

04/19/2021 19:10:33 [BFW] Bloomberg First Word

Banctrust Advises Underweight Peru USD Debt on Election Prospect

By Maria Elena Vizcaino

(Bloomberg) -- Banctrust is recommending an underweight position on Peru's dollar-denominated debt on the prospect of a presidential victory by left-wing candidate Pedro Castillo in the June 6 runoff election, but selloff could create buying opportunity.

- A Castillo victory could spark severe rout in bond prices, sending yields on the low-end of the curve to widen the most, head of research and strategy Ramiro Blazquez wrote in a note. Still, "Peruvian volatile politics could eventually pave the way to a buying opportunity"
- Peru has had four presidents since July 2016. Without moderation from Castillo, if he wins, there's "a low likelihood that he would see the end of his term"
- Blazquez notes that "Castillo's leeway to implement his radical agenda is limited. The Peruvian constitution has several built-in locks that prevent a nationalization spree such as the one advocated by Castillo"
- NOTE, earlier: Peru Bonds Fall as Leftist Takes Big Lead Ahead of Runoff

To contact the reporter on this story:

Maria Elena Vizcaino in New York at mvizcaino1@bloomberg.net

To contact the editors responsible for this story:

Benjamin Purvis at bpurvis@bloomberg.net

Stephen Kirkland