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# Latam Weekly: Mexico and Brazil CPI Await, but Global PMIs May Call the Shots

## ECONOMIC OVERVIEW

- Strap in for a hectic Thursday, when global PMIs and Mexican and Brazilian CPI are scheduled for release, in contrast to a fairly quiet start to the week where the BoC's (likely) 50bps cut will be the main event.
- Global markets are set to swing on the PMIs' early read of economic conditions (after very poor European PMIs in September) while local markets tick a box for more steady easing by Banxico but consider a possibly upsized hike by the BCB.
- Peru's and Chile's calendars are quiet and it will mostly be about watching political news and possible comments by central bank officials. There's a bit more in Colombia with trade data on Monday, but the labour reform process may be more interesting as well as trends in Colombian markets, which our team discusses in today's report.

## PACIFIC ALLIANCE COUNTRY UPDATES

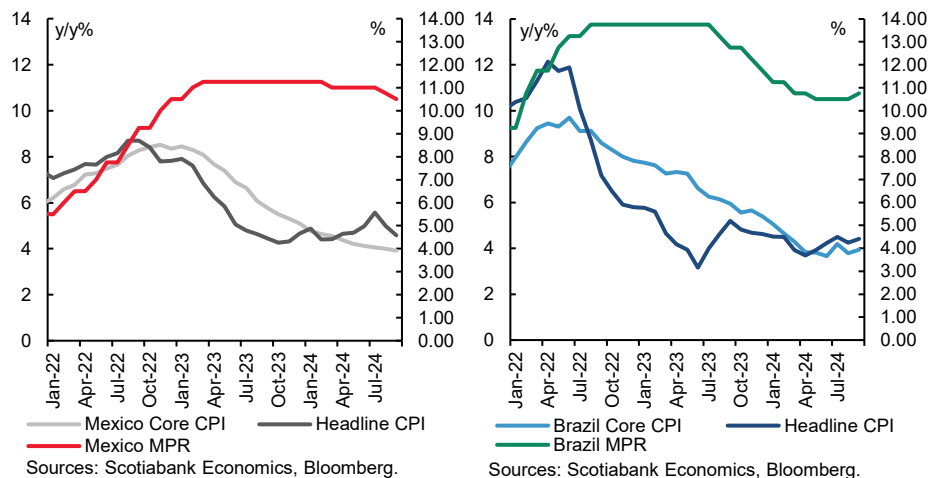
- We assess key insights from the last week, with highlights on the main issues to watch over the coming fortnight in the Pacific Alliance countries: Colombia and Mexico.

## MARKET EVENTS & INDICATORS

- A comprehensive risk calendar with selected highlights for the period October 19–November 1 across the Pacific Alliance countries and Brazil.

### Charts of the Week

Mexico & Brazil: Comparative Trends in Core & Headline CPI vs. Policy Rates



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

## Economic Overview: Mexico and Brazil CPI Await, but Global PMIs May Call the Shots

- **Strap in for a hectic Thursday, when global PMIs and Mexican and Brazilian CPI are scheduled for release, in contrast to a fairly quiet start to the week where the BoC's (likely) 50bps cut will be the main event.**
- **Global markets are set to swing on the PMIs' early read of economic conditions (after very poor European PMIs in September) while local markets tick a box for more steady easing by Banxico but consider a possibly upsized hike by the BCB.**
- **Peru's and Chile's calendars are quiet and it will mostly be about watching political news and possible comments by central bank officials. There's a bit more in Colombia with trade data on Monday, but the labour reform process may be more interesting as well as trends in Colombian markets, which our team discusses in today's report.**

Next week will be a tale of two halves, with limited market risks on Monday and Tuesday, followed by a busier mid-point with the BoC's decision, and then a flood of Latam and global data over the course of Thursday and Friday. Overall, however, we should expect to see the largest market shifts on Thursday, when October PMIs from Japan, through Europe, and ending with the US will give us the best early indicator of the health of the global economy during the current month. Briefly, we expect the BoC to cut by 50bps, with a change in our forecast following the recent CPI data (see [here](#)).

That same day, we also get a look at the evolution of prices in Mexico and Brazil, with both countries releasing mid-month CPI data for October. There's no good news yet for Brazilians, nor the BCB, as IPCA-15 figures are expected to show an acceleration in inflation to the mid-4s from the low-4s in the mid-September reading—which roughly aligns with the trend set by full-month September inflation at 4.4%. Further upside pressure in food prices and new electricity bill hikes will be to blame for the acceleration, but that may not stop markets to bet on an upsized BCB hike given elevated inflation expectations and better-than-expected growth (there's currently 55–60bps in implied hikes).

In Mexico, our team projects that there will be a small uptick in headline CPI growth from the 4.50% seen in H2-Sept to now 4.58%. As our economists explain in today's report, the higher print will owe to higher food prices amid adverse weather and some strength in merchandise prices. That should really not bother Banxico—or at least the current more dovish contingent—to prevent another well-expected 25bps rate cut at its mid-November decision. This decision should be made easier by the worsening growth outlook in the country. In today's Weekly, the Mexico team discusses their updated growth forecasts, where 2024 is expected only a bit lower but their 2025 projection goes from 1.4% to 1.0%; economic activity and retail sales data for August is also on tap next week, which may shape these forecasts further.

Outside of Mexico and Brazil, it's fairly quiet in the region. It's as dry as it gets in Peru, where there's no key data scheduled and maybe we're just watching political noise unfold and keeping an eye on Petroperu developments. It's a bit of the same in Chile, with the exception of PPI data due on Thursday and being on the lookout for comments by BCC officials after their latest [rate cut decision](#). In Colombia, the labour reform process will continue through the legislature—and likely be watered down at the remaining two debates—but we also have imports and trade balance figures to analyze on Monday. In today's Weekly, our colleagues in Bogota discuss financial market developments, with international and domestic developments influencing local rates and the currency.

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## Pacific Alliance Country Updates

### Colombia—International Volatility and Domestic Assets

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The Federal Reserve kicked off the easing cycle faster than expected; however, the “higher for longer” message was affirmed again as the Fed forecast suggests a terminal rate close to 3% in its upper bound. Having said that the easing cycle is almost priced in market prices, however the fact that the US rate could equilibrate in levels not seen in 30 years, brings to the table the conversation about the correct risk premium that should be involved in global assets, that is probably why since the Fed’s meeting most yield curves across the globe steepened and why the discussion is turning to long-term fundamentals. In parallel, geopolitical tension continues, increasing the risk aversion and the volatility in commodity prices. To the above, we must add the proximity of the US election and the usual anxiety it generates across markets. All in all, the international context implied volatility and negative pressure for Colombia’s domestic assets, and at this point, it is important to distinguish between what is a temporary shock and a structural shock.

In the case of the FX market, recent depreciation is a combination of potential structural changes but also of short-term volatility. In the case of monetary policy, the expectation that the Federal Reserve will stop the easing cycle at a higher rate could almost be net off with the expectation that the central bank in Colombia will continue implementing cautious and gradual rate cuts. Having said that, monetary policy is not changing our expectation for the USDCOP by the end of the year of 4116 pesos. In the case of the impact of commodity prices, especially oil, the debate between the structurally lower demand versus the international conflict makes the Brent price to range between 80 to 70 USD/b. On that front, we see it as an important debate to define if the level of the exchange rate can change structurally or not. In our models, a change of 10 USD per barrel could impact our FX expected level between 30 to 50 pesos. Our current forecast involves a Brent price averaging 80–85 USD per barrel; in the case of talking about 70 USD per barrel, the expectation could go up to around 4150 pesos. Having said that, current levels above 4200 pesos could respond to temporary factors or overshooting effects due to global uncertainty.

In the case of FI markets, the main discussion is around the long-term level of international rates and the discovery of risk premiums in different assets. The expectation of a monetary policy rate in the US stabilizing at 3% puts the markets in the mindset that the fair term premium for a 10 year tenor is not lower than 100bps, something that makes the 10y treasury jump from 3.60% on September 18<sup>th</sup> (last Fed meeting) to levels closer to 4.10%, in the same space of time the COLTES curve has jumped by 47bps, almost maintaining the empirical spread and suggesting that the local noise around fiscal accounts is just noise and does not mean major changes for the public debt. In that regard, our macroeconomic view continues pointing that Colombia’s yield curve could appreciate if BanRep continues with the easing cycle; however, in the equilibrium, higher risk premiums could mean a steep curve in COLTES markets. In our calculations, the yield curve slope between the COLTES 2050 tenor and the 10y reference could continue hovering around 90 to 100bps, attributed to the fact that the world is operating under an environment of structurally higher interest rates but also higher risk premiums that combine fiscal risks and political uncertainties.

All in all, there is certainty that interest rates are going down. However, the high terminal rate increases the vigilance of markets around macroeconomic fundamentals to assess the right risk premiums. In the case of Colombia in the FX market, the forecast of 4116 pesos for Dec-2024 is still reasonable, and the only source of structural change could be derived from the oil price. In the case of the yield curve, despite the local noise, what matters more has been the assessment of risk premiums on the treasury markets, which points to structurally steeped curves.

### Mexico—Lower Growth Forecasts

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We are updating to the downside our Mexican GDP forecast for 2024 and 2025 forecast as a result of a slowdown in consumption, public and private investment, as well as an expected tightening deficit on the net trade. This change in our base scenario has resulted from two main factors, one external and one internal. On the international side, there is an increasing probability of a victory of the Republican

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candidate in the US election and the proposals to impose tariffs. On the other hand, at the national level, the new administration faces challenges in relation to the 2025 budget. Hence, these events could negatively affect investment plans of the private sector in Mexico, as well as consumption decisions in the short- and medium-term due to weaker job creation, as the latest numbers of formal employment has shown. For its part, this adjustment responds to the expectation of lower government spending for the following year. As a result of the above, we slightly modified downward our GDP growth estimate from 1.5% to 1.4% for this year and modified our forecast for 2025 from 1.4% to 1.0%.

## IGAE Slowdown, Small Inflation Uptick

In Mexico, relevant figures will be published by the National Institute of Statistics (INEGI) next week. On Tuesday, the Global Indicator of Economic Activity (IGAE) for August will be published, for which an increase of 1.1%, in annual terms and seasonally adjusted, is forecasted. This change implies a slowdown compared to the previous month's figure, which showed 2.0% growth. In detail, industrial activities are expected to increase by 0.7% y/y from 0.6% in July, while services are projected to rise 1.5% y/y, below the 2.2% reported in July.

Additionally, on Wednesday, August retail sales will be released, where data, in real annual terms, have shown signs of weakness in recent months, despite the fact that the sales of the National Association of Self-Service and Department Stores (ANTAD), a proxy for retail sales in nominal terms, have grown. In this sense, ANTAD reported a nominal growth in total sales of 8.4% in August from an increase of 4.0% in July. For its part, retail sales, reported by INEGI, showed a decrease of 0.6% in July compared to the same month of the previous year. Thus, we anticipate that retail sales could present a slight rebound following the data published by ANTAD.

Finally, on Thursday inflation for the first half of October will be published; where we anticipate that general inflation will increase, in annual terms, from 4.50% in Q2 September to 4.58% due to a pickup in agricultural prices related to bad weather conditions, as well as a rebound in merchandise component prices. It's worth mentioning inflation in the first half of September stood at 4.66%, while in September inflation registered at 4.58%.

**Forecast Updates**

	2022	2023				2024				2025							
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	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	2.5	3.3	3.4	3.0	2.1	1.8	1.8	1.9	3.0	2.9	3.0	1.9
CPI (y/y % eop)	5.8	4.7	3.2	5.2	4.6	3.9	4.2	4.4	4.4	4.3	4.1	3.9	3.9	5.8	4.6	4.4	3.9
Unemployment rate (% avg)	7.9	8.8	8.0	7.7	7.4	7.9	6.9	6.6	6.5	7.3	7.2	7.1	7.0	7.9	7.4	6.5	7.0
Central bank policy rate (% eop)	13.75	13.75	13.75	12.75	11.75	10.75	10.50	10.75	11.75	12.00	12.00	11.75	11.00	13.75	11.75	11.75	11.00
Foreign exchange (USDBRL, eop)	5.28	5.06	4.79	5.03	4.86	5.01	5.59	5.45	5.36	5.33	5.32	5.31	5.33	5.28	4.86	5.36	5.33
<b>Chile</b>																	
Real GDP (y/y % change)	-2.3	0.3	-0.4	0.6	0.4	2.5	1.6	2.6	4.1	1.9	3.1	2.7	2.4	2.1	0.2	2.7	2.5
CPI (y/y % eop)	12.8	11.1	7.4	4.7	3.4	3.2	3.8	4.0	4.3	4.7	4.2	3.8	3.5	12.8	3.4	4.3	3.5
Unemployment rate (% avg)	7.9	8.8	8.5	8.9	8.5	8.7	8.3	8.7	8.0	8.0	7.8	7.8	7.4	7.9	8.5	8.4	7.7
Central bank policy rate (% eop)	11.25	11.25	11.25	9.50	8.25	7.25	5.75	5.50	5.00	4.75	4.25	4.25	4.25	11.25	8.25	5.00	4.25
Foreign exchange (USDCLP, eop)	851	795	802	892	879	979	940	899	890	870	870	870	870	851	879	890	870
<b>Colombia</b>																	
Real GDP (y/y % change)	2.1	2.7	0.4	-0.7	0.2	0.8	2.1	1.9	1.3	3.5	3.1	2.6	2.6	7.3	0.6	1.5	2.9
CPI (y/y % eop)	13.1	13.3	12.1	11.0	9.3	7.4	7.2	5.8	5.3	4.4	4.0	4.1	4.0	13.1	9.3	5.3	4.0
Unemployment rate (% avg)	9.8	11.7	10.2	9.4	9.4	11.9	10.4	9.8	9.8	12.0	10.7	10.7	10.4	11.2	10.2	10.5	11.0
Central bank policy rate (% eop)	12.00	13.00	13.25	13.25	13.00	12.25	11.25	10.25	9.00	7.50	6.00	5.50	5.50	12.00	13.00	9.00	5.50
Foreign exchange (USDCOP, eop)	4,853	4,623	4,172	4,068	3,855	3,852	4,153	4,207	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)	4.4	3.6	3.5	3.4	2.3	1.5	2.1	1.4	0.6	0.6	1.2	1.1	1.0	3.7	3.2	1.4	1.0
CPI (y/y % eop)	7.8	6.8	5.1	4.5	4.7	4.4	5.0	4.6	4.6	4.1	3.9	3.8	3.8	7.8	4.7	4.6	3.8
Unemployment rate (% avg)	3.0	2.7	2.8	3.0	2.7	2.5	2.7	3.1	3.2	3.3	3.3	3.4	3.5	3.3	2.8	2.9	3.4
Central bank policy rate (% eop)	10.50	11.25	11.25	11.25	11.25	11.00	11.00	10.50	10.00	9.75	9.25	8.75	8.00	10.50	11.25	10.00	8.00
Foreign exchange (USDMXN, eop)	19.50	18.05	17.12	17.42	16.97	16.56	18.32	19.69	20.50	20.70	20.80	21.00	21.30	19.50	16.97	20.50	21.30
<b>Peru</b>																	
Real GDP (y/y % change)	1.8	-0.4	-0.5	-0.9	-0.4	1.4	3.6	3.3	3.4	3.6	2.3	2.0	2.3	2.7	-0.6	3.0	2.5
CPI (y/y % eop)	8.5	8.4	6.5	5.0	3.2	3.0	2.3	1.8	2.4	2.1	2.5	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	7.7	6.6	5.9	6.5	7.2	6.5	6.4	6.2	7.7	6.8	6.9	6.6
Central bank policy rate (% eop)	7.50	7.75	7.75	7.50	6.75	6.25	5.75	5.25	5.00	4.75	4.50	4.25	4.25	7.50	6.75	5.00	4.25
Foreign exchange (USDPEN, eop)	3.81	3.76	3.63	3.78	3.70	3.72	3.84	3.70	3.75	3.75	3.75	3.80	3.78	3.81	3.70	3.75	3.78
<b>Canada</b>																	
Real GDP (y/y % change)	2.2	2.0	1.3	0.7	1.0	0.6	0.9	1.4	1.8	1.9	2.0	2.1	2.3	3.8	1.2	1.2	2.1
CPI (y/y % eop)	6.7	5.1	3.5	3.7	3.2	2.8	2.7	2.0	2.1	2.1	2.0	1.9	1.9	6.7	3.2	2.1	1.9
Unemployment rate (% avg)	5.1	5.1	5.3	5.5	5.8	5.9	6.2	6.5	6.6	6.6	6.6	6.5	6.4	5.3	5.4	6.3	6.5
Central bank policy rate (% eop)	4.25	4.50	4.75	5.00	5.00	5.00	4.75	4.25	3.50	3.25	3.00	3.00	3.00	4.25	5.00	3.50	3.00
Foreign exchange (USDCAD, eop)	1.36	1.35	1.32	1.36	1.32	1.35	1.37	1.35	1.36	1.34	1.32	1.32	1.30	1.36	1.32	1.36	1.30
<b>United States</b>																	
Real GDP (y/y % change)	1.3	2.3	2.8	3.2	3.2	2.9	3.0	2.5	2.0	2.1	1.8	1.6	1.8	2.5	2.9	2.6	1.8
CPI (y/y % eop)	7.1	5.7	4.0	3.6	3.2	3.2	3.2	2.6	2.5	2.4	2.3	2.1	1.9	7.1	3.2	2.5	1.9
Unemployment rate (% avg)	3.6	3.5	3.6	3.7	3.7	3.8	4.0	4.2	4.2	4.2	4.2	4.2	4.2	3.6	3.6	4.1	4.2
Central bank policy rate (% eop)	4.50	5.00	5.25	5.50	5.50	5.50	5.50	5.00	4.50	4.00	3.75	3.50	3.50	4.50	5.50	4.50	3.50
Foreign exchange (EURUSD, eop)	1.07	1.08	1.09	1.06	1.10	1.08	1.07	1.11	1.09	1.11	1.11	1.15	1.15	1.07	1.10	1.09	1.15

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics, Focus Economics.  
 Red indicates changes in estimates and forecasts since previous *Latam Weekly* on October 4, 2024.

Forecast Updates—Changes Compared To Previous Latam Weekly

	2022		2023			2024				2025							
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2022	2023	2024f	2025f
<b>Brazil</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	0.1	0.1	0.1	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-0.1	-	-	-	0.1	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-	-0.1	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	0.25	0.25	-	-	-	0.25
Foreign exchange (USDBRL, eop)	-	-	-	-	-	-	-	-	0.01	0.01	0.02	0.03	0.05	-	-	0.01	0.05
<b>Chile</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-0.3	-0.2	-0.1	-0.1	0.1	-	-	-	-0.2	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	0.8	0.6	-	-0.5	-0.2	0.1	-	-	0.3	-0.2
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-0.25	-0.25	-0.25	-	-	-	-	-0.25	-
Foreign exchange (USDCLP, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Colombia</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	0.1	0.5	0.6	0.6	0.6	-	-	0.1	0.6
Unemployment rate (% avg)	-	-	-	-	-	-	-	-0.8	-0.6	-0.3	-0.3	-0.3	-0.4	-	-	-0.3	-0.3
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCOP, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Mexico</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	0.1	-0.5	-0.7	-0.2	-0.4	-0.4	-	-	-0.1	-0.4
CPI (y/y %, eop)	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDMXN, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Peru</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-0.1	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-0.8	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDPEN, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Canada</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	0.1	0.1	0.2	0.2	0.1	0.2	-	-	0.1	0.2
CPI (y/y %, eop)	-	-	-	-	-	-	-	-0.4	-0.4	-0.2	-0.1	-0.2	-0.2	-	-	-0.4	-0.2
Unemployment rate (% avg)	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-	-	-0.1	-0.2
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-0.25	-	-	-	-	-	-	-0.25	-
Foreign exchange (USDCAD, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>United States</b>																	
Real GDP (y/y % change)	-	-	-	-	-	-	-	0.2	0.2	0.3	0.3	0.1	0.2	-	-	0.1	0.2
CPI (y/y %, eop)	-	-	-	-	-	-	-	-0.2	0.1	-	-0.1	-0.2	-0.3	-	-	0.1	-0.3
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-0.2	-0.1	-0.1	-0.1	-	-	-	-	-0.1
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-0.25	-0.25	-	-	-	-	-	-0.25	-
Foreign exchange (EURUSD, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics, Focus Economics. Changes in estimates and forecasts since previous *Latam Weekly* on October 4, 2024.

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

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

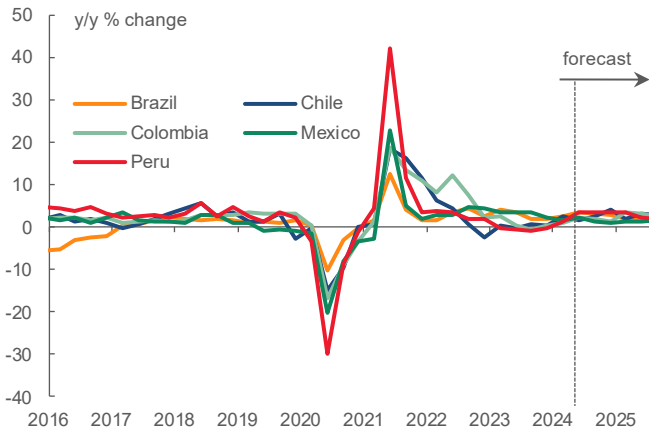
	Current	Next Scheduled Meeting		BNS Forecast		BNS guidance for next monetary policy meeting
		Date	BNS	End-2024	End-2025	
<b>Brazil, BCB, Selic</b>	10.75%	Nov-06	11.25%	11.75%	10.75%	
<b>Chile, BCCh, TPM</b>	5.25%	Dec-17	5.00%	5.00%	4.25%	We project that the BCCh will cut the policy rate by 25 bps at the December meeting.
<b>Colombia, BanRep, TII</b>	10.25%	Oct-31	9.75%	9.00%	5.50%	BanRep cut the rate by 50 bps to 10.25%, a smaller cut than we had anticipated (-75 bps). The decision was divided 4-3. A high risk premium in the region and in Colombia, added to fiscal uncertainty, were some of the arguments of the four who voted for 50 bps. We believe that the fiscal outlook will not change much before the next meeting, which makes us assume that the dynamics will be the same, and we will see a cautious 50 bps cut by BanRep.
<b>Mexico, Banxico, TO</b>	10.50%	Nov-14	10.25%	10.00%	8.00%	The minutes of the last Banxico meeting showed the Governing Board has divided opinions regarding the monetary outlook. Two members signalled a dovish stance; two more support the cutting cycle but hold a data-dependent position; and Deputy Governor Heath mentioned that Banxico should wait for further signs that monetary policy is impacting inflation expectations. Although we maintain our call of 25 bps cuts in each of the last two meetings of 2024, we agree that those cuts should materialize depending on data, as inflation risks remain bias to the upside and volatility regarding the US election and 2025 fiscal package could impact Mexican financial markets in the short term.
<b>Peru, BCRP, TIR</b>	5.25%	Nov-07	5.00%	5.00%	4.25%	The BCRP is comfortable in a scenario of controlled inflation, a stable exchange rate, and optimistic economic expectations. There is no pressure to decide between a cut or keeping its rate unchanged. We are inclined to think that in November, the BCRP will not rush and will keep its rate at 5.25%.

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

Key Economic Charts

Chart 1

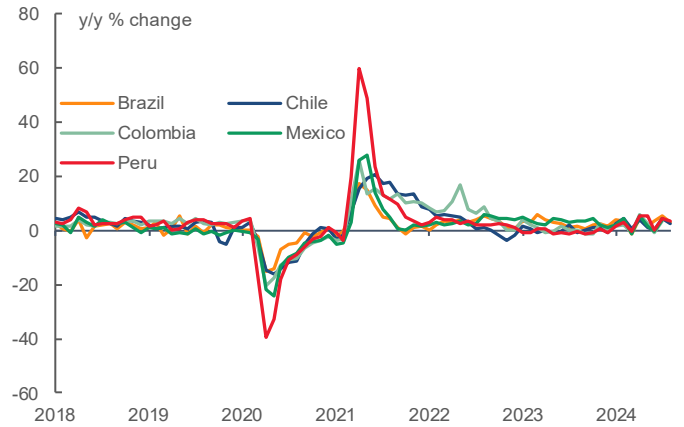
Real GDP



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

Chart 2

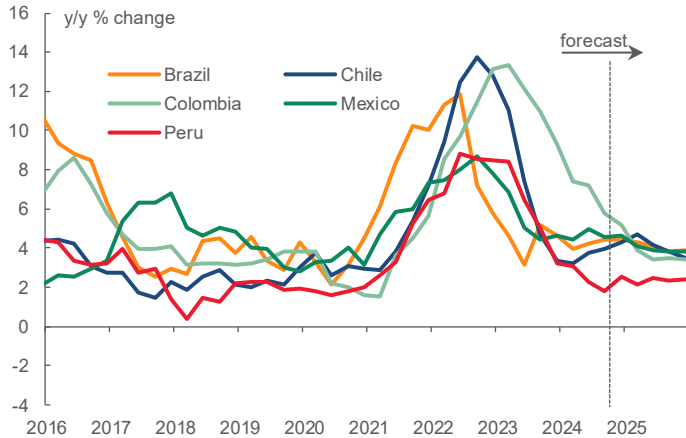
Latam: Monthly Economic Activity Index Tracker



Sources: Scotiabank Economics, Haver Analytics.

Chart 3

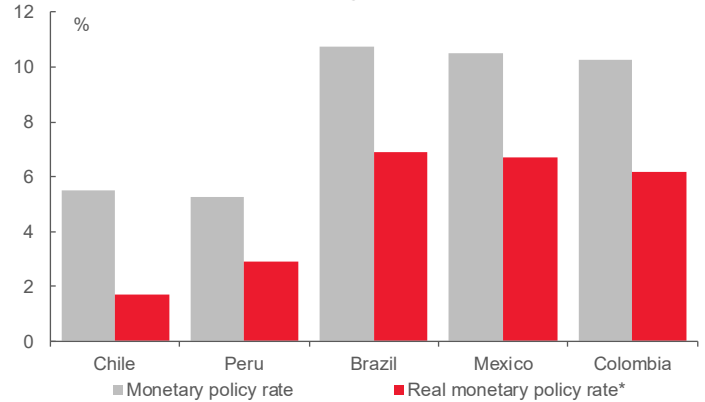
Inflation



Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

Chart 4

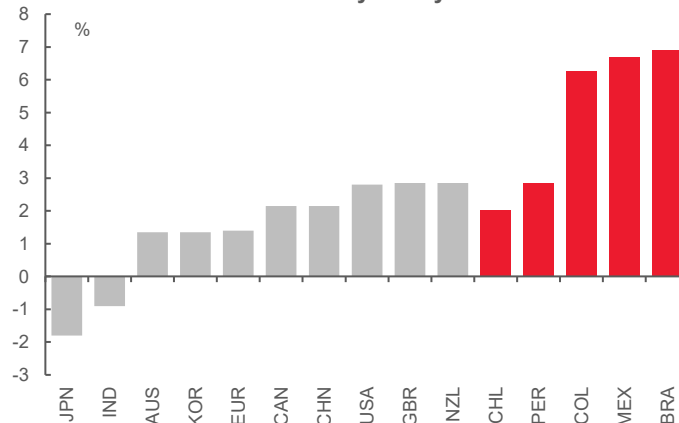
Policy Rates



\* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q4-2025, % y/y. Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

Chart 5

Real Monetary Policy Rates\*



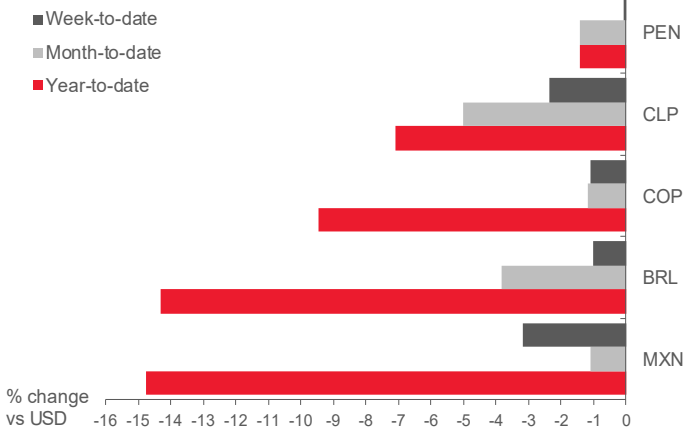
\* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q4-2025, % y/y. Sources: Scotiabank Economics, Bloomberg.



Key Market Charts

Chart 1

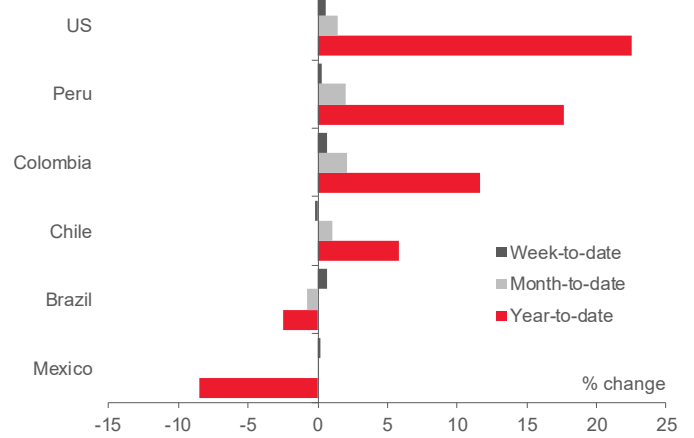
Latam Currencies Performance



Sources: Scotiabank Economics, Bloomberg.

Chart 2

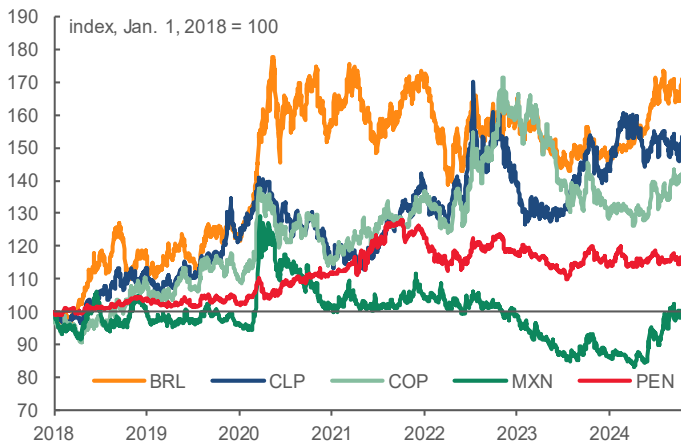
Latam Equities Performance



Sources: Scotiabank Economics, Bloomberg.

Chart 3

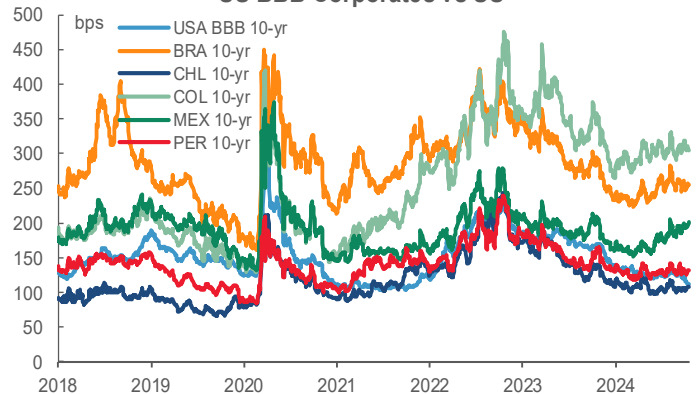
USD vs Latam Currencies



Sources: Scotiabank Economics, Bloomberg.

Chart 4

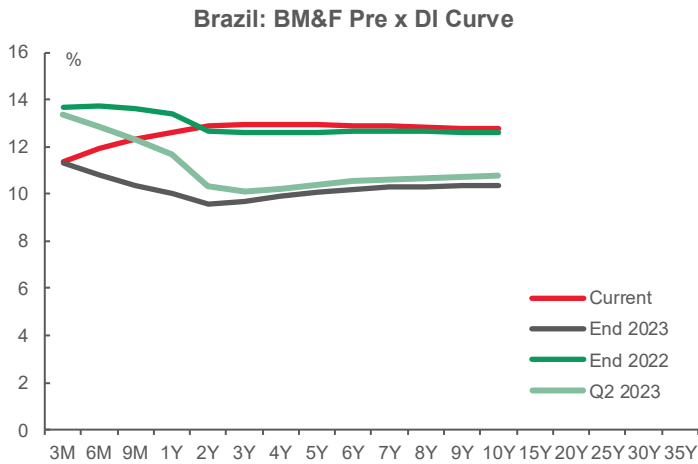
10-yr CDS Spreads: Latam Sovereigns & US BBB Corporates vs US\*



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

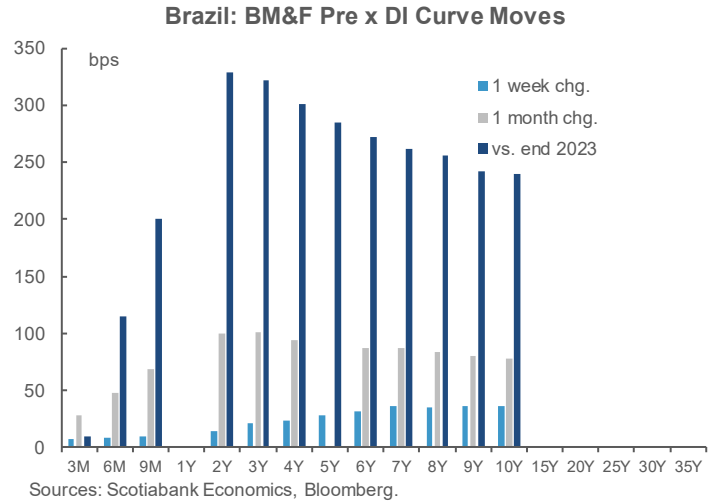
Yield Curves

Chart 1



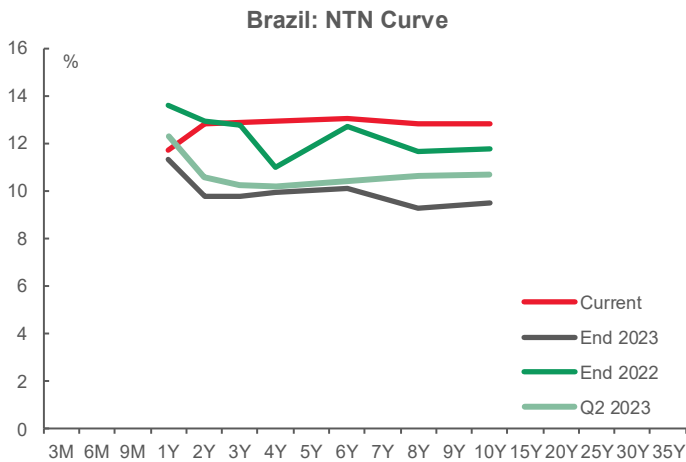
Sources: Scotiabank Economics, Bloomberg.

Chart 2



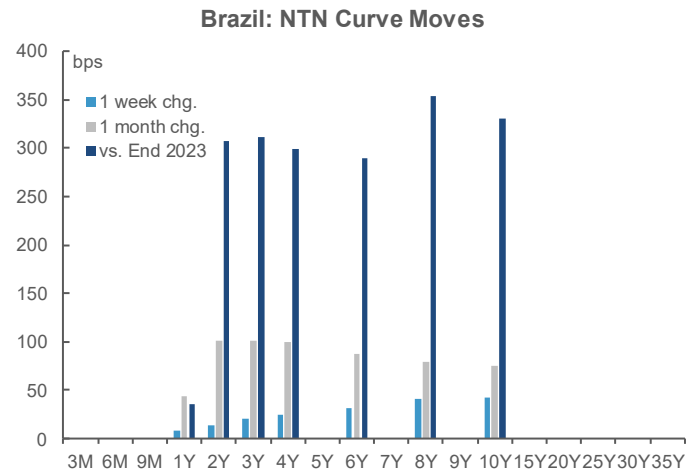
Sources: Scotiabank Economics, Bloomberg.

Chart 3



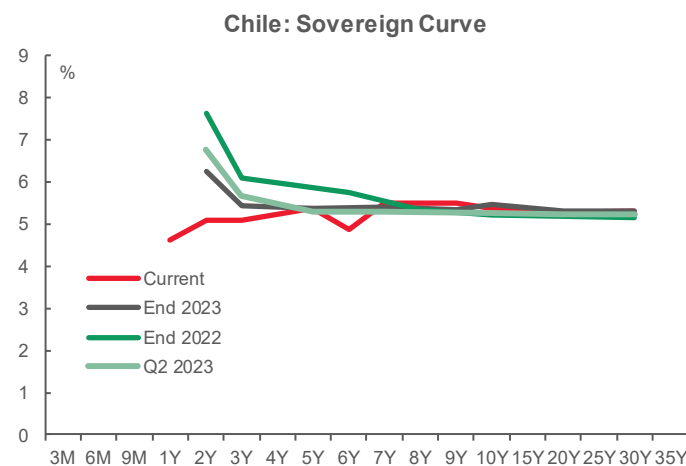
Sources: Scotiabank Economics, Bloomberg.

Chart 4



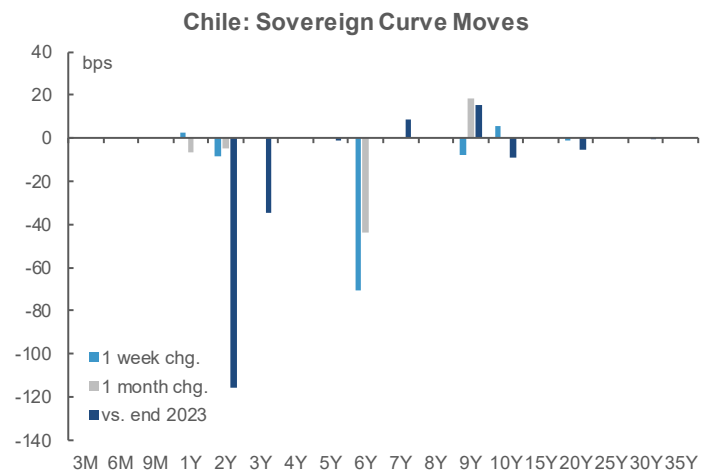
Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

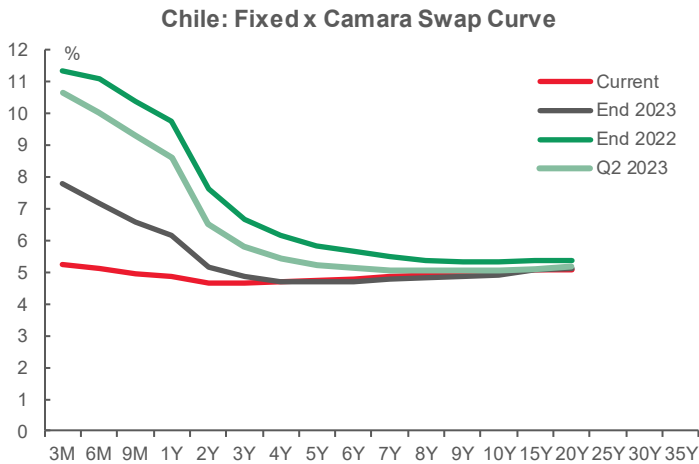
Chart 6



Sources: Scotiabank Economics, Bloomberg.

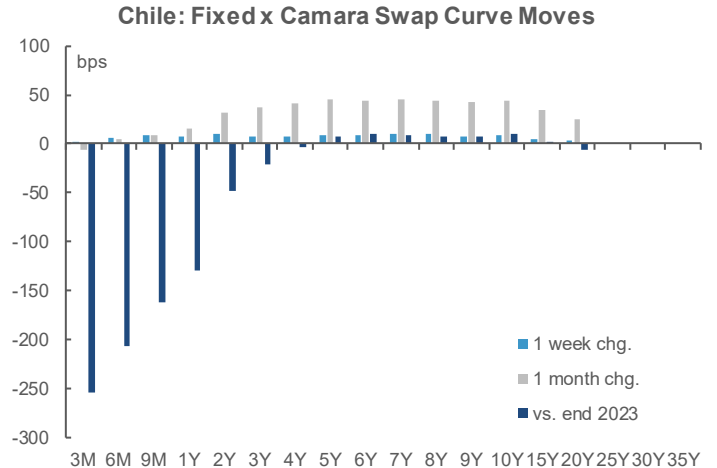
Yield Curves

Chart 7



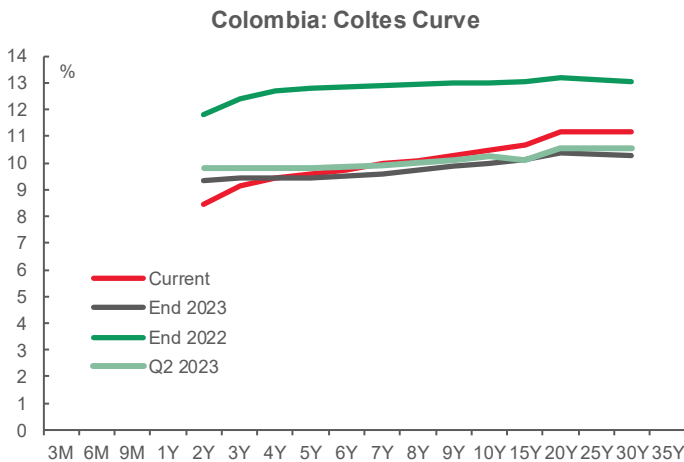
Sources: Scotiabank Economics, Bloomberg.

Chart 8



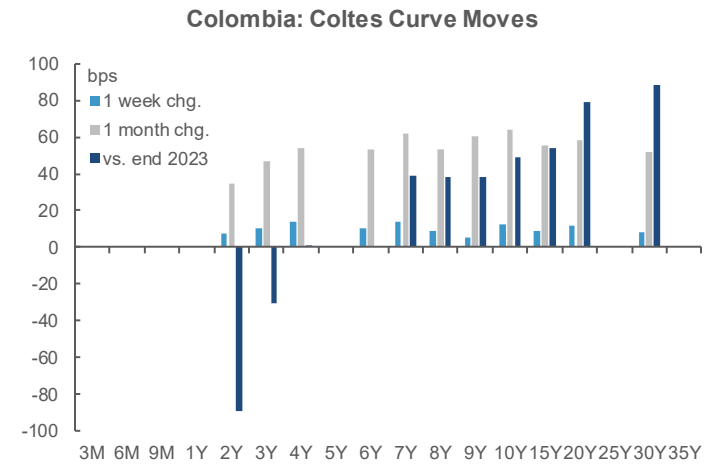
Sources: Scotiabank Economics, Bloomberg.

Chart 9



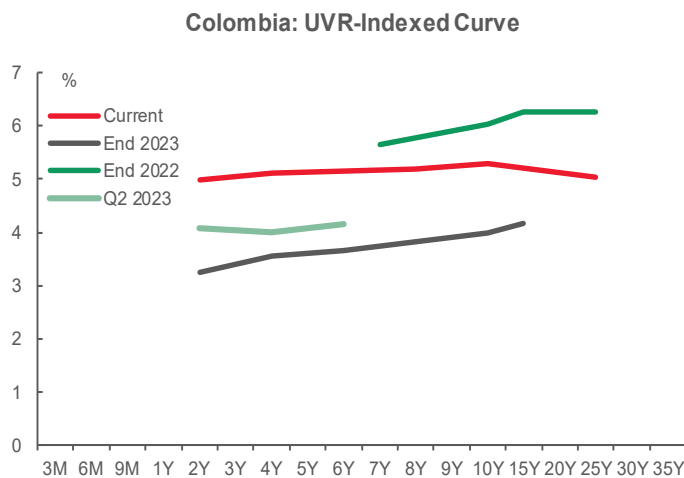
Sources: Scotiabank Economics, Bloomberg.

Chart 10



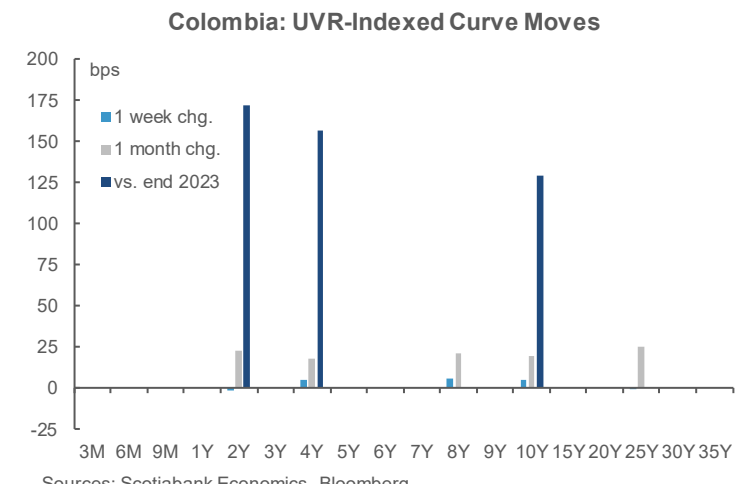
Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Bloomberg.

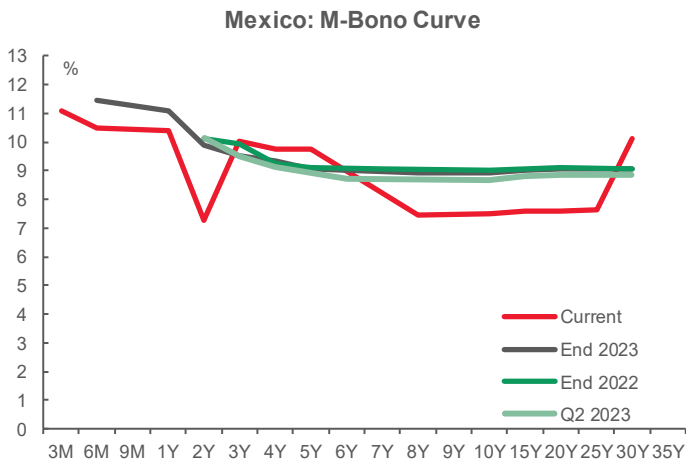
Chart 12



Sources: Scotiabank Economics, Bloomberg.

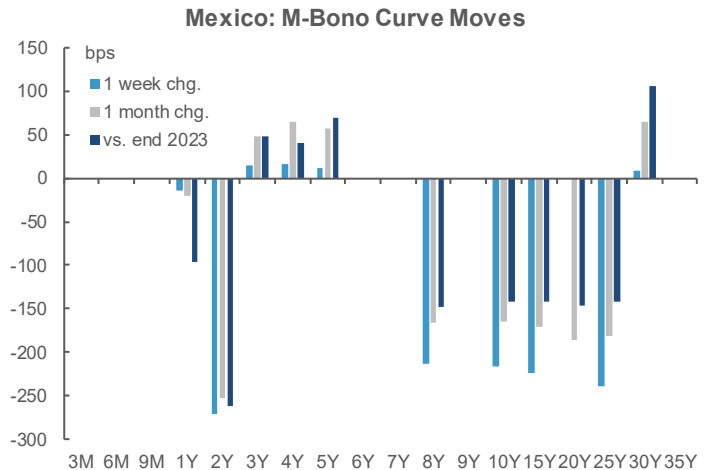
**Yield Curves**

Chart 13



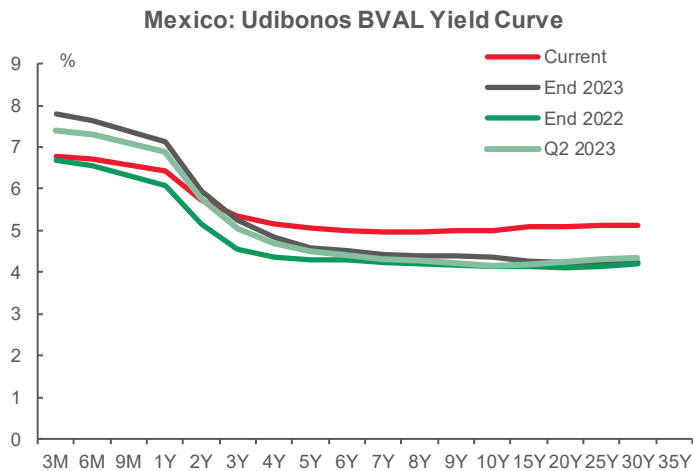
Sources: Scotiabank Economics, Bloomberg.

Chart 14



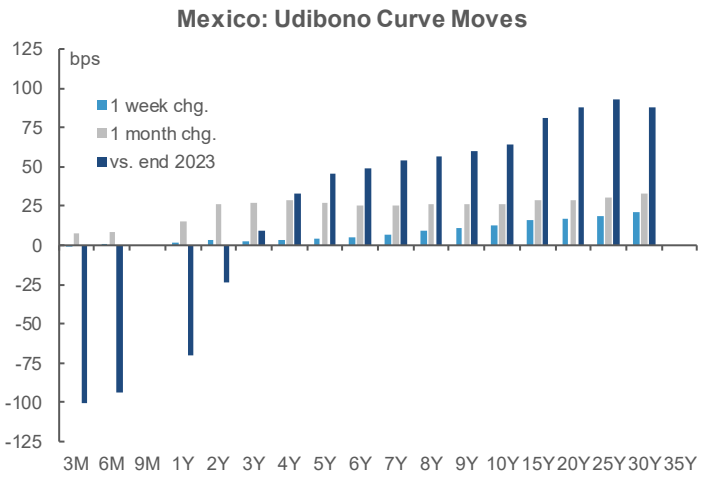
Sources: Scotiabank Economics, Bloomberg.

Chart 15



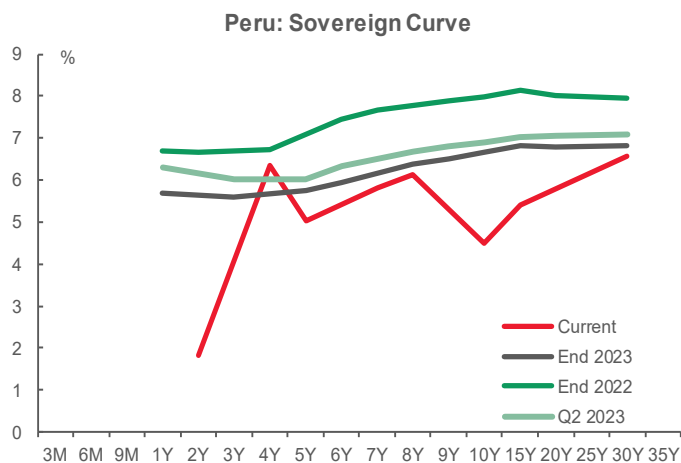
Sources: Scotiabank Economics, Bloomberg.

Chart 16



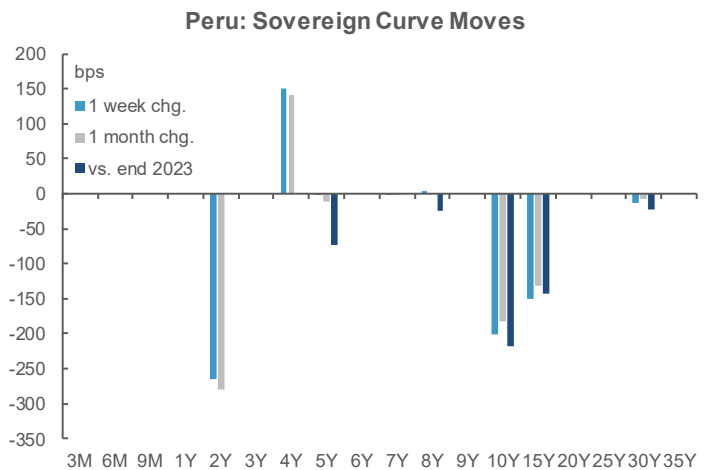
Sources: Scotiabank Economics, Bloomberg.

Chart 17



Sources: Scotiabank Economics, Bloomberg.

Chart 18



Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for October 19–November 1

**BRAZIL**

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Oct-21	7:25 Central Bank Weekly Economist Survey		--	--	--	
Oct-21	14:00 Trade Balance Weekly USD mn	20-Oct	--	--	1427.65	
Oct-23	7:00 FGV CPI IPC-S (%)	22-Oct	--	--	0.51	
Oct-24	8:00 IBGE Inflation IPCA-15 m/m	Oct	--	--	0.13	
Oct-24	8:00 IBGE Inflation IPCA-15 y/y	Oct	--	--	4.12	
Oct-25	4:00 FIPE CPI - Weekly (%)	23-Oct	--	--	0.52	
Oct-25	7:00 FGV Consumer Confidence	Oct	--	--	93.7	
Oct-25	Federal Debt Total BRL mn	Sep	--	--	7036	
Oct 15-25	Formal Job Creation Total	Sep	--	233731	232513	
Oct 21-25	Tax Collections BRL mn	Sep	--	199004	201622	
Oct-28	7:00 FGV Construction Costs m/m	Oct	--	--	0.61	
Oct-28	7:25 Central Bank Weekly Economist Survey		--	--		
Oct-29	7:30 Current Account Balance USD mn	Sep	--	--	-6588.8	
Oct-29	7:30 Foreign Direct Investment USD mn	Sep	--	--	6104.2	
Oct-29	14:00 Trade Balance Weekly USD mn	27-Oct	--	--	1427.65	
Oct-30	7:00 FGV Inflation IGPM m/m	Oct	--	--	0.62	
Oct-30	7:00 FGV Inflation IGPM y/y	Oct	--	--	4.53	
Oct-30	7:30 Total Outstanding Loans BRL bn	Sep	--	--	6117.16	
Oct-30	7:30 Personal Loan Default Rate (%)	Sep	--	--	5.54	
Oct-30	7:30 Outstanding Loans m/m	Sep	--	--	0.9	
Oct-30	Central Govt Budget Balance BRL bn	Sep	--	--	-22.404	
Oct-31	7:30 Primary Budget Balance BRL bn	Sep	--	--	-21.425	
Oct-31	7:30 Nominal Budget Balance BRL bn	Sep	--	--	-90.381	
Oct-31	7:30 Net Debt % GDP	Sep	--	--	62.02	
Oct-31	8:00 National Unemployment Rate (%)	Sep	--	--	6.6	
Nov-01	7:00 FGV CPI IPC-S (%)	31-Oct	--	--	0.51	
Nov-01	8:00 Industrial Production m/m	Sep	--	--	0.1	
Nov-01	8:00 Industrial Production y/y	Sep	--	--	2.2	
Nov-01	9:00 S&P Global Brazil Manufacturing PMI	Oct	--	--	53.2	
Nov 01-03	Vehicle Sales Fenabrave	Oct	--	--	236353	

**CHILE**

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Oct-24	8:00 PPI m/m	Sep	--	--	-2.7	
Oct-29	8:00 Unemployment Rate (%)	Sep	--	--	8.9	
Oct-30	8:00 Retail Sales y/y	Sep	--	--	6.8	
Oct-30	8:00 Commercial Activity y/y	Sep	--	--	4.6	
Oct-30	8:00 Industrial Production y/y	Sep	--	--	5.2	
Oct-30	8:00 Manufacturing Production y/y	Sep	--	--	3.41	
Oct-30	8:00 Copper Production Total (mt)	Sep	--	--	470478	

**COLOMBIA**

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Oct-21	11:00 Imports CIF Total USD mn	Aug	--	--	5581.11	
Oct-21	11:00 Trade Balance USD mn	Aug	--	-1200	-617.9	
Oct-28	Industrial Confidence	Sep	--	--	-1.4	
Oct-28	Retail Confidence	Sep	--	--	13.8	
Oct-31	11:00 Urban Unemployment Rate (%)	Sep	10.3	--	10	The labour market continues to show weak job creation and, September will be no exception. Retail sales in August showed a positive balance and we believe that some of that could be reflected in the labour market, however, other activities will continue to maintain a low creation of payrolls. The unemployment rate will be affected by the entry of more people into the market, who will not be absorbed in the short term.
Oct-31	11:00 National Unemployment Rate (%)	Sep	9.9	--	9.66	
Oct-31	14:00 Overnight Lending Rate (%)	31-Oct	9.75	--	10.25	The majority of the board has opted to follow a cautious stance. We believe that fiscal uncertainty and the discussion regarding the adjustment of the minimum wage for 2024 will continue to be factors that prevent the acceleration of the easing cycle, which is why we expect a new cut of 50 bps.
Nov-01	11:00 Davivienda Colombia PMI Mfg	Oct	--	--	48.1	

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

Market Events & Indicators for October 19–November 1

**MEXICO**

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Oct-22	8:00 Economic Activity IGAE y/y	Aug	--	--	3.78	
Oct-22	8:00 Economic Activity IGAE m/m	Aug	--	--	0.58	
Oct-22	11:00 International Reserves Weekly USD mn	18-Oct	--	--	226002	
Oct-22	Citi Survey of Economists		--	--		
Oct-23	8:00 Retail Sales y/y	Aug	--	--	-0.6	
Oct-23	8:00 Retail Sales m/m	Aug	--	--	0.7	
Oct-24	8:00 Bi-Weekly CPI (%)	15-Oct	0.32	--	-0.02	
Oct-24	8:00 Bi-Weekly CPI y/y	15-Oct	4.58	--	4.5	
Oct-24	8:00 Bi-Weekly Core CPI (%)	15-Oct	0.21	--	0.05	
Oct-24	8:00 Bi-Weekly Core CPI y/y	15-Oct	3.85	--	3.88	
Oct-28	8:00 Trade Balance USD mn	Sep	--	--	-4868.02	
Oct-28	8:00 Exports USD mn	Sep	--	--	51915.5	
Oct-28	8:00 Imports USD mn	Sep	--	--	56783.5	
Oct-29	11:00 International Reserves Weekly USD mn	25-Oct	--	--	226002	
Oct-30	8:00 GDP NSA y/y	3Q P	--	--	2.09	
Oct-30	8:00 GDP SA q/q	3Q P	--	--	0.16	
Oct-30	Mexican Public Balance	Sep	--	--	-897.9	
Oct-31	11:00 Net Outstanding Loans MXN bn	Sep	--	--	6543.5	
Nov-01	8:00 Unemployment Rate NSA (%)	Sep	--	--	3.04	
Nov-01	11:00 S&P Global Mexico Manufacturing PMI	Oct	--	--	47.3	
Nov-01	11:00 Remittances Total USD mn	Sep	--	--	6087.3	
Nov-01	11:00 Central Bank Economist Survey		--	--		
Nov-01	14:00 IMEF Manufacturing Index SA	Oct	--	--	49.475	
Nov-01	14:00 IMEF Non-Manufacturing Index SA	Oct	--	--	49.352	

**PERU**

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Nov-01	11:00 Lima CPI y/y	Oct	2.0	--	1.78	
Nov-01	11:00 Lima CPI m/m	Oct	0.0	--	-0.24	

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

Scotiabank Economics Latam Coverage

Local Market Coverage

CHILE

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