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GLOBAL ECONOMICS

LATAM WEEKLY

March 14, 2025

Latam Weekly: Latam GDP, Central Banks on Tap

ECONOMIC OVERVIEW

- **Tariff and geopolitical headlines will team up with a few key data releases around the globe and major central bank decisions in Latam and abroad to drive market action.**
- **The BCCh is clearly in a wait-and-see stance with no convincing arguments in favour of resuming rate cuts after holding policy steady in January for the first time since July 2024.**
- **Peru's GDP strength cannot be denied, leading our team to revise their growth forecasts higher as discussed in today's report. In Colombia, while the economy is looking in good shape, today the team highlights the worrying fiscal backdrop that may weigh on the broader economy.**

PACIFIC ALLIANCE COUNTRY UPDATES

- **We assess key insights from the last week, with highlights on the main issues to watch over the coming fortnight in the Pacific Alliance countries: Colombia, Mexico and Peru.**

MARKET EVENTS & INDICATORS

- **A comprehensive risk calendar with selected highlights for the period March 15–28 across the Pacific Alliance countries and Brazil.**

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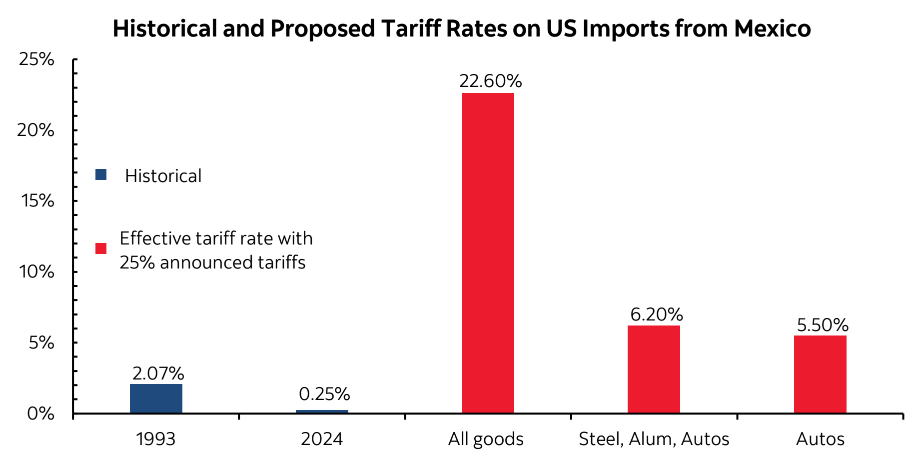

*Announced tariff rate: 25% on all goods (effective rates vary based on exclusions and adjustments).
Sources: Scotiabank Economics, U.S International Trade Commission, WITS, BEA, and INEGI.

Chart of the Week: Prepared by: Cesar Amador, Economic Analyst.

Economic Overview: Latam GDP, Central Banks on Tap

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Volatile trading will likely continue next week, with the now usual flurry of tariff and geopolitical headlines linking up with a few key data releases around the globe and major central bank decisions in Latam and abroad to drive market action. Canadian CPI, US retail sales, and UK employment figures are the G10 data highlights, while Chinese retail sales and industrial output data will join Chilean, Colombian, Peruvian, and Brazilian GDP reports in the EM spotlight. There's not much in store for Mexico, whose markets are closed on Monday for holidays honouring 19th century president Juarez, but we'll keep an eye on Q4 GDP growth components for possible Trump-victory impacts while data for 2025 are already not looking great—as the team covers in today's report.

Expect a collection of relatively hawkish or neutral rate announcements next week, all taking place during the second half of the week. On Wednesday, the BoJ will hold but may tee up a hike (watch your carry trades), the Fed will pause again and downplay negative GDP revisions, while the BCB will roll out a huge 100bps hike with nothing on the growth, fiscal, or inflationary fronts to justify caution. Thursday's steady-as-she goes pause by the BoE should not surprise as UK officials remain worried about stubborn inflation against weak growth. Finally, the BCCh will also hold, with growth looking better and inflation slightly reaccelerating.

Broader market sentiment should remain at the mercy of tariff threats, actions, and retaliation with Mexico's and Canada's USMCA tariffs reprieve due to lapse in early-April, at the same time as reciprocal US tariffs may be applied on all countries. Progress, or lack thereof, over the next few days in talks among representatives from the USMCA partners will be in focus—and some may hope Carney as Canadian PM could cool tensions, all the while he may announce an election date next week. Mexico's Econ Min Ebrard has claimed the country is willing to use its 'arsenal' against the most recent steel and aluminium tariffs.

Chile's economy expanded by 3.7% y/y in the final quarter of 2024 according to what monthly economic activity figures have told us already, so Tuesday's Q4 GDP release should not come as a surprise. Monthly activity data have also shown that momentum continued into 2025, with a 2.5% y/y rise in January thanks to strength in retail trade (see **here**), among other sectors. There should be a large drop in y/y GDP growth in February off a leap-year base and due to the impact of the short-lived blackout during the month, but that should not detract from the feeling that the country is growing at a healthy click. Meanwhile, inflation came in at 4.7% y/y as of February, largely driven by electricity bill hikes but also on accelerating tradable goods inflation.

The BCCh is clearly in a wait-and-see stance with no convincing arguments in favour of resuming rate cuts after holding policy steady in January for the first time since July 2024. The rise in inflation with risks emanating from abroad—which are partly reflected in rising inflation expectations (to be monitored in Tuesday's BCCh traders survey)—as well as economic strength are a clear recipe for caution. At least for the time being, our economists expect that the BCCh will continue to monitor domestic and international conditions and keep policy moves on hold before gaining the confidence to cut again in the third quarter when inflation should be more clearly settled on a downtrend.

On Saturday, Peru's INEI publishes January GDP and February Lima unemployment data. Another strong month for growth awaits out of Peru as the country's economy continues to overshoot expectations; we estimate that GDP rose by 3.9% y/y in January, slowing from December's 4.9% gain. In line with this strength, our economists in Lima have revised their 2025 growth forecast significantly higher, by 0.5ppts from 2.8% to 3.3% (which would match the 2024 expansion). In today's report, the team outlines their reasoning behind the upward revision, pointing to domestic demand momentum in Q4 as a key driver of the country's outperformance. External (trade) and domestic (2026 elections) may begin to weigh a bit more clearly later this year, but not enough to spin the economy off its path towards 3% growth.

Colombian economic growth may have taken a bit of a step back in January, with our economists projecting a 1.4% y/y rise in economic activity data out on Tuesday, slowing from the strong 3% at the close of 2024. Stronger-than-expected manufacturing and retail sales data for January released on Friday morning have teed up a higher chance of an overshoot than an undershoot, however; retail sales spiked 10% y/y with broad-based gains across the subsectors. On Tuesday, we'll also watch the results to BanRep's economists survey that will likely show higher inflation and policy rate forecasts.

While private consumption and investment spending continues to improve, public spending is pulling in the other direction with implications not only for government sector GDP but also for those industries that depend on fiscal expansion (e.g. health and education). As our local team explains in today's *Weekly*, Colombia's fiscal situation is showing little evidence of turnaround, with signs pointing to a need for public spending cuts. For now, with no cuts announced (only rumblings) and lack of credibility in fiscal projections, the team believes that Colombia's sovereign curve will continue to considerably steepen.

March 14, 2025

Pacific Alliance Country Updates

Colombia—Fiscal Scenarios for 2025: The Balance Between Fiscal Needs and Available Funding

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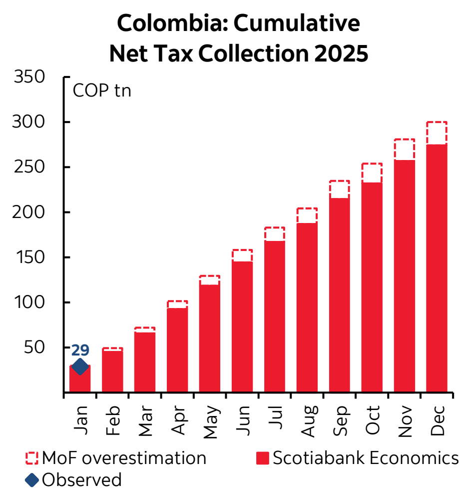
The tight international financial conditions and domestic fiscal challenges in 2025 are expected to maintain the steepness of the COLTES curve, reflecting the premiums demanded by the market to bear Colombia's fiscal uncertainty. Factors such as the overestimation of tax revenues, the potential need for budget cuts in the flexible part of the budget, and the underestimation of the inflexible spending highlight the financing pressures to fulfill the promises made by the current administration. Financing from local and offshore investors has been supportive at the beginning of 2025, however debt supply is counteracting maintaining the COLTES curve operating at an average yield of 11%, a tense balance that will continue throughout the year and whose tension will depend on the adjustment plans that the government may propose.

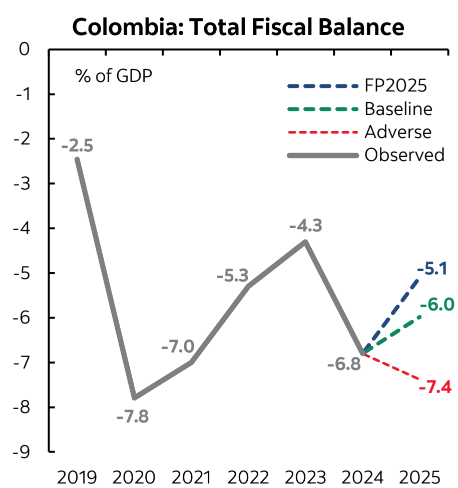
Chart 1



Sources: Scotiabank Economics, MoF.

Preliminary estimations indicate that the government is overestimating projected tax revenue for 2025 by COP 26 tn (1.4% of GDP). According to the Financing Plan 2025 (FP2025), the national government expects current tax revenue of COP 299.8 tn (16.8% of GDP), which would represent a nominal increase of nearly 23% y/y, which is higher compared to the historical tax collection capacity (~14.5% of GDP). In this context, the national government is overestimating its tax revenue for 2025 by 1.4% of GDP (chart 1), according to estimates by Scotiabank Economics. This scenario is not far from what was recorded in 2024, when tax revenue was 2.8% of GDP, below the estimate in the FP2024, a revenue shortfall that prompted the national government to justify this decline as a "one off" transaction and thus comply with the fiscal rule.

Chart 2



Sources: Scotiabank Economics, MoF.

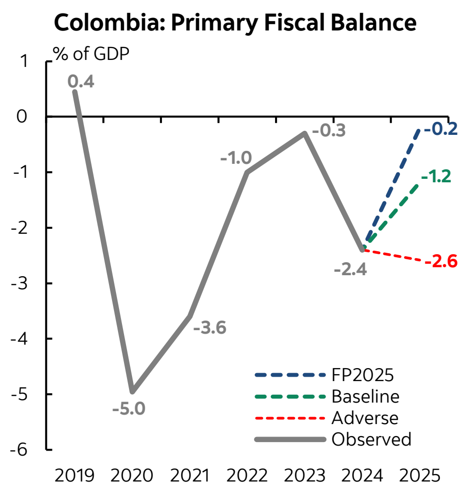
With overestimated tax revenues and additional spending pressures, the total fiscal deficit for 2025 could range between 6.0% and 7.4% of GDP. The baseline scenario of a 6% of GDP deficit assumes tax revenues that are 2.4% of GDP, lower than what is forecasted in the FP2025, because of: i) 1.4% of GDP lower tax collection and ii) 1% of GDP lower tax revenue (COP 17 tn) related to expected revenue from DIAN management and efficiency, in line with the Autonomous Committee of Fiscal Rule (CARF) warnings. However, a cut in primary spending is also considered, which would be proportional to the shortfall in tax collection, as the government has mentioned in recent statements. This scenario would result in a total fiscal deficit of 6.0% of GDP (vs. 5.1% of GDP in the FP2025) and a primary fiscal deficit of 1.2% compared to the expected 0.2% of GDP (charts 2 and 3).

The adverse scenario of 7.4% of GDP contemplates the same outlook for government revenues, however we don't assume a spending cut versus current plans. In this scenario, we add the fiscal pressure coming from budget reserves (defined as pending disbursement committed in the fiscal period 2024), which would result in the total fiscal deficit rising to 7.4% and the primary deficit to 2.6% of GDP.

The proposed scenarios do not contemplate changes in the government's estimated capital revenue of 1.7% of GDP in the FP2025. Recently, the central bank (BanRep) confirmed that it will transfer 100% of its 2024 profits to the national government, i.e., COP 10 tn (0.6% of GDP), which would be disbursed in cash. This is compared to the 2024 figure, when BanRep disbursed nearly 100% of its profits to the government (0.5% of GDP), but the payment was made with resources from its TES portfolio and cash. These revenues for 2025 are higher than the historical average of resources received from the central bank due to the interest rate performance, which allowed for a considerable return on the issuer's portfolio. On the other hand, Ecopetrol's dividend income would be in line with the entity's announcement for 2025 and with the payment schedule for the Fuel Price Stabilization Fund deficit, estimated at 0.7% of GDP for this year.

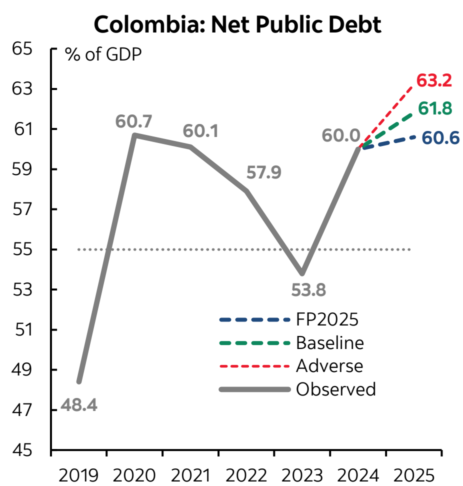
In absence of a structural adjustment in primary spending and amid liquidity constraints, financing needs for 2025 would increase considerably. In the baseline scenario, the estimated fiscal deficit would increase the central government's debt from the projected 60.6% (chart 4) to 61.8% of GDP (+COP 22 tn), while in the adverse scenario with a deficit of 7.5% of GDP, the debt would rise to 63.2% of GDP (+COP 48 tn).

Chart 3



Sources: Scotiabank Economics, MoF.

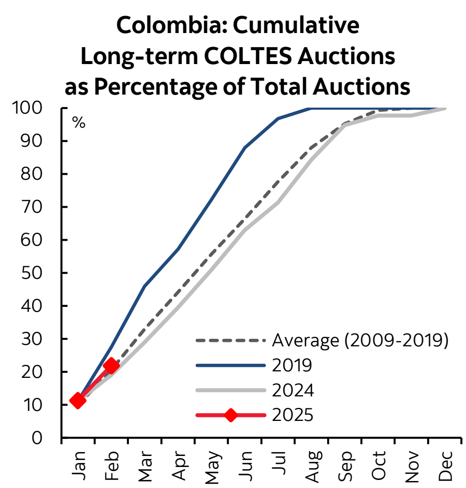
Chart 4



Sources: Scotiabank Economics, MoF.

In 2024, the national government's financing needs increased by COP 15 tn (0.9% of GDP) compared to what was expected in the FP2024, where 69% of the change materialized in higher domestic disbursements. In 2025, this rise could be repeated. We believe that the MoF should act with greater transparency in the way they execute additional financing needs, with more visibility in auctions given that 54% of the YTD (up to February) supply in COLTES has been through invisible mechanisms such as payments to public entities, and using this procedure results a huge degree of uncertainty for markets that are now translation into a higher premium this lack of transparency. If the current modus operandi continues, the MoF would continue to increase outstanding debt in short-term references, as we saw in 2024 in response to the liquidation of liabilities to entities.

Chart 5



Sources: Scotiabank Economics, MoF.

Our take is that the COLTES curve will continue to steepen considerably amid the lack of credibility in current official fiscal projections. The estimated steepening of the curve between the longest-term node and the 10-year node could continue ranging between 80 to 100bps. In this context, the increased financing needs and the possible intervention of the MoF in the COLTES market could increase volatility in the fixed-income market, offsetting the mild effect from the easing cycle in monetary policy. For now, during the first two months of 2025, the national government has met 22% of the auction target for the entire year (COP 45 tn), which is slightly higher than the average observed in previous years but is not a concern (chart 5). That said, the government's liquidity needs, combined with a scenario of higher risk premiums, both international and local, highlight the pressure on the public debt market for 2025, whose correction would be postponed once again.

Mexico—Q4 GDP Demand Breakdown; Early-2025 Data Aren't Looking Great

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Next week, few economic figures will be published in Mexico, although these will be relevant to understanding the current economic situation. First, on Thursday, March 20th, the aggregate supply and demand for Q4-2024 will be published, where we will be able to see how Trump's victory in the presidential race affected investment, consumption, as well as exports and imports, in light of threats of imposing tariffs on Mexican imports, as well as migration policies, which could mainly affect remittances and therefore household disposable income. Later, on that same Thursday, we will know the results of Citi's economists expectations' survey, which will be of great relevance as it will give us an idea of how the implementation of Trump's trade policies could affect US consumers in terms of inflation, employment, and growth, hence what the possible effect on growth, inflation, and rates in Mexico will be.

In previous weeks, we mentioned the possibility that the first quarter of 2025 might see a rebound in some indicators related to the import and export of goods as part of a response from companies and households to the possibility of tariffs. However, recent data suggests that this advance in purchases does not incorporate an increase in manufacturing production at the beginning of the year as expected.

Our argument was based on the idea that, anticipating a negative shock in the coming months for Trump's agenda, several economic agents would advance their levels of production and consumption before the possible tariffs come into effect (or not). Faced with news of a possible price increase, several companies and households would advance their purchases. However, we see this expectation was not noticeable in all indicators in January and February; especially in manufacturing production, and more specifically in the automotive industry, we did not observe a rebound. On the contrary, the automotive industry accentuated its deterioration with just the initial threat of tariffs.

According to administrative records of light and heavy vehicles, in February, light vehicle exports fell for the second consecutive time to -11.4%, while production fell by -0.4%. Meanwhile, heavy vehicles, more related to investment prospects, showed a much more marked decline, falling -23.9% in exports and -27.5% in production. These declines suggest that uncertainty about the future of the Mexico-United States trade relationship has generated a risk-averse sentiment among economic agents, particularly in the automotive sector, which has received particular interest from President Donald Trump.

The industrial production figures published this week showed that the impacts are not only in the automotive sector but almost generalized in manufacturing. With a drop of -0.8% in January, manufacturing production reported annual declines of -6.9% in transportation equipment and maintained the deterioration presented since October 2023 in basic metal industries, which includes steel manufacturing, although the advance in computing equipment (2.4%) is noteworthy, as well as stagnation in food products (0.0%) and beverages and tobacco (0.1%). Additionally, in the same month, the value of exports showed a growth of 5.5% thanks to the advance of agricultural products (6.1%), along with a rebound in non-automotive manufacturing (14.5%), which compensated for the deterioration in automotive exports (-2.0%).

On the consumption side, the result of industrial production in January suggests that Mexican companies could further reduce the pace of job creation, which could affect households that have been showing greater caution in their purchase plans for several months, mainly of durable goods measured through consumer confidence published by INEGI. In this regard, it is worth noting that ANTAD figures for February confirm this negative trend, as they fell -1.7% year-on-year.

With this, we believe that the figures for the first quarter of the year could be weaker than expected. Thus, the possibility of a decline in economic activity at the beginning of 2025 seems higher, affected by uncertainty around trade policy between Mexico and the United States. For now, we maintain our perspective of 0.6% growth throughout 2025, although we maintain a downward bias, so the publication of new indicators could encourage revisions in expectations.

Peru—Raising Our 2025 GDP Growth Forecast from 2.8% to 3.3%

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We are raising our 2025 GDP growth forecast from 2.8% to 3.3%. We are encouraged by the fact that the year has begun quite auspiciously both in terms of domestic growth dynamics, and a better-than-expected external environment (table 1).

We had been holding off revising our GDP figures until the release in February of Q4 GDP of domestic demand figures, and while we tried to sort out the impact of policies emanating from the Trump Administration.

What the Q4 GDP figures told us was that growth has become domestic demand driven. Domestic demand rose 5.6% in Q4-2024, surpassing GDP growth of 4.2%. Furthermore, private sector investment and consumption have become major contributors to growth. Government infrastructure project tenders, which helped drive investment growth in 2024, will continue in 2025. At the same time, the labour market has been improving in recent months, driving consumption. Thus, private demand should continue to be robust at least in the first half of 2025, before external risks, political risks and base comparisons start to impact.

Table 1: Peru—GDP Growth by Demand Components

	2024	2025P	2026P
GDP	**3.3**	**3.3**	**2.7**
Imports	6.9	4.1	1.3
Domestic Demand	**3.8**	**3.4**	**2.5**
Private Consumption	2.8	2.7	2.6
Public Consumption	2.3	2.4	1.2
Private Investment	2.6	3.3	1.5
Public Investment	14.1	5.8	1.3
Exports	5.1	3.6	1.8

Sources: Scotiabank Economics.

January GDP growth, to be published over the weekend, should ratify our expectation of a good start to the year. We expect growth of close to 4.0%, YoY, based partially on figures that have already been released. These include fishing GDP, up 24%, YoY, in January, mining up 3.2% (oil & gas fell 9%, but has a much lower weight), and agriculture GDP rising 3.2%. Domestic demand indicators have been coming in mixed. While cement consumption fell 2.9%, YoY, government investment soared 45%, YoY, more than compensating for low private-sector construction. What will be keenly telling will be to see how industrial manufacturing performed.

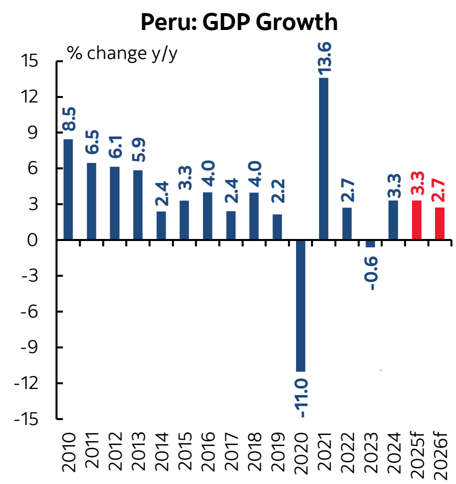
Table 2: Peru—Key Export and Import Prices

	20-Jan-25	13-Mar-25	Change
Exports			
Copper LME (US$/lb)	4.13	4.41	6.8%
Copper Comex (US$/lb)	4.34	4.90	12.9%
Gold (US$/oz)	2756	2972	7.8%
Imports			
Wheat (US$/bushel)	5.51	5.78	4.9%
Corn (US$/bushel)	4.74	4.36	-8.0%
Soybeans (US$/bushel)	10.1	9.7	-3.8%
Crude oil WTI (US$/bbl)	78	68	-13.1%
USDPEN	3.74	3.67	-2.2%

Sources: Scotiabank Economics, Bloomberg.

Overall, and beyond January per se, Peru has been enjoying an encouraging external environment in Q1, despite (or, rather, because of) heightened uncertainty stemming from US tariff policies/threats, and geopolitical instability. In particular, the current global environment has helped Peru's terms of trade significantly. Gold prices remain near record highs, the price of copper has risen, at least for the time being (it's hard to argue that high copper prices are sustainable), and oil import prices have declined, as have most soft commodity prices that Peru imports. At the same time, a weakish global USD has also contributed to a stronger PEN, adding to the general sensation of price stability (table 2).

Chart 6



Sources: Scotiabank Economics, BCRP.

The longer that terms of trade are favourable to Peru, the stronger the impact on growth and on macroeconomic balances. Peru already experienced a record trade surplus in 2024. We would not be surprised to see a repeat in 2025. Furthermore, greater fiscal revenue from mining will help bring down the fiscal deficit, without impairing government spending too much. On balance, we expect the fiscal deficit to decline from 3.6% of GDP in 2024 to around 2.5% of GDP in 2025. This would not be quite enough to comply with the fiscal rule of a 2.2% of GDP deficit, but the improvement is still significant.

The bottom line is that, not only is Peru's domestic growth trend overcoming global risk, but global risk is actually providing unexpected (albeit probably temporary) tailwinds to growth. However, before we get too complacent, it would be wise to remember that future risks loom large. As much as Peru is enjoying short-term benefits from global events, the risk of a global slowdown could very well materialize. Copper prices, in particular, may change direction quite quickly. Also, although domestic political risk has taken a back seat to global events, uncertainty due to politics is likely to emerge again, possibly in force, as the 2026 elections date approaches. Having said that, global and domestic political risks are likely to have a greater impact in 2026 than in 2025, which is why we are forecasting GDP growth of 2.7% in 2026, moderately lower than in 2025 (chart 6).

Forecast Updates

	2023	2024				2025				2026							
Chile	Q4	Q1	Q2	Q3	Q4e	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	0.4	2.5	1.6	2.3	3.7	1.3	3.1	3.1	2.5	1.8	3.3	2.0	2.6	0.2	2.5	2.5	2.5
CPI (y/y %, eop)	3.4	3.2	3.8	4.0	4.5	4.9	4.4	4.0	3.5	2.3	2.8	2.9	3.0	3.4	4.5	3.5	3.0
Unemployment rate (%, avg)	8.5	8.7	8.3	8.7	8.1	8.3	8.1	8.0	7.6	8.0	8.1	8.0	7.6	8.5	8.1	8.0	7.9
Central bank policy rate (%, eop)	8.25	7.25	5.75	5.50	5.00	5.00	5.00	4.75	4.50	4.25	4.25	4.25	4.25	8.25	5.00	4.50	4.25
Foreign exchange (USDCLP, eop)	879	979	940	899	995	950	930	910	890	880	870	870	870	879	995	890	870

	2023	2024				2025				2026							
Colombia	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024	2025f	2026f
Real GDP (y/y % change)	0.4	0.6	1.9	2.1	2.3	2.5	2.6	2.4	2.8	2.8	2.9	2.8	3.0	0.7	1.7	2.6	2.9
CPI (y/y %, eop)	9.3	7.4	7.2	5.8	5.2	5.1	4.7	4.9	4.9	4.2	4.0	3.8	3.7	9.3	5.2	4.9	3.7
Unemployment rate (%, avg)	9.4	11.9	10.4	9.6	8.8	11.5	10.0	10.1	9.9	11.3	9.9	10.7	9.6	10.2	10.2	10.4	10.4
Central bank policy rate (%, eop)	13.00	12.25	11.25	10.25	9.50	9.50	9.00	8.50	8.00	7.50	7.00	6.50	6.50	13.00	9.50	8.00	6.50
Foreign exchange (USDCOP, eop)	3,855	3,852	4,153	4,207	4,406	4,200	4,294	4,310	4,367	4,339	4,350	4,361	4,364	3,855	4,406	4,367	4,364

	2023	2024				2025				2026							
Mexico	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024	2025f	2026f
Real GDP (y/y % change)	2.4	1.5	2.2	1.7	0.5	0.8	0.7	0.5	0.4	0.8	0.7	0.9	0.7	3.3	1.5	0.6	0.8
CPI (y/y %, eop)	4.7	4.4	5.0	4.6	4.2	3.9	3.9	3.8	4.0	3.8	3.8	3.9	3.7	4.7	4.2	4.0	3.7
Unemployment rate (%, avg)	2.7	2.5	2.7	3.0	2.5	3.1	3.3	3.4	3.5	3.6	3.7	3.8	3.8	2.8	2.7	3.3	3.7
Central bank policy rate (%, eop)	11.25	11.00	11.00	10.50	10.00	9.00	8.50	8.25	8.25	8.00	7.75	7.75	7.75	11.25	10.00	8.25	7.75
Foreign exchange (USDMXN, eop)	16.97	16.56	18.32	19.69	20.83	20.70	20.80	21.00	21.30	21.30	21.40	21.50	21.50	16.97	20.83	21.30	21.50

	2023	2024				2025				2026							
Peru	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024	2025f	2026f
Real GDP (y/y % change)	-0.3	1.4	3.7	3.9	4.2	4.0	3.5	3.0	2.6	3.0	2.2	2.3	2.7	-0.4	3.3	3.3	2.7
CPI (y/y %, eop)	3.2	3.0	2.3	1.8	2.0	1.2	1.6	2.0	2.3	2.0	2.2	2.2	2.2	3.2	2.0	2.3	2.2
Unemployment rate (%, avg)	6.4	7.7	6.6	5.9	5.5	6.2	6.3	6.0	5.4	6.0	6.2	5.9	5.3	6.8	6.5	6.0	5.9
Central bank policy rate (%, eop)	6.75	6.25	5.75	5.25	5.00	4.75	4.50	4.50	4.50	4.50	4.50	4.50	4.50	6.75	5.00	4.50	4.50
Foreign exchange (USDPEN, eop)	3.70	3.72	3.84	3.70	3.74	3.65	3.70	3.73	3.78	3.83	3.78	3.75	3.75	3.70	3.74	3.78	3.75

	2023	2024				2025				2026							
Brazil	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	2.4	2.6	3.3	4.0	3.6	3.0	2.1	1.5	1.2	1.5	1.5	1.7	1.9	3.2	3.4	2.0	1.7
CPI (y/y %, eop)	4.6	3.9	4.2	4.4	4.8	5.4	5.5	5.7	5.6	5.0	4.8	4.5	4.3	4.6	4.8	5.6	4.3
Unemployment rate (%, avg)	7.4	7.9	6.9	6.4	6.2	6.8	6.9	6.8	6.8	7.6	7.6	7.4	7.4	7.4	6.2	6.8	7.5
Central bank policy rate (%, eop)	11.75	10.75	10.50	10.75	12.25	14.25	15.00	15.00	15.00	14.50	13.50	13.00	12.50	11.75	12.25	15.00	12.50
Foreign exchange (USDBRL, eop)	4.86	5.01	5.59	5.45	6.18	5.80	5.89	5.90	5.91	5.92	5.92	5.91	5.91	4.86	6.18	5.91	5.91

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics, Focus Economics.
Red indicates changes in estimates and forecasts since previous *Latam Weekly* on February 28, 2025.

Forecast Updates—Changes Compared To Previous Latam Weekly

	2023	2024				2025				2026							
Chile	Q4	Q1	Q2	Q3	Q4e	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (%, avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCLP, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	2023	2024				2025				2026							
Colombia	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-	0.1	-	-	0.1	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	0.1	-	-	-	-0.1	-	-	-	-	-
Unemployment rate (%, avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (%, eop)	-	-	-	-	-	0.25	0.25	0.25	0.25	0.25	0.25	-	-	-	-	0.25	-
Foreign exchange (USDCOP, eop)	-	-	-	-	-	-149	-64	-65	-	-17	-13	6	-	-	-	-	-

	2023	2024				2025				2026							
Mexico	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (%, avg)	-	-	-	-	-	-0.2	-	-	-	-	-	-	-	-	-	-0.1	-
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-	-	-0.25	-0.25
Foreign exchange (USDMXN, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	2023	2024				2025				2026							
Peru	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-	0.1	0.1	1.0	0.6	0.2	-0.3	-0.1	0.4	-	-	0.5	0.2
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (%, avg)	-	-	-	-	-	-0.2	0.1	0.3	-	-0.2	0.2	0.5	0.1	-	-	-	0.2
Central bank policy rate (%, eop)	-	-	-	-	-	0.25	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDPEN, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	2023	2024				2025				2026							
Brazil	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-0.4	-	-	-	-	0.1	-	-	-	-	-0.1	-	-
CPI (y/y %, eop)	-	-	-	-	-	-0.1	-0.1	-	-	-	-	-	-	-	-	-	-
Unemployment rate (%, avg)	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDBRL, eop)	-	-	-	-	-	-0.08	-0.01	-	-0.05	-0.03	-0.04	-0.07	-0.09	-	-	-0.05	-0.09

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics, Focus Economics.
Changes in estimates and forecasts since previous *Latam Weekly* on February 28, 2024.

Forecast Updates: Central Bank Policy Rates and Outlook

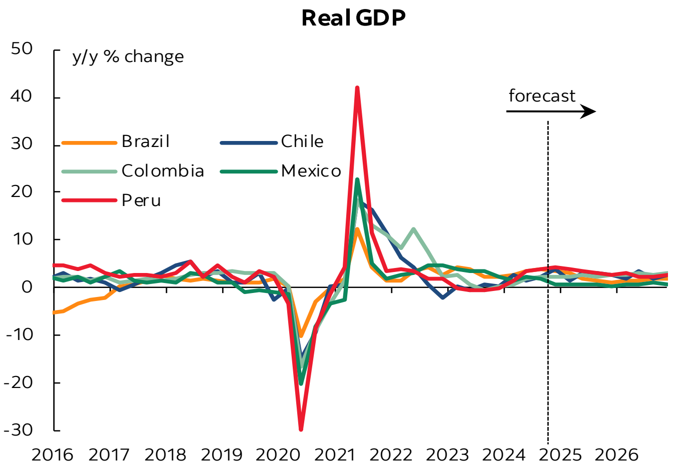
Latam Central Banks: Policy Rates and Outlook

		Next Scheduled Meeting		BNS Forecast		
	Current	Date	BNS	End-2025	End-2026	BNS guidance for next monetary policy meeting
Chile, BCCh, TPM	5.00%	Mar-21	5.00%	4.50%	4.25%	We expect the BCCh to maintain the policy rate at 5.00%.
Colombia, BanRep, TII	9.50%	Mar-31	9.50%	8.00%	6.50%	At its last meeting, the Central Bank of the Republic halted the monetary easing cycle due to uncertainty about the reduction in inflation. One of the board's main concerns regarding inflation was pressure on prices given the high wage increase. Inflation readings for the first two months of the year showed significant indexation effects, especially in services, which have undergone a very gradual disinflationary process and remain well above the 3% target. In these first two months, inflation reversed its downward trend, climbing from 5.20% in December to 5.28% in February. This implies a continued cautious stance at the next BanRep meeting on March 31, where we expect interest rates to remain stable at 9.50%.
Mexico, Banxico, TO	9.50%	Mar-27	9.00%	8.25%	7.75%	The Governing Board has maintained a dovish stance in recent public statements, particularly Governor Rodriguez, highlighting that the current inflation level is close to its historical average. This suggests there is room for a lower yet still restrictive policy rate. Additionally, as economic data has come in weaker than expected, signalling a softer outlook, the Board's argument for a downward bias in inflation seems to be gaining traction, despite the overall upside-biased inflation outlook. Thus, the broad consensus expects another 50 bps cut in the upcoming March meeting.
Peru, BCRP, TIR	4.75%	Apr-10	4.75%	4.50%	4.50%	In April, the BCRP is expected to maintain its rate, given that the arguments presented for not making changes in March would persist— namely, uncertainty over tariff policies and positive local economic activity indicators. The BCRP is likely to reduce its rate when the Federal Reserve makes its next rate cut, which could happen by the end of the second quarter of 2025, according to market consensus.
Brazil, BCB, Selic	13.25%	Mar-19	14.25%	15.00%	12.50%	

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

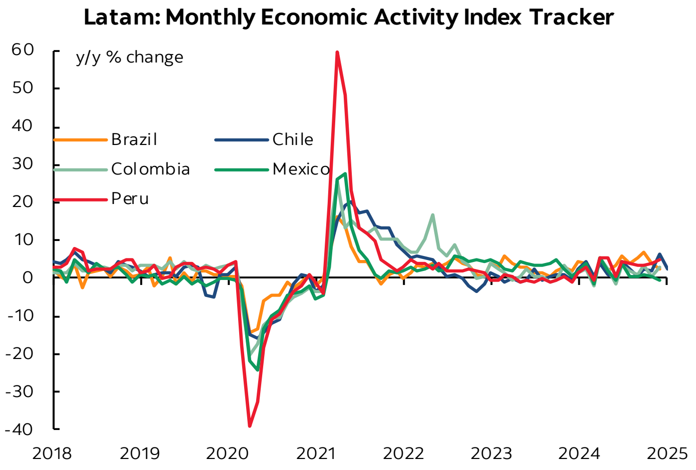
Key Economic Charts

Chart 1



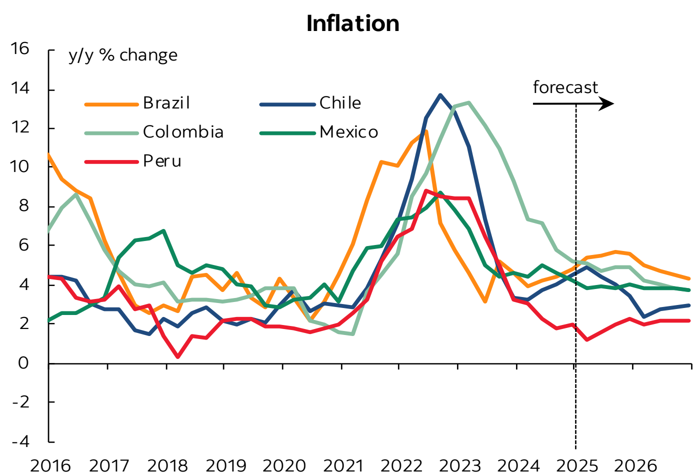
Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

Chart 2



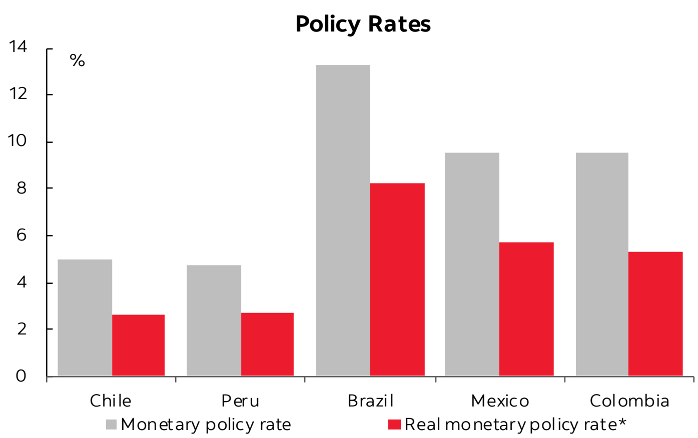
Sources: Scotiabank Economics, Haver Analytics.

Chart 3



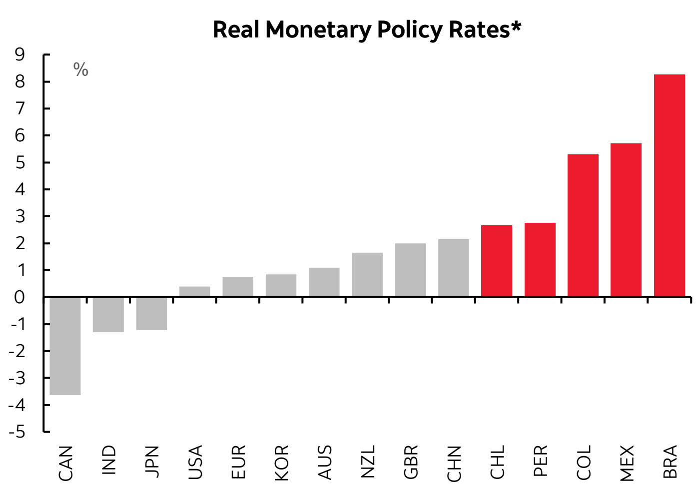
Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

Chart 4



* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q1-2026, % y/y.
Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

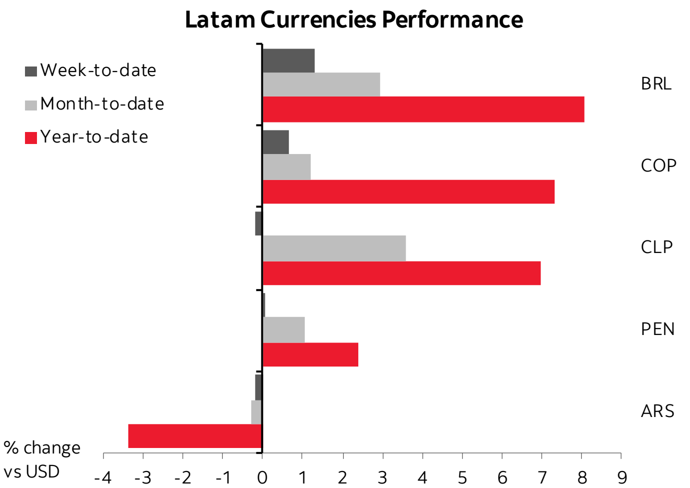
Chart 5



* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q1-2026, % y/y. Sources: Scotiabank Economics, Bloomberg.

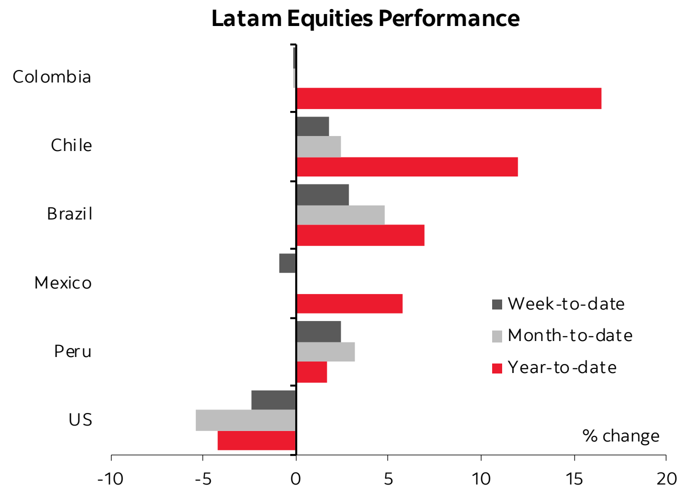
Key Market Charts

Chart 1



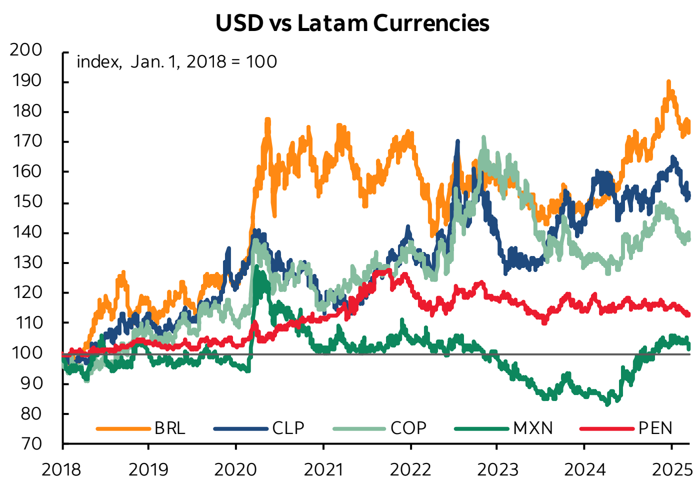
Sources: Scotiabank Economics, Bloomberg.

Chart 2



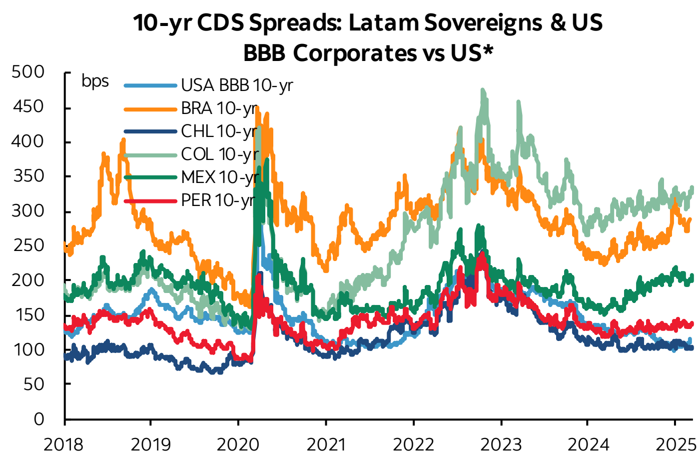
Sources: Scotiabank Economics, Bloomberg.

Chart 3



Sources: Scotiabank Economics, Bloomberg.

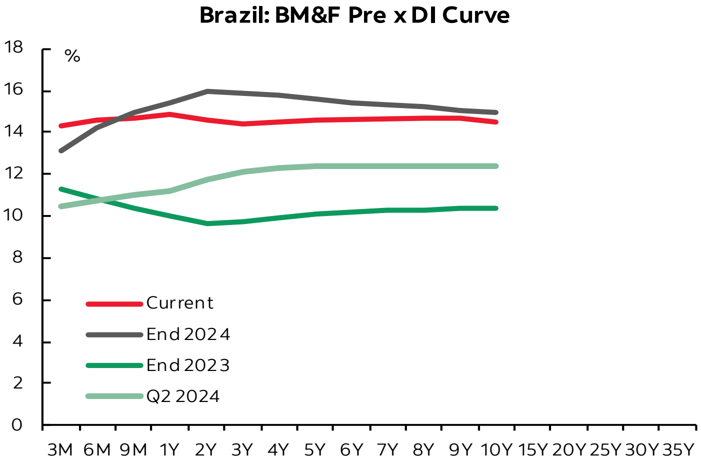
Chart 4



*Sovereigns vs US swaps; BBB corporates vs 10-yr USTs.
Sources: Scotiabank Economics, Bloomberg.

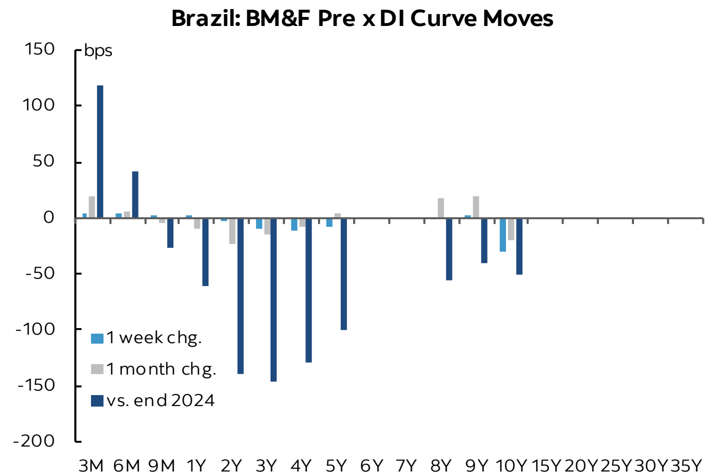
Yield Curves

Chart 1



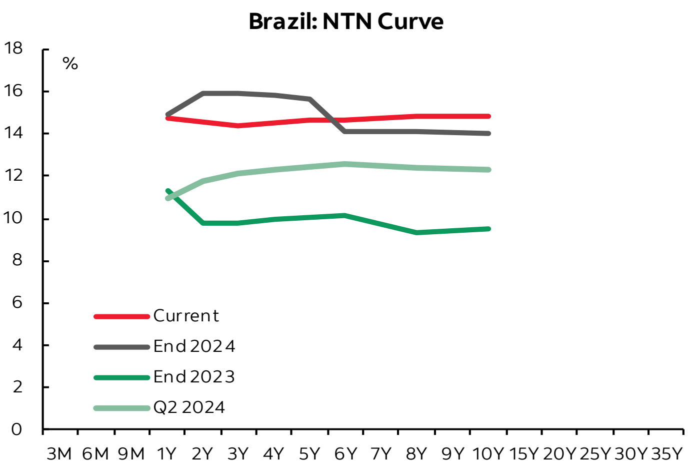
Sources: Scotiabank Economics, Bloomberg.

Chart 2



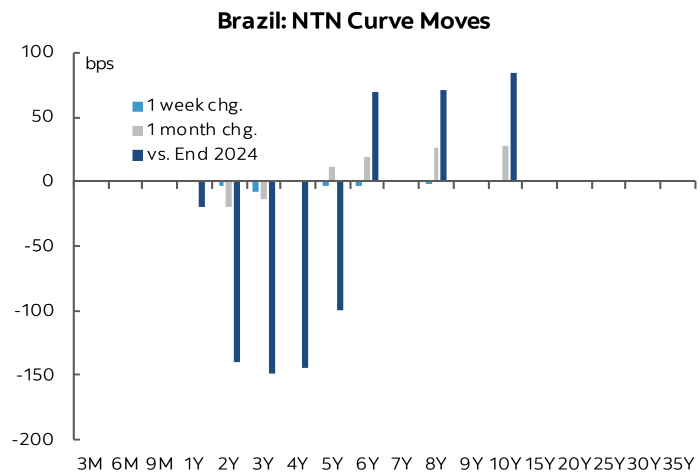
Sources: Scotiabank Economics, Bloomberg.

Chart 3



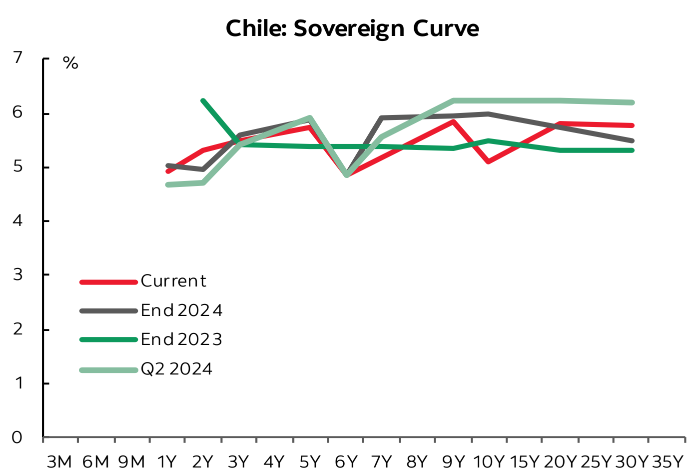
Sources: Scotiabank Economics, Bloomberg.

Chart 4



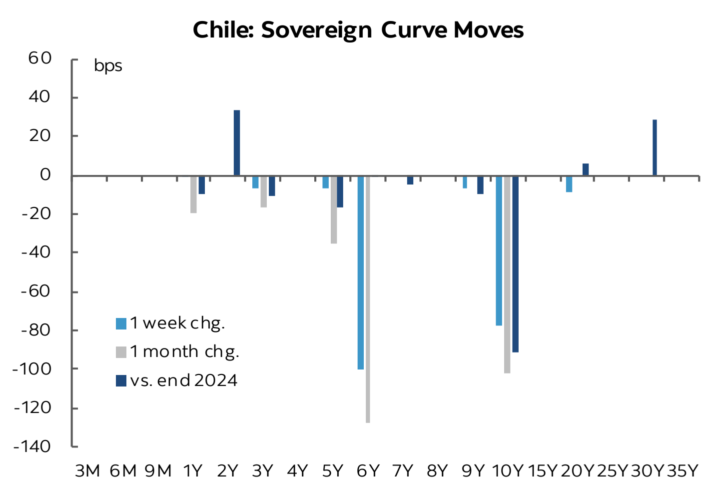
Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

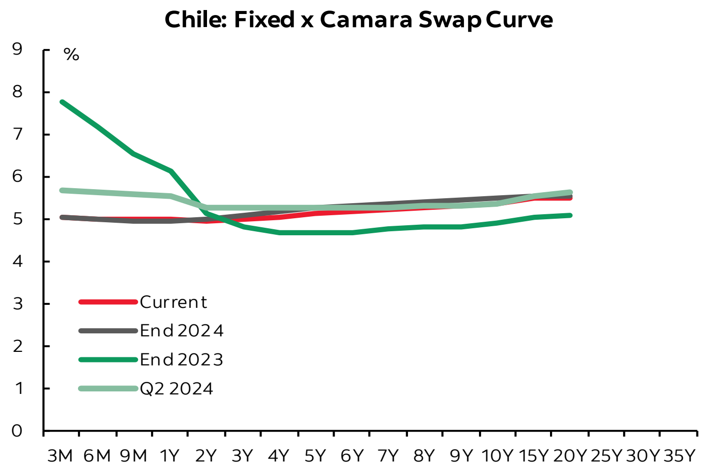
Chart 6



Sources: Scotiabank Economics, Bloomberg.

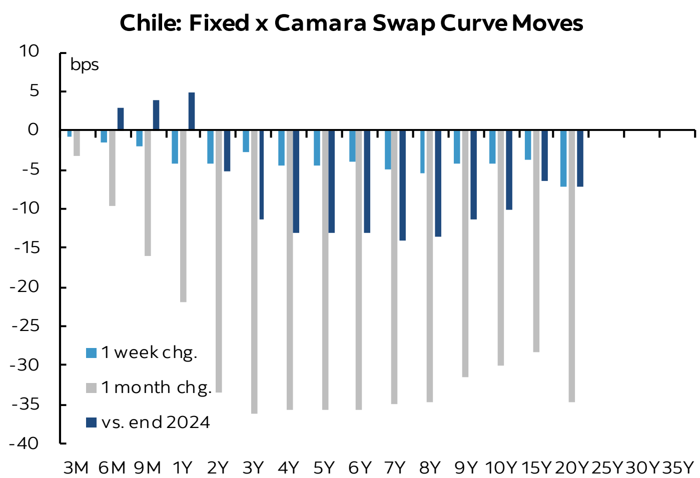
Yield Curves

Chart 7



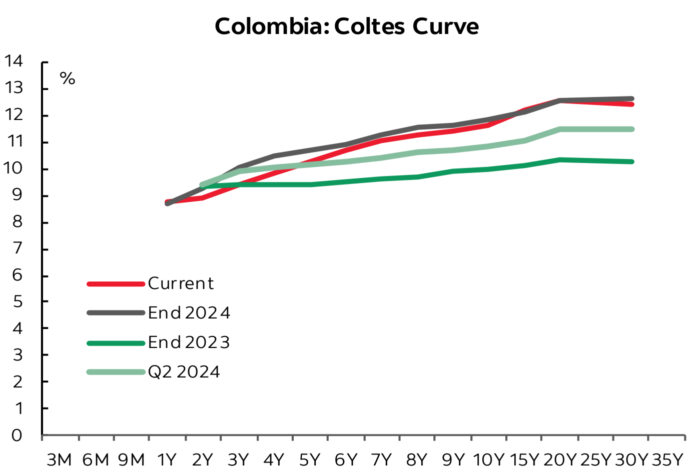
Sources: Scotiabank Economics, Bloomberg.

Chart 8



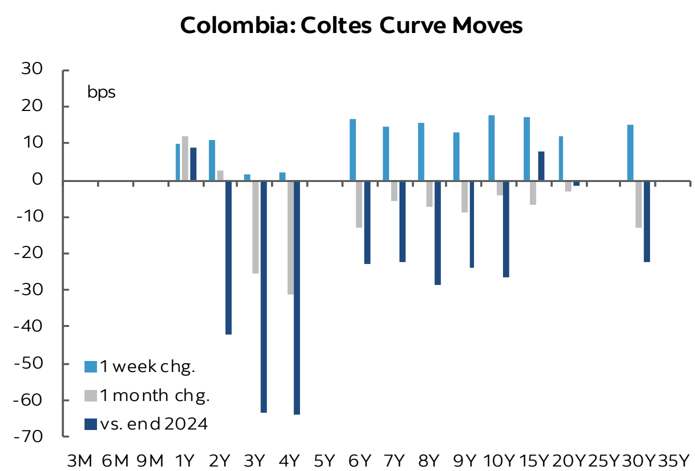
Sources: Scotiabank Economics, Bloomberg.

Chart 9



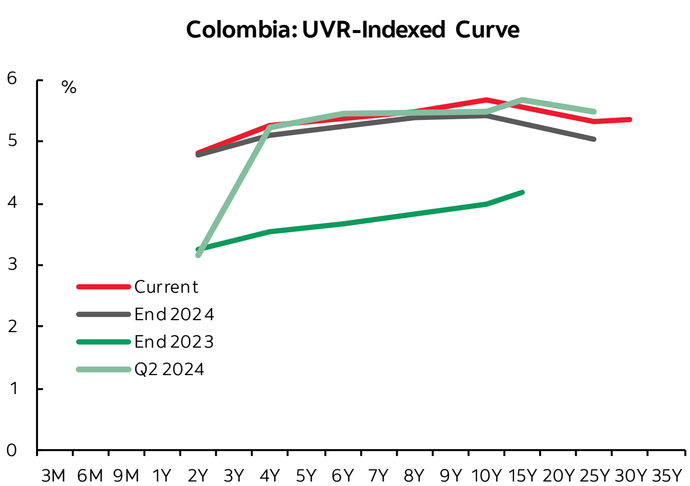
Sources: Scotiabank Economics, Bloomberg.

Chart 10



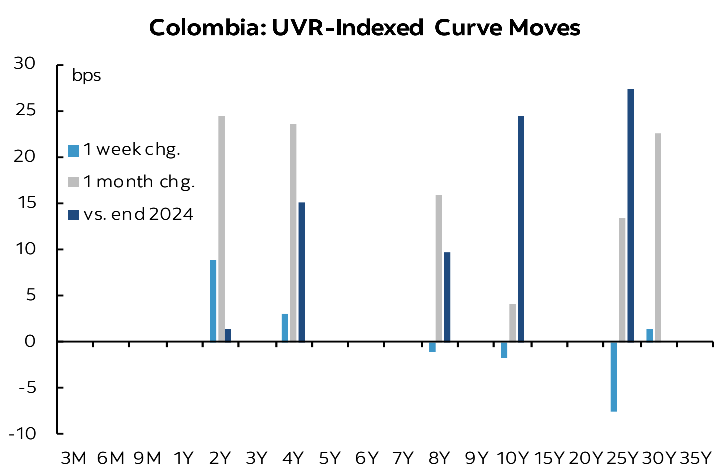
Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Bloomberg.

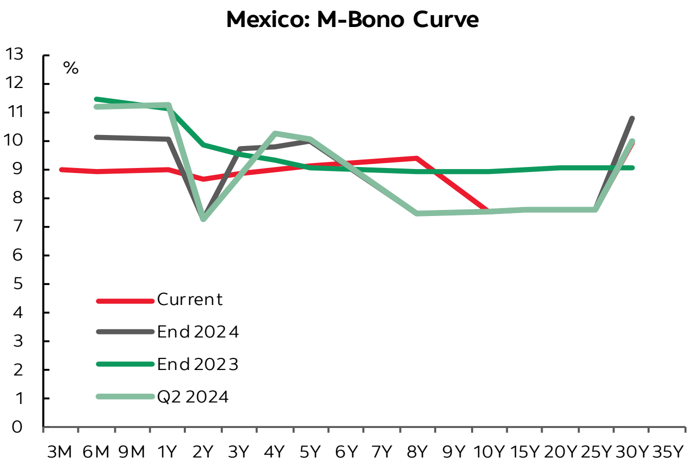
Chart 12



Sources: Scotiabank Economics, Bloomberg.

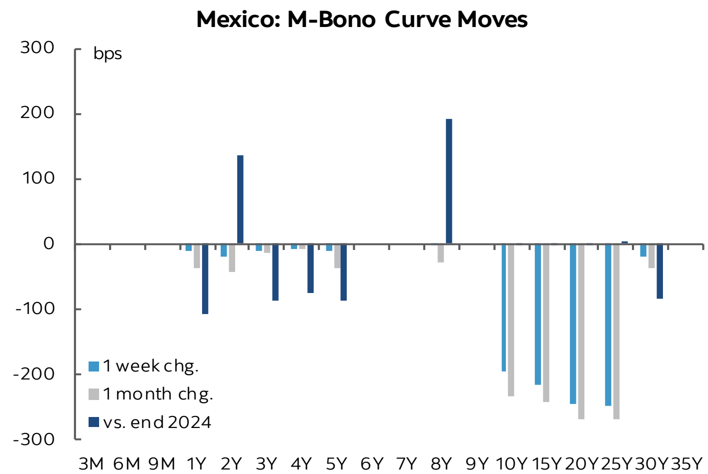
Yield Curves

Chart 13



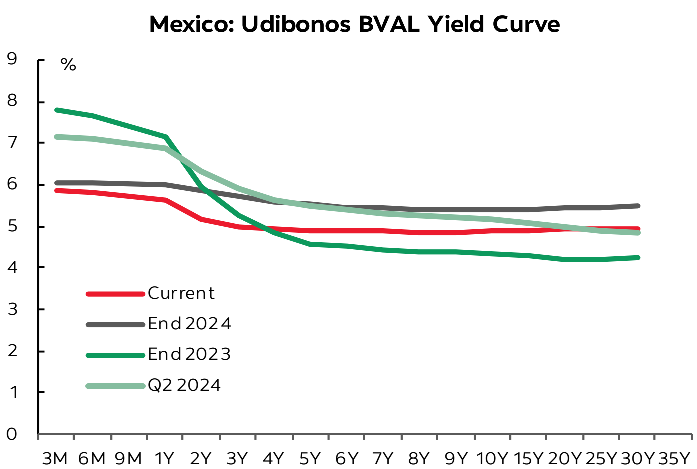
Sources: Scotiabank Economics, Bloomberg.

Chart 14



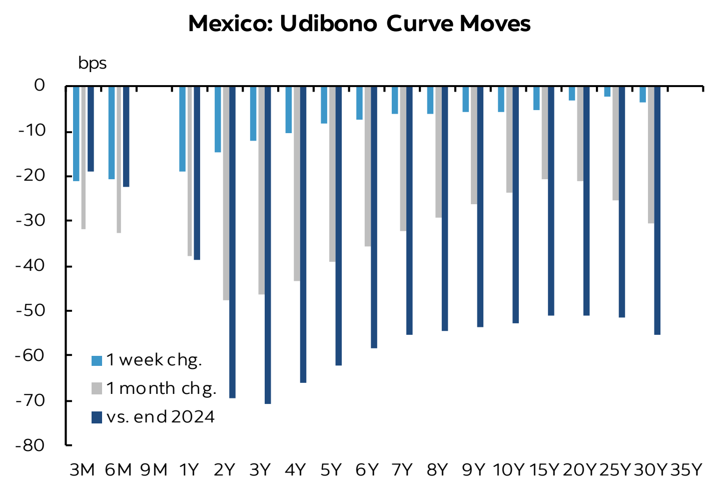
Sources: Scotiabank Economics, Bloomberg.

Chart 15



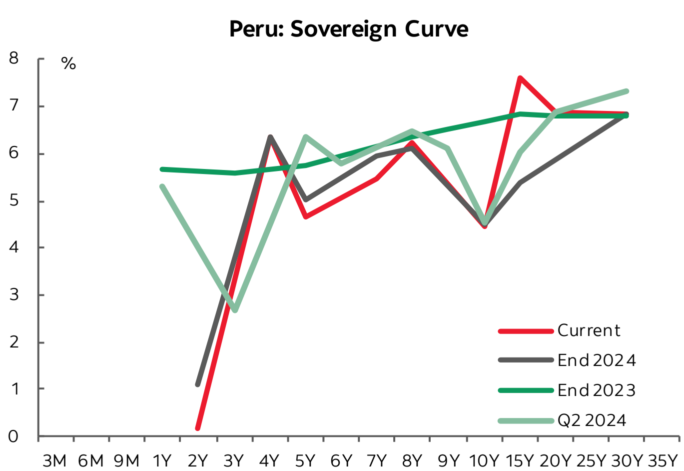
Sources: Scotiabank Economics, Bloomberg.

Chart 16



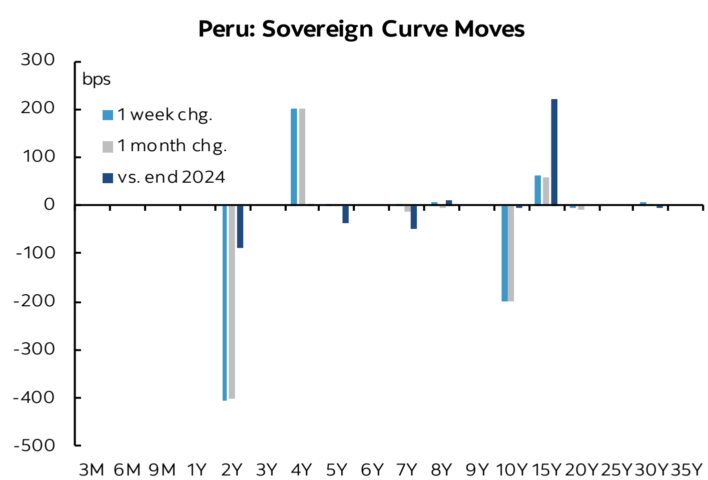
Sources: Scotiabank Economics, Bloomberg.

Chart 17



Sources: Scotiabank Economics, Bloomberg.

Chart 18



Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for March 15–28

CHILE

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Mar-18	7:30	Central Bank Traders Survey		--			
Mar-18	7:30	GDP q/q	4Q	--	--	0.66	
Mar-18	7:30	GDP y/y	4Q	3.7	--	2.25	
Mar-18	7:30	Current Account Balance USD mn	4Q	--	--	-3139.6	
Mar-21	**17:00**	**Overnight Rate Target (%)**	**21-Mar**	**5.00**	**5.00**	**5.00**	**We expect the BCCh to maintain the policy rate at 5.00%.**
Mar-24	8:00	PPI m/m	Feb	--	--	2.2	
Mar-24	9:00	Quarterly Monetary Policy Report		--			
Mar-28	8:00	Unemployment Rate (%)	Feb	8.1	--	8	

COLOMBIA

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Mar-18	12:00	Economic Activity NSA y/y	Jan	1.42	--	2.95	For now, we are expecting an increase in economic activity, with some sectors such as commerce, manufacturing, and services continuing to recover. However, the pause in the easing cycle, as we expect in March, would be a concern for investment— a factor that will be monitored in future publications.
Mar-18		Central Bank's Economists Survey		--			
Mar-19	11:00	Trade Balance USD mn	Jan	--	--	-835.94	
Mar-19	11:00	Imports CIF Total USD mn	Jan	--	--	5650.62	
Mar-26		Retail Confidence	Feb	--	--	21.6	
Mar-26		Industrial Confidence	Feb	--	--	2	
				--			
				--			

MEXICO

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Mar-19	11:00	International Reserves Weekly USD mn	14-Mar	--	--	235940	
Mar-20	8:00	Aggregate Supply and Demand	4Q	--	--	2.3	
Mar-20		Citi Survey of Economists		--			
Mar-24	8:00	Bi-Weekly CPI (%)	15-Mar	0.28	--	0.14	
Mar-24	8:00	Bi-Weekly Core CPI (%)	15-Mar	0.27	--	0.21	
Mar-24	8:00	Bi-Weekly CPI y/y	15-Mar	3.82	--	3.81	
Mar-24	8:00	Bi-Weekly Core CPI y/y	15-Mar	3.59	--	3.66	
Mar-24	8:00	Economic Activity IGAE y/y	Jan	--	--	-0.44	
Mar-24	8:00	Economic Activity IGAE m/m	Jan	--	--	-1.05	
Mar-25	8:00	Retail Sales y/y	Jan	--	--	-0.2	
Mar-25	8:00	Retail Sales m/m	Jan	--	--	0.1	
Mar-25	11:00	International Reserves Weekly USD mn	21-Mar	--	--	235940	
Mar-27	8:00	Trade Balance USD mn	Feb	--	--	-4558	
Mar-27	8:00	Exports USD mn	Feb	--	--	44446.2	
Mar-27	8:00	Imports USD mn	Feb	--	--	49004.2	
Mar-27	**15:00**	**Overnight Rate (%)**	**27-Mar**	**9.00**	**--**	**9.50**	
Mar-28	8:00	Unemployment Rate NSA (%)	Feb	--	--	2.7	
Mar-28		Mexican Public Balance MXN bn	Feb	--	--	-7.2	

PERU

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Mar-15	11:00	Lima Unemployment Rate (%)	Feb	6.2	--	6.2	
Mar-15	11:00	Economic Activity y/y	Jan	3.9	4.05	4.85	

Forecasts at time of publication.
Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for March 15–28

BRAZIL

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Mar-17	7:00	FGV CPI IPC-S (%)	14-Mar	--	--	1.22	
Mar-17	7:25	Central Bank Weekly Economist Survey		--			
Mar-17	8:00	Economic Activity m/m	Jan	--	--	-0.73	
Mar-17	8:00	Economic Activity y/y	Jan	--	--	2.36	
Mar-17	14:00	Trade Balance Weekly USD mn	16-Mar	--	--	3156.5	
Mar-18	4:00	FIPE CPI - Weekly (%)	15-Mar	--	--	0.79	
Mar-18	7:00	FGV Inflation IGP-10 m/m	Mar	--	--	0.87	
Mar-19	**17:30**	**Selic Rate (%)**	**19-Mar**	**--**	**14.25**	**13.25**	
Mar-24	7:00	FGV CPI IPC-S (%)	21-Mar	--	--	1.22	
Mar-24	7:25	Central Bank Weekly Economist Survey		--			
Mar-24	14:00	Trade Balance Weekly USD mn	23-Mar	--	--	3156.5	
Mar-25	4:00	FIPE CPI - Weekly (%)	23-Mar	--	--	0.79	
Mar-25	7:00	FGV Consumer Confidence	Mar	--	--	83.6	
Mar-25	7:00	Central Bank Meeting Minutes		--			
Mar-20-25		Tax Collections BRL mn	Feb	--	--	261265	
Mar-26	7:00	FGV Construction Costs m/m	Mar	--	--	0.51	
Mar-26	7:30	Current Account Balance USD mn	Feb	--	--	-8655.2	
Mar-26	7:30	Foreign Direct Investment USD mn	Feb	--	--	6501.4	
Mar-26		Central Govt Budget Balance BRL bn	Feb	--	--	84.8822	
Mar-27	7:00	Central Bank Quarterly Monetary Policy Report		--			
Mar-27	8:00	IBGE Inflation IPCA-15 y/y	Mar	--	--	4.96	
Mar-27	8:00	IBGE Inflation IPCA-15 m/m	Mar	--	--	1.23	
Mar-28	7:00	FGV Inflation IGPM m/m	Mar	--	--	1.06	
Mar-28	7:00	FGV Inflation IGPM y/y	Mar	--	--	8.44	
Mar-28	8:00	National Unemployment Rate (%)	Feb	--	--	6.5	
Mar-28		Formal Job Creation Total	Feb	--	--	137303	
Mar-28		Federal Debt Total BRL bn	Feb	--	--	7253	

Forecasts at time of publication.
Sources: Scotiabank Economics, Bloomberg.

Scotiabank Economics Latam Coverage

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