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# Latam Weekly: Regional Inflation, BCRP Decision and Packed G10 Calendar

## ECONOMIC OVERVIEW

- A very busy week awaits global markets, packed full with key inflation and employment data, central bank decisions and speakers, and important milestones ahead of 2024 elections.
- Mexico, Chile, and Colombia release inflation data for February. Peru's central bank is set to announce a 25bps rate cut while the ECB and BoC stick to a hawkish stance. Powell gives testimony to Congress and a flood of data from US employment to Tokyo CPI await in the G10.

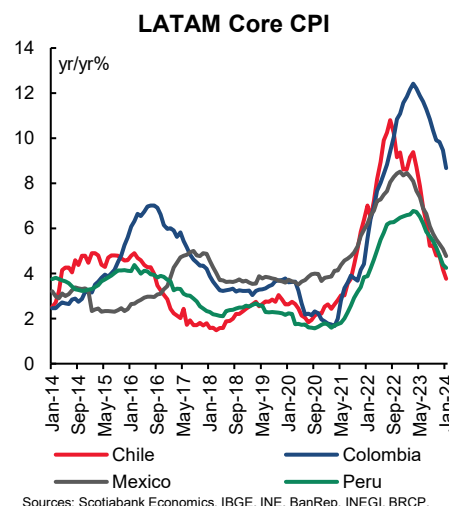
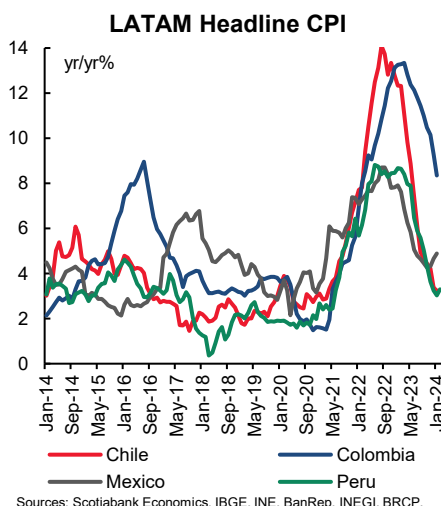
## PACIFIC ALLIANCE COUNTRY UPDATES

- We assess key insights from the last week, with highlights on the main issues to watch over the coming fortnight in the Pacific Alliance countries: Chile and Peru.

## MARKET EVENTS & INDICATORS

- A comprehensive risk calendar with selected highlights for the period March 2–15 across the Pacific Alliance countries and Brazil.

### Charts of the Week



Charts of the Week: Prepared by: Cesar Amador, Economic Analyst.

## Economic Overview: Regional Inflation, BCRP Decision and Packed G10 Calendar

- **A very busy week awaits global markets, packed full with key inflation and employment data, central bank decisions and speakers, and important milestones ahead of 2024 elections.**
- **Mexico, Chile, and Colombia release inflation data for February. Peru's central bank is set to announce a 25bps rate cut while the ECB and BoC stick to a hawkish stance. Powell gives testimony to Congress and a flood of data from US employment to Tokyo CPI await in the G10.**

A very busy week awaits global markets, packed full with key inflation and employment data, central bank decisions and speakers, and important milestones ahead of 2024 elections. The week will start out quietly, thankfully, with only second tier data out of Latam and the G10 and little else on Monday that will allow market players and observers to save their energy for the flood of data and events that awaits them over the balance of the week.

Starting with politics, Mexican presidential candidates officially kick off their campaigns today, March 1<sup>st</sup>, for a three-month long period of closely-watched polls and debates that ends on May 29<sup>th</sup>, just a few days before the June 2<sup>nd</sup> vote. We'll watch for more details on the policy plans of the two leading candidates, Sheinbaum and Galvez, over the coming days. But, the biggest political risk for Mexican markets next week may come from abroad, with Tuesday's Republican primaries in fifteen US states set to give former President Trump a virtually insurmountable lead over his opponent, Haley. The bigger Trump's victory and the more he talks about protectionist trade policy or a tougher immigration response, the more Mexican assets may hurt.

Staying with Mexico, we'll monitor December gross fixed investment figures out on Monday and the results to the latest Citibanamex economists survey on Tuesday, but neither should have much impact on markets. December data is in the rearview mirror, knowing that the economy closed out 2023 in a weak standing and we also don't expect that economists changed their view on when Banxico may start rate cuts, currently seen in March.

It may have been a closer split across bets for the first rate reduction in Mexico had it not been for the recent string of Banxico releases and economic figures. Over the past few weeks, Q4 GDP figures greatly disappointed (almost showing no growth q/q) and H1-Feb CPI surprised to the downside in both headline and core terms. Banxico's February meeting minutes, and the publication and presentation of its quarterly report told us that officials are still very much eyeing a March rate cut—albeit in a split vote.

It may be difficult to change the minds of Banxico officials away from a 25bps move on the 21<sup>st</sup>, but if there's one thing that could, it's February inflation data due for release on Thursday. Now, it's a high bar of course since we already have H1-Feb CPI readings,

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March 1, 2024

so the full-month picture surprising to the point of delaying cuts would take inconceivable price increases over the second half of the month. Still, there has to be a bit more progress being made on the core inflation side of things and if we don't get much next week, then maybe Banxico won't do back-to-back cuts.

Mexico is not alone in publishing CPI data next week, and not even on Thursday when we also get Colombian inflation for February. This is the country's only release worth following next week, and yet, with an 18ET release time, local markets will only be able to react to it the following morning. It may be an aggressive open in markets as declines in Colombian inflation accelerate (with the support of base effects) and when moves get large these can result in decent beats or misses that shake up markets. Our economists in Colombia project that headline inflation fell to 7.61% from 8.35% in January, with core inflation coming in at 8.99% from 9.69% y/y. If the large deceleration in inflation is confirmed then the team's call of a 75bps reduction at BanRep's next meeting will look even more likely.

Chile is the last of the Pacific Alliance countries to publish February inflation data, closing out the Latam data week with CPI readings due on Friday. We may be limited in how much we can glean from these data as the INE will again not publish the BCCh's preferred ex. volatiles inflation reading. The January 3.8% y/y increase greatly exceeded the economist median forecast of 3.5%, but the introduction of a new CPI basket sharply skewed the results higher. For our economists, the 3.2% y/y constant-basket inflation reading for January is the better representation of prices growth in the country. That aside, as they outline in today's report, they project that inflation accelerated slightly in February owing to a weaker CLP and indexation practices. Over the past couple of days we've got stronger than expected economic data that may see some reassess their projected BCCh rate path, but our economists believe that the convergence of inflation towards target will continue, allowing sizeable policy rate cuts, with the next one being 100bps at the April meeting.

Lastly, in the Pacific Alliance, Peru may not give us a lot next week on the data front—in fact, nothing to write home about. But, the BCRP's decision awaits alongside the multitude of regional data/events on Thursday. We expect the BCRP will continue at its steady 25bps pace of rate cuts with little to pull in either direction, or in a way being offset by something else. In mid-February, December GDP was a big negative surprise, showing a 0.7% y/y decline in the final month of 2023 against the median forecast of 0.4% and our call for little changed output. But, just this morning, CPI data for February surprised in the opposite direction, coming in at 3.3%, overshooting the consensus call of 2.9%—and even our higher 3.2% forecast. So, the GDP print maybe told some that the BCRP could cut by more than 25bps and then the CPI print this morning told them “not so fast”; we're steady in our expectation of a 25bps reduction next week. Throughout all of this data noise, we've had political noise to distract us, as well. In today's report, our Lima team talks about the recent moves at Petroperú and scheduled protests against the National Board of Justice, but they note that, at least, late-2023 trends are teeing up an improvement on the growth front in Q1-24.

We can't give next week's G10 calendar the respect it deserves in this publication, but we do want to highlight the collection of releases and events that are bound to shift Latam local markets. As noted previously, Monday is a quiet one and we have the US Super Tuesday on...Tuesday. That same day, Tokyo inflation will be a risk for rates markets as will the release of US ISM services figures; Chinese private PMIs could also shape the risk/high-beta mood. Wednesday will have the BoC's rate decisions and press conference (we expect limited changes), the release of US ADP employment and JOLTS report, and a key appearance by Fed Chairman Powell in Congress. Thursday's ECB rate announcement with updated forecasts—and likely continued guidance that the first rate cut will not come until June—should ripple through global markets. All of this will take place before the release of US and Canadian employment reports on Friday and final comments by Fed officials ahead of their communications blackout period that begins on the 9<sup>th</sup>.

## Pacific Alliance Country Updates

### Chile—We Project February CPI of 0.3% m/m, Above Market Expectations

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- **CPI ex food and energy to fall to 3% in February, the lowest level since April 2021**

We project February CPI of 0.3% m/m (table 1), above market expectations expressed in forwards (0.05%) and surveys (Traders Survey: 0.1%; Economists Survey: 0.2%). Our estimate considers a significant but limited pass-through of the recent peso depreciation on the CPI basket, which would be observed mainly through increases in tradable goods prices (0.3% m/m). In addition, we project that indexation effects would continue to be observed in some services, as would be the case of public transportation and other indexed services. With this, services inflation would be 0.4% m/m. If our projection materializes, the CPI would register an increase of 3.3% y/y which, although it would represent a slight acceleration with respect to January’s figure (3.2%), it does not compromise the convergence to the 3% target as soon as March. On the contrary, the above-market “summer inflation” that we expect in the first months of the year would support, but not ensure, that inflation converges to 3% by December 2024 and does not fall sharply below that level.

Core inflation (CPI ex food and energy) would fall below 3% in February. Our projection also considers a 0.4% m/m increase in core CPI, which would put this inflation at 2.7% y/y, its lowest level in almost three years (since Apr 2021). For now, INE will continue to not publish the ex-volatile

CPI, the central bank’s preferred measure of core inflation, which will be delivered by the BCCCh in March. However, the last official record of this indicator was 5.4% y/y in December, so we will undoubtedly see a sharp drop in this inflation when it is published.

**Table 1: Chile - CPI Projection by Divisions: February 2024**

Divisions	Contribution (%)
Food and non-alcoholic beverages	-0.01
Alcoholic beverages and tobacco	0.02
Clothing and footwear	0.05
Housing, water, electricity, gas and others	0.05
Household equipment and maintenance	0.01
Health	0.02
Transport	0.05
Communication	0.00
Recreation and culture	0.05
Education	0.00
Restaurants and hotels	0.06
Insurances and financial services	-0.01
Miscellaneous goods and services	0.01
<b>CPI</b>	<b>0.32</b>
<b>CPI (rounded)</b>	<b>0.3</b>

Source: Scotiabank Economics.

### Peru—Political Noise just Cannot Cease, Even as Growth is Poised to Resume

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These are eventful times in Peru. The government announced a USD 1.3bn rescue plan for Petroperú, which would consist of a USD 800bn loan guarantee plus an additional USD 500bn credit line from the State bank, Banco de la Nación. This was less than half of the USD 3bn that Petroperú was requesting.

More dramatically, the government removed the entire Board of Directors at Petroperú. And just so there would be no doubt as to the reasons behind this decision, finance minister José Arista stated in a press interview that the board members had the bad habit of lying to high cabinet members, and that this was something ingrained in their culture. The new board members

**Table 2: Peru—GDP Growth by Demand Component**

	4Q22	1Q23	2Q23	3Q23	4Q23	Full-year 2022	Full-year 2023
<b>GDP</b>	1.8	-0.4	-0.5	-1.0	-0.4	2.7	-0.6
<b>Domestic demand</b>	2.0	-2.1	-2.9	-1.5	-0.5	2.3	-1.7
Private Consumption	2.2	0.2	0.4	-0.1	0.2	3.6	0.1
Public Consumption	-11.2	-6.0	2.7	2.8	7.3	2.8	2.8
Private Investment	-4.1	-12.0	-8.5	-6.2	-2.3	-0.4	-7.2
Public Investment	21.5	-1.3	3.4	-4.6	5.3	7.7	1.4
Change inventories (p.p.)	2.0	1.1	-1.9	-0.3	-1.5	0.1	-0.8
Exports	1.5	3.6	7.0	0.4	3.9	6.1	3.7
Imports	2.4	-3.4	-3.0	-1.8	3.7	4.4	-0.9

Sources: Scotiabank Economics, BCRP.

consist mostly of prominent economists who do not have as much hands-on experience as one might hope in the oil industry per se. The designations may reflect that the priority is to shore up financial accounts.

Petroperú has recently been placed under 60% control of the Ministry of Finance. The Ministry of Finance is clearly uncomfortable at the prospect of having to eternally bail out Petroperú, and what this may mean for fiscal accounts over time. The impact on fiscal accounts may not be clear until an actual, more thorough plan, to refloat Petroperú is put together. This will be the main responsibility of the company's new Board of Directors.

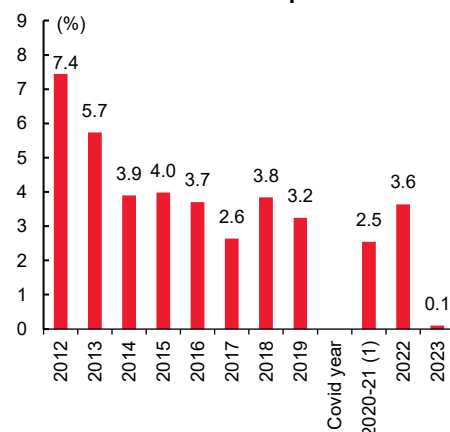
The other aspect that is polarizing public opinion, or at least the segment of public opinion that is involved enough to care, is the Junta Nacional de Justicia, JNJ, which can be translated as the National Board of Justice. The entity is crucial, in that it oversees the appointing of judges and other authorities in the judicial system. The current situation is confusing even for political analysts and specialists, as it mixes a real need for change and order, with possible intentions on the part of political parties to tamper with the system to their benefit. The press and social networks are clearly focusing on the latter, to the extent that public protests have been scheduled. Judging by other recent protests, it doesn't seem like the new protests will be sufficiently substantial to influence Congress. The real importance of the topic of the JNJ and all the noise revolving around it may be how it reflects on the continual institutional weakening that has occurred in recent years in the country.

The BCRP released the final figures for Q4 and full-year 2023 GDP growth this week. The figures ratify that the year ended just as weak as it had begun, with -0.4% quarterly growth on both ends of the year (table 2). A few bright spots: exports (volume) grew in each quarter of the year, and government spending had a strong fourth quarter (public consumption up 7.3%, see chart 1 and investment 5.3%, see chart 2). One more, somewhat tentative, bright spot was that private consumption rose in Q4 and in the year, if only barely. Add to this that the decline in private investment has been weaker with each quarter, and you have some hope going into 2024.

All these trends seem to ratify that Q1 2024 is likely to show positive growth. But the onus is on private consumption and private investment. Both performed extremely poorly in 2023 in historic terms. In 2024, lower inflation, which means less deterioration of household real income levels, should help consumption rebound, while private investment, while not robust, should no longer be weighed down by the ending of the Quellaveco investment project.

Chart 1

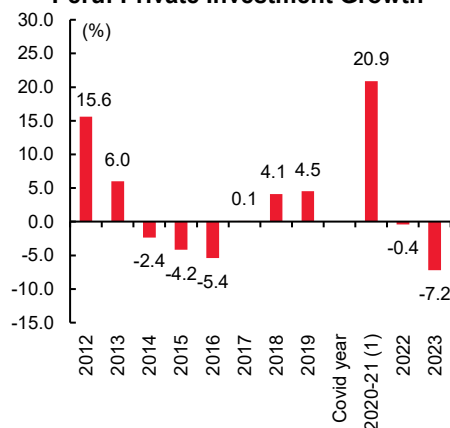
Peru: Private Consumption Growth



Sources: Scotiabank Economics, BCRP. (1) 2020-2021 represents cumulative for Covid year 2020/2021

Chart 2

Peru: Private Investment Growth



Sources: Scotiabank Economics, BCRP. (1) 2020-2021 represents cumulative growth for 2020/2021.

Forecast Updates

	2022	2023				2024				2025							
	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2022	2023	2024f	2025f
<b>Brazil</b>																	
Real GDP (y/y % change)	2.7	4.2	3.5	2.0	2.1	1.5	1.3	1.6	2.0	2.0	1.9	2.0	2.1	3.0	2.9	1.6	2.0
CPI (y/y % eop)	5.8	4.7	3.2	5.2	4.6	3.9	4.0	3.9	3.9	3.6	3.6	3.6	3.6	5.8	4.6	3.9	3.6
Unemployment rate (% avg)	7.9	8.8	8.0	7.7	7.4	8.4	8.2	8.1	8.0	8.4	8.0	8.6	8.6	7.9	7.4	8.0	8.4
Central bank policy rate (% eop)	13.75	13.75	13.75	12.75	11.75	10.75	9.75	9.00	9.00	8.75	8.50	8.50	8.50	13.75	11.75	9.00	8.50
Foreign exchange (USDBRL, eop)	5.28	5.06	4.79	5.03	4.86	4.95	4.96	4.95	4.95	4.97	5.00	5.03	5.06	5.28	4.86	4.95	5.06
<b>Chile</b>																	
Real GDP (y/y % change)	-2.3	-0.7	-0.8	0.6	0.2	1.0	2.5	1.5	3.0	2.4	2.0	3.1	2.6	2.4	-0.2	2.0	2.5
CPI (y/y % eop)	12.8	11.1	7.4	4.7	3.4	3.0	3.0	3.0	3.0	2.8	3.1	3.2	3.0	12.8	3.4	3.0	3.0
Unemployment rate (% avg)	7.9	8.8	8.5	8.9	8.5	8.4	8.5	8.4	8.0	8.4	8.4	8.0	7.1	7.9	8.5	8.3	8.0
Central bank policy rate (% eop)	11.25	11.25	11.25	9.50	8.25	7.25	5.00	4.25	4.25	4.25	4.25	4.25	4.25	11.25	8.25	4.25	4.25
Foreign exchange (USDCLP, eop)	851	795	802	892	879	870	870	870	870	870	870	870	870	851	879	870	870
<b>Colombia</b>																	
Real GDP (y/y % change)	2.2	2.9	0.1	-0.6	0.3	1.7	1.8	1.7	2.2	2.4	2.3	2.5	2.4	7.3	0.6	1.8	2.4
CPI (y/y % eop)	13.1	13.3	12.1	11.0	9.3	6.6	6.1	4.9	4.4	3.6	3.3	3.3	3.3	13.1	9.3	4.4	3.3
Unemployment rate (% avg)	9.8	11.7	10.2	9.4	9.4	11.7	10.3	10.4	10.1	11.9	10.3	10.7	10.1	11.2	10.2	10.6	10.8
Central bank policy rate (% eop)	12.00	13.00	13.25	13.25	13.00	12.00	10.50	8.50	7.00	6.25	5.75	5.50	5.50	12.00	13.00	7.00	5.50
Foreign exchange (USDCOP, eop)	4,853	4,623	4,172	4,068	3,855	4,049	4,078	4,102	4,116	4,120	4,125	4,140	4,150	4,853	3,855	4,116	4,150
<b>Mexico</b>																	
Real GDP (y/y % change)	4.5	3.6	3.4	3.5	2.5	3.8	4.0	2.4	2.1	1.8	1.4	1.6	1.4	3.9	3.2	3.1	1.6
CPI (y/y % eop)	7.8	6.8	5.1	4.5	4.7	4.5	4.7	4.7	4.6	4.0	3.8	3.8	3.6	7.8	4.7	4.6	3.6
Unemployment rate (% avg)	3.0	2.7	2.8	3.0	2.7	3.0	3.1	3.2	3.2	3.3	3.3	3.4	3.5	3.3	2.8	3.1	3.4
Central bank policy rate (% eop)	10.50	11.25	11.25	11.25	11.25	11.00	10.50	10.00	9.50	9.00	8.50	8.00	7.50	10.50	11.25	9.50	7.50
Foreign exchange (USDMXN, eop)	19.50	18.05	17.12	17.42	16.97	17.70	17.80	18.10	18.40	18.70	18.90	19.25	19.50	19.50	16.97	18.40	19.50
<b>Peru</b>																	
Real GDP (y/y % change)	1.8	-0.4	-0.5	-0.9	-0.4	1.6	3.2	3.3	2.7	3.2	2.9	1.9	2.1	2.7	-0.6	2.7	2.5
CPI (y/y % eop)	8.5	8.4	6.5	5.0	3.2	2.6	2.3	1.9	2.4	2.2	2.1	2.3	2.4	8.5	3.2	2.4	2.4
Unemployment rate (% avg)	7.1	7.5	6.6	6.7	6.4	6.8	6.3	6.4	6.1	6.5	6.2	6.2	5.9	7.7	6.8	6.4	6.2
Central bank policy rate (% eop)	7.50	7.75	7.75	7.50	6.75	6.00	5.25	4.50	4.25	4.25	4.00	4.00	4.00	7.50	6.75	4.25	4.00
Foreign exchange (USDPEN, eop)	3.81	3.76	3.63	3.78	3.70	3.78	3.70	3.80	3.75	3.75	3.75	3.80	3.75	3.81	3.70	3.75	3.75
<b>Canada</b>																	
Real GDP (y/y % change)	2.2	1.8	1.0	0.5	0.9	0.7	0.6	1.2	1.3	1.5	1.9	2.3	2.5	3.8	1.1	0.9	2.0
CPI (y/y % eop)	6.7	5.1	3.5	3.7	3.2	3.2	3.1	2.7	2.2	2.4	2.1	2.0	2.0	6.7	3.2	2.2	2.0
Unemployment rate (% avg)	5.1	5.1	5.3	5.5	5.8	5.9	5.9	6.1	6.3	6.4	6.4	6.4	6.4	5.3	5.4	6.1	6.4
Central bank policy rate (% eop)	4.25	4.50	4.75	5.00	5.00	5.00	5.00	4.75	4.25	3.75	3.50	3.25	3.00	4.25	5.00	4.25	3.00
Foreign exchange (USDCAD, eop)	1.36	1.35	1.32	1.36	1.32	1.33	1.33	1.28	1.28	1.27	1.27	1.25	1.25	1.36	1.32	1.28	1.25
<b>United States</b>																	
Real GDP (y/y % change)	0.7	1.7	2.4	2.9	3.1	3.1	2.7	1.8	1.4	1.2	1.4	1.6	1.6	1.9	2.5	2.3	1.5
CPI (y/y % eop)	7.1	5.7	4.0	3.6	3.2	2.9	2.8	2.8	2.8	2.6	2.5	2.3	2.2	7.1	3.2	2.8	2.2
Unemployment rate (% avg)	3.6	3.5	3.6	3.7	3.7	3.7	3.7	3.8	3.8	3.9	4.1	4.2	4.3	3.6	3.6	3.8	4.1
Central bank policy rate (% eop)	4.50	5.00	5.25	5.50	5.50	5.50	5.50	5.25	4.50	4.25	3.75	3.25	3.00	4.50	5.50	4.50	3.00
Foreign exchange (EURUSD, eop)	1.07	1.08	1.09	1.06	1.10	1.10	1.10	1.12	1.12	1.15	1.15	1.18	1.18	1.07	1.10	1.12	1.18

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics, Focus Economics, Consensus Economics. Red indicates changes in estimates and forecasts since previous *Latam Weekly* on Feb 9, 2024.

**Forecast Updates—Changes Compared To Previous Latam Weekly**

	2022	2023				2024				2025							
	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2022	2023	2024f	2025f
<b>Brazil</b>																	
Real GDP (y/y % change)	-	-	-	-	-0.1	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDBRL, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	2023				2024				2025							
	Q4	Q1	Q2	Q3	Q4e	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2022	2023e	2024f	2025f
<b>Chile</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCLP, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	2023				2024				2025							
	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2022	2023	2024f	2025f
<b>Colombia</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.5	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCOP, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	2023				2024				2025							
	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4	Q1f	Q2f	Q3f	Q4f	2022	2023	2024f	2025f
<b>Mexico</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDMXN, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	2023				2024				2025							
	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2022	2023	2024f	2025f
<b>Peru</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDPEN, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	2023				2024				2025							
	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2022	2023	2024f	2025f
<b>Canada</b>																	
Real GDP (y/y % change)	-	-	-	-	-0.1	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCAD, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2022	2023				2024				2025							
	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2022	2023	2024f	2025f
<b>United States</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (EURUSD, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics, Focus Economics, Consensus Economics. Changes in estimates and forecasts since previous *Latam Weekly* on Feb 9, 2024.

**Forecast Updates: Central Bank Policy Rates and Outlook**

**Latam Central Banks: Policy Rates and Outlook**

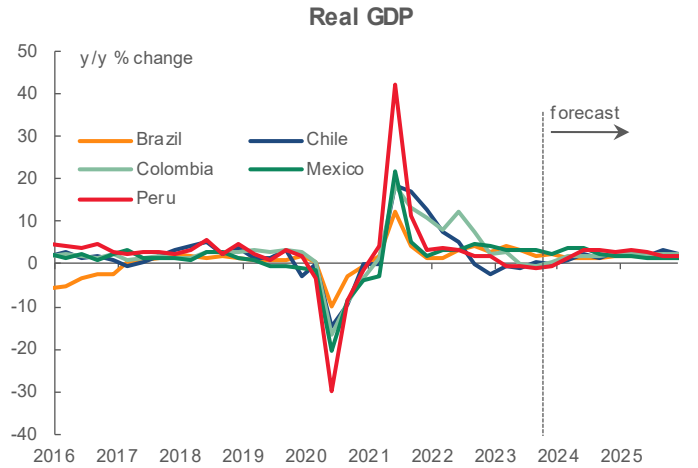
	Next Scheduled Meeting		BNS Forecast		BNS guidance for next monetary policy meeting	
	Current	Date	BNS	End-2024		End-2025
<b>Brazil, BCB, Selic</b>	11.25%	Mar-20	10.75%	9.00%	8.50%	
<b>Chile, BCCh, TPM</b>	7.25%	Apr-02	6.25%	4.25%	4.25%	We anticipate a 100 bps cut to 6.25% at the April meeting.
<b>Colombia, BanRep, TII</b>	12.75%	Mar-22	12.00%	7.00%	5.50%	In January, the central bank continued the easing cycle with a cautious stance, reducing the policy rate by 25 basis points to 12.75%. The decision resulted from a split vote: 5 members favoured a 25 basis point cut, while 2 members supported a more aggressive 50 basis point cut. Among the arguments for not accelerating the cuts are that underlying services prices have not reflected the same advance seen in headline inflation; the minimum wage was set above the central bank's expectations, putting pressure on inflation; and there is uncertainty around the El Niño effect and regulated prices. We continue to believe that inflation will show a significant correction in 1Q, and thus the central bank will accelerate the pace of cuts.
<b>Mexico, Banxico, TO</b>	11.25%	Mar-21	11.00%	9.50%	7.50%	Banxico minutes showed a further discussion regarding inflation trends, and the future of monetary policy. In the last meeting, three members of the Board were confident of a first cut in the March meeting, as they expect inflation to continue downwards. Deputy Governor Heath stated that it would be an error to start the cutting cycle if it is unclear that Banxico is winning the battle against inflation. With this, we reinforce our expectation of a first cut in March, in line with consensus, but not in a unanimous decision. Amid a highly uncertain environment, we do not rule out the possibility of fewer than currently expected cuts during the year.
<b>Peru, BCRP, TIR</b>	6.25%	Mar-07	6.00%	4.25%	4.00%	We expect a new interest rate cut of 25 bps in March. We still do not see enough slack to think about a scenario of faster declines in interest rates. At least not for now. We believe that the BCRP will prioritize a cautious attitude.

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.



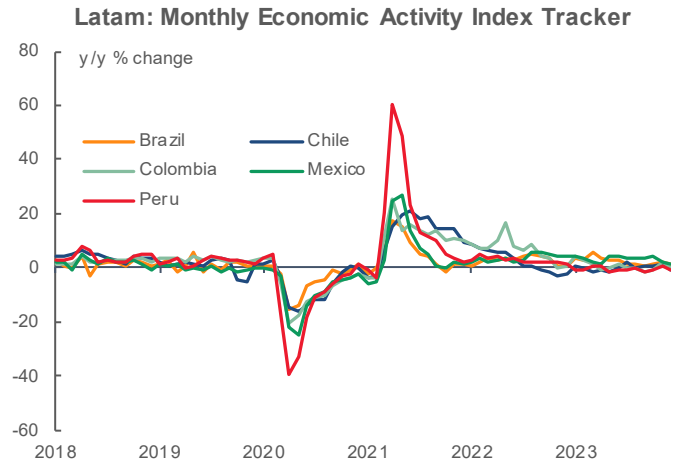
Key Economic Charts

Chart 1



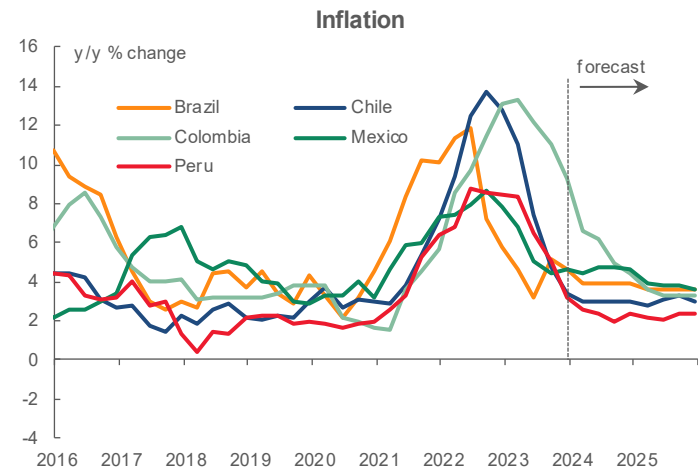
Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

Chart 2



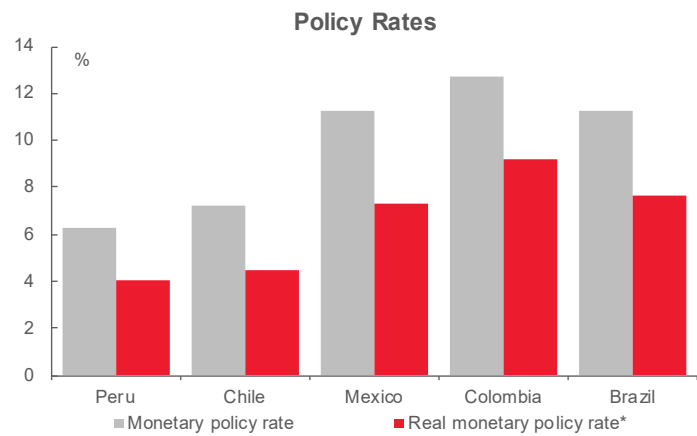
Sources: Scotiabank Economics, Haver Analytics.

Chart 3



Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

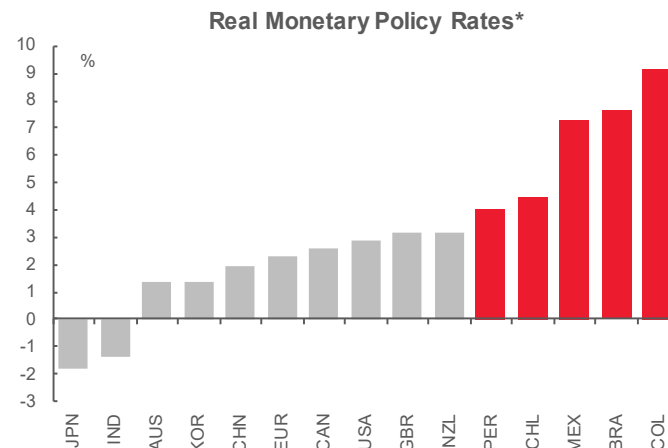
Chart 4



\* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q1-2025, % y/y.

Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

Chart 5

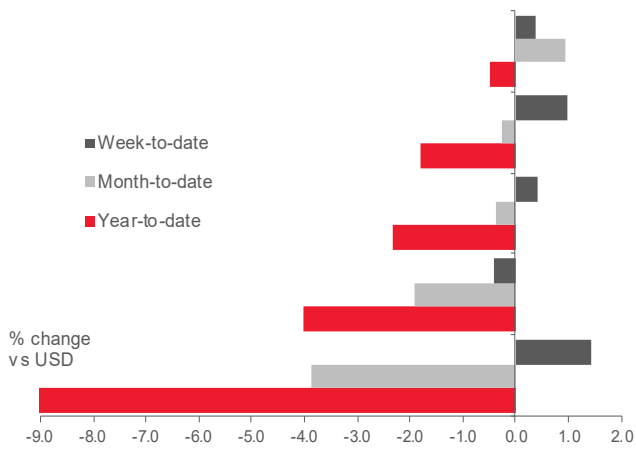


\* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q1-2025, % y/y. Sources: Scotiabank Economics, Bloomberg.

Key Market Charts

Chart 1

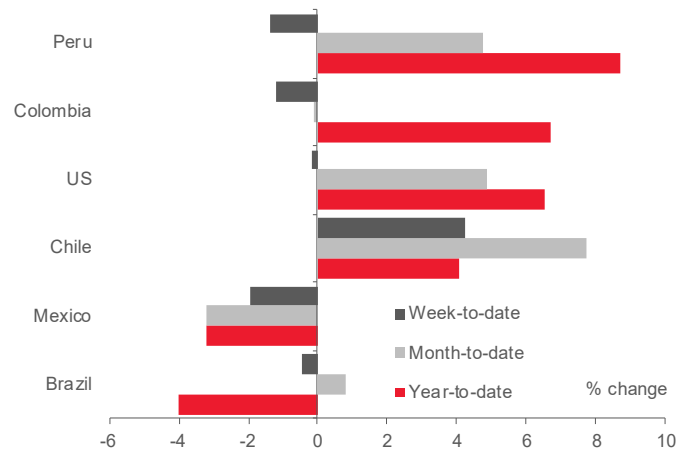
Latam Currencies Performance



Sources: Scotiabank Economics, Bloomberg.

Chart 2

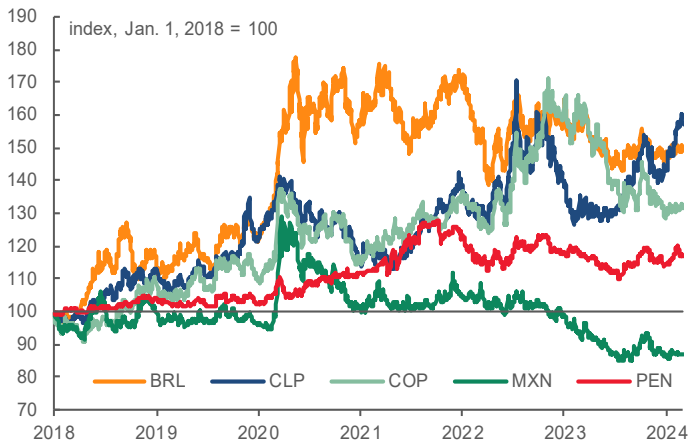
Latam Equities Performance



Sources: Scotiabank Economics, Bloomberg.

Chart 3

USD vs Latam Currencies



Sources: Scotiabank Economics, Bloomberg.

Chart 4

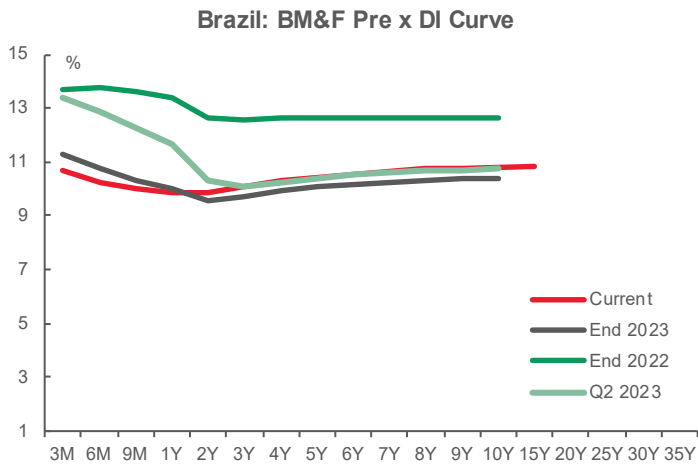
10-yr CDS Spreads: Latam Sovereigns & US BBB Corporates vs US\*



\*Sovereigns vs US swaps; BBB corporates vs 10-yr USTs.  
Sources: Scotiabank Economics, Bloomberg.

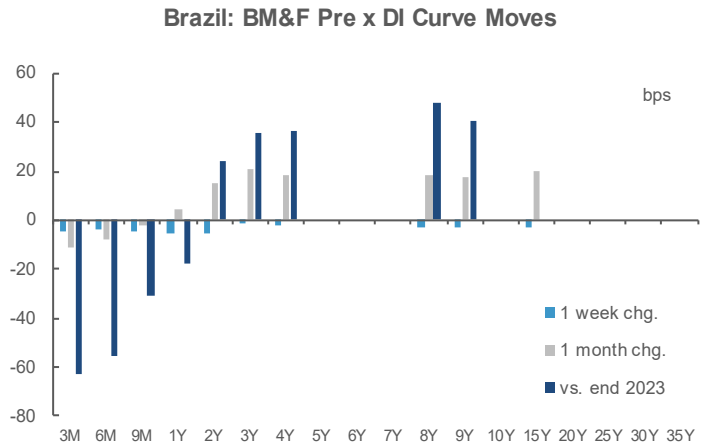
Yield Curves

Chart 1



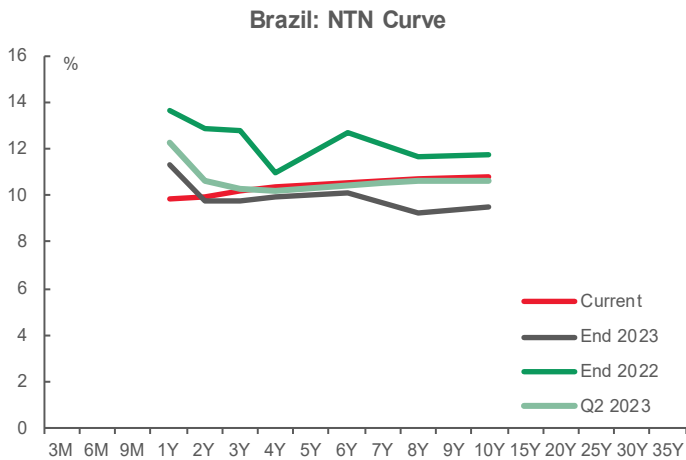
Sources: Scotiabank Economics, Bloomberg.

Chart 2



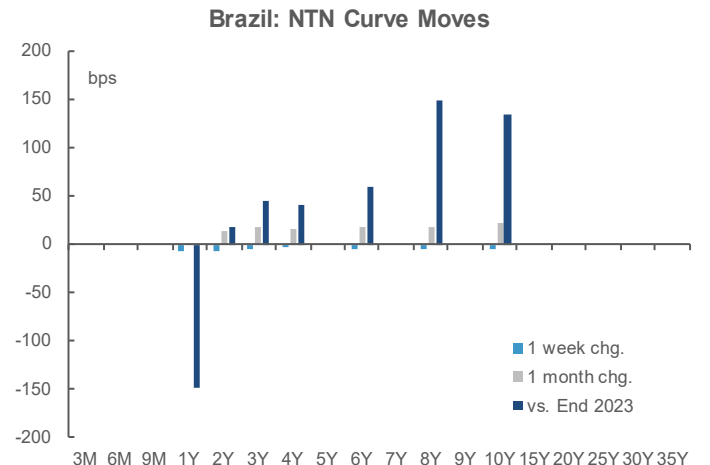
Sources: Scotiabank Economics, Bloomberg.

Chart 3



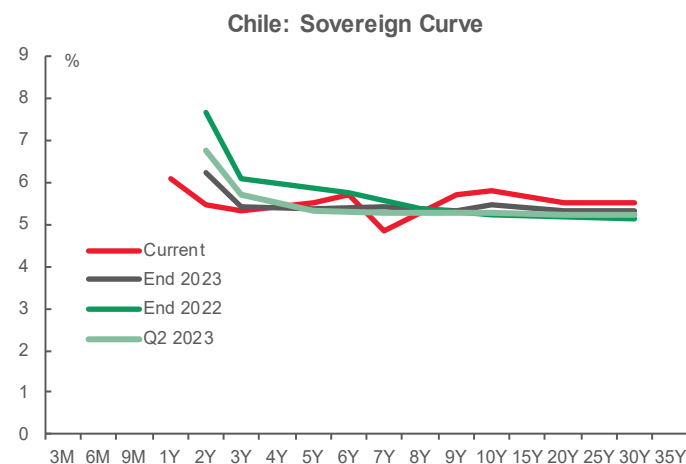
Sources: Scotiabank Economics, Bloomberg.

Chart 4



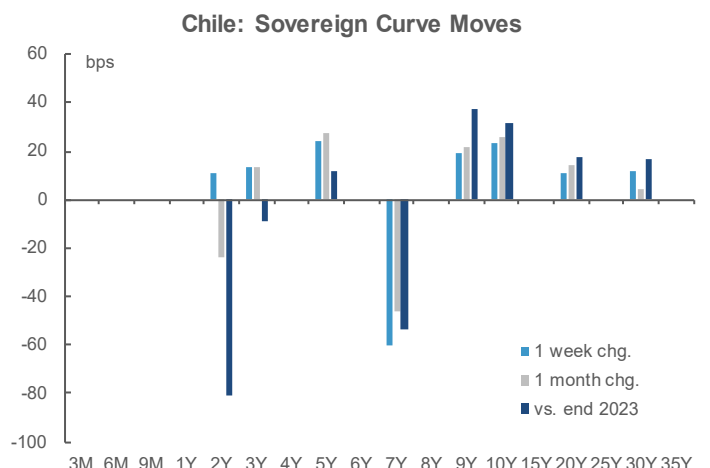
Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

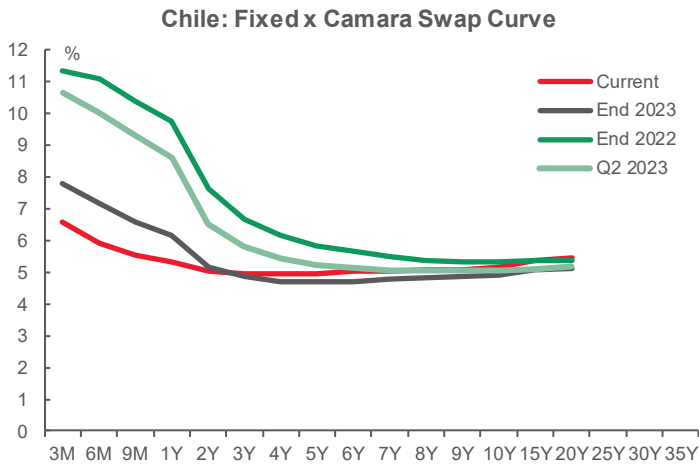
Chart 6



Sources: Scotiabank Economics, Bloomberg.

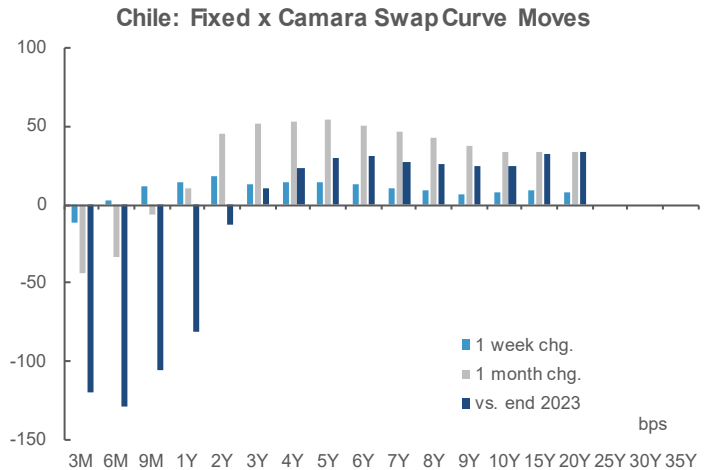
Yield Curves

Chart 7



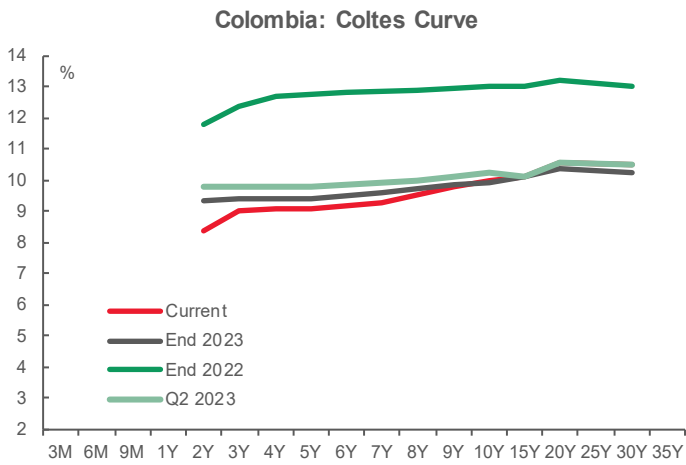
Sources: Scotiabank Economics, Bloomberg.

Chart 8



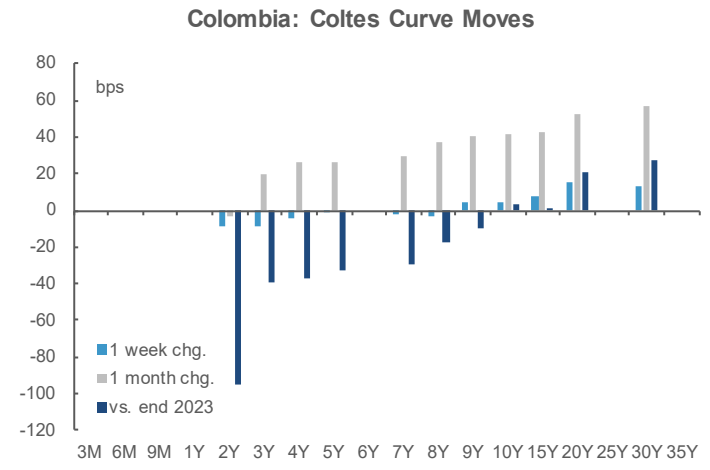
Sources: Scotiabank Economics, Bloomberg.

Chart 9



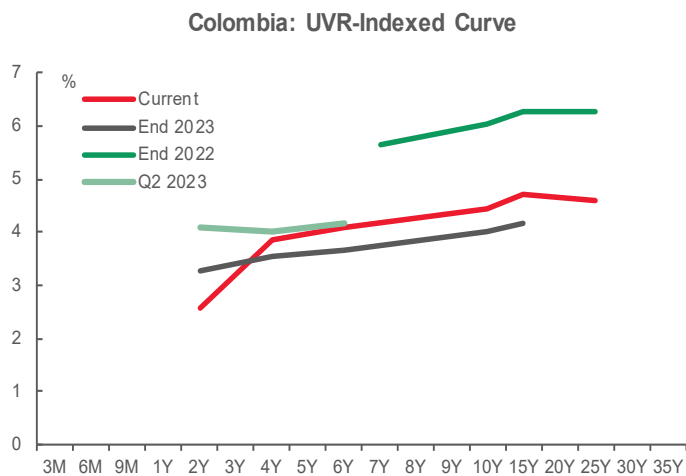
Sources: Scotiabank Economics, Bloomberg.

Chart 10



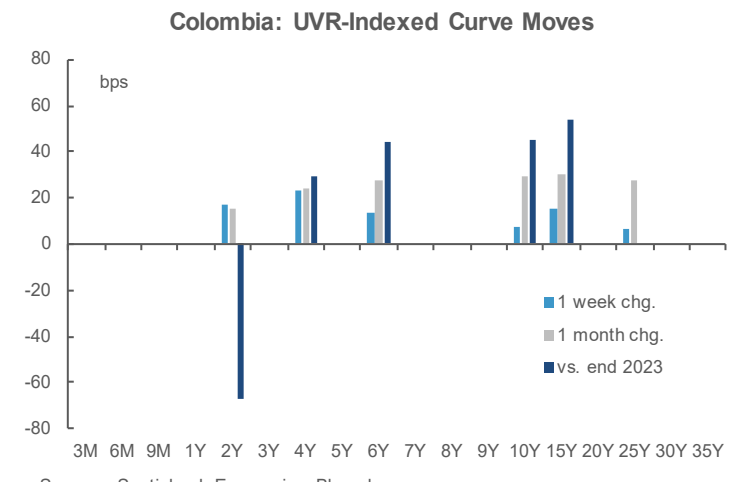
Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Bloomberg.

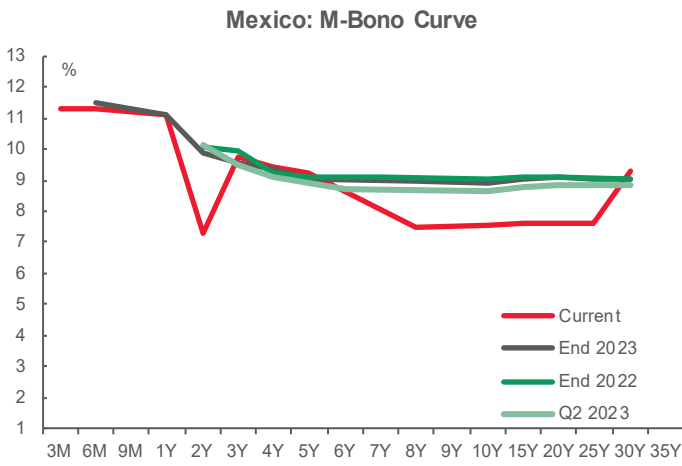
Chart 12



Sources: Scotiabank Economics, Bloomberg.

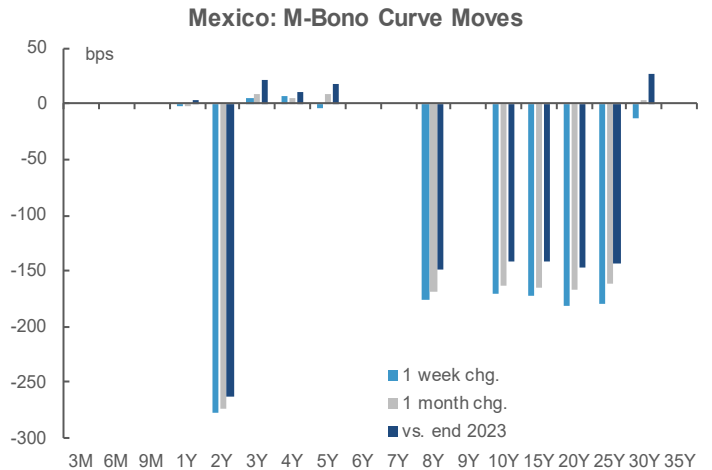
Yield Curves

Chart 13



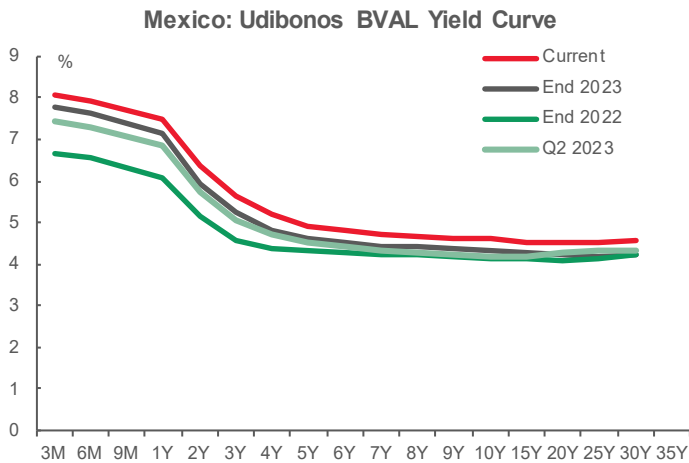
Sources: Scotiabank Economics, Bloomberg.

Chart 14



Sources: Scotiabank Economics, Bloomberg.

Chart 15



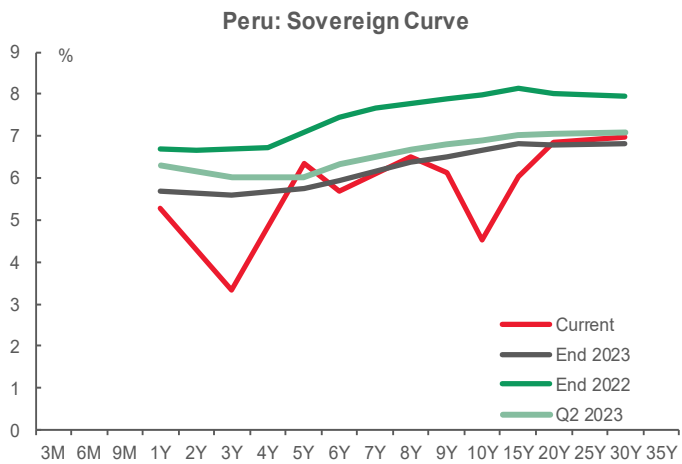
Sources: Scotiabank Economics, Bloomberg.

Chart 16



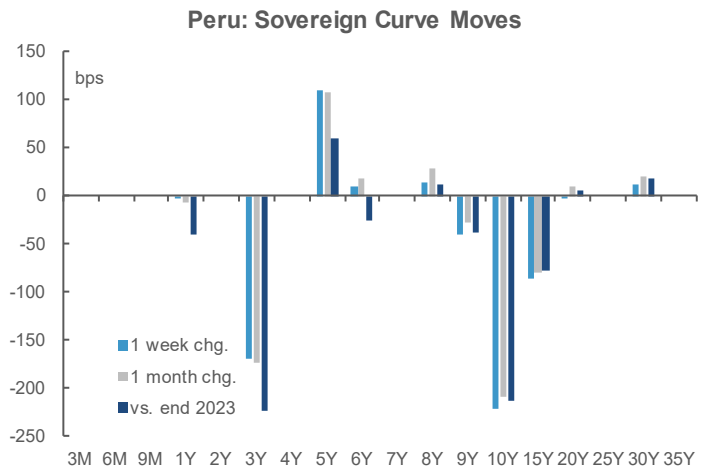
Sources: Scotiabank Economics, Bloomberg.

Chart 17



Sources: Scotiabank Economics, Bloomberg.

Chart 18



Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for March 2-15

**BRAZIL**

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
March 01-03	Vehicle Sales Fenabrave	Feb	--	--	161601	
Mar-04	3:00 FIPE CPI - Monthly (%)	Feb	--	--	0.46	
Mar-04	6:25 Central Bank Weekly Economist Survey		--	--		
Mar-05	8:00 S&P Global Brazil Composite PMI	Feb	--	--	53.2	
Mar-05	8:00 S&P Global Brazil Services PMI	Feb	--	--	53.1	
Mar-06	6:30 Current Account Balance (USD mn)	Jan	--	-5350	-5833.8	
Mar-06	6:30 Foreign Direct Investment (USD mn)	Jan	--	5100	-389.3	
Mar-06	7:00 Industrial Production m/m	Jan	--	--	1.1	
Mar-06	7:00 Industrial Production y/y	Jan	--	--	1	
Mar-06	13:00 Imports Total (USD mn)	Feb	--	--	20489.6	
Mar-06	13:00 Exports Total (USD mn)	Feb	--	--	27016.1	
Mar-06	13:00 Trade Balance Monthly (USD mn)	Feb	--	--	6526.6	
Mar-07	6:00 FGV Inflation IGP-DI m/m	Feb	--	--	-0.27	
Mar-07	6:00 FGV Inflation IGP-DI y/y	Feb	--	--	-3.61	
Mar-07	6:30 Primary Budget Balance (BRL bn)	Jan	--	98	-129.573	
Mar-07	6:30 Nominal Budget (Balance BRL bn)	Jan	--	--	-193.43	
Mar-07	6:30 Net Debt % GDP	Jan	--	--	60.85	
Mar 06-07	Vehicle Exports Anfavea (BRL)	Feb	--	--	18837	
Mar 06-07	Vehicle Production Anfavea	Feb	--	--	152564	
Mar 06-07	Vehicle Sales Anfavea	Feb	--	--	161615	
Mar-08	6:00 FGV CPI IPC-S (%)	07-Mar	--	--	0.6	
Mar-08	6:30 Total Outstanding Loans (BRL bn)	Jan	--	--	5782.51	
Mar-08	6:30 Personal Loan Default Rate (%)	Jan	--	--	5.6	
Mar-08	6:30 Outstanding Loans m/m	Jan	--	--	1.4	
Mar-11	4:00 FIPE CPI - Weekly (%)	07-Mar	--	--	0.46	
Mar-11	7:25 Central Bank Weekly Economist Survey		--	--		
Mar-11	14:00 Trade Balance Weekly (USD mn)	10-Mar	--	--	1484.3	
Mar-12	8:00 IBGE Inflation IPCA y/y	Feb	--	--	4.51	
Mar-12	8:00 IBGE Inflation IPCA m/m	Feb	--	--	0.42	
Mar-13	Formal Job Creation Total	Jan	--	99107	-430159	
Mar-14	8:00 Retail Sales Broad y/y	Jan	--	--	0	
Mar-14	8:00 Retail Sales y/y	Jan	--	--	1.3	
Mar-14	8:00 Retail Sales Broad m/m	Jan	--	--	-1.1	
Mar-14	8:00 Retail Sales m/m	Jan	--	--	-1.3	
Mar-15	8:00 IBGE Services Volume m/m SA	Jan	--	--	0.3	
Mar-15	8:00 IBGE Services Volume y/y NSA	Jan	--	--	-2	
March 15-25	Formal Job Creation Total	Feb	--	99107	-430159	

**CHILE**

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Mar-07	6:30 Exports Total (USD mn)	Feb	--	--	9144.55	
Mar-07	6:30 Imports Total (USD mn)	Feb	--	--	6522.24	
Mar-07	6:30 Trade Balance (USD mn)	Feb	--	--	2622.31	
Mar-07	6:30 International Reserves (USD mn)	Feb	--	--	47085	
Mar-07	6:30 Copper Exports (USD mn)	Feb	--	--	3377.15	
Mar-07	7:00 Nominal Wage y/y	Jan	--	--	7.7	
March 01-07	IMCE Business Confidence	Feb	--	--	43.71	
Mar-08	6:00 CPI m/m	Feb	0.3	0.2	0.7	Our estimate considers a significant but limited pass-through of the recent peso depreciation on the CPI basket, which would be observed mainly through increases in tradable goods prices.
Mar-08	6:00 CPI y/y	Feb	3.3	4.1	3.8	
Mar-12	7:30 Central Bank Economist Survey		--	--		
March 07-12	Vehicle Sales Total	Feb	--	--	25117	

**COLOMBIA**

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Mar-04	10:00 Exports FOB (USD mn)	Jan	--	--	4445.38	
Mar-07	18:00 CPI m/m (%)	Feb	--	1.04	0.92	
Mar-07	18:00 CPI Core y/y	Feb	--	9.08	9.69	
Mar-07	18:00 CPI y/y	Feb	--	7.71	8.35	
Mar-07	18:00 CPI Core m/m	Feb	--	1.11	1.02	
Mar-11	Consumer Confidence Index	Feb	--	--	-7.9	
Mar-15	11:00 Industrial Production y/y	Jan	--	--	-3.2	
Mar-15	11:00 Manufacturing Production y/y	Jan	--	--	-6.77	
Mar-15	11:00 Retail Sales y/y	Jan	--	--	-4.7	

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for March 2–15

MEXICO

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Mar-04	7:00 Gross Fixed Investment SA m/m	Dec	--	--	-1.29	
Mar-04	7:00 Gross Fixed Investment NSA y/y	Dec	--	18.4	19.2	
Mar-04	7:00 Vehicle Domestic Sales	Feb	--	--	112100	
Mar-04	7:00 Leading Indicators (m/m)	Jan	--	--	0.04	
Mar-04	7:00 Private Consumption y/y	Dec	--	--	5.56	
Mar-05	10:00 International Reserves Weekly (USD mn)	01-Mar	--	--	213479	
Mar-05	Banamex Survey of Economists		--			
Mar-06	7:00 Consumer Confidence	Feb	--	--	47.07	
Mar-06	7:00 Vehicle Exports	Feb	--	--	254367	
Mar-06	7:00 Vehicle Production (MXN)	Feb	--	--	307069	
Mar-07	7:00 CPI y/y	Feb	4.7	4.42	4.88	
Mar-07	7:00 CPI m/m	Feb	0.4	--	0.89	
Mar-07	7:00 CPI Core y/y	Feb	4.6	--	4.76	
Mar-07	7:00 CPI Core m/m	Feb	0.5	--	0.4	
Mar-07	7:00 Bi-Weekly CPI y/y	29-Feb	--	--	4.45	
Mar-07	7:00 Bi-Weekly CPI (%)	29-Feb	--	--	-0.1	
Mar-07	7:00 Bi-Weekly Core CPI y/y	29-Feb	--	--	4.63	
Mar-07	7:00 Bi-Weekly Core CPI (%)	29-Feb	--	--	0.24	
March 05-08	Formal Job Creation Total (,000s)	Feb	--	--	109.02	
Mar-11	ANTAD Same-Store Sales y/y	Feb	--	--	3.5	
March 07-11	Nominal Wages m/m	Feb	--	--	9.29	
Mar-12	8:00 Industrial Production NSA y/y	Jan	--	--	0.01	
Mar-12	8:00 Manuf. Production NSA y/y	Jan	--	--	-3.98	
Mar-12	8:00 Industrial Production SA m/m	Jan	--	--	-0.74	
Mar-12	11:00 International Reserves Weekly (USD mn)	08-Mar	--	--	213479	

PERU

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Mar-07	18:00 Reference Rate (%)	07-Mar	6.00	6.00	6.25	BCRP would cut its key rate by 25 bps. Inflation would be close to upper target limit.
Mar-15	11:00 Economic Activity y/y	Jan	1.8	--	-0.74	GDP improved due to growth in the mining, construction, and retail sectors, driven by a favourable low base comparison.

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

Scotiabank Economics Latam Coverage

Local Market Coverage

CHILE

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COLOMBIA

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