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## Latam Daily: Chile CPI and Peru Auto Sales Recap

- Chile: "Summer" inflation reflecting exchange rate pass-through and indexation
- Peru: New car sales showed a strong recovery in February

### CHILE: "SUMMER" INFLATION REFLECTING EXCHANGE RATE PASS-THROUGH AND INDEXATION

- We maintain our inflation projection of 3% for December 2024

On Friday, March 8<sup>th</sup>, the statistical agency (INE) released February CPI, which rose 0.6% m/m (3.6% y/y relevant benchmark series for the central bank), exceeding market expectations as we expected at the time of our 0.32% m/m forwards projection (see our [Latam Weekly](#)). The "summer" inflation we referred to would be materializing by reflecting indexation price adjustments and CLP pass-through, although in very specific products, showing that domestic demand does not have the strength to drive generalized increases.

Does this mean that inflation will consolidate around 3% by December 2024? As we have pointed out, the higher "summer" inflationary records are precisely those that will allow inflation not to end below 3% since, after the recent depreciation of the peso during the first quarter, the economy will not have enough momentum to generate materially significant inflation. We maintain our 2024 annual inflation projection of 3%, which contemplates a March CPI also above that reflected in forwards and surveys. Inflation records from April onwards could start to surprise negatively as they reflect the appreciation of the peso that we expect to start to materialize along with a recovering economy, but without enough strength to drive prices.

There has been a rise in specific products reflecting higher CLP pass-through and indexation. The diffusions of the total CPI and the CPI ex-volatiles stood at 54% (charts 1 and 2), with no major deviations from their historical averages. February's high inflation was explained by a limited set of goods and services that experienced significant increases in their prices, reflecting indexation and the exchange rate pass-through that we expected to occur in our so-called "summer inflation". In fact, only eight products accounted for all of the month's inflation. Of these, six correspond to exchange rate sensitive products and the rest to indexed services. In this sense, we maintain an upward bias for March inflation, but negative for the rest of the year.

Chart 1

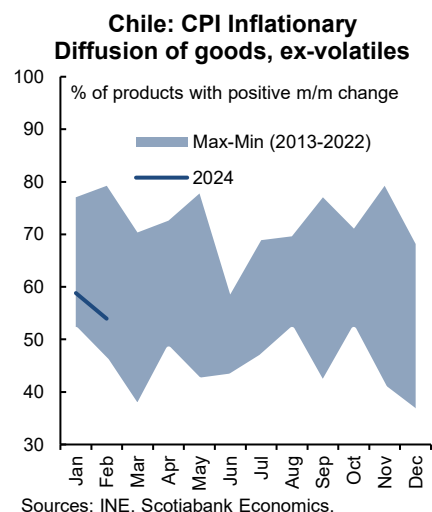
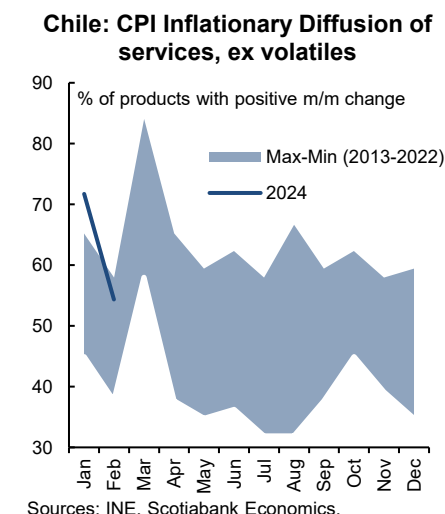


Chart 2



—Aníbal Alarcón

PERU: NEW CAR SALES SHOWED A STRONG RECOVERY IN FEBRUARY

New car sales have made a strong comeback in February, following a five-month decline between September 2023 and January 2024. Sales grew by a significant 6.8% YoY in February, exceeding expectations. Sales in February did not compensate, however, for low sales in January, and cumulative car sales for January–February decreased by 1.4% YoY. We expect positive sales growth in future months, especially in the second half of 2024. For the year as a whole, we forecast new car sales growth of 2.5%.

In February, the heavy-duty vehicle segment led in the growth, up a remarkable 35% YoY, the highest growth rate since May 2022. The segment has shown positive growth for five consecutive months. Growth was primarily due to higher truck sales (+38%), followed by bus sales (+20%). For the upcoming months, we expect sales to continue rising, albeit not at the same magnitude as February. In contrast, light vehicle sales grew by a smaller, but still notable, 4.4%, YoY, marking a return to growth after five months of decline, and surpassing expectations. The primary categories driving growth were SUVs, pickup trucks, and vans, with sales increasing by 13.1%, 7.7%, and 7.7% respectively. March sales are anticipated to remain stable or slightly lower due to a base effect, with March 2023 recording the highest sales.

Chart 3

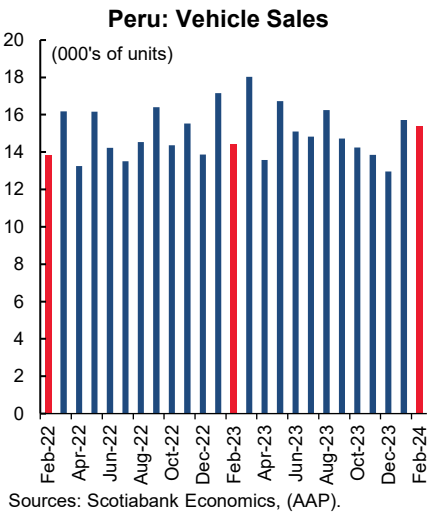
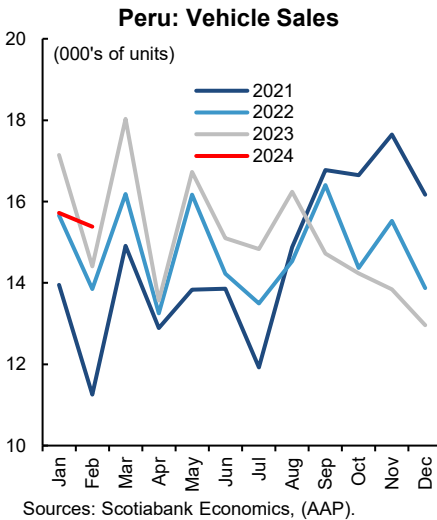


Chart 4



—Carlos Asmat

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