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Provinces – Argentina

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Provinces Strategy Flash: Neuquen and PRN elections

Our take from Rio Negro and Neuquen elections

Political continuity in Rio Negro, with regional officialism remaining in power.

Political continuity in Rio Negro, with regional officialism remaining in power. The incumbent provincial party, Juntos Somos Rio Negro (JSRN), managed to win yesterday, with Alberto Weretilneck getting 42% of the votes and 18pp ahead of the second candidate with 96% of scrutiny. Despite being able to run for re-election, the current governor of the province, Ms. Arabela Carreras, decided to step aside and let Mr. Weretilneck lead the ticket. It is worth noting that the latter has already been governor of the province for two consecutive terms from 2012-2019, and with yesterday's results, it would be his third term in charge of the province. Looking into the composition of the party, Mr. Weretilneck managed to make alliances with the PJ (with close ties to Kirchnerism), Frente Renovador, and UCR (those who run separately from JxC), among others. JxC got a second place from the remaining parties with 23.9% of votes, the rest of the PJ in third place with 10.6%, and Milei's candidate in fourth place with 9.2% of votes.

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After over 60 years in power, the MPN lost the governorship of Neuquen. Unlike in Rio Negro, elections in Neuquen posted surprising results. The Movimiento Popular Neuquino (MPN) has been in power in the province since 1962, winning elections over elections. Still, this time was different as the newly elected governor, Mr. Rolando Figueroa, beat the ruling party. Mr. Figueroa, a former MPN insider and a former deputy governor during the first term of current governor Omar Gutierrez, decided to run separately and made alliances with the PRO, UCR, PJ, and some libertarians. With 99.3% of scrutiny, Rolando Figueroa got 35.6% of the votes, followed by Marcos Koopmann from MPN with 33.14%. Kirchnerism got third place, well behind at 12.7%, followed by Milei's candidate in fourth place with 8% of votes.

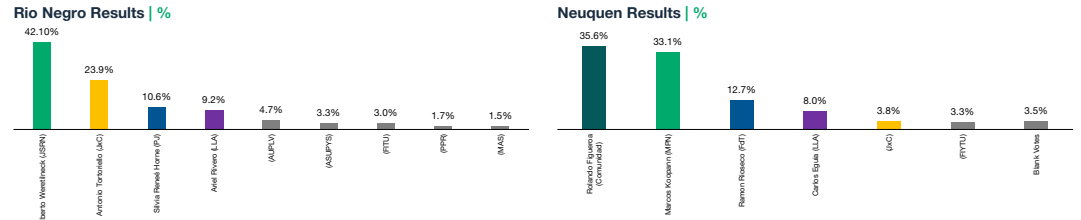
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Despite being regional elections, we believe they could say something about the coming electoral path, albeit with caveats. We consider that two factors should be considered when analyzing these two elections in light of the coming electoral path. The first one is that the current and newly elected parties are regional and different from the two main national coalitions in both cases. The second one is that they were done separately from the National, which makes the tickets not have the presidential candidates. This is particularly relevant for the Libertarian party, given that not having Javier Milei on the ticket results in underperformance of the party, compared to what it is thought Milei could get in a National election. Both points make it difficult to grasp how informative they are relative to the national electoral process. Still, looking at Neuquen's election, we consider that the current economic scenario would be challenging for provincial officialism to remain in power. In that sense, despite controlling the province for over 60 years and with flooded resources coming from Vaca Muerta, the incumbent party was still unable to remain in charge. We also note that the coalition that won with Figueroa shares various similarities with the one large and unified coalition Larreta seeks to build, including all the opposition and part of Peronism to isolate Kirchnerism. The surprising point is that even though the coalition shared Mr. Larreta's strategy, the PRO and UCR people elected are closer to Mr. Macri's hawks than to Mr. Larreta's doves. So a similar approach to the one Larreta thinks about won, but with Macri's people. This is interesting to analyze in light of the future configuration of JxC. Our final thought is related to the weak performance and how challenging it would be for substantially lagging Kirchnerism.

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In our view, the results of Neuquen are positive for the credit. Even though what would make the picture complete is the National elections, with the PRO in the elected formula, we expect the market to price market-friendly policies and contribute positively to the credit. On the political side, regional and provincial parties usually use their upper and lower house seats as negotiating tools and tend to follow behind the political color in charge. If we are heading to a scenario in which JxC is elected, there would be a similar political view between the provincial and national parties.

Figure 1: Rio Negro and Neuquen electoral performance



Source: TPCG Research based on Provincial reports

Figure 2: Electoral Calendar 2023



Source: TPCG Research

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