

Contributors

Juan Manuel Herrera
Senior Economist/Strategist
+44.207.826.5654
Scotiabank GBM
juanmanuel.herrera@scotiabank.com

Guillermo Arbe, Head Economist, Peru
+51.1.211.6052 (Peru)
guillermo.arbe@scotiabank.com.pe

Sergio Olarte, Head Economist, Colombia
+57.1.745.6300 Ext. 9166 (Colombia)
sergio.olarte@scotiabankcolpatria.com

Jorge Selaive, Head Economist, Chile
+56.2.2619.5435 (Chile)
jorge.selaive@scotiabank.cl

Eduardo Suárez, VP, Latin America Economics
+52.55.9179.5174 (Mexico)
esuarezm@scotiabank.com.mx

Latam Daily: China Protests Jitters; Quiet Latam Day

Protests in China over unsustainable COVID-19-zero policies coupled with record-high cases have resulted in downbeat markets to start the week ahead of an eventful international data and events calendar. Markets will monitor China developments alongside US jobs and inflation data and a speech from Powell on Wednesday ahead of the Fed's blackout period on Saturday.

Global equity markets are broadly in the red, with US futures targeting a 0.8% in cash markets are the open while **the negative China backdrop is weighing on commodity prices.** Latam currencies are nevertheless slightly stronger to start the week, notably outperforming their commodity and high-beta (though DM) peers, the AUD, CAD, and NZD.

Weekend developments were limited in Latin America outside of Peru (see below) and **there's little of note in today's regional calendar** after Mexican October international trade data published this morning. The INEGI reported a **widening** of Mexico's trade deficit to USD2.0bn from USD0.9bn in September as exports fell by about USD3.1bn against a roughly USD2bn decline in imports.

In the week ahead, we'll focus on Peruvian CPI figures, unemployment data across the region, Banxico's quarterly report, and Chile's economic activity data (see [Latam Weekly](#) for more details).

Partial Agreement on Strikes in Chile

News that BHP have reached an agreement with workers at Chile's Escondida copper mine to avoid a strike has given the CLP a solid push ahead of the North American open. The country's government has also partially defused a truckers' strike (owing to high fuel prices and drivers' safety) as they reached a deal with two truckers' unions.

Peru Political Risks Linger

The trading week ended with a bang as Peru's prime minister and the rest of the presidential Cabinet resigned on Friday after Congress denied a vote of confidence proposal that triggered departures (see [Latam Flash](#) for more details). The PEN had its worst week in seven with a 0.7% decline amid political risks—although this follows solid gains through the better part of November.

There weren't too many fireworks over the weekend in Peru—as we had perhaps expected. Castillo appointed a rearranged Council of Ministers to be led by new PM (the fifth of Castillo's presidency so far) Betssy Chavez; note that fourteen of nineteen ministers remained from the pre-resignations CoM (including Fin Min Borneo). According to a poll carried out last week, with results published yesterday, 87% of those surveyed believe new general elections should be called if Castillo is suspended by Congress, a proposal set for debate; on the other hand, the president's approval rating increased to 31% from 25% last month.

Political developments in Peru are a key risk for local assets this week, but the calendar highlight will be CPI data due Thursday. We expect that stubbornly-high inflation will motivate another 25bps from the BCRP at its policy decision next week.

Haddad Lined Up for Brazil's Fin Min

Haddad will join Lula today in Brasilia, reinforcing expectations that the former Sao Paulo mayor will lead the incoming president's Finance Ministry. Lula's transition team, have insisted on their intention to abide by fiscal rules and restraint—notwithstanding the exclusion of social spending funds from the country's spending cap—but markets are not impressed by the likely selection of Haddad who on Friday said “fiscal and social responsibility are not in opposition for Lula.” What he did not specify, however, was how the incoming government intends to overhaul the country's fiscal rule and markets are unwilling to take pressure off Brazilian markets and wait until January when plans may be clearer.

—Juan Manuel Herrera

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.