

Latam Daily: Chile Presidential Coalition Primaries

- **Chile: Surprise results at presidential coalition primaries show shift to political centre; positive news for Chilean asset prices**

CHILE: SURPRISE RESULTS AT PRESIDENTIAL COALITION PRIMARIES SHOW SHIFT TO POLITICAL CENTRE; POSITIVE NEWS FOR CHILEAN ASSET PRICES

Neither of the two leading figures in recent polls ended up winning their coalition's presidential primaries at Sunday's (July 18) vote in Chile. These included the candidate from the Communist Party, Daniel Jadue, who failed to secure the nomination. Two key coalitions at both ends of the political spectrum fielded a total of six candidates: four from "Chile Vamos" (ruling centre-right), and two from "Apruebo Dignidad" (far left). The two winners will move on to the presidential first-round election on November 21, running against candidates from other parties and coalitions.

On the right, former cabinet minister (with the Christian Democratic Party) and former president of Chile's Banco del Estado, Sebastián Sichel (43) ran as an independent and took away the nomination with 49% of votes in a four-candidate race. Joaquín Lavín, who had polled as the favorite, took second place with 31%.

On the left, Gabriel Boric (35) from the Social Convergence Party won the left's nomination with 60% of votes from his coalition, upsetting the Communist Party candidate Daniel Jadue. Mr Boric has served as a lawmaker since 2013 (re-elected in 2017). He is known for his role as a student leader who called for free higher education and for his participation in the political agreement that led to the referendum on the nation's constitution—a divisive topic within the left.

The primaries, however, did not include an important section of Chile's political field, as the centre-left coalition, Unión Constituyente, did not put forward candidates for the primaries and will instead make a direct nomination. Unión Constituyente's apparent frontrunner is Yasna Provoste (DC), currently president of the Senate. The deadline to register presidential candidates is August 23.

Sunday's primaries were the first step in a long presidential race that will include a first-round election on November 21, and—if no candidate wins a majority outright—a runoff vote on December 19. The turnout of Sunday's primary elections was around 20%—an increase compared to the primary elections of 2017 (13.6%). A total of 3 million people cast their votes, a surprise turnout over the expected 2 million that would have been considered a success by political experts.

Preliminary takeaways:

- **The right-wing coalition mobilized a significant number of voters (44% of the ballots),** defeating expectations and showing that Chilean voters continue to seek political balance despite recent electoral defeats.

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- **The primaries also moved coalitions to the political centre, while at the same time reinforcing the public's rejection of traditional parties.** Joaquin Lavín, who had appeared the right's favorite but landed second place, is a well-known, established politician. But he was also seen as a potentially weak presidential candidate against the left given his trajectory and much stronger ties to a harder political right. The fact that Sebastian Sichel (Independent) was chosen instead is seen as positioning Chile Vamos well for the presidential race (and closer to the political centre).

Our market view is that the results of these primaries are positive for Chilean asset prices. High voter turnout, the departure of the Communist Party contender, and a solid nomination from the right-wing coalition are enough ingredients to see material positive impacts on the Chilean peso (CLP) and the stock market.

—Anibal Alarcón

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