

Contributors

Juan Manuel Herrera

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

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

Sergio Olarte, Head Economist, Colombia
+57.601.745.6300 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: Brazil IPCA-15 and Little Else

Asia and early-Europe hours have been as uneventful as they get from a data or headlines standpoint as flows drive moves in markets. In some cases, these are paring Monday's action and in others are extending—all with no rhyme or reason. The Asia-Europe crossover was the most active period of the overnight session with rates, the USD, and oil catching a bid, but outside of crude we're sitting little changed across most asset classes, at writing. Today's main G10 events are the UST's auctions of USD39bn in 7s, USD44bn in 52wk, and USD70bn in 42d CMB and another parade of central bank speakers.

USTs are bear flattening and SPX futures are flat vs ~0.5% cheaper European cash indices. The USD is mixed but in a small 0.1/2% range of gains and losses where the MXN is flat after a 10-day winning streak ended yesterday on a marginal decline. The biggest movers are in commodities, as WTI/Brent's rise of 1.3% claws back Monday weakness on an uncertain OPEC meeting on the 30th, while iron ore down 3% remains dragged by Chinese authorities jawboning prices lower and copper is flat to slightly firmer (note Peru's Las Bambas mine workers begin strikes today).

The Latam day ahead has a single data release worth watching, Brazilian IPCA-15 inflation at 7ET. The median economist expects a 4.8% y/y print (from 5.1%) on a 0.3% m/m rise. This monthly gain would be below the average in the decade before the pandemic, while the y/y deceleration from 5.1% reflects a more a favourable base than that which lifted y/y prints in Aug–Oct. It's unlikely that today's data will move markets all that much considering the very clear guidance from the BCB that 50bps cuts are in store next month and in February; we simply need more data to judge meetings beyond that.

We're also monitoring political developments in Peru. Yesterday, the country's attorney general filed a constitutional claim against Pres Boluarte over her role in the death of protesters in early-2023. This complaint will now be reviewed by a congressional committee and if developments align would result in a trial against Boluarte. However, this would only be until after the end of her presidency given constitutional protections. It's worth highlighting that, overnight on Monday, AG Benavides was herself accused by prosecutors of heading a corruption ring where investigations of lawmakers were dropped in exchange for appointments to key roles in Congress.

—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 in 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.