

## Latam Charts: Capital Account Updates

- EM net non-resident portfolio flows remain well below their pre-pandemic numbers. The gap is even bigger when one abstracts net inflows to China from the aggregate EM numbers.
- In Latam, IIF daily estimates imply that Brazil and Colombia have outperformed the rest of EM with nearly complete recoveries in net foreign flows into their fixed-income and equity markets. In contrast, Mexico's net non-resident portfolio flows remain close to their 2020 nadir.

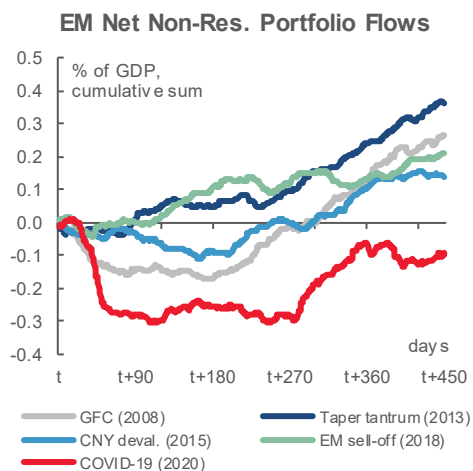
### CAPITAL CONTRASTS

Daily IIF data on net non-resident portfolio flows to emerging markets (EMs) show partial recoveries from their deep pullback during 2020, but cumulative numbers remain well below their pre-pandemic levels (chart 1). Moreover, the return of foreign capital has been even more anaemic when compared with the rebound from past financial crises (chart 1, again). When one removes net inflows to China from the data, the picture looks even softer (chart 2).

Looking specifically at available data on Latam's major markets, investor flight last year from Mexico was amongst the quickest and deepest, and has remained quite persistent, notwithstanding an anomalous jump in the numbers in late-2020 related to rollovers of public-debt instruments.

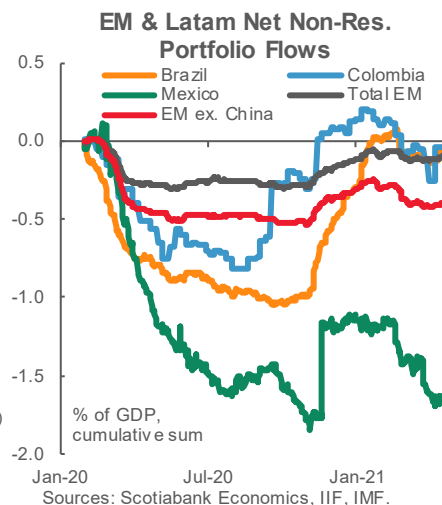
Although Mexico's real interest rates have been amongst the highest in both the Latam and EM spaces over the last year and a half (chart 5, p. 3), this hasn't been enough to compensate for other factors that have weighed on Mexican markets. In contrast, Brazil and Colombia appear to have seen nearly complete reversals of the foreign-capital outflows they experienced last year. High-frequency data on Argentina, Chile, and Peru are not available given the smaller size of their markets.

Chart 1



Sources: Scotiabank Economics, IIF, IMF.

Chart 2



Sources: Scotiabank Economics, IIF, IMF.

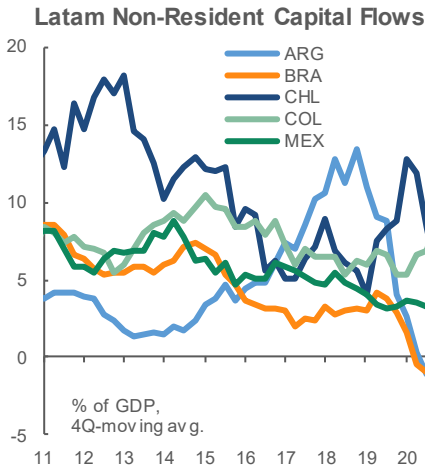
### CONTACTS

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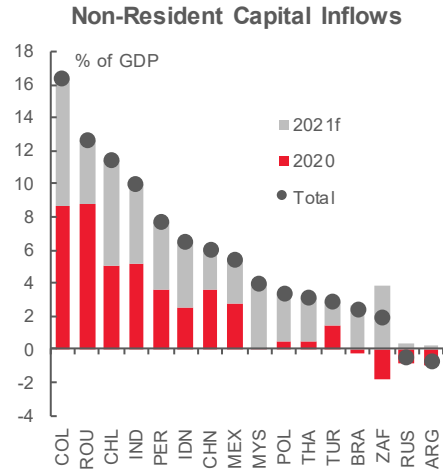
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Chart 3



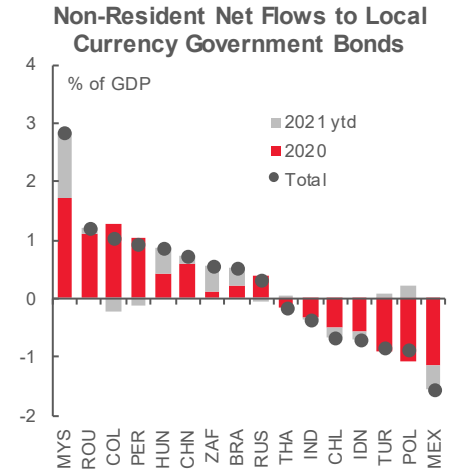
Sources: Scotiabank Economics, Haver Analytics.

Chart 4



Sources: Scotiabank Economics, IIF.

Chart 5



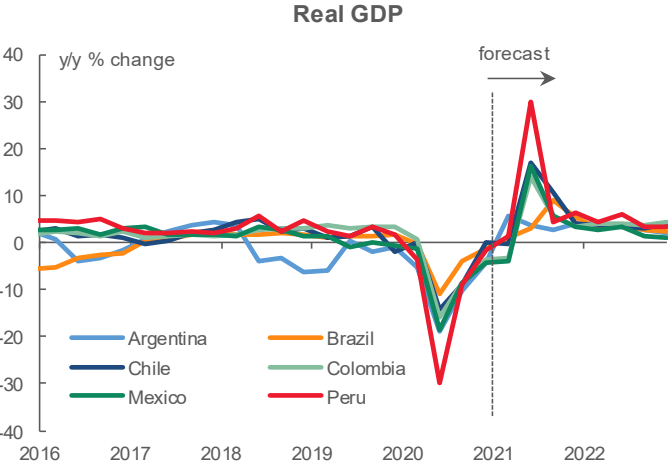
Sources: Scotiabank Economics, IIF.

Quarterly balance-of-payments data capture 2020's outflows (chart 3), but are too lagged to incorporate yet both the rebounds and the extended doldrums reflected in the high-frequency daily estimates.

IIF estimates of total external financial and capital account net flows into EMs rank Colombia, Chile, and Peru amongst the best performing countries during 2020–21 (chart 4). This reflects, in part, the substantial foreign-currency government bond issuance by all three countries and their subsequent uptake by international investors. Net international participation in EM local-currency debt markets in 2021 has been limited so far compared with 2020, where Colombia and Peru both saw substantial inflows from foreign buyers (chart 5). Looking ahead, heavy positioning against Mexico may be set for the most substantial unwind.

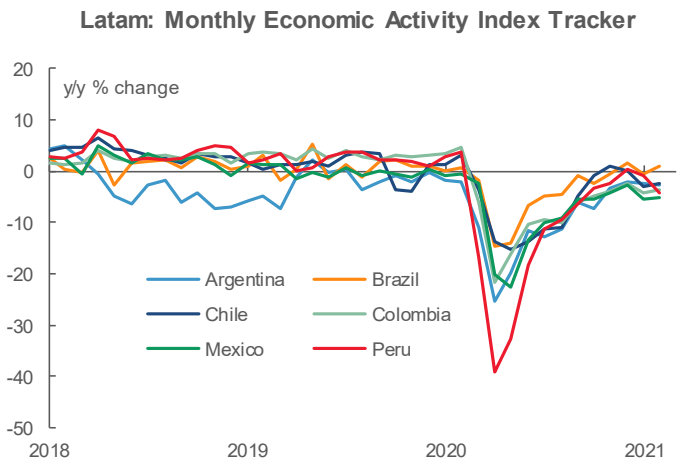
Key Economic Charts

Chart 1



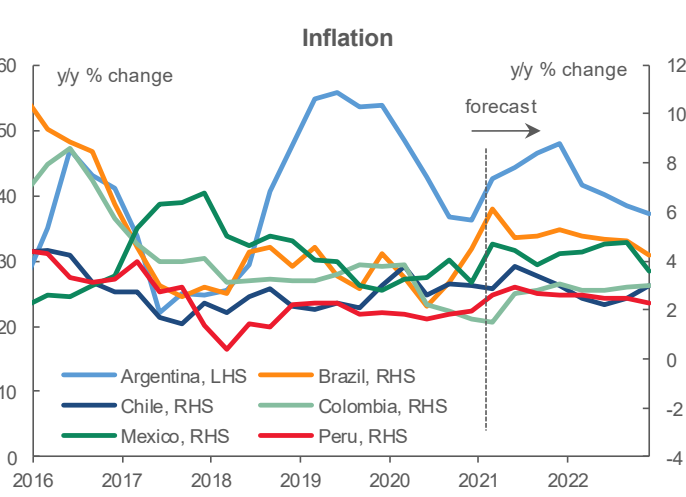
Sources: Scotiabank Economics, Haver Analytics.

Chart 2



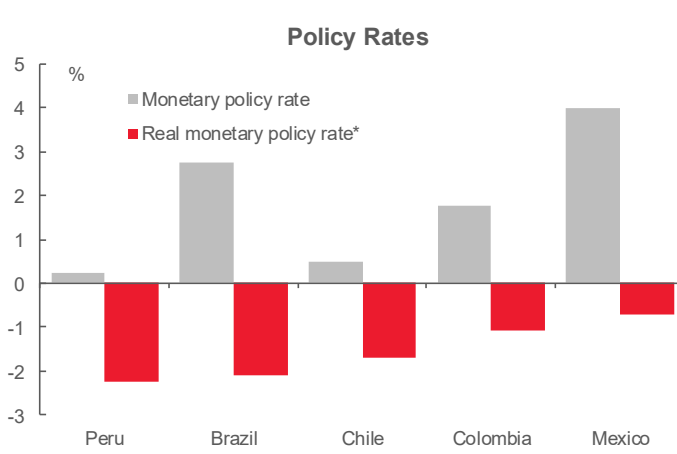
Sources: Scotiabank Economics, Haver Analytics.

Chart 3



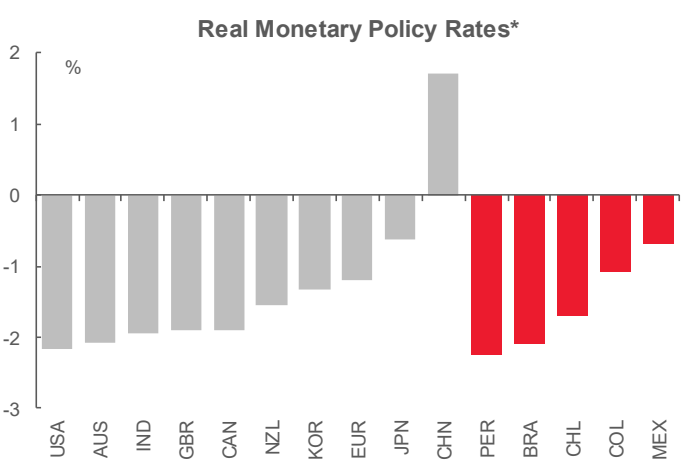
Sources: Scotiabank Economics, Haver Analytics.

Chart 4



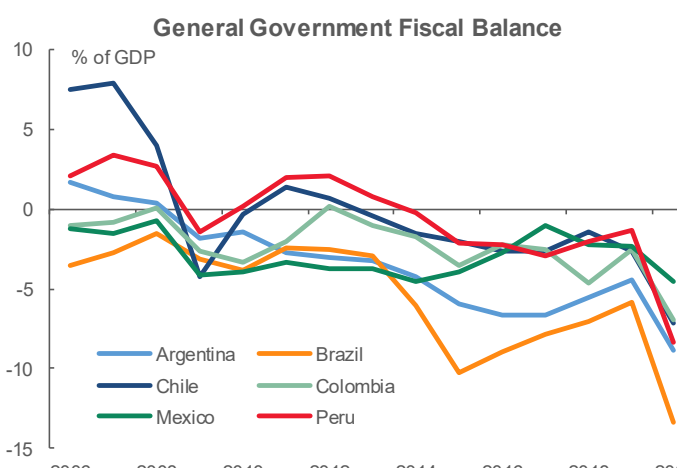
\* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q2-2022, % y/y. Argentina: MPR = 38.0%; Real MPR = -1.5%. Sources: Scotiabank Economics, Haver Analytics.

Chart 5



\* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q2-2022, % y/y. Sources: Scotiabank Economics, Bloomberg.

Chart 6



Sources: Scotiabank Economics, IMF Fiscal Monitor Apr. 2021.

## Key Economic Charts

Chart 7

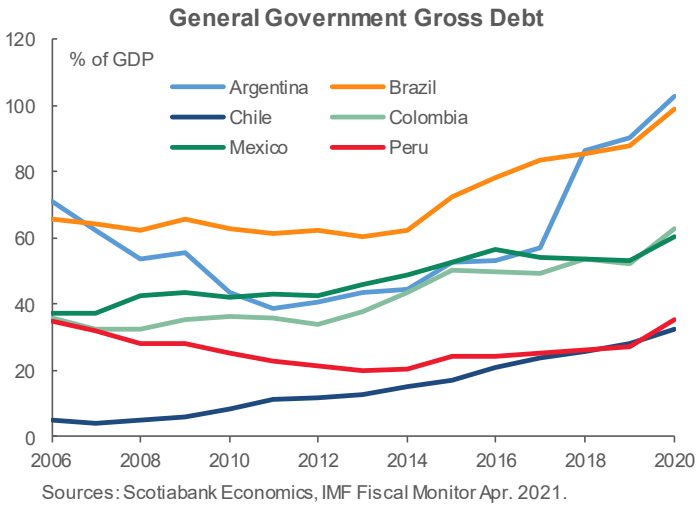


Chart 8

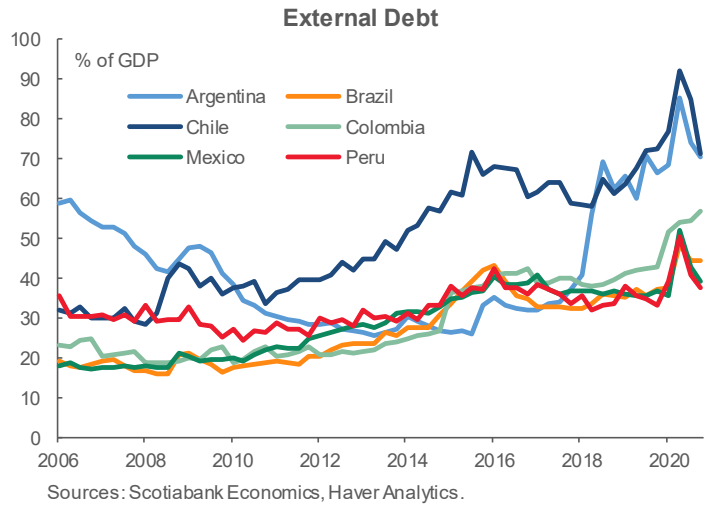


Chart 9

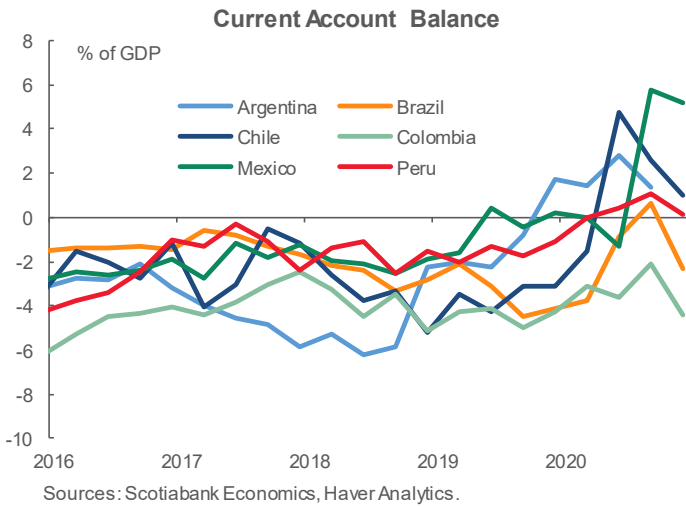
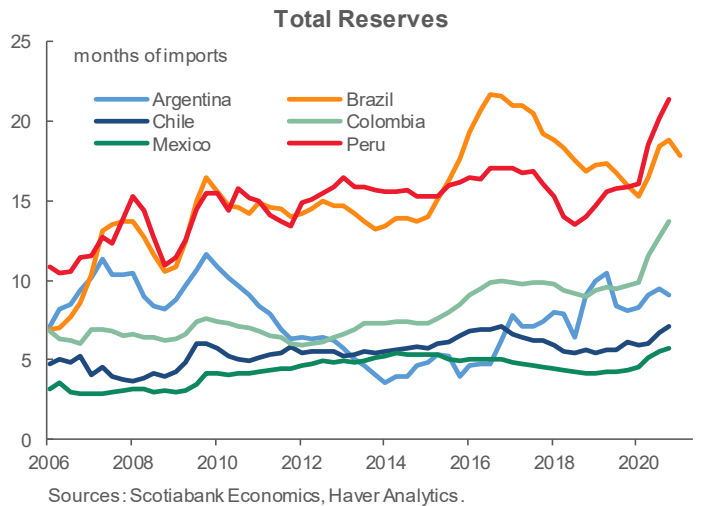


Chart 10



## Key Market Charts

Chart 1

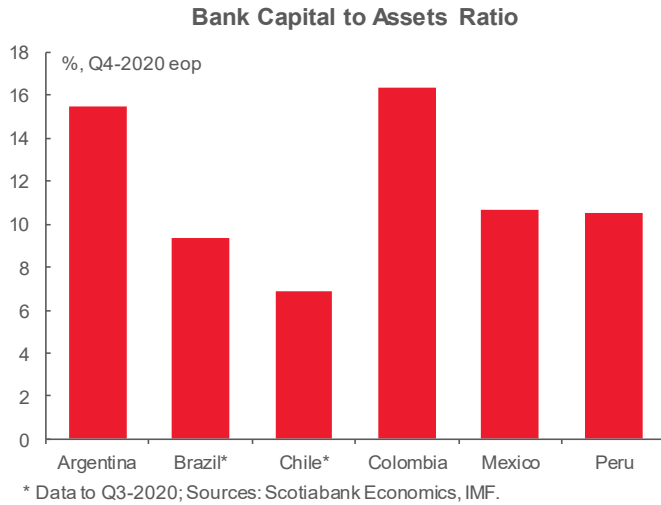


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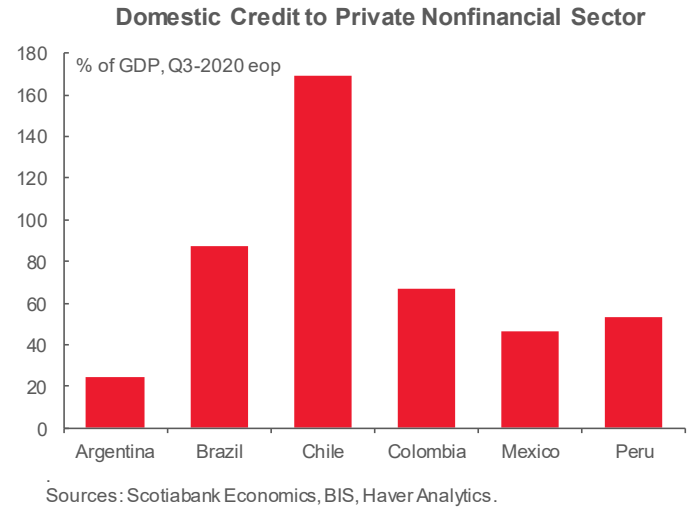


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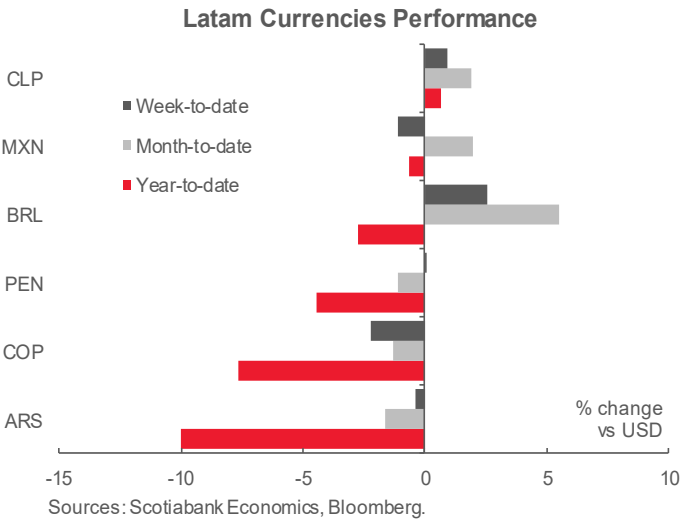


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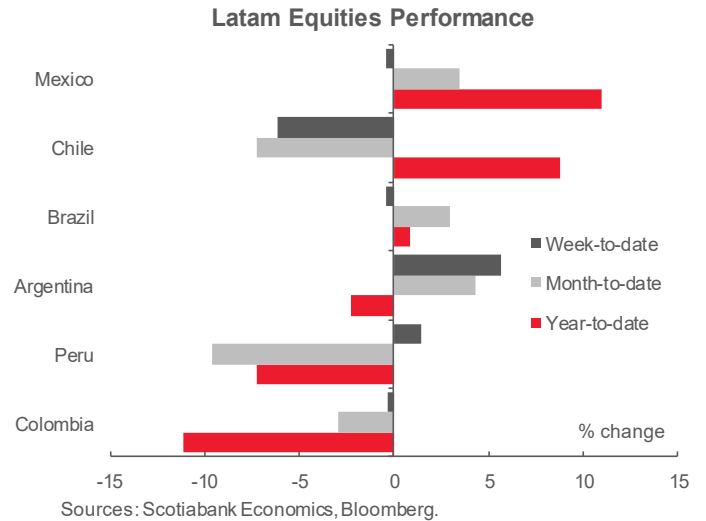


Chart 5

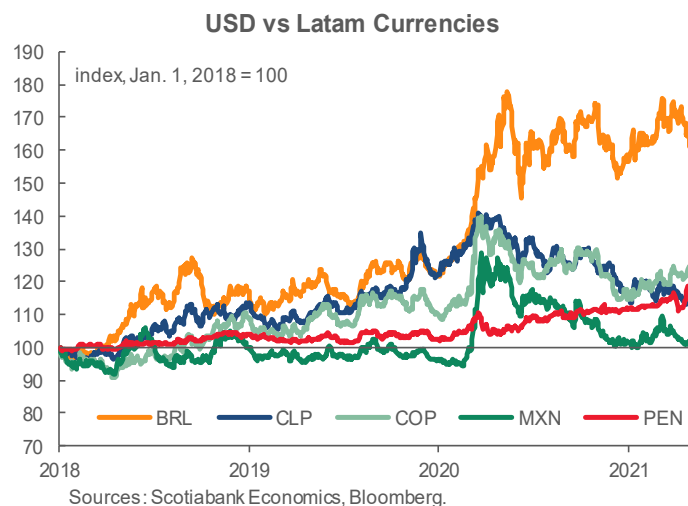
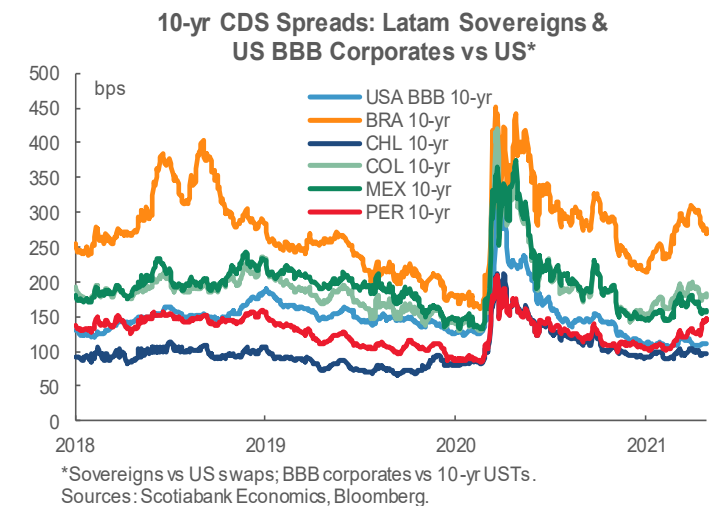
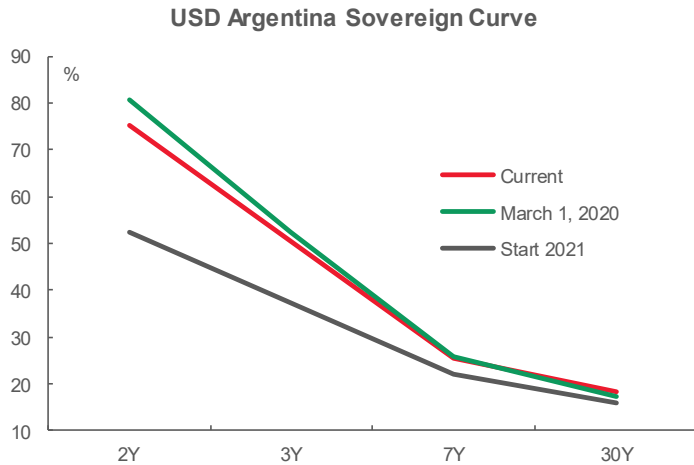


Chart 6



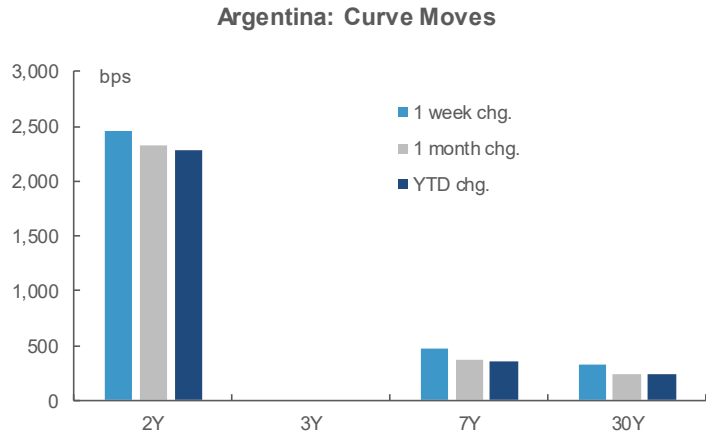
## Yield Curves

Chart 1



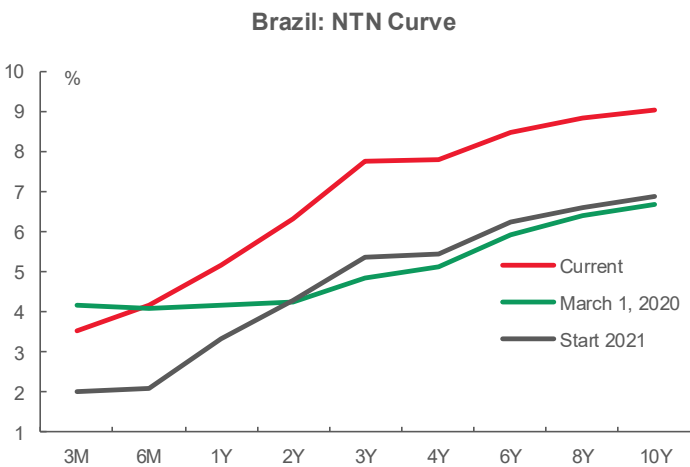
Sources: Scotiabank Economics, Bloomberg.

Chart 2



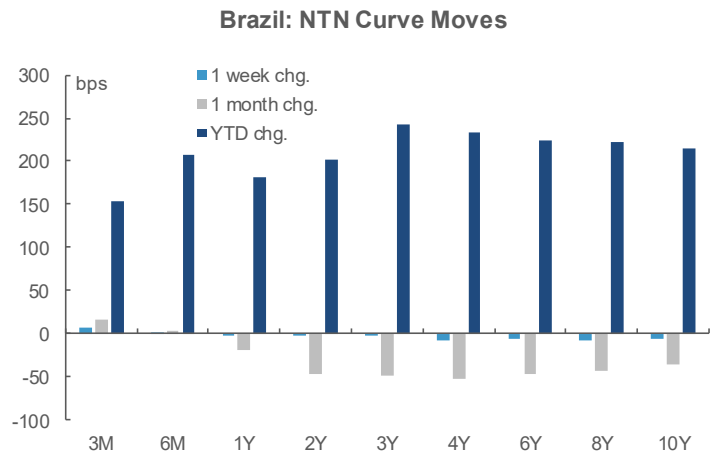
Sources: Scotiabank Economics, Bloomberg.

Chart 3



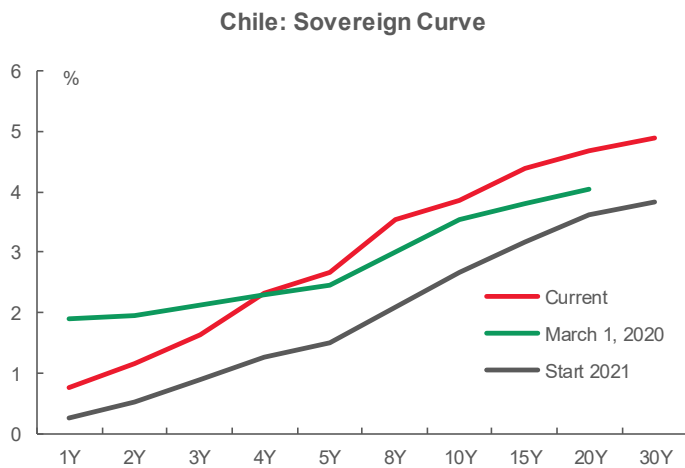
Sources: Scotiabank Economics, Bloomberg.

Chart 4



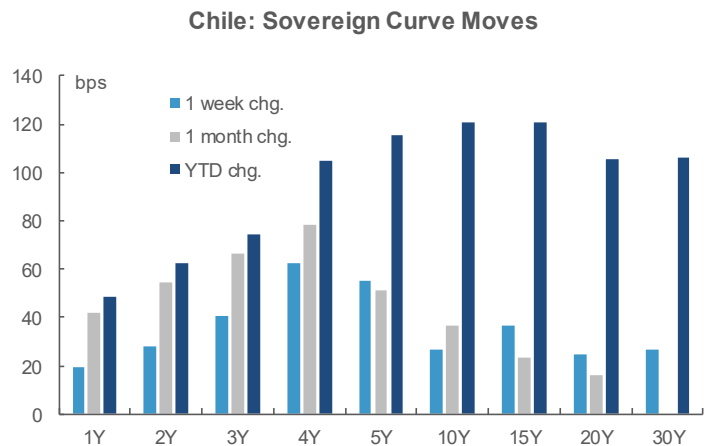
Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

Chart 6

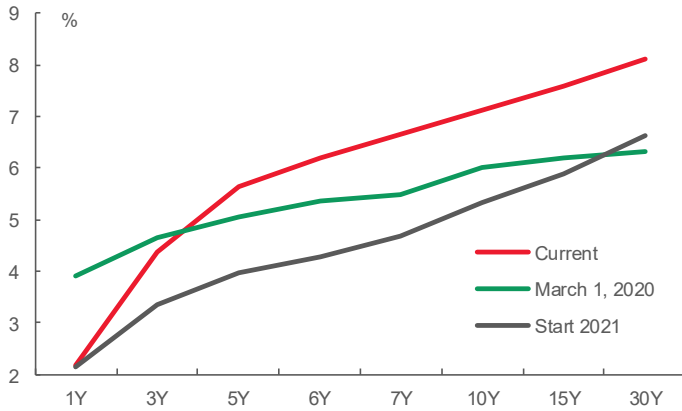


Sources: Scotiabank Economics, Bloomberg.

## Yield Curves

Chart 7

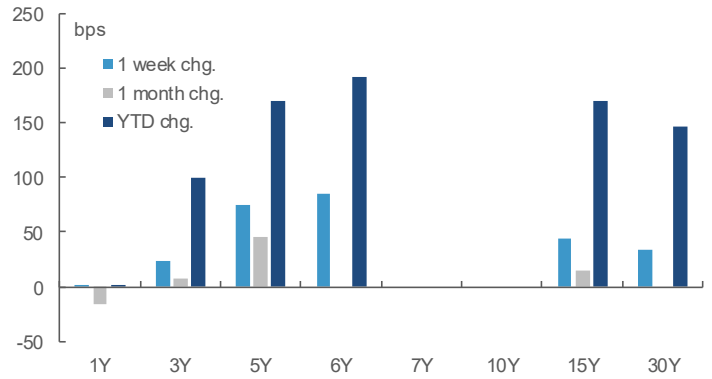
Colombia: Coltes Curve



Sources: Scotiabank Economics, Bloomberg.

Chart 8

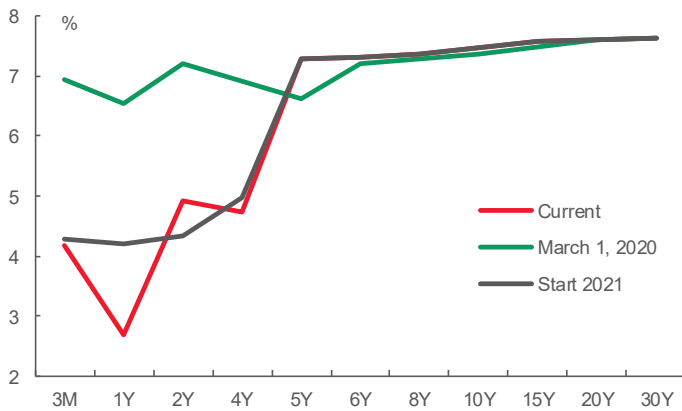
Colombia: Coltes Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 9

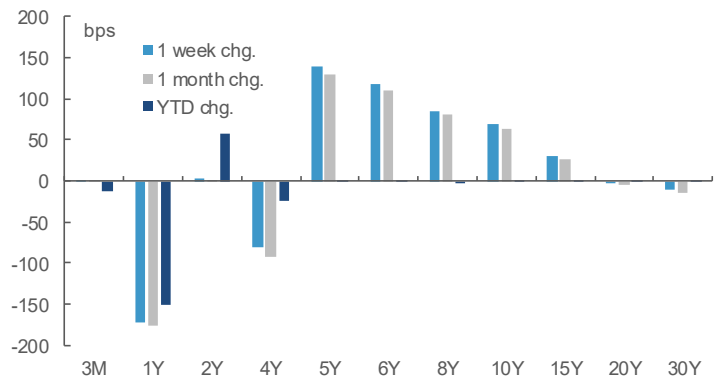
Mexico: M-Bono Curve



Sources: Scotiabank Economics, Bloomberg.

Chart 10

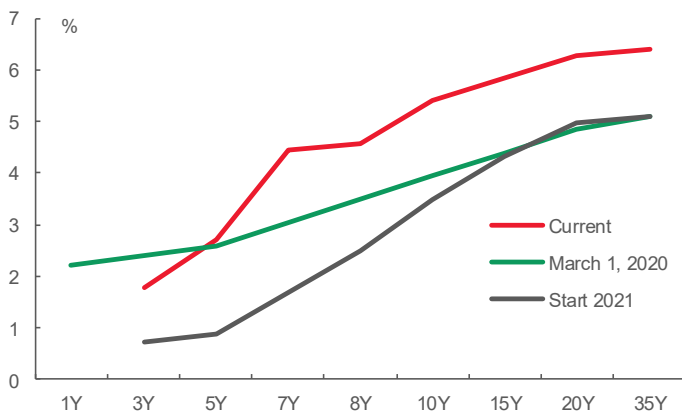
Mexico: M-Bono Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 11

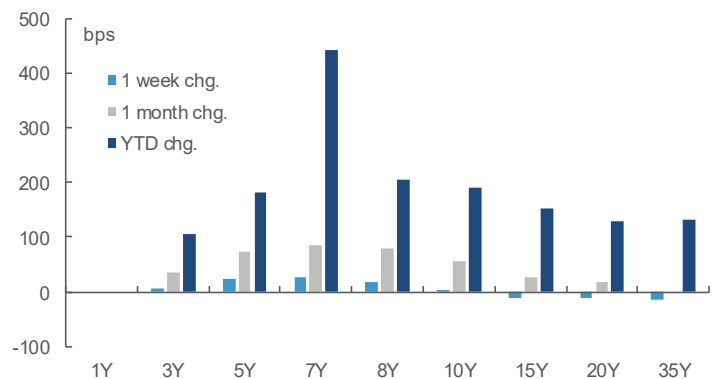
Peru: Sovereign Curve



Sources: Scotiabank Economics, Bloomberg.

Chart 12

Peru: Sovereign Curve Moves



Sources: Scotiabank Economics, Bloomberg.

## Key COVID-19 Charts

Chart 1

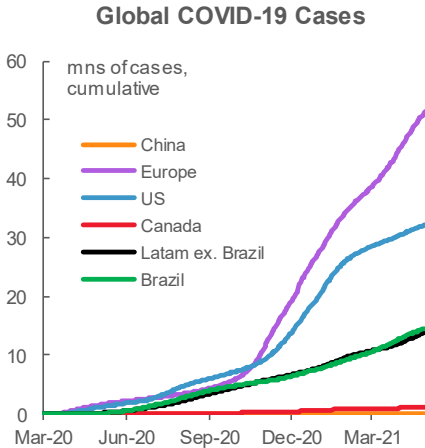


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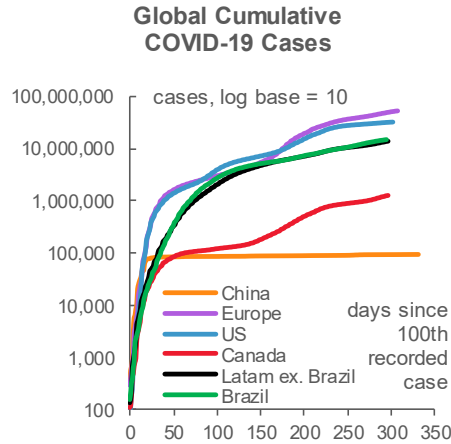


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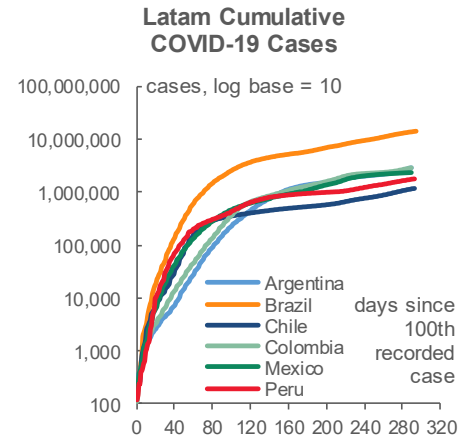


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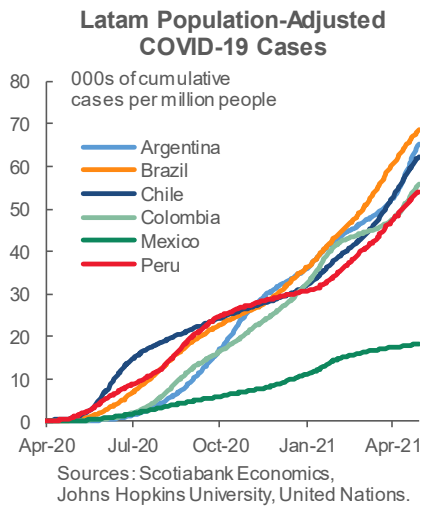


Chart 5

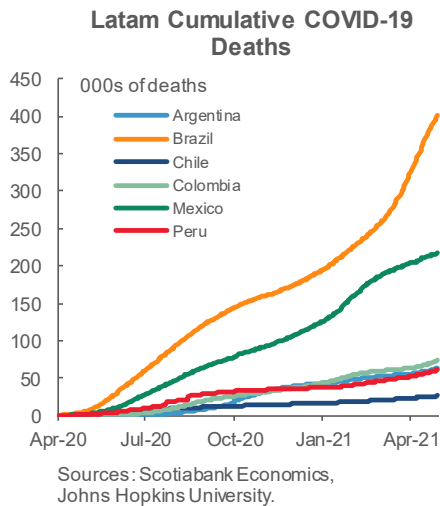


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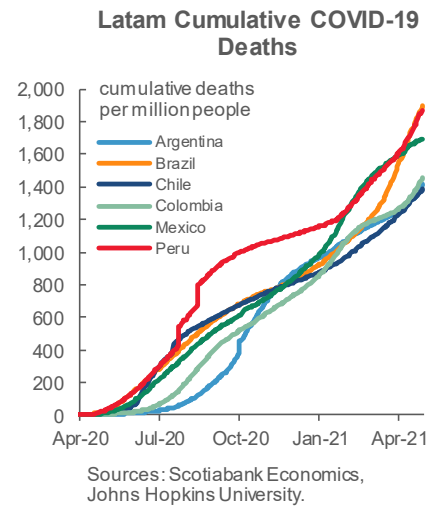


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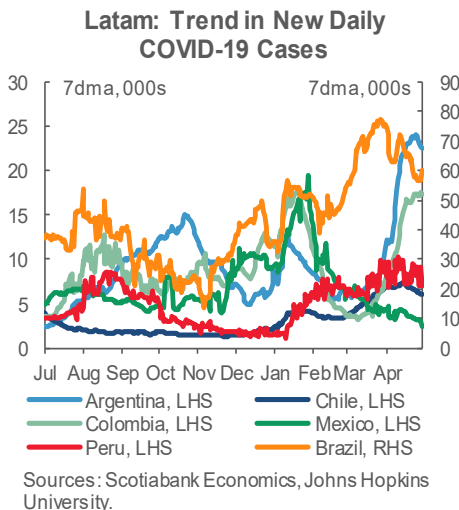


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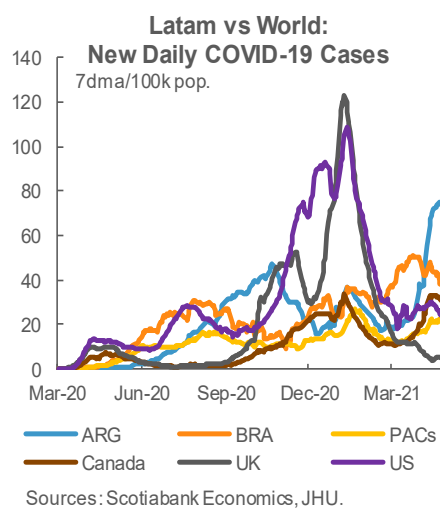
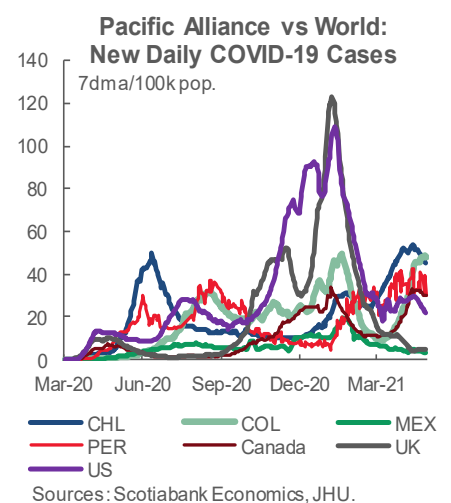


Chart 9





## Market Events & Indicators for May 1–7

### ARGENTINA

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
05-03		Government Tax Revenue (ARS bn)	Apr	--	--	763.9	
05-05		Vehicle Exports Adefa	Apr	--	--	22,394	
05-05		Vehicle Production Adefa	Apr	--	--	43,160	
05-05		Vehicle Domestic Sales Adefa	Apr	--	--	32,359	
05-06	15:00	Construction Activity (y/y)	Mar	--	--	22.7	Construction and IP y/y growth should soar in comparison with Mar-2020's shutdowns.
05-06	15:00	Industrial Production (y/y)	Mar	--	--	1.6	
05-07		Central Bank Survey					

### BRAZIL

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
05-03	4:00	FIPE CPI - Monthly (m/m)	Apr	--	--	0.7	
05-03	7:00	FGV CPI IPC-S (m/m)	30-Apr	--	--	0.4	
05-03	7:25	Central Bank Weekly Economists Survey					
05-03	9:00	Markit Brazil PMI Manufacturing	Apr	52.3	--	52.8	
05-03	14:00	Trade Balance Monthly (USD mn)	Apr	--	--	1,482.0	
05-03	14:00	Exports Total (USD mn)	Apr	--	--	24,505	
05-03	14:00	Imports Total (USD mn)	Apr	--	--	23,023	
MAY 3-5		Vehicle Sales Fenabrave	Apr	--	--	189,405	
05-04	8:00	PPI Manufacturing (m/m)	Mar	--	--	3.8	
05-04	8:00	PPI Manufacturing (y/y)	Mar	--	--	25.5	
05-05	8:00	Industrial Production (y/y)	Mar	0.9	--	0.4	
05-05	8:00	Industrial Production (m/m)	Mar	--	--	-0.7	
05-05	9:00	Markit Brazil PMI Composite	Apr	--	--	45.1	
05-05	9:00	Markit Brazil PMI Services	Apr	45.1	--	44.1	
05-05	17:30	Selic Rate (%)	05-May	3.50	3.50	2.75	We expect 2 x 75 bps moves in the remainder of Q2-2021.
MAY 6-7		Vehicle Sales Anfavea	Apr	--	--	189,389	
MAY 6-7		Vehicle Production Anfavea	Apr	--	--	200,340	
MAY 6-7		Vehicle Exports Anfavea	Apr	--	--	36,782	
05-07	7:00	FGV Inflation IGP-DI (m/m)	Apr	--	--	2.2	
05-07	7:00	FGV Inflation IGP-DI (y/y)	Apr	--	--	30.6	
05-07	8:00	Retail Sales (m/m)	Mar	--	--	0.6	
05-07	8:00	Retail Sales (y/y)	Mar	-4.2	--	-3.8	
05-07	8:00	Retail Sales Broad (m/m)	Mar	--	--	4.1	
05-07	8:00	Retail Sales Broad (y/y)	Mar	--	--	-1.9	
MAY 7-10		IGP-M Inflation 1st Preview	May	--	--	0.5	

### CHILE

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
05-03	7:30	Economic Activity (m/m)	Mar	--	--	0.9	
05-03	8:30	Economic Activity (y/y)	Mar	2.0	--	-2.2	Recent confinement measures dampened otherwise strong year-over-year increases.
MAY 3-7		IMCE Business Confidence	Apr	--	--	55.9	
05-06	9:00	Nominal Wage (m/m)	Mar	--	--	-0.3	
05-06	9:00	Nominal Wage (y/y)	Mar	--	--	4.1	
05-07	8:00	CPI (m/m)	Apr	0.4	--	0.4	Fuel prices continue to put upward pressure on inflation.
05-07	8:00	CPI (y/y)	Apr	3.3	--	2.9	
05-07	8:30	Trade Balance (USD mn)	Apr	--	--	535.0	
05-07	8:30	Exports Total (USD mn)	Apr	--	--	7,394.2	
05-07	8:30	Imports Total (USD mn)	Apr	--	--	6,859.0	
05-07	8:30	Copper Exports (USD mn)	Apr	--	--	4,190.7	
05-07	8:30	International Reserves (USD mn)	Apr	--	--	40,221	
MAY 7-12		Vehicle Sales Total	Apr	--	--	32,511	

### COLOMBIA

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
05-03	11:00	Davivienda Colombia PMI Mfg	Apr	--	--	52.4	
05-03	18:00	Colombia Monetary Policy Minutes					
05-05	20:00	CPI (m/m)	Apr	0.3	0.3	0.5	Inflation will keep normalizing on prices for utilities, rent fees, and education.
05-05	20:00	CPI (y/y)	Apr	1.6	1.7	1.5	From April, we expect headline inflation to start converging toward the 3% y/y target.
05-05	20:00	CPI Core (m/m)	Apr	0.2	--	0.4	
05-05	20:00	CPI Core (y/y)	Apr	1.5	--	1.1	
05-05		BanRep Quarterly Inflation Report					

Forecasts at time of publication.  
 Sources: Scotiabank Economics, Bloomberg.

## Market Events & Indicators for May 1–7

### MEXICO

<u>Date</u>	<u>Time</u>	<u>Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest BNS Comments</u>
05-03	10:00	Remittances Total (USD mn)	Mar	--	--	3,173.5
05-03	10:00	Central Bank Economist Survey				
05-03	10:30	Markit Mexico PMI Mfg	Apr	--	--	45.6
05-03	13:00	IMEF Manufacturing Index SA	Apr	51.1	--	50.7 Mexican activity softened at the start of 2021, but is slowly rebounding.
05-03	13:00	IMEF Non-Manufacturing Index SA	Apr	52.6	--	52.8
05-04	7:00	Vehicle Domestic Sales	Apr	--	--	95,487
05-04	7:00	Leading Indicators ((m/m))	Mar	--	--	0.2
05-04	10:00	International Reserves Weekly (USD mn)	30-Apr	--	--	195,373
05-05		Citibanamex Survey of Economists				
05-07	7:00	CPI Core (m/m)	Apr	--	--	0.5
05-07	7:00	CPI (m/m)	Apr	--	--	0.8
05-07	7:00	CPI (y/y)	Apr	4.9	--	4.7 CPI continues to surge, but should start to moderate going into the summer.
05-07	7:00	Vehicle Exports	Apr	--	--	256,119
05-07	7:00	Vehicle Production	Apr	--	--	303,545
05-07	7:00	Bi-Weekly CPI (w/w)	30-Apr	--	--	0.1
05-07	7:00	Bi-Weekly Core CPI (w/w)	30-Apr	--	--	0.2
05-07	7:00	Bi-Weekly CPI (y/y)	30-Apr	--	--	6.1
05-07	7:00	Consumer Confidence Index	Apr	--	--	40.4

### PERU

<u>Date</u>	<u>Time</u>	<u>Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest BNS Comments</u>
05-01	11:00	Lima CPI (m/m)	Apr	0.1	0.2	0.8 If m/m inflation pressure doesn't subside in April, y/y inflation could head close to the
05-01	11:00	Lima CPI (y/y)	Apr	2.5	2.6	2.6 upper bound of the 1–3% y/y target range.

## Scotiabank Economics Latam Coverage



### Local Market Coverage

#### CHILE

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