

## LATAM Market Update

- **Peru: Stalemate at Las Bambas continues; Del Solar in Congress; February mining investment robust, but output is lukewarm**

Las Bambas update: Peru's courts determined that the two lawyers and one advisor that are being prosecuted for attempted extortion of MMG, should remain under detention for up to 36 months during the prosecution process. The leaders of the local community that are blocking the access road to Las Bambas had been demanding that the lawyers be released as a condition to resuming talks with authorities. However, talks between community leaders, government officials and company representatives are to be held in Lima tomorrow, April 6<sup>th</sup>. Community leaders have stated that during these talks, they would reiterate their demand that their lawyers and advisor be released on April 6<sup>th</sup>, although it is no longer as clear what will happen if they are not released, given that community leaders have already backtracked by accepting the April 6<sup>th</sup> meeting itself. The risk persists, but is now lower, of a stalemate, given that the government cannot influence the courts into overturning their decision for their detention.

Mining investment rose 20%, y/y, in February. This is lower than the 48% increase in January, but is more in line with our forecast of a 23% increase in full year 2019. As expected, Quellaveco and Mina Justa led in investment.

Copper output fell a marginal 1.4%, y/y, in February, but is up 2.9% in the YTD. There is no evidence of impact on output at Las Bambas, which rose 26% in January-February, and 19% in February alone. In fact, without Las Bambas, copper output would have fallen, YTD. Gold output fell 2.3% in February, and 6.0%, YTD. Zinc was down 8.8% in February and 8.6% YTD. So far, mining output is mildly underperforming our expectations of 2.3% mining GDP growth in full-year 2019. However, the first quarter tends to be volatile, due to rains.

Salvador Del Solar submitted his cabinet and its agenda for approval by Congress, as required by law of every new cabinet. Del Solar proposed a five-point agenda. The issues were not surprising:

1. Fight corruption
2. Make institutions stronger
3. Economic growth
4. Social development
5. Decentralization

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