LATAM Market Update

- **Mexico: Remittances fall in June for the first time in three years; Expectations for economic activity drop in July**

Remittances, an important source of income for Mexico with significant impact in consumption in receiving States, fell -0.7% y/y in June, down from 1.4% y/y in May, its first drop since March 2016, registering a total amount of US$3.119 billion. Similarly, during the first semester of the year, remittances amounted to US$16.846 billion, 3.7% higher than last year's first semester, nonetheless it was the weakest increase for a similar period in five years. Despite the slowdown, remittances inflow in June was the fourth highest since records have been kept (1995), as it broke for the second consecutive month through the US$3.0 billion barrier.

In July, Banxico's poll to economic experts in the private sector printed mixed results. While macro-financial variables are expected to show a favourable performance by the end of the year, those referring to economic activity deteriorated significantly. On one hand, headline inflation forecasts for both 2019 and 2020 decreased marginally, from 3.63% y/y to 3.62% in the first case and from 3.63% y/y to 3.60% y/y in the second. On the other hand, real GDP growth estimates for Mexico in 2019 and 2020 were revised downwards for the tenth consecutive month, now from 1.13% y/y to 0.79% y/y, and from 1.66% y/y to 1.47% y/y, respectively.

CONTACTS

Eduardo Suárez, VP, Latin America Economics
52.55.9179.5174 (Mexico)
Scotiabank Economics
eduardo.suarez@scotiabank.com

Guillermo Arbe
511.211.6052 (Peru)
Scotiabank Peru
guillermo.arbe@scotiabank.com.pe

Mario Correa
52.55.5123.2683 (Mexico)
Scotiabank Mexico
mcorrea@scotiacb.com.mx

Sergio Olarte
57.1.745.6300 (Colombia)
Scotiabank Colombia
sergio.olarte@co.scotiabank.com

Jorge Selaive
56.2.2939.1092 (Chile)
Scotiabank Chile
jorge.selaive@scotiabank.cl