

Latam Daily: Chile Election Results

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CHILE: MR. KAST AND MR. BORIC MOVED FORWARD TO THE RUNOFF, AS WAS LARGELY EXPECTED ACCORDING TO POLLS

On Sunday, November 21, with 100% of the ballots counted according to the Chile's Electoral Service (SERVEL), right-wing conservative José Antonio Kast (Frente Social Cristiano coalition) and left-wing Gabriel Boric (Apruebo Dignidad Coalition) moved forward to the runoff vote to be held on December 19, as was largely expected. Mr. Kast secured the top spot with 27.9% of votes, while Mr. Boric won second place with 25.8%. In our view, the results will have positive market implications.

SOME TAKEAWAYS:

In Sunday's presidential election, the right-wing candidates mobilized a significant number of voters (40.7% of the ballots), showing that Chilean voters continue to seek political balance despite recent electoral defeats. The sum of votes for José Antonio Kast and Sebastián Sichel (centre-right) will make a competitive December 19 runoff.

Mr. Boric also moved forward to the runoff, but with less support than expected. **Most likely both candidates will need to moderate their programs** to capture centre-left votes, mainly Mr. Boric in light of Kast's advantage.

Mr. Franco Parisi obtained around 12.8% of the votes (third largest share) and will be the great loot to capture. It is expected that centre-left Ms. Yasna Provoste (11.6% of the votes) will support Mr. Boric, while Mr. Sichel (12.8% of the votes) would negotiate with Mr. Kast.

Turnout was 47%, around 7.1 million people, below the last 2020 referendum (51%) and slightly above the elections of last May (45%). **A higher turnout for the runoff is expected.**

Right-wing coalitions increased their share in both houses in Congress, which will have implications for the constituent process. The election of six new representatives from the Partido de la Gente (Parisi's party) in the lower house brings in a new dynamic as they will be the key to reach majorities—a swing fraction.

Our market view is that the results of these elections are positive for Chilean asset prices. A solid vote share from the right-wing candidates in the presidential election; the expected moderation of the presidential programs of both candidates to be more competitive in the runoff; and the congressional rebalancing with a greater presence of right-wing coalitions in both houses of the Congress, are enough ingredients to see material positive impacts on the Chilean peso (CLP) and the stock market. The market interest rates should show some decreases.

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