

LATAM Market Update

- **Peru:** Impact on domestic oil demand; more social alleviation measures
- **Mexico:** January retail sales are solid, but the outlook is negative

PERU: IMPACT ON DOMESTIC OIL DEMAND; MORE SOCIAL ALLEVIATION MEASURES

The State oil company, Petroperú, has revealed that fuel demand has fallen since the emergency measures were instated on March 15. Fuel inventories have risen from an average of 26 to 36 days, to an average of 41 to 52 days, prompting a temporary reduction of operations at its Conchan oil refinery.

President Vizcarra is reportedly preparing a motion before Congress to seek special legislative powers to address the COVID-19 emergency. Meanwhile, Congress has not been holding normal sessions since it was installed on March 16, in order to avoid a large gathering. Given the COVID-19 situation, Congress has called for a session to elect a smaller Permanent Committee to conduct business during the State of Emergency.

The tax administration agency (Sunat) announced that businesses and individuals with net income of up to S/ 21 million (US\$6 million) will be able to pay their income tax with a three-month delay.

The government has set aside US\$1 million to finance the food and lodging of Peruvians who have been extracted back to Peru and must stay at especially designated hotels during a 14-day quarantine period.

—Guillermo Arbe

MEXICO: SOLID RETAIL SALES GROWTH IN JANUARY

In January, retail sales came in at 2.7% y/y, in line with the market consensus and down from 3.2% in December. In the details, the main components exhibited mixed results. Textiles and footwear products accelerated from 3.8% to 7.1% y/y, as well as motor vehicles related sales (+2.4% vs 0.6% in December). On the other hand, supermarkets and department stores sales recorded a slower growth pace of 3.7% (vs +7.0% in the previous month). The seasonal adjusted figures showed retail sales expanding 0.5% m/m, following a 0.4% contraction in December.

Despite these still positive results, the outlook for commercial activity has turned negative due to the expected effects of the COVID-19 pandemic on household spending, which we anticipate will start to be reflected as soon as in the March figures (scheduled for May 22).

—Carlos Tabares

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