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Latam Daily: Peru CPI, and Mexico Banxico Survey and Remittances Recaps

- Mexico: Banxico's survey of expectations and September remittances
- Peru: Prices fall for second consecutive month

MEXICO: BANXICO'S SURVEY OF EXPECTATIONS AND SEPTEMBER REMITTANCES

The Banxico Survey of Expectations showed that the deterioration in growth expectations persists, albeit to a lesser extent (table 1). Analysts now forecast average growth of 1.41% for 2024, down from the previously expected 1.45%, while for 2025 the average was also revised lower to 1.22% from 1.28%.

Inflation expectations also slightly decreased, now to a year-end level of 4.43% y/y (previously 4.48%), and unchanged at 3.86% for end-2025. Core inflation forecasts held remained at 3.84% and 3.69% for end-2024 and end-2025, respectively.

Banxico's reference rate is still expected at 10.00% and 8.00% at end-2024 and end-2025, respectively. Lastly, analysts revised their exchange rate forecasts to a weaker peso, from 19.69 to 19.85 pesos per dollar at year-end, and from 19.98 to 20.06 at end-2025; however, due to the high degree of uncertainty surrounding November events, we believe there is room for future revisions depending on the outcome of the U.S. elections and the government's 2025 economic package release.

Looking ahead, we believe that private economists will continue to anticipate weak but positive economic activity, with inflation slowly approaching the Bank of Mexico's target, albeit with a high degree of uncertainty that could deteriorate the outlook by year-end.

International remittances totaled \$5.36bn in September 2024, down from \$6.09bn. On an annual comparison, they showed a decline of -4.6% (after a 9.3% y/y increase in August). Over the past twelve months, aggregate remittances sat at \$64.6bn (an increase of 3.0% y/y), see chart 1. Additionally, there were 13.8mn transactions.

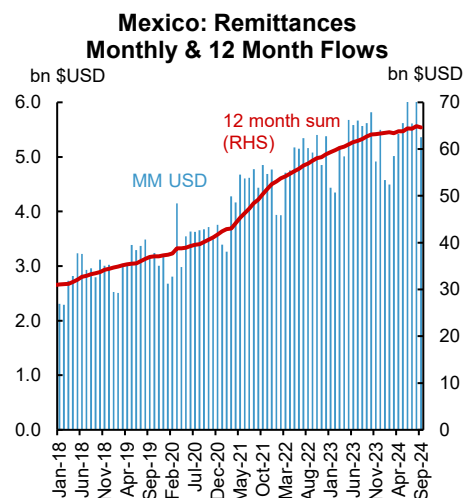
Although September saw a decline in both monthly and annual terms, remittances continue to show a good pace on a cumulative basis, despite a slight slowdown recently. This setback is in parallel to the latest U.S. employment print that indicated slower jobs growth (albeit partly due to weather) that may point to reduced remittances flows in the coming months.

However, that the U.S. economy is showing a less fast deceleration than expected and labour markets have held on to their strength means a strong flow of remittances has been maintained.

Variable	Year	Sep-24	Oct-24	Change
GDP	2024	1.45	1.41	-0.04
(Real annual % change)	2025	1.28	1.22	-0.06
Headline Inflation	2024	4.48	4.43	-0.05
(Annual % rate, Dec-Dec)	2025	3.86	3.86	0.00
Core Inflation	2024	3.84	3.84	0.00
(Annual % rate, Dec-Dec)	2025	3.67	3.69	0.02
Exchange Rate	2024	19.69	19.85	0.16
(MX\$/USD\$, Dec)	2025	19.98	20.06	0.08
Policy Rate (median)	2024	10.00	10.00	0.00
(Rate %, end of period)	2025	8.00	8.00	0.00

Sources: Scotiabank Economics, Banxico.

Chart 1



Sources: Scotiabank Economics, Banxico.

—Rodolfo Mitchell, Brian Pérez & Miguel Saldaña

PERU: PRICES FALL FOR SECOND CONSECUTIVE MONTH

Headline inflation was again negative in October, for the second consecutive month, in contrast to a rise in the 12-month measure due to base effects that will also influence November’s reading. Core inflation data are not yet available due to holidays last Friday, but our estimate suggests it will be positive but close to 0.0%. With that, core inflation will continue to decline from the 2.6% y/y recorded the previous month.

Headline inflation decreased by 0.09% m/m in October, shy of the market consensus (+0.03%) and the historical average over the last 20 years (+0.13%), but in line with our estimate (-0.10%), which combined with base effects translated into an acceleration from 1.8% in September to 2.0% y/y in October, right at the midpoint of the BCRP’s target range (1%-3%).

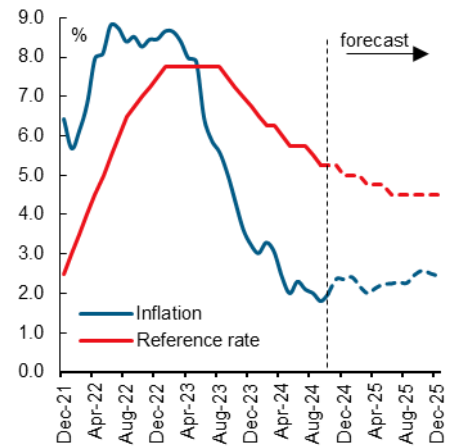
The decrease in headline prices was mainly explained by a strong drop in egg prices (-8.8%), a correction in garlic prices (-28.0%) due to a normalization in the supply, and a fall in fuel prices (-3.2%). Inflation at the national level (not only in Lima) increased from 1.5% in September to 1.7% in October, placing it within the inflation target range for the past nine months.

Over Q4-24, we expect inflation to exceed the midpoint of the target range (2%) due to base effects. Our baseline scenario estimates inflation at 2.4% in December, but with a slight downward bias. We will continue to monitor price developments in November and assess the possible impacts of droughts in the north of the country on prices.

—Ricardo Avila

Chart 2

Peru: Inflation and Reference Rate



Sources: Scotiabank Economics, BCRP.

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