

**Flash Note**  
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**Abe's LDP poised to win again. Is this supportive for equity markets?**

- Abe's LDP (and the ruling coalition) is poised to win as many as over 300 of 465 Lower House seats (which will legitimate him to continue with Abenomics). Rivalries among opposition candidates in many urban constituencies have allowed the ruling coalition to take the upper hand. Just recall that Abe vowed to step down if LDP fails to secure a majority of seats.
- Is an Abe's victory supportive for equity markets? Companies want Abe to win, but with a smaller majority. According to a Reuters poll, Japanese companies overwhelmingly want Prime Minister Shinzo Abe's ruling coalition to stay in power in this next national election but about two-thirds of companies want it to lose seats. Companies are apparently concerned that strong victory might lead to complacency and encourage Abe to focus more on constitutional reforms aimed at encouraging fiscal stimulus that could eventually further deteriorate public metrics (Just recall that 300 seats would be sufficient to propose constitutional amendments).
- In general terms, we could conclude that a victory for the Abe's LDP is supportive for Japanese equity indices in the short term, though I suspect that most of this has already been priced in.
- In the same way, any electoral scenario that implies a poor result for Abe should have a negative impact on the Japanese equity market.
- Regarding the individuals, a Nikkei poll showed 48% of respondents disapproved the Abe government, while 37% of respondents supported him.

Kind regards,

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