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## Latam Daily: Mexico Bi-Weekly CPI, Colombia Senate Approves Pension Reform

Overnight and early-Europe trading has global rates continuing the reversal of Tuesday's US PMIs rally with broad based losses across the curve and an underperformance of the belly. G10 markets await Canadian Feb/Mar retail sales and US Mar durable goods data at 8.30ET and the UST's USD70bn 5s auction 13ET. Headlines on BoJ/JPY policy (whether official or anonymous reports) risk sharp moves in markets, too, as the USDJPY nearing 155 yen makes officials and traders anxious ahead of the BoJ's decision on Friday.

The risk mood in so-so shape today as US equity futures tick higher (supported by Tesla's pledge to roll out cheaper cars), ahead of Ford, IBM, Meta, AT&T, Boeing, and others releasing earnings today. Currencies are generally trading in narrow ranges (the MXN holding just below 17) but with a USD-positive bias in Europe dealing, with crude oil also having a bad run in the European session, on track for a 0.5% drop. A massive 4.7% surge in iron ore prices follows lower production guidance revisions by a key global producer; copper is up 0.7% in sympathy. US yields are 3/4bps higher, with 10s back to pre-PMI levels.

Today's 8ET release of Mexican H1-Apr CPI will be closely watched by local markets to refine Banxico expectations, though we think more data are needed to materially change economists' and the market's forecasts. A May rate pause remains the most likely scenario by a good margin, so today's data is instead a piece of the puzzle for the late-June meeting (with plenty of data and developments until then).

CPI data for the first half of April are expected to show barely any deceleration in core inflation and are even seen ticking higher in headline inflation to leave it around 4.50%. Mexican inflation trends remain ultra-sticky, particularly in core services that are running at an average annualised pace of 5.7% over the past six months (seasonally-adjusted) with no indications of heading lower soon.

Yesterday, Colombia's Senate passed the government's pension reform bill that incorporates a 0.7% management fee for private funds—a proposal included last week but that the proponent tried to eliminate from the final text yesterday. The bill gives the government control of 70% of new contributions with private managers taking the remainder. The proposal now heads to the lower house for debate, possible changed, and eventual approval.

—Juan Manuel Herrera

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