LATAM
FIVE
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integra GROUPE

ENEL X OPENS LATIN AMERICAN CHARGING CORRIDOR

Traveling South America by car or motorbike has always been an exciting way to explore the continent at your own pace, visit towns and villages all whilst creating memories of exciting road trips. Integra is home to a few car lovers and as automotive enthusiasts we are delighted that e-mobility is accelerating and moving the region towards cleaner transport options. Previously we have written on scooter, bike and electric bus proliferation from Mexico to Argentina. We now focus on electric vehicle infrastructure with Enel X making it possible for us to use our “Juicepass” to travel from the beaches of Baja California to the glaciers of Ushuaia thanks to the new ‘Pan-American Charging Corridor’.

Enel, the Italian energy giant, and its electric business Enel X has completed its first charging corridor in Central and South America. It includes 220 JuiceBox charging points in eleven countries: Argentina, Bolivia, Chile, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Panama and Peru.

196 of these charging points are integrated into JuicePass, Enel X’s app. The new corridor will now enable long-distance travel by electric vehicles from the Mexican peninsula of Baja California to Ushuaia, a city in southern Argentina. “We have taken up the challenge of sending our crews to the most remote areas of Latin America,” says Francesco Venturini, CEO of Enel X. The infrastructure project is proof of how seriously Enel X takes its mission of promoting electric cars worldwide and enabling the widespread introduction of electric mobility.

For Enel X, the charging corridor between Mexico and southern Argentina is not the first project in Latin America. In cooperation with BYD and Metbus, the Italian company already set up an electric bus corridor in the Chilean capital Santiago last year. This is one of the main routes in the metropolitan region, connecting a large number of communities. Specifically, the route runs through the nine municipalities of Maipú, Central Station, Santiago, Ñuñoa, Peñalolén, Pudahuel, Cerro Navia, Quinta Normal and Lo Prado.

In Europe, users of Enel X’s App JuicePass can now access a network of over 50,000 public charging points. These are mainly accessed via the Hubject platform. Worldwide, the energy company speaks of a network in the order of 130,000 charging points (public, private and commercial charging points). By 2022 Enel X plans to increase this number to 736,000 charging points.

In 2017, a fifth of all EV sales were in just six Chinese cities, where there are tight restrictions on buying and using new internal combustion engines. By 2025, EV sales across the world are set to increase ten-fold, to 11 million. In China, EVs will account for 19% of all passenger vehicle sales, compared to 14% in Europe and 11% in the US, according to Bloomberg's Electric Vehicles Outlook 2018. Latin America and most developing countries, ex-China, have not implemented the public policies that many developed countries have employed to spur electric vehicle sales and, consequently, market penetration remains marginal to date. As COVID-19 has increased the focus on government financing and policies to allow for more sustainable transportation we believe this and decreasing vehicle prices will increase the overall electric vehicle market. The region is already showing a commitment in focusing on first improving mass transit in terms of migrating to greater electric bus adoption etc. (Electrive.com, Bloomberg)

> **BY 2024, BATTERY PACK PRICES GO BELOW $100/KWH ON A VOLUME-WEIGHTED AVERAGE BASIS, DRIVEN IN PART BY THE INTRODUCTION OF NEW CELL CHEMISTRIES AND MANUFACTURING EQUIPMENT AND TECHNIQUES.**
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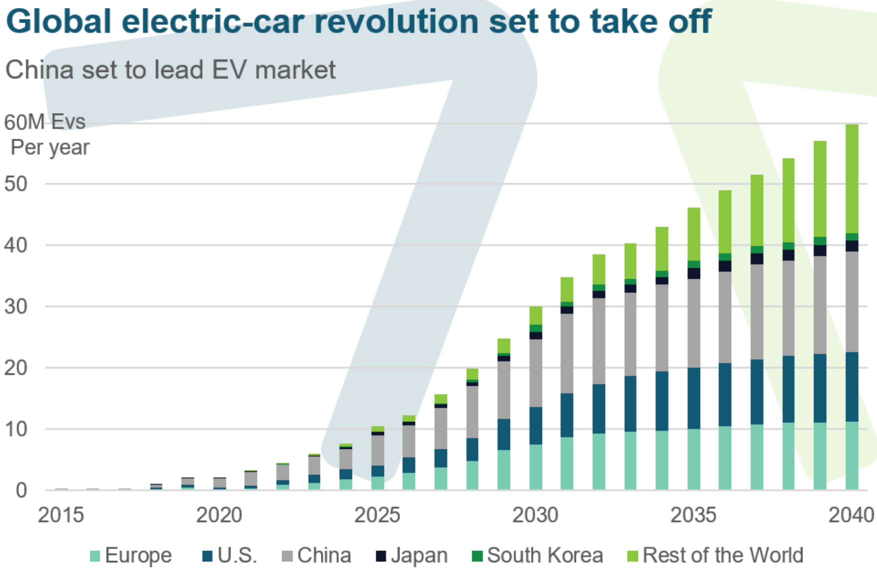
> ELECTRIC VEHICLE OUTLOOK 2020
> BLOOMBERG NEF



SOURCE: BLOOMBERG NEW ENERGY FINANCE

ARGENTINE PESO DEVALUATION SPECULATION

Argentina is having a successful CONMEBOL World Cup qualifier currently 2 for 2 beating Bolivia this week. Despite the crushing altitude in La Paz Lionel Messi and Lautaro Martínez combined to set up substitute Joaquín Correa for a rare left-footed goal for a 2-1 victory. Off the pitch, Argentina is still facing adversity with broad speculation that a peso devaluation may by the next step as the nation struggles to shore up foreign currency reserves. Last week the Latam Five mentioned the mounting difficulties for the Fernández Administration and the market mechanisms already deployed to avert devaluation. Recently the government implemented tighter currency controls and even lured investors with a new $1.8 billion dollar-linked bond in hopes of stabilizing the peso amid a domestic currency crisis. Unfortunately, more intervention will be necessary to shore up reserves with many viewing devaluation as the only practical option. "From those who argue that a devaluation is coming to those who argue that we can keep people's deposits," Fernández said in a video conference with economic analysts. "I would never do such a thing. What we need is an Argentina that grows with confidence," he added. To avoid such actions President Fernández unveiled a plan Wednesday evening which focused on construction and stimulating exports to build hard currency reserves. The President also mentioned the importance of strengthening local capital markets as a necessary step for any future financing. (Bloomberg, Reuters)

DFC AND THE DOMINICAN REPUBLIC SIGN MEMORANDUM OF UNDERSTANDING SUPPORTING INVESTMENT IN DEVELOPMENT

U.S. International Development Finance Corporation (DFC) Chief Executive Officer Adam Boehler joined Dominican President Luis Abinader to sign a memorandum of understanding (MOU) between the U.S. and the Dominican Republic seeking to collaborate to mobilize investments in energy, tourism and other infrastructure projects that will strengthen key industries, create jobs, and bolster the local economy.

The MOU advances the America Crece program, a whole of U.S. Government initiative to promote growth throughout Latin America and the Caribbean by mobilizing investments in energy and infrastructure.

“This agreement underscores the strong U.S. commitment to the Dominican Republic and the essential role of investment in advancing our shared goals,” said Boehler. “DFC is proud to support this agreement by offering our financing tools to help mobilize needed investment at a time when the COVID-19 pandemic has impacted tourism and other industries.”

Under the agreement, the United States and the Dominican Republic will work to identify priority projects and the financing needed to move them forward; encourage innovation and sustainability by strengthening local regulatory frameworks; promote awareness within the U.S. private sector of local development projects; and explore ways to support these projects with financing, insurance, and technical assistance. The two countries will also collaborate to promote strong development outcomes from these projects, including women’s economic empowerment, to increase stability and prosperity in the Dominican Republic. (US Embassy, Dominican Republic)

ANTI-BLOCKAGE BILL SEEKS TO LIBERALIZE THE VENEZUELAN OIL SECTOR

With oil production at all-time lows and refining capabilities crippled, Caracas has been experimenting with new measures to revive the mismanaged oil sector. An alliance with Iran and the “gold for petrol” accord has provided the country with modest gasoline supply relief. However the country requires a more disruptive solution to its economic collapse. In recent weeks we have shared the recent outreach to creditors of defaulted sovereign debt, petrol shipments from Iran and social unrest. After establishing a parallel national legislature, the National Constituent Assembly of Venezuela (ANC), which runs in opposition to the democratically elected National Assembly, the anti-blockade law was passed with the intent of increasing executive power to liberalize the oil sector.

Throughout the COVID-19 pandemic there has been a lot of news emerging from Caracas. The law will allow changes to the ownership of joint ventures between state oil company PDVSA and private companies but does not say what percentage of participation PDVSA would have in future joint ventures. Delcy Rodríguez the country’s Vicepresident described the new legislation as a “legal tool aimed to offer "new ways" to partner with international investors by "providing special forms of information protection, to protect those who come to invest in Venezuela, to protect their investment, their assets." The Vice President continued, The government now plans to unveil a "basket of projects" for foreign investors in such areas as oil, gas, mining, agriculture, tourism and "all areas where Venezuela has great potential to generate large-scale investment," said Rodríguez. Although the legality of the law has been contested by the public opinion and legal experts, it is clear that the Maduro regime keeps looking for alternatives to jump start the economy by going against their own restrictive economic policies and recognizing the necessity to allow private capital to run the key industries in the country. (Reuters)

FITCH: "MORE THAN HALF OF LATAM SOVEREIGN RATINGS ARE ON NEGATIVE OUTLOOK"

This week Fitch Ratings released their 4Q Latin American Sovereign credit report. The research revealed slightly more than half of Fitch Latin American sovereign ratings are on Negative Outlook due to the impact of coronavirus, up from 37% six months ago. The ratings agency expects uneven economic recovery prospects in 2021 and the pandemic's lasting effect on public finances along with uncertain consolidation prospects to continue to challenge sovereign credit profiles in the region.

The shock to growth and fiscal deterioration stemming from the pandemic continued to drive negative rating actions since Fitch's previous published overview on 6 April. In that time, Argentina, Ecuador and Suriname defaulted, and four other sovereigns were downgraded, including Mexico. The Outlooks of another four (including Brazil) were also guided downwards to Negative. Most of these actions were in 2Q20. There have been no Positive Outlooks in the region since Jamaica's Outlook was upgraded to Stable on 10 April.

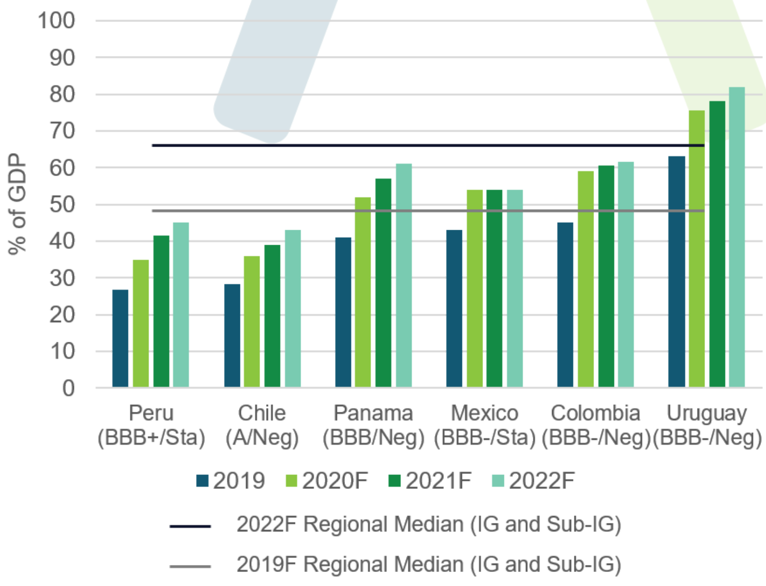
Fitch forecasts a regional GDP contraction of 8.2% in 2020 before growth returns next year, with a 4.1% expansion. However, the strength of the recovery will vary and risks are tilted to the downside. Similarly, there are uncertainties around fiscal consolidation, and the crisis will leave a legacy of higher debt. The median general government debt-to-GDP ratio will rise by 13.5pp this year and a further 4.6pp in 2021.

The three sovereigns that restructured their debt were subsequently upgraded from 'RD'. Suriname's 'CC' rating reflects continuing external liquidity constraints and financing difficulties from large government deficits, highlighting debt sustainability risks. Argentina (CCC) still faces deep liquidity and debt sustainability challenges. Ecuador's (B-/Stable) restructuring and new IMF programme should help to overcome a funding squeeze this year. But constraints could re-emerge and the program commitment faces risks given upcoming elections. (Fitch Ratings)

A legacy of higher debt

Latin American sovereigns' general government debt to GDP

Investment-Grade Sovereigns



SOURCE: FITCH RATINGS

DID YOU KNOW?

A DAY LIKE TODAY

IN 1962 CUBAN MISSILE CRISIS BEGINS AS JFK IS SHOWN PHOTOS CONFIRMING THE PRESENCE OF SOVIET MISSILES IN CUBA