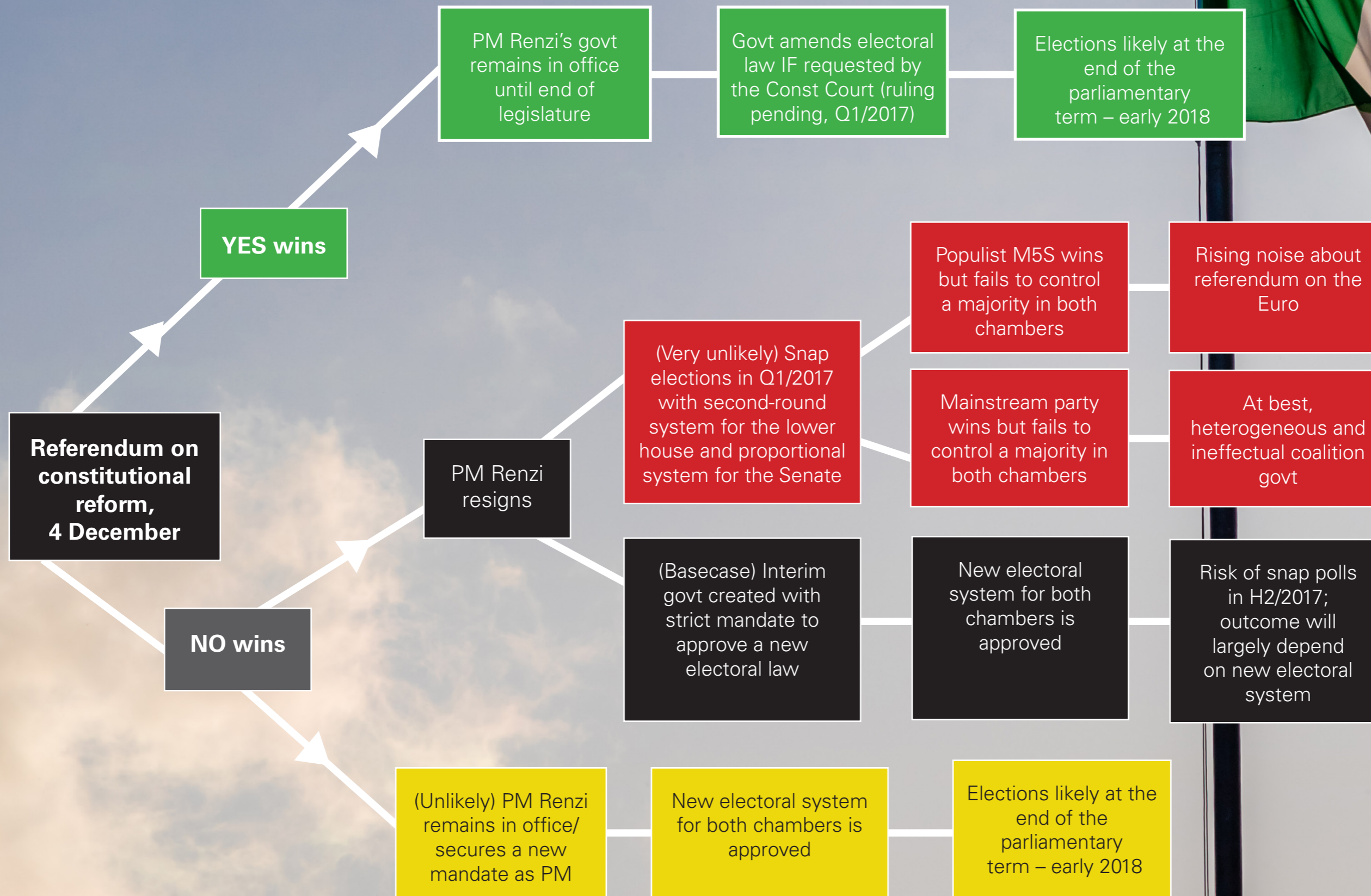


# Italy's upcoming referendum – main scenarios



## Implications

- Market-friendly outcome
  - Focus switches to the electoral reform
  - Major reforms unlikely
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- Worst-scenario for markets
  - Political impasse and risk of reform reversal
  - Italy's Euro-membership in question?
- 
- Policy paralysis
  - Recurrent noise about snap polls
  - M5S's popularity likely boosted
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- Reform process stalled
  - Electoral system with stronger proportional component more likely
  - Intra-PD tensions up
- 
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  - Intra-PD tensions up
  - Electoral system with stronger proportional component more likely