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French elect Emmanuel Macron as President

- As widely expected, Emmanuel Macron was elected President of France yesterday, defeating Marine Le Pen by more than 30 percentage points (66.1% for Macron, 33.9% for Le Pen).
- Voter abstentions was estimated at about 25%, higher than the 2012 Presidential election abstention rate of about 20%.
- Market reaction was limited as a Macron victory appeared largely priced in. The small firming of the EURUSD after the results were announced has since reversed, with the EURUSD selling off enough to be a touch lower than Friday's close. While bond markets barely moved, European equities have sold off, with the French CAC 40 index off close to a full percentage point, and the German DAX down about 0.2% at the time of writing.
- Incumbent President Francois Hollande is expected to hand power over to Emmanuel Macron this Sunday (May 14th 2017). However, attention now turns to the legislative elections set for June 11th and 18th.

Key Implications

- On the surface Macron's wide margin of victory appears to give Macron a strong mandate to enact a pro-EU, reform agenda. However, an elevated abstention rate along with [surveys](#) leading up to the elections this year suggest that voters rejected a populist platform rather than accepted the status quo. French voters, particularly voters under the age of 34, remain concerned about globalization, the EU, domestic corruption, and their economic future. This should raise questions on how much support the President's reform agenda will earn in the coming months.
- Although Macron's victory effectively smothers any doubts about the future of the euro and EU for the time being, the legislative elections set for June 11th and 18th remain the greatest source of uncertainty concerning the French economic outlook. Without sufficient support in the French National Assembly, Macron's pro-business reform agenda will be difficult to implement. A failure to enact some economic reforms could delay the French economic recovery and prolong unemployment. Elevated unemployment, together with rising income inequality, will likely continue to fuel the embers of populism in France and abroad.

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