

## LATAM Market Update

- **Colombia: Retail sales continue pointing north**
- **Peru: Las Bambas—Progress, but a final resolution is still far off; Peru's fiscal deficit continues to plummet**

### COLOMBIA: RETAIL SALES CONTINUE POINTING NORTH

Dane released February-2018 retail sales (RS), it came in at 5.7% y/y, above market expectations. February RS continue anticipating that private consumption is in a recovery path and is in line with our base line scenario of 3.4% for FY19 GDP growth.

Retail sales expansion was especially on the back of foodstuff sales that grew 7.8% y/y and added 1.8pp to headline annual expansion. Telecommunications added 1.5pp to total RS expansion. Worth to note, only three sub sectors presented negative annual expansions in February (books, -1.3% y/y; vehicle parts, -1.5% y/y; and gasoline, -1.3% y/y). Additionally, in s.a. terms, retail sales grew in February 7.3% y/y, while last month grew 4.6% y/y in s.a. terms.

### PERU: LAS BAMBAS—PROGRESS, BUT A FINAL RESOLUTION IS STILL FAR OFF; PERU'S FISCAL DEFICIT CONTINUES TO PLUMMET

Peru's fiscal deficit for the 12 month period to March, fell to 1.9% of GDP, from 2.1% in February. Although fiscal revenue rose only 1.9%, public sector spending fell 3.1%, reflecting the high rotation in newly elected local and regional government officials that took office in January. The deficit is likely to have fallen even further in April, the country's main tax season, before shifting back up for the remainder of the year. This trend continues to be in line with our forecast of 2.0% of GDP deficit for full-year 2019. The fiscal deficit ended 2018 at 2.5% of GDP.

On Thursday, high government officials met with representatives from dozens of communities surrounding MMG's Las Bambas copper mine. A representative from MMG also attended the meeting. An initial agreement was made to host talks on a nine-point agenda. This agreement did not include completely unblocking the still partially blocked access roads, which will depend on further talks with a smaller contingent of people living in the vicinity of the tranche of road which is blocked. At the time of this writing, the road remained partially blocked. Meanwhile, while the agreement made on Thursday is promising, some of the points in the agenda will not be easy to meet. The first point, filing away all legal demands against community leaders (it is not clear whether this includes de two lawyers that are currently under court ordered detention for attempt at extortion), does not seem to be within the reach of the government to offer or solve, but, rather are now in the legal system. Another point involves MMG firing certain of its officials, which also would seem to exceed the government's reach.

### CONTACTS

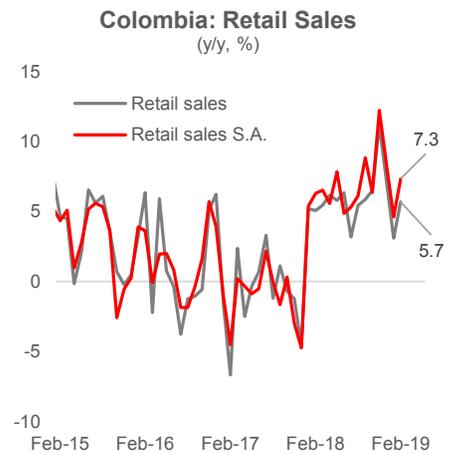
**Eduardo Suárez, VP, Latin America Economics**  
52.55.9179.5174 (Mexico)  
Scotiabank Economics  
[eduardo.suarez@scotiabank.com](mailto:eduardo.suarez@scotiabank.com)

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

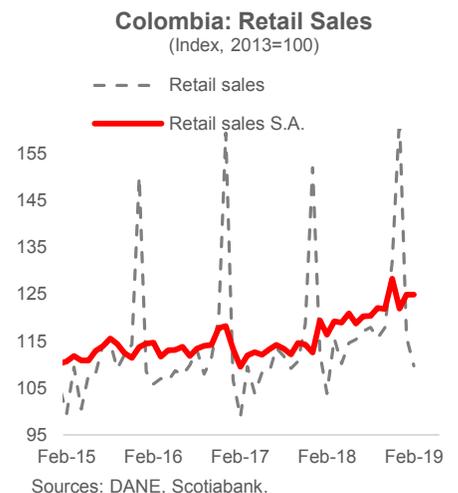
**Mario Correa**  
52.55.5123.2683 (Mexico)  
Scotiabank Mexico  
[mcorrea@scotiabank.com.mx](mailto:mcorrea@scotiabank.com.mx)

**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)



Sources: DANE, Scotiabank.



Sources: DANE, Scotiabank.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

**This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.**

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including, Scotiabanc Inc.; Citadel Hill Advisors L.L.C.; The Bank of Nova Scotia Trust Company of New York; Scotiabank Europe plc; Scotiabank (Ireland) Limited; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Scotia Inverlat Casa de Bolsa S.A. de C.V., Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorised by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorised by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.