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GLOBAL ECONOMICS

## LATAM DAILY

August 4, 2026


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# Latam Daily: Chilean GDP, Mexican Remittances, Peruvian Inflation

- **Chile: June GDP at 2.4% y/y—Services stand out while Construction disappoints**
- **Mexico: Remittance inflows rebound in June as transfer volumes return to growth; Consumer confidence improves in July, but annual weakness persists**
- **Peru: Seasonal pressures and supply shocks keep inflation above target**

## CHILE: JUNE GDP AT 2.4% Y/Y—SERVICES STAND OUT WHILE CONSTRUCTION DISAPPOINTS

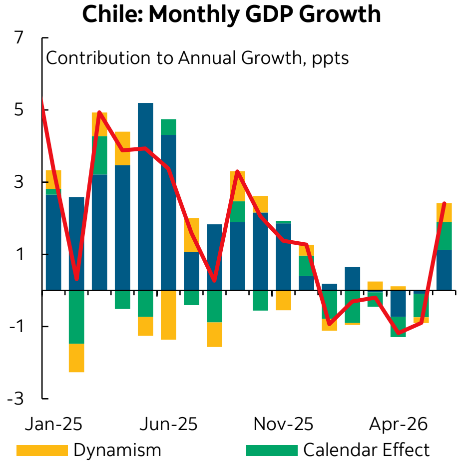
- **No recession in Q2, but achieving 1% growth in 2026 remains challenging. July GDP would post near-zero annual growth.**

June GDP expanded 2.4% y/y, significantly exceeding both market expectations (Survey of Economic Expectations: 1.2%) and the consensus forecast (Bloomberg: 1.8%). As we anticipated, the annual growth rate was mainly explained by a low comparison base (carry-over effect), followed by a positive calendar effect from one additional working day (chart 1). In seasonally adjusted terms, overall activity grew 0.6% m/m, driven almost entirely by the strong performance of the mining sector, although an acceleration in commerce (wholesale trade) and business services also contributed. As a result, non-mining GDP increased 0.1% m/m, avoiding a technical recession at the end of Q2.

In annual terms, GDP grew 0.1% y/y in Q2-26. Combined with the 0.5% y/y contraction recorded in Q1, this implies that the economy shrank by an average of 0.2% y/y during the first half of the year. Over the same period, non-mining GDP expanded 0.4% y/y, reflecting a recovery during Q2, largely supported by stronger services activity. The shock observed in the fishing sector, together with its linkages to the food industry, appears sufficient to explain the annual contraction in GDP during the first half of the year. Had fishing activity evolved similarly to 2025 levels, economic activity in H1-26 would have posted growth closer to 0.2% y/y. Additional supply-side shocks include those affecting mining, fuels, agriculture, and lower inflows of Argentine tourists.

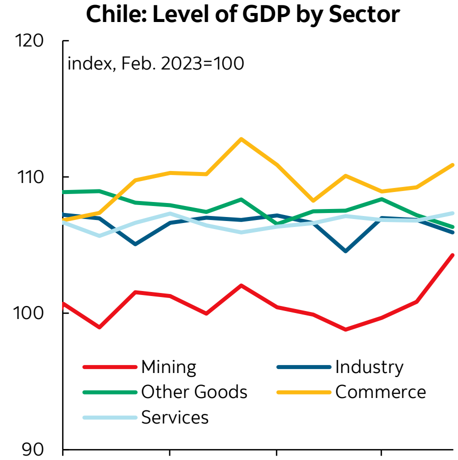
Services expanded 0.5% m/m, reaching a new high in seasonally adjusted activity levels (chart 2). This positive performance was mainly driven by stronger business services activity, which we estimate could be linked to improving investment dynamics in both the mining and energy sectors. Indeed, capital goods imports have recently been signaling stronger investment activity in machinery and equipment across both sectors. Meanwhile,

**Chart 1**



Sources: Scotiabank Economics, BCCh.

**Chart 2**



Sources: Scotiabank Economics, BCCh.

the rest of goods category contracted 0.8% m/m, largely reflecting a decline in construction activity. The sector appears partially stalled while awaiting initiatives such as the VAT exemption on new home sales and amendments to the General Urban Planning and Construction Ordinance (OGUC).

For July GDP, the absence of a positive calendar effect, a more limited carry-over than in June, and the impact of late-month rainfall associated with El Niño phenomenon point to annual growth around zero in the first activity reading of Q3-26.

Overall, we maintain our view that even achieving 1.0% growth this year remains challenging and would require stronger-than-average momentum over the coming months. Ahead of the next monetary policy meeting and the September Monetary Policy Report), a downward revision to this year's GDP growth forecast toward the 0.75%–1.25% range appears increasingly likely.

From a monetary policy perspective, the labour market remains a clear warning signal supporting the case for a rate cut, and today's activity data do not alter that assessment. However, the external backdrop, together with early signs of second-round effects and inflation indexation from past price increases, also strengthen the case for a policy rate hike. Regarding today's GDP release, the recovery in commerce stands out, although a clearer assessment of private consumption dynamics will require the National Accounts data scheduled for release on August 18th.

**—Aníbal Alarcón**

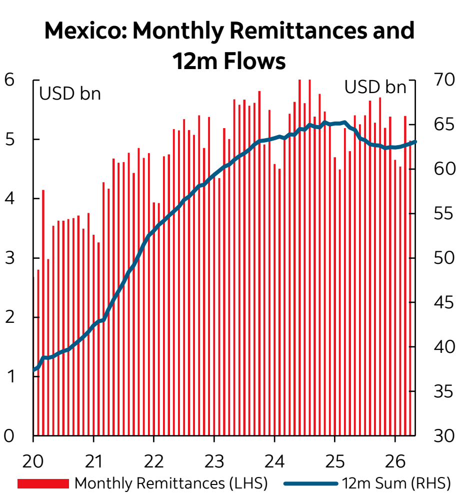
## MEXICO: REMITTANCE INFLOWS REBOUND IN JUNE AS TRANSFER VOLUMES RETURN TO GROWTH

In June, remittances to Mexico totaled US$5.47 billion (chart 3), representing a 4.2% year-over-year increase. Notably, the negative trend in the number of transfers was reversed after 14 consecutive months of declines, with transfer volumes posting a modest 0.4% annual increase. In addition, the average amount per transfer remained resilient, rising 3.8% year over year. During the January–June period, remittance inflows reached US$30.76 billion, up 3.1% from the same period a year earlier. Meanwhile, on a 12-month cumulative basis, remittance inflows totaled US$63.17 billion.

## CONSUMER CONFIDENCE IMPROVES IN JULY, BUT ANNUAL WEAKNESS PERSISTS

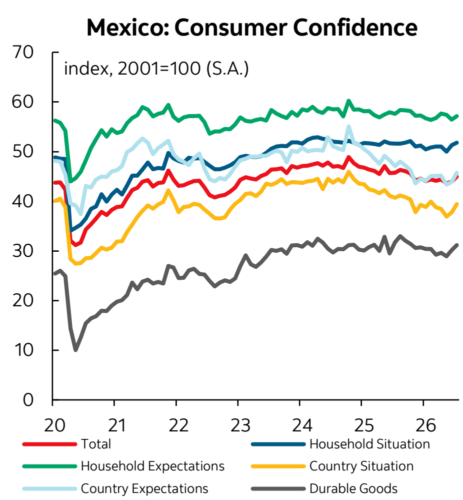
In July, consumer confidence rose to 45.0 points on a seasonally adjusted basis (chart 4), up from 43.8 points in the previous month. Compared to a year earlier, however, the indicator declined by 0.7 points, with decreases across most of its components. Households' perceptions remain slightly above the 50-point threshold, with the assessment of current household conditions standing at 51.8 points, reflecting a modest year-over-year increase of 0.2 points. Meanwhile, expectations for household conditions over the next twelve months reached 57.1 points, down 0.5 points from a year earlier. In contrast, the component measuring perceptions of the country's current economic situation stood at 39.4 points (-1.3 points year-over-year), while expectations for the country's situation over the next twelve months came in at 45.7 points (-1.4 points year-over-year). Finally, it is worth highlighting the relatively low level of confidence regarding the ability to purchase durable goods, which stood at 31.1 points, representing a 0.6-point decline compared to the same period last year.

**Chart 3**




Sources: Scotiabank Economics, Banxico.

**Chart 4**




Sources: Scotiabank Economics, INEGI, Haver.

**—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova**

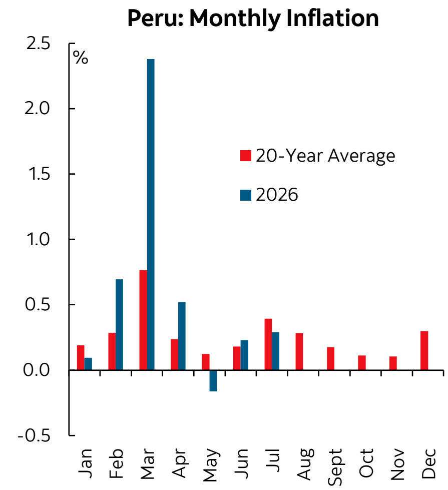
## PERU: SEASONAL PRESSURES AND SUPPLY SHOCKS KEEP INFLATION ABOVE TARGET

Headline inflation rose by 0.29% in July compared to the previous month (chart 5), very close to Bloomberg's consensus expectation of a 0.25% increase. As a result, annual inflation climbed from 4.0% in June to 4.1% in July, remaining above the target range of 1% to 3% for the fifth consecutive month.

July is seasonally high due to the payment of the "gratificación"—an additional salary for formal workers—linked to Peru's Independence Day celebrations. This typically drives up the prices of certain goods, including chicken, as well as airfares and interprovincial bus tickets, given the higher demand for vacations during the holiday period. In addition, the outbreak of avian influenza at the beginning of the month exerted further upward pressure on chicken prices. The main contributions were as follows:

- Food and non-alcoholic beverages: increased by 0.7%, driven primarily by higher chicken prices (+13%).
- Restaurants and hotels: rose by 0.2%, reflecting stronger demand for hotel bookings during the holidays.
- Transportation: up 0.2%, due to higher fares for travel during the festive period.
- Housing, water, and electricity: fell by 0.1%, as lower electricity tariffs—methodologically linked to exchange rate movements—offset part of the increase.

**Chart 5**




Sources: Scotiabank Economics, INEI.

It is worth highlighting that, despite supply shocks such as the avian influenza, El Niño phenomenon, and geopolitical tensions in the Middle East, monthly inflation (0.29%) remained below the 20-year historical average (0.39%). Excluding food and energy, monthly core inflation was 0.28%, pushing the annual rate from 4.5% in June to 4.6% in July.

On August 13th, the Central Reserve Bank of Peru (BCRP) will decide on its benchmark interest rate. We expect the rate to remain unchanged at 4.25%, as supply shocks are still considered transitory and the monthly inflation figures of the past three months are consistent with annual inflation converging toward the target range (1%–3%). However, attention will focus on the release of the Macroeconomic Expectations Report on August 5th, particularly 12-month inflation expectations, which currently stand at 2.8%—within the target range.

**—Ricardo Avila**