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## GLOBAL X ETFs RESEARCH

# Javier Milei Defeats Sergio Massa to Win Argentina's Presidential Election

With five sovereign defaults over the past 50 years, inflation currently rising above 140%, and the economy in recession, Argentina was due for a political shift.<sup>1</sup> Argentines voted decisively for change, with Javier Milei defeating current Finance Minister Sergio Massa in the runoff Presidential election by a wide ~12% margin, gaining nearly 56% of the vote. Milei will take office on December 10<sup>th</sup>, with his La Libertad Avanza party having little power in the Lower House and Senate. Sergio Massa conceded the result on the night of the election, paving the way for a smooth transition of power.

### Key Takeaways

- Javier Milei defeated Sergio Massa in Argentina's runoff Presidential election, receiving 56% of the votes.
- Gridlock and aligned economic policies will likely pave the way for continued moderation from Milei.
- Milei's Presidency represents a pivotal political shift for the country, which could help unlock Argentina's true economic potential.

We see the Milei victory as the clear positive outcome for markets, with his Administration likely having to moderate in order to govern effectively. We have been impressed with Milei's actions on this front since the first round of voting. His negotiations with the Juntos coalition showed flexibility within his ideological framework, easing fears that he would not moderate. Milei's victory also proves that he can maintain support from his core voters while coming to the middle. As a result, we see declining execution risks surrounding his ability to successfully implement orthodox fiscal and economic policies while maintaining public support.

Fears around his more radical proposals, such as dollarization and the elimination of the Central Bank, are likely to remain in focus. But in the short term, gridlock in congress should greatly reduce his ability to implement these changes. Furthermore, on the topic of dollarization, the first steps required align well with the orthodox fiscal and economic plans put forth by the Juntos coalition. We do, however, see these fears potentially weighing on investor appetite in the short term until Milei gains some sort of track record and while we await important cabinet appointment announcements. Overall, the Milei Presidency represents a major shift for the country's economic outlook, which should drive foreign investment into the country and unlock Argentina's true economic potential.

### Footnotes

1. Bloomberg LP. Data accessed on November 20, 1980.



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