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Latam Daily: Chilean CPI Surprises Higher, Peruvian Sentiment Improves

- **Chile: June CPI at 0% m/m surprises expectations and raises concerns over cost pressures**
- **Peru: Greater business optimism and more favourable macroeconomic expectations in June**

CHILE: JUNE CPI AT 0% M/M SURPRISES EXPECTATIONS AND RAISES CONCERNS OVER COST PRESSURES

- **Second-round and indexation effects re-emerge amid lingering cost pressures**

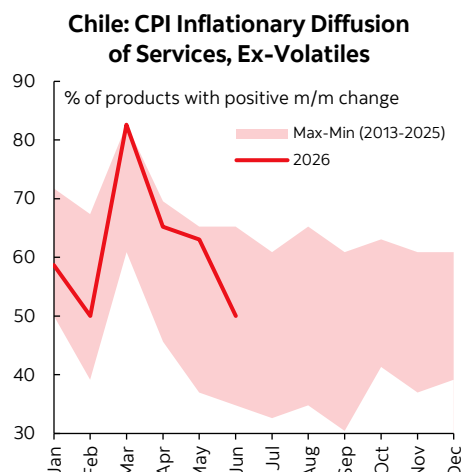
June CPI came in at 0.0% m/m (4.3% y/y), surprising the market consensus, the Central Bank's baseline scenario, and our own forecast (-0.2% m/m). The print revealed clear signs of second-round effects and mounting cost pressures that prevented goods prices from declining by magnitudes similar to those observed in previous years during the June Cyber sales season. We had expected second-round effects to become more evident starting in July; however, margin compression and firms' growing perception of higher costs appear to have accelerated the process.

At Scotiabank, we have maintained our 2026 year-end inflation forecast at 4.5%, despite the decline in market inflation expectations observed in recent weeks. This CPI release reinforces our view, which remains well above market-implied inflation, consensus forecasts, and the Central Bank's baseline scenario. The recent depreciation of the Chilean peso only adds further upside risk to our baseline outlook.

Headline CPI inflation breadth reached 43.1%, broadly in line with its historical average and consistent with what would typically be expected in a June reading affected by Cyber-related discounts. Nevertheless, the disinflationary impact from Cyber sales was notably smaller than in previous years. The main upside surprise came from the volatile components, particularly food prices. Although services inflation breadth returned to more normal levels (chart 1), several high-weight service categories posted price increases, suggesting the emergence of second-round effects associated with higher costs and reduced profit margins.

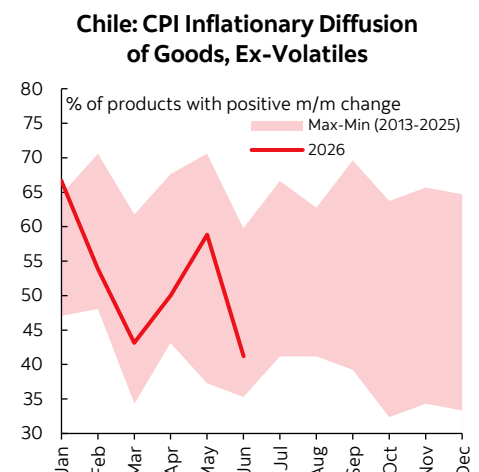
Core goods CPI excluding volatile items registered no monthly change, in a month when price declines are usually observed (chart 2). The impact of June Cyber sales has become more evident since 2023, generating uninterrupted declines in non-volatile goods prices during June, with the exception of this year. Likewise, inflation breadth among ex-volatile

Chart 1



Sources: Scotiabank Economics, INE.

Chart 2



Sources: Scotiabank Economics, INE.

July 8, 2026

goods exceeded the levels observed in previous years, indicating that the weaker-than-expected price declines were not limited to a few specific products. Instead, the phenomenon was broad-based and is likely linked to rising cost pressures, a dynamic that had already been signaled by firms in the May Survey of Price Determinants and Expectations (EDEP) and the May Business Perceptions Report.

Fuel prices declined less than expected in June. Just as previous increases had been partially limited by margin compression among distributors, the latest declines appear to have been softened by a recovery in margins. Indeed, wholesale fuel price reductions announced by ENAP had pointed to larger declines in gasoline and diesel prices than those ultimately reported by the statistics agency (with gasoline prices falling 2.5%), accounting for part of the upside surprise in headline inflation.

Second-round, indirect, and indexation effects are becoming increasingly visible. Until now, these effects had been relatively limited and difficult to identify given the magnitude of the fuel price shock. However, the June CPI clearly shows stronger indexation effects in categories such as Financial Services (+0.8%) and Insurance (+4.2%), indirect effects in Domestic Package Tours (+19.4%) and Domestic Air Transport (+9.5%), and second-round effects in Food Purchased at Restaurants (+0.6%) and Alcoholic Beverages Purchased at Restaurants and Hotels (+1.0%). At Scotiabank, we expect additional pass-through awaits in several key goods and services categories, including rents, condominium fees, bread, domestic services, and healthcare services, among others.

Looking ahead, July CPI is likely to reflect higher electricity tariffs, a rebound in ex-volatile goods prices following the Cyber sales period, and further declines in fuel prices. Regarding the latter, we expect additional reductions in line with ENAP's upcoming announcement, which we estimate could imply gasoline price declines of around CLP 100 per litre and diesel price declines of roughly CLP 150 per litre. As has occurred previously, these decreases may continue to be partially offset by distributors' commercial pricing strategies. At this stage, we are working with a July CPI forecast in the 0.1% to 0.3% m/m range.

As for monetary policy implications, we continue to believe that the Central Bank could introduce the possibility of a rate cut at the September monetary policy meeting in response to weak economic activity, particularly in private consumption and employment. However, we do not expect an actual rate cut to materialize before there is clear evidence that second-round inflation effects are dissipating and that the Chilean peso is appreciating.

—Aníbal Alarcón

PERU: GREATER BUSINESS OPTIMISM AND MORE FAVOURABLE MACROECONOMIC EXPECTATIONS IN JUNE

Recently, the Central Reserve Bank of Peru (BCRP) released its June Macroeconomic Expectations Survey. The results indicate an improvement in business confidence following the presidential runoff election, as well as more favourable expectations for key variables such as inflation and the exchange rate.

Since mid-June, markets had already been pricing in the outcome that the National Jury of Elections (JNE) officially confirmed on July 3rd: Keiko Fujimori's victory in the presidential runoff. In this context, all business expectations indicators improved, reversing the deterioration observed in April and May following the first-round election results. This was largely because one of the candidates who advanced to the runoff was perceived by economic agents as posing a risk to the continuity of the current economic model.

In particular, short-term economic expectations returned to pessimistic territory (below the 50-point threshold) in April—after remaining above that level for two years—but recovered and returned to optimistic territory in June (table 1). Meanwhile, 12-month economic expectations also weakened during April and May, although they remained within optimistic territory. However, they rebounded significantly in June (chart 3), reaching their highest level in five and a half years, the strongest reading since December 2020.

Expectation:	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Economy (3 months)	56.5	50.2	52.0	44.6	46.2	55.5
Economy (12 months)	64.8	59.7	60.0	51.2	55.9	68.6
Company sector (3 months)	58.6	54.0	55.0	51.1	50.0	56.0
Company sector (12 months)	67.6	62.0	62.1	56.5	58.8	68.4
Company situation (3 months)	69.9	57.4	57.1	55.1	53.8	58.6
Company situation (12 months)	71.0	67.2	65.1	60.9	63.4	70.3
Product demand (3 months)	61.0	59.2	61.4	55.6	56.5	62.0
Product demand (12 months)	73.0	70.4	68.8	65.5	66.3	71.3
Investment (3 months)	58.2	57.3	60.3	55.8	57.2	57.5
Investment (12 months)	67.0	65.8	65.1	60.5	63.7	67.2

Sources: Scotiabank Economics, BCRP.

Likewise, the survey showed an improvement in economic agents' expectations regarding the main macroeconomic indicators:

- **12-month inflation expectations:** Declined slightly from 2.9% to 2.8%, in line with the recent decrease in international oil prices, while remaining within the central bank's target range.
- **2026 inflation expectations:** Although some dispersion remains, the expected range narrowed from 2.8%–3.5% to 2.8%–3.2%.
- **2026 economic growth expectations:** Increased from a range of 3.0%–3.1% to 3.1%–3.2%. While the El Niño phenomenon could generate adverse effects on certain sectors of the economy, the strength of activities linked to domestic demand continues to support a favourable outlook for economic growth.
- **Exchange rate expectations for end-2026:** Declined from a range of PEN 3.46–3.50 per U.S. dollar to PEN 3.36–3.44 per U.S. dollar, consistent with stronger confidence among economic agents and a perception of lower political risk.

Chart 3



—Ricardo Avila

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