

# ATREVIA<sup>TM</sup>

A vibrant sunset over a city skyline, likely Chicago, with the sun low on the horizon between skyscrapers. The sky is a mix of orange, pink, and blue, and the city lights are visible. The skyline is reflected in a body of water in the foreground, creating a symmetrical effect. The overall mood is dramatic and high-tech.

## LATIN AMERICAN KEY HIGHLIGHTS

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JUNE 2024

## **Latin America continues to report relatively positive economic data while reforms and elections dominate the political landscape**

The most politically relevant news of the month was the election of Claudia Sheinbaum as the first female president in Mexico's history, with her parliamentary group and allies likely able to easily pass constitutional reforms.

After several months of effort, Colombian President Gustavo Petro achieved a significant legislative victory with the approval of his pension system reform. His Argentine counterpart, Javier Milei, also secured a win with the narrow support for the Ley de Bases in the Senate. Additionally, the country recorded the lowest monthly inflation in two years, although it is expected to rise again in the coming months.

In neighboring Uruguay, polls indicate that the favorite candidates from each party increased their lead over competitors for the June 30 primaries. Meanwhile, local primaries in Chile showed the advancement of parties aligned with Boric's government and Renovación Nacional, to the detriment of traditional parties.

Elections also dominate the current landscape in Ecuador. President Daniel Noboa should request leave for the 2025 campaign, but he seeks to avoid the vice president assuming his duties due to their poor relationship. Economically, agreements with China and the IMF could provide a positive boost. In this area, Peru presents encouraging data, with a GDP growth forecast of 3% for this year. However, President Dina Boluarte faces a high disapproval rate and has already accumulated four motions of censure.

Brazil continues to deal with the aftermath of the floods that affected the south of the country, and the government has appointed a special minister to coordinate the reconstruction. Despite an increase in the inflation projection for 2024, the GDP growth forecast also rose, while unemployment decreased.





In the Peruvian Congress, 3 new vacancy motions were filed against President Dina Boluarte. This brings to the total of 4 the motions presented during her government and, although none of them have been successful, Boluarte suffers from a high level of public disapproval towards her administration. GDP grew by 1.4% in the first quarter of 2024, driven especially by international copper and gold prices, and employment data improved slightly.

Tensions within the Ecuadorian government between President Daniel Noboa and Vice President Verónica Abad are deepening. The relationship is not good, and Noboa should request a leave of absence to campaign for the 2025 elections, with Abad taking over his functions. In addition to the fact that the president intends to avoid said situation, the vice president would be involved in a corruption case. The entry in effect of the trade agreement with China could be a good stimulus for the economy, as well as the accord reached with the IMF, which could alleviate pressure on public finances. The elimination of gasoline subsidies generates the rejection of several social sectors and violence increases in the province of Manabí.

Colombian President Gustavo Petro achieved an important legislative victory with the approval of the pension system reform in the House of Representatives. On the other hand, the health reform was rejected in the Legislative, as the crisis in the sector is worsening. The president is looking for alternative ways to advance government projects while his popularity remains low. Public finances are in a complicated situation and the pace of budget execution is slower than in previous years.

The primary elections held in Chile showed an advance of the parties more aligned to Boric's government on the left, as well as Renovación Nacional on the right. And thus, a weakening of the traditional Demócrata Cristiano and Unión Demócrata Independiente. The violence in the Biobío region prompted legislative advances in anti-terrorism matters and insecurity continues to be the main issue facing the country according to the citizens.

The Argentine Senate finally approved, by a narrow margin and amid protests outside Congress, the Ley de Bases, focused on privatizing and deregulating the economy and reducing the role of the State in it. The bill now moves to the Chamber of Deputies for debate and approval. Inflation recorded its lowest monthly value in two years, at 4.2%, but is expected to rise again in the coming months. The slowdown in economic activity has led to an increase in the number of layoffs in several sectors.

The aftermath of the floods that affected the Brazilian state of Rio Grande do Sul persists. A long recovery is expected, for which the government has appointed an extraordinary minister. The Foreign Ministry has requested Argentina to extradite more than 60 people involved in the coup assault of 2023 and the former president Jair Bolsonaro faces possible disqualifications. The inflation projection for 2024 increased again, but so did the GDP growth expectation and the unemployment level decreased. In addition, the interest rate is expected to fall to 9.25% in 2025.



Claudia Sheinbaum, from Mexico's current governing party, will take office as the first female president on October 1st. Her parliamentary group Morena and its allies could have the qualified majority required for the approval of constitutional reforms. This potential situation has been one of the main reasons for the significant devaluation of the peso against the dollar in recent days, after months of appreciation. The government's newfound ease in changing laws would have generated uncertainty in the markets.

Polls on the internal elections to be held this month in Uruguay point to the victories of Yamandú Orsi, Álvaro Delgado and Andrés Ojeda as candidates of their respective parties. The legislature approved two relevant laws, on the financing of political parties and on the management of the media. The price gap between Uruguay and Argentina has widened again after decreasing in previous months, and a multiple homicide related to drug trafficking has renewed concern about insecurity in the country.



## | PERU

### POLITICAL CONTEXT

Since the beginning of her administration, President Boluarte has faced four vacancy motions, the last three in connection with the "Rolex" case, in which the Prosecutor's Office raided her house. Although none of them succeeded, Boluarte appealed for governability, seeking the support of the right-wing parties in order to achieve, as a key point, the renewal of the president of the National Jury of Elections and of several members of the National Board of Justice.

In this context, three possible scenarios are presented: in the first one, Boluarte would govern until mid-2025, being succeeded by the president of the Congress and holding elections in 2026, supported by parties such as Acción Popular, Renovación Popular and Alianza para el Progreso. The second one, she would finish her mandate with the support of Perú Libre and the Bloque Magisterial. Third, the investigations of the Special Team of Prosecutors against Corruption of Power would trigger a crisis.

As for the president's popularity, 90% of those polled disapprove of her administration, according to a survey by Ipsos Peru. In addition, 73% disapprove of Gustavo Adrianzén as President of the Council of Ministers.

In Congress, the parliamentary group Honor y Democracia was formed, promoted by legislators coming from Renovación Popular and under the leadership of Rafael López Aliaga, current mayor of Lima.

### ECONOMIC CONTEXT

The increase in international prices of copper and gold has contributed to a 1.4% rise in GDP in the first quarter of the year. Additionally, there was a higher demand for services than expected during Easter week, especially in restaurants, hotels, transportation, and commerce.

The economy's growth expectations for 2024 and 2025 would be around 3%, according to the president of the Central Reserve Bank, Julio Velarde, a good figure driven mainly by the favorable dynamics of higher private investment that promotes domestic demand.

Another factor that would boost GDP growth would be a greater mining supply in a context of growing international demand and its consequent stimulus of exports.

The Ministry of Foreign Trade informed that the crisis generated at Jorge Chávez airport due to an electrical malfunction in the runway lights caused losses of more than USD 10 million, affecting more than 21,000 passengers in a total of 286 flights.

### SOCIAL CONTEXT

During the first quarter of the year, 27,200 Peruvians joined the Economically Active Population, representing an increase of 0.8% in comparison to the same period of 2023. By area of residence, the employed urban population increased by 288,900 people, or 2.1%. On the other hand, the employed rural population decreased by 157,000, or 4.5%.

The National Superintendence of Sanitation Services (Sunass) warned about the possibility of an increase in drinking water rates nationwide, generating concern among citizens. Meanwhile, the Ministry of Housing and the Lima Potable Water and Sewage Service (Sedapal) spoke out against the announcement.

The Sunass indicated that an average family consuming 15 cubic meters pays 65 soles per month. With the methodological change, their billing could reach 128 soles, an increase of 97%. Sedapal held the regulator entirely responsible for being the only one capable of setting tariffs and a possible increase in these. For her part, the Minister of Housing, Construction and Sanitation, Hania Pérez de Cuellar, said that it is up to the Sunass to progressively level the drinking water tariffs.



## | ECUADOR

### POLITICAL CONTEXT

Tensions within the government are escalating between President Daniel Noboa and Vice President Verónica Abad. Given their poor relationship, this internal conflict worsens as Noboa will have to request leave, leaving his duties, to campaign for the 2025 elections, being initially replaced by Abad. The president consulted the Attorney General's Office about the possibility of continuing to serve during the electoral process; however, he did not receive a clear response. Meanwhile, the vice president is reportedly involved in the corruption case known as "Nene," which raises doubts about the temporary succession and her political future.

The elimination of the subsidy to Extra and Ecopaís gasoline caused the rejection of social and transport organizations. The Ministry of Transportation implemented an online form to access benefits, but the lack of clarity is confusing sectors such as cab drivers. The Government is holding meetings with local transport unions without disclosing the agreements reached.

Six pre-candidates are running for the 2025 general elections, including Daniel Noboa, who will seek reelection. Although some parties have not yet defined candidates, the electoral agenda is moving forward with the dates established by the CNE (National Electoral Council).

The acting Minister of Energy, Roberto Luque, announced the indefinite suspension of power cuts due to favorable hydrological conditions and the maintenance of hydroelectric power plants. However, the crisis has not yet been solved.

### ECONOMIC CONTEXT

In May, the trade agreement between Ecuador and China came into force, with the aim of strengthening diplomatic ties and stimulating economic growth. A significant increase in non-oil exports is expected, which could reach USD 4 billion in the coming years. The agreement involves the progressive elimination of tariffs for 99.6% of Ecuadorian exports over a maximum period of ten years, benefiting products such as chocolate, pitahaya, cocoa powder and tuna. In addition, the Costa Rican Assembly ratified the trade agreement with Ecuador.

Ecuador received USD 1 billion from the International Monetary Fund as part of a credit agreement, with another USD 500 million expected until January 2025. This is less than the USD 11.5 billion needed to cover state expenditures and debts. Borrowing is crucial for the Government in the face of insufficient tax and oil revenues. A recovery of local credit is anticipated in the second half of 2024.

The elimination of gasoline subsidies seeks to reduce the budget deficit, but could increase inflation to 3.5%-4%. The government is preparing a compensation plan to mitigate the impact on the population, focused on specific users. In addition, it expects that these measures will improve fiscal liquidity.

### SOCIAL CONTEXT

The province of Manabí has registered a 53% increase in the number of violent deaths so far in 2024. With 376 reported murders, it accumulates 68% of the cases in Ecuador. Police intelligence attributes this increase to the Mexican cartel Jalisco Nueva Generación, allied with the Organized Crime Group (GDO) "Los Lobos", which seeks to eliminate the GDO "Los Choneros", in association with the Sinaloa cartel, to control drug trafficking routes.

President Daniel Noboa announced the temporary relocation of the Police Command and the Joint Command of the Armed Forces to the Manabí city of Manta to coordinate actions against organized crime. The decision was taken after an attack in a circus that left three dead, including the alternate assemblyman of the Revolución Ciudadana, Cristhian Nieto.

The Public Defender's Office indicated that more than 20,000 inmates are in a critical situation due to lack of food. Since May 31, 21,000 incarcerated individuals depend on donations due to the suspension of the food service by the company Lafattoria, due to the lack of payments from the Government.



## | COLOMBIA

### POLITICAL CONTEXT

The pension system reform was approved in the House of Representatives with 86 votes in favor and 32 against. The measure unifies Colpensiones and private funds up to 2.3 minimum wages. Above this threshold, contributions will go exclusively to the private system. Initially proposed with a higher threshold, the political negotiation reduced the limit in order to protect the majority of workers who earn less. This is an important victory for the government of Gustavo Petro, achieved through agreements in the legislature.

On the other hand, the health reform was rejected in Congress. However, the crisis in the sector continues, especially after the request of the Health Promoting Entity (EPS) Sura to close its operations. Finally, the labor reform will be debated in the last week of the legislature in the Seventh Commission of the Chamber, but time is against it.

In the face of public opinion, President Gustavo Petro maintains a confrontational tone, even advocating the creation of a National Constituent Assembly as a way to promote structural changes. However, in the corridors of the Capitol his officials work to build consensus and guarantee the approval of the proposed reforms, but several of these movements have been affected by accusations of corruption.

### ECONOMIC CONTEXT

The Minister of Finance, Ricardo Bonilla, seeks to attract foreign investment, highlighting economic growth of 0.7% in the first quarter of the year, and projecting an annual increase of 1.5%. However, public finances are experiencing a complicated situation. With a General National Budget (PGN) of COP \$502 billion for 2024, the National Treasury balance has fallen to COP \$3 billion, compared to COP \$31 billion last year.

Moreover, despite the fact that government expenses have increased considerably, as they were COP \$423 trillion in 2023, their rate of completion is the lowest since 2016. If the average of the first three months of previous years was 35.6% of the PGN executed, in the present only 27.3% was reached.

As for the private sector, the Gilinski family and its partner International Holding Co (IHC) plan to sell their shares in Grupo Nutresa for about USD 12 billion, after investing USD 3.4 billion in three years. This decision includes the sale of the eight business units separately to maximize their valuation.

### SOCIAL CONTEXT

President Petro proposed a referendum to approve the reforms pursued by his government as an alternative to the previously proposed Constituent Assembly. The president explained that his intention is not to change the current Constitution, in an ambiguous differentiation between the Constituent Power and the Constituent Assembly. He detailed seven points he would like to submit to the citizens' decision, related to the peace agreement, social and justice reforms, territorial reorganization or climate change.

Criticism of this proposal has arisen from both the ruling party and the opposition. They make special reference to the fact that Petro would have prematurely abandoned his efforts to promote the reforms through Congress, and that it is striking that the first leftist president in the history of the country resorts to the constituent power following the steps of former president Álvaro Uribe Vélez, who also resorted to a referendum when faced with legislative difficulties.

Meanwhile, Gustavo Petro continues to struggle with low popularity. According to a recent Datexco poll, 65% of those surveyed disapprove of the president's administration, one percentage point more than in the last survey, 29% approve and the remaining 6% have no opinion on the matter.



## | CHILE

### POLITICAL CONTEXT

The murder of three police officers in the Biobío region, where conflicts between the State, native peoples and drug trafficking converge, marked the news. President Gabriel Boric declared national mourning and promised that the necessary efforts will be made to find those responsible. The situation led to the suspension of parliamentary activities in order to prioritize the processing of security measures. The progress in anti-terrorism legislation in the Senate stands out after the Constitutional Committee approved the reference material.

On June 9, primaries were held to elect candidates for mayors and governors. The turnout was only 6.1% of the electoral roll, although higher than in previous similar events.

In the Chile Contigo Mejor coalition, the Frente Amplio and the Communist Party snatched key communes from democratic socialism such as Valparaíso, Antofagasta, La Florida, Providencia and Peñalolén. The defeat in Peñalolén was significant, as the Christian Democrats had held that stronghold for two decades. In Chile Vamos, Renovación Nacional (RN) defeated the Unión Demócrata Independiente (UDI) in Lo Barnechea and in Puente Alto, where Karla Rubilar was the candidate with the most votes in a Chilean primary.

The results indicate the strengthening of the groups more aligned to Boric's government on the left, as well as of the RN on the right. At the same time, a weakening of traditional parties such as the Christian Democracy and, to a lesser extent, the UDI has been observed.

### ECONOMIC CONTEXT

Economic activity growth slowed in May, but industrial production improved. The OECD outlook for Chile is optimistic, with an economy expansion estimated at 2.3% this year and a rise in wages.

The Consumer Price Index rose slightly in April, bringing the 12-month inflation rate to 4.0%, moving away from the Central Bank's convergence target. However, wages recovered, suggesting a stable economic context.

At the Chile Day held in Toronto and New York, the Minister of Finance, Mario Marcel, highlighted the country's economic adjustment and the recovery of wage employment above pre-pandemic figures. However, he acknowledged that disparities persist among non-salaried workers.

Regarding the tax reform, the minister informed that the income tax bill will be presented once sufficient progress has been made in fiscal compliance and is expected to be proposed before September 30, 2024. Copper, a metal of great importance for the Chilean economy, rose 2.17% to USD 4.85 per pound.

### SOCIAL CONTEXT

The unemployment rate in the February-April quarter was 8.5%, a slight decrease from the same period of the previous year. The number of employed persons increased by 3.7%, with higher growth for women than for men. The trade, administration and transportation sectors were the main contributors to this increase. ☐

Wages showed a notable recovery in the first quarter, which implies a counterbalance to inflation for purchasing power. The Nominal Remuneration Index (IR) and the Labor Cost Index (ICMO) registered a twelve-month increase of 6.3% and 5.9%, respectively. The Real Remuneration Index grew by 2.4% over twelve months, accumulating a variation of 0.2% so far this year.

Security is the most concerning issue for Chileans. According to a recent Ipsos survey, 69% of respondents point to organized crime and violence as the country's main problem, an increase of 3 percentage points from the previous study. Immigration control is the second most mentioned concern, at 40%.





## | ARGENTINA

### POLITICAL CONTEXT

President Javier Milei failed to secure the signing of the "May Pact," aimed at defining the "new Argentine economic order," following the initial failure of the "Basic Law and Starting Points for the Freedom of Argentines." However, the law was amended and approved in the Senate on June 12th.

The vote in the Upper House was tied at 36, and was broken by Vice President and Senate President Victoria Villarruel. Outside Congress, a massive mobilization protested against its approval, leading the government to deploy an operation that included fencing off the premises and repressing demonstrators.

The next step for the sanction is the debate of the project in the Chamber of Deputies, where the changes to be applied will be defined. The main points of the Ley de Bases approved by the Senate include the privatization of numerous state-owned companies and reforms in the labor and tax fields.

The Argentine president had a busy international agenda, participating in various official and unofficial events, most of them in the United States, where he was seen with prominent businessmen such as Elon Musk or Mark Zuckerberg. He also attended political meetings where he met with conservative and liberal counterparts from different countries.

### ECONOMIC CONTEXT

After the approval of the Ley de Bases in the Senate, aimed at deregulating the economy and reducing the role of the State, the lowest monthly inflation in 2 years was recorded at 4.2%. In addition, the country credit risk fell and Argentine stocks rose on Wall Street. However, accumulated inflation in the first five months was 72% and reached 276% year-on-year. Likewise, several agencies agree that this could be one of the last months of low inflation, as it could meet the upcoming tariff adjustments, the latent inflation and the tendency to inertia.

According to the president of the consulting firm Analytica, Ricardo Delgado, "probably, in June tariffs will go up again. There will be salary increases or improvements in some sectors, so May will probably represent a floor in terms of inflation".

The basket of public services in the Buenos Aires Metropolitan Area, which includes energy, transportation and drinking water needs, represented 14% of the average salary in May. Transportation spending is the heaviest within services, at 34%, according to a report by the IIEP.

### SOCIAL CONTEXT

The high cost that both goods and services have accumulated in recent months has had an impact on the purchasing power of the population, especially in low and middle socioeconomic groups. This is compounded in many cases by the feeling of dissatisfaction with the results of government policies, compared to what was promised in the election campaign.

Due to the slowdown in economic activity, the number of layoffs and suspensions has increased. According to official data, between December and February 69,920 formal jobs were lost in the private sector. And, according to a projection of the Argentine Center for Political Economy, in March there were 34,166.

The Ministry of Human Capital was involved in a crisis after a complaint about the illegal withholding of food destined for community kitchens and popular organizations. According to the complainants, the food was about to expire in the storage centers. For her part, the head of the Ministry, Sandra Petovello denied the situation, justifying the withholding until the recipients of the aid could be audited. Finally, Federal Judge Sebastián Casanella ordered the immediate distribution of five tons of food after confirming its imminent expiration.



## | BRAZIL

### POLITICAL CONTEXT

The government appointed an extraordinary minister to coordinate the reconstruction of the state of Rio Grande do Sul, in addition to announcing aid for 200,000 families affected by the floods.

The police are investigating whether more than 60 individuals involved in the alleged coup attempt in early 2023 fled to Argentina to evade justice and seek refuge under the government of Javier Milei. The Brazilian Foreign Ministry requested the extradition of these individuals, a request that has been denied by the neighboring country. There are more than 100 suspects in the case, and investigations are ongoing. Former President Jair Bolsonaro faces multiple judicial investigations and possible disqualifications.

President Lula da Silva spoke with his Venezuelan counterpart, Nicolás Maduro, reiterating his support for the Barbados Accords and emphasizing the need for extensive international observation in the elections to be held on July 28 in Venezuela. Lula also expressed his desire for sanctions against the country to be lifted to facilitate a climate of trust in the electoral process.

Relations with Israel are strained, with the withdrawal of the Brazilian Ambassador to Tel Aviv. Frictions have continued following Lula's statements comparing Gaza to the Holocaust, leading Israel to declare him persona non grata.

### ECONOMIC CONTEXT

The Central Bank of Brazil raised its inflation projection for 2024 to 3.90%, compared to the previous 3.88%, marking the sixth consecutive week of increase. This figure remains within the government's target range of 3% with a tolerance margin of 1.5% to 4.5%. Inflation of 3.78% is anticipated for 2025.

The median projection for the basic interest rate, the Selic, remained at 10.25% for 2024, and is projected to be 9.25% for 2025. GDP growth expectations were revised upwards to 2.09% for this year.

The unemployment rate fell to 7.9% in the first quarter of 2024, the lowest level in the last decade for this period, according to data from the Brazilian Institute of Geography and Statistics. 21 states and the Federal District experienced a decrease in unemployment. Formal employment increased to 73.9%, being higher in the South and lower in the North and Northeast. The average monthly income was R\$ 3,123 (USD ≈603).

The new Emergency Program for the Recovery of the Events Sector (Perse) was approved, exempting tourism sector companies from taxes such as IRPJ, CSLL, and PIS/Cofins for 60 months.

### SOCIAL CONTEXT

The aftermath of the recent floods in Rio Grande do Sul persists, with 172 dead, 41 missing, and 570,000 displaced. Complete drainage may take another two months, and Porto Alegre faces additional challenges with its pumping system. The region is facing a "new normal" where disaster prevention will be crucial. Reconstruction will focus on flood-prone areas with sustainable solutions, and housing and transportation infrastructure require urgent attention. The Development Bank of Latin America and the Caribbean (CAF) donated USD 746 million to support recovery efforts.

In Mato Grosso do Sul, the worst fires since 2020 are affecting more than 3,400 km<sup>2</sup> and threatening the Pantanal, the world's largest wetland. Drought, exacerbated by El Niño and climate change, has increased fires by 980% compared to last year. The government has declared an environmental emergency.

Deforestation decreased by 12% in 2023, the first reduction since 2019, according to MapBiomas. Although in the Amazon it fell by 62%, in the Cerrado it increased by 68%, surpassing for the first time in five years the loss of forest cover in the Amazon. In total, 1.1 million hectares were deforested in the Cerrado and 454,271 in the Amazon last year, representing 85% of the total national deforestation. The government plans more protection initiatives for both regions.



## | MEXICO

### POLITICAL CONTEXT

Claudia Sheinbaum Pardo, the virtual president of Mexico, will take office on October 1 as the first woman to hold the executive office in the country's history. Electoral authorities reported that, after the vote count, the former mayor of Mexico City surpassed 35.92 million votes with a participation rate of 60.92%.

The transition team of the incoming government is coordinated by Juan Ramón de la Fuente, former Mexican ambassador to the United Nations. Additionally, Rogelio Ramírez de la O remains at the helm of the Ministry of Finance and Public Credit (SHCP), and Altagracia Gómez continues to coordinate meetings between the incoming president and the business sector.

In the legislative sphere, the National Electoral Institute (INE) has not yet published the official figures for the composition of the Congress of the Union. However, the ruling coalition could achieve a qualified majority, that is, two-thirds of the legislators. With this, they would have the necessary support for the approval of the 18 constitutional reforms proposed by President López Obrador, such as the reform of the Judiciary, electoral, energy, military, or the elimination of autonomous bodies, among other.

The INE issued the majority certificate to the elected governors, who will take office starting in October in Mexico City, Chiapas, Guanajuato, Jalisco, Morelos, Puebla, Tabasco, Veracruz, and Yucatán.

### ECONOMIC CONTEXT

After months of appreciation against the US dollar, the local currency suffered a sharp devaluation, of up to 10% in the days following the elections. Among the main reasons for this movement would be the ease that the Government would now have to carry out some projects, such as the reform of the Judiciary, which has generated unease in the markets.

According to INEGI, the annual inflation in May was 4.69%, mainly affecting food and energy. Meanwhile, the Ministry of Economy reported that Foreign Direct Investment reached USD 39.000 billion from January to May 2024, generating 54,347 direct jobs, with the manufacturing sector receiving 56% of the investment.

The incoming government of Claudia Sheinbaum would intend to continue the current policy of increasing the minimum wage. It is expected to increase wages from 248.9 pesos (USD ≈13.6) per day in 2024 to 301.3 (USD ≈16.4) in 2026, with a projection of 376.5 (USD ≈20.5) for 2030.

The president of the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE), requested the virtual president to transparently manage the commercial relationship with China and diversify export markets to countries such as Argentina, Brazil, South Korea, Ecuador, and the United Kingdom, in order to take advantage of the nearshoring context.

### SOCIAL CONTEXT

The Mexican Social Security Institute (IMSS) reported that during May, 25,203 formal jobs were lost. Also, the average of wages maintained an annual increase of 9.5%, reaching 585.3 pesos (USD ≈31.8) per day last month. The economic sectors with the highest growth in formal jobs were communication and transportation, with 5.8%, commerce, 3.6%, and construction, 3.3%.

The president of Mexico agreed with his US counterpart, Joe Biden, to maintain cooperation between both countries to manage regional migration flows and increase actions to address their structural causes. Also, the approval of permits to build three international bridges, which seek to connect the northern border of Mexico with Texas, promoting increased commercial traffic.

The governor of Quintana Roo, Mara Lezama Espinosa, announced that the Italian airline Neos will fly every Sunday from Verona, Milan, and Rome to Cancun starting December 22, with the aim of boosting tourism and economic growth in southeastern Mexico.



## | URUGUAY

### POLITICAL CONTEXT

The latest surveys on the internal elections to be held on June 30 show that the leading candidates have increased their lead over their competitors within each party. According to the data, Yamandú Orsi would win in the Frente Amplio, Álvaro Delgado in the Partido Nacional, and Andrés Ojeda in the Partido Colorado. Regarding the general elections to be held in October, polls show a slight advantage for the Frente Amplio.

The Legislature approved a political party financing law that modifies the rules from 2009. The norm limits private donations, imposes sanctions, increases subsidies, grants free advertising spaces, and encourages female participation, but does not regulate online advertising. Despite progress in terms of transparency, there is concern about the lack of resources for its implementation.

The Senate approved a new media law with the support of the right-wing coalition. The law allows for the accumulation of more licenses per owner, foreign investment in media, grants rights to cable operators to offer Internet services, and proposes a new management of public media. Not passing through the Commission, the law has been criticized for favoring media concentration and reducing democratic quality, according to the opposition and press associations.

### ECONOMIC CONTEXT

The Consumer Price Index (CPI) registered a monthly increase of 0.4% in May. With this increase, the accumulated inflation for 2024 reaches 3.25%, while in the last 12 months it stands at 4.1%. These values remain within the target range established by the Central Bank authorities, which ranges from 3% to 6%.

According to the Border Price Indicator (IPF) of the Catholic University Salto Campus, the price gap between Uruguay and Argentina increased in May, reversing the downward trend of previous months. In Concordia, Argentina, prices are 37% lower than in Salto, Uruguay, due to the increase in the exchange rate in Argentina. This disparity is especially noticeable in food and non-alcoholic beverages, where Salto is 60% more expensive. The maximum price differential recorded since 2015 was in September last year when Salto was 180.2% more expensive than Concordia.

### SOCIAL CONTEXT

Hundreds of thousands of people marched throughout the country to demand answers about the disappeared from the dictatorship, which officially counts 197 people. The demonstration took place almost a year after the discovery, on a military site, of the remains of Amelia Sanjurjo, one of the few recently identified victims of repression. Since excavations began in 2005, under the first government of the Broad Front, forensic teams have recovered few remains, in an effort hindered by the military's pact of silence.

Four people, including an 11-year-old boy, were shot dead in a house in western Montevideo, causing shock in Uruguay. The incident is linked to drug trafficking. The president admitted that the government has failed to stop homicides, which have increased in recent weeks, thus intensifying the debate about insecurity in the country. The pre-candidates of the political parties that will compete in the internal elections in June presented various proposals to address this problem.

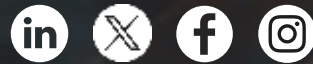
Medical emergencies alerted to an unusually high number of calls for respiratory infections. The Ministry of Public Health promoted influenza vaccination, especially among health workers and at-risk groups.



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