

LATAM Market Update

- **Peru: Political landscape evolves**

Three events this week have impacted the political landscape. The first, and most important, was the release of Keiko Fujimori from detention during her trial. The second was the Court's decision that Superior Court justice, Pedro Chavarry, was innocent of charges of obstructing the Lava-Jato corruption investigations. The third was the arrest of César Villanueva (President Vizcarra's former head of cabinet), for traffic of influence. Keiko Fujimori was in jail under the argument that she had been using her political relations and power to influence the outcome of her court case. She was released on a 4 to 3 vote by members of the Constitutional Court, under the argument that she should not be deprived of her freedom until she is actually sentenced. The Court sentence stressed, however, that the decision to release her was not a presumption of innocence or guilt, as this is to be determined at her upcoming trial. The importance of Keiko's release is that it gives her free reign to organize her party, Fuerza Popular, and to expend efforts on the party's campaign for the January 2020 campaign. As for Pedro Chavarry, he is under investigation for traffic of influence, albeit on a grand scale, as he is accused of leading a network within the judiciary to manage trial proceeding and outcomes. The political issue here is that Chavarry had been ardently defended by Fuerza Popular in Congress, before it was dissolved, and is seen to be associated with Fuerza Popular and Keiko Fujimori. Finally, in César Villanueva's case, although the corruption investigations (linked to Odebrecht) are on events that occurred while Villanueva was governor of San Martín (2007–2013), he is a person that is associated with the Vizcarra regime, given that he is a former top notch member of the Vizcarra government. Therefore, if you view in conjunction Keiko's release, Chavarry's case being thrown out, and Villanueva's arrest, you get the sense that the tide has turned more in Keiko's favour. But, only to a certain degree. In aggregate, Fuerza Popular may end up getting more seats in the new Congress than otherwise, but it will still have far from enough seats to exercise the type of control they had in the past Congress.

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**Jorge Selaive**

56.2.2939.1092 (Chile)

Scotiabank Chile

jorge.selaive@scotiabank.cl

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