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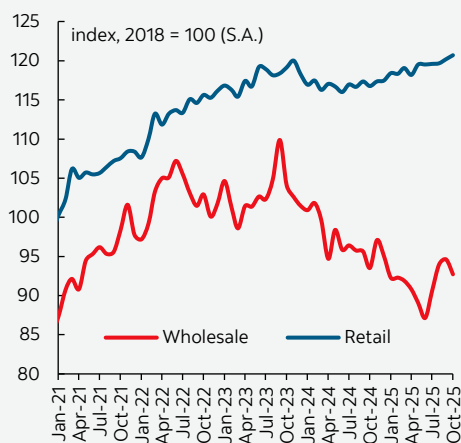
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Chart 1

Mexico: Retail and Wholesale Indexes



Sources: Scotiabank Economics, INEGI.

Latam Daily: BCCh MPR, Mexico Retail, Peru Cement Sales

- **Chile:** BCCh raises neutral policy rate by 25bps as macro scenario aligns with Scotia's outlook
- **Mexico:** Retail and wholesale sales for October
- **Peru:** Cement market—2025 local sales projected to reach a three-year high

CHILE: BCCH RAISES NEUTRAL POLICY RATE BY 25BPS AS MACRO SCENARIO ALIGNS WITH SCOTIA'S OUTLOOK

The Central Bank released its December Monetary Policy Report (IPoM), revising upward its GDP growth forecast for 2025 and 2026, moving closer to Scotia's long-standing projection of 2.5% for both years. As anticipated, the main driver behind the upward revision is stronger investment dynamics, particularly in Machinery and Equipment. Accordingly, the investment forecast for 2025 was raised from 5.5% to 7.0%, while the 2026 estimate increased from 4.3% to 4.9%. Private consumption has accelerated slightly, in line with the September IPoM outlook.

The Central Bank's scenario assumes a peso appreciation and a decline in copper prices from current levels. A key assumption is the expected trajectory of the Real Exchange Rate (RER), which is projected to follow an appreciating trend from the latest estimated level (105 points in October). Based on our estimates, the spot RER stands near 102 points, consistent with a nominal exchange rate around CLP 920. Regarding copper prices, although the forecast was revised upward across the projection horizon (US\$450/lb in 2026), we find the expected rapid convergence toward long-term values noteworthy, given current prices near US\$530/lb and persistent supply constraints and market deficits anticipated in the coming years.

As expected, the Central Bank raised its estimate of the neutral Monetary Policy Rate by 25 bps. In mid-Q3, Scotia revisited neutral real rate estimates, obtaining a range between 0.8% and 1.9%, with a median of 1.3%. In its December IPoM, the Central Bank conducted a similar exercise, arriving at a range of 0.9% to 1.7%, with a median of 1.2%. This confirms our earlier call for a 25-bps increase in the neutral rate, implying nominal values between 3.75% and 4.75%, with a midpoint at 4.25%. However, we note the slow convergence assumed in the December IPoM toward neutral levels, which would materialize only by Q3-26 (July 2026), despite inflation reaching the 3% target in Q1 and remaining near that level for most of the year. Beyond the IPoM guidance, we continue to project a policy rate cut to 4.25% in Q1 (January or March meeting), conditional on inflation converging to target and the peso appreciation we expect consolidating.

—Aníbal Alarcón

MEXICO: RETAIL AND WHOLESALE SALES FOR OCTOBER

In October, according to the Monthly Survey of Commercial Companies (EMEC), retail sales (chart 1) showed a marginal monthly increase in seasonally adjusted figures, with a variation of 0.4%. Regarding employed personnel and average salaries, variations of 0.1% and 1.1% were observed, respectively. In wholesale trade, there was a decrease of -1.8% in total revenues, while employed personnel and average salaries were adjusted upwards, with figures of 0.3% and 1.6%, respectively. At an annual rate and in original figures, retail trade registered generalized increases: revenues increased 3.4%, employed personnel 1.0% and average salaries 3.3%. For its part, wholesale trade showed mixed results, with a fall of -1.3% in revenues and increases of 0.3% in employed personnel and 2.4% in average salaries.

—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

PERU: CEMENT MARKET—2025 LOCAL SALES PROJECTED TO REACH A THREE-YEAR HIGH

In November, local cement sales reached 1.16 million metric tonnes (chart 2), one of the highest monthly volumes this year, posting the strongest annual growth rate of 2025 at +11.4% YoY (chart 3). Based on this performance, we project full-year local cement sales to close at 12.6 million metric tons, representing a 5% increase versus 2024. If achieved, this would mark the highest annual volume in the past three years.

We expect cement demand to remain in positive territory at least through 1Q26, supported by several factors: i) Liquidity from pension fund withdrawals authorized in mid-December, part of which is likely to boost consumption; ii) ongoing private sector investment in construction projects, underpinned by optimistic business expectations and reduced electoral uncertainty; iii) improved household purchasing power, driven by easing inflationary pressures; and iv) dynamic real estate activity, benefiting from lower credit rates compared to previous years. Additionally, a favourable base effect will contribute to growth, considering that 1Q25 was the weakest quarter relative to 2Q25 and 3Q25.

Performance as of November 2025

From January to November, local cement sales posted a solid 4.9% YoY increase—growing nearly 6% over the last twelve months through November—totaling 11.7 million metric tons, in line with our initial forecasts. This performance underscores the market's resilience and confirms the sector's positive trend.

Growth was primarily driven by the self-construction segment, which accounts for nearly 70% of national cement consumption. This momentum reflects the gradual recovery of formal private employment, lower inflationary pressures compared to previous years, and relative stability in local cement prices. Additional support came from increased private infrastructure works and public investment projects, particularly at the subnational level. Private residential investment also resumed growth from 1Q25, according to Central Bank data. Finally, the real estate sector—especially in Lima—continued to strengthen, with new mortgage loans expanding 26% YoY as of October.

—Carlos Asmat

Chart 2

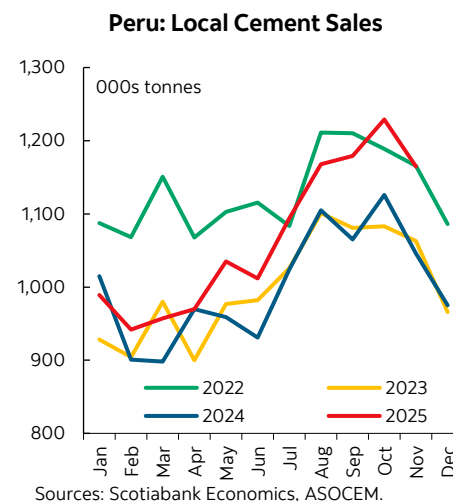
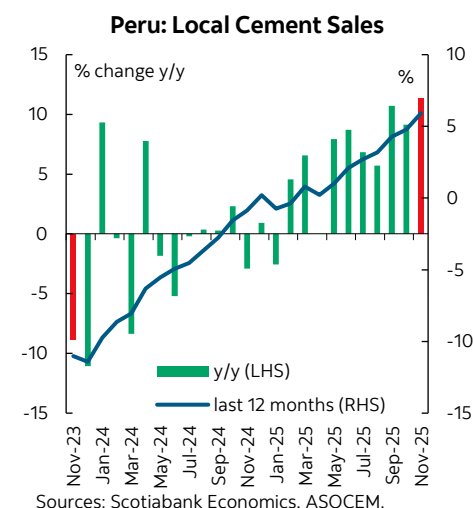


Chart 3



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