

LATAM Market Update

- **Mexico: Annual inflation prints its biggest increase in four months in April**
- **Peru: Car sales disappoint on base effect**

MEXICO: ANNUAL INFLATION PRINTS ITS BIGGEST INCREASE IN FOUR MONTHS IN APRIL

Headline inflation rose 0.05% m/m in April, in line with market expectations, with its core component printing an expansion of 0.46% m/m (vs. +0.48 forecasted and 0.15% a year earlier), its biggest increase for a similar month since 2001. Within, air tariffs and tourism services increased sharply, due to the seasonal impact of the Easter Holiday. On the other hand, the non-core component contracted -1.15% m/m, driven by a decline in electricity tariffs, due to a government subsidy program in the summer season, and also because of a decrease gasoline and domestic gas prices.

In its annual comparison, headline inflation accelerated to 4.41% (vs. +4.00% in March and +4.55% observed in the previous year), while its core and non-core components rose, from 3.55% to 3.87% and from 5.47% to 6.08%, respectively. These prints reinforce our view that the Central Bank will hold interest rates, and open the door for the institution to maintain a hawkish stance, since the core component continues to exhibit some resistance to decrease.

PERU: CAR SALES DISAPPOINT ON BASE EFFECT

Car sales fell 19%, y/y, in April, but this was almost exclusively due to a base effect (high sales in April 2018 in anticipation of higher car sales taxes as of May 2018). Total units sold, 13,633, was in line with normal monthly sales. The message is that car sales, while less than impressive, were not indicative of soft or declining consumption.

Las Bambas copper mine update: local communities that had blocked the access road to the copper mine from February to April, announced that a discussion to possibly initiate new protests would be postponed until May 20th.

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