

LATAM Market Update

- **Peru: Cement demand in May a (mildly) pleasant surprise; Political tension continues**

Cement consumption was up 8.2%, y/y, in May. This came as a mildly pleasant surprise, and suggests some progress in infrastructure investment. However, the figure is likely also due to a last-minute investment spree around the Pan American Games which begin in July. In any event, cement consumption is a proxy for construction GDP, which may show some strength in May, despite otherwise weak government investment.

President Vizcarra once again threatened to close Congress “as established by the Constitution” if Congress does not approve all six of the political reforms that have been a point of contention for the past year. Vizcarra renewed the threat apparently in response to initiatives by opposition group Fuerza Popular that would essentially thwart, or severely distort, some of the reform proposals. The risk is that this situation devolves into a major event, as Vizcarra seems increasingly determined to implement his threat if he sees no real change in attitude in Congress, and the opposition in Congress seems bent on continuing to undermine the reforms.

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