

Latam Charts: The Jobs–Confidence Nexus

- Employment recoveries are lagging rebounds in economic activity in most countries as labour-intensive service sectors are the last to re-open.
- Lifting employment levels and raising consumer confidence will be critical to ensuring domestic demand is able to sustain growth through 2022.

JOBS, SENTIMENT, & DOMESTIC DEMAND

- As in most developed and emerging economies, Latam’s employment recoveries are lagging broader economy-wide rebounds in real activity. This disconnect stems broadly from the slower re-opening of relatively labour-intensive service sectors where physical distancing is either difficult or almost entirely antithetical to business models.
- Amongst the Latam-6, only Brazil saw economic output in February exceed its year-ago levels, but Argentina, Chile, and Colombia were only 2–3% y/y off their February 2020 numbers (chart 1).
- In contrast, only Mexico, where pandemic-related restrictions were relatively limited compared to those in its regional peers, has seen employment come back to pre-pandemic numbers (chart 2). Of 12 mn jobs Mexico lost during 2020’s shutdowns, about 10.6 mn had been restored by March 2021. In the other Latam-6 countries employment levels remain down from their pre-pandemic norms by between 3% in Argentina and 14% in Peru.
- Consumer confidence has rebounded broadly in line with employment (chart 3), with Mexico leading the way despite one of the weaker growth outlooks in Latam (see our May 7 [Latam Weekly](#) for our latest forecasts). In contrast, recent political turmoil in Colombia and public-health restrictions in Chile have dampened sentiment despite rapid advances on vaccination delivery.

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Chart 1

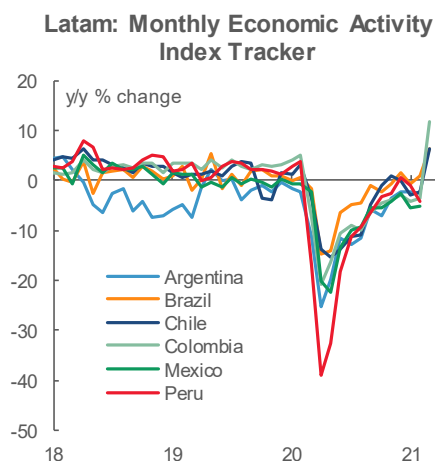


Chart 2

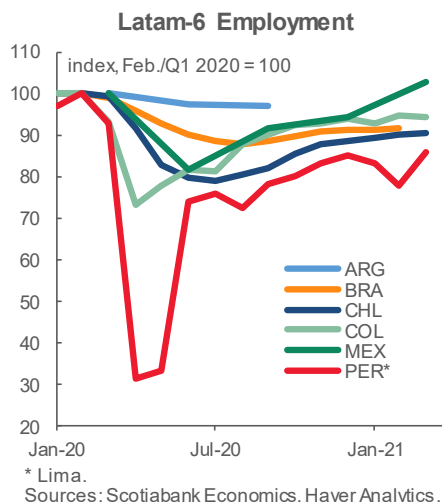


Chart 3

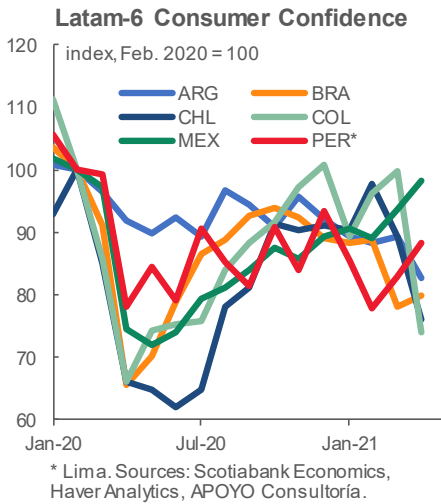
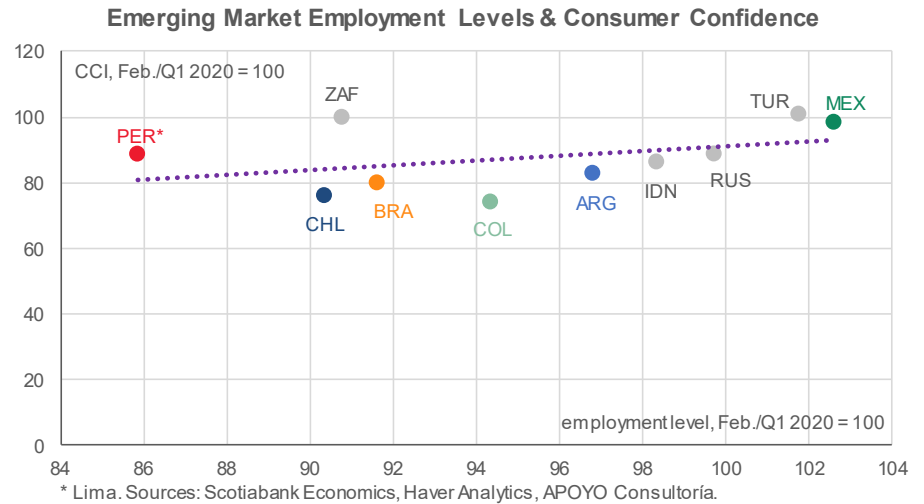


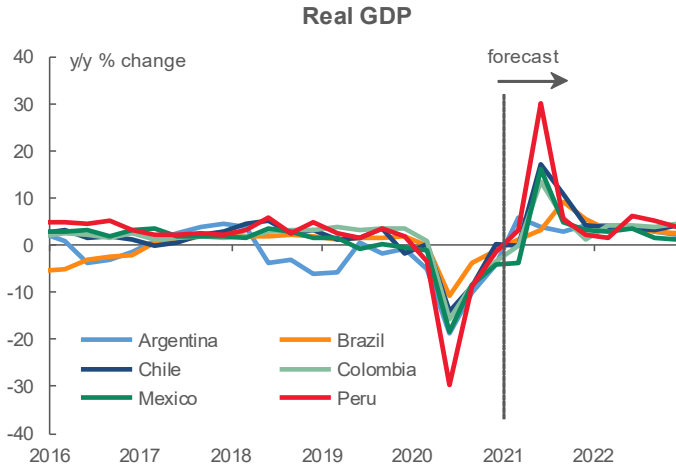
Chart 4



- Looking across major emerging markets, the relationship between employment and consumer confidence is weak, but positive (chart 4). Further progress in recouping jobs will be critical in lifting consumer sentiment and ensuring that Latam’s economic rebounds are sustained by ongoing recoveries in domestic demand—particularly as local emergency support and liquidity injections from central banks and pension drawdowns begin to wane.

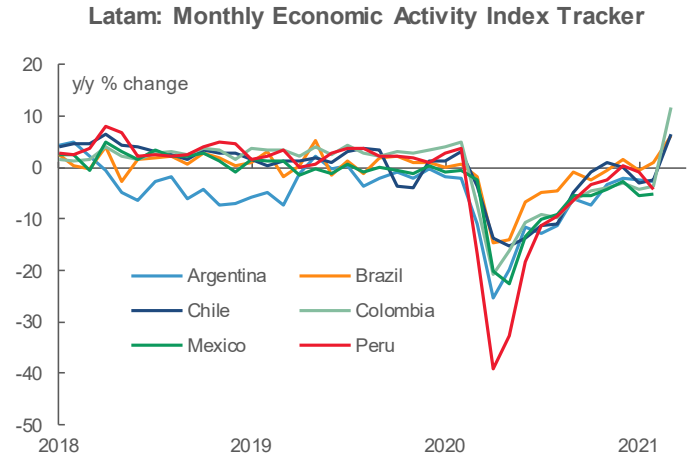
Key Economic Charts

Chart 1



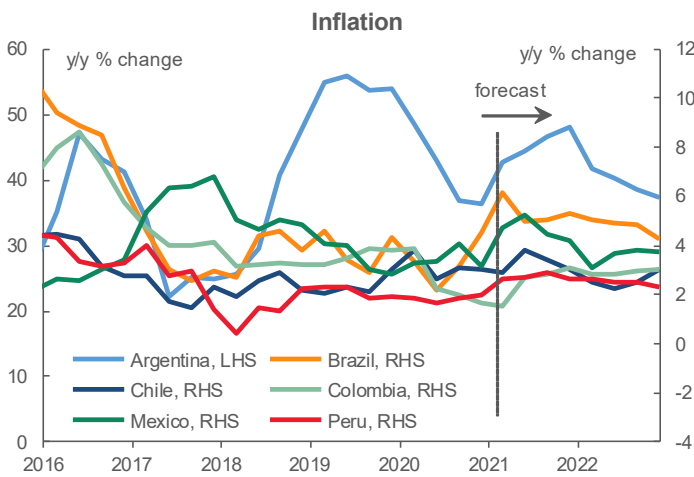
Sources: Scotiabank Economics, Haver Analytics.

Chart 2



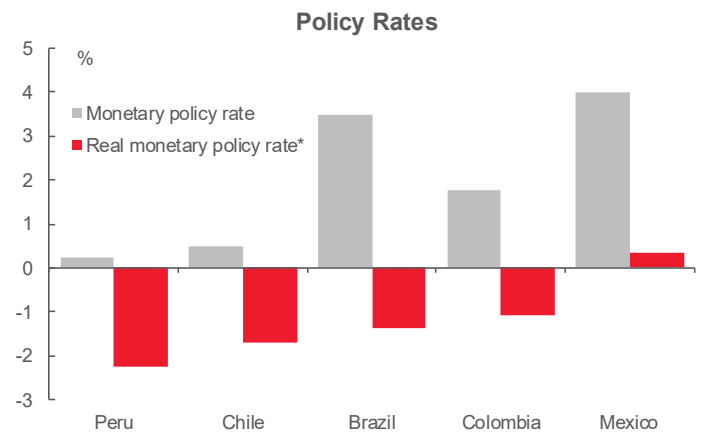
Sources: Scotiabank Economics, Haver Analytics.

Chart 3



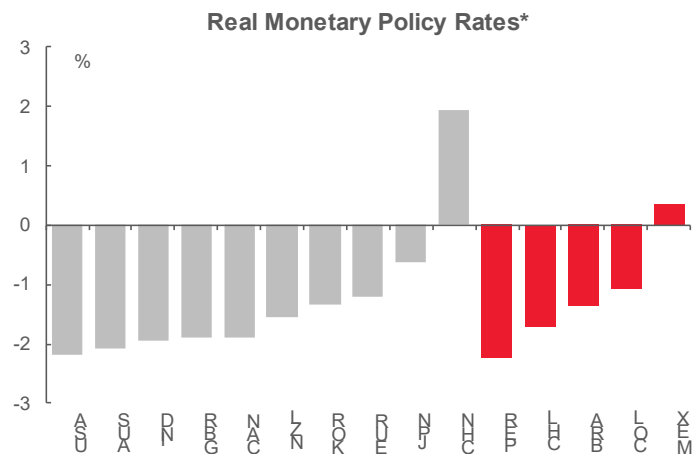
Sources: Scotiabank Economics, Haver Analytics.

Chart 4



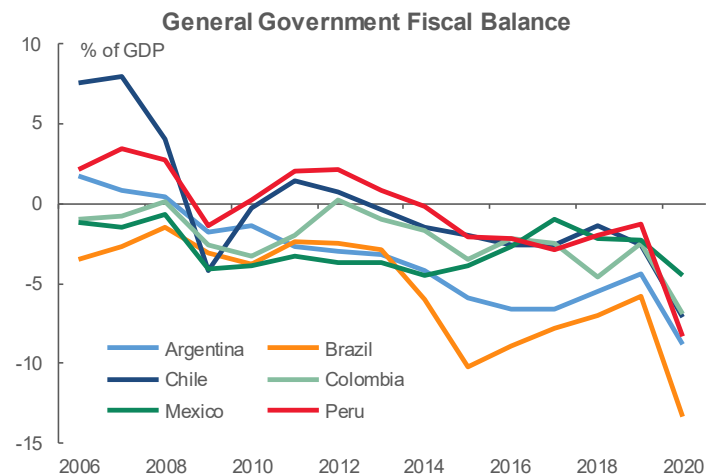
* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q2-2022, % y/y. Argentina: MPR = 38.0%; Real MPR = -2.2%. Sources: Scotiabank Economics, Haver Analytics.

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

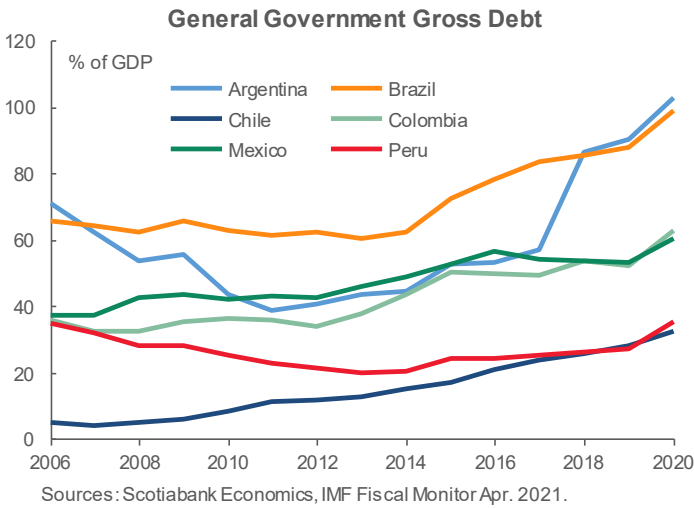


Chart 8



Chart 9

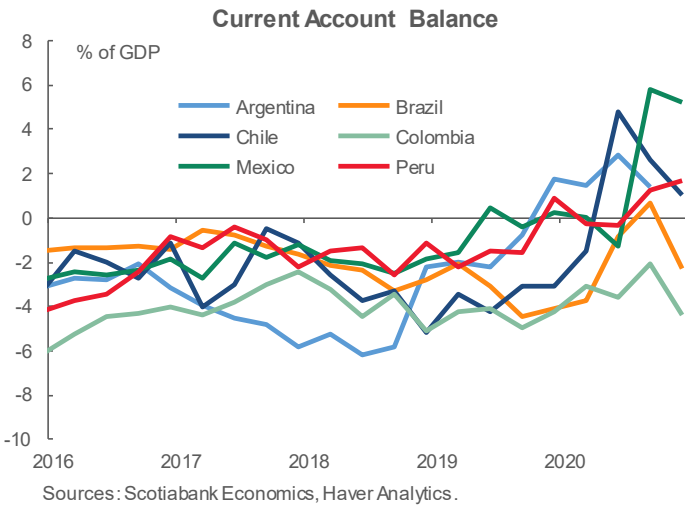
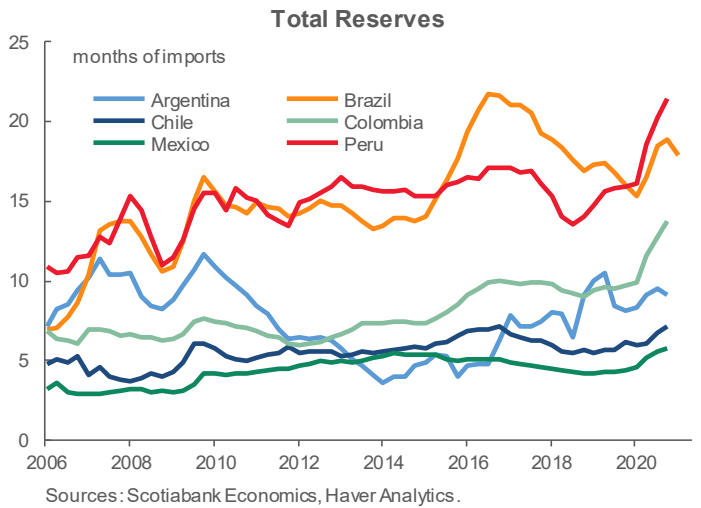
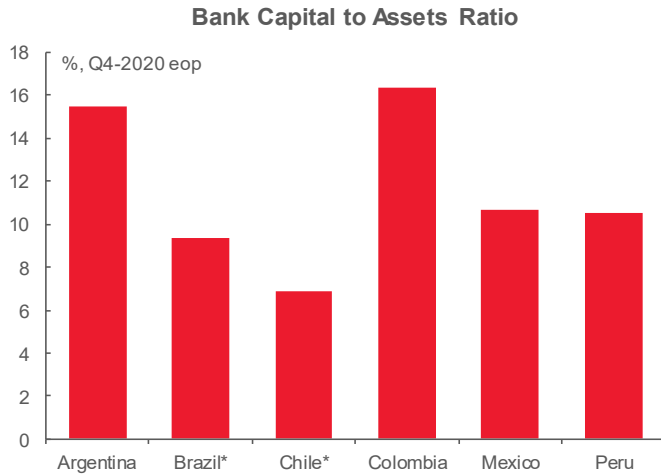


Chart 10



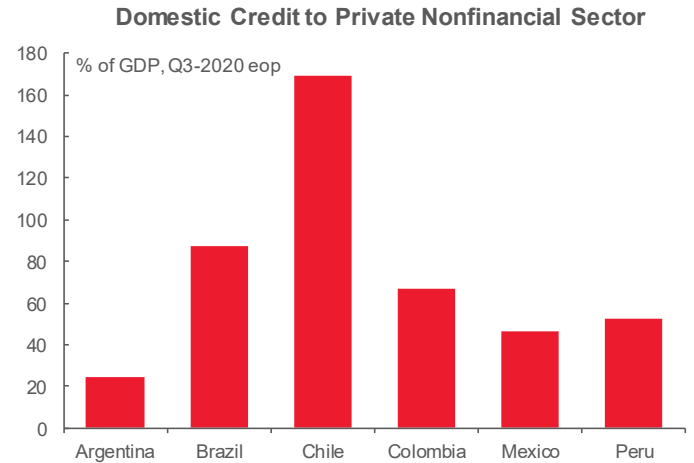
Key Market Charts

Chart 1



* Data to Q3-2020; Sources: Scotiabank Economics, IMF.

Chart 2



Sources: Scotiabank Economics, BIS, Haver Analytics.

Chart 3

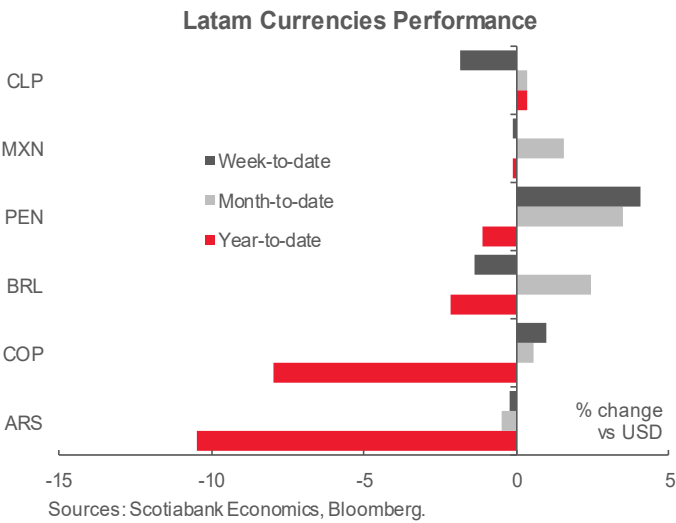


Chart 4

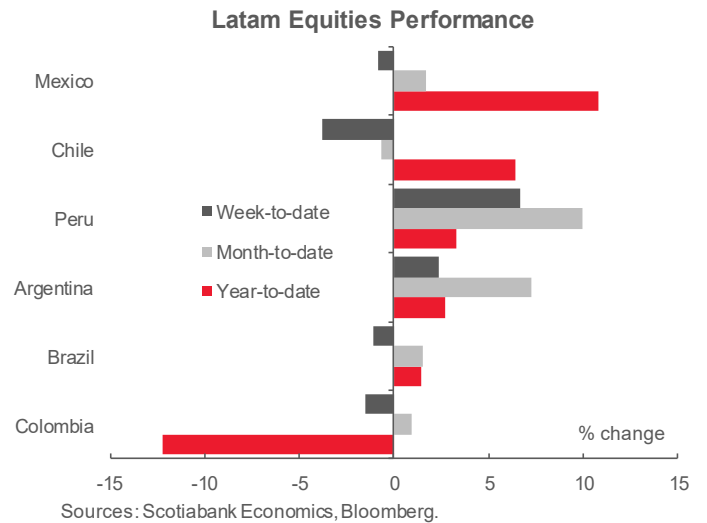


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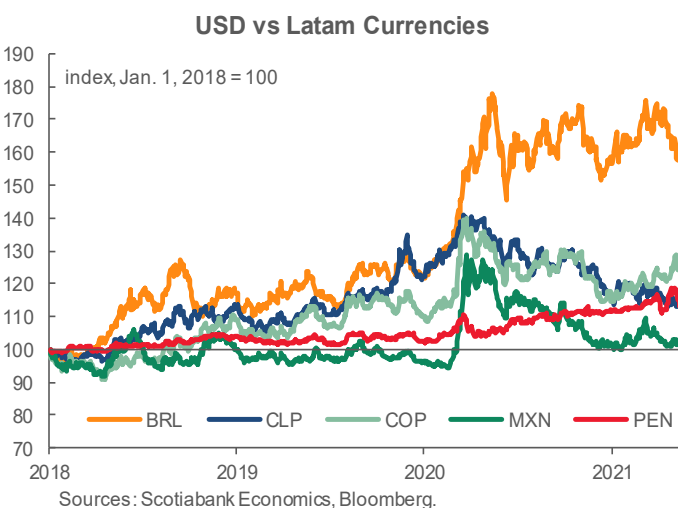
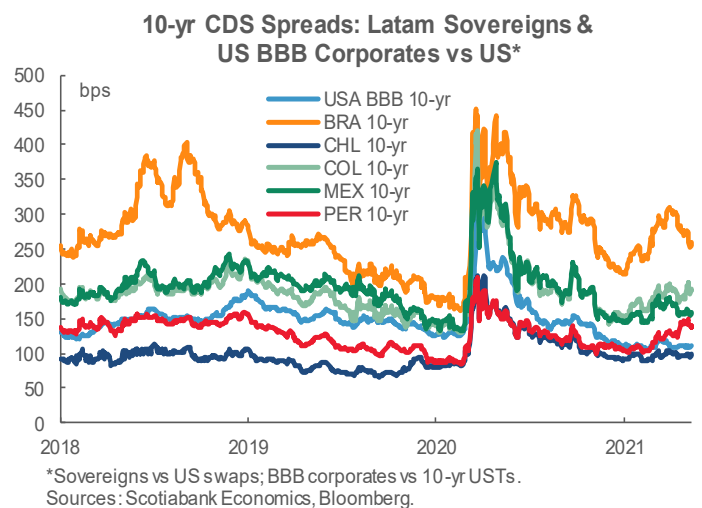
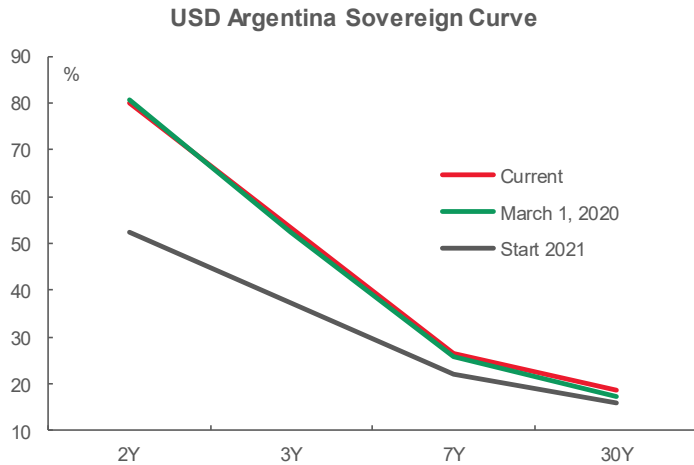


Chart 6



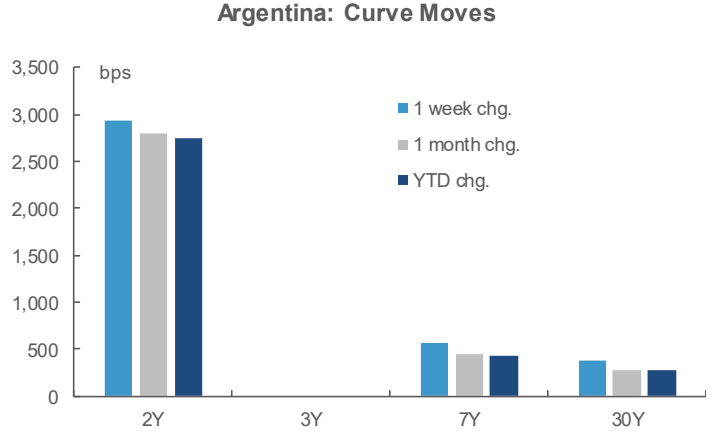
Yield Curves

Chart 1



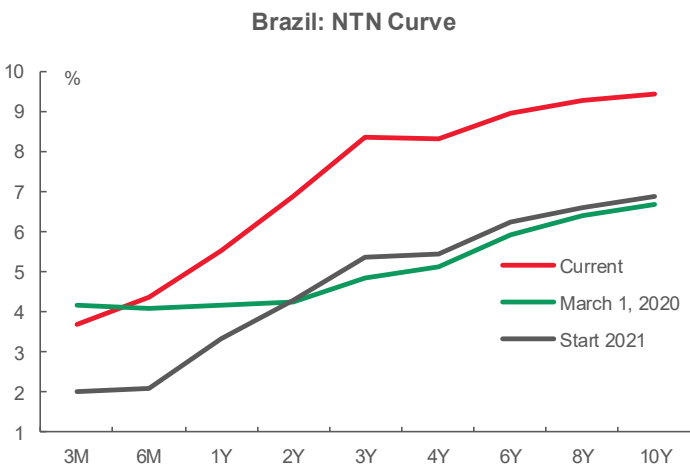
Sources: Scotiabank Economics, Bloomberg.

Chart 2



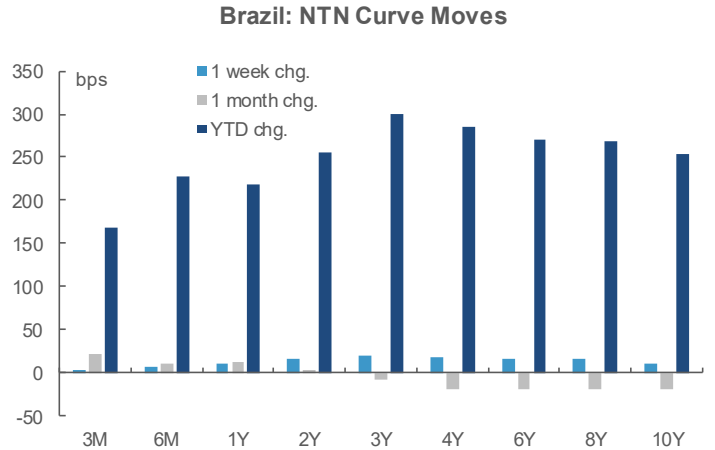
Sources: Scotiabank Economics, Bloomberg.

Chart 3



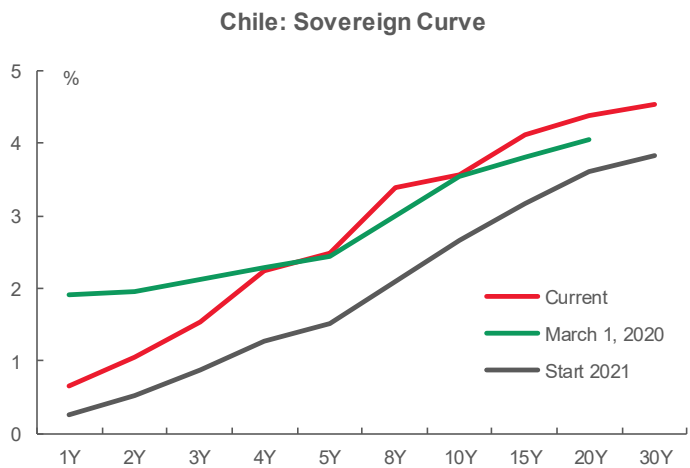
Sources: Scotiabank Economics, Bloomberg.

Chart 4



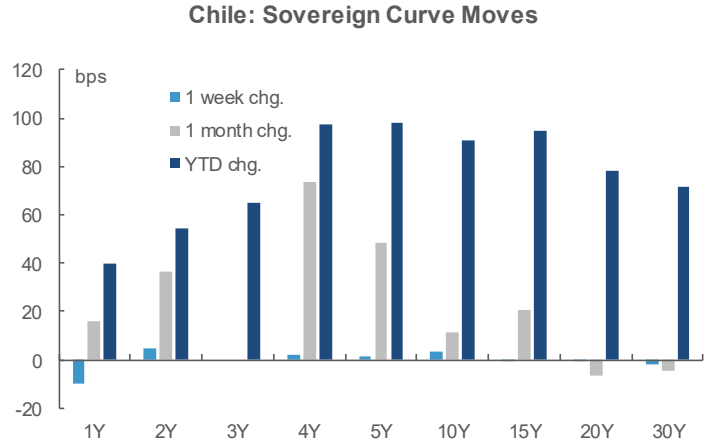
Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

Chart 6

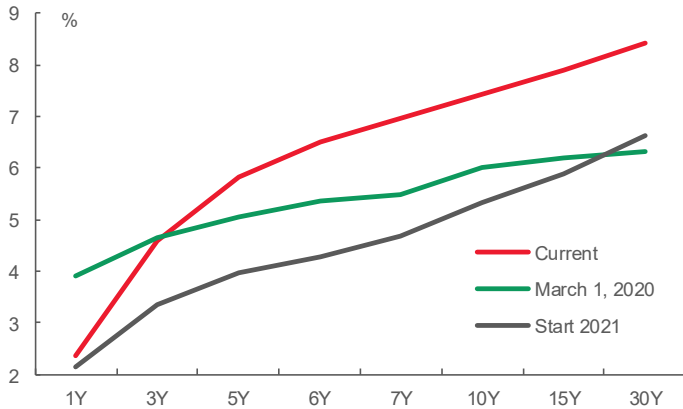


Sources: Scotiabank Economics, Bloomberg.

Yield Curves

Chart 7

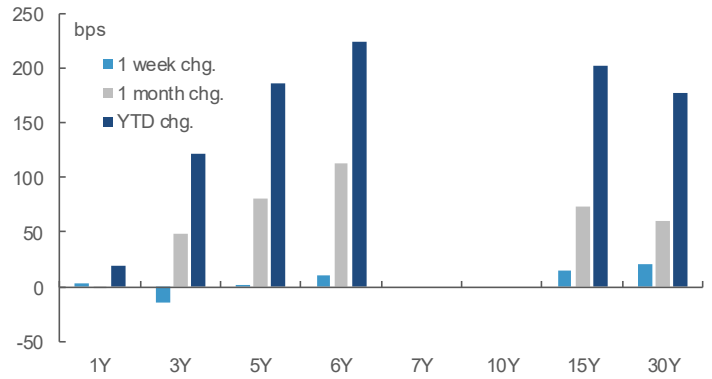
Colombia: Coltes Curve



Sources: Scotiabank Economics, Bloomberg.

Chart 8

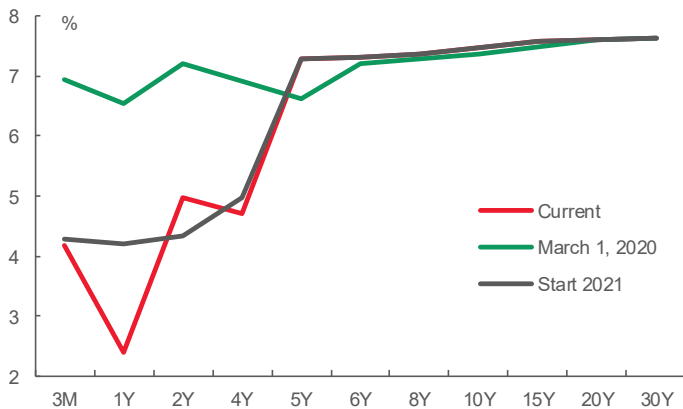
Colombia: Coltes Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 9

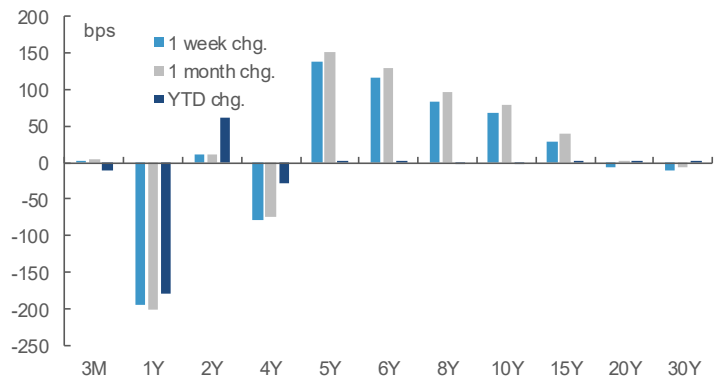
Mexico: M-Bono Curve



Sources: Scotiabank Economics, Bloomberg.

Chart 10

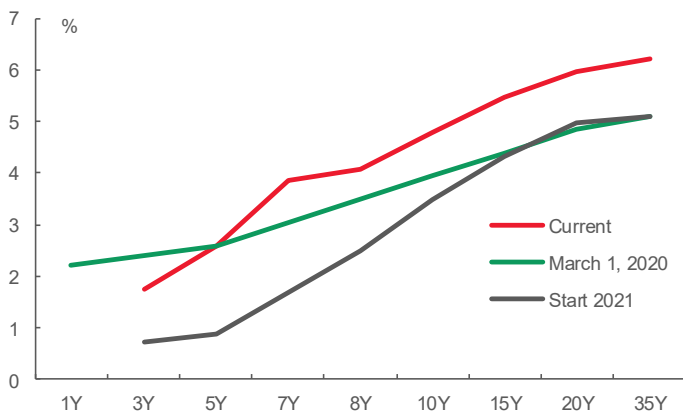
Mexico: M-Bono Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 11

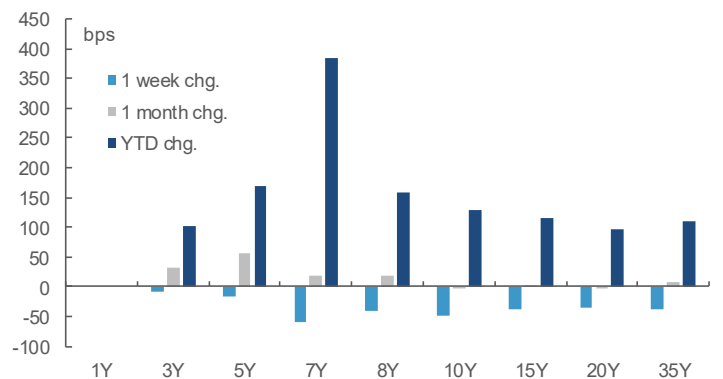
Peru: Sovereign Curve



Sources: Scotiabank Economics, Bloomberg.

Chart 12

Peru: Sovereign Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Key COVID-19 Charts

Chart 1

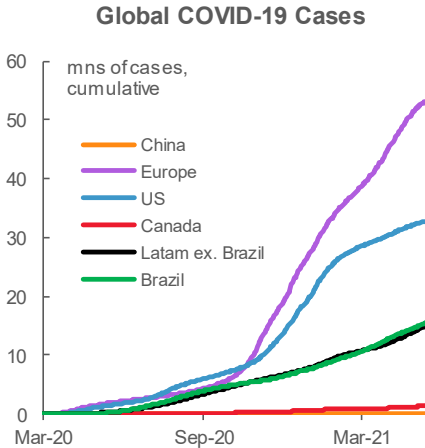


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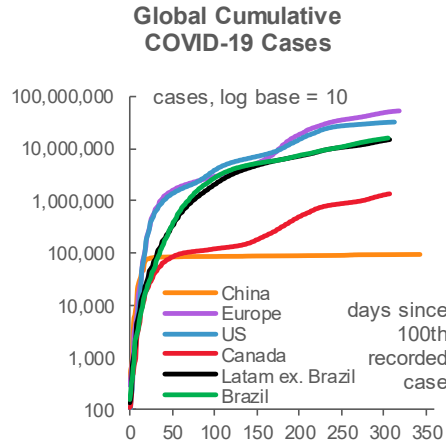


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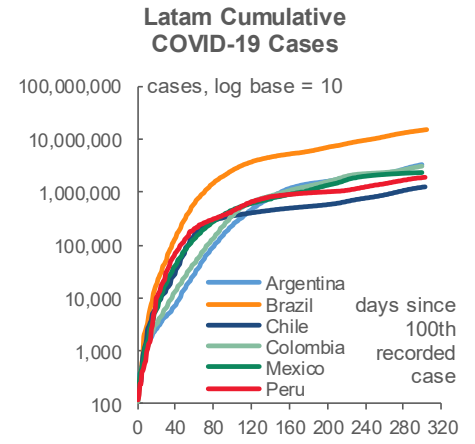


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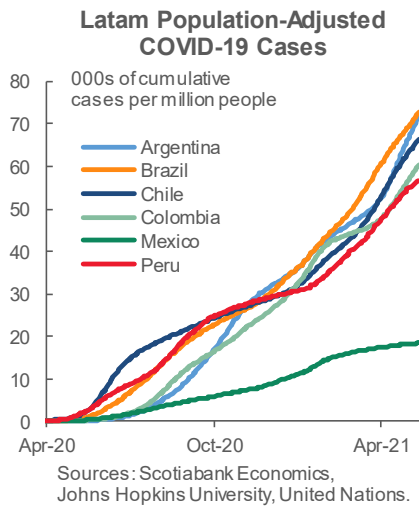


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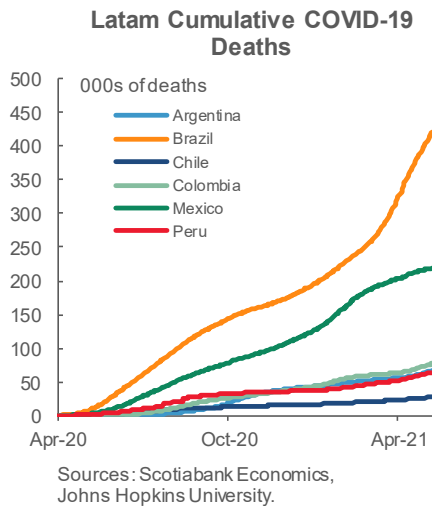


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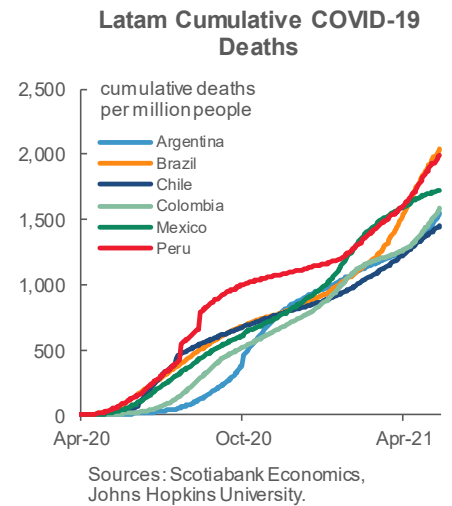


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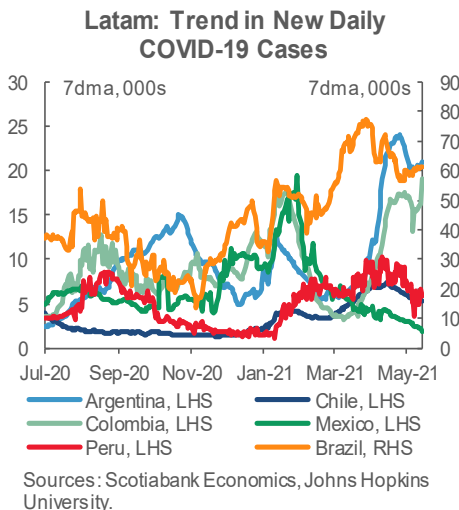


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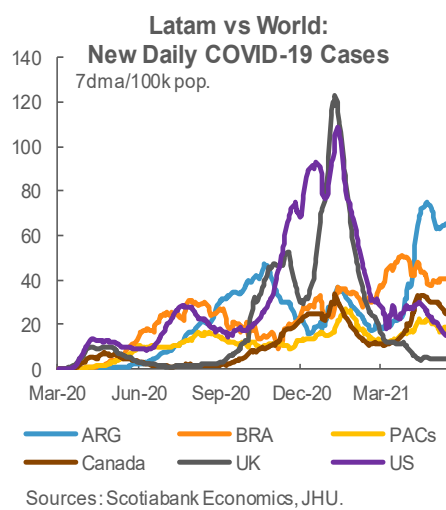
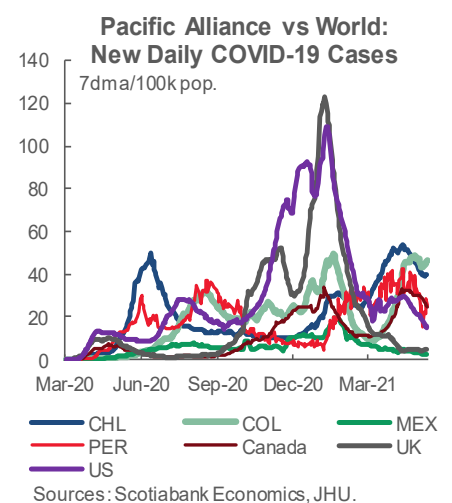


Chart 9



Market Events & Indicators for May 15–21

ARGENTINA

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
05/17	15:00	Capacity Utilization	Mar	--	--	58.3	
05/19		UTDT Leading Indicator	Apr	--	--	0.0	
05/20	15:00	Economic Activity Index (y/y)	Mar	--	--	-2.6	Y/Y growth shall turn positive on the comparison with 2020's lockdowns,
05/20	15:00	Economic Activity Index (m/m)	Mar	--	--	-1.0	but sequential growth will likely remain negative owing to new restrictions.
05/20		Budget Balance (ARS, mn)	Apr	--	--	-74,466	

BRAZIL

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
05/17	7:00	FGV CPI IPC-S (m/m)	15-May	--	0.4	0.3	
05/17	7:00	FGV Inflation IGP-10 (m/m)	May	--	2.4	1.6	
05/17	7:25	Central Bank Weekly Economists Survey					
05/17	14:00	Trade Balance Weekly (USD, mn)	16-May	--	--	2,162.4	
05/18	4:00	FIPE CPI - Weekly	15-May	--	--	0.4	
05/19	7:00	IGP-M Inflation 2nd Preview	May	--	--	1.2	
MAY 20-25		Tax Collections (BRL, mn)	Apr	--	137,500	137,932	

CHILE

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
05/18	8:30	Current Account Balance (USD, mn)	1Q	--	--	503.2	
05/18	8:30	GDP (y/y)	1Q	--	0.5	0.0	
05/18	8:30	GDP (q/q)	1Q	--	3.7	6.8	

COLOMBIA

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
no scheduled releases							

MEXICO

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
05/18	10:00	International Reserves Weekly (USD, mn)	14-May	--	--	195,129	
05/20		Citibanamex Survey of Economists		--	--		
05/21	7:00	Retail Sales (m/m)	Mar	--	--	1.6	
05/21	7:00	Retail Sales (y/y)	Mar	--	--	-6.3	

PERU

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
05/17	11:00	Lima Unemployment Rate (%)	Apr	--	--	15.3	
05/17		Economic Activity (y/y)	Mar	17.5	--	-4.2	First month of pandemic-skewed y/y comparisons.
05/20		GDP (y/y)	1Q	3.2	--	-1.7	

Scotiabank Economics Latam Coverage



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