

The race's mile zero. Forty-two to go.

- **The latest batch of polls shows a snapshot of a three-way tie, as the two large coalitions lose voter support and the libertarians are growing.** A blend of campaign mistakes, a deteriorating economy, and voter anger has changed the landscape into a three-way contest. JxC has dropped from the mid-30s into the very-high 20s, slightly edging both Kirchnerism and the Libertarians, which are currently polling into the mid-20s, with the latter potentially displacing Peronism from a run-off. However, we find polls are highly unreliable at this point. The attrition rates of the surveys are unprecedentedly high, with as much as 30pp of voters not participating in any way. In addition, you need to assume that these voters are likely to distribute differently from those responding and could be highly correlated. In this context, the positive preferences that the surveys track for each space barely account for 50% of the electorate, leaving a large margin for surprise.
- **With almost all of its candidates' rejection levels polling over 70%, the odds of the FdT carrying the Presidency seem extremely slim. Coming in second and making it to the run-off appears to be the objective.** The FdT's path to the run-off is to galvanize its base, offering a purely Kirchnerist ticket and campaigning on shifting economic policy leftward to stem the drainage of voters to the Libertarians. Kirchnerism also needs to achieve some separation from the economy's collapse and the current policy set. The Frente de Todos's rebrand as Unidad por la Patria (UP) points in that direction. In our view, Mr. Massa's role as a candidate would be incompatible with his role as the finance minister, creating a conflict between the Government and the FdT campaign. In this context, our baseline scenario expects the FdT's political strategy to disrupt the delicate balance under which the Government is muddling through the economic crisis.
- **As a result of the turmoil inside FdT, JxC's cohesion weakened, with Mr. Macri and Mr. Larreta hotly disputing the coalition's leadership.** The JxC coalition was designed in opposition to Kirchnerism, encompassing a very wide spectrum of ideologies. With Kirchnerism seemingly unable to win, many in JxC assumed that the Presidency would be decided in the JxC primary. In this context, the leadership of JxC has become the hottest contest, with Mr. Larreta challenging Mr. Macri, costing JxC about 8pp in voting intention YTD. Mr. Larreta has also seen his lead over Mrs. Bullrich dilute, tightening the Pro primary into a too-close-to-call race. Mr. Larreta is trying to build back his lead by accelerating his enlargement plans at the cost of bringing JxC close to the breaking point. We believe that Mr. Larreta's enlargement would be critical for a JxC administration to navigate its reform agenda successfully. With voters increasingly receptive to the Libertarians' economic proposals, the run-off scenario between JxC and the Libertarians looks uncomfortably open.
- **Mr. Milei has been riding on a wave of voter discontent to get into contention with the two large coalitions.** Most polls give him between a fifth and a quarter of the vote, with elevated chances of making it to the run-off. Mr. Milei's economic message based on ending inflation and dollarization has been very successful in galvanizing voter support. Still, despite his sensible picks for the economic cabinet, Mr. Milei's choice of VP highlights that his campaign is trying to shift from the economy to social issues, which muddle his only path to the Presidency: appealing to CFK voters in a potential run-off. To this segment, the legislation Mr. Milei seeks to strike down is landmark bills from the CFK years. In addition, his pivot towards social issues allows Mrs. Kirchner to train her crosshairs at him. Much of Mr. Milei's growth is happening at her expense, so avoiding a third-place finish requires beating Mr. Milei rather than JxC.
- **The latest batch of polls suggests that JxC is favored to win the Presidency and that, even if it beats Mr. Milei, the FdT is unlikely to win a run-off.** Polls agree with most creditors where this electoral process is finishing, but we're less constructive about how straightforward the path to get there is. We expect the primaries to add little information to investors. In our view, we won't have a good sense of where the regime-change trade stands until October at the earliest.

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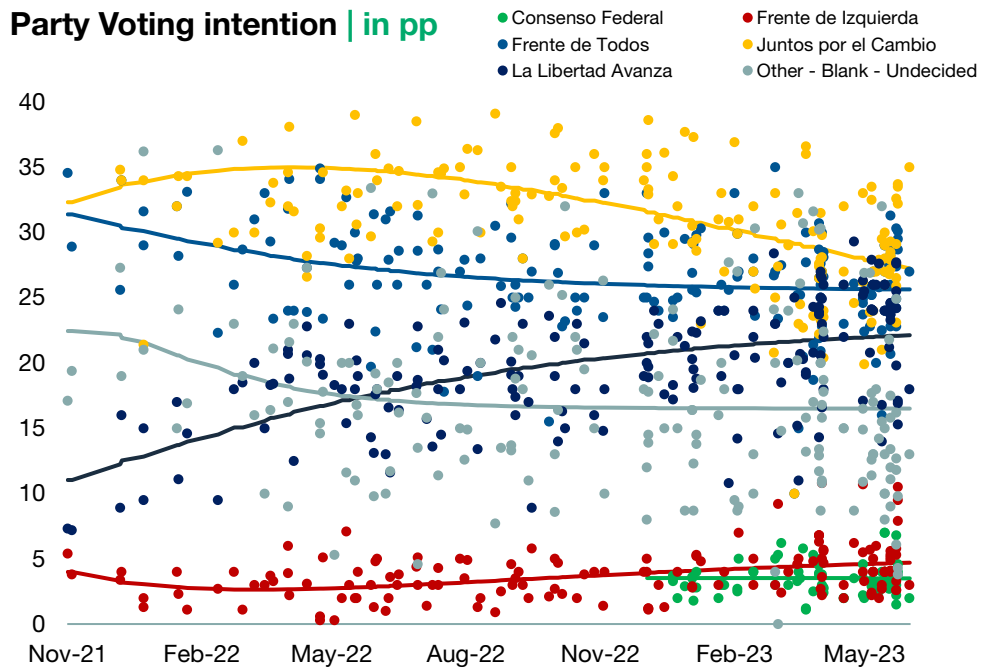
The race's mile zero. Forty-two to go

The snapshot of the race before the June 24th deadline. Don't trust it.

The latest batch of polls shows a snapshot of a three-way tie, as the two large coalitions lose voter support and the libertarians are growing.

The latest batch of polls shows a snapshot of a three-way tie, as the two large coalitions lose voter support and the libertarians are growing. A few months ago, the path to the election seemed more like a coronation for whoever won the JxC primary than a race. A blend of campaign mistakes, a dismal economy, and voter anger has changed the landscape into a three-way contest. JxC has dropped from the mid-30s into the very-high 20s. Kirchnerism has perforated its hardcore vote, polling into the mid-20s. The Libertarians have grown from a cute phenomenon happening at the fringe of the political spectrum into the mid-20s, potentially displacing Peronism from a run-off. If the election were today, the run-off would be between the winner of the JxC primary and Mr. Milei, with Peronism suffering the worst defeat in its history. More importantly, most polls suggest that even if the FdT managed to claw back into the second place, it would suffer a landslide loss against a JxC candidate in a context where over 65% of voters say they'd never vote for the Peronist candidates. In this context, our baseline remains that Argentina is heading toward a regime change. The question is which regime we're changing into.

Figure 1: Mr. Milei is picking what JxC and the FdT dropped, turning the election into a three-way race.



Source: TPCG Research based on various polling firms.

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In our view, polls are highly unreliable at this point. For starters, an extremely large part of the population is either not participating in surveys or answers that they remain undecided. Extrapolating the result of a study into the general population requires confidence in the poll's internal and external validity. In our view, the current surveys suffer from problems on both fronts. On the internal validity side, the attrition rates of the surveys are unprecedentedly high, with as much as 30pp of voters not participating or responding in any way. If these voters were distributed

as those who participate in the poll, then the problem would be trivial, as you'd just correct the sample to a smaller size, assuming that the non-respondent sub-sample replicates the distribution of the observed sub-sample. The big problem is that voters' preferences are not independent, identically distributed. In this context, you need to assume that these voters are likely to distribute differently from those responding. More importantly, their preferences could be highly correlated, resulting in an unobserved mode in the distribution. Suppose that Mr. Milei has a 50% voter intention among these voters, about twice as high as in the observed sub-sample. Then, the Libertarians would be front-running the race by a large margin, and polls' sample biases would be obscuring it. The second problem is that about 20% of voters remain undecided. While these voters agree to participate in the survey, their preferences also remain unknown. In this context, the positive preferences that the surveys track for each space barely account for 50% of the electorate, which leaves a lot of margin for a surprise.

On the external validity side, the latest batch of polls reflects the current voter sentiment. With the economy likely to deteriorate further between now and October, voter preference could shift, distorting the current snapshot.

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On the external validity side, the latest batch of polls reflects the current voter sentiment. With the economy likely to deteriorate further between now and October, voter preference could shift, distorting the current snapshot. The Libertarians' growth has been fed, above all, by anger and voter dissatisfaction over a deteriorating economy. We believe we haven't seen the last of this process yet. With inflation running around 8%mom, an impending BoP crisis, and the economy sliding into recession, voters will likely find plenty of reasons to remain angry over the coming months. In this context, the question is how relevant is the current snapshot to predict voter sentiment four months from now. In this context, we can expect a critical driver of Libertarian growth to continue to gain in strength, further distorting the snapshot that polls currently paint. The biggest challenge is that both internal and external validity problems with current surveys tend to point toward the risk of underestimating the Libertarian vote.

Finally, polls seem ill-equipped to shed light on the different run-off scenarios, especially in those where Kirchnerism comes out third in October. With rejection levels between 70 and 80%, polls seem fairly reliable when they suggest that any Kirchnerist candidate would lose to a JxC or a Libertarian contestant in the run-off. Where polls become less informational is what would happen in a run-off between Mr. Milei and a JxC candidate. Part of the problem is that there's some transference of voters between Mr. Milei and Mrs. Bullrich. Quantifying that transference before the primaries is extremely hard because most votes concentrate on their first choice. The challenge is that if Kirchnerism comes third, its constituency will face an election without representation in the ballots for the first time in over 20 years. Even while voters might shift between JxC and the Libertarians after the primaries, additional vote transference between the two opposition parties should be almost zero after the first round. In this context, the second round will be decided by how the Kirchnerist voters distribute among the two contestants in the ballot. That 25 or 30% of the electorate, which constitutes CFK's hardcore vote, has always had a clear Kirchnerist alternative to support. Faced with the prospect of a run-off between JxC and Mr. Milei, we know very little about their preferences because they've never needed to vote anything but Kirchnerism. We kick off our election analysis using an alternative framework to polls. We'll try to think about the race from the perspective of a campaign strategist for each of the three coalitions.

The FdT problem: hoping for a 2nd place by galvanizing the Kirchnerist hardcore from the worsening economy

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With almost all of its candidates' rejection levels polling over 70%, the odds of the FdT carrying the Presidency seem extremely slim. Coming in second and making it to the run-off appears to be the objective. Peronism faces an unprecedented situation in this election cycle, the risk of coming third. Since the return of democracy, the Peronist party has never got less than 39% in a Presidential election (Duhalde, 1999; Scioli, 2015). Between 2019 and 2021, the FdT lost 15pp in voting intention, and the latest batch of polls suggest it lost another 10pp since the mid-terms, accumulating a 25pp deterioration relative to 2019. In other words, whereas in 2019, a united Peronist movement was equal to CFK's hardcore vote plus 13pp, and in 2021 it was barely equal to CFK's hardcore, today, a united Peronism would poll about 10pp below the historical Kirchnerist hardcore. If Mr. Fernandez's winning thesis in 2019 was that Peronism couldn't win without CFK and couldn't win by relying just on CFK, we could now add a corollary: Peronism can't win with CFK. Rather than broadening the Kirchnerist base, the FdT experiment has reduced Mr. Fernandez, Mr. Massa, and much of Peronism to being the same as Mrs. Kirchner in the eye of the independent electorate. In our view, CFK is acutely aware of this phenomenon and is designing its campaign strategy around it. With the FdT polling consistently below 30% of the

vote, a three-way race is both an opportunity and a curse to Kirchnerism. It's an opportunity because, in a three-way race, a divided opposition hides how weak Kirchnerism truly is. With the other two opposition parties splitting the 70% opposition vote, Kirchnerism has a shot at making it to the run-off. If the opposition were unified, it would win in the first round with over 50% of the vote. On the other hand, it risks coming in third and becoming irrelevant.

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The FdT's path to the run-off is to galvanize its base, stemming the drainage of voters to the Libertarians. That means offering a purely Kirchnerist ticket and campaigning on shifting economic policy leftward. In her last public outings, CFK made her strategy crystal clear. She argued that a three-way race wasn't about ceilings but about floors. In other words, Kirchnerism's path to the run-off doesn't require wooing independent center voters (which CFK would have a hard time attracting) but rather galvanizing the hardcore vote. Doing so will require a change in strategy. Over the last two presidential elections, Kirchnerism has tried to appeal to the center ground with a moderate ticket atop the ticket (Mr. Scioli in 2015 and Mr. Fernandez in 2019). This time, rumors point toward Mrs. Kirchner favoring a purely Kirchnerist ticket, with the Home Minister, Eduardo de Pedro, leading preferences. In our view, however, changing strategies would also require proposing different policy set. Galvanizing the hardcore vote would require campaigning on denouncing the IMF deal, a higher fiscal impulse, and more coercive FX and price controls to shift the blame of the ailing economy from the Government CFK created and sponsored to businesspeople and pressure groups conspiring to hurt Peronism. The objective of the campaign would be to disown the Fernandez Administration, retconning history to convince the Peronist hardcore voter that Kirchnerism ruled the country between 2003-15 and that after that, both the Macri and the Fernandez Administrations have been pawns of the IMF, banks, and vested interests. According to this narrative, Mr. Macri and JxC have been partners of the IMF & Co, while Mr. Fernandez turned out to be inept and frail to confront the "powers-that-be."

For the strategy of shoring up the hardcore vote to win, Kirchnerism needs to achieve some separation from the economy's collapse and the current policy set.

For the strategy of shoring up the hardcore vote to win, Kirchnerism needs to achieve some separation from the economy's collapse and the current policy set. A deteriorating economy is at the core of the FdT dropping below 30% and puncturing the 32-35% of the electorate that was not so long ago considered a safe Kirchnerist vote. Inflation accelerated from 4.9%mom in November to 8.4%mom in April, and risks climbing above 9%mom in May. The Central Bank's reserves dropped by USD11.6bn YTD, bringing net reserves to -USD1.6bn, an almost USD9bn deterioration relative to end-December. In this context, net reserves have ceased to be relevant, as the Central Bank no longer has proprietary reserves to sell. With all of the BCRA's firepower borrowed, we should track how much of what remains liquid is usable. We estimate that between both tranches of the PBOC swap (the latest announced a few days ago) and the BIS repo, the BCRA has about USD13bn in liquid reserves, of which USD5.6bn has already been sold (the CenBank still keeps its gold bullion, so it didn't start selling borrowed reserves when net reserves reached zero, but about USD4bn before that). Of course, draining about USD2bn per month, the USD5bn extension that the Government negotiated with the PBOC is only enough to maintain the current framework until late August. In this context, the Government needs to find another Samaritan willing to pitch USD4-5bn and build a bridge until the October general election. At this point, the IMF seems to be the only Samaritan left. The problem for the Government is that the IMF bailout would come with a set of conditionalities with a hefty price tag in terms of political capital. Complying with the list of conditionalities would mean enforcing a policy accelerate the erosion of the Kirchnerist hardcore constituency and the drainage of voters toward Mr. Milei. The alternative would mean a full-blown BoP crisis with an even deeper political aftermath. All in all, Mrs. Kirchner needs to perform a delicate balancing act: she needs the Government to finalize a deal with the IMF to prevent a blowup of the economy but to do so while denouncing the agreement and promising her voters that a new FdT government would implement a different policy set to shield herself from the political cost.

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As a part of this strategy to separate the election offering from the Fernandez Administration, the Frente de Todos is getting rebranded as Unididad por la Patria (UP). The new branding suggests a pivot to a purely Kirchnerist identity. In our view, the decision to ditch the Frente de Todos brand and rename the coalition as Unididad por la Patria crystallizes Mrs. Kirchner's strategy of disowning the Fernandez Administration and separating from it. It's no coincidence that the new coalition takes the name of Mrs. Kirchner's preferred vehicle to participate in politics, the Instituto Patria think tank. The very name conveys who calls the shots in the new coalition and the abrupt desire to break with the last four years. In our view, the latest rumors pointing that Mrs. Kirchner might end up blessing Mr. Massa as the presidential candidate

for the newly minted UP, especially after the better-than-expected May CPI print, underestimate this signal to ditch the past. Mr. Massa, as the finance minister who rescued the Fernandez Administration from an ignominious collapse almost a year ago, would signal continuity between the UP offering and the current Government, precisely what Mrs. Kirchner is seeking to avoid. In this context, Mr. de Pedro would be a choice more consistent with the strategy of a purely Kirchnerist offering. In that context, the question is what to do with Mr. Massa.

Campaigning on a purely Kirchnerist policy mix creates a problem: what's Sergio Massa's place in CFK's political offering?

Campaigning on a purely Kirchnerist policy mix creates a problem: what's Sergio Massa's place in CFK's political offering? A political saying, often attributed to the Spanish President Felipe Gonzalez (though probably first coined by Eduardo Frei), paints former presidents as Chinese vases. Valuable but essentially useless ornaments that no one knows where to place once they become unfashionable. Sergio Massa is CFK's Chinese vase. Granted, he's not a president, but the power he's concentrated since entering the cabinet has him running the Government as if he were a Prime Minister. To some extent, the Government operates around Mr. Massa as if he were the President, especially in a context where Mr. Fernandez has become almost irrelevant to the markets. Until recently, Mr. Massa was the market's favorite to become the FdT's presidential candidate. His path to the Presidency now seems to be threatened by a lot more than CFK's apparent choice of a purebred candidate but also by an ailing economy. For starters, Mr. Massa has been campaigning on being something different than CFK since 2013, and, more importantly, because the policy decisions that the finance minister will need to enact in the coming months to ensure the stability of the FX market will increase his rejection levels, even among the faithful.

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Most rumors place Mr. Massa in the ticket, even if not for the top job. In our view, Mr. Massa's role as a candidate would be incompatible with his role as the finance minister, creating a conflict between the Government and the FdT campaign. The latest political movements seem to support our thesis that a campaign with Mr. Massa at the top of the ticket would make it almost impossible for the FdT to have a competitive showing. Analysts, however, expect Mr. Massa to be somewhere in the ticket, like a safe Senate seat in the Province of Buenos Aires. That would take the brunt of the campaign off Mr. Massa's shoulders, allowing someone less exposed, like Mr. de Pedro, to front the presidential offering. To many, that would let Mrs. Kirchner put a fresher face before her electorate but contain Mr. Massa. We're skeptical of the result of such a gambit. Whomever CFK picks to lead the FdT's ticket will campaign in opposition to the Government's policy set. Articulating a compelling message against the Government policies with the finance minister in a prominent place on the ticket will be challenging, to say the very least. Will Mr. Massa receive the boulders that his ticket companions toss at him? Will Mr. de Pedro be able to level heavy flak against someone in his own ticket? In our view, a strategy that relies on campaigning against the Government's policy set with the finance minister in the ticket risks confusing voters, adding to the challenges that the FdT has to remain competitive.

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The primaries might give the FdT a chance to gain some separation from the Government to improve the efficacy of its campaign message. A competitive primary has become a sticking point for the FdT recently. Mrs. Kirchner would like to play, as usual, the role of the Grand Elector. Still, without her name on the ticket and considering her growing rejection level, she's being challenged by President Fernandez. The President is not running either, but he wants to draw blood from Kirchnerism to show how its electoral power has waned. Mr. Massa has sided with Mrs. Kirchner, pressing the FdT to field a single ticket and dropping the primary competition. His rationale is that dividing the FdT vote among two or more candidates would mean that each FdT contestant will get fewer votes than Mr. Milei and both JxC candidates. The pressure has gone far enough that the run-up to the Frente Renovador Convention was marked by close associates of Mr. Massa announcing that he could quit his post as finance minister if President Fernandez forced the FdT into a primary. Still, Mr. Massa did an about-face during his speech at the FR Convention, arguing that, while he believed a single offering was better, he was willing to compete in a primary if it came to that. Moreover, after the Jun 14th deadline to register coalitions, both Kirchners drew the long guns on Messers. Fernandez and Scioli for their insistence in challenging the Kirchnerist candidates in a primary, especially for dragging Mr. Kicillof into a primary competition. In our view, the pivot confirms our belief that a primary could be useful to Mr. Massa and Kirchnerism at this point. If Mr. Fernandez forces the FdT into a primary, then Messers. De Pedro and Massa get an excuse to jettison the Government and distance themselves from an administration that's almost impossible to defend with voters.

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Current polls suggest that a primary inside the FdT would be competitive. We believe these polls underestimate the impact of CFK siding with one of the offerings. Recent FdT polling seems skewed by Mrs. Kirchner's decision not to run. Most of the Kirchnerist hardcore is still waiting for her to U-turn and throw her name in the hat, resulting in low voting intention for everyone else in the space. If we guide ourselves by recent polls, the three leading FdT candidates, Messers. Massa, de Pedro, and Scioli are locked in a three-way tie at around 8-10% of the electorate each. While at first look, that would suggest that the FdT could be heading to a competitive primary, we believe that Messers. Massa and de Pedro are likely to (i) share a ticket rather than compete and (ii) benefit from CFK's blessing, which should give them an edge over Mr. Scioli. In this context, we believe that the risks around the FdT primary would not result from the uncertainty of its outcome but from the Kirchnerist need to distance themselves from the Government to make a second-place finish possible.

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In this context, our baseline scenario expects the FdT's political strategy to disrupt the delicate balance under which the Government is muddling through the economic crisis. When we compared the evolution of the critical variables to our baseline scenario in our 2023 Year Ahead, inflation, reserves, the primary deficit, the Treasury debt rollover ratio, and money printing to finance, the primary gap are all tracking along worse than we expected. Monthly inflation is about 1.5pp higher than we expected. Net reserves are about USD2bn lower. The primary deficit is tracking close to 2.8% of GDP. The private sector rollover ratio, which we expected to hover around 75-80%, is averaging about 50%, with the latest LMO only attracting the interest of 25% of private creditors. In this context, it is surprising that the BCS premium has been stable since late April. In our view, the prospect of an IMF deal and the lifeline it could mean for the current FX policy underpins the parallel market's relative steadiness. A shakeup in the finance ministry to unencumber Mr. Massa from the day-to-day responsibilities of the economy could upset this delicate balance, sending the FX market again into a tailspin, with its effect on inflation. Such a scenario would likely increase voter dissatisfaction, increasing the risk of a black swan in the elections.

The biggest problem that JxC faces is that the coalition was designed in opposition to Kirchnerism, encompassing a very wide spectrum of ideologies and politicians. The only thing they have in common is their anti-Kirchnerism. As the FdT weakens, so does the cohesion of JxC.

The JxC problem: the weakness of Kirchnerism has eased the internal bonds, turning the primary into a bloody conflict

The biggest problem that JxC faces is that the coalition was designed in opposition to Kirchnerism, encompassing a very wide spectrum of ideologies and politicians. The only thing they have in common is their anti-Kirchnerism. As the FdT weakens, so does the cohesion of JxC. We've been arguing for a long time that the FdT and JxC mirror themselves. JxC was born as the union of the historically fractured anti-Peronist space, under the diagnostic that only a unified front could beat Kirchnerism. The FdT was forged in 2019 from a similar diagnostic. Kirchnerism suffered defeats in 2013, 2015, and 2017, in a context where a split Peronism (Kirchnerism on one side and anti-Kirchnerist led by Mr. Massa on the other) was unable to win elections despite commanding about 60% of the vote (40% from Kirchnerism, 20% from Mr. Massa). JxC stretches from the social democracy to the liberals with only anti-Kirchnerism keeping them together. Many of the more dovish JxC representatives are ideologically closer to the anti-Kirchnerist Peronists than they are to Mr. Macri, for example. Similarly, Mr. Macri and the Pro hawks would be more at ease in a chat with Mr. Milei and his Libertarians than with their UCR partners. Unsurprisingly, with the FdT and Kirchnerism seeming less and less of a threat as its approval ratings and electoral performance collapse, the bonds within JxC become less cohesive, triggering costly political infighting.

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With Kirchnerism seemingly unable to win, many in JxC assumed that the Presidency would be decided in the JxC primary. In this context, the leadership of JxC has become the hottest contest, with Mr. Larreta challenging President Macri. As Kirchnerism became less of a threat and the internal bonds which kept the JxC leadership together weakened, opening the gate to infighting and dissent. At the core of the JxC disorder, we find two competing views about what the coalition should be. The hawkish wing of Pro believes that the coalition should be smaller, more cohesive and homogeneous, firmly distinct from Peronism. The rest of JxC, more moderate, believes that the coalition should be as wide as possible, including some sensible Peronists to ensure its grip on power as it plows through an unpopular reforms agenda. Enjoying a healthy lead in polls and seeing that most of the JxC leadership supported his "enlargement" proposition, Mr. Larreta made a high-risk gamble in April; he decided to challenge Mr. Macri's leadership of Pro.

To a large extent, Mr. Macri's decision not to run in the 2023 election sought to protect his leadership of Pro. Like CFK, Mr. Macri's elevated rejection outside his hardcore voters capped his potential in an election heading to a run-off. Mr. Larreta seemed to take that weakness as an opportunity to go for the Pro leadership, probably underestimating how fiercely Mr. Macri was willing to push back.

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The leadership contest has cost JxC about 8pp in voting intention YTD, and Mr. Larreta has seen his lead over Mrs. Bullrich dilute. The Pro primary has tightened to a too-close-to-call race. When Mr. Larreta fired the first shot in his challenge for the leadership, changing the rules of the City of BA mayoralty race to even the playfield for Mr. Lousteau in lieu of Mr. Macri's cousin, he had a comfortable 8pp lead over Mrs. Bullrich, outpolling her by an almost 2-1 margin. Mr. Macri's response to the leadership challenge has been to throw his weight behind Mrs. Bullrich, allowing her to tie the race. Currently, most surveys put Mr. Larreta in the high teens and Mrs. Bullrich a couple of points behind him. Mr. Larreta has an edge in the Province of Buenos Aires, tractioned by Mr. Santilli's strong lead in the PBA Governor primary but seems to be trailing in Cordoba and Santa Fe. Ultimately, the problem is that the infighting has left JxC vulnerable to growing voter dissatisfaction and loss of votes to Mr. Milei. According to the latest polls, YTD, JxC has lost about 8pp, dropping from the mid-30s to about 28%. The risk is that the entire JxC space could continue to deteriorate if the primary contest grows increasingly uncivil.

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Mr. Larreta is trying to build back his lead by accelerating his enlargement plans at the cost of bringing JxC close to the breaking point. Over the past few months, the Larreta and Bullrich camps had very different vibes. Mrs. Bullrich seemed 100% focused on the primary, as if nothing mattered after August 13th. On the other hand, the Larreta camp seemed to be fixated on December 10th, as if the election was just a coronation they had to walk through. Mr. Larreta has been forced back into campaign mode as the race tightened. To rebuild his lead, the City of BA Mayor forced a Pro gubernatorial primary in the Province of BA and accelerated his plans to enlarge JxC. Enlargement was always Mr. Larreta's endgame and the master beam behind his governing strategy, but lately, it has become a part of his campaign strategy. The push to add Messers. Espert and Schiaretti to JxC could potentially open a 5-7pp spread in Mr. Larreta's favor. As a presidential candidate, Mr. Espert would position himself at the right of Mrs. Bullrich, between her and Mr. Milei, shaving a few points from her potential vote. On the other hand, Mr. Schiaretti joining the Larreta team could add 5pp in votes from Federal Peronism to his tally, cementing a substantial lead over Mrs. Bullrich this close to the primaries. Of course, Mrs. Bullrich and Mr. Macri went ballistic, going out of their lengths to shutter the play. Their pressure was enough to prevent Mr. Schiaretti from joining JxC, but Mr. Larreta got away with incorporating Mr. Espert. Still, the conflict within JxC went a notch louder, which could prove costly.

Mr. Larreta's pivot back toward the campaign could end up having a cost for JxC at a provincial level. For starters, it could make Messers Juez and De Lodredo's path to winning in Cordoba more challenging. It could also mean trouble in PBA.

Mr. Larreta's pivot back toward the campaign could end up having a cost for JxC at a provincial level. For starters, it could make Messers Juez and De Lodredo's path to winning in Cordoba more challenging. It could also mean trouble in PBA. Cordoba has been a coveted part of the JxC winning strategy. The opposition coalition has racked gains in Neuquen, ending a 60-year MPN ruling stint, and in San Luis, which had been governed by Peronism since 1983. The next milestone for JxC was beating Mr. Schiaretti and interrupting the Peronist rule of the province that started after Mr. De la Sota's win in 1999. JxC has gone to large lengths to field a competitive offering in the district, with the different UCR tribes burying their feuds and agreeing to Mr. Juez leading as Governor in a unity ticket. With the opposition front united, it seemed that JxC was on track to beating the Cordoba Peronism for the first time in almost a quarter of a century. Then the news of Mr. Larreta's deal with Governor Schiaretti sent the Cordoba campaign into a tailspin. Mr. Larreta put himself in a difficult spot in Cordoba. If Mr. Juez loses to Mr. Llaryola, Mr. Schiaretti's dauphin, he will get blamed for sabotaging JxC's chances in Cordoba. If Mr. Juez wins, he's going to side with Mrs. Bullrich. A similar problem could be brewing in the Province of Buenos Aires. By a huge margin, Mr. Santilli remains the front-runner in the JxC PBA Governor primary. To Mr. Larreta, that lead in the largest district in the country is a significant asset. One that he's unwilling to share. In most of the country, Mr. Larreta and Mrs. Bullrich are expected to share the Governor candidates, but not in PBA, where Mr. Larreta refused to share Mr. Santilli, forcing Mrs. Bullrich to face him in a primary contest. This situation stresses the PBA campaign, as mayors need to pick sides, potentially falling on the losing side. With no run-off in PBA and Kirchnerism still polling at competitive levels, JxC can't afford the infighting to cost it votes.

Looking beyond its use as a campaign strategy, we believe that Mr. Larreta's enlargement would be critical to a JxC administration navigating its reform agenda successfully.

Looking beyond its use as a campaign strategy, we believe that Mr. Larreta's enlargement would be critical to a JxC administration navigating its reform agenda successfully. Not so long ago, JxC seemed on track to win a majority of seats in both houses of Congress. Today, it appears that even if it wins, Juntos will fall short of a majority by about 15 seats in the Lower House and 2 or 3 seats in the Senate. Of course, after December 10th, Congress will see voters return larger Libertarian caucuses, which JxC could rely on to pass critical bills. Ultimately, the most important problem a JxC administration will face is building the political conditions for the reform program to be feasible. The next Administration will need to (i) consolidate the primary deficit, (ii) stabilize and normalize the FX market, (iii) find an equilibrium for the ARS market, and (iv) enact a series of structural reforms to improve potential growth to around 2-3% per annum. The Macri Administration had an identical to-do list on day one but saw its political capital wiped out entirely, trying to do (i) and (ii). They never got to (iii) and (iv). By the time Mr. Dujovne had consolidated the primary deficit, the Government was on track to irrevocably losing the election, and the FX market was once again close to collapse under the weight of the ARS disequilibrium. The next Administration will need to find a way to make feasible that which the Macri Administration couldn't. That's where Mrs. Bullrich's promise of "order" becomes more problematic. A smaller, more cohesive JxC like what Mrs. Bullrich proposes would face similar challenges as Mr. Macri to contain voter dissatisfaction as the cost of the stabilization programs racks up. Calling on the security forces to contain dissent and protests is a recipe for bleeding support faster than Mr. Macri. The Argentinian populace is reactionary. A protest that starts with 1,000 demonstrators will swell to tens of thousands if the security forces try to disperse it. Mr. Larreta's enlargement policy comes from the diagnostic that attaining order without consensus is impossible. His thesis is that a wider JxC incorporating part of Peronism would be better equipped to deal with voter dissatisfaction.

The enlargement strategy and the creation of the conditions to make the program feasible is the main difference between Mr. Larreta and Mrs. Bullrich in a context where both candidates offer the same economic program.

The enlargement strategy and the creation of the conditions to make the program feasible is the main difference between Mr. Larreta and Mrs. Bullrich in a context where both candidates offer the same economic program. All the bad blood between Mrs. Bullrich and Mr. Larreta dissipates when you talk to their economic teams. For every disagreement in politics, there's a common ground in economics. Messers. Lacunza and Laspina agree on the program that the next Administration will need to enact, from the need to consolidate the primary deficit as fast as possible to the challenges of rushing into reopening the FX market fully. This is probably the more interesting part of the JxC problem: the internal rift within the coalition is about politics, about how to create the conditions that the economic program they all agree is the only way out needs to have a fighting chance. On the economy, JxC is united in proposing a radically different economic policy mix to what the Macri Administration offered and, in many ways, aligned with what voters are asking. Still, they do it so disorderly that the electorate fails to see it. Voters in Argentina aren't used to political parties resolving a leadership contest in a primary, much less so close to the election. In this context, the political noise is so loud that it fully covers the economic program, paving the way for alternative proposals like the Libertarians' to gain support from voters.

With voters increasingly receptive to the Libertarians' economic proposals, the run-off scenario between JxC and the Libertarians looks uncomfortably open.

With voters increasingly receptive to the Libertarians' economic proposals, the run-off scenario between JxC and the Libertarians looks uncomfortably open. We're constructive in any scenario where Kirchnerism manages to claw a second-place finish and make it to the run-off, as JxC would easily win the second round against a Peronist candidate. In that scenario, we believe that the outcome of the JxC primary would make little difference, as both candidates would enact a very similar economic program. It's a little tougher to think of those scenarios where Mr. Milei makes it to the second round. The Libertarians are a much tougher nut to crack than the Peronists in this election cycle. Their economic proposals, especially the dollarization pipe dream, have caught voters' imaginations far more than JxC's austerity offering, making Mr. Milei a competitive rival. A JxC-Milei run-off will be decided by which candidate will more successfully woo the Kirchnerist electorate unrepresented in November. Mr. Milei has been fairly successful in poaching voters from that constituency, though we have doubts about whether he can extend that run (more about that in the next section). On the JxC side, Mr. Larreta is clearly better poised than Mrs. Bullrich. While we expect high absentee figures, part of the Kirchnerist electorate is going to vote in November. Mrs. Bullrich's ties to Mr. Macri and her hawkish positioning toward Peronism boost her standings ahead of the primaries but could become a liability when trying to reach Mrs. Kirchner's hardcore voters. Mr. Larreta, on the other hand, has softer contours. His positioning on most issues is less clear-cut than Mrs. Bullrich's. In this context, he elicits less rejection among Kirchnerists than Mrs. Bullrich, making him a more competitive second-round candidate.

The Libertarian problem: How to discipline Mr. Milei and make him more attractive to the Kirchnerist voter

Mr. Milei has been riding on a wave of voter discontent to get into contention with the two large coalitions. Most polls give him between a fifth and a quarter of the vote, with elevated chances of making it to the run-off.

Besides the anger, Mr. Milei has been very successful in focusing his message around three easy-to-grasp ideas: (i) ending inflation, (ii) dollarization, (iii) that Argentina does badly because corrupt politicians only care for themselves.

Mr. Milei's appointment of advisors seeks to address the doubts about his character and lack of experience. His economic team incorporates sensible, well-liked liberal economists, many of whom served in the Menem Administration in the 1990s.

Still, despite his sensible picks for the economic cabinet, Mr. Milei's choice of VP highlights that his campaign is trying to shift from the economy to social issues, where he has far fewer chances of appealing to voters.

Mr. Milei has been riding on a wave of voter discontent to get into contention with the two large coalitions. Most polls give him between a fifth and a quarter of the vote, with elevated chances of making it to the run-off. Not so long ago, Mr. Milei was a cute figure hovering in the single digits, yelling far-right proposals on prime-time TV. As the political disagreements within JxC increased and more of the more liberal Pro voters felt that the coalition's positioning was too moderate, Mr. Milei poached around 10pp in voting intention from JxC. At that point, he seemed to be Kirchnerism's last hope. An offering with little chance of winning but one that would fracture the opposition's vote and allow a shell-shocked Peronism to lead the PBA race. Since late 2022, however, something unexpected happened. Despite his Libertarian message, Mr. Milei has been extremely successful in wooing disappointed Peronist voters. Mr. Milei's voting intention has grown by an additional 10pp to around 25% on the back of Kirchnerist votes. He's polling surprisingly well among the poorest constituencies, the backbone of Mrs. Kirchner's vote. No one's laughing now. Most polls put Mr. Milei slightly ahead of Kirchnerism, with good chances of making it to the run-off. His campaign feeds on voter anger rather than on his propositions. In fact, about half of his electorate would disagree with his proposals, but they don't seem to be paying attention. They are angry; he's always angry, and they connect.

Besides the anger, Mr. Milei has been very successful in focusing his message around three easy-to-grasp ideas: (i) ending inflation, (ii) dollarization, (iii) that Argentina does badly because corrupt politicians only care for themselves. Mr. Milei's biggest success was tuning in almost perfectly to this election's voter sentiment. With Dollar wages down by nearly 40% during the Fernandez administration and inflation running at a three-digit pace, Mr. Milei's proposal of dollarizing the economy caught fast with voters, who fantasized it would put a stop to their wage deterioration in hard currency terms. Despite Libertarian advisors trying to dispel the notion that dollarization could be applied right away and economists from the rest of the parties warning that it's a dangerous pipe dream, the genie is out of the bottle. Voters remember the price stability of the 1990s under the Convertibilidad regime, which Mr. Milei has smartly branded as "dollarization light." The other hit Mr. Milei sings in every gathering is accusing the establishment and the existing political parties of being a cadre of corrupt officials profiteering from high inflation and a disorderly economy. He's identified the populace's belief that politicians are not in the same (sinking) boat as the rest of Argentinians and hammered on the conception, with the help of some of the FdT's worst excesses (Mrs. Kirchner getting an unlawful pension equivalent to over 100 times the average benefit, Mr. Fernandez hosting a lavish birthday party at the height of the COVID isolation mandate, Mr. Massa's love for private jets, etc.). In some sense, Mr. Milei has been even more successful in his messaging than Mrs. Bullrich, driving his growth.

Mr. Milei's appointment of advisors seeks to address the doubts about his character and lack of experience. His economic team incorporates sensible, well-liked liberal economists, many of whom served in the Menem Administration in the 1990s. Mr. Milei has suffered a lot of criticism regarding his character and lack of experience. He's a colorful guy with a touch of eccentricity. The attacks he suffers, mostly from Kirchnerism, seem to miss the mark because his voters don't care or maybe even like him for his quirky ways. Still, though the doubts about his character and experience aren't denting his voter intention, they do drag his attempts to gain confidence with businesspeople and the establishment. To contain the damage, Mr. Milei has surrounded himself with a group of well-liked, competent liberal economists, including former policymakers like Messers Roque Fernandez and Carlos Rodriguez, who served in the 90s under Mr. Menem, former regulators like Mr. Epstein, and well-renowned academicians like Mrs. Mondino. Together, they soften Mr. Milei's sharp edges and apply a patina of sensibility to his proposals, making them more palatable to the establishment.

Still, despite his sensible picks for the economic cabinet, Mr. Milei's choice of VP highlights that his campaign is trying to shift from the economy to social issues, where he has far fewer chances of appealing to voters. For all his libertarian positions on the economy, Mr. Milei is also deeply socially conservative. Lately, he's trying to blend his economic message with social issues, where he proposes striking down the abortion and same-sex marriage bills, shuttering the national healthcare system, and privatizing the public schooling system. He's also taking a hard-line stance on crime, proposing the elimination of the limitation to prosecute underage offenders, reducing appeals instances, and increasing jail time for most felonies. Mr. Milei chose Rep. Villarruel as her

running mate to highlight this stance on social issues. Mrs. Villarruel was raised in a military family and endorses the domestic deployment of the Army to fight organized crime, including drug trafficking. The Milei campaign has pivoted to social issues since the appointment as a VP, something that we believe may ultimately dilute the impact that his economic proposals are having on voters and cap his voter intention before the general election.

The problem with Mr. Milei's pivot toward social issues is that his only path to the Presidency is by appealing to CFK voters in a potential run-off. This constituency is the most progressive and most left-leaning in the country. To its voters, the legislation that Mr. Milei is seeking to strike down are landmark bills from the CFK years.

The problem with Mr. Milei's pivot toward social issues is that his only path to the Presidency is by appealing to CFK voters in a potential run-off. This constituency is the most progressive and most left-leaning in the country. To its voters, the legislation that Mr. Milei is seeking to strike down are landmark bills from the CFK years. We've argued before that we expect the run-off to be decided by the voters of the candidate that didn't make it to the run-off. While Mr. Milei could fish some additional votes in JxC after the primaries, especially if Mr. Larreta beats Mrs. Bullrich, his chances of poaching the Juntos electorate after the October generals are nearly zero. We can be fairly confident that whoever voted for JxC in the August primaries and again in the October generals will not change its vote before the November run-off. In this context, Mr. Milei's only path to the Presidency, if he faces a JxC candidate in the run-off (as a Milei-Kirchnerism run-off seems highly unlikely), is by reaching out to Mrs. Kirchner's voters, who would be unrepresented in November. If he focused on the economy and exploited the natural dislike that Kirchnerist voters have for anything JxC branded, he could easily sweep in the run-off. The JxC presidential candidate would campaign with Mr. Macri, who the Kirchnerist voters almost universally revile. Still, if Mr. Milei lacks the discipline to focus on the economy and hammers on social issues that risk alienating CFK's voters, he would cap his ability to fish in that pond and his chances of winning the Presidential election.

Mr. Milei's pivot to social issues looks like an even larger faux pas as Mrs. Kirchner trains her crosshairs at him. Much of Mr. Milei's growth is happening at her expense, so avoiding a third-place finish requires beating Mr. Milei rather than JxC.

Mr. Milei's pivot to social issues looks like an even larger faux pas as Mrs. Kirchner trains her crosshairs at him. Much of Mr. Milei's growth is happening at her expense, so avoiding a third-place finish requires beating Mr. Milei rather than JxC. Imagine your surprise if you tuned the TV in prime time and saw an ad for Pepsi... targeting Dr. Pepper rather than Coke (I know, you'd probably get the ad served on TikTok now, bear with me). That's what CFK has been doing for the past month or so. For Mrs. Kirchner to focus her campaign against Mr. Milei makes perfect sense. Kirchnerism can survive a loss to JxC in a run-off, but it's unlikely to bounce back from a third-place finish. Kirchnerism's rival between now and October is not Mr. Macri, Mr. Larreta, or Mrs. Bullrich; it's the Libertarians. In her last four public appearances, Mrs. Kirchner has honed her attacks on Mr. Milei, likening him to Mr. Cavallo and the reviled economists from the 90s. Most of her constituency has grown under the narrative that the Menem Administration and everything that smelled of it is toxic. The latest polls suggest that Mrs. Kirchner training her crosshairs on Mr. Milei seems to be slowing his growth, especially among her electorate. Now, if Mr. Milei continues to campaign on social issues, he's giving Mrs. Kirchner a heavy ordinance to fire at him. If CFK can imprint in her electorate between now and October that Mr. Milei is coming for their right to birth control, marriage, schooling, and healthcare, he could very quickly become radioactive to the very electorate that the Libertarians critically need to beat JxC in a hypothetical run-off.

An alternative hypothesis that many creditors have is that Mrs. Kirchner would prefer a Milei win over a JxC administration, resulting in her pulling her punches.

An alternative hypothesis that many creditors have is that Mrs. Kirchner would prefer a Milei win over a JxC administration, resulting in her pulling her punches. For the time being, voters don't seem to be taking Mr. Milei's pivot to social issues seriously. They keep focusing on his anger, to which they can relate. Under our baseline, we expect Mrs. Kirchner's efforts to dislodge him from the second place to make this issues enter her voters' radars. When we mention this hypothesis to many creditors, they challenge us back by arguing that maybe Mrs. Kirchner opts to give Mr. Milei a pass and go easy on him, betting that a Libertarian Administration could fail more easily than a JxC one, paving the road for a return of Peronism to power. We believe there's a lot of sense to that alternative hypothesis, but when we look at how CFK is running her campaign, she's not taking that road. She's clearly decided to confront Mr. Milei and dispute the second place. In our view, the potential weakness of a Libertarian Administration is weighed in Mrs. Kirchner's strategy design. Still, she's coming to the conclusion that even if that scenario accelerated the return of Peronism, it would likely be a post-Kirchner Peronism, which is of no use to her. In this context, as long as Mrs. Kirchner feels she has a chance to score a second-place finish, she could be the most devastating critic of Mr. Milei, running a more effective campaign to make the Libertarians toxic than anything that JxC could pull.

In this context, Mr. Milei's chances to win the Presidency depend on his ability to discipline his message to the economy and refrain from entering social issues that could make him vulnerable to losing a critical electorate.

The other challenge that the Libertarians need to overcome is their underperformance in provincial elections YTD. While the working hypothesis is that Mr. Milei's appeal is personal and doesn't translate to regional candidates, the alternative view is that polls are overestimating the Libertarians' voting intention.

We agree with most creditors where this electoral process is finishing, but we're less constructive about how straightforward the path to get there is.

The latest polls implicitly support a probability distribution assigning a 65% chance of winning to JxC, a 30% to Mr. Milei's Libertarians, and a 5% probability of policy continuity.

In this context, Mr. Milei's chances to win the Presidency depend on his ability to discipline his message to the economy and refrain from entering social issues that could make him vulnerable to losing a critical electorate. In many ways, Mr. Milei's campaign manager has the easiest path to make his candidate the next President. His candidate is the only one with momentum. The messaging of the campaign has caught up with voters. His candidate is the only one in the election that seems fresh to voters. His candidate can apparently get away with murder, making impossible promises and voters not punishing him for it. His only problem is that his candidate is unruly and undisciplined. It's Mr. Milei's race to lose; lately, he seems to be doing everything he can to lose it. Unless Mr. Milei can pivot back to the economy, we expect his chances of wooing into the Kirchnerist electorate in the run-off to dilute. That could lead to an election with an extremely high number of absentees, in a context where Kirchnerist voters might decide not to vote rather than picking between two options that they thoroughly dislike. Still, if he keeps campaigning on social issues, those who do vote might end up picking a JxC candidate in the run-off, especially if the more moderate, more Peronist-minded Mr. Larreta is on the ballot, as that would give them the optionality of voting for Juntos while still shafting Mr. Macri.

The other challenge that the Libertarians need to overcome is their underperformance in provincial elections YTD. While the working hypothesis is that Mr. Milei's appeal is personal and doesn't translate to regional candidates, the alternative view is that polls are overestimating the Libertarians' voting intention. While most polls put Mr. Milei second or at least a stone-throw away from the run-off, the Libertarians' voter intention remains an unknown quantity. We've discussed the technical challenges of polls in this election cycle, and most could be pointing to a bias underestimating Mr. Milei's voting share. Still, the tune seems very different when we look at the provincial elections that have been held YTD. The Libertarians have mostly performed in the single digits, with a couple of mid-teens finishes, albeit in very small provinces. Their performance in the more populous districts has been underwhelming, especially in Mendoza, where they weren't a factor, and Tucuman, where Mr. Buzzi, now allied with the Libertarians, polled even worse than in the previous election when he was on his own. The working hypothesis from most political analysts is that the Libertarian voter supports Mr. Milei personally. His blend of anger and economic proposals explains the lion's share of his appeal, the Libertarians' performance tanks whenever he's not on the ballot. Under this hypothesis, the Libertarians will do much better in August and October, with Mr. Milei fronting the ticket, and these elections are not accurate gauges of their national clout. We take this hypothesis as our base view, but the alternative hypothesis we need to take a hard look at is that maybe polls are overestimating Mr. Milei. At the end of the day, once they are alone in the voting room, voters could be siding with the devil they know, opting for JxC or Peronism rather than experimenting with the Libertarians. In this was the case, August could be a huge surprise, cementing expectation for a JxC – Kirchnerism showdown in November, triggering a regime-change rally earlier than expected.

Our (current) baseline: a long grind ending in a JxC win in November

We agree with most creditors where this electoral process is finishing, but we're less constructive about how straightforward the path to get there is. We've gone (perhaps too extensively) over the strategies and the challenges that every space faces to highlight that neither coalition has a clear path to winning the election. When we talk to creditors, we still get the feeling that the consensus is jumping to the final chapter in the story, convinced that, at the end of the day, a new regime led by a JxC president will be inaugurated on December 10th. While we don't disagree with that view, for the time being, we prefer to focus on the volatility and the scares that we might still get between now and Inauguration Day. As we saw a few weeks ago, the JxC primary could become very disorderly, the Kirchnerist campaign could disrupt the delicate balance on which the economy is hanging, and Mr. Milei could do better than expected, becoming a serious contender. When we look at current valuations, we feel that nothing of this is fully priced in.

The latest polls implicitly support a probability distribution assigning a 65% chance of winning to JxC, a 30% to Mr. Milei's Libertarians, and a 5% probability of policy continuity. Considering our analysis and the latest polls, we believe that JxC remains the favorite to win the election, with about 65% of winning the Presidency. These odds are unconditional and computed at the current informational node, though they are likely to change once we update them with information from the primaries and the generals. In our view, the JxC deterioration will likely slow down in the coming weeks, with voting intention stabilizing in the low-to-mid 30s, which should be more than enough to secure a place in the run-off. In this context, our baseline scenario assigns about a 90% chance of JxC making it to the run-off, and then another 90% of winning the run-off

against a Kirchnerist candidate and 50% of winning the second round against Mr. Milei, compounding to the unconditional 65% of winning the Presidency at the current information node. We believe Kirchnerism currently has a 50% chance of making it to the run-off, beating Mr. Milei to second place. Once we make it to the run-off, we believe that the odds of Kirchnerism winning a run-off against either JxC or Mr. Milei are less than 10%. Ultimately, the unconditional probability of Kirchnerism winning the Presidency is so low because polls suggest that they have almost no chance of winning a head-to-head against an opposition candidate. Mr. Milei is a different beast altogether. If he can make it to the run-off (50%), we believe that he could have a 50% chance of beating a JxC candidate in it.

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We expect the primaries to add little information to investors. In our view, we won't have a good sense of where the regime-change trade stands until October at the earliest. We're thinking of the election in purely Bayesian terms; each stage presents a different information node where we can update our priors about the race and recompute our probabilities of who's likely to win. In 2015 and 2019, the information node where we received the biggest update to our priors was the August primaries. In 2015, the Primaries revealed that Peronism was below the 40% threshold and that Mr. Macri was closer to Mr. Scioli than forecasted, shifting expectations from a coin-toss to an election that JxC (then Cambiemos) was favored to win in the run-off. In 2019, the Primaries revealed that Mr. Fernandez's lead over Mr. Macri was insurmountable, which the consensus didn't expect, effectively mooting the general election information node. We expect 2023 to be different, especially if polls are accurate. JxC is likely to come first, but with a very thin lead that will solidify expectations for the need for a run-off. Kirchnerism could come second, but the spread to Mr. Milei is likely tight enough for creditors to continue to price a high probability of a third-place finish if the economy deteriorates further between August and October. The only scenario where the Primaries' node could be informative is the one where Mr. Milei underperforms the voting intention polls assign to him, allowing creditors to safely assume that Kirchnerism will make it to the run-off. Similarly, the October informational node is only likely to be informative if Kirchnerism comes second. Some creditors argued that they believed that Milei coming second was credit positive. In our view, it's only credit positive in October if creditors give him a very low chance of beating the JxC candidate and credit positive in November if JxC wins the Presidency.

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