

Latam Economic Update

- **Argentina: Final steps in debt exchange announced**
- **Peru: Update on further pension withdrawals**

ARGENTINA: FINAL STEPS IN DEBT EXCHANGE ANNOUNCED

Argentina's Ministry of Economy published on Sunday, August 16, the [final terms](#) of its exchange offer on its USD 65 bn of foreign-law bonds in default and on Monday, August 17, the government [extended the deadline for creditor participation](#). The amended offer terms filed with the SEC did not contain any obvious surprises and make good on the agreement with three major creditor groups announced on August 4 that would provide about 55 cents on the dollar to creditors through the proposed swap. The deadline for commitment to participation in the swap has been extended from August 24 to August 28, with results set to be announced on August 31. The execution and settlement date remains September 4.

—Brett House

PERU: UPDATE ON FURTHER PENSION WITHDRAWALS

The bill for the withdrawal of up to 100% of resources in private retirement accounts at the AFP pension funds by some Peruvians could take a little longer than expected. After its approval in the Consumer Defense Commission (August 6), Congress endorsed its further debate at the Economy Commission (August 12), a step not originally foreseen in the progress of the initiative. If the proposal receives support, it would be included in the legislative agenda for debate in an upcoming plenary session of Congress. There is no timeline for this, but these processes should be relatively brief.

Participant account holders in the private pension system have made withdrawals valued at a total of PEN 24.3 bn (16.1% of the total portfolio) from April to the present, according to the AFP Association.

It should be noted that the AFPs have a repo line with the central bank (BCRP) to generate temporary liquidity, if needed. We believe it is likely that the BCRP will expand this line if the new bill is approved because the AFPs' current liquidity is more modest than they possessed 90 or 120 days ago when withdrawals began.

—Guillermo Arbe & Mario Guerrero

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