

LATAM Market Update

- **Peru:** New cabinet likely to be largely centrist and market friendly
- **Mexico:** The first 100 days of President López Obrador

PERU: NEW CABINET LIKELY TO BE LARGELY CENTRIST AND MARKET FRIENDLY

Salvador del Solar was sworn in last night as new head of the government cabinet, replacing César Villanueva. Del Solar was Minister of Culture (2016–2017) during part of the Pedro Pablo Kuczynski government. He's a lawyer, although most of his career prior to 2016 was in acting. In our view, Del Solar is a sensible person, quite intelligent, and a great communicator. He is also generally perceived as honest and not involved in corruption, which is something key in today's Peru. He is also pro-business. Despite these positives, President Villanueva is taking a bit of a risk in appointing a person with relatively little political experience to such a high position. Del Solar will need to prove himself in establishing good relationships with regional governments, in managing the thorny corruption issues in the country, and in accelerating government investment. Del Solar has designated new ministers in eight cabinet positions, out of 17. Most are centrist and non-political. One highlight is that 9 of the 18 cabinet positions (with Del Solar being the 18th) are women. Broad changes in the cabinet are normal when the head of a cabinet is replaced. Finance Minister Carlos Oliva is one of the ministers who will continue in the cabinet.

MEXICO: THE FIRST 100 DAYS OF PRESIDENT LÓPEZ OBRADOR

President Andrés Manuel López Obrador reaches his first 100 days with 67% approval according to Mitofsky Consultation. However, despite his high degree of approval among citizens, economic indicators seem to announce a weaker economic environment. GDP forecasts have been revised downwards from 1.9% in November 2018 to 1.6% in the most recent survey made by Banco de Mexico. In addition, two of the most important rating agencies in the world have changed the outlook to negative for the Sovereign and Pemex; one has even downgraded the credit rating of Pemex. The main challenges we can list during his first 3 months were: fuel shortages in several states, the blocked railroads in the state of Michoacán, and strikes that broke out in several companies in Tamaulipas. However, the president remains positive and expects a 4.0% average growth by the end of his term.

CONTACTS

Eduardo Suárez, VP, Latin America Economics
52.55.9179.5174 (Mexico)
Scotiabank Economics
eduardo.suarez@scotiabank.com

Guillermo Arbe
511.211.6052 (Peru)
Scotiabank Peru
guillermo.arbe@scotiabank.com.pe

Mario Correa
52.55.5123.2683 (Mexico)
Scotiabank Mexico
mcorrea@scotiabank.com.mx

Sergio Olarte
57.1.745.6300 (Colombia)
Scotiabank Colombia
sergio.olarte@co.scotiabank.com

Benjamin Sierra
56.2.2619.4974 (Chile)
Scotiabank Chile
benjamin.sierra@scotiabank.cl

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