

LATAM Market Update

- **Colombia:** BanRep published April survey
- **Peru:** Finance Minister Oliva to advance infrastructure projects

COLOMBIA: BANREP PUBLISHED APRIL SURVEY

Inflation expectations (IE) increased a bit for the short term and kept levels around 3.2% for longer terms. In fact, IE for December 2019 increased by 5bps to 3.28% due to the upward March CPI surprise. For 1-y IE Analysts continue thinking inflation will hover around 3.25% and 2-Y IE came in at 3.25%.

BanRep's April survey also showed that after a more dovish comments from some Board members, Analysts think that BanRep will keep policy rate at 4.25% for longer and only in October will hike 25bps the policy rate to 4.5% and in March of next year another 25bps to 4.75%.

Finally, BanRep's survey results showed that analysts continue thinking that the COP will hover around COP\$3120 this year and appreciate a bit in 2020 to COP\$3100.

PERU: FINANCE MINISTER OLIVA TO ADVANCE INFRASTRUCTURE PROJECTS

Finance Minister Carlos Oliva gave a long interview to a local newspaper yesterday. This in itself was noteworthy, as Oliva has generally been low key. One of the things Oliva stressed was that he was giving heightened priority to unblocking infrastructure projects. Oliva stated that the Ministry of Finance, MEF, had restructured the Special Investment Monitoring Team (Equipo Especializado de Seguimiento de Inversión, EESI) and identified 18 public and private sector projects for US\$25bn, to give priority to. These include the Lima Metro Line 2 (US\$4.5bn), the port of Chancay (US\$3bn, private), the expansion of the Lima airport, and a number of ports, highways and irrigation projects. Of note, however, is that the list included Tía María, Quellaveco and Marcobre (Minas Justa) were also mentioned. The suggestion is that the government will be more aggressive in reducing red tape for investments. It was not clear if, in the case of projects such as Tía María, government support would also mean handling social conflicts. Oliva also stated that the government is preparing (jointly with the World Bank and IADB, a National Infrastructure Plan, and that progress was being made on a new design for the Southern gas pipeline. Oliva stated that the MEF was maintaining its forecast for 4.2% GDP growth in 2019, with growth peaking in 3Q, as investment in infrastructure (ports) and mining strengthen.

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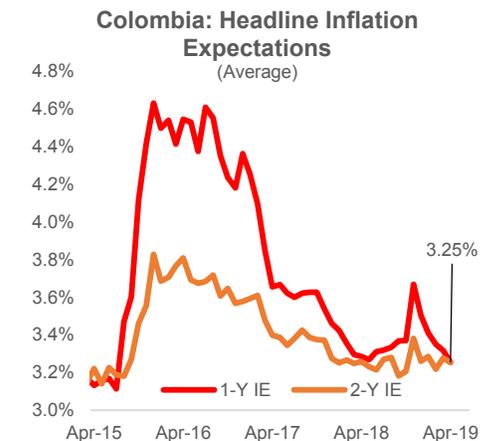
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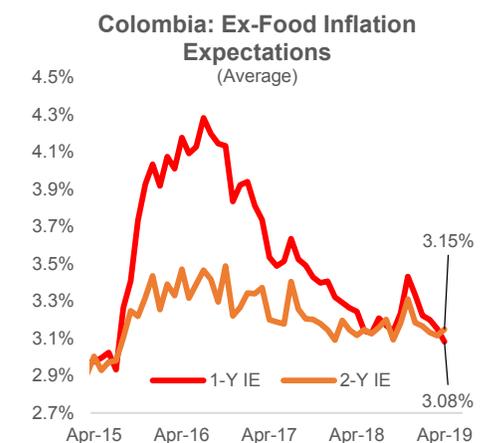
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Sources: BanRep, Scotiabank.



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