# **Scotiabank**

# **GLOBAL ECONOMICS**

#### LATAM CHARTS WEEKLY

March 24, 2022

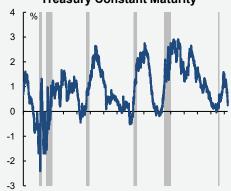
#### **Contributors**

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# U.S.: 10-Year Minus 2-Year Treasury Constant Maturity



76 79 82 85 88 91 94 97 00 03 06 09 12 15 18 21 Sources: Scotiabank Economics, Federal Reserve Bank of St. Louis.

### **Latam Charts: Yield Curve Inversion?**

- Recent market commentary has focused on the possibility of yield curve inversion—long bond yields falling below rates on shorter-term maturities. The reason for this attention is the purported power of such episodes to predict subsequent recessions.
- For the Latam region, a recession in the US and other advanced countries that
  weakens external demand would reduce the impact of a positive terms-of-trade
  shock from higher global commodity prices. Countries for which higher commodity
  prices translate into a deterioration in the terms of trade would suffer from a
  twofold shock.
- The connection between yield curve inversion and recession may not be automatic, however. Past episodes of inversion preceding recession were accompanied by large exogenous shocks or an abrupt monetary policy tightening. Regardless, by stoking price pressures and increasing the potential for monetary policy error, the Russian invasion of Ukraine poses a clear and present risk to the global economy.

Anyone following market commentary over the past week or so would have been struck by the increase in references to yield curve inversion. This is the phenomenon of yield curves, which normally slope upwards, reflecting higher interest rates at the long end of the maturity spectrum, reversing slope such that yields on long bonds fall below rates on shorter-term maturities. In the US, the proximate cause for this heightened interest in the slope of yield is the Fed Chair's recent comment that the Fed is prepared to move the policy rate higher, faster, should it be necessary to return inflation to target. To state the obvious, higher short-term rates would increase the likelihood of yield curve inversion.

**But why the growing concern over the slope of the yield curve?** The answer to that question is inverted yield curves are widely believed to be good predictors of forthcoming recessions. As the chart below illustrates, in the US data over the past 45 years, there indeed seems to be a pattern between periods of yield curve inversion, based on the 10-year Treasury yield minus two-year Treasury rate, and subsequent recessions (see adjacent chart). And while we aren't there yet, that spread is now getting perilously close to the negative threshold.

For the Latam region, a US recession would be—not to put too fine a point on it—unwelcome. As noted in the last edition of the Latam Weekly, recent increases in global commodity prices represent a positive terms-of-trade shock to some, but not all, Latam countries. But the positive effects of that shock would be eroded by weaker external demand from a recession in the advanced economies. In this respect, higher commodity price that plunge the global economy into recession are a mixed blessing. And countries not sharing in the positive commodity price shock would be hit by a double whammy—a deterioration in their terms of trade combined with weaker external demand.

These effects would introduce additional uncertainty with respect to the near-term outlook. As the Key Economic Charts below illustrate, Scotiabank economists in the region project growth to broadly return to pre-pandemic levels (chart 1), consistent with the recent evolution of monthly economic activity indicators (chart 2). Meanwhile, even with higher commodity prices, inflation is expected to return to target, though the timing of that convergence has been pushed back somewhat (chart 3). But reining in those price pressures would require key policy rates, which have already increased over the past year, to increase even further (chart 4). And weaker growth would hamper efforts to restore fiscal balances that had deteriorated in the pandemic (chart 6), while key indicators

closely watched by investors, such as debt-to-GDP ratios (chart 7), external debt burdens (chart 8), current account balances (chart 9), and international reserves (chart 10), would weaken.

Before we get too despondent over recession risks, however, it is worth noting that the case for yield curve inversion as a recession predictor is not, as jurists would say, "settled law." Yes, there is a sound theoretical basis for the indicator (provided you accept the theory). And the intuition behind the hypothesis is compelling: inversion occurs, for example, when the central bank tightens sharply, driving short rates up, generating a sharp response in interest-sensitive sectors that leads to recession. This was clearly the case with respect to the Volcker disinflation of the early 1980s, which led to historically high interest rates in the US and around the globe. But yield curve inversion does not inescapably imply a recession is forthcoming.

Most important, while the historical record seems fairly straightforward, a closer inspection provides grounds for a more nuanced view.

To begin, consider episodes in which yield curve inversion was followed by a recession (table 1, top panel). In all six cases, the slope of the yield curve turned negative in advance of the onset of recession, in some cases, well before, consistent with the hypothesis that forward-looking financial markets anticipate the coming downturn. Going forward, that predictive property may indeed prevail. But the fact that the lead time from the start of yield curve inversion to subsequent recession varies between seven and 31 months should give pause. Moreover, each of these cases was accompanied by a major exogenous shock (e.g., oil price shock) and/or an unexpectedly severe tightening of Fed monetary policy, such as the "Great Disinflation" undertaken by then-Fed Chair, Paul Volcker, in the early 1980s. Though it is possible that a recession would have transpired even in the absence of those exogenous events and monetary policy shocks, these episodes suggest that the connection between inversion and recession may be less tight than would appear at first glance.

Table 1: US—Treasury	y Yield Curve Inversior	/Near-Inversion Episo	odes and Recessions			
Inversion Start Date	Inversions w Recession Start Date	rith Recessions Exogenous Factors	Fed Tightening			
August 1978	January 1980	Oil Shock				
September 1980	August 1981		Volcker Shock			
January 1988	July 1990		1988-89*			
February 2000	March 2001	Dot Com Bubble				
August 2006	December 2007	Global Financial Crisis	2004-06			
August 2019	March 2020	COVID-19	2015-18			
	Inversions wit	hout Recessions				
Inversion Start Date	Recession Start Date	<b>Exogenous Factors</b>	Fed Tightening			
June 1998			1983-84			
January 2006						
	Near-Inversions	without Recessions				
Inversion Start Date	<b>Recession Start Date</b>	<b>Exogenous Factors</b>	Fed Tightening			
August 1984 (25 bps)			1983-84*			
February 1986 (42 bps)						
December 1994 (15 bps)			1994-95			
	Actual tightening greater than market expectation. Sources: Scotiabank Economics, Federal Reserve Bank of St. Louis.					

**Next, consider two cases of yield curve inversion without recessions (table 1, middle panel).** In both cases, the negative slope indicator flashed false positive.

Finally, there are three cases of "near inversions" in which the yield on the 10-year US Treasury bond approached, but did not fall below, the two-year yield (table 1, bottom panel). If the yield curve accurately predicts recessions, it is not unreasonable to infer that sharp declines in slope (curve flattening) might likewise signal increased risks of recession, even if the negative slope threshold isn't crossed. In all three cases, however, marked declines in slope were not accompanied by a subsequent downturn in the economy. Two episodes coincided with Fed tightening, one in which the Fed tightened by more than the market expected.

A possible takeaway from this discussion is that, while it may or may not be a good predictor of recession, yield curve inversion is an excellent indicator of the robustness of Fed tightening. And in a world subject to a range of exogenous shocks, the realization of an unexpected event, such as the outbreak of war that drives global commodity prices higher, can result in policy errors.

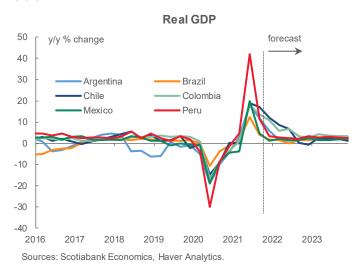


All of this reinforces the conclusion that Russia'a invasion of Ukraine is an unalloyed threat to the global economy through its effect on inflation, which increases the risks of possible miscalibration of monetary policy. That is, the risk that central banks around the globe fail to thread the needle between insufficient tightening, resulting in in a rise in inflation expectations, and "overshooting" on policy rates, pushing the economy into recession. In fact, <a href="mailto:some prominent observers">some prominent observers</a> now contend that the Fed may have no option but to drive the economy into recession to crush inflation expectations.

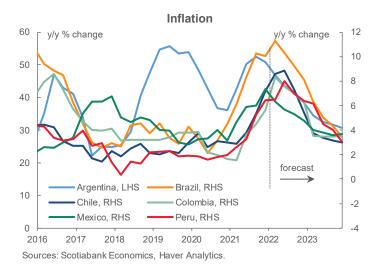
For Latam economies, the external financial and economic environment has become more difficult. Yield curve inversion in the US (or their own economies) would not necessarily signal an inevitable recession, but heightens risks of policy miscalculation. Such circumstances increase the importance of sound policy frameworks and strong, credible institutions. Governments in the region should therefore redouble efforts to implement such policies and strengthen these institutions.

# **Key Economic Charts**

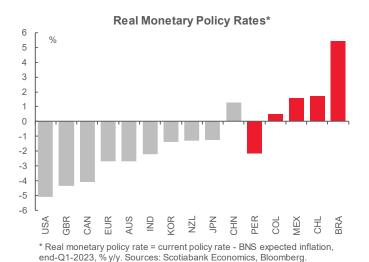
#### Chart 1



#### Chart 3



#### Chart 5

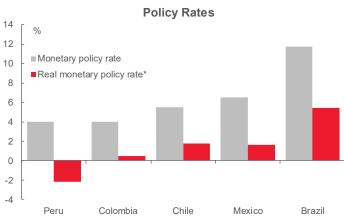


#### Chart 2



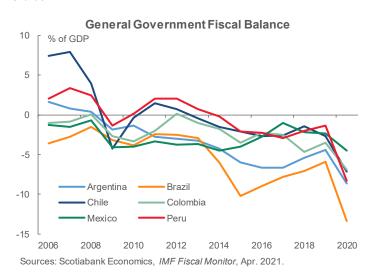
Sources: Scotiabank Economics, Haver Analytics.

#### Chart 4



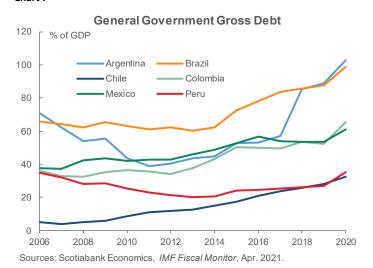
\* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q1-2023, % y/y. Argentina: MPR = 42.5%; Real MPR = 8.0%. Sources: Scotiabank Economics, Haver Analytics.

#### Chart 6

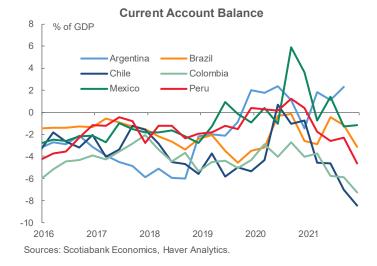


# **Key Economic Charts**

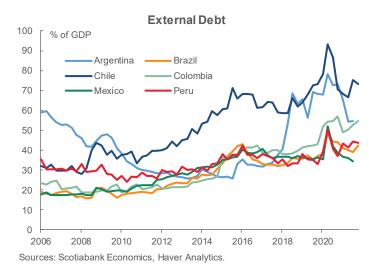
#### Chart 7



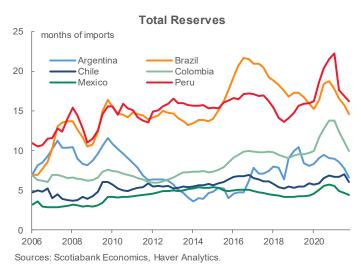
#### Chart 9



#### Chart 8

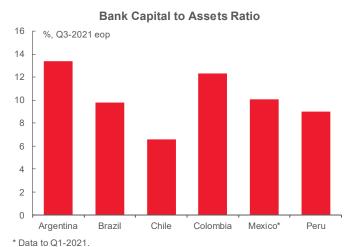


#### Chart 10



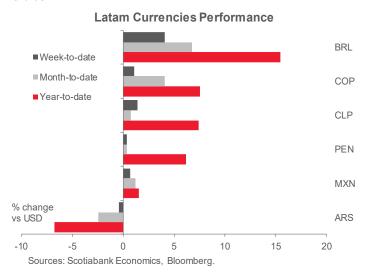
# **Key Market Charts**

#### Chart 1

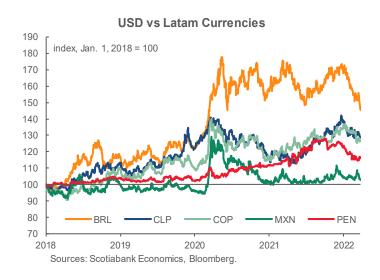


Sources: Scotiabank Economics, IMF.

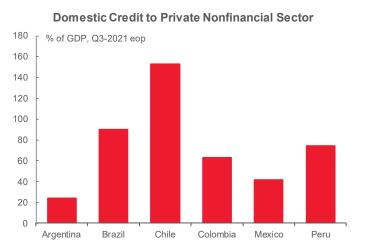
#### Chart 3



#### Chart 5

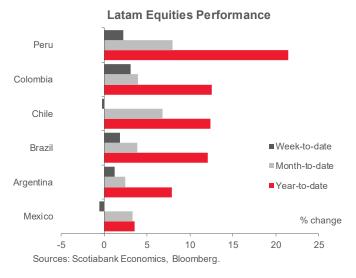


#### Chart 2

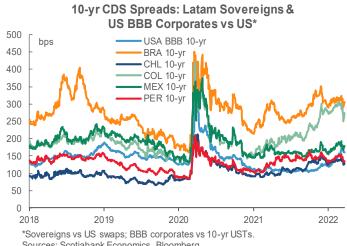


Sources: Scotiabank Economics, BIS, Haver Analytics.

#### Chart 4



#### Chart 6

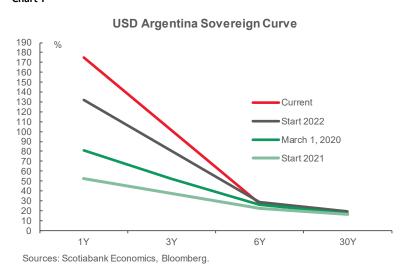


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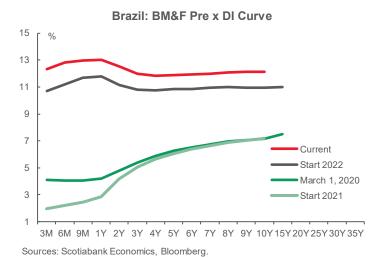
Sources: Scotiabank Economics, Bloomberg.

# **Yield Curves**

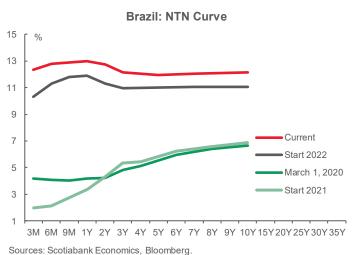
### Chart 1



# Chart 3



### Chart 5



#### Chart 2



#### Chart 4

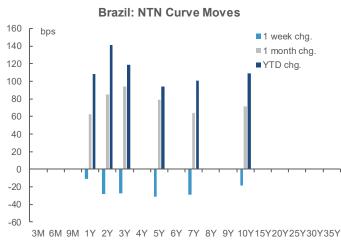
#### Brazil: BM&F Pre x DI Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Sources: Scotiabank Economics, Bloomberg.

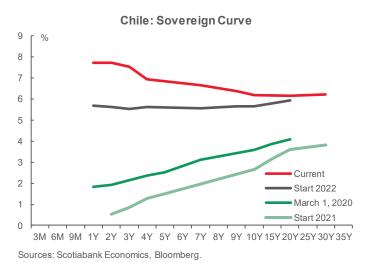
#### Chart 6



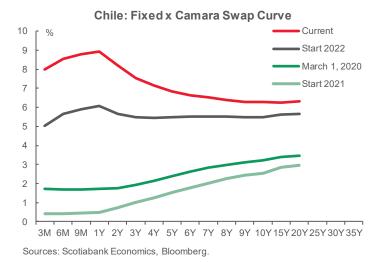
Sources: Scotiabank Economics, Bloomberg

# **Yield Curves**

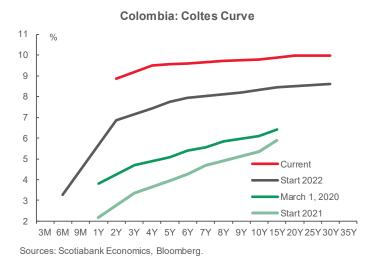
#### Chart 7



#### Chart 9



#### Chart 11



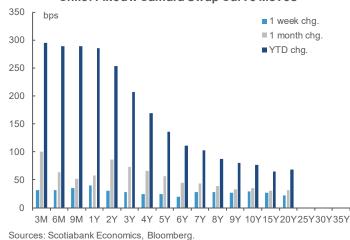
#### Chart 8



Sources: Scotiabank Economics, Bloomberg.

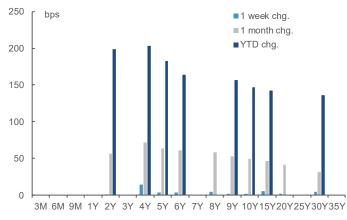
#### Chart 10

#### Chile: Fixed x Camara Swap Curve Moves



# Chart 12

#### Colombia: Coltes Curve Moves

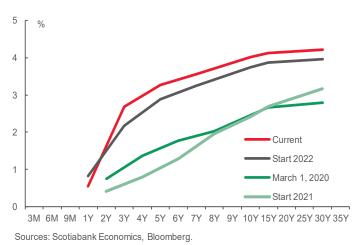


Sources: Scotiabank Economics, Bloomberg

# **Yield Curves**

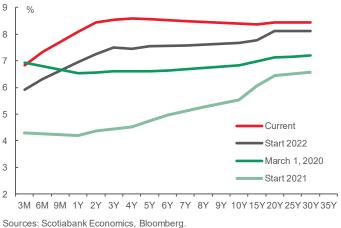
#### Chart 13

#### Colombia: UVR-Indexed Curve



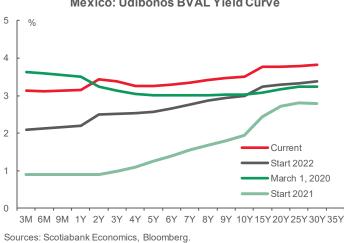
#### Chart 15

# Mexico: M-Bono Curve



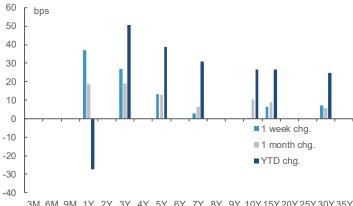
#### Chart 17

#### Mexico: Udibonos BVAL Yield Curve



#### Chart 14

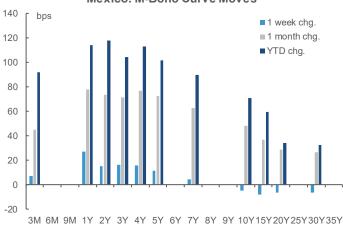
#### Colombia: UVR-Indexed Curve Moves



3M 6M 9M 1Y 2Y 3Y 4Y 5Y 6Y 7Y 8Y 9Y 10Y15Y20Y25Y30Y35Y Sources: Scotiabank Economics, Bloomberg.

#### Chart 16

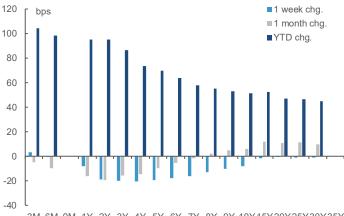
#### Mexico: M-Bono Curve Moves



Sources: Scotiabank Economics, Bloomberg.

#### Chart 18

# Mexico: Udibono Curve Moves

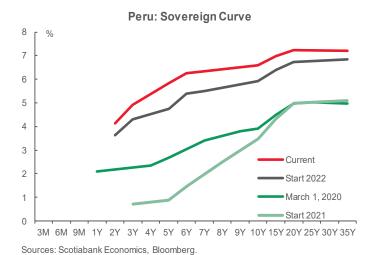


3M 6M 9M 1Y 2Y 3Y 4Y 5Y 6Y 7Y 8Y 9Y 10Y15Y20Y25Y30Y35Y Sources: Scotiabank Economics, Bloomberg.

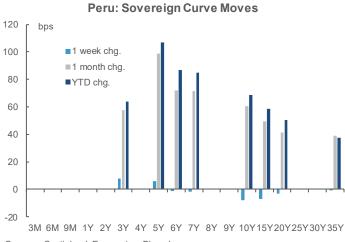
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# **Yield Curves**

#### Chart 19



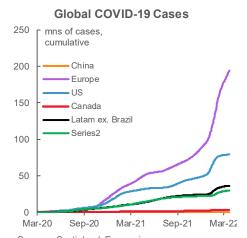
#### Chart 20



Sources: Scotiabank Economics, Bloomberg.

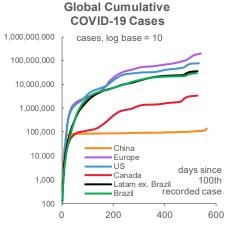
# **Key COVID-19 Charts**

#### Chart 1



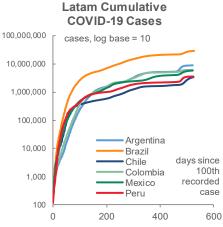
#### Sources: Scotiabank Economics, Johns Hopkins University, Oxford University.

#### Chart 2



Sources: Scotiabank Economics, Johns Hopkins University.

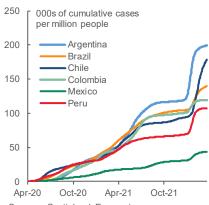
#### Chart 3



Sources: Scotiabank Economics, Johns Hopkins University.

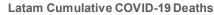
#### Chart 4

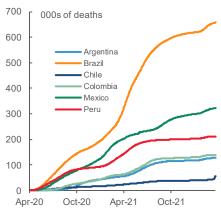
# Latam Population-Adjusted COVID-19 Cases



Sources: Scotiabank Economics, Johns Hopkins University, United Nations.

Chart 5

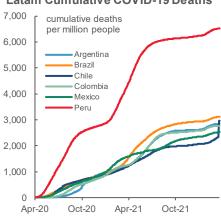




Sources: Scotiabank Economics, Johns Hopkins University.

Chart 6

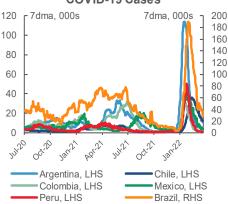




Sources: Scotiabank Economics, Johns Hopkins University.

#### Chart 7

# Latam: Trend in New Daily COVID-19 Cases



Sources: Scotiabank Economics, Johns Hopkins University.

Global Economics

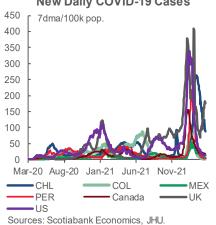
#### Chart 8

#### Latam vs World: **New Daily COVID-19 Cases** 450 7dma/100k pop. 400 350 300 250 200 150 100 50 Mar-20 Aug-20 Jan-21 Jun-21 Nov-21 BRA ARG **PACs** US Canada •UK

Sources: Scotiabank Economics, JHU

#### Chart 9

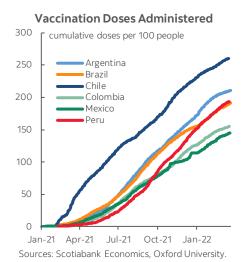
### Pacific Alliance vs World: New Daily COVID-19 Cases



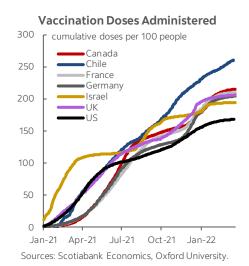
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# **Key COVID-19 Charts**

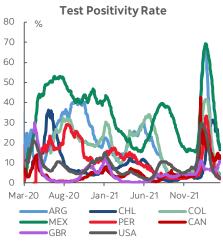
#### Chart 10



# Chart 11



#### Chart 12



Sources: Scotiabank Economics, Oxford University.



# Market Events & Indicators for March 24 – April 8

# ARGENTINA Date Time Event

<u>Date</u>	Time Event	<u>Period</u>	BNS	Consensus	Lates	t BNS Comments	
Mar-28	15:00 Shop Center Sales (y/y)	Jan				29.76	
Mar-28	15:00 Supermarket Sales (y/y)	Jan				5.34	
Mar-29	15:00 Economic Activity Index (m/m)	Jan	-2.3			-0.5 Seasonal effects plus a broader trendline decline in post-pandemic	
Mar-29	15:00 Economic Activity Index (y/y)	Jan	9.7			9.8 growth shall deepen in Q1.	
Mar-31	15:00 Wages (m/m)	Jan				2.57	
Mar-31	Consumer Confidence Index (%)	Mar				39.43	
Apr-05	Vehicle Domestic Sales Adefa	Mar				25432	
Apr-05	Vehicle Exports Adefa	Mar				20024	
Apr-05	Vehicle Production Adefa	Mar				37661	
Apr 1-5	Government Tax Revenue (ARS bn)	Mar			1	66.51428	
Apr-07	15:00 Construction Activity (y/y)	Feb				-5	
Apr-07	15:00 Industrial Production (y/y)	Feb				-0.32	
Apr-08	Central Bank Survey						

BRAZIL						
Date	Time Event	<u>Period</u>	BNS	Consensus	<u>Latest</u>	BNS Comments
Mar-25	4:00 FIPE CPI - Weekly (%)	23-Mar		0.98		
Mar-25	7:00 FGV Consumer Confidence	Mar				
Mar-25	8:00 IBGE Inflation IPCA-15 (m/m)	Mar		0.05		
Mar-25	8:00 IBGE Inflation IPCA-15 (y/y)	Mar		10.68	10.76	
Mar 22-26	Tax Collections (BRL mn)	Feb		152150	235321	
Mar-28	7:00 FGV Construction Costs (m/m)	Mar			0.48	
Mar-28	8:30 Current Account Balance (USD mn)	Feb			-8145.9	
Mar-28	8:30 Foreign Direct Investment (USD mn)	Feb			4709	
Mar-29	13:30 Federal Debt Total (BRL bn)	Feb			5616	
Mar-30	7:00 FGV Inflation IGPM (m/m)	Mar			1.83	
Mar-30	7:00 FGV Inflation IGPM (y/y)	Mar			16.12	
Mar-30	8:30 Outstanding Loans (m/m)	Feb			0	
Mar-30	8:30 Personal Loan Default Rate (%)	Feb			4.61	
Mar-30	8:30 Total Outstanding Loans (BRL bn)	Feb			1070.5	
Mar-30	Central Govt Budget Balance (BRL bn)	Feb			76.539	
Mar-31	8:00 National Unemployment Rate (%)	Feb			11.2	
Mar-31	8:30 Net Debt % GDP	Feb			56.64	
Mar-31	8:30 Nominal Budget Balance (BRL bn)	Feb			84.061	
Mar-31	8:30 Primary Budget Balance (BRL bn)	Feb			101.833	
Mar 24-31	Formal Job Creation Total	Feb		220000	-265811	
Apr-01	7:00 FGV CPI IPC-S (%)	31-Mar			0.94	
Apr-01	8:00 Industrial Production (m/m)	Feb			-2.4	
Apr-01	8:00 Industrial Production (y/y)	Feb			-7.2	
Apr-01	9:00 S&P Global Brazil Manufacturing PMI	Mar			49.6	
Apr-01	14:00 Exports Total (USD mn)	Mar			22913	
Apr-01	14:00 Imports Total (USD mn)	Mar			18864	
Apr-01	14:00 Trade Balance Monthly (USD mn)	Mar			4049	
Apr-04	4:00 FIPE CPI - Monthly (%)	Mar			0.9	
Apr-05	9:00 S&P Global Brazil Composite PMI	Mar			53.5	
Apr-05	9:00 S&P Global Brazil Services PMI	Mar			54.7	
Apr 1-5	Vehicle Sales Fenabrave	Mar			129276	
Apr-06	7:00 FGV Inflation IGP-DI (m/m)	Mar			1.5	
Apr-06	7:00 FGV Inflation IGP-DI (y/y)	Mar			15.35	
Apr 6-7	Vehicle Exports Anfavea	Mar			41449	
Apr 6-7	Vehicle Production Anfavea	Mar			165935	
Apr 6-7	Vehicle Sales Anfavea	Mar			129275	
Apr-08	7:00 FGV CPI IPC-S (%)	07-Apr			0.94	
Apr-08	8:00 IBGE Inflation IPCA (m/m)	Mar			1.01	
Apr-08	8:00 IBGE Inflation IPCA (y/y)	Mar			10.54	

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



# Market Events & Indicators for March 24 – April 8

CHILE							
Date	Time Event	Period	BNS	Consensus	Latest	:	BNS Comments
Mar-29	17:00 Overnight Rate Target (%)	29-Mar	7.00				We expect the BCCh to hike 150 bps in the March meeting, which
	5 5						will bring the monetary policy rate to 7.00%.
Mar-30	8:00 Unemployment Rate (%)	Feb	7.3			7.3	We forecast an unemployment rate without changes compared to
50	c.oc chempioymene nace (70)		,				the last quarter, due to similar fluctuations in both employment
							and work force.
Mar-31	8:00 Commercial Activity (y/y)	Feb				12.02	
Mar-31	8:00 Copper Production Total (Tons)	Feb				429923	
Mar-31	8:00 Industrial Production (y/y)	Feb				-1.1	
Mar-31	8:00 Manufacturing Production (y/y)	Feb				2.6	
Mar-31	8:00 Retail Sales (y/y)	Feb	10.0			14.22	We forecast an expansion around 10% y/y in February, based on
							our high frequency indicators of credit and debit cards, which
							showed a strong performance in services, mainly restaurants.
4 04	7.20 5	E 1				0.07	
Apr-01	7:30 Economic Activity (m/m)	Feb				-0.97	0 (
Apr-01	7:30 Economic Activity (y/y)	Feb	8.7				Our forecast for February is consistent with a monthly GDP growth
4 07	0.20.6	.,					between 0% and 0.5% m/m.
Apr-07	8:30 Copper Exports (USD mn) 8:30 Exports Total (USD mn)	Mar Mar				3843.19 7617.43	
Apr-07 Apr-07	8:30 Imports Total (USD mn)	Mar				7371.31	
Apr-07	8:30 International Reserves (USD mn)	Mar				50231	
Apr-07	8:30 Trade Balance (USD mn)	Mar				246.12	
Apr-07	9:00 Nominal Wage (y/y)	Feb				7.5	
Apr 1-7	IMCE Business Confidence	Mar				51.19	
Apr-08	8:00 CPI (m/m)	Mar				0.3	
Apr-08	8:00 CPI (y/y)	Mar				7.8	
Apr 7-12	Vehicle Sales Total	Mar				31745	
COLON	1BIA						
Date	Time Event	<u>Period</u>	BNS	Consensus	Latest		BNS Comments
Mar-31	11:00 National Unemployment Rate (%)	Feb	13.6			14.6	Employment would continue showing gains, especially in services-
Mar-31	11:00 Urban Unemployment Rate (%)	Feb	14.6			14.8	related sectors. However, the evolution of informality is a thing to
							keep an eye on.
Mar-31	14:00 Overnight Lending Rate (%)	31-Mar	5.50	5.5	0		The central bank will continue its hiking cycle at a acelerated pace
							as a reaction of increasing inflation expectation but also on still
							strong economic growth indicators. We expect 7.50% to be the
							end of the hiking cycle.
Apr-01	11:00 Davivienda Colombia PMI Mfg	Mar				52	
Apr-04	18:00 Colombia Monetary Policy Minutes						
Apr-05	20:00 CPI Core (m/m)	Mar				1.28	
Apr-05	20:00 CPI Core (y/y)	Mar				5.1	
Apr-05	20:00 CPI (m/m)	Mar				1.63	
Apr-05	20:00 CPI (y/y)	Mar				8.01	
Apr-06	11:00 Exports FOB (USD mn)	Feb				3781.63	
MEXIC			BNG				DNG C
<u>Date</u> Mar-25	<u>Time Event</u> 8:00 Economic Activity IGAE (m/m)	<u>Period</u>	BNS	Consensus	Latest .4	0.8	BNS Comments
Mar-25 Mar-25	8:00 Economic Activity IGAE (m/m) 8:00 Economic Activity IGAE (y/y)	Jan Jan			.4 2.1	1.32	
Mar-28	8:00 Trade Balance (USD mn)	Feb				6286.26	
Mar-28 Mar-29	0.00 Trade balance (USD IIIII)						
	11.00 International Decemps 14/2-14/2 (UCD 222)	25 14-					
	11:00 International Reserves Weekly (USD mn)	25-Mar				200976	
Mar-30 Mar-30	11:00 International Reserves Weekly (USD mn) 8:00 Unemployment Rate NSA (%) Budget Balance YTD (MXN bn)	25-Mar Feb Feb			 	3.71 -58.84	

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

11:00 Net Outstanding Loans (MXN bn)

Mar-31

Global Economics 14

4825.8

Feb

# Market Events & Indicators for March 24 – April 8

# **MEXICO**

1-12/110	_					
Date	Time Event	<u>Period</u>	BNS	Consensus	<u>Latest</u>	BNS Comments
Apr-01	11:00 Central Bank Economist Survey					
Apr-01	11:00 Remittances Total (USD mn)	Feb			3930.8	
Apr-01	11:30 S&P Global Mexico Manufacturing PMI	Mar			48	
Apr-01	14:00 IMEF Manufacturing Index SA	Mar			55	
Apr-01	14:00 IMEF Non-Manufacturing Index SA	Mar			50.514	
Apr-04	7:00 Consumer Confidence	Mar			43.44	
Apr-04	7:00 Leading Indicators (MoM)	Feb			-0.15	i
Apr-04	7:00 Vehicle Domestic Sales	Mar			79600	
Apr-05	10:00 International Reserves Weekly (USD mn)	01-Apr			200976	
Apr-05	Banamex Survey of Economists					
Apr-06	7:00 Gross Fixed Investment (%)	Jan			7.6	i
Apr-06	7:00 Vehicle Exports	Mar			201868	
Apr-06	7:00 Vehicle Production	Mar			240479	
Apr-07	7:00 Bi-Weekly Core CPI (%)	31-Mar		0.4	0.35	i
Apr-07	7:00 Bi-Weekly Core CPI (y/y)	31-Mar		6.73	6.68	
Apr-07	7:00 Bi-Weekly CPI (%)	31-Mar		0.54	0.48	
Apr-07	7:00 Bi-Weekly CPI (y/y)	31-Mar		7.34	7.29	
Apr-07	7:00 CPI Core (m/m)	Mar	0.58		0.76	
Apr-07	7:00 CPI Core (y/y)	Mar	6.64		6.59	
Apr-07	7:00 CPI (m/m)	Mar	0.64		0.83	1
Apr-07	7:00 CPI (y/y)	Mar	7.08		7.28	
Apr-07	10:00 Central Bank Monetary Policy Minutes					
Apr-08	Nominal Wages (m/m)	Mar			6.7	

PERU					
Date	Time Event	<u>Period</u>	BNS Consensus	Latest	BNS Comments
Apr-01	11:00 Lima CPI (m/m)	Mar	1.16		0.31 Inflation could pick up in March due to rising food, transportation and education prices.
Apr-01	11:00 Lima CPI (y/y)	Mar	6.50		6.15 Inflation peak could be reached in June due to low comparision base.
Apr-07	19:00 Reference Rate (%)	07-Apr	4.50		<b>4.00</b> BCRP could keep its hawkish stance after raising its inflation forecast from 2.9% to 3.6% for this year.

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

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