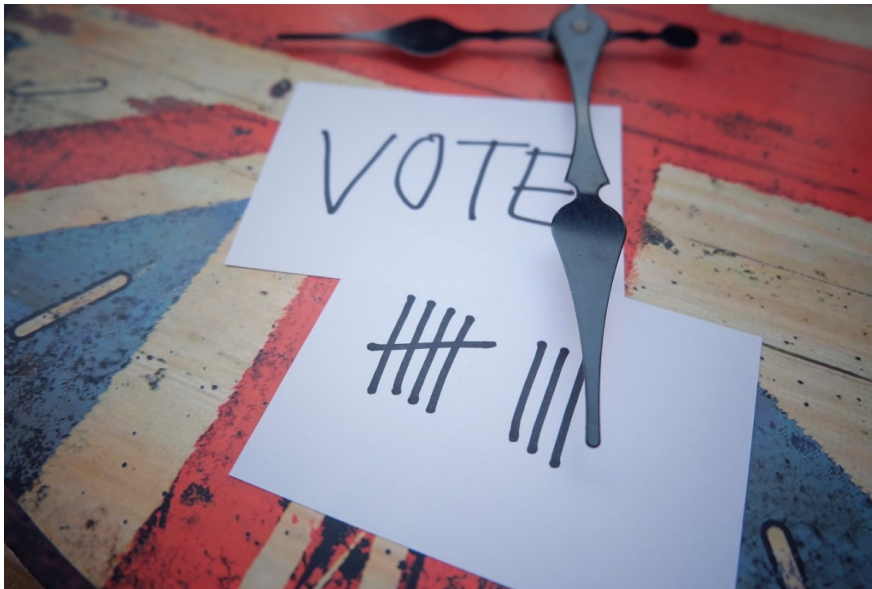


Europe speaks

With turn out of more than 50% - European elections were far less of a non-event than usual



22% Eurosceptic party proportion
Not too alarming

Key takeaways

it looks as if our European economists stayed up last night, which has saved me a job of having to write anything insightful on the European elections myself. See [their note for what it means - I concur with all of it.](#)

But if clicking the link is too onerous for you today - here is my summary of their note and other things I have read this morning on the subject.

- This was not a ringing endorsement for Euroscepticism - with only 22% of the seats going to EU sceptical parties, and even this bolstered by what may be a temporary surge in the UK's Brexit party seats, the EU parliament remains a largely pro-European institution.
- The Coalition of EPP (European People's Party) and S&D (Socialist and Democrat) has

faltered, with both parties losing seats. Likely coalitions are probably with the ALDE (Liberals and Democrats, included Macron's En Marche) or Greens.

- In fact, talking of the Greens, the environment seems to have done well out of the vote, with the Greens picking up seats. May help their chances of acting as Kingmakers...?
- The Brexit party did very well in the UK - suggests the next Conservative leader will need to be very "Brexit" (though that may spur a vote of no-confidence and an election)
- In Greece, Syriza called an election, after they came second to conservatives in the election.
- In Italy, Lega did well, but not quite well enough to oust Five-Star from the government and have a go at running on their own. Lega leader, Matteo Salvini, says nothing will change...but watch this space...Salvini does, however, want to change the EU's fiscal rules and is looking for allies to support his cause.
- The results don't offer much insight into who will lead the EU Commission. The EPP's candidate, Manfred Weber may still get the nod, despite his party's losses, in which case, you can more or less rule out Jens Weidmann as the next ECB President. But nothing is clear at this stage.

That's already a long list, though no doubt the following days will deliver more insight - who'd have thought these elections would turn out this interesting?

Mayhem as May goes

With Nigel Farage suggesting his party could win a General Election, you would think sterling would be on the back foot today...though it's not obvious. The Conservatives are looking for a new leader who can be more of a Brexit champion than Theresa May was, and that may mean backing a no-deal Brexit. But with MPs like Chancellor Philip Hammond saying he might back a vote of no confidence in the government (and would likely get support from other pro-EU conservatives and the opposition) such a stance would likely spur a general election. Then we will see if Nigel Farage is right...I have my doubts that his party would do so well in a General Election, though his party's support in these European elections was impressive. The future for the GBP looks too impossibly tangled and politically vulnerable to be taking strong views at this stage.

No deal likely from Trump Tokyo visit

With the threat of auto tariffs looming over Japan, the ongoing visit of US President Trump to Japan might have been significant. But with elections looming in Japan in July, nothing is likely until after that, and President Trump has acknowledged as much. A missile launch from North Korea was also shrugged off. At best, you could say this has helped push negotiations along. The photos are nice...

Thailand creeps closer to a government

(From Prakash Sakpal). Politics overshadows the economy in Thailand with all eyes on who will form the new government. The pro-junta alliance led by Prayuth Chan-Ocha's Palang Pracharat party holds 134 out of 500 lower house seats in the new parliament and with the backing of 250-member (all military) Senate, stands in a strong position to form the government with Prayuth as Prime Minister. However, the anti-junta coalition led by Pheu Thai holds 245 seats and could be strong resistance for Prayuth. Palang Pracharath will reportedly invite two swing parties -- the Democrat and Bhum Jai Thai - in the coalition to help them form a government.

Asia outlook

The high spot for us this week in Asia will be the Bank of Korea. We are alone in looking for the BoK to cut rates at this meeting. And in truth, this is more of a forecast of what we think the economy needs than what we think will happen, but hope springs eternal, and there is no point in forecasting a rate change after it happens in my view - so better early than not at all.

The arguments for a cut are clear. Last year's November hike has coincided with much weaker economic activity and much lower than anticipated inflation. The arguments for last year's hike were not convincing then and look far less so now. Fiscal policy does not seem up to the task of making up the shortfall, leaving monetary policy with more work to do. We won't be too surprised if they don't move. Disappointed yes, but not surprised.

In addition to the BoK we have the official PMI data for China which will show us how businesses in that economy are weathering the latest escalation in the trade war. The consensus is for a dip back below the 50 threshold. Recent, more conciliatory noises from the US President on a deal might be looked to as sources for some upside surprise to the consensus view.

Author

Olivia Grace

Editor

olivia.grace@ing.com**Julian Geib**

Junior Economist, Global Trade

julian.geib@ing.de**Zoltán Homolya**

Economic research trainee

zoltan.homolya@ing.com**Amrita Naik Nimbalkar**

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com**Mateusz Sutowicz**

Senior Economist, Poland

mateusz.sutowicz@ing.pl**Alissa Lefebre**

Economist

alissa.lefebvre@ing.com**Deepali Bhargava**

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com**Ruben Dewitte**

Economist
+32495364780
ruben.dewitte@ing.com

Kinga Havasi
Economic research trainee
kinga.havasi@ing.com

Marten van Garderen
Consumer Economist, Netherlands
marten.van.garderen@ing.com

David Havrlant
Chief Economist, Czech Republic
420 770 321 486
david.havrlant@ing.com

Sander Burgers
Senior Economist, Dutch Housing
sander.burgers@ing.com

Lynn Song
Chief Economist, Greater China
lynn.song@ing.com

Michiel Tukker
Senior UK & Eurozone Rates Strategist
michiel.tukker@ing.com

Michal Rubaszek
Senior Economist, Poland
michal.rubaszek@ing.pl

This is a test author

Stefan Posea
Economist, Romania
tiberiu-stefan.posea@ing.com

Marine Leleux
Sector Strategist, Financials
marine.leleux2@ing.com

Jesse Norcross
Senior Sector Strategist, Real Estate
jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Senior Economist, Healthcare & Technology

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT
jan.frederik.slijkerman@ing.com

Katinka Jongkind
Senior Economist, Services and Leisure
Katinka.Jongkind@ing.com

Marina Le Blanc
Sector Strategist, Financials
Marina.Le.Blanc@ing.com

Samuel Abettan
Junior Economist
samuel.abettan@ing.com

Franziska Biehl
Senior Economist, Germany
Franziska.Marie.Biehl@ing.de

Rebecca Byrne
Deputy Global Head of Editorial and Supervisory Analyst
rebecca.byrne@ing.com

Mirjam Bani
Sector Economist, Commercial Real Estate & Public Sector (Netherlands)
mirjam.bani@ing.com

Timothy Rahill
Credit Strategist
timothy.rahill@ing.com

Leszek Kasek
Senior Economist, Poland
leszek.kasek@ing.pl

Antoine Bouvet
Head of European Rates Strategy
antoine.bouvet@ing.com

Jeroen van den Broek
Global Head of Sector Research
jeroen.van.den.broek@ing.com

Edse Dantuma
Senior Sector Economist, Industry and Healthcare
edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporate Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801
martin.van.vliet@ing.com

Karol Pogorzelski
Senior Economist, Poland
Karol.Pogorzelski@ing.pl

Carsten Brzeski
Global Head of Macro
carsten.brzeski@ing.de

Viraj Patel
Foreign Exchange Strategist
+44 20 7767 6405
viraj.patel@ing.com

Owen Thomas
Global Head of Editorial Content
+44 (0) 207 767 5331
owen.thomas@ing.com

Bert Colijn
Chief Economist, Netherlands
bert.colijn@ing.com

Peter Vanden Houte
Chief Economist, Belgium, Luxembourg, Eurozone
peter.vandenhoute@ing.com

Benjamin Schroeder
Senior Rates Strategist
benjamin.schroeder@ing.com

Chris Turner
Global Head of Markets and Regional Head of Research for UK & CEE
chris.turner@ing.com

Gustavo Rangel
Chief Economist, LATAM
+1 646 424 6464
gustavo.rangel@ing.com

Carlo Cocuzzo
Economist, Digital Finance
+44 20 7767 5306
carlo.cocuzzo@ing.com