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Latam Daily: Regional Macro On Tap

The fiscally negative Trump trade is clear in steepening USTs that are building in a higher chance of him retaking the presidency after Saturday's failed assassination attempt. After opening well weaker at 2ET (with Japan shut for holidays), Treasuries have trimmed losses, but there remains little love for 30s. Polls showing growing odds of a Trump presidency are likely to exacerbate weakness in the long-end.

Markets are sending mixed risk signals regarding the weekend's events, as the MXN shedding 1% shows a classic risk-off/Trump fears hit but the 0.5% rise in US equity futures corrects late-Friday losses while possibly reflecting some optimism on a pro-business Trump administration. Crude oil is a touch softer while iron ore and copper trade 0.5% gains and losses, with no obvious read from some disappointing Q2 GDP and June retail sales data out of China. The G10 day ahead is quiet aside from consumer and business surveys from the BoC and a Powell Q&A.

We have a fuller calendar in Latam today. Brazil (8ET) and Peru (11ET) publish May economic activity figures and Colombia releases retail sales and industrial/manufacturing production data at 11ET (that will inform estimates for Friday's economic activity release). Peru's economy is forecast to have continued its solid performance in 2024, registering a 4.5% y/y gain in May according to our economists (vs 4.4% median) on the back of fishing and agricultural sector gains, after a 5.3% rise in April. On the flip side, Brazil's year-on-year pace of expansion is seen falling to 1.1% from 4.0%, but the big April print—and now a large slowdown—largely reflected the timing of Easter. On a seasonally-adjusted basis, a modest 0.3% gain is projected after zero m/m growth in April.

—Juan Manuel Herrera

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