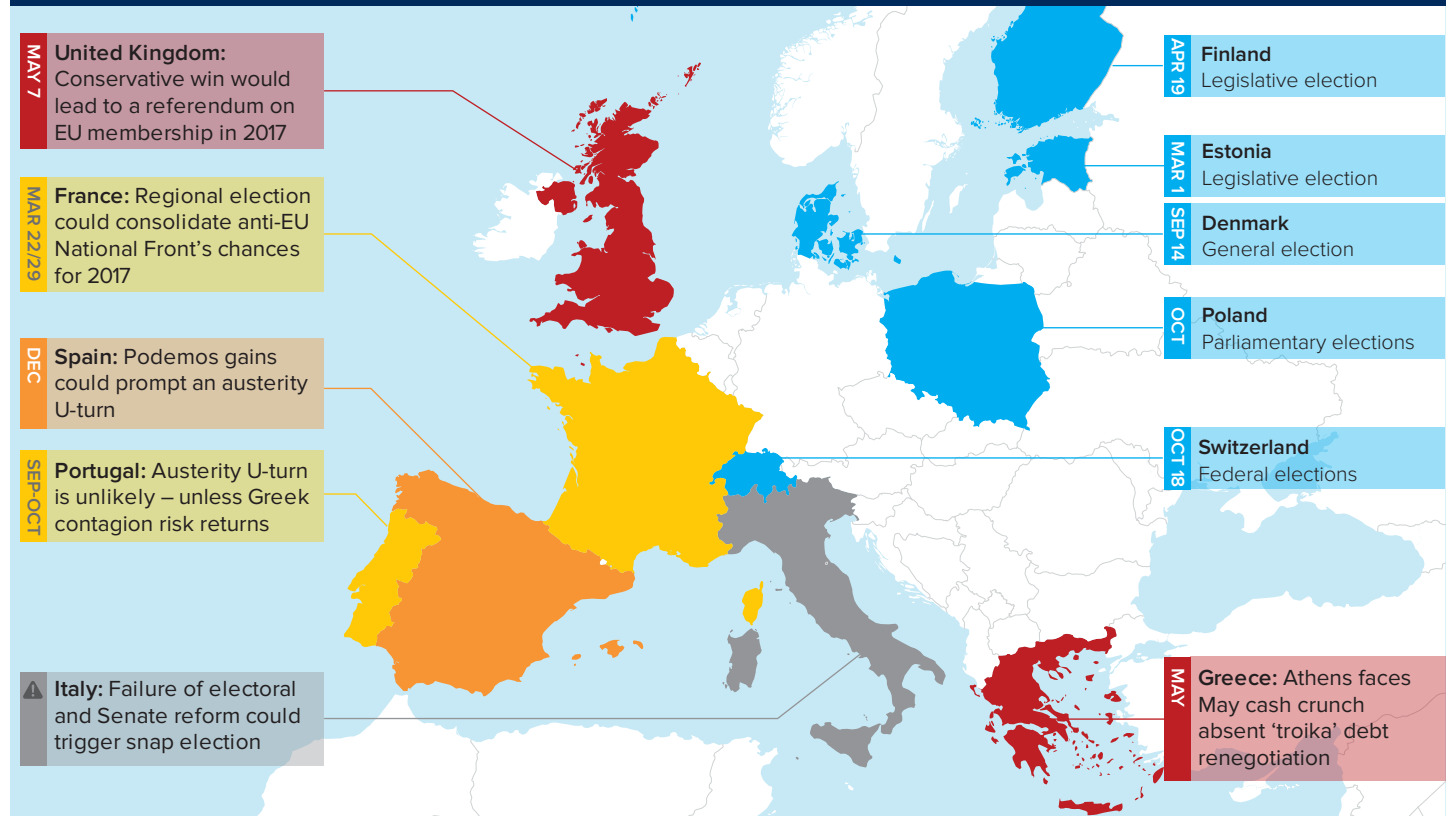


February 5, 2015

European elections risk May convergence of 'Brexit' and 'Grexit'

Europe's political risk will be highest in May, just as the UK general election raises the prospect of 'Brexit'



Source: Oxford Analytica

The election of the anti-austerity Greek party Syriza has raised the threat of a showdown between the euro-area's most indebted member state and its 'troika' lenders (the ECB, the EU, the IMF).

Nor is this the only high-stakes contest in 2015: the UK general election could produce a government that may take the country out of the EU, while Spain's general election could see new leftwing party Podemos upset the country's two-party consensus – and challenge Germany's insistence on austerity.

- _ Greece will likely win some debt relief, but no write-down.
- _ Germany will come under widespread pressure to do more to stimulate euro-area growth.
- _ Greece's talks with its creditors could last through May, when it will face a cash crunch, and 'Grexit' risk will be at its highest.
- _ Also in May, UK voters will decide whether to re-elect the Conservatives -- whose referendum promise risks 'Brexit'.

See also: [Syriza must wrest some new deal from Greece's lenders](#) -- February 4, 2015