

2018 Elections: First Presidential Debate

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- The INE held yesterday the first presidential debate for the 2018 election in Mexico City
- The five presidential candidates attended the debate: Ricardo Anaya, Andres Manuel Lopez Obrador, José Antonio Meade, Jaime Rodríguez, and Margarita Zavala
- This debate presented a new structure vs. similar events in previous processes, which allowed for more flexibility and interaction between candidates
- The next debate will be held on May 20 in Tijuana, Baja California at 10:30pm (ET)
- Local rates are trading modestly higher today, extending the sell-off observed last week, in tandem with the performance observed in U.S. Treasuries and other sovereign bonds, and not depicting a country-specific peak in risk premium
- In our view, the Mexican peso will keep depreciating against the USD as get closer to Election Day as risk aversion among foreign investors increase

First presidential debate. Yesterday the *National Electoral Institute* (INE) conducted the first presidential debate of the 2018 electoral process. It was held in Mexico City and the five presidential candidates participated: Ricardo Anaya (PAN , PRD, MC), Andres Manuel Lopez Obrador (Morena, PES, PT), Jose Antonio Meade (PRI, PVEM, PANAL), Jaime Rodríguez (Independent), and Margarita Zavala (Independent).

New debate format. The new structure consisted of three blocks focused on the following topics: (1) Public safety and violence; (2) fight against corruption and impunity; and (3) democracy and pluralism. Within these blocks, each candidate had a minute to present their opinion followed by a minute and a half of questions from the moderators. During this segment, candidates had two 30-second opportunities to answer to other candidates' questions and claims. Subsequently, each candidate had two and a half minutes to debate among themselves, this without a predetermined order. Finally, at the end of the debate each candidate had a minute to present their conclusions.

Debate centered on security and anti-corruption. Within the debate, the candidates elaborated on their approaches in relation to these issues, which main views are presented in the table on the next page.

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Main proposals

	Ricardo Anaya	Andrés Manuel López Obrador	José Antonio Meade	Jaime Rodríguez Calderón	Margarita Zavala
Public safety and violence	<ul style="list-style-type: none"> ▪ Dismantle criminal organizations through increasing intelligence agencies' work. ▪ Double the number of federal police officers. ▪ Use the armed forces when necessary 	<ul style="list-style-type: none"> ▪ Conduct a consultation with experts on whether to extend amnesty to criminals. ▪ Create an agency specialized in serious crimes. 	<ul style="list-style-type: none"> ▪ Establish a unique criminal code. ▪ Create an agency specialized in sensitive crimes. ▪ Reduce the entry of weapons into the country. 	<ul style="list-style-type: none"> ▪ Militarize high schools. ▪ Remove assistance programs. ▪ Strengthen public security institutions. 	<ul style="list-style-type: none"> ▪ Strengthen the police. ▪ Use technology in the prevention and fight against crime. ▪ Establish a new Ministry of Citizen Security. ▪ Use the armed forces when necessary.
Fight against corruption and impunity	<ul style="list-style-type: none"> ▪ Establish an independent prosecutor. ▪ Ability to judge the acting president. ▪ Eliminate the use of cash transactions for the three branches of government. 	<ul style="list-style-type: none"> ▪ Remove privileges from the political class. ▪ Reduce the salaries of high-level officials. ▪ Lead by example. ▪ Sell the presidential plane. 	<ul style="list-style-type: none"> ▪ Legalize the impeachment procedure for the President. ▪ Autonomous Justice Department. ▪ Incorporate the IRS, the MoF and the INE to the Anticorruption System 	<ul style="list-style-type: none"> ▪ Integrate a citizen commission that names the anti-corruption prosecutor. ▪ Impose stricter sanctions, which he exemplified by suggesting "chopping-off the hands of the corrupt". 	<ul style="list-style-type: none"> ▪ Consolidation of the National Anticorruption System. ▪ Redesign the Attorney General's Office. ▪ Strengthen the culture of legality.
Democracy and pluralism	<ul style="list-style-type: none"> ▪ Governing through coalition. ▪ Formalize the mandate revocation process. ▪ Increase the number of debates. ▪ Improve the inclusion of vulnerable groups. 	<ul style="list-style-type: none"> ▪ Submit to a public consultation on the revocation of mandate every two years. 	<ul style="list-style-type: none"> ▪ Have full-time schools. ▪ Provide social security to domestic workers. ▪ Eliminate extreme poverty in childhood. 	<ul style="list-style-type: none"> ▪ Introduce a proposal in which political parties do not receive public funding. 	<ul style="list-style-type: none"> ▪ Establish a citizen observatory related to compliance with campaign proposals. ▪ Guide public policies to vulnerable groups.

Source: Debate Presidencial, INE

The next debate will be held on May 20. This will take place in Tijuana, Baja California at 10:30 (ET). So far no candidate has mentioned whether they will be absent from it. The topics that will be discussed are: (1) Mexico and its role in the world; (2) international trade, investment and innovation; and (3) migration on both the northern and southern border.

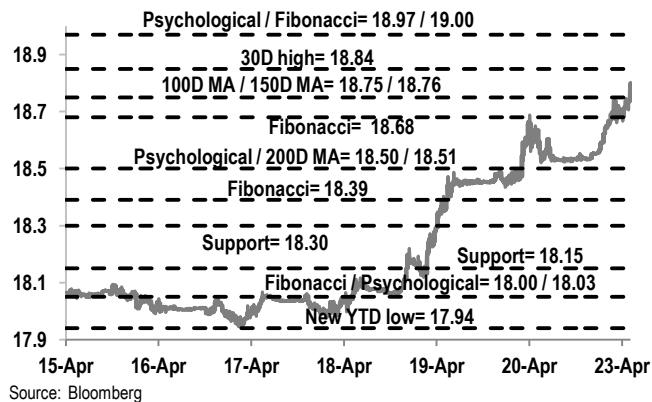
From our fixed income and FX strategy team

Local rates are trading modestly higher today, extending the sell-off observed last week, in tandem with the performance observed in U.S. Treasuries and other sovereign bonds, and not depicting a country-specific peak in risk premium.

In our view, the Mexican peso will keep depreciating against the USD as we approach Election Day, in line with our previous comments, as risk aversion among foreign investors increase. For details, see: “Fixed-Income, FX and commodities – 2Q18 Outlook”, <pdf>, April 13th, 2018. In this respect, we believe that independently of the perception of the results, the first debate on itself is likely to place a greater focus in the closeness of the presidential election.

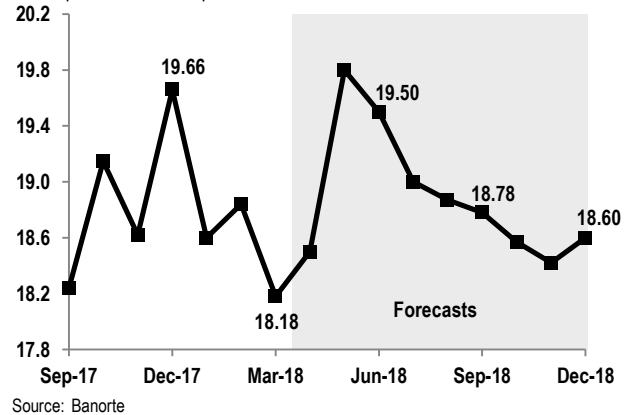
USD/MXN – Intraday

Pesos per dollar since April 16th, 2018



USD/MXN – Forecasts

Pesos per dollar, end of period



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