

Contributors

Juan Manuel Herrera

Senior Economist

juanmanuel.herrera@scotiabank.com

Guillermo Arbe, Head Economist, Peru

+51.1.211.6052 (Peru)

guillermo.arbe@scotiabank.com.pe

Jackeline Piraján, Head Economist, Colombia

+57.601.745.6300 Ext. 9400 (Colombia)

jackeline.pirajan@scotiabankcolpatria.com

Jorge Selaive, Head Economist, Chile

+56.2.2619.5435 (Chile)

jorge.selaive@scotiabank.cl

Eduardo Suárez, VP, Latin America Economics

+52.55.9179.5174 (Mexico)

esuarezm@scotiabank.com.mx

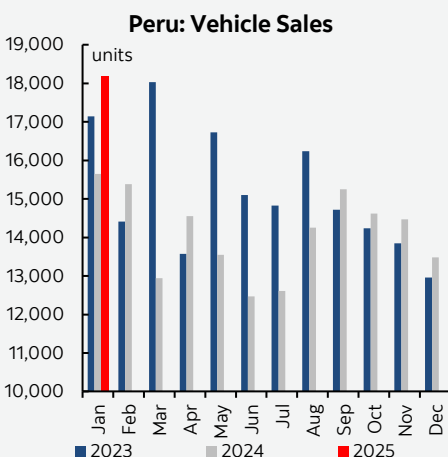
TODAY'S CONTRIBUTORS:

Carlos Asmat, Senior Economist

+51.1.211.6000 Ext. 16853 (Peru)

carlos.asmat@scotiabank.com.pe

Chart 1



Sources: Scotiabank Economics, Asociación Automotriz del Perú (AAP).

Latam Daily: BCRP to (Likely) Hold; Yet Another Tariffs Announcement

• Peru: New car sales skyrocket in January to best month since 2013

Global markets are trading relatively quietly, while we wait for Trump's announcement at 13ET on reciprocal tariffs that will have an undetermined coverage at an undetermined level and will kick in at an undetermined date. It may be that markets are scaling back on "buying the rumour" on US trade risks, waiting for "the fact" to come before coming to conclusions—as the Canada/Mexico tariffs announcement was quickly followed by a one-month pause. The US released US PPI data this morning that, while handsomely overshooting economists' projections in headline terms (and with positive revisions), was taken positively by US rates markets as the read-through of its components to US PCE inflation (the Fed's preferred measure) was relatively benign.

Following the release of US PPI and in-line jobless claims data, US yields extended their overnight decline to leave 2s 3bps lower and 10s 5bps lower, with their performance in line with that of German debt while gilts lag by about 1/2bps across the curve following better than expected UK GDP data out overnight. The UK avoided an expected GDP contraction in Q4-24, but the small 0.1% q/q gain owed to a jump in government spending against flat consumption and a decline in investment. Currencies are mixed against the USD, with a clear risk-off bias that has the BRL, MXN, AUD, and NZD underperforming on 0.3–0.5% declines on tariff risks, while the CHF and JPY (havens) lead, up 0.6/7%. US equity futures are mostly unscathed by trade developments, tracking a 0.2/3% rise in SPX/NDX while European bourses sit mixed with EuroStoxx rallying ~1.5% on the possibility of tariff exemptions on European autos while FTSE flags 0.5% on some disappointing company earnings. Oil is about 1% lower as markets start to price in higher odds of a Ukraine-Russia peace deal while metals trade little changed on the day.

At 18ET, we have the BCRP's monthly policy announcement. We and the median economist polled by Bloomberg expect that officials led by Velarde will opt for a rate hold at 4.75%, but calling the BCRP's rate decisions has been a difficult task over the past year. Most recently, we thought they would pause in January (as about two in five economists did) amid external risks (e.g. Fed hawkishness) and solid domestic growth but so they didn't, rolling out a 25bps reduction. This time around, only about a third of economists expect a cut today to 4.50%—a move that would leave Peru's reference rate in line with the Fed's target rate upper bound (again, after crossing paths in Aug–Sep 2024, pre-Fed cuts). Setting aside external influences, the BCRP continues to get encouraging inflation prints at home, the PEN has been well behaved, and tariff risks are, so far, relatively limited for Peru (and would mostly relate to a possible slowdown in Chinese copper demand). So, more easing is likely in coming months, though today's decision is likelier to be a placeholder with not enough information between meetings to go back-to-back.

—Juan Manuel Herrera

PERU: NEW CAR SALES SKYROCKET IN JANUARY TO BEST MONTH SINCE 2013

New car sales in January 2025 reached 18,532 units, according to the Peruvian Automotive Association (Asociación Automotriz del Perú, AAP) (chart 1). This figure shows the highest monthly sales since January 2013. This figure widely exceeded our expectations and can be attributed to an improvement in real income levels, driven by an increase in formal employment and lower inflationary pressures. Additionally, there is anticipated growth in the acquisition of heavy-duty vehicles by private companies, along

February 13, 2025

with greater demand for buses from private transportation companies. By the end of 2025, we expect car sales growth to surpass our projections for the commercial sector as a whole (+3.2% y/y).

The latest figures for January indicate an 18.4% y/y increase in new car sales compared to January 2024. This marks the highest sales figure in recent years. In terms of vehicle segments, sales of light vehicles amounted to 16,629 units, reflecting a growth of 17% y/y in January 2025, while heavy vehicle sales reached 1,903 units, a remarkable increase of 27% y/y in the same month (chart 2).

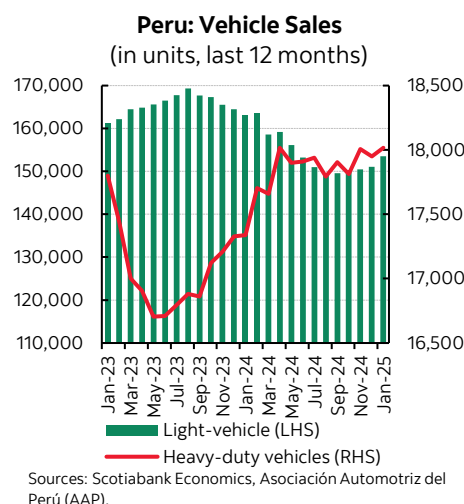
The surge in light vehicle sales can be attributed to the rising demand for these vehicles as household purchasing power improves due to the gradual recovery in private job creation, which is closely linked to better private investment performance, especially during the last months of 2024. Notably, sales of SUV-type vehicles increased by 23% y/y, driven by a preference for larger units ideal for short trips, while sales of pickup trucks rose by 39% y/y, as these vehicles are commonly used in the mining and construction sectors.

Heavy-duty vehicle sales also saw significant growth of 27% y/y in January, mainly due to increasing sales of buses and trucks. The spike in bus sales (+78% y/y) is attributed to greater demand from private transportation companies, marking the highest sales since April 2018. This increase is partially influenced by a base effect, as the previous January had recorded the second-lowest sales of 2024. Furthermore, truck sales rose by nearly 20%, driven by higher demand for operational vehicles in the mining, manufacturing, and construction industries.

Looking ahead, we expect vehicle sales to begin growing again in 2025. This outlook is supported by anticipated improvements in formal private employment, which should drive the acquisition of light vehicles. Additionally, enhanced business expectations related to private investment performance are likely to lead to an increase in purchases of heavy-duty vehicles. Factors such as relative price stability and improved financing conditions—lower credit rates—will also contribute positively. However, potential constraints on sector growth include the upcoming 2026 electoral season—which may curtail sales in the last months of 2025—as well as the absence of extraordinary income from social security funds—which had previously facilitated the purchase of light vehicles in the last months of 2024.

—Carlos Asmat

Chart 2



This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.