LATAM Market Update

- **Mexico: Inflation in line with expectations in the first half of May**

Headline inflation fell 0.30% in the first half of May, in line with market expectations (-0.27%). In its annual comparison, the Mexican Consumer Price Index slightly moderated its growth, from 4.44% to 4.43% (vs. 4.46% observed a year ago), with its core and non-core components going from 3.81% to 3.77% and from 6.39% to 6.41%, respectively. Even though a less dynamic core inflation contributed in offsetting the increase in the non-core component, it's worth remembering that, in last week's monetary policy decision, Banco de Mexico mentioned that the balance of risks for inflation continues to be skewed to the upside, in an environment of marked uncertainty.

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