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Latam Daily: BCCh Holds, Steady Colombian Forecasts, Peru Mining Strength

- **Chile:** The Central Bank of Chile maintained the policy rate at 5.00%, as widely expected following the conflict in the Middle East
- **Colombia:** Inflation and interest rate expectations remained stable in the June survey
- **Peru:** Mining investment momentum and strong production performance

CHILE: THE CENTRAL BANK OF CHILE MAINTAINED THE POLICY RATE AT 5.00%, AS WIDELY EXPECTED FOLLOWING THE CONFLICT IN THE MIDDLE EAST

The Middle East conflict “flooded” the statement; rate cuts would be made during Q3-25, most likely in July.

We anticipated a macroeconomic diagnosis like the one delivered in the BCCh’s statement, which recognizes increased export-led activity and improved investment prospects, but also weak employment, credit, and core inflation. Prior to the Middle East conflict just a few days ago, we expected this statement to be accompanied by a cut in the policy rate. The intensification of the conflict in recent days (and hours in the lead-up to the statement’s release) and the uncertainty it adds to the already complex international scenario appear to be an important part of the reasons why, despite noting that cuts are expected, the first cut in this meeting was not introduced and was postponed to Q3-25. This seems to be clearly reflected in the international context outlined in the first paragraph of the statement. Moreover, the Middle East conflict is also mentioned in the description of inflationary risks.

Increased uncertainty in the external environment could lead to more complex scenarios for the domestic economy, according to the BCCh. The main change regarding the previous meeting relates to the escalation of the armed conflict in the Middle East, which has caused an increase in oil prices and adds a new source of uncertainty that the Board points out will be a “factor to monitor” and whose developments could lead to “more complex scenarios” for the domestic economy. Regarding the development of the trade conflict, it is reaffirmed that the main effects will be observed in the US economy, while its impact on international financial markets has “moderated”.

At the domestic level, the surprise increase in economic activity is recognized, but linked to the external sector. Looking ahead, the most clear view is the positive outlook for investment that we share, although we know it will be concentrated in the mining and energy sectors. The labour market is more concerning, indicating that job creation appears slow (recall that the unemployment rate rose to 8.7% in its seasonally adjusted measure in the quarter ending in April), but real wages maintain strong growth (largely driven by the increase in the minimum wage).

Regarding inflation, the diagnosis is of a further slowdown in core inflation, which we share, while at Scotiabank, we anticipate a negative reading for monthly inflation in June, which we hope will also be part of the baseline scenario for the IPoM to be released on Wednesday, June 18th.

Regarding the bias, the path is being paved for a rate corridor that would predict the policy rate reaching its neutral level around Q1-26, with a cut in the rate likely to occur in Q3-25, although the recent escalation of conflict in the Middle East makes it somewhat more difficult to predict whether that will occur in the July or September meeting. We are leaning toward July, given that local inflation should support the cut and the swap market has moved strongly into the seventh month of the year, facilitating the Central Bank’s work.

—Aníbal Alarcón

COLOMBIA: INFLATION AND INTEREST RATE EXPECTATIONS REMAINED STABLE IN JUNE BANREP SURVEY

The Central Bank (BanRep) published its survey of economists' expectations for June late on Monday. Inflation expectations remained unchanged from the previous survey, despite the downside surprise in the May inflation reading (chart 1). For December 2025, headline inflation expectations increased 2 bps to 4.81%. Over a two-year horizon, inflation is expected to be within BanRep's target range (defined between 2% and 4%). Those results are lower compared to the trajectory expected by Scotiabank Colpatría, as we estimate end-2025 inflation of 5.32%, and inflation for 2026 is expected to remain slightly above the upper limit of the target, closing at 4.03% and higher than 3.74% consensus forecast in the survey. In the short term, economists projected a 0.19% m/m rise in June, which reduces annual inflation from 5.05% in May to 4.92% in June. Scotiabank Colpatría expects June inflation to be 0.24% m/m and 4.97% y/y. Furthermore, we continue to perceive that inflation will rebound in the second half of the year, closing at 5.32%.

Regarding monetary policy, analysts expect rate stability at the June meeting. The minutes of the April 30th meeting revealed that board members initially had differing positions on whether to keep the rate unchanged or cut interest rates. There are three factors that will influence the upcoming meeting, which have been mentioned by board members. The first is due to the evolution of inflation, which had shown some progress until May. Furthermore, stable expectations and a downward projection for June could support a rate cut. The second point relates to the country's fiscal situation; fiscal projections above market expectations and the risk of a downgrade could lead to greater caution on the part of officials. And finally, the international environment and the volatility associated with tariff policies and geopolitical conflicts. For December 2025, interest rate expectations are at 8.25%, and for December 2026, they are at 7.00%. Scotiabank Colpatría expects a 25bp cut to 9.00% at the June meeting. By the end of 2025, it is expected to reach 8.75% and 7.50% in 2026 (chart 2).

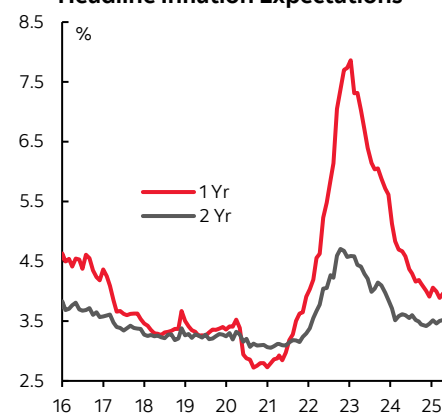
Regarding the exchange rate, the consensus revised its outlook downward for 2025 and 2026. For December 2025, analysts estimate an exchange rate of 4,250.3 pesos, lower than the previous forecast of 4,288.9 pesos. For 2026, the expectation is 4,173.6 pesos, 33 pesos lower than the previous forecast of 4,206.8 pesos. Scotiabank Colpatría's projection for 2025 is 4,367 pesos, and for 2026, 4,364 pesos.

Key points from the survey

- Short-term inflation expectations.** For June, the consensus estimate is 0.19% m/m, implying annual inflation of 4.92% y/y, lower than the current 5.05%. The high is 0.35% and the low is 0.06%, which shows a high dispersion among analysts, mainly due to regulated services that have been showing surprising numbers in recent months. Scotiabank Colpatría Economics' projection is 0.24% m/m and 4.97% y/y. Core inflation, excluding food, projected by analysts is 0.19% m/m.
- Medium-term inflation expectations.** Inflation expectations for December 2025 rose 2 bps to 4.81% (table 1). Expectations for a 1-year horizon decreased 3 bps to 3.89%, and expectations for a 2-year horizon decreased 2 bps to 3.44%. Scotiabank Colpatría's expectations are above the market consensus; however, our bias is primarily explained by the strong indexation effects of the minimum wage reflected in the prices of services, especially housing-related expenses. Additionally, in the short term, we expect to see growth in tourism-related services, such as air transport, which fell by -10.17% m/m in May.
- Monetary policy rate.** The median expectation is for rate stability at the June meeting, which would leave the rate at 9.25%. By 2025, the rate is estimated to fall to 8.25%, implying a continued path of 25 basis point cuts at each meeting after June.

Chart 1

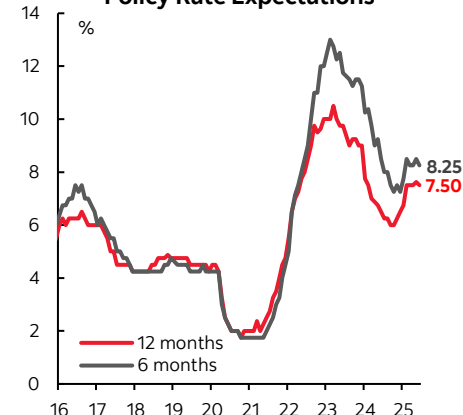
Colombia: Average Headline Inflation Expectations



Sources: Scotiabank Economics, BanRep.

Chart 2

Colombia: Average Policy Rate Expectations



Sources: Scotiabank Economics, BanRep.

Table 1: Colombia—Headline Inflation Expectations

	Average	Change vs previous survey, bps
Jun-2025, m/m % change	0.19	...
Dec-2025, y/y % change	4.81	2
1Y ahead, y/y % change	3.89	-3
Dec-2026, y/y % change	3.74	0
2Y ahead, y/y % change	3.44	-2

Sources: Scotiabank Economics, BanRep.

June 18, 2025

- **FX.** Projections for the US dollar exchange rate for the end of 2025 averaged 4,250.3 pesos (38.6 pesos lower than the previous survey). By December 2026, respondents, on average, expect an exchange rate of 4,173.6 pesos.

—Daniela Silva

PERU: MINING INVESTMENT MOMENTUM AND STRONG PRODUCTION PERFORMANCE

Mining investment reached US\$1.44 billion in the first four months of 2025 (+7.3% YoY), slightly above our projections. The increase was led by Southern Copper, Antamina, and Las Bambas, all of which have advancing project developments. In contrast, Buenaventura recorded a gradual slowdown in spending (-16.9% YoY in April), in line with the final phase of its San Gabriel project, which is expected to begin operations later this year. We maintain our investment forecast of US\$5.3 billion for 2025.

Southern Copper investment was driven by a sharp increase in exploration spending (+531.3% YoY), largely attributed to its Los Chancas project. Additional growth was observed in mining equipment (+142.0% YoY), infrastructure (+62.8% YoY), and beneficiation plant (+8.4% YoY), likely linked to the early-stage development of Tía María. The company has confirmed that Tía María is expected to begin operations in 2027, implying that construction activities should start in 2H25.

	Copper MT	Gold oz	Zinc MT	Silver oz	Lead MT	Iron MT	Tin MT	Molybdenum MT
April 2025, y/y % change	7.9	2.90	49.4	18.5	24.5	5.8	1.8	-9.0
Jan-Apr 2025, y/y % change	4.9	-7.4	11.7	12.7	8.1	0.7	-0.1	7.0

Sources: Scotiabank Economics, Peru Ministry of Energy and Mines.

Additional investment also came from Antamina, which is developing with its Antamina Repositioning project, and Las Bambas, which significantly increased spending on mining equipment (+216.9% YoY) and infrastructure (+30.5% YoY). Las Bambas completed construction of its Chalcobamba project in 2024.

In April, mining production posted positive results across most metals, except for molybdenum. Copper output rose 7.9% YoY, driven by Southern Copper (higher grades) and Las Bambas (Chalcobamba). Zinc production increased 49.4% YoY, mainly due to an increase at Antamina (+179.3% YoY), reflecting a low base of comparison, as the company prioritized copper over zinc in 2024. Other metals also recorded gains: Gold (+2.9% YoY), Silver (+18.5% YoY), Lead (+24.5% YoY), Iron (+5.8% YoY), Tin (+1.8% YoY). In contrast, molybdenum production declined 9.0% YoY in April.

USD Company	2024	April 2025	y/y % change	2024	January-April 2025	y/y % change	Share
1 SOUTHERN PERU COPPER CORPORATION SUCURSAL DEL PERU	7,692,557	23,405,718	204.3%	76,236,023	169,132,354	121.9%	6.1%
2 COMPAÑIA MINERA ANTAMINA S.A.	45,073,254	39,503,783	-12.4%	138,053,606	131,201,917	-5.0%	10.3%
3 MINERA LAS BAMBAS S.A.	26,213,049	37,256,277	42.1%	100,780,738	112,366,392	11.5%	9.7%
4 SOCIEDAD MINERA CERRO VERDE S.A.A.	22,387,437	28,105,521	25.5%	84,352,972	97,262,572	15.3%	7.3%
5 COMPAÑIA DE MINAS BUENAVENTURA S.A.A.	27,547,374	22,884,089	-16.9%	68,739,392	90,550,672	31.7%	6.0%
6 SHOUGANG HIERRO PERU S.A.A.	14,000,172	31,644,564	126.0%	49,844,769	80,867,490	62.2%	8.2%
7 COMPAÑIA MINERA PODEROSA S.A.	11,010,221	16,628,242	51.0%	46,574,703	66,512,968	42.8%	4.3%
8 ANGLO AMERICAN QUELLAVECO S.A.	17,242,875	9,945,267	-42.3%	159,592,197	63,513,286	-60.2%	2.6%
9 MINERA CHINALCO PERU S.A.	26,770,398	16,171,283	-39.6%	97,503,372	51,383,030	-47.3%	4.2%
10 COMPAÑIA MINERA ANTAPACCAI S.A.	10,046,339	6,466,179	-35.6%	28,579,351	38,055,805	33.2%	1.7%
11 NEXA RESOURCES EL PORVENIR S.A.C.	6,536,573	3,897,779	-40.4%	32,674,359	31,330,603	-4.1%	1.0%
12 COMPAÑIA MINERA ZAFRANAL S.A.C.	3,077,073	9,144,311	197.2%	10,036,285	31,232,925	211.2%	2.4%
13 VOLCAN COMPAÑIA MINERA S.A.A.	3,027,647	8,823,569	191.4%	22,278,895	29,170,551	30.9%	2.3%
14 COMPAÑIA MINERA ARES S.A.C.	8,826,093	7,881,130	-10.7%	30,304,272	28,854,038	-4.8%	2.1%
15 HUSBAY PERU S.A.C.	5,441,198	8,431,820	55.0%	21,010,388	27,109,725	29.0%	2.2%
16 NEXA RESOURCES PERU S.A.A.	3,940,912	6,884,808	74.7%	12,830,947	24,278,202	89.2%	1.8%
17 MARCOBRE S.A.C.	4,285,771	13,079,857	205.2%	20,755,876	23,912,414	15.2%	3.4%
18 SOCIEDAD MINERA CORONA S.A.	1,711,498	4,128,081	141.2%	4,871,787	16,902,689	247.0%	1.1%
19 MINSUR S.A.	7,541,554	4,380,599	-41.9%	30,717,897	16,274,309	-47.0%	1.1%
20 MINERA SHOUXIN PERU S.A.	368,358	3,653,768	891.9%	1,950,971	14,604,922	648.6%	1.0%
Others	79,391,733	81,907,871	3.2%	307,047,557	298,672,185	-2.7%	21.3%
Total investment	332,132,086	384,224,516	15.7%	1,344,736,357	1,443,189,049	7.3%	100.0%

Sources: Scotiabank Economics, Peru Ministry of Energy and Mines.

—Katherine Salazar

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