

Latam Daily: Peru: Mining Investment Steady; Uncertainty Could Effect Future Slowdown

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PERU: MINING INVESTMENT STEADY; UNCERTAINTY COULD EFFECT FUTURE SLOWDOWN

Mining investment was US\$387mn in May (chart 1), and US\$1.7bn for the year-to-May. Not significantly affected by COVID-19 mobility restrictions, mining investment is settling down to an average range of just under US\$400mn per month and should end 2021 at around US\$5bn. This figure would be lower than the US\$6bn yearly average seen over the past decade.

Anglo American's US\$5.3bn Quellaveco copper project continues leading in investment (table 1), even as the project, scheduled to come onstream in 2020, begins to slow. We expect investment to pick up in newer, albeit more modest, projects, including Hudbay's Pampacancha (copper), which began earlier this year. Other projects announced to begin this year (but that have yet to do so), include: Corani; the Yanacocha Sulfuros project; and the expansion at Shouxin. To our knowledge, no previously announced decision to invest in a mining project has been reversed due to the political environment. No new projects have been announced either, however, which may be partly due to policy uncertainty surrounding mining activities. In the absence of new projects, mining investment would likely to begin to slow starting in 2022.

—Guillermo Arbe

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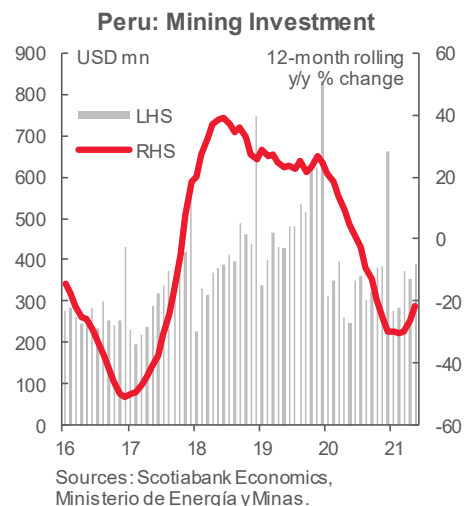
Table 1

Peru: Mining Investment

Top 20 Investment Companies	May			January-May		
	2020, USD	2021, USD	y/y % chg	2020, USD	2021, USD	y/y % chg
Anglo American Quellaveco S.A.	107,532,552	101,773,895	-5.4%	514,741,050	443,788,884	-13.8%
Compañía Minera Antamina S.A.	14,320,086	33,694,584	135.3%	96,017,918	153,318,257	59.7%
Southern Peru Copper Corporation Sucursal Del Peru	17,303,555	31,227,743	80.5%	77,063,696	108,524,145	40.8%
Marcobre S.A.C.	26,131,197	10,743,037	-58.9%	176,688,350	105,800,091	-40.1%
Minera Las Bambas S.A.	14,363,856	25,729,566	79.1%	80,032,991	99,802,508	24.7%
Minera Chinalco Peru S.A.	16,430,013	14,504,328	-11.7%	143,759,546	84,964,463	-40.9%
Shougang Hierro Peru S.A.A.	436,580	14,255,985	+	16,630,272	53,036,522	218.9%
Minsur S.A.	1,650,199	15,624,356	846.8%	13,511,940	52,950,883	291.9%
Hudbay Peru S.A.C.	1,473,752	7,446,980	405.3%	11,814,853	51,206,764	333.4%
Sociedad Minera Cerro Verde S.A.A.	2,604,548	12,900,264	395.3%	73,802,988	48,424,389	-34.4%
Compañía Minera Poderosa S.A.	4,447,593	6,313,057	41.9%	32,423,424	33,133,251	2.2%
Minera Yanacocha S.R.L.	6,304,302	9,314,465	47.7%	30,380,900	32,038,650	5.5%
Volcan Compañía Minera S.A.A.	362,576	6,662,747	+	18,730,578	28,455,815	51.9%
Compañía Minera Ares S.A.C.	-	5,930,077	+	14,588,797	23,440,523	60.7%
Compañía De Minas Buenaventura S.A.A.	2,715,807	5,533,700	103.8%	16,758,882	19,826,567	18.3%
Compañía Minera Antapaccay S.A.	1,485,392	3,684,738	148.1%	5,877,584	18,135,988	208.6%
Nexa Resources Peru S.A.A.	1,087,687	4,766,542	338.2%	17,677,384	15,635,993	-11.5%
Consorcio Minero Horizonte S.A.	1,489,269	2,742,293	84.1%	12,317,027	15,592,423	26.6%
Nexa Resources El Porvenir S.A.C.	242,720	2,894,567	+	5,938,040	14,272,486	140.4%
Compañía Minera Chungar S.A.C.	616,645	3,783,868	513.6%	8,548,467	13,987,402	63.6%
Others	244,028,124	67,535,361	-72.3%	190,511,165	270,045,705	41.7%
Total	244,028,124	387,062,153	58.6%	1,557,815,852	1,686,381,709	8.3%

Sources: Scotiabank Economics, Ministerio de Energía y Minas.

Chart 1



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