

EMERSON LETTER™

May 10, 2018

AMLO - Andres Manuel Lopez Obrador – “Mexico’s Donald Trump”

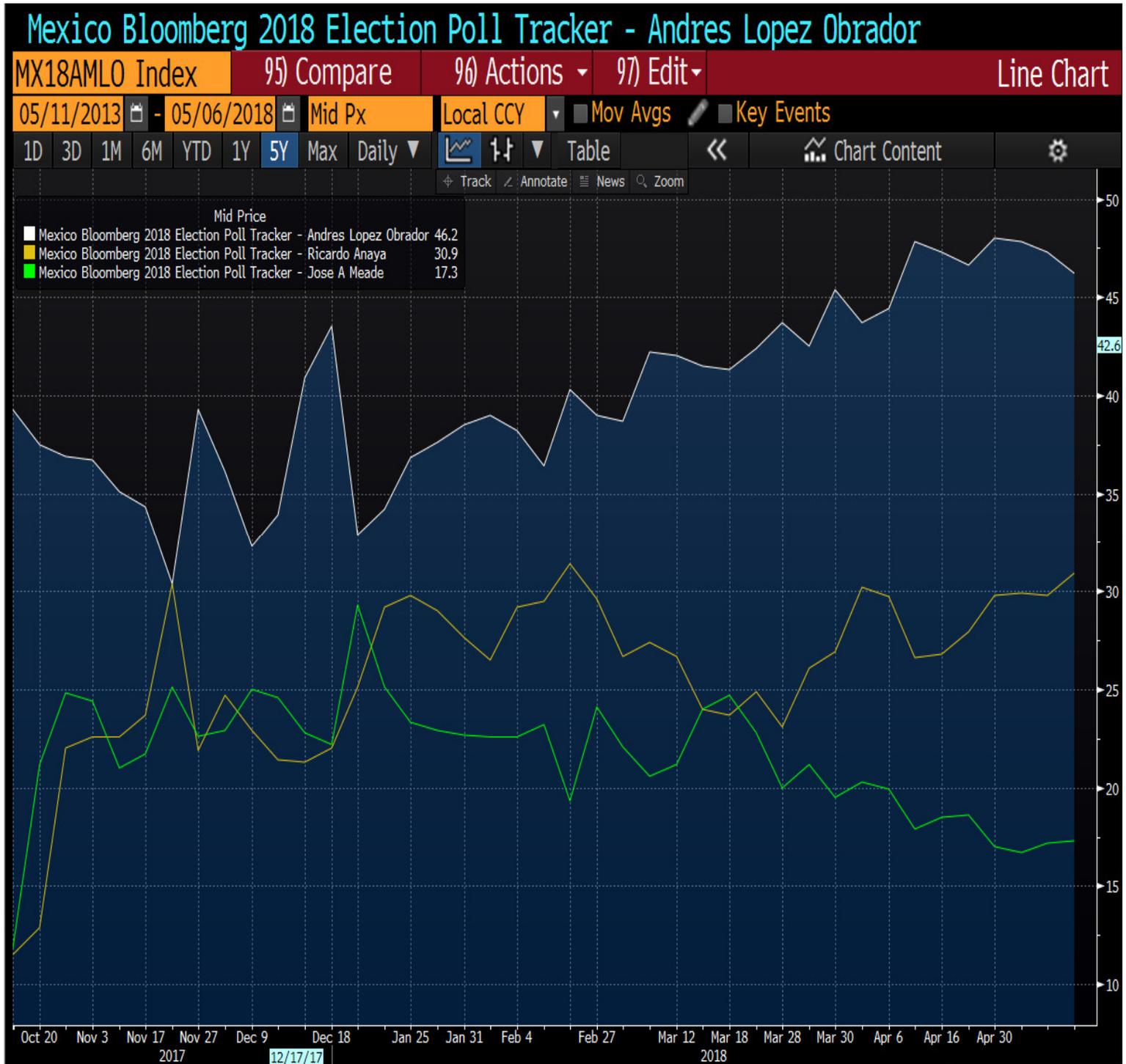
The citizens of Mexico have thrown their support behind Andres Manuel Lopez Obrador, who currently holds a 15-point lead over the next candidate with 46.5% of the vote in the Bloomberg poll-tracker. As Bloomberg states in a recent article, “Big Business Hates AMLO and the Voters Don’t Care”. Similar to voters in the 2016 US Presidential election, voters in Mexico have become exhausted and frustrated with promises that are never delivered, worsening daily living conditions, and a lack of trust in the elite who govern their country. Since the election of Donald Trump in November 2016, AMLO’s support has increased while candidates Ricardo Anaya and Jose Antonio Meade support has either declined or held steady. Barring an unforeseen event, AMLO is a shoe in to win the July 1, 2018 Mexican Presidential Election.

AMLO’s has vowed to root out corruption, and place Mexico’s interests first. This rhetoric is similar to the populist sentiment that elected Donald Trump to the US Presidency. AMLO has stated that he will renegotiate unfair Pemex contracts, review all other government contracts with the private sector, and cancel or make changes to the massive Mexico City airport construction project. These comments have created a bit of chaos with the Mexican business community’s strategic planning and business as usual environment. In short, the status quo leaders of Mexico’s political and business communities, are preparing for a very difficult and turbulent 6 years under an AMLO presidency.

AMLO’s lead in the polls, uncertainty over the renegotiation of NAFTA, increased security at the US/Mexican border-combined with stricter immigration policy, and general weakness in emerging markets due to higher rates and tighter lending conditions, have all painted a picture of tension and nervousness in cross border capital markets, as shown by recent weakness in the MXN/USD\$ exchange rate, and an unsteady Mexican Bolsa.

What will be the political, economic and social landscape under an AMLO Presidency – relief that needed reforms are being enacted, or chaos as a result of the upheaval of business practices going back many decades?

AMLO Holds a commanding lead...



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Recent Mexican Peso Weakness shows concern...



Since the US Elections on November 8, 2016, the S&P 500 has increased 26.85%, while the Mexican Bolsa has decline by -5.10%....



Respectfully yours,

Emerson Letter Editor

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