

2018 Elections: Second Presidential Debate

May 21, 2018

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- **The *National Electoral Institute* (INE) organized yesterday in Tijuana, Baja California, the second presidential debate for the 2018 election**
- **All four presidential candidates attended the debate: Ricardo Anaya, Andres-Manuel Lopez-Obrador, Jose-Antonio Meade and Jaime Rodriguez “El Bronco”**
- **The format of the debate -new to presidential campaigns in Mexico-, was like a townhall, with certain restrictions**
- **The next -and last-, debate will take place on June 12 in Merida, Yucatan at 9:00pm (ET)**
- **Note that candidates are required to attend two out of the three debates organized by INE**
- **Local fixed-income and FX did not show a relevant impact from the second presidential debate, with investors focused on external market drivers**

Second presidential debate. Yesterday the *National Electoral Institute* (INE) - in charge of organizing the election-, organized a second debate among presidential candidates in Tijuana, Baja California. All four of the remaining presidential candidates participated: Ricardo Anaya (PAN, PRD, MC), Andres-Manuel Lopez-Obrador (Morena, PES, PT), Jose-Antonio Meade (PRI, PVEM, PANAL), Jaime Rodríguez “El Bronco” (independent), as the other independent candidate, Margarita Zavala, quit last week.

Different debate format, new to presidential campaigns in Mexico. The debate resembled a townhall but with some restrictions. Three topics were included: (1) Foreign trade and investment; (2) border security and international crime; and (3) migration. *INE* asked 42 citizens randomly chosen from Tijuana’s electoral list to submit two questions on the topics mentioned. From these 84 questions, moderators chose six questions, two regarding each topic. Moreover, moderators asked follow-up questions to further deepen the discussion. Candidates were given two and a half minutes each to answer the question along with two 30-second replies. At the end of the debate, each candidate was given one minute for final remarks. A summary of the main proposals presented by candidates are presented in the following table.

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Main proposals

	Ricardo Anaya	Andrés-Manuel López-Obrador	José-Antonio Meade	Jaime Rodríguez “El Bronco”
Foreign trade and investment	<ul style="list-style-type: none"> ▪ Increase the minimum wage to 100 pesos a day and double it in 4 years ▪ Implement a <i>National infrastructure plan</i> ▪ Diversify and rethink the relationship with the US, negotiating all issues in a comprehensive manner 	<ul style="list-style-type: none"> ▪ Include wage issues in the renegotiation of NAFTA ▪ Create an alliance between North and Central America ▪ Promote the domestic economy to reduce dependence on foreigners 	<ul style="list-style-type: none"> ▪ Defend Mexico’s commercial openness by diversifying its commercial relations ▪ Increase investment in the southern part of the country to reduce inequality 	<ul style="list-style-type: none"> ▪ Use negotiation leverage ▪ Allocate more resources to the southern border ▪ Eliminate the minimum wage and promote an increase in the average salary
Border security and transnational crime	<ul style="list-style-type: none"> ▪ Establish a new strategy to combat insecurity ▪ Demand more actions from the US to fight gun trafficking ▪ Analyze proposals to legalize certain drugs 	<ul style="list-style-type: none"> ▪ Fight corruption at all levels of government ▪ Support a crop-substitution program for people who plant drugs 	<ul style="list-style-type: none"> ▪ Strengthen Mexican border and customs to reduce arms trafficking ▪ Establish a national penal code to fight human and arms trafficking 	<ul style="list-style-type: none"> ▪ To be an itinerant president who goes from city to city fighting insecurity ▪ Combat impunity in customs offices
The rights of migrants	<ul style="list-style-type: none"> ▪ Improve cooperation with countries in Central America to strengthen migrants’ rights ▪ Fund protection and reinsertion programs for migrants returning to Mexico 	<ul style="list-style-type: none"> ▪ Convert Mexican consulates into offices for the defense of the migrant ▪ Relocate the <i>National Migration Institute</i> to Tijuana ▪ Bring to the UN the issues of migrants’ rights 	<ul style="list-style-type: none"> ▪ Guarantee employment and access to health for migrants returning to the country ▪ Work in the defense of migrants directly with the authorities in the United States 	<ul style="list-style-type: none"> ▪ Allocate 5% of remittances for the defense of the migrant ▪ Employ migrants who return to the country with the resources of political parties

Source: Debate Presidencial, INE

Next -and last-, debate will be held on June 12. It will take place in Merida, Yucatan at 8:00pm (ET). The topics that will be discussed are: (1) Economic growth, poverty and inequality; (2) education, science, technology, and healthcare; and (3) sustainable development and climate change. Moreover, this debate will include participation from the audience through social media. It is worth noting that candidates are required to attend at least two out of the three debates organized.

From our fixed income and FX strategy team

Local fixed-income and FX did not show a relevant impact from the second presidential debate, with investors focused on external market drivers. The Mexican fixed-income market has started the week with minor pressures following the behavior in global rates, not reacting directly to yesterday’s debate. The Mbonos curve locates a 1bp sell-off in a number of tenors this morning, yet the 10-year benchmark prints unchanged to Friday’s close at 7.80%.

The MXN is gaining 0.2% today to 19.90 per dollar, relatively strong when compared to other EM, with most other Latam currencies also outperforming. There was no discernible impact from the second debate despite reaching up to 20.04 very early in the morning, which coincided with the London open in which other liquid EM currencies were also pressured (e.g. ZAR, TRY).

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