

Contributors

Guillermo Arbe, Head Economist, Peru
+51.1.211.6052 (Peru)
guillermo.arbe@scotiabank.com.pe

Sergio Olarte, Head Economist, Colombia
+57.1.745.6300 Ext. 9166 (Colombia)
sergio.olarte@scotiabankcolpatria.com

Jorge Selaive, Head Economist, Chile
+56.2.2619.5435 (Chile)
jorge.selaive@scotiabank.cl

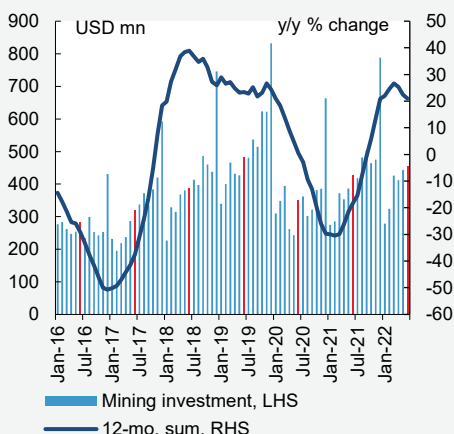
Eduardo Suárez, VP, Latin America Economics
+52.55.9179.5174 (Mexico)
esuarezm@scotiabank.com.mx

TODAY'S CONTRIBUTORS:

Katherine Salazar, Analyst
+51.1.211.6000 Ext. 16661 (Peru)
katherine.salazar@scotiabank.com.pe

Chart 1

Peru: Mining Investment



Latam Daily: Peru's Mining Investment and Production Increase in June

- Peru: Mining sector investment rises as production expands, with additional capacity coming on stream

PERU: MINING SECTOR INVESTMENT RISES AS PRODUCTION EXPANDS, WITH ADDITIONAL CAPACITY COMING ON STREAM

Mining investment increased 6.5% y/y in June, [according](#) to the Ministry of Mining (chart 1). On a cumulative basis, mining investment increased 10.9% y/y in the first semester.

Anglo-American, with its Quellaveco project, continued to lead investment, which increased 10.1% in the cumulative January–June period y/y. Construction of Quellaveco is scheduled to conclude in the second half of the year, although the company has already announced its first output of copper concentrate in July. Investment will continue in H2-2022 until construction is completed and commercial operations begin. We expect the first production in Q3-2022, with full capacity coming onstream in Q4-2022.

The other two companies that led investment were Antamina, with its plan to expand its operations by investing USD 1,600 mn over the next eight years, and Southern Copper, with the expansion of the Quebrada Honda dam and purchase of machinery and equipment. Investment in the Toromocho Expansion construction by Chinalco will conclude in the second half of the year. Investment in exploration increased 50.1% y/y in June, accumulating an increase of 38.4% in the first six months of the year.

Mining production increased in copper (+8.6%), iron (+3.8%), tin (+2.3%) and molybdenum (+9.5%), while fell in gold (-4.1%), zinc (-21.5%), silver (-9.1%) and lead (-2.0%) (table1).

Increased copper output reflects higher ore grades at Antamina (+14.4%) and higher tonnage processed at Cerro Verde concentrator plants (+13.8%) although further clarification of why this occurred was not given. These factors boosted copper output despite a decline at Las Bambas (-34.6%), as operations there were disrupted until June 11, and lower output at Southern (-10.5%), owing to lower ore grades.

Gold output continued to decline (-4.1%) as existing mines are becoming depleted (table 2).

—Katherine Salazar

Table 1: Peru—Mining Output

	Copper MT	Gold oz	Zinc MT	Silver oz	Lead MT	Iron MT	Tin MT	Molybdenum MT
June 2022, y/y % change	8.6	-4.1	-21.5	-9.1	-2.0	3.8	2.3	9.5
Jan- June 2022, y/y % change	1.2	-0.6	-16.4	-7.5	-5.7	0.8	4.6	4.1

Sources: Scotiabank Economics, Peru Ministry of Energy and Mines.

August 12, 2022

Table 2: Peru—Top 20 Mining Companies by Investment Amount

USD		June			Jan-June			
Company	2021	2022	y/y % change	2021	2022	y/y % change	Share	
1	ANGLO AMERICAN QUELLAVECO S.A.	119,426,981	101,369,887	-15.1%	563,215,865	620,222,498	10.1%	26.5%
2	COMPAÑIA MINERA ANTAMINA S.A.	34,589,594	49,885,497	44.2%	187,907,851	177,468,169	-5.6%	7.6%
3	SOUTHERN PERU COPPER CORPORATION SUCURSAL DEL PERU	22,345,058	34,223,236	53.2%	130,869,203	143,788,637	9.9%	6.1%
4	MINSUR S.A.	10,038,115	20,546,994	104.7%	62,988,998	141,859,888	125.2%	6.1%
5	MINERA YANACOCHA S.R.L.	9,656,248	36,639,388	279.4%	41,694,898	139,591,264	234.8%	6.0%
6	MINERA LAS BAMBAS S.A.	18,018,196	9,624,673	-46.6%	117,820,704	83,624,384	-29.0%	3.6%
7	SOCIEDAD MINERA CERRO VERDE S.A.A.	12,123,389	10,897,378	-10.1%	60,547,778	78,192,129	29.1%	3.3%
8	SHOUGANG HIERRO PERU S.A.A.	6,534,406	10,456,064	60.0%	59,570,928	74,308,375	24.7%	3.2%
9	MINERA CHINALCO PERU S.A.	24,775,518	14,869,828	-40.0%	109,739,981	73,607,762	-32.9%	3.1%
10	MARCOBRE S.A.C.	18,154,397	13,684,862	-24.6%	123,954,488	62,483,492	-49.6%	2.7%
11	VOLCAN COMPAÑIA MINERA S.A.A.	7,876,483	11,639,546	47.8%	36,332,298	58,908,941	62.1%	2.5%
12	COMPAÑIA MINERA PODEROSA S.A.	5,735,350	8,609,083	50.1%	38,868,601	50,096,690	28.9%	2.1%
13	COMPAÑIA DE MINAS BUENAVENTURA S.A.A.	6,196,809	8,978,307	44.9%	26,023,376	45,178,820	73.6%	1.9%
14	CERRO DE PASCO RESOURCES SUBSIDIARIA DEL PERU S.A.C.	3,890,000	7,631,807	96.2%	17,732,919	43,033,893	142.7%	1.8%
15	COMPAÑIA MINERA ARES S.A.C.	5,457,139	7,885,954	44.5%	28,897,662	42,480,749	47.0%	1.8%
16	HUDBAY PERU S.A.C.	16,232,577	13,009,611	-19.9%	62,035,983	36,622,533	-41.0%	1.6%
17	COMPAÑIA MINERA ANTAPACCAY S.A.	27,899,471	7,395,776	-73.5%	46,035,459	27,820,084	-39.6%	1.2%
18	MINERA SHOUXIN PERU S.A.	4,187,938	2,536,612	-39.4%	16,850,290	27,175,157	61.3%	1.2%
19	CONSORCIO MINERO HORIZONTE S.A.	3,544,761	5,802,476	63.7%	19,137,184	22,317,238	16.6%	1.0%
20	COMPAÑIA MINERA CHUNGAR S.A.C.	3,165,950	4,165,957	31.6%	17,153,352	20,949,325	22.1%	0.9%
	Others	67,358,146	75,024,465	11.4%	344,539,342	372,475,311	8.1%	15.9%
	Total investment	427,206,526	454,877,401	6.5%	2,111,917,160	2,342,205,339	10.9%	100.0%

Sources: Scotiabank Economics, Peru Ministry of Energy and Mines.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.