

## LATAM Market Update

- **Mexico: Commercial activity recovers in January, however it's unclear if this recovery will be permanent**
- **Peru: Force Majeure looms over Las Bambas copper sales**

### **MEXICO: COMMERCIAL ACTIVITY RECOVERS IN JANUARY, HOWEVER IT'S UNCLEAR IF THIS RECOVERY WILL BE PERMANENT**

After yesterday's Global Indicator of Economic Activity (IGAE) report, it was expected that domestic commercial activity recovered in January. Retail sales rebounded moderately in the real annual growth going from -1.3% Dec to 0.9% Jan, (vs. 0.5% in January 2018), while wholesale sales maintained a constant growth of 2.6% Jan (vs. -1.9% in the same month of 2018). The monthly figures showed a recovery in both retail and wholesales, going from -3.2% Dec to 1.9% Jan in the first case (the highest since January 2016, partly favoured by a low comparison base), and - 2.5% Dec to -0.6% Jan in the second.

Despite the fact that commercial activity recovered in January, it continues to perform less vigorously than in previous years and an uncertain environment casts a shadow over future projections.

### **PERU: FORCE MAJEURE LOOMS OVER LAS BAMBAS COPPER SALES**

MMG announced publicly that "force majeure will be declared under sales contract" at its Las Bambas mine. MMG stated that local protests were now disrupting personnel transport and inbound supply logistics, and not only outbound production, and that it expected this disruption to impact production as soon as this week. Apparently, the local Fuerabamba community took the stop to expand its road access blockage to include personnel and inbound supply after community authorities and lawyers were detained late last week under accusations of attempted extortion. According to press reports, remaining community leaders have stated that they would not meet with the government for talks unless the detained authorities and leaders are released. Government officials had already stated that they would not resume talks unless the roads were unblocked, although they seemed flexible on this. The ball is largely in the hands of the courts, which must decide whether those that have been detained must continue detained or may undergo judicial process undetained.

Cement consumption rose 4.9%, y/y, in February, according to extraofficial, but normally reliable, figures by the Cement Producers Association (Asocem). This puts the output trend once again in line with other indicators of construction activity, and back on track for moderate growth after an 0.9% decline in January.

#### CONTACTS

**Eduardo Suárez, VP, Latin America Economics**  
52.55.9179.5174 (Mexico)  
Scotiabank Economics  
[eduardo.suarez@scotiabank.com](mailto:eduardo.suarez@scotiabank.com)

**Guillermo Arbe**  
511.211.6052 (Peru)  
Scotiabank Peru  
[guillermo.arbe@scotiabank.com.pe](mailto:guillermo.arbe@scotiabank.com.pe)

**Mario Correa**  
52.55.5123.2683 (Mexico)  
Scotiabank Mexico  
[mcorrea@scotiabank.com.mx](mailto:mcorrea@scotiabank.com.mx)

**Sergio Olarte**  
57.1.745.6300 (Colombia)  
Scotiabank Colombia  
[sergio.olarte@co.scotiabank.com](mailto:sergio.olarte@co.scotiabank.com)

**Benjamin Sierra**  
56.2.2619.4974 (Chile)  
Scotiabank Chile  
[benjamin.sierra@scotiabank.cl](mailto:benjamin.sierra@scotiabank.cl)

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