

2018 Elections: Third Presidential Debate

June 13, 2018

Banorte Economic Research & Strategy

analisisyestrategia@banorte.com
www.banorte.com
@analisis_fundam

- **Yesterday took place the third (and final) presidential debate for the 2018 election in Merida, Yucatan**
- **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 presented a new structure, including citizens’ participation through social media**
- **The next key date for the electoral process will be the end of the campaigns on June 27**
- **Local fixed-income market and the Mexican peso did not react to the last presidential debate, with participants’ focus on the Fed’s decision**

Third presidential debate. Yesterday took place the third (and final) presidential debate, organized by the *National Electoral Institute* (INE), in Merida, Yucatan. All four of the 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).

New debate format including social media. Three main topics were outlined: (1) Growth, poverty and inequality; (2) education, science and technology; and (3) health, sustainable development, and climate change. In this debate, citizens participated through social media. In particular, more than 11 thousand questions were submitted prior to the debate, which were analyzed resulting in specific questions to be asked to each candidate by moderators. For each question, they had one minute to answer, and two more minutes for follow-up questions and two 30-seconds for replies. At the end of each issue, there was a discussion table among candidates, who had 2.5 minutes to speak. At the end of the debate, each candidate had an additional minute for closing remarks. A summary of the main proposals presented by candidates are presented in the following table.

Document for distribution among the public

Main proposals

	Ricardo Anaya	Andrés-Manuel López-Obrador	José-Antonio Meade	Jaime Rodríguez "El Bronco"
Growth, poverty and inequality	<ul style="list-style-type: none"> Make public spending more efficient Double the minimum wage Eliminate income tax collection for people who earn less than MXN 10,000 a month (~US\$500) Lower excise taxes on gasoline Universal social security 	<ul style="list-style-type: none"> Fight corruption, which will free MXN 500bn for additional public spending (~US\$25mn) Strengthen domestic market, particularly the agricultural sector Wage reduction to top government officials Increase efforts to fight poverty 	<ul style="list-style-type: none"> Reduce gender inequality Scholarships for elementary and middle school Increase tax-deductions for social security Extend current welfare programs 	<ul style="list-style-type: none"> Increase basic income to MXN350 per day (~US\$17.5) Eliminate income tax collection for people who earn less than MXN12,500 a month (~US\$625) Reduce the number of government workers Reduce resources to political parties and make government spending more efficient
Education, science and technology	<ul style="list-style-type: none"> Adequate implementation of the education reform Better training for teachers English as part of the education plans Improvement of internet connectivity and access to telecommunication devices 	<ul style="list-style-type: none"> Cancel the education reform Keep evaluating teachers and uphold their rights Strengthen the <i>National Science Counsel</i> Increase the number of scholarships for scientists 	<ul style="list-style-type: none"> Continue the implementation of the education reform Increase the number of full-time schools Incentivize the return of capable and prepared people to the country 	<ul style="list-style-type: none"> Increase teacher's wages to MXN15,000 per month (~US\$750) Regionalize the education reform Increase the number of education centers Increase science investment and provide free internet access in public areas
Health, sustainable development and climate change	<ul style="list-style-type: none"> Promotion preventive medicine Prevention of chronic diseases and fight against diabetes Promotion of renewable energy (e.g. wind and solar) 	<ul style="list-style-type: none"> Combat corruption to increase healthcare spending Plant one million hectares of fruit and timber trees in the southern part of the country 	<ul style="list-style-type: none"> Universal healthcare coverage Ensure operations in hospitals and clinics Development of nuclear energy 	<ul style="list-style-type: none"> Eliminate bureaucracy in the healthcare system Include private hospitals in the public healthcare system Promote ecotourism and reduce dependence on individual transport

Source: Debate Presidencial, INE

The end of the campaigns will be on June 27. The electoral campaigns will continue for the next fourteen days, period after which the electoral blackout will begin until the July 1 elections.

From our fixed income and FX strategy team

The local fixed-income market and the Mexican peso did not react to the last presidential debate, with participants' focus on the Fed's decision. Mexican bonds are opening this Wednesday's session with a positive bias following rates' dynamics in other regions, without a reaction associated with yesterday's debate. Particularly, Mbonos are rallying ~2bps with the 10-year benchmark Jun'27 trading 2bps below yesterday's close at 7.92%. Similarly, this morning TIEE-28 swaps depict a 1-3bps rally.

On the FX side, the Mexican peso rallies 0.37% to 20.63 per dollar, on the back of a contained USD ahead of the Fed's decision this afternoon. At current levels, MXN trades at its session highs, whereas the Asian and London sessions did not register a reaction associated with the debate, trading sideways and with a slightly positive bias.

Disclaimer

The information contained in this document is illustrative and informative so it should not be considered as an advice and/or recommendation of any kind. BANORTE is not part of any party or political trend.

GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

Economic Analysis

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Katía Celina Goya Ostos	Senior, Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional	miguel.calvo@banorte.com	(55) 1670 - 2220
Francisco José Flores Serrano	Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Fixed income and FX Strategy

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Senior Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Strategist Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Technical Analysis	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Equity Research – Conglomerates / Financials/ Mining / Petrochemicals	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Equity Research – Airlines / Airports / Cement / Infrastructure / REITs	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research – Auto Parts/ Consumer Discretionary / Real Estate / Retail	valentin.mendoza@banorte.com	(55) 1670 - 2250
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454