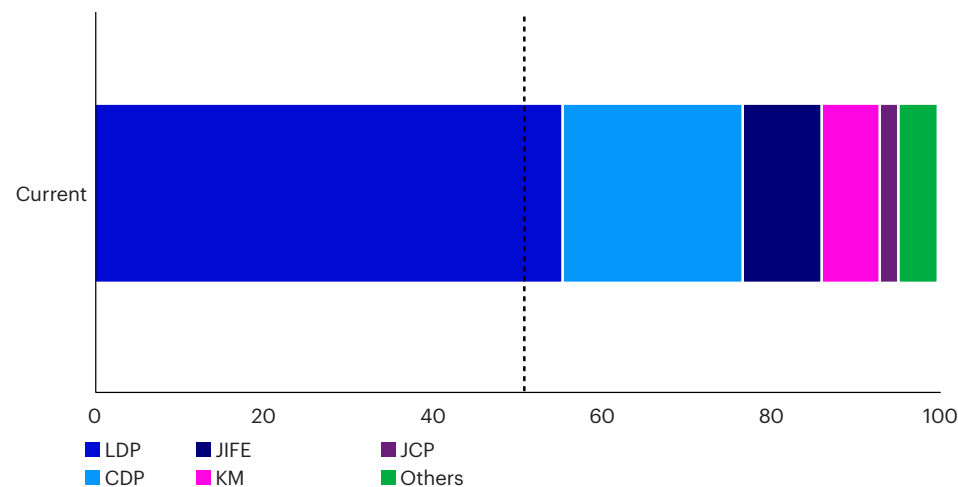
to restore the party's sagging polling numbers. The Constitutional Democratic Party (CDP), the largest opposition party, had been gaining support ahead of the next general election (due by the autumn 2025), but the 7 July Tokyo Governor election means they may now need to review their strategy. The incumbent, Yuriko Koike, who had the backing of the LDP, won a third consecutive term beating the CDP-backed Renho, a rising star and former member of the Upper House of the Parliament.

On the geopolitical front, Kishida attended the 75th NATO summit from 9-10 July in Washington and confirmed Japan's support for Ukraine. Japan also signed a bilateral defence agreement with the Philippines on 8 July – further enmeshing Japan's direct involvement in security issues in the Asia-Pacific region.

While there was some temporary market volatility at the beginning of August, following the Bank of Japan's increase in interest rates, moves have since retraced. More broadly, markets experienced a surge in confidence and the Japanese Topix index reached record highs last seen more than three decades ago. The rise was led by gains in shares of car manufacturers, banks, and technology companies. However, foreign investment is not expected to increase in the near future given the interest rate gap between the US and Japan.

Political Parties in Japan

233 seats needed for a majority. Table reports current composition of the House of Representatives, which will have its next election by 30 October 2025.



Source: https://www.shugiin.go.jp/internet/itdb_english.nsf/html/statics/member/mem_a.htm

Contributors

Invesco

Andy Blocker, Global Head of Public Policy and Strategic Partnerships

Jennifer Flitton, Head of US Government Affairs

Michael O'Shea, Senior Public Policy Manager, EMEA

Iris Zhang, Senior Legal Counsel, Asia Pacific

Cogent Strategies, Washington, D.C.

Flint-Global, Brussels

Invesco is not affiliated with the above listed companies.

Important information

This document is intended only for Professional Investors in Hong Kong, for Institutional Investors and/or Accredited Investors in Singapore, for certain specific sovereign wealth funds and/or Qualified Domestic Institutional Investors approved by local regulators only in the People's Republic of China, for certain specific Qualified Institutions and/or Sophisticated Investors only in Taiwan, for Qualified Professional Investors in Korea, for certain specific institutional investors in Brunei, for Qualified Institutional Investors and/or certain specific institutional investors in Thailand, for certain specific institutional investors in Malaysia upon request, for certain specific institutional investors in Indonesia and for qualified buyers in Philippines for informational purposes only. This document is not an offering of a financial product and should not be distributed to retail clients who are resident in jurisdiction where its distribution is not authorized or is unlawful. Circulation, disclosure, or dissemination of all or any part of this document to any unauthorized person is prohibited.

This document may contain statements that are not purely historical in nature but are "forward-looking statements," which are based on certain assumptions of future events. Forward-looking statements are based on information available on the date hereof, and Invesco does not assume any duty to update any forward-looking statement. Actual events may differ from those assumed. There can be no assurance that forward-looking statements, including any projected returns, will materialize or that actual market conditions and/or performance results will not be materially different or worse than those presented.

All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. Investment involves risk. Please review all financial material carefully before investing. The opinions expressed are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

The distribution and offering of this document in certain jurisdictions may be restricted by law. Persons into whose possession this marketing material may come are required to inform themselves about and to comply with any relevant restrictions. This does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

This document is issued in the following countries:

- in Hong Kong by Invesco Hong Kong Limited 景順投資管理有限公司, 45/F, Jardine House, 1 Connaught Place, Central, Hong Kong.
- in Singapore by Invesco Asset Management Singapore Ltd, 9 Raffles Place, #18-01 Republic Plaza, Singapore 048619.
- in Taiwan by Invesco Taiwan Limited, 22F, No.1, Songzhi Road, Taipei 11047, Taiwan (0800-045-066). **Invesco Taiwan Limited is operated and managed independently.**