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SPECIAL REPORT ON THE COVID-19 SITUATION IN LATINAMERICA AND THE RESPONSE GIVEN BY GOVERNMENTS TO THE FACE THE CRISIS

Argentina has been in quarantine since March 20, except only for esencial activities. In this sense, the country was one of the first to implement restrictions as soon as the local circulation of the Covid-19 was confirmed, favoring health rather than the economy. As of April 10, there were 1,890 infected and 81 deaths.

Fiscal policy response

The situation of the Argentine economy was very difficult before the pandemic: two years of rate instability, inflation in the area of 50% annual and recession. Also, the public sector was renegotiating the debt to avoid a default. Therefore, the space to implement expansive policies is limited. Due to these circumstances, the following fiscal measures were announced:

	In millions (ARS)	In millions (USD)	In % GDP
Total fiscal policies	**281,400**	**4335**	**1.13%**
Measures focus on demand	179,400	2764	0.72%
Measures focus on supply	102,000	1571	0.41%

Source: Ecolatina based on Ministry of Economy

Product of the increase in the recession that will hit the tax collection, we forecast that the primary deficit will reach 2.5% of GDP, increasing by 2 p.p. compared to 2019, when it reached -0.4% of GDP.

Monetary policy response

Before the Covid-19, arrears of the private sector were at record levels compared to the last decade. Also, the irregularity rate of businesses had increased, jumping from 3.1% in January 2019 to 7.8% in January 2020. Therefore, the objective of monetary policy is to avoid the breakdown in the local chain of payments.

In this sense, the government announced a credit program for working capital (payment of wages, cancellation of debts with suppliers) at a subsidized rate of 24% annual, significantly below the market inflation forecast (41% for the next 12 months). Due to the delicate inflationary situation and a depressed demand for local currency, this program will not be financed by currency issuance, it will be financed with the release of reserve requirements from commercial banks.

It is worth recalling that one third of the economy is informal and it is the sector that is suffering the most with the quarantine. The credit program is oriented to formal businesses. Therefore, although the program can help eliminate the effects of the crisis on the aggregate, it would not mitigate it in the vulnerable sectors.

Response in other policies (labor market and social policies)

The social situation was delicate before the pandemic: poverty was in the 35% zone and informal workers border 40%. In this sense, the government announced a bonus of ARS 3,000 for beneficiaries of the Universal Child Allowance and pensioners who earn the minimum, an Emergency Family Income of ARS 10,000 was created for informal workers and payment of employer contributions was canceled for affected businesses. Also, unemployment insurance was strengthened, dismissals were prohibited for 60 days and the National State will pay part of the salaries to SMEs. Even though all the measures implemented will help to mitigate the impact of Covid-19, the impact on the social front will be equally hard.

After 31 days since the first two COVID19 cases were reported, today the country has 268 confirmed cases, 19 deaths and 2 recovered. To date the virus has spread to 8 out of 9 departments of the country, in which Santa Cruz has 49% of the cases followed by La Paz and Cochabamba with 21% and 18% respectively. The only department with no reported cases is Beni.

The government has restricted gradually inhabitant's mobility, suspended massive activities, reduced working hours, closed borders and banned interdepartmental travel. It also suspended public and private activities with exceptions and restricted the movement of citizens.

Fiscal policy:

- Business Income Tax of April deferral: The tax will be deferred to May and in installments, this with the aim of generating liquidity to companies (1.3% of GDP)
- Family Bonus: Payment of 500 bolivianos (USD 72) to each elementary school child in order to care for those children who do not receive the school breakfast. The measure would benefit 1.5 million children (0.3% of GDP).
- Basic Utilities payment: The government will pay 50% of the water bill from April to June and 150 bolivianos (USD 22) of electricity. The measure will benefit 2.5 million families (0.1% of GDP).
- Food Basket to families: 400 bolivianos (USD 57) will be awarded to lower-income households without work to mitigate food needs of 1.6 million households (0.1% of GDP).

Monetary policy:

- Purchase of General Treasury bonds from Pension Fund Administrators in order to increase banking liquidity up to 50%. The amount injected was Bs3.476 million (USD499 million) or 1.3% of GDP
- Health Emergency Loan of Bs7 billion (USD1 billion) to the executive branch, resources that will be used to mitigate the effects of the pandemic.

Financial policy:

- Families and small businesses that have loans will not pay two months of debt capital. Payment would be done at the end of the period, in order to alleviate financial obligations during quarantine.

The first case of covid-19 in Brazil was made official on February 26th. It took the country 16 days to reach the level of 100 infected people. The thousandth case appeared on March, 21th. As a base of comparison, Italy took 25 and 31 days to reach the same marks respectively. The most recent figures shows that Brazil is approaching the mark of twenty thousand cases of coronavirus infection. The mortality rate is around 5.2%. The numbers are inaccurate in view of the relatively low testing, which reinforces the uncertainty in relation to the real challenge for the Brazilian health system. The real challenge is political coordination. There is a dispute between different spheres of government over the magnitude of social isolation measures. The pressure for flexibility is great. In any case, the most populous states in Brazil must remain with restrictions on the free movement of people at least until mid-April.

Fiscal Policy

A considerable part of the effort to minimize the economic effects of the pandemic occurred on the fiscal front. Brazil made the state of public calamity official, which freed public officials from complying with the goals established in the tax liability law. The constitutional court provided legal bases for non-compliance with the primary surplus targets, to minimize the risk of legal uncertainty in measures to expand public spending. In addition, a constitutional amendment must be approved to create a kind of “parallel budget”, to shelter emergency spending, seeking to preserve the fiscal institutions, which contributed to minimize the perception of risk in a moment before the crisis.

The measures, naturally, will represent an increase in the primary deficit for 2020. Trends is expecting more than R $ 350 billion reais, equivalent to almost 5% of GDP. Gross indebtedness should exceed 80% of GDP, signaling the future challenges of rebuilding spending control

Monetary Policy

In light of the adverse effects of the economic pandemic, the Brazilian Central Bank reduced basic interest rates by 50 bps to 3.75% and announced a wide range of measures to increase liquidity in the markets. The assessment is that the problem at the moment is not the cost of money (interest), but availability (liquidity), or what is conducted by the monetary authority or taking aggressive measures on that front. As announced measures to increase the liquidity involved a) mandatory release, b) guaranteed payments, c) committed operations, d) easing of prudential measures related to capital and others, totaling up to now 16.7% of GDP, as mentioned above during a 2008 crisis of 3.5%. The Central Bank has been studying more measures, including, in order to solve problems of pooling liquidity in banks. Part of these resources has not reached the final stage (individuals and legal entities), requiring better targeting of measures.

Other Measures

In general, legislative activity in Brazil is directed towards two main objectives: 1) social protection system 2) reduction of company costs in a period of economic abnormality. Brazil approved an emergency basic income for informal workers and changed the labor legislation, allowing the reduction of the working day, to avoid an increase in unemployment.

Until now, the rate of infection and the number of fatalities caused by covid-19 has been limited in Chile, standing out favorably in the Latin American context. The strategic management of the authority has been adequate, prioritizing mitigating the rate of infections by "mapping" the number of cases in different geographical areas, applying a significant number of daily tests; decree quarantines for the most active areas in terms of the infected and decree a national curfew. Mobilization between different geographical areas has been restricted, as has the arrival of foreigners, while nationals returning from abroad are subject to a mandatory quarantine of 15 days. At the same time, the response capacity of the health system has been reinforced, both in the number of beds available, and in the provision of doctors and supplies, with emphasis on increasing the availability of respirators.

As a result of all of the above, as of April 7, one month and four days after the first infection was detected, a total of 5,116 infected and 43 deaths accumulated, which for now maintains a very contained mortality rate in an international comparison.

The approved economic measures have a fiscal and a monetary component, in addition to specific measures aimed at limiting the impact on the labor market. A special package of Public Expenditure was approved, amounting to US $ 11,750 million (4.7% of GDP) that has several components. On the one hand, monetary handouts were approved for families belonging to the lower-income segments, deferral of tax obligations, advance payment of tax refunds, temporary reduction to 0% of the stamp credit tax, capitalization of US $ 500 million to the State Bank, to increase its credit capacity to small and medium-sized companies, and an extraordinary contribution of US $ 2,000 million to the Unemployment Fund, to support an employment protection program.

The draft Employment Protection Law was approved, which allows companies to suspend the payment of wages for the duration of the crisis, without decoupling the employee, who in that period of time will receive about 70 percent of his salary at charge of the Unemployment Fund.

In the monetary sphere, together with the cut in the monetary policy rate (MPR) to 0.5 percent, the historical minimum level, an important injection of liquidity into the market has been sought through different channels. Liquidity lines were opened so that banks can finance their increases in loans at MPR cost, with a quota that increases for each Bank as their effective loans to the real sector increase. The type of documents and the range of maturities that commercial banks can deliver as collateral to the Central Bank are increased. For its part, together with the Commission for the Financial Market (CMF), the entry into force of the Basel III standard was postponed, and the requirements for the provision of loans by banks were relaxed, allowing the postponement in the payment of fees for various types of financial commitments from companies and individuals.

It is very likely that additional announcements will be made to cover income needs for poorer families, for small and medium-sized enterprises, and, very importantly, to support informal sector workers, who represent about 30 percent of the total, and who cannot access the benefit approved in the Employment Protection Law mentioned above.

As of April 9, 2,223 cases of COVID-19 had been registered in Colombia, of which 69 have been fatalities. Even though this figure corresponds to only 0.14% of the cases registered in the world, the National Government decreed the mandatory quarantine in the entire territory of the country since last Wednesday, March 25 and, although initially it was established that it would extend until Monday April 13, the government confirmed that it will run until April 26 and once it ends, it is expected to continue with intelligent preventive isolation. Although this measure is considered essential to prevent the spread of the virus and protect the health of Colombians, it is also known that it will bring negative effects on the economy, mainly as a consequence of the decrease in private consumption, the reduction on investment and the fall of exports. The situation will affect companies, employment as well as the country's vulnerable population, including informal workers, immigrants and people below the poverty line, which is why the Government has announced fiscal, monetary and social measures to address the crisis.

The Government of President Iván Duque decreed a State of Economic, Social and Ecological Emergency on March 17 of this year and, for the duration of that declaration, it was authorized to carry out the internal and external public credit operations required to finance the budget appropriations of the Nation, as well as adding the sum of 15 billion Colombian pesos, about 4.8% of GDP in 2019, to the country's general budget. These resources come mainly from the Emergency Mitigation Fund and will be used to finance social and business support programs that the government seeks to promote. The budget addition is perceived as a fiscal response from the government to mitigate the effect of COVID-19 on demand, for which it has been proposed that the greatest possible public expenditure be generated, even when this implies the revision of the fiscal rule of the country. This fiscal rule has allowed the government to maintain its deficit at regulated levels and guarantee macroeconomic stability. However, as this is such a deep crisis, it has been proposed to make an exception and promote public spending to help control the impact of the demand brake on the Colombian labor market and the business sector

The Banco de la República's response to COVID-19 has been to increase liquidity in the economy. On the one hand, the maximum terms of liquidity operations with public debt securities were increased from 30 to 90 days, the quota of liquidity operations from public and private debt securities was increased from 20 billion to 23.5 billion of pesos, 400 million dollars were auctioned in 60-day swap operations using international reserves to increase liquidity in dollars, and pension administrators were included as entities that are able to access auctions and windows liquidity with the issuer's public debt, and insurers were allowed to participate in repos auctions with public and private debt securities with the objective of strengthening liquidity in pesos. Along the same lines, last Friday the Central Bank decided to lower the reference interest rate from 4.25% to 3.75%, a decision that was not taken since the first quarter of 2018. Although these measures may generate inflationary pressures The Bank has been emphatic in communicating that it will give priority to policies that favor demand, even though this implies that inflation this year is slightly above the target range of 4%.

Other measures that the national government has carried out, no less important than the previous ones, are related to assistance to the vulnerable population and to micro-enterprises. Some are: unconditional cash transfers, VAT compensation to low-income population, deferred payment of household public resources, and regulation of family basket prices. Finally, thinking about micro-enterprises and seeking to reduce the impact on employment, through the National Guarantee Fund credit resources will be injected into the economy to mitigate liquidity problems and avoid mass layoffs.

As of April 9, Costa Rica confirmed 539 cases of Coronavirus, of which 30 are recovered and 19 are hospitalized, 13 of them are in an intensive care unit (ICU), and 3 people have passed away. As a result of the severe social distancing measures adopted by the Government, in the last week the rate of contagion decreased from 13% to 5% per day. The pandemic has not affected Costa Rica with the same severity as most of the countries; on average, cases requiring hospitalization worldwide reached 20%, but in Costa Rica this number is only 10%.

Government response on fiscal policy.

As for public finances, this crisis is reaching the country at a bad time; For the past two years, Costa Rica has embarked on a process of fiscal consolidation with a reform of new taxes, reduced expenses, and the imposition a fiscal rule. Currently, public debt is close to 60% of GDP, reducing the government's space to carry out expansionary fiscal policy.

That said, in the face of the pandemic, Congress approved a moratorium on the payment of taxes: VAT, income, sales consumption and tariffs, during the months of April, May and June. As a result of this moratorium, the second quarter of 2020 tax collection could decrease by an estimated 1.5% of GDP. To provide the Government with the liquidity to face the health crisis, the Protect Plan was presented, which enables the Government to use resources obtained through multilateral organizations (WB, IDB, CABEI, CAF and AFD), a plan that tops a trillion colones (3% of GDP).

As a consequence, the moratorium of tax payments and the expansion of spending, along with a lower tax collection caused by the fall in economic activity, it is estimated that in 2020 the government's fiscal deficit will exceed 8.0% of GDP, and that public debt will reach 66% of GDP.

Government response on monetary policy.

The Central Bank relaxed its monetary policy; the TPM was reduced by 100 bp. standing at 1.25%, and the rates of permanent credit and deposit facility in the MIL were reduced to 2.00% and 0.01% respectively. The Central Bank's exchange rate policy has remained unchanged, and its intervention in the wholesale market is little. Unlike most Latin American economies, the Colon has appreciated slightly since the pandemic began.

Additionally, the regulator of financial institutions has extended the term and the amounts at which loans can be renegotiated without affecting the risk rating of the agents. As for commercial banking, the Central Government has instructed public banks and asked private banks to grant three-month moratoriums on their loans.

Government response in other policies (labor market, external sector and social policies).

In the labor market, the possibility was extended to employers to partially suspend the contract with their workers in the event of having suffered significant falls in their income. In addition, the minimum contributory salary for the payment of social security contributions was decreased by 75%, for companies that report low wages for the payment of partial days; this to encourage companies to reduce working hours instead of incurring layoffs.

Finally, the Government announced that, for three months, it will give a monthly subsidy of 200,000 colones ($ 350) to 350,000 families affected in the labor sphere by this economic contraction. Likewise, the Government mentioned the possibility of collecting a solidarity tax from wages above one million colones ($ 1750) with a rate of 10% on the excess.

Ecuador in a very vulnerable situation

The global crisis triggered by the Coronavirus finds Ecuador in a particular vulnerable position. The country is not only the Latin-American nation with highest number of contagions and deaths in relation to the size of its population, with health and funeral services that do not cope with the increasing demand, especially in Guayaquil; but also has a complicated economic panorama. Indeed, economic activity already faced severe fiscal and external imbalances, even before the measures implemented by the Government and several of its commercial partners, to halt the virus propagation, paralyzed the economy. The oil price plummet, that reached half of the value projected in the National Budget for 2020, produces a severe reduction in fiscal revenues. Moreover, there is also an impact in tax collections which are directly affected by the economic shutdown in numerous activities and a contraction in private consumption. Therefore, the fiscal deficit, which was close to 4% of GDP, could double as a result of the plunge in revenues. This scenario reveals further limitations associated to an absence of fiscal savings and a country risk level (during April it has floated around 4500 basic points after reaching a peak of 6000 in late March) that rules out any possibility for issuing bonds. Consequently, these elements prevent Ecuador to carry on fiscal stimulus as the ones that other countries have been applying to contain the global crisis effects. Any monetary policy options are also discarded due to dollarization.

Amid this context, the policies taken by the Government have been somewhat limited, even though a new package of more integral measures is expected in the next few days. In order to protect vulnerable sectors, the Government implemented a direct contingent transfer that will benefit 400,000 persons that currently are not beneficiaries of the Human Development Bond nor other direct subsidies. This new monthly transfer would be in force during April and May and will amount $60 per beneficiary. On the other hand, in order to support firms, tax and basic services payments have been deferred. Furthermore, payments facilities have been approved to help public banking debtors, an effort that has been complemented by the financial private sector with a disposition to defer payments to those who will not able to cover their obligations.

According to authorities, multilateral institutions have approved additional disbursements for the country that will amount $710 million in order to face the emergency. Although it is worth mentioning that the external financial needs, both for fiscal and balance of payments purposes, are higher that this quantity (it is estimated that Ecuador requires a figure close to $5000 million). Although the Government made a $325 million principal payment on its 2020 bond due on March, another decision that resulted from the Coronavirus emergency, was the use of a 30-grace period on the interest payment for some sovereign bonds and the subsequent request for a deferral of those payments until August. If the creditors accept this deferral, the Government could jointly direct those resources to serve the sanitary emergency and to cover other priority expenses, and also renegotiate with creditors without officially defaulting on its external debt.

Actions against COVID-19

As of April 5, 2020, 2,143 confirmed cases and 94 deaths from COVID-19 have been reported in Mexico. The first case occurred towards the end of February, for 27 days the cases were considered to be imported only, until March 23, when it was announced that there were already community cases, so phase 2 of epidemiological contingency was declared, in line with the World Health Organization criteria. According to the Mexican authorities. Phase 3 is expected to be reached within 2 to 3 weeks, where a high number of community outbreaks are observed. The daily official information on the evolution of the pandemic can be found on the page: https://coronavirus.gob.mx/

It is still complicated to have an approximation of the economic impacts of this health crisis, to which the effects of the fall in the international oil price will have to be added, consider that it was budgeted that about one-fifth of public sector revenues would come from the sale of oil at a price of more than US$40 per barrel; however, during March the price of the Mexican mix reached about 10 dollars per barrel. At the close of the edition of this document, the price has shown a recovery at a rate of $20 per barrel. In Consultores Internacionales, S.C.® we estimate a GDP drop of at least 4.2% and a job loss of around 300,000, at best.

On April 5, President López Obrador presented his Quarterly Report, which was expected to present a plan for economic recovery; however, the announcement was focused mainly on the social sector, with support to vulnerable groups and on supporting his commitment to the infrastructure projects he has promoted since his campaign, the construction of Felipe Angeles airport, the rehabilitation of 6 refineries, the construction of one more in Dos Bocas, Tabasco, the modernization and expansion of the Itsmo Railway and the Construction of the Maya Train, both projects in the southeast area of Mexico. He made it clear that he would not seek in principle to increase public debt.

The event was poorly received by economic operators (domestic and foreign) as no support was presented to companies and to the protection of employment of any kind, financial, fiscal or loan support programs. The plan and measures presented are considered inadequate and this will deepen the adverse effects of the pandemic.

As far as monetary policy is concerned, the Bank of Mexico has noted that the best policy for paying attention to the economic and health crisis is fiscal. However, on March 20, the decision was made to lower the target interest rate to a day, by 50 basis points, to reach 6.5%. In parallel, the Central Bank, in coordination with the U.S. Federal Reserve, has established a swap mechanism of up to $60 billion, with the aim of supporting the provision of U.S. dollar liquidity in the domestic interbank market and of course keeping the exchange rate as stable as possible.

As mentioned earlier, there have been some actions in social matters. As far as health is concerned, since 23 March, the National Day of Healthy Distance was implemented, basically a series of non-pharmaceutical measures based on social estrangement to mitigate the effects of the pandemic. In addition, the investment of 40 billion pesos (something like US$1.6 billion to US$1.7 billion) has been announced to the public health sector and the increase of intensive care beds through the inclusion of the Navy and the Army. In terms of care for vulnerable groups, microcredits have been offered to small family businesses and financial support has been offered, mainly transfers, which will reach 22 million people at the end of the year.

Current context: The first COVID-19 case in the country was announced on March 7th. Until April 9th, there are already 129 cases, of which 6 people have passed away. Sample processing capacity to detect this disease has increased from about 80 to 200. This element, together with the low hospital capacity of the health system, 700 intensive care beds, of which a significant percentage are occupied, due, among other factors, to the saturation due to an outbreak of dengue, led the National Government, on March 10th, to ban mass agglomeration events and suspend school activities, both for 15 days. Currently, the country is in lockdown with total isolation throughout the national territory until April 19th.

Monetary policy: The Central Bank reduced the monetary policy rate from 4% to 2.25% and, in order to inject more liquidity into the market, it authorized the use of up to 2% of the legal reserve for foreign currency deposits of 2 to 360 days; it reduced the reserve requirement rate from 24% to 18% for deposits in domestic currency on demand and with terms from 2 to 360 days, and established 0% for periods greater than 361 days.

Regarding the credit quality of individuals and companies, it will not be affected if they agree to renewals, refinancing or restructuring, since their income was impacted by the pandemic. In addition, new credits granted from March 16th to June 30th, 2020, either through open lines of credit and / or term loans, will be exempt from the obligation to make provisions, for a period of up to (18) months. On the other hand, they extended the terms for the real estate sale received by financial companies as payment, to avoid downward pressure on their price.

Fiscal policy: In the framework of the state of emergency declaration, the Congress authorized the Executive Power to implement exceptional measures, among others, in the budgetary and fiscal sphere. Loans for USD 1,600 million (approximately 4.0% of GDP) may be contracted, and an extension was established on the due dates for the settlement and payment of taxes.

Although the liquidity provision of the BCP is a necessary condition for credit to flow in the economy, it is not sufficient, since the risk that the operation represents for the financial system must be reduced. For the last item, a Guarantee Fund was created for MSMEs, with a view to covering the guarantee and / or re-guarantees of eventual renegotiations of credit operations.

Social policy and other areas: Other measures taken include the deferral in the payment of electricity services (exemption for users with a monthly consumption of 0 to 500 kWh); telephone and water. For the latter, a discount of up to 100% is established for MSMEs and vulnerable sectors.

To safeguard the income of workers in an informal situation, the Executive Power will grant a subsidy of 25% of the Legal Minimum Wage in force. This benefit can be accessed twice for the same amount. For this, a Social Fund will be created and payment will be made through banks; financial and / or electronic wallets. It was also announced that non-compliance in rent payments will not be grounds for eviction until June of this year, if the payment of at least 40% of the monthly rental value is made. Prorated debts must be paid within a maximum period of 6 months.

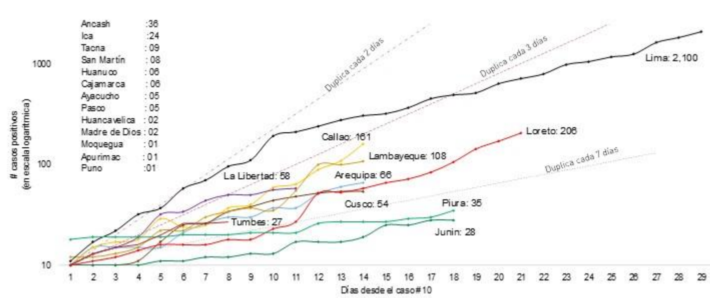
Peru: between quarantine and the economic policy response

After 23 days of quarantine in Peru, it seems likely that it will last at least another seven days. In addition, is expected that the important economic stimulus package promoted will be recalibrated to optimally support companies and reduce job loss. The first confirmed case of covid-19 was announced on March 6. Nine days later, on Sunday, March 15, the President of the Republic, Martín Vizcarra, decreed a state of emergency with mandatory social isolation (euphemism for quarantine) between the 16th and 30th of that month, that was postponed until April 12, taking into account that the epidemiological curve would take longer than expected to flatten. In fact, for this same reason, the state of emergency was postponed for another 14 days, which would reach 42 days. Furthermore, a slow reopening of economic activities is expected in the following weeks.

Despite the fact that the Peruvian government's response was relatively fast, the measures have not been entirely successful in some regions, particularly those in the north and east of the country, where the number of cases has grown rapidly (see figure 1). Hence, the curfew has tightened in these areas and it has been arranged, nationally, that nobody will be able to leave their homes on Thursday and Friday of Easter.

The economic measures linked to situations such as these can be grouped into three: i) measures to support the health sector while the emergency lasts, ii) measures to financially support families (since many have seen their incomes significantly decrease), and iii) measures to reactive the economy. Within the first group, the State has invested significant sums of money to increase the response capacity of the health sector, such as the preparation of hospitals, purchase of tests for Covid-19 (around S/ 100 million or US$ 29 million), purchase medical supplies, production of artificial respirators, etc. Within the second group, the government is providing monetary support for S/ 380 (US$ 112) every 15 days to around 3.5 million households, has suspended the payment of AFP during the month of April, has authorized the withdrawal of up to S/ 2,400 (US $ 706) of the CTS (compensation for time of services, a saving that acts as unemployment insurance for formal workers), the postponement of the tax return and payment of public services and will subsidize the 35 % of companies' payroll for workers earning less than S/ 1,500 (US$ 441). The latter measure aims to try to prevent firms from laying off workers. However, with significant drops in output expected for March and April, the number of employees could drop more than 15%.

Figure 1. **Epidemiological curves by region** (Number of cases)



Source: Minsa. Prepared by: Macroconsult.

Regarding the economic reactivation measures, comings and goings have been observed that have generated concern. As a backdrop, we must consider that Peru has a fiscal reserve of around 14% of GDP and a public debt of just 27%, one of the lowest in the region and in the emerging world. In line with this, the Ministry of Economy and Finance (MEF) announced a fiscal stimulus package of 12% of GDP, which included transfers of funds from the Central Reserve Bank of Peru (BCRP) to commercial banks, via repos, for the assignment of loans to companies, backed by the MEF. This package gave reassurance to the private sector by showing the degree of commitment of the economic authorities.

However, the details of the loan program were published on Monday, April 6 and do not seem to be in the right line since the conditions and the amount limits do not respond to the magnitude of the crisis we are experiencing. We hope that in the next few days the MEF will recalibrate the parameters.

Since March 13, Uruguay has been under a state of national sanitary emergency declared by the Executive Power as a consequence of the pandemic caused by the COVID-19 virus. All public events have been suspended, public and private thermal tourist centers have been closed and people have been requested to stay at home. Those who have caught the virus, have the symptoms or have been in direct contact with confirmed cases of COVID-19, or those coming from "high risk areas"[1] must remain isolated for 14 days. The request gradually increased to reduce commercial / productive and social / recreational activities and in some cases to restrict them, which has implied a remarkable reduction in the economic activity in general. In some cases (Hotels and Restaurants, Retail Stores, and Shopping Centers, among many others), establishments have shut down and sent workers to the State Unemployment Insurance or have encouraged workers to take their holidays and use their legal paid leave. Education, at all levels, is operating online behind closed doors. Government offices have restricted staff to minimal tasks and their employees have either taken their paid leave or started to work remotely.

As a way of addressing the health emergency and its effects on companies and families, the Government has implemented fiscal, monetary and social measures that were case specific at first, and then general through the creation of the "Coronavirus Fund" - created by mandatory wage and salary contributions from political posts and public servants -.

Tax measures included the deferral of the payment of some taxes for micro companies and some taxes for companies and families, as well as the postponement of credit maturities of some state funds, and the extension of the payment of contributions to Social Security for small companies and sole proprietorships.

In an effort to provide the financial market with liquidity and maintain the chain of payments, it was decided to extend the credit guarantee fund so that financial institutions can grant loans and the state bank, Banco de la República, can extend credit lines under favorable conditions, as well as to empower financial intermediation institutions to extend credit maturities or credit payments due between March and August 2020 for 180 days. The minimum reserve requirements in national currency and indexed units[2] that banks maintain with the Central Bank were also temporarily reduced so as to stimulate credit.

In the social and labor sphere, it was decided to allow greater flexibility to the State Unemployment Insurance so it can be claimed for periods of less than 30 days, and to give an extraordinary vacation period to workers in the Construction sector, as well as to extend the food and monetary assistance to the most vulnerable sectors of the population.

[1] Germany, South Korea, China, Spain, France, Japan, Iran, Italy, or Singapore.

[2] An account unit adjusted by inflation.

Venezuela's official response to the COVID-19 pandemic.

To this date, Venezuela reports a total of 171 official cases and 9 deaths from COVID-19. Nonetheless, although its contagion rate is notably inferior compared to other countries from the region, the local market has been exposed to effects from the pandemic since the beginning of 2020, with the strong decrease in global oil prices after the trade restrictions imposed by China through its contention policies and the price war, started after the OPEC+ group failed to reach a production agreement.

There was no official response until March 13, with the start of a thirty (30)-day national quarantine, which could be extended for the same period of time (if necessary)[3]. For the exemption of health services, local face-to-face activities (including education) were restricted exclusively to the sale of goods and services that do not imply a big conglomeration of people[4]. In the following days, the Government announced various guidelines intended for those economic sectors directly involved with the quarantine.

Real sector:

Prohibition on the suspension of telecommunications services because of unpaid or delayed payments for a period of six (6) months. This includes the suspension of rent collection for shops and "main homes".

The extension of the firing freeze decree until December 31.

The gasoline rationing policies for vehicles were officialized at a national level, with exceptions for essential workers and merchandise and medical services. Before the pandemic, the local supply of gasoline was affected by the operative deficiencies of the local oil industry and the impact of the United Sates sanctions on oil derivatives imports.

Fiscal area:

- The exoneration of income tax payments was ordered for agents with monthly wages lower than three minimum wages to the close of 2019 (approximately, wages below USD 10.0).
- The Executive will take care of 100% of the wages and salaries payments to employees of the micro-business sector through the system employed by the government for direct money transfers ("Sistema Patria"), during the next six (6) months.
- Payment of direct "especial" bonuses, through the same platform, directed towards employees of the informal sector. According to information of the Executive branch, the transfers will be given to a total of four (4) million independent employees.

Monetary and financial sector:

- It was eliminated domestic banking weekly marginal legal reserve requirement. Hence, legal reserves demand was unified in a single coefficient, equal to 93% of banking liabilities (mostly deposits) captured by local banks every week. Also, it was applied initial discount over such legal reserves, for almost USD 216 MM.
- By regulators' decision, banks should prioritize credit supply to firms and services operating on domestic agricultural and food sector, as well as pharmaceutical industry, and to the production of health/personal care outputs employed on diminish COVID-19 local propagation.
- Banking debtors were authorized to request changes on their credit repayments' plans for a period no larger than six (6) months, and for such loans given until March 13th (for both, principal and interest payoffs). This measure excludes consumption credit (by credit cards and/or personal credit lines). Also, it was suspended any changes on credit-risk scoring linked to these operations, for the next thirty (30) days.

[3] The Health State of Emergency and the social distancing policies were started in the capital region, which were then nationally extended in March 23 after an increase in reported cases.

[4] Since April 7, the Ministry of Education issued a decree definitely suspending face-to-face school activities, migrating to a "from a distance" education scheme.