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Chicago's Next Mayor: How Wall Street Sees the Outcome.

- **Lightfoot, Preckwinkle poised for a runoff vote in April**
- **Bondholders closely watching for how pensions to be funded**

Chicago's election to replace Mayor Rahm Emanuel, a contest closely watched by Wall Street, is headed for a historic runoff between former federal prosecutor Lori Lightfoot and Cook County Board President Toni Preckwinkle.

As the nation's third-largest city contends with swelling pension fund costs that led Moody's Investors Service to cut its credit rating to junk in 2015, bondholders are eager to know how the next mayor will approach Chicago's fiscal problems. Neither of the candidates were backed in the run up to the election by the city's business community, which threw its support behind third place finisher Bill Daley.

"It was definitely a bit of a surprise," said Dennis Derby, a portfolio manager at Wells Fargo Asset Management. "We will be paying close attention over the next few months to learn more about the candidates and what this means for the credit."

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