

Politics Watch

FICC Research Dept.

Ishiba's appointment as new prime minister could raise approval ratings for administration

- According to Oct 2024 *Nikkei* survey, so-called "Aoki ratio" rose significantly following appointment of new Prime Minister Ishiba
- Voting intentions for next Lower House election also improved compared to worst phase in May (when change in government was possible), but little change compared to Sep survey
- Here, effect of former PM Kishida's resignation seems more significant than effect of new PM Ishiba's inauguration

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According to *Nikkei's* October 2024 survey, the so-called "Aoki ratio" has risen significantly following the appointment of Shigeru Ishiba as the new prime minister, which means the administration has escaped from a critical level in terms poor approval ratings. There have also been significant improvements for voting intentions for the next Lower House election as compared to the worst phase in May, when a change in administration was possible. That said, the October survey results are little changed from the September survey results. This would suggest that the effect of former Prime Minister Fumio Kishida's resignation was more significant than effect of new Prime Minister Ishiba's inauguration.

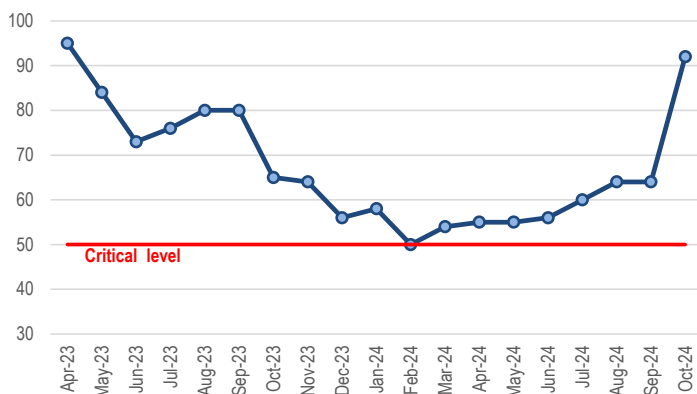
While it seems unlikely that the Lower House election at the end of this month will produce a change of administration, the ruling parties will likely lose many seats.

Significant improvement for "Aoki ratio"

The "Aoki ratio," which is often discussed in political circles, is the sum of the approval ratings for the administration and for the largest party in the ruling block. Past experience has shown that when this ratio is below 50, the administration will be in danger of collapsing under the weight of dismal approval ratings.

If we calculate the "Aoki ratio" based on surveys conducted by *Nikkei*, the ratio was 50 as of the February survey and since then it has remained at low levels. However, in the survey conducted in October, after the inauguration of the new Prime Minister Ishiba, the approval rating for the administration rose sharply and the "Aoki ratio" also improved significantly (Chart 1). So, for now, the administration has escaped from a potentially dangerous situation.

Chart 1: Aoki Ratio (*Nikkei* survey)



Source: *Nikkei*; compiled by Daiwa.

Little change from Sep survey regarding voting intentions for next Lower House election

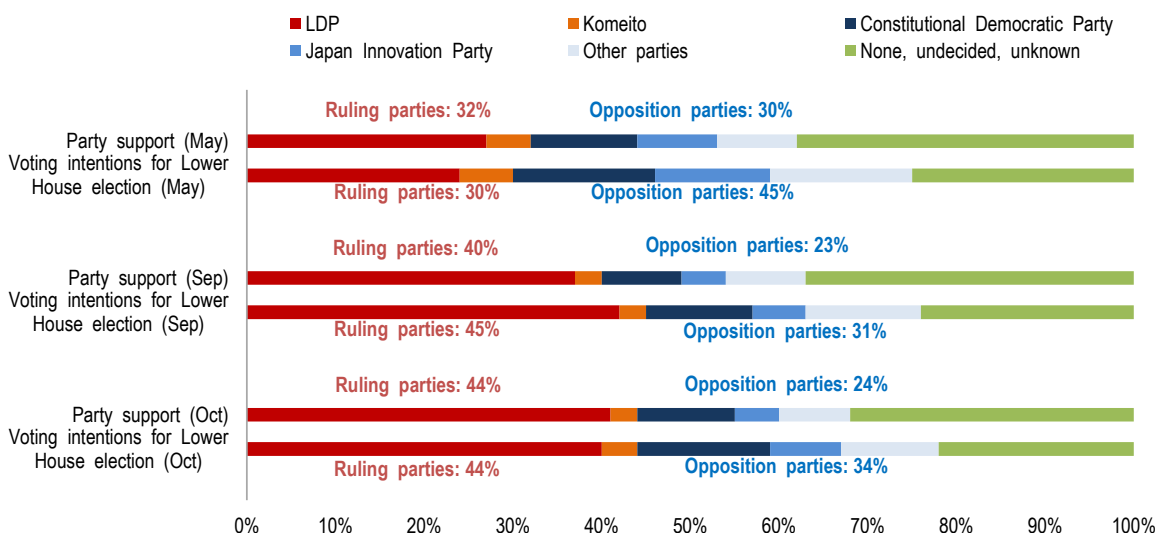
Meanwhile, according to a *Nikkei* survey, support for political parties as of May 2024 broke down as 32% for the ruling parties and 30% for opposition parties combined, which means the two groups were neck and neck (Chart 2). In terms of voting intentions for the next Lower House election, the positions reversed, with the ruling parties expected to capture 30% of the votes and the opposition block set to grab 45% of the votes, which meant that a change of administration was a possibility. Some among ruling party supporters responded that they would not vote for the ruling parties. The survey showed that many among the so-called independent voters intended to vote for the opposition block.

As of the September survey, the ruling parties had a 40% approval rating vs 23% for the opposition block. In terms of voting intentions for the next Lower House election, the ruling parties were expected to win, capturing 45% of the votes, with the opposition block grabbing 31%. With Prime Minister Kishida announcing that he would not run in the next presidential election of the Liberal Democratic Party (LDP), the ruling parties' support base increased with some of the independent voters planning to vote for the ruling parties.

As of the October survey, the ruling parties had a 44% approval rating vs 24% for the opposition block. In terms of voting intentions for the next Lower House election, the ruling parties are expected to win, capturing 44% of the votes, with the opposition block grabbing 34% of the votes. As such, conditions have not significantly changed since September. The appointment of Ishiba as Japan's new prime minister has not had any real impacts on these survey numbers. The tendency among many independent voters to vote for the opposition block still remains quite strong.

Because the Lower House election uses a system of single-seat constituencies coupled with proportional representation, the results of this survey will not directly match the ratio of seats after the vote. Even if a change of government is unlikely, there is probably the possibility of the ruling parties losing many seats.

Chart 2: Comparison of Surveys of Party Support, Voting Intentions for Lower House Election by Month (*Nikkei* surveys, 2024)



Source: *Nikkei*; compiled by Daiwa.

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