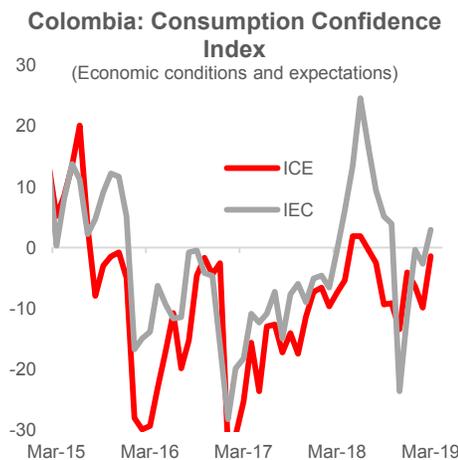


LATAM Market Update

- **Colombia:** March's consumer confidence returned to positive territory
- **Peru:** García's death to add to a renewed sense of political discomfiture

COLOMBIA: MARCH'S CONSUMER CONFIDENCE RETURNED TO POSITIVE TERRITORY

Fedesarrollo released March's consumer confidence (ICC). It came in at +1.2% and returned to positive territory after eight straight months below zero. The component of economic expectations was the item that showed the highest recovery (see chart). In annual terms ICC continued to improve. We think March Consumer confidence results are finally in line with coincident indicators signaling a mild economic activity recovery this year, especially domestic demand. In terms of monetary policy, we think today's results do not affect at all BanRep plans of keeping policy rate constant at 4.25% for long.



Sources: Fedesarrollo, Scotiabank.

PERU: GARCÍA'S DEATH TO ADD TO A RENEWED SENSE OF POLITICAL DISCOMFITURE

There is a strange feeling in the country following former president Alan García's suicide on Wednesday. García was on the verge of being detained for corruption linked to Odebrecht/Lava Jato. Coincidentally, on the same day former president Pedro Pablo Kuczynski was remitted to a private clinic due to heart complications upon losing an appeal against his 10-day preliminary detention, and after the request by prosecutors for a 36-month detention. These events are likely to have some bearing on the workings of the Judicial system, the Attorney General's office, and the broader political environment, although given the lack of precedent, it is not easy to see clearly what the impact will be. Investigations on corruption are likely to continue, as prosecutors will need to continue doing their job regardless. However, debate is likely to heat up over modifying the controversial 36-month detention during investigations and prior to actual sentencing. It's too early to tell whether this could lead to the release of Kuczynski and of Keiko Fujimori, but the likelihood of this occurring is higher than it was a few days ago. Furthermore, there could be unintended, and undiscernible (at this stage) consequences in political alignments and, with some impact on governance, and on positioning for the 2021 elections. Although there should be no direct impact on the economy, the events may contribute to a sense of political discomfiture that seems to be returning to the business community.

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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