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**Latam Daily: Colombia Econ Activity; Peru Mining Strength****Peru: Mining investment and mining output remain strong**

Markets are just watching the hours pass with few catalysts to stop the global rates rally that began at yesterday's European open. Overnight hours had only a mixed Aussie jobs report (u-rate undershoot, jobs decline), some dovish comments by the BoJ's Noguchi offsetting FX jawboning by US, Japan, and North Korea, and central bankers at IMF meetings providing mixed views.

The risk mood looks in decent shape with small gains in US equity futures (led by tech on solid TSMC results) and cash UK and Euro stocks, while the USD loses ground against all major FX, though outside of the KRW's 1% rally it's small moves; the MXN is flat just under 17 pesos. Crude oil is down about half a percent, opposite to 1.5% and 2.0% rallies in iron ore and copper, respectively. USTs are 1–2bps stronger across the curve, with a slight outperformance in the belly. It's a quiet G10 day ahead with second tier data out of the US (jobless claims and existing home sales) and another run of central bank speakers; Israel-Iran headlines remain an important risk.

We heard from a couple of Banxico officials yesterday, who offered generally hawkish views. Heath, a known hawk, said that the bank needs to be patient before continuing rate cuts and that inflation risks remain to the upside, while Espinosa said that it's "too soon" to talk about a long easing cycle, reinforcing our expectation that Banxico will pause in May and only cut the policy rate to 10.00% by year-end. Markets have been quick to readjust to Fed developments and Banxico's hawkishness/caution, to now have an implied year-end rate of 10.25%.

Colombian economic activity figures at 12ET is today's Latam calendar highlight. The median economist expects a 1.4% y/y expansion in February, a touch lower than January's 1.6% rise, but stronger than expected industrial/manufacturing production and retail sales data released on Monday point to upside risks in today's release. Pension reform debates are also taking a break until Monday, after the Senate around 60% of the bill's articles as of Wednesday night.

—Juan Manuel Herrera

**PERU: MINING INVESTMENT AND MINING OUTPUT REMAIN STRONG**

Mining investment rose 41.8% y/y in February 2024, in line with our estimates. We estimate mining investment will increase 6.0% y/y to around US\$ 5,000 million by the end of 2024, although it would still be below the pre-pandemic levels which coincided with years of high investment. The investment benefits from a lower base from the previous year and the construction of mostly brownfield projects.

Currently, there are four projects in execution: San Gabriel (Buenaventura), Toromocho Expansion Phase II (Chinalco), Yumpag (Buenaventura), Inmaculada Replacement (Ares), and Antamina Replacement (Antamina). Las Bambas is developing early works in Chalcobamba Phase I. Toromocho Expansion, Yumpag and Chalcobamba are expected to begin operations before 2025.

Output in February 2024 had a positive performance across most metals. This is because some mining companies operated below their capacity in the first two months of 2023 due to social protests and road blockages and would also be taking advantage of the good level of metal prices.

Copper output increased by 12.7%, partly due to the maintenance phase at the Quellaveco mine in Q1 23, resulting in lower output levels during that period. Output also

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increased for gold (+29.0%), highlighting the greater output of the Yanacocha mining company (+60% y/y in February) due to higher leach recoveries from the use of injection leaching, zinc (+0.7%), silver (+17.0%) and lead (+28.5%). The most significant increases were seen in molybdenum (+59.0%), reflecting that Quellaveco did not begin producing this metal until May 2023. The most notorious increase was tin although this reflected the near closure in February 2023 due to social protests in Puno, where the only tin mine in the country is located. Output fell for iron (-2.1%).

—Katherine Salazar

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