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Provinces – Argentina

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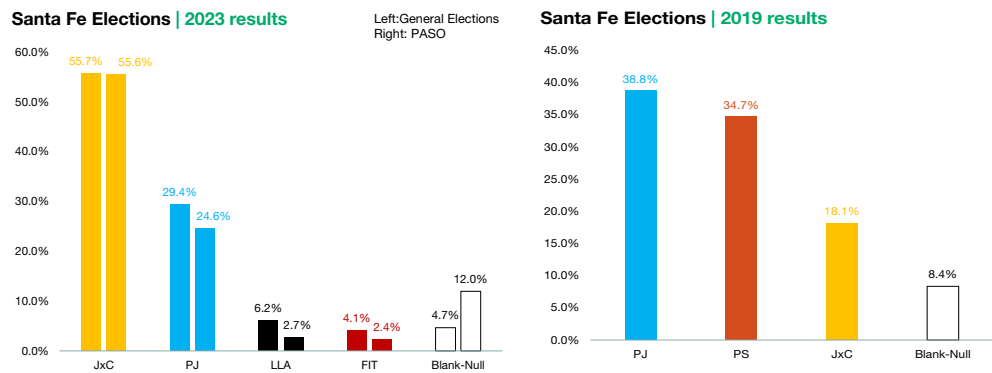
Provinces Strategy Flash: Santa Fe elections

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In an unsurprising turn of events, Mr. Pullaro from JxC obtained a very comfortable win over peronism in Santa Fe, taking control of both legislative chambers in the process. The provincial election closely followed the trends showcased by the votes in other districts, as an eroded Peronist administration was ousted amidst low participation, a strong JxC election, and a weak showing from La Libertad Avanza. The number of total voters amounted to 1,838,833, accounting for 65.4% participation, which was 2.63% higher than in the recent provincial PASO when it amounted to 62.77%. However, participation rates continue to be low, as the showing in 2019’s provincial elections amounted to 71.91%. In this context, Mr. Pullaro, representing JxC, obtained 55.7% of the votes, with a unified Peronism coming in as a far second at 29.4%. The performance of LLA was positively affected by Milei’s shocking victory at the national level in the PASO. However, the local candidate obtained only 6.2% of the votes, exhibiting a spread of nearly 30pp to Milei’s ballot. Completing the results section, the FIT took home 4.1% of the votes. Blank and Null votes also made a noteworthy apparition, coming in at 4.7% of the total votes, a figure which was lower than the observed trend in the recent provincial elections. The final results were strongly anticipated, and once the preliminary count showcased the first numbers, it was clear that Mr. Pullaro and JxC as a whole were in for a comfortable victory. In addition to winning the governor’s seat, the wide margin of the victory gives JxC control over both the provincial Assembly and Senate, having 28 out of the 50 seats in the former, and 13 out of the 19 seats in the latter.

Figure 1: Santa Fe 2023 and 2019 elections



Source: TPCG Research based on Tribunal Electoral Provincia de Santa Fe

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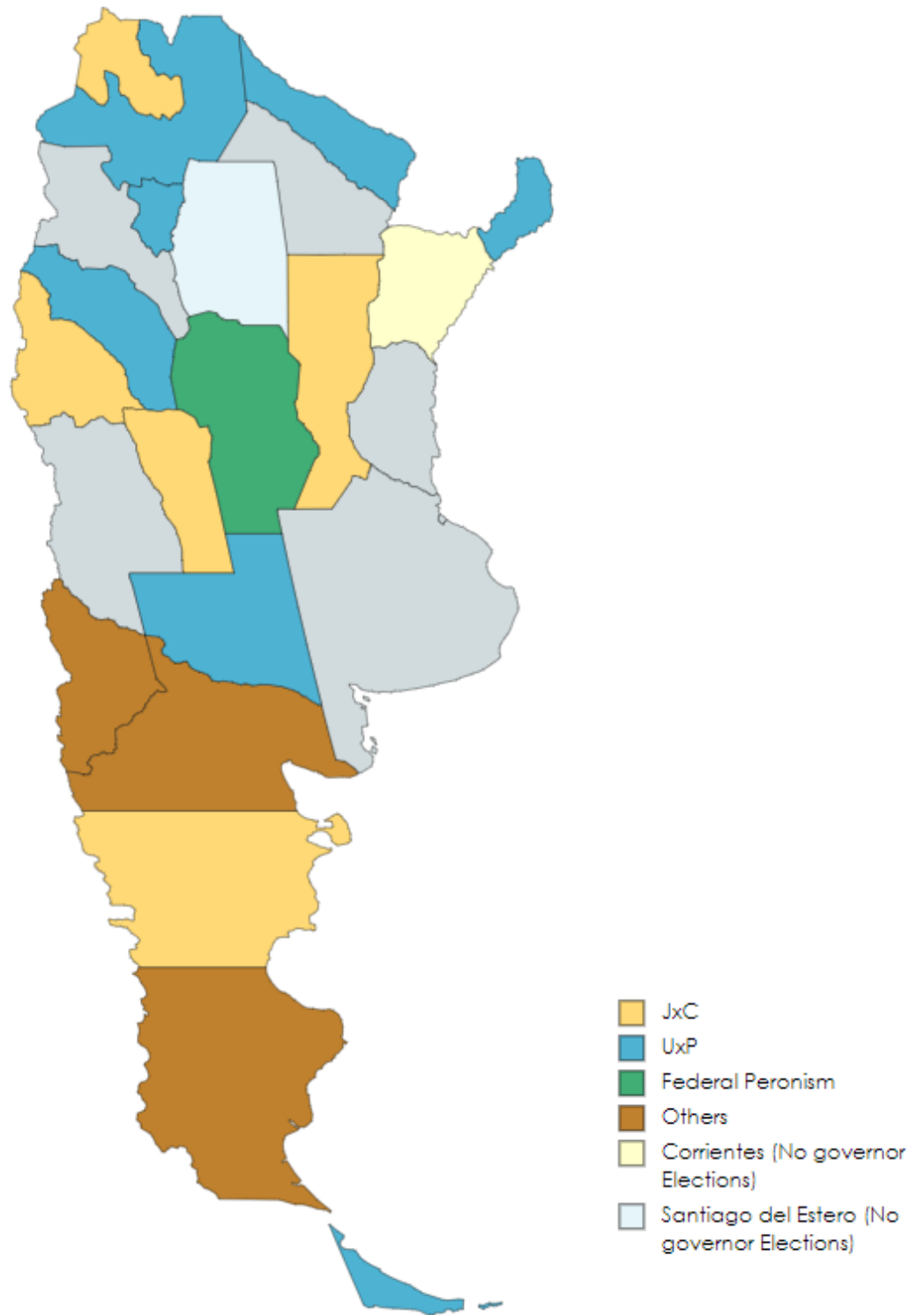
The results were widely different than those exhibited in 2019, even if the aftermath of the provincial PASO in mid-July strongly hinted at a change in the political color of the administration. The JxC win ended a 4-year supremacy of Peronism in the province and came on the back of an alliance with Socialism, which is a historically strong party in the province. In fact, Socialism had an unbroken governing stint from 2003 to 2015. Therefore, the electoral landscape changed significantly since 2019. At that time, the provincial election was a three-horse race between FdT, Socialism, and JxC, where Peronism managed to capitalize on the fragmented

political scenario, emerging with a narrow win against Socialism, which came in as a close second. In those elections, Peronism obtained 38.8% of the votes, while the Socialist Party managed to round up 34.7%. Coming in third by a considerable margin, Juntos por el Cambio candidate Mr. Corral clocked in at 18.1% of the votes. In this context, the alliance between JxC and Socialism proved to be key to assure a win over a weakened Peronism, which also lost significant traction (nearly 10pp of the votes) relative to 2019. Unsurprisingly, the results of the election this time around closely followed those exhibited in the provincial PASO in mid-July. There, the JxC space obtained nearly the same amount of support (55.6% of the votes), while the rest of the parties performed worse, as Peronism mustered 24.6% of the votes, LLA 2.7%, and the FIT 2.4%. However, blank and null votes amounted to nearly 12% of the participants. With yesterday's election more than halving that number to 4.7%, it is clear this drop in blank votes favored the losing parties, as all three saw a significant increase in their electoral support, especially LLA, which passed from 2.7% in the PASO to 6.2% in the general elections. Even if the party managed to nearly triple its voter base, it continues to be a very weak election, especially when compared to the libertarian's haul in the province at the national level.

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In our view, the electoral result should be generally positive for the credit. However, the nature of the victory will depend on the superseding electoral scenario at the national level, which is riddled with uncertainty. We find the Santa Fe election came largely in line with our overarching view of the provincial results, where a weakened Peronist administration was unable to withstand the electorate's desire for change in a context of very low voter satisfaction, which translated into low turnout figures (Santa Fe's historical figures hover round the 76.8% participation mark), and a high volume of null and blank votes. In this context, the election results closely followed those of the PASO, making it a low-uncertainty election, and reaffirming the weakened state of peronism in the province. From a national standpoint, the overwhelming victory could reinvigorate Mrs. Bullrich's campaign going forward. However, Mr. Pullaro's allegiance is more closely related to the UCR wing of JxC, and the victory was obtained in alliance with the historically strong provincial socialism, making it more difficult for the JxC candidate to exploit this victory as effectively, especially as it was mostly expected after the PASO landslide. In terms of strategy, we believe the change should be credit-positive if the change in political sign also corresponds to the one seen at the national level, allowing the province to have fluid relations with the national government in the next tenure. However, the national scenario currently looks extremely muddled, and JxC does not part as the frontrunner for the October elections, making a scenario where Mr. Pullaro has to face an unfriendly administration at the national level more likely.

Figure 2: Provincial Election Results 2023



Source: TPCG Research based on Tribunal Supremo Electoral

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