

#### Contributors

**Juan Manuel Herrera**, Senior Economist  
+52.55.2299.6675 (Mexico)  
[juanmanuel.herrera@scotiabank.com](mailto:juanmanuel.herrera@scotiabank.com)

**Guillermo Arbe**, Head Economist, Peru  
+51.1.211.6052 (Peru)  
[guillermo.arbe@scotiabank.com.pe](mailto:guillermo.arbe@scotiabank.com.pe)

**Jackeline Piraján**, Head Economist, Colombia  
+57.601.745.6300 Ext. 9400 (Colombia)  
[jackeline.pirajan@scotiabankcolpatria.com](mailto:jackeline.pirajan@scotiabankcolpatria.com)

**Jorge Selaive**, Head Economist, Chile  
+56.2.2619.5435 (Chile)  
[jorge.selaive@scotiabank.cl](mailto:jorge.selaive@scotiabank.cl)

**Eduardo Suárez**, VP, Latin America Economics  
+52.55.9179.5174 (Mexico)  
[esuarezm@scotiabank.com.mx](mailto:esuarezm@scotiabank.com.mx)

#### TODAY'S CONTRIBUTORS:

**Aníbal Alarcón**, Senior Economist  
+56.2.2619.5465 (Chile)  
[anibal.alarcon@scotiabank.cl](mailto:anibal.alarcon@scotiabank.cl)

**Ricardo Avila**, Senior Analyst  
+51.1.211.6000 Ext. 16558 (Peru)  
[ricardo.avila@scotiabank.com.pe](mailto:ricardo.avila@scotiabank.com.pe)

## Latam Daily: Chile GDP On Track to Meet Forecasts; Sub-2% Inflation Continues in Peru

- Chile: May GDP of 3.2% y/y, consistent with GDP growth of 2.5% in 2025
- Peru: Inflation remained unchanged in June, as expected

### CHILE: MAY GDP OF 3.2% Y/Y, CONSISTENT WITH GDP GROWTH OF 2.5% IN 2025

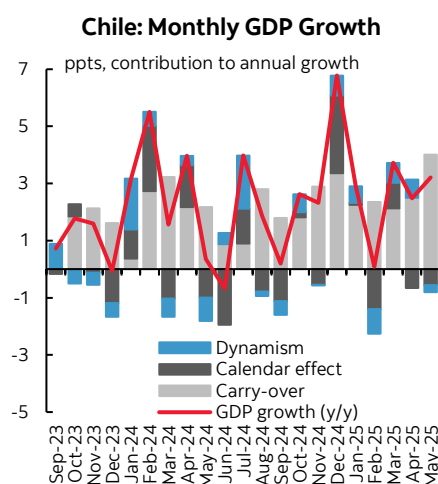
- Private consumption would have a seasonally adjusted fall in Q2-25, after a year and a half of consecutive growth

On Tuesday, July 1<sup>st</sup>, the Central Bank (BCC) released the GDP for May, which grew 3.2% y/y (-0.2% m/m), a figure close to that reflected in the Economist's Survey (3.1% y/y) and in line with what the BCC had considered in the baseline scenario of the June IPoM, although below the most recent market consensus projections (Bloomberg: 3.7% y/y). The second quarter is on track to end without major surprises in terms of economic activity for the Central Bank, ratifying its recent baseline scenario of 2.5% GDP growth in 2025, in line with our projection that we at Scotia have kept unchanged for several quarters.

Lower momentum and a calendar effect detracted from year-on-year growth in May (chart 1). In seasonally adjusted terms, non-mining GDP contracted 0.2% m/m, with notable declines in business services, retail and wholesale trade, and industry. Similarly, mining GDP fell 0.2% m/m, reversing some of the trend seen in previous months. Meanwhile, the fewer working days in May compared to the previous year had the expected negative impact, once again widening the gap between the year-on-year growth rate of the original GDP (3.2%) and the seasonally adjusted GDP (4.1%). Despite this, the seasonal factor has displayed more predictable behavior than last year, which we estimate is due to the absence of disruptive shocks to economic activity other than the calendar effect, such as weather events, widespread power blackouts, etc.

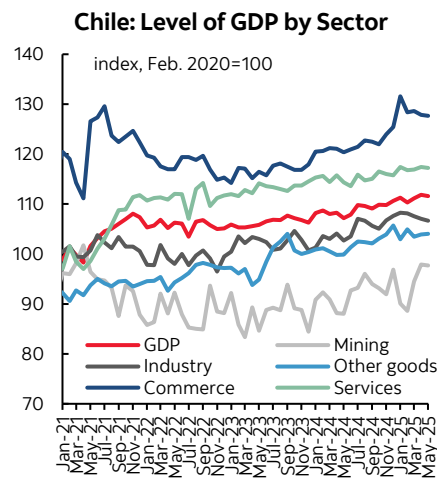
GDP for Q2-25 is expected to show greater dynamism thanks to the mining sector, offsetting weakness in commerce and industry. Between April and May, the mining sector averaged 10.5% y/y growth, reaching activity levels seen since the beginning of 2021 thanks to the recovery in copper production, while the non-mining sectors averaged only 2.1% y/y growth between April and May. Comparing the seasonally adjusted quarterly GDP growth between the total GDP series and the non-mining GDP, we can see that the recovery in momentum during Q2-25 is sustained by the mining sector, as the rest of the economy has been slowing down after a solid first quarter.

Chart 1



Sources: BCC, Scotiabank Economics.

Chart 2



Sources: Scotiabank Economics, BCC.

July 2, 2025

Activity in commerce is falling again after a positive start to the year (chart 2), anticipating a drop in consumption momentum in the second quarter. For the second consecutive month, commerce activity contracted month-on-month in seasonally adjusted terms, again explained by a drop in wholesale trade, which this time was compounded by a decline in retail activity. We estimate that this could also be due, among other factors, to the seasonal decline of Argentine tourism, which would lead retail activity (and probably private consumption) to post a seasonally adjusted quarterly decline in the second quarter, which for consumption would be the first after a year and a half of growth. Meanwhile, industrial activity has seen four consecutive months of declining activity, which would be associated with declines in food industry activity, following a positive start to the year.

The carry-over for 2025 is set at 2.2%. That is, without additional momentum for the remainder of the year, GDP growth would be 2.2% in 2025. Nevertheless, we maintain our growth projection for the year at 2.5%, which the Central Bank recently agreed with in its latest June IPoM.

—Aníbal Alarcón

### PERU: INFLATION REMAINED UNCHANGED IN JUNE, AS EXPECTED

Monthly inflation was slightly positive in June (chart 3). Headline and core inflation increased during the month and, on an annual basis, remained comfortably below the midpoint of the target range (2.0%). We maintain our 2.3% scenario for general inflation in 2025 and 4.50% for the terminal reference rate.

Headline inflation increased by 0.13% m/m in June, in line with the 0.1% expected by us and by Bloomberg's market consensus average. The monthly figure was below the 20-year historical average (+0.19%) but similar to that recorded in the same month of 2024 (+0.12%). As a result, inflation remained stable at 1.7% y/y in June, continuing below the midpoint of the BCRP's target range (2.0%).

By division, the main positive contributions during the month came from the food and non-alcoholic beverages category (+0.24%) due to higher prices in fish and fresh fruits and the restaurants and hotels category (+0.25%), which was partially offset by the drop in the prices of fuels (-0.32%) and transport (-0.05%) related to lower international oil prices.

Core inflation, the trend component that excludes food and energy, increased slightly by 0.07% m/m in June, lower than the historical average of the last 20 years (+0.11%) and the level recorded in the same month of 2024 (+0.16%). In annual terms, it decreased from 1.8% to 1.7%.

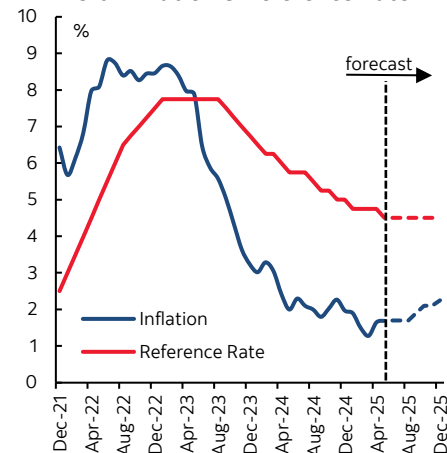
We preliminarily project July CPI around 0.2% m/m. The highest price increases would be seen mainly in two sectors: 1) transportation and 2) restaurants and hotels. This increase would be seasonal due to the holidays for Independence Day. As a result, annual inflation would remain around 1.7%. Moving forward, inflation would continue to increase slightly, reaching the 2.3% y/y we expect by the end of the year. On the other hand, core inflation would also remain at levels close to 1.7% y/y in July.

Regarding the reference rate, at the next board meeting of the BCRP on July 10<sup>th</sup>, we expect it to remain unchanged at 4.50% for the second consecutive month (chart 4).

—Ricardo Avila

Chart 3

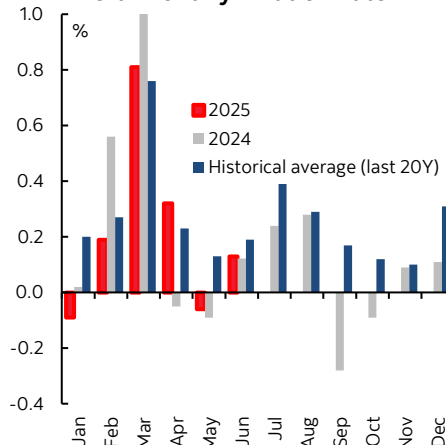
Peru: Inflation &amp; Reference Rate



Sources: Scotiabank Economics, BCRP.

Chart 4

Peru: Monthly Inflation Rate



Sources: Scotiabank Economics, INEI.

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