

# Midterm elections – Mexico’s *Game of Thrones*

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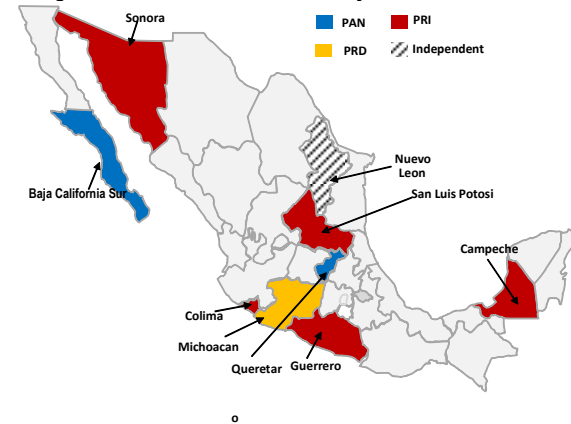
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- **Intermediate elections took place yesterday in Mexico**
- **Nine state governors, 500 federal deputies, 600 deputies and 887 mayors (or delegates in the case of Mexico City) were elected**
- **We highlight that:**
  - (1) **Independent candidates were allowed to participate for the first time in history, and surprisingly one of them won the state governorship of Nuevo León;**
  - (2) **The composition of the Lower House at the federal level remained virtually unchanged; and**
  - (3) **Partido Humanista and the labor party (PT) lost their access to public funds, as they got less than 3% of the votes**
- **As we had mentioned earlier, these were one of the most important midterm elections in Mexico’s modern history, because they were the first ones held under the new rules derived from the 2014 political reform**

**Relevant electoral process.** On Sunday (June 7), midterm elections took place in Mexico (9 state governors, 500 federal congressmen, 600 local congressmen and 887 mayors). As we have discussed before, we believe that these elections were very important because of two reasons: (1) After 2014 political reform there are now only two electoral processes: presidential and midterm elections, rather than having elections every year in different places, as it was the case in the past; and (2) candidates who won this election for local legislator or major are eligible to be reelected for another period in office.

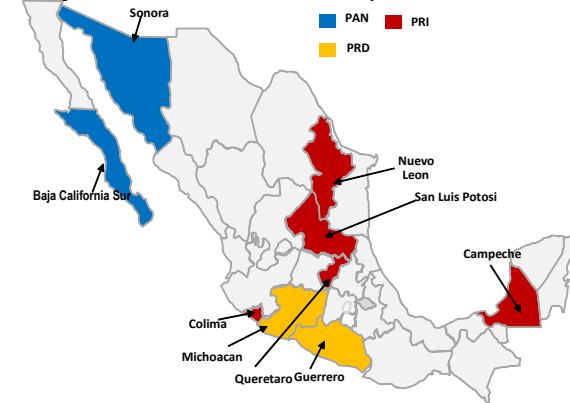
**An independent candidate was elected for the first time.** All of the nine state governor runs had its own particularities. Nevertheless, the one that stands out is the governorship of Nuevo León, where an independent candidate –known as “*El Bronco*”–, was elected for the first time in history. Jaime Rodriguez “*El Bronco*” so far has 48.9% of total votes tallied, according to preliminary results. Elsewhere, in Baja California Sur, the PAN retained the governorship on the back of the victory of Carlos Mendoza Davis. Similarly, in Campeche, the PRI maintained the governorship with its candidate Rafael Alejandro Moreno Cardenas. In Colima, the preliminary results show Jose Ignacio Peralta Sanchez as the likely winner with 40% of the total votes, although the result is still too close to call. In Guerrero, the political party coalition PRI-PVEM won with Hector Astudillo Flores. In Michoacan, the PRD retains the governorship with Silvano Aureoles Conejo. In Queretaro, Francisco Dominguez Servién from the PAN was elected. Finally, in San Luis Potosi, Juan Manuel Carreras López (PRI) won; while in Sonora, Claudia Pavlovich Arellano (PRI) claimed the victory (refer to the following chart and table).

State governor's elections: Preliminary results



Source: PREP; Banorte-Ixe

State governor's elections: Current map



Source: INE; Banorte-Ixe

**State Governorships**

State	GDP % of total	Population millions	Current ruling party	Party elected	Candidate	% Voting	Tally
Baja California Sur	0.8	0.6	PAN	PAN / PRS	Carlos Mendoza Davis	45.02	744 out of 904
Campeche	4.8	0.8	PRI	PRI / PVEM	Rafael Alejandro Moreno Cárdenas	39.91	691 out of 1,100
Colima	0.6	0.7	PRI	PRI / PVEM / PANAL	José Ignacio Peralta Sánchez	40.02	827 out of 904
Guerrero	1.4	3.4	PRD	PRI / PVEM	Héctor Astudillo Flores	41.68	3,240 out of 4,807
Michoacan	2.3	4.4	PRD	PRD / PT / PANAL	Silvano Aureoles Conejo	36.20	4,913 out of 5,786
Nuevo Leon	7.3	4.7	PRI	Independiente	Jaime Heliódoro Rodríguez Calderón "El Bronco"	48.86	6,073 out of 6,098
San Luis Potosi	1.9	2.6	PRI	PRI / PVEM / PANAL	Juan Manuel Carreras López	35.66	3,012 out of 3,479
Queretaro	2.1	1.8	PRI	PAN	Francisco Domínguez Servián	46.81	2,361 out of 2,428
Sonora	3.0	2.7	PAN	PRI / PVEM / PANAL	Claudia Pavlovich Arellano	47.00	2,085 out of 3,442

Source: INE according to the preliminary results of PREP

**Similar composition of the Lower House at a federal level.** With 75.5% of ballots and 99.7% of the electoral districts tallied, the results favor the PRI-PVEM coalition, with 52.3% of the districts won. In addition, in the eight states where the PRI contended without the PVEM coalition, it won in 7.7% of districts. Thus, the PRI and PVEM won 60% of the 300 electoral districts, which is equivalent to 180 members in the Lower House. Moreover, the PAN reached 19%, while the PRD-PT coalition managed to secure 9.7% of total districts (refer to the chart below). According to Article 53 of the Mexican Constitution, there are another 200 representatives elected by proportional representation. In this context, as results are still preliminary, we still cannot know the final composition of the Lower House as there is still the question of the proportional representation members (*plurinominales*). Nevertheless, we expect that the final percentage of representatives for each party in the Lower House will increase for the PRI, and will be reduced in the case of the PAN and the PRD.

### Electoral districts by party

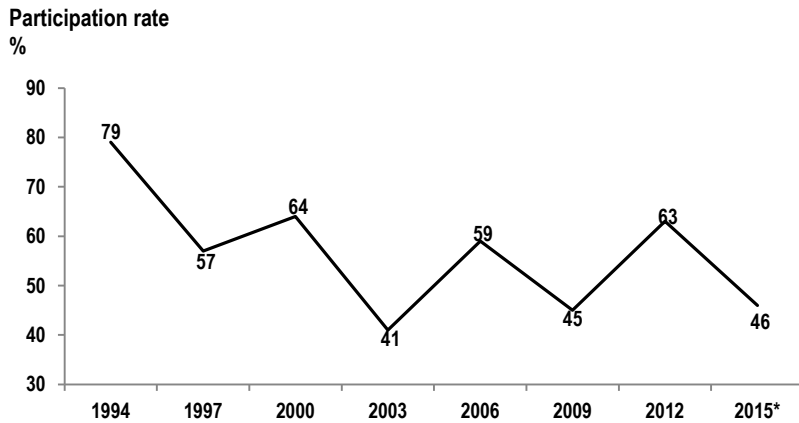
	% of the districts won	# of representatives
PRI-PVEM	52.33	157
PRI	7.66	23
PAN	19.00	57
PRD-PT	9.66	29
PRD	2.00	6
MORENA	4.66	14
MOVIMIENTO CIUDADANO	3.66	11
PANAL	0.33	1
Independent	0.33	1

Source: INE. \*Representatives elected by majority vote. The representatives elected by proportional representation are not included.

**Peaceful elections...** Despite some violent episodes and adverse weather conditions in some regions of the country, the *National Electoral Institute (INE)* managed to install 148,409 of the 148,836 voting booths (99.7%). However, during Sunday, 415 voting booths (0.27%) had to be suspended. From this number, 365 were suspended in Oaxaca, 29 in Chiapas, 10 in Baja California Sur, 2 in Michoacán, 4 in Tabasco, and 2 in Veracruz. We highlight that the cancelation of elections mentioned above, were explained by 145 cases of violence and 254 cases of stealing and/or destruction of election documents.

**Partido Humanista and PT lost access to public funds.** Judging by the preliminary results published by the INE, at the moment only two political parties: *Partido Humanista* and *Partido Encuentro Social*, lost access to public funds given that they didn't reach the 3% of the vote required to maintain their registry. However, *Morena* did consolidate as an alternative of the Mexican left achieving a similar percentage of votes as Partido Verde.

**Participation rate...** It is well known that the rate of participation in the midterm elections has always been lower than in presidential ones. In fact, participation has been around 48% on average, in midterm processes since 1997, while in presidential runs participation raises to around 60%, as shown in the chart below. In this regard, in this electoral process, participation rate stood at 46.3%, the highest since 1997's mid-term elections (refer to the chart below).



\* Preliminary numbers  
Source: Instituto Nacional Electoral (INE)

**Non-event for markets.** Judging by the results of the preliminary results, we believe that the party composition from the federal Lower House will be very similar to the current one while no serious problems were observed in the elections of Guerrero, Oaxaca and Michoacán. In this context, we believe that this political event will have no impact on the financial markets. Nevertheless, market participants will now pay attention to potential independent candidates for 2018 presidential elections as well as *Morena*'s presence nationwide.

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