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Latam Weekly: Banxico Guidance, Colombia and Peru GDP, and US-China Talks in Focus

ECONOMIC OVERVIEW

- US-China trade talks will set the trading mood at the start of a busy week of US and Latam data, and Banxico's rate decision.
- Mexican officials are set to roll out a third consecutive 50bps cut that is widely expected by economists and markets who will focus on guidance around the possibility of another large rate reduction. Today, the team previews Banxico's rate decision as divergences across board members may start to emerge.
- Colombian and Peruvian GDP figures for Q1/March should show solid growth, with a rebound in March after unfavourable base effects in February. In today's report, the team in Colombia highlights the domestic and external risks that BanRep faces, while our economists in Peru give us their take on the state of the local economy.

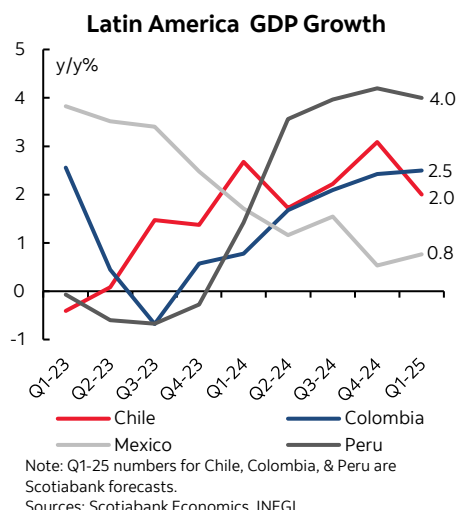
PACIFIC ALLIANCE COUNTRY UPDATES

- 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 May 10-23 across the Pacific Alliance countries and Brazil.

Chart of the Week



U.S. March Trade Data Show Tariff Hikes for Canada, Mexico, and China

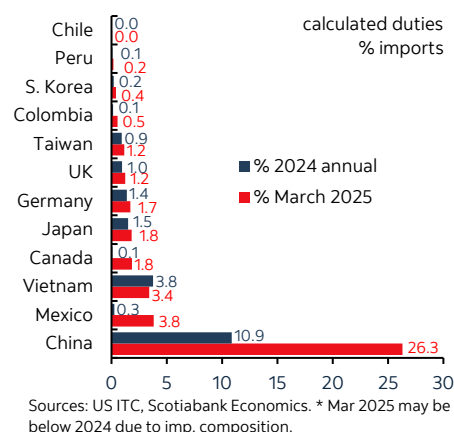


Chart of the Week: Prepared by: Cesar Amador, Economic Analyst.

Economic Overview: Banxico Guidance, Colombia and Peru GDP, and US-China Talks in Focus

- **US-China trade talks will set the trading mood at the start of a busy week of US and Latam data, and Banxico's rate decision.**
- **Mexican officials are set to roll out a third consecutive 50bps cut that is widely expected by economists and markets who will focus on guidance around the possibility of another large rate reduction. Today, the team previews Banxico's rate decision as divergences across board members may start to emerge.**
- **Colombian and Peruvian GDP figures for Q1/March should show solid growth, with a rebound in March after unfavourable base effects in February. In today's report, the team in Colombia highlights the domestic and external risks that BanRep faces, while our economists in Peru give us their take on the state of the local economy.**

The result of US-China talks over the weekend will set the trading mood at the start of a busy week around the globe. GDP releases out of Colombia and Peru, and Banxico's rate decision are the highlights in Latam, while US CPI, retail sales, and U Mich survey results, and UK jobs and GDP are the standouts in the G10. It's anyone's guess what Chinese and US officials will agree to, but while China looks reluctant to make the first pacifying step, the US is giving the impression that they may at least announce a symbolic reduction to tariffs on China. Absent any cooling of trade tensions, markets will likely open in a negative mood on Monday.

Trade developments are certainly in focus for Mexican markets for implications on how the country's own tariffs on US trade may fare, but Banxico's rate decision will carry a greater weight for the country's debt markets. As covered in today's report by our local team, Mexican policymakers are widely expected to lower their reference rate to 8.50% on a well teed-up third consecutive half-point cut. It gets a bit trickier after next week's decision as Banxico gets closer to the 7.75% level at which many expect the policy rate will end 2025 (we forecast an 8.00% rate at year-end). Messaging around a downshift in cut sizes will be closely monitored. Industrial and manufacturing production readings due on Monday are unlikely to move markets, but will be monitored for a possible ramp-up in output to get ahead of more punitive tariffs.

Peruvian GDP volatility will continue in next week's March data, with our team in the country projecting a solid 4.5 y/y rise for the month as outlined in today's report. This would follow the relatively soft print of 2.7% for February when leap-year base effects took a toll, but on the flip side the timing of Easter (March in 2025, April in 2024) also means that the March figures may be somewhat inflated and then April's will be deflated. Volatile readings notwithstanding, the underlying pace of economic growth in Peru is strong and there have been no material impacts on hard data from global trade developments. Yet, it remains important to monitor the state of global markets, particularly copper markets as a guide to the performance of Peru's economy.

In Colombia, growth has generally evolved as expected with a decent pace of expansion accompanied by an improved distribution of gains—albeit with investment still leaving something to be desired. After a 2.6% rise in January and a leap-year depressed reading of 1.8% in February, our economists in Colombia estimate that the country grew by 2.5% y/y for the whole of Q1-25 (up from 2.3% in Q4-25), with a strong

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close to the quarter of 2.5–3.0% growth in March (when Easter timing also helped). Ahead of the GDP release on Thursday, retail sales and industrial/manufacturing production data out on Wednesday for March will help us refine expectations for Q1-25 growth. Solid data and a recent beat in inflation should keep BanRep in a cautious stance following their 25bps rate cut last week. Today, the team discusses the risks that BanRep faces at home and abroad that should influence their next rate decision in late-June.

Chile's calendar is relatively empty of major releases, but we'll keep an eye on the results of the central bank's economists survey as well as the minutes to the BCC's late-April rate decision, when it kept the reference rate steady at 5.00%, as expected. The bank was not pressured to cut rates again as inflation remains elevated and growth surprises to the upside, while they can afford to wait out the Fed to make the next move. Still, April CPI surprised lower, and there's a real chance that headline inflation will fall below 4% in May, nearing the BCC's 3% target. In any case, while global risks abound and there's no clear risk of economic weakness that requires policy easing, it's steady as she goes for Chilean officials.

Pacific Alliance Country Updates

Colombia—Easing Cycle Caution: Fiscal Risks and Higher Inflation Pose a Challenge for Monetary Policy

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In late-April, the Board of Directors of the Central Bank of the Republic unanimously decided to cut its monetary policy rate by 25 basis points to 9.25%. In the first two meetings of the year, the central bank maintained a markedly cautious stance, awaiting the effects of the sharp minimum wage increase on prices. Inflation in Colombia in the year-to-April remained above 5% y/y in each month, remaining close to the 5.2% level where it closed 2024, reflecting strong indexation effects, mainly in services. Additionally, uncertainty about the impact of the Trump administration's tariff measures and local government fiscal issues stand as risks to resuming the easing cycle.

At the March meeting, there was a broad divide among the members, yet at the April monetary policy meeting the unanimous decision to cut the interest rate surprised markets and economists. The minutes of the latest meeting revealed that the difference in positions among the co-directors remains pronounced. Initially, a group of members advocated keeping the interest rate unchanged, arguing that inflation projections would be under upward pressure given international risks, tighter financial conditions, and a fiscal outlook that would continue to pressure risk premiums on local assets if clear messages about a budgetary adjustment that would restore greater confidence to the markets, mainly public debt, are not evident.

Meanwhile, the group of co-directors that maintained the most flexible stance noted that it was important to adjust the nominal interest rate, considering the evolution of inflation in March, a favourable FX performance, and the need to provide a boost to economic recovery. For future meetings, the Board of Directors was clear and emphatic that interest rate movements would depend on new information available. In this context, it is crucial to assess the outlook for the main macroeconomic variables, especially those that BanRep would place greater weight on. Scotiabank Colpatia expects that the interest rate will close the year at 8.00% in 2025 and that in 2026 the terminal value will be 6.75% in July. However, this will depend on the evolution of inflation as for now we believe that BanRep is trying to maintain a stable real rate, which means that the movement in the nominal rate is driven by reductions in inflation and inflation expectations.

Key factors for upcoming meetings

- International context:** Donald Trump's tariff measures continue to generate strong market volatility. However, the Federal Reserve's monetary policy decisions play a broader role in local monetary policy decision-making. The impact of tariffs on Colombia is low and may even open opportunities for new markets or competitive advantages. Regarding the Federal Reserve's decisions, there are several meetings in which the Board emphasizes a further tightening of international financial conditions resulting from trade conflicts, which could prevent further flexibility.
- Fiscal outlook:** In 2025, the government continues to face fiscal challenges amid broad expectations regarding tax collection, increased financing needs, and limited liquidity. Additionally, the change in direction at the Ministry of Finance poses significant challenges in terms of market confidence. The medium-term fiscal framework (due for release in June) will now serve as a key input for monetary policy decisions in the second half of the year. It is expected that with the government's presentation, doubts surrounding fiscal adjustments and debt placement will be clarified. While several studies point to the need for spending cuts, the government is insisting on increasing revenue and even bringing forward to 2025 taxes that would be collected in 2026.
- Inflation:** The evolution of inflation in March allowed the Board of Directors to lower its nominal interest rate, while maintaining a real interest rate sufficiently contractionary to keep inflation toward the 3% target which, according to the technical team, is expected to be

Chart 1

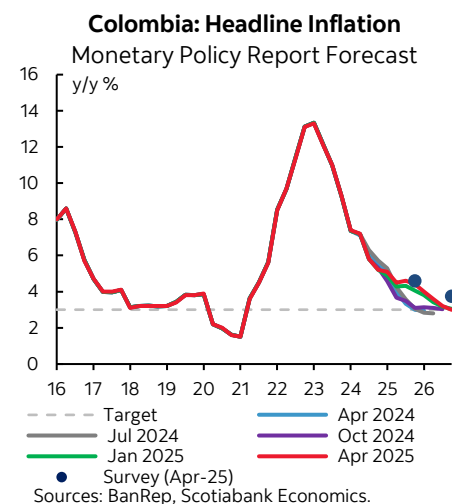
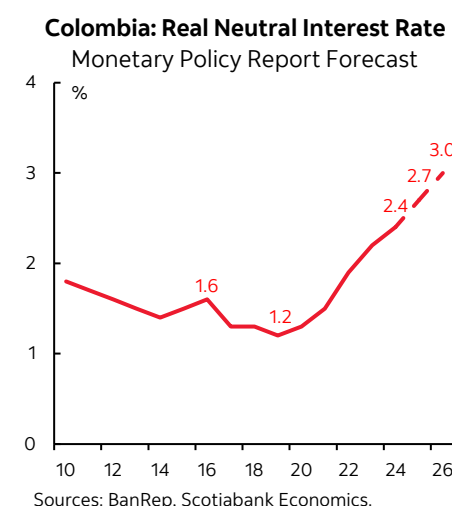


Chart 2



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reached in the last quarter of 2026. Headline inflation rose again in April, which wasn't expected by Scotiabank Colpatría, which is a challenge to our call for a 25bps rate cut in June and July. However, something to keep in mind for the second half of the year is that inflation could have a new slight rebound amid statistical base effects. For now, our projection for end-2025 is 4.96% although we see a possibility that it closes higher which may motivate BanRep to follow a more erratic monetary policy rate path.

- **Economic growth:** The economy has remained on a recovery path, although investment has not recovered to pre-pandemic levels, remaining at ~17% of GDP. However, growth is being better distributed across sectors, which is a positive development as the formal sectors of the economy gain greater momentum. This has not yet been reflected in the labour market which, despite historically low unemployment rates, has a higher informality rate. In any case, the growth outlook is positive and is not expected to generate pressure for a more accelerated easing cycle.
- **Exchange rate:** Market volatility and currency depreciation are considered risk factors for inflation. However, Scotiabank Colpatría estimates that the fundamental level of the USDCOP should be around 4,350 pesos (~4,250 currently). However, higher risk premiums may apply pressure on this level and, consequently, impact prices.
- **Projections from BanRep's technical team:** In BanRep's monetary policy report, inflation expectations were adjusted upward from 4.05% to 4.4% at the end of 2025 (chart 1), while economic growth was revised downward for 2026, incorporating the impact of global U.S. tariffs. The economy is projected to grow 2.6% in 2025 and 3.0% in 2026—from the 3.4% projected in the January report. Regarding the interest rate trajectory, the technical team estimates a higher average nominal rate path compared with the analyst expectations survey. Nevertheless, they did not update their neutral real interest rate estimates, maintaining it at 2.7% for 2025 and 3% for 2026 (chart 2). In any case, further fiscal deterioration could lead to an upward revision in the neutral rate, which implies a higher terminal rate than the 6.75% estimate expected in 2026, according to our take.

Mexico—Repeat 50bps Cut by Banxico

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It's Banxico's turn to decide on monetary policy, on the heels of announcements by the Fed and Latam peers like BanRep and the BCRP, with markets and analysts alike convinced that the Governing Board will repeat a unanimous 50bps cut. Such a move would mark a third consecutive 50bps cut, which after smaller adjustments from the highest point of the cycle, at 11.25%, will leave the overnight rate at 8.50%. This will not be a surprise, essentially because the Board has strongly emphasized in its intentions, mainly arguing that economic weakness will lead to downward pressure on prices, and that inflation has steadily reached a level that allows the rate to be brought to less restrictive levels.

Despite the flash GDP reading exceeding expectations (0.2% q/q s.a., vs -0.6 q/q previously), which prevented Mexico from entering a technical recession, and several indicators from February and March having observed sequential rebounds in anticipation of tariff implementation, the outlook for economic weakness remains among analysts. In fact, according to the responses to the Citi economists survey, downward revisions to expected growth for this year persist, with the median now forecasting a mere 0.1% expansion. These downgrades may continue as fresher data are released, especially once the impact of US trade policies is reflected. In this regard, next week, March industrial production data are due for release which should provide more details about the contraction in the secondary sector (namely construction and mining) and whether there has been a rebound in the manufacturing sector.

Regarding inflation, the April print marginally surprised to the upside (3.93% y/y vs 3.91% consensus, 3.80% previous), observing an annual rebound driven by upticks in the prices of merchandises and services. The acceleration in the core component of inflation (3.93% vs. 3.64% previous) was relevant because it opens the debate on the possibility of upside risks to inflation materializing. On the one hand, the increase in goods to 3.38% is linked to the risk of prices pass-through due to exchange rate movements from year-ago levels. If this were the case, considering that year-end forecasts predict a greater depreciation of the USDMXN, it would be important to closely monitor the behavior of merchandise prices in the coming months. On the other hand, despite the economic slowdown, services, with greater rigidities at high levels, have recently shown a rebound to 4.56%, so future increases could question the perspective that economic weakness will push inflation lower due to weaker demand.

Overall, we do not anticipate any major surprises in the statement, but rather that it maintains its accommodative signals. However, analysts will pay special attention to guidance around the magnitude of upcoming cuts, where we consider that we could begin to see some dissent among Board members about the pace of adjustments in the second half of the year due to differing opinions on the balance of risks to the outlook. For now, the consensus anticipates a terminal rate of 7.75% by the end of the year, and 7.00% by the end of 2026 (vs 8.00% and 7.00% at Scotiabank Economics, respectively).

Peru—Tariff Uncertainties Continue to Take a Back Seat to Domestic Growth Momentum

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We expect Peru GDP to have gone through a period of moderate growth volatility from February to April (see chart 3). Don't blame domestic or global uncertainty for this volatility, the reason is more mundane, namely, calendar effects. February's 2.7% y/y growth (already released) was off trend due to the loss of one day compared to 2024 being a leap year. We expect growth to come in well above 4.0% in March—our 4.5% forecast has upside risks to it—reflecting two more working days when compared to March 2024 due to Easter migrating from March last year to April this year. The mirror impact of this will be seen in April data, and our lower 3.0% growth forecast for that month reflects this.

It really won't be until May that growth figures will no longer incorporate calendar distortions, thus giving us a more truthful view of how the economy is doing.

An important thing to keep in mind in the meantime is that neither hard nor soft data that have been released so far pick up any material impact from the tariff war or other global events. At least not yet. Overall, monthly growth appears to remain in the 3.5% to 4.0% range once all the distortions are ironed out.

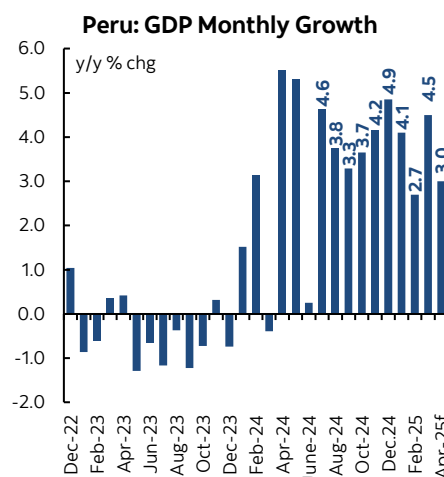
March GDP figures will be released next week on May 15th. Leading indicators for March are quite robust (see table 1). So are the few sector figures that have been pre-released. Thus, we know that agriculture rose 3.6%, y/y in March, fishing GDP was up 29% (an off-season month, however), and mining rose 7.0%.

It's also interesting to note that exports in Q1-25 were 27% higher than in Q1-24. Certainly, no signs of an impact from US tariffs here. Much of the increase was due to higher metals prices, but part of it was volume, especially in agro-industrial products.

Early April indicators are still too few and far in between, but in general do not portend anything troublesome. Tax revenue rose 17.7%, y/y in April, ratifying the strong tax season.

The bottom line is that domestic factors continue to drive growth, whereas global risks have yet to materialize and, if anything, global events have been more helpful than not as they have supported an improvement in Peru's terms of trade. We're monitoring markets very closely, especially the copper market, to see how long this will hold up. A slowdown in global trade should impact metal prices at some point. However, there has generally been a two-quarter lag between global slowdowns and Peru following suit. Thus, risks appear to be more imminent for 2026 than 2025.

Chart 3



Sources: Scotiabank Economics, INEI.

Table 1: Peru—Economic Indicators 2025

Leading Indicators	Jan 2025 y/y% Change	Feb 2025 y/y% Change	Mar 2025 y/y% Change	Apr 2025 y/y% Change
Public Investment	45%	17%	4%	-0.1%
Mutual Funds AUM	44%	40%	42%	
Motorcycle Sales	40%	6%	27%	
Imports	25%	10%	15%	
Heavy Vehicle Sales	27%	0%	44%	
Automobile Sales	18%	-1.1%	28%	
Sales Tax Revenue	10%	11%	7%	4.7%
Income Tax Revenue	9%	-4.2%	26%	32%
Total Deposits	9%	10%	7%	
Excise Tax Revenue	4%	15%	-7%	
Personal Loans	1.0%	1.4%	2%	
Total Loans	0.3%	1.5%	1.3%	
Business Loans	-0.2%	1.6%	0.7%	
Cement Sales	-2.4%	4.6%	5.7%	
Electricity Demand	1.5%	-1.3%	4.8%	1.8%

Sources: Scotiabank Economics, SBS, BCRP, SMV, Imarpe, Sunat, Asocem, COES.

May 9, 2025

Forecast Updates

	2023	2024				2025				2026							
Chile	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	1.1	3.3	1.2	2.0	4.0	2.0	4.0	2.5	1.5	0.7	2.8	2.5	3.7	0.5	2.6	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	8.7	8.1	8.0	7.6	8.0	8.1	8.0	7.6	8.5	8.1	8.1	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	951	930	910	890	880	870	870	870	879	995	890	870
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	5.0	4.2	4.2	4.0	3.9	9.3	5.2	5.0	3.9
Unemployment rate (% avg)	9.4	11.9	10.4	9.6	8.8	10.5	10.0	10.1	9.9	11.3	9.9	10.7	9.6	10.2	10.2	10.1	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	6.75	6.75	13.00	9.50	8.00	6.75
Foreign exchange (USDCOP, eop)	3,855	3,852	4,153	4,207	4,406	4,183	4,294	4,310	4,367	4,339	4,350	4,361	4,364	3,855	4,406	4,367	4,364
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	-1.5	-0.9	-0.1	0.6	0.5	0.7	0.5	3.3	1.5	-0.5	0.6
CPI (y/y % eop)	4.7	4.4	5.0	4.6	4.2	3.8	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	2.5	3.3	3.4	3.5	3.6	3.7	3.8	3.8	2.8	2.7	3.2	3.7
Central bank policy rate (% eop)	11.25	11.00	11.00	10.50	10.00	9.00	8.00	8.00	8.00	7.75	7.50	7.25	7.00	11.25	10.00	8.00	7.00
Foreign exchange (USDMXN, eop)	16.97	16.56	18.32	19.69	20.83	20.47	20.80	21.00	21.30	21.30	21.40	21.50	21.50	16.97	20.83	21.30	21.50
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	2.5	2.8	-0.4	3.3	3.3	2.7
CPI (y/y % eop)	3.2	3.0	2.3	1.8	2.0	1.3	1.7	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	6.6	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	3.68	3.70	3.73	3.78	3.83	3.78	3.75	3.75	3.70	3.74	3.78	3.75
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	2.2	1.5	1.4	1.5	1.5	1.8	2.0	3.2	3.4	2.0	1.7
CPI (y/y % eop)	4.6	3.9	4.2	4.4	4.8	5.5	5.6	5.7	5.5	4.9	4.7	4.5	4.5	4.6	4.8	5.5	4.5
Unemployment rate (% avg)	7.4	7.9	6.9	6.4	6.2	7.0	6.8	6.8	7.0	7.5	7.4	7.4	7.5	7.4	6.2	6.9	7.5
Central bank policy rate (% eop)	11.75	10.75	10.50	10.75	12.25	14.25	15.00	15.00	14.75	14.25	13.25	12.75	12.50	11.75	12.25	14.75	12.50
Foreign exchange (USDBRL, eop)	4.86	5.01	5.59	5.45	6.18	5.71	5.81	5.85	5.86	5.88	5.87	5.86	5.84	4.86	6.18	5.86	5.84
Canada	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024	2025f	2026f
Real GDP (y/y % change)	1.2	0.7	1.2	1.9	2.4	2.3	1.8	1.4	0.9	0.8	0.7	0.7	0.8	1.5	1.5	1.6	0.8
CPI (y/y % eop)	3.2	2.8	2.7	2.0	1.9	2.3	2.1	2.4	2.1	1.9	2.3	2.0	2.2	3.2	1.9	2.1	2.2
Unemployment rate (% avg)	5.7	5.9	6.3	6.6	6.7	6.6	7.0	7.4	7.8	7.6	7.4	7.1	6.9	5.4	6.4	7.2	7.2
Central bank policy rate (% eop)	5.00	5.00	4.75	4.25	3.25	2.75	2.75	2.75	2.75	2.50	2.25	2.00	2.00	5.00	3.25	2.75	2.00
Foreign exchange (USDCAD, eop)	1.32	1.35	1.37	1.35	1.44	1.44	1.43	1.38	1.38	1.36	1.36	1.34	1.34	1.32	1.44	1.38	1.34
United States	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024	2025f	2026f
Real GDP (y/y % change)	3.2	2.9	3.0	2.7	2.5	2.1	1.2	0.6	0.0	0.3	0.3	0.5	1.1	2.9	2.8	1.0	0.6
CPI (y/y % eop)	3.2	3.2	3.2	2.7	2.7	2.7	3.0	3.0	3.1	2.1	1.9	2.0	2.2	3.2	2.7	3.1	2.2
Unemployment rate (% avg)	3.8	3.8	4.0	4.2	4.1	4.1	4.5	5.0	5.4	5.6	5.5	5.4	5.3	3.6	4.0	4.7	5.5
Central bank policy rate (% eop)	5.50	5.50	5.50	5.00	4.50	4.50	4.50	4.50	4.50	4.25	4.00	3.75	3.50	5.50	4.50	4.50	3.50
Foreign exchange (EURUSD, eop)	1.10	1.08	1.07	1.11	1.04	1.08	1.12	1.14	1.14	1.18	1.18	1.20	1.20	1.10	1.04	1.14	1.20

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics, Focus Economics.

Red indicates changes in estimates and forecasts since previous *Latam Weekly* on April 25, 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)	-	-	-	-	-	0.7	0.9	-0.6	-1.0	-1.1	-0.5	0.5	1.1	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	0.4	-	-	-	-	-	-	-	-	-	0.1	-
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-1.0	-	-	-	-	-	-	-	-	-	-0.3	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCOP, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	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)	-	-	-	-	-	1.4	-0.6	-0.2	-0.1	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-0.3	-	-	-	-	-	-	-	-	-	-0.1	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	0.1	-	-	-	-	-	-	0.1	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-0.1	-	-	-0.1	-	0.1	-	-	-0.1	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-0.25	-0.25	-0.25	-0.25	-	-	-	-0.25	-
Foreign exchange (USDBRL, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2023	2024				2025				2026							
Canada	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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCAD, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2023	2024				2025				2026							
United States	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	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (EURUSD, eop)	-	-	-	-	-	-	-	-	-	-0.25	-	-	-	-	-	-	-

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics, Focus Economics.
Changes in estimates and forecasts since previous *Latam Weekly* on April 25, 2025.

Forecast Updates: Central Bank Policy Rates and Outlook

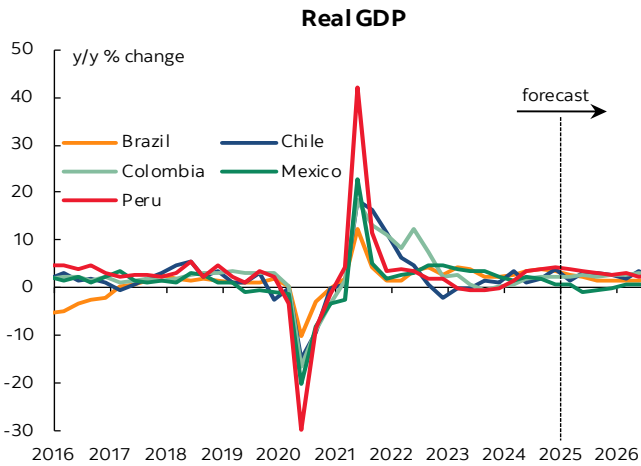
Latam Central Banks: Policy Rates and Outlook

	Current	Next Scheduled Meeting		BNS Forecast		BNS guidance for next monetary policy meeting
		Date	BNS	End-2025	End-2026	
Chile, BCCh, TPM	5.00%	Jun-17	5.00%	4.50%	4.25%	We expect the BCCh to maintain the policy rate at 5.00%.
Colombia, BanRep, TII	9.25%	Jun-27	9.00%	8.00%	6.75%	BanRep cut the interest rate by 25 bps in a unanimous decision. The minutes of the April 30 meeting revealed that board members initially had differing positions on whether to keep the rate unchanged or cut interest rates. The consensus to cut the interest rate was due to the trend in inflation in March, which fell to 5.09%, in addition to a downtrend in core inflation. However, the risks associated with the fiscal outlook and the international context continue to mean that the board will maintain a cautious approach and remain dependent on available information. For the June meeting, the board will have two additional inflation readings, in addition to greater clarity on the fiscal accounts with the presentation of the Medium-Term Fiscal Framework. We expect the decline in inflation to provide room for a further cut.
Mexico, Banxico, TO	9.00%	May-15	8.50%	8.00%	7.00%	Banxico's board has remained vocal about its intention to implement another 50 bp rate cut at the May 15th meeting. One of the key arguments supporting this stance is the potential downward pressure on prices (mainly services) stemming from weaker economic activity. However, in April, both headline and core inflation came in above expectations. If this trend continues, it could warrant a more cautious tone in the forward guidance for the remainder of the year. For now, we are expecting a 50 bp rate cut at the May and June meetings, and we maintain our year-end policy rate forecast at 8.0%—though some analysts anticipate a decline to as low as 7.0%. Given the high degree of uncertainty in the outlook, we remain open to adjusting our projections in the coming weeks.
Peru, BCRP, TIR	4.50%	Jun-12	4.50%	4.50%	4.50%	At its May 8 meeting, the BCRP surprised the market by cutting its rate by 25 bps to 4.50%. The BCRP likely wants to stimulate the economy because economic expectations have deteriorated slightly, amid inflation comfortably below the midpoint of the target range (1%–3%). For the June 12 meeting, we expect the rate to remain unchanged at 4.50%.
Brazil, BCB, Selic	14.75%	Jun-18	15.00%	14.75%	12.50%	

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

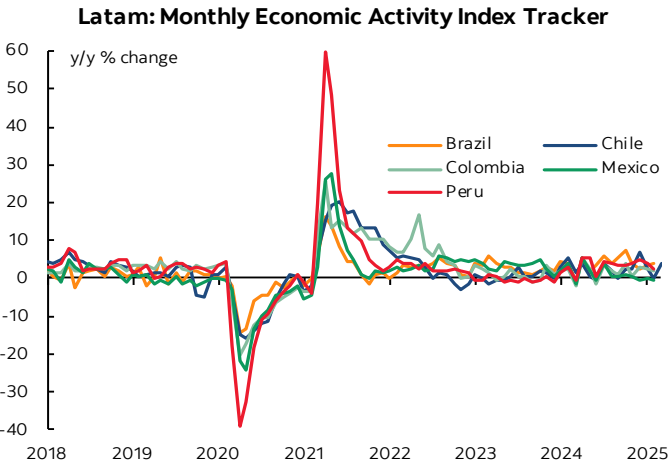
Key Economic Charts

Chart 1



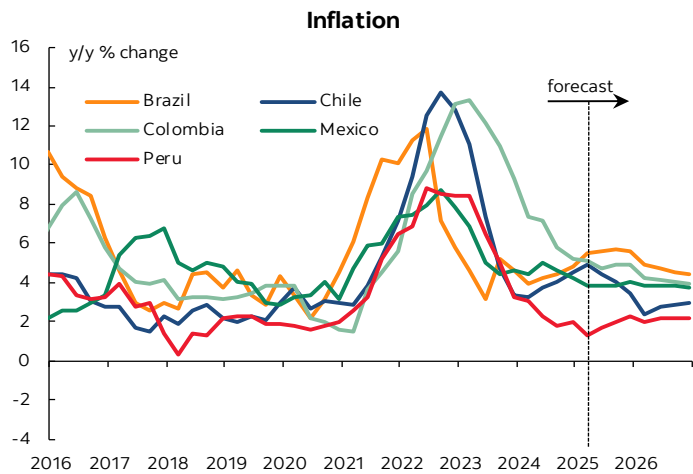
Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

Chart 2



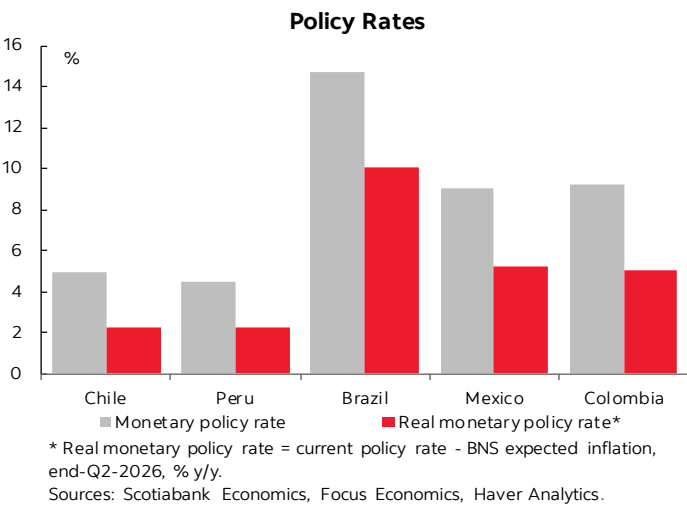
Sources: Scotiabank Economics, Haver Analytics.

Chart 3



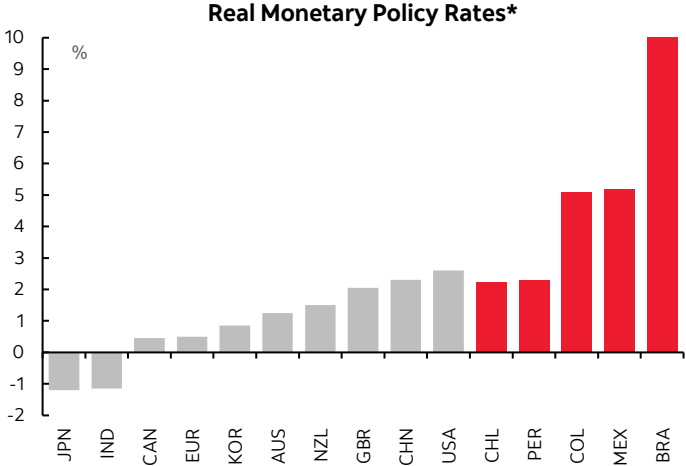
Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

Chart 4



Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

Chart 5



* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q2-2026, % y/y. Sources: Scotiabank Economics, Bloomberg.

Key Market Charts

Chart 1

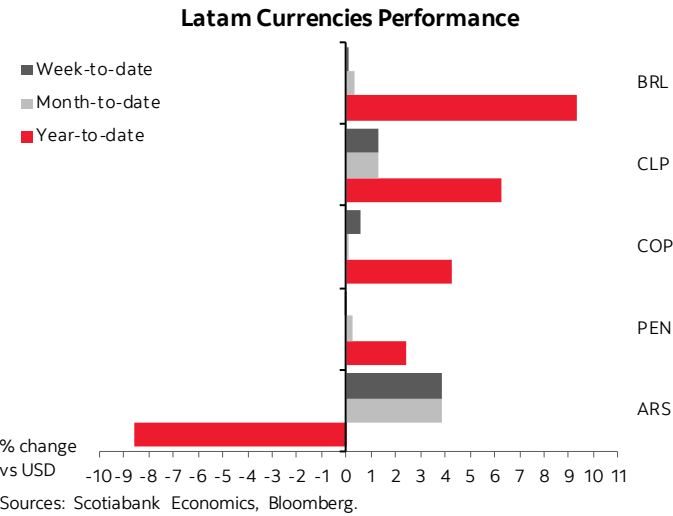


Chart 2

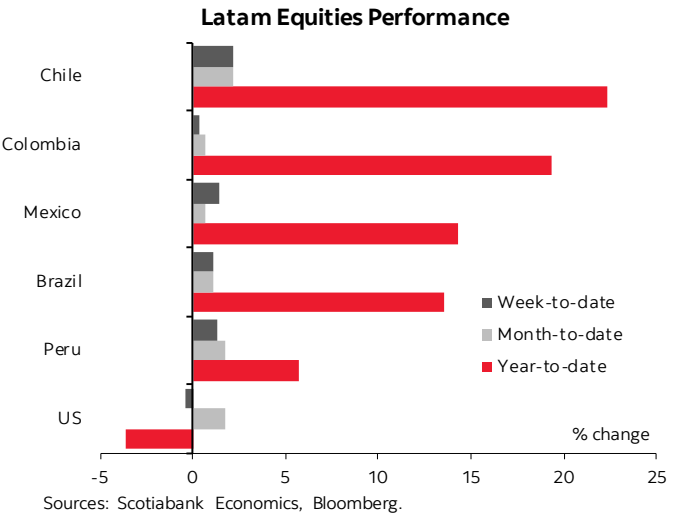


Chart 3

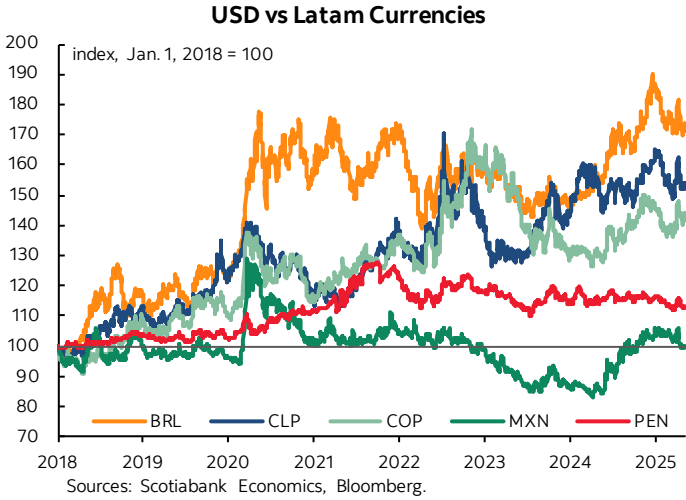
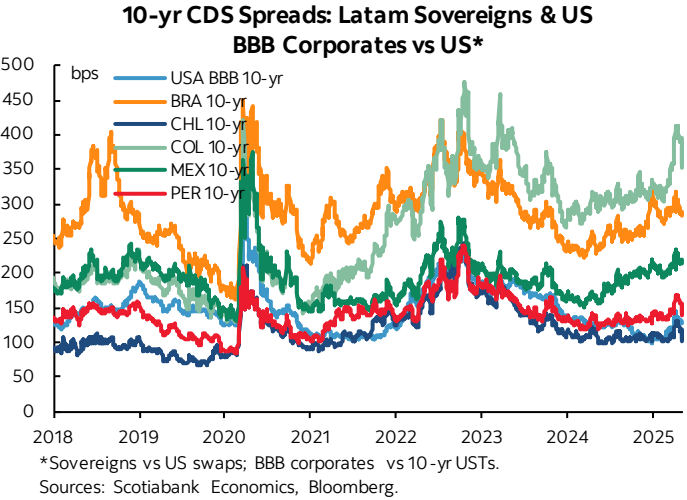


Chart 4



Yield Curves

Chart 1

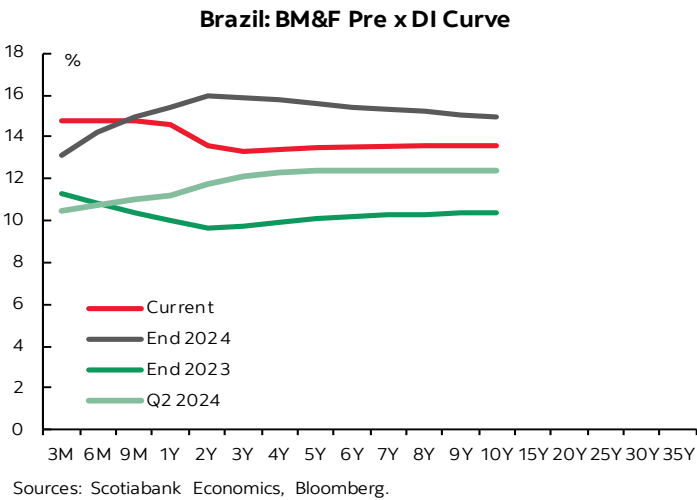


Chart 2

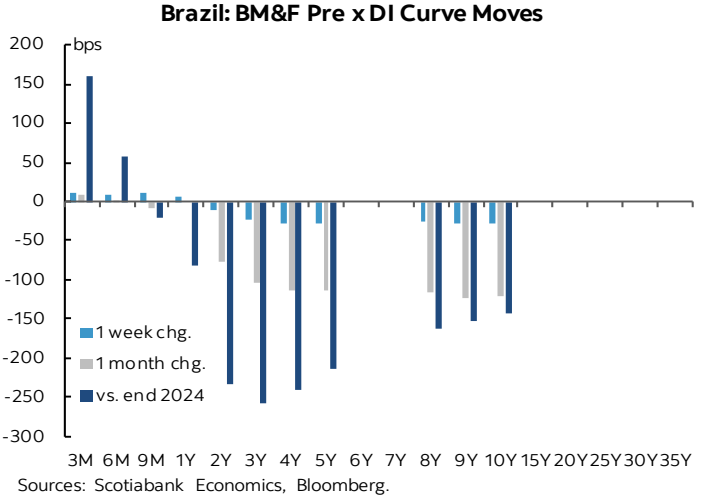


Chart 3

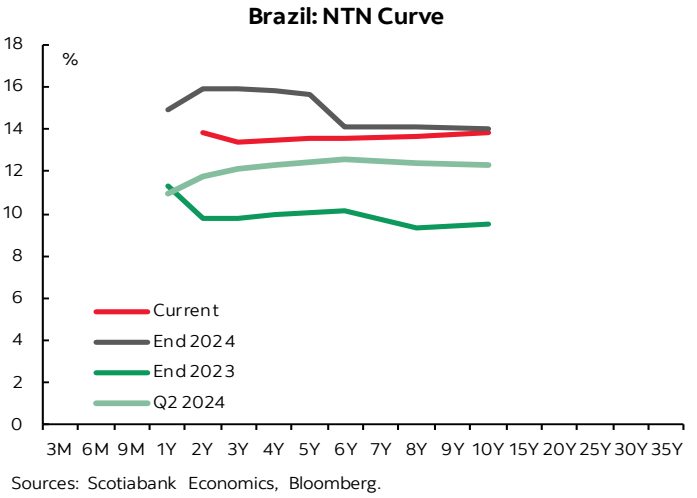


Chart 4

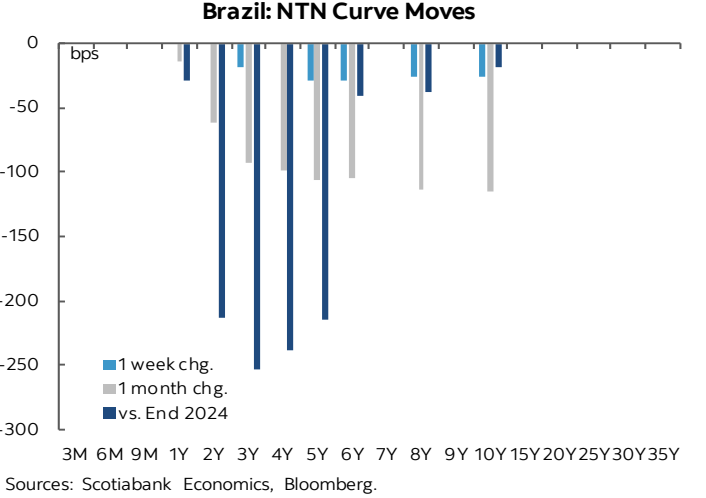


Chart 5

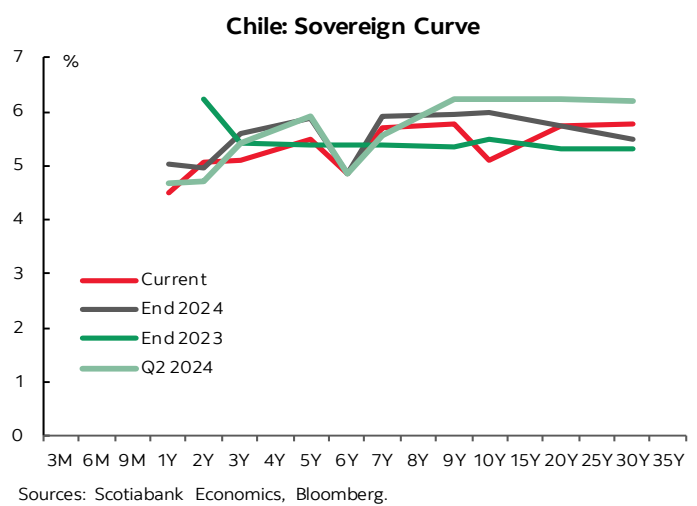
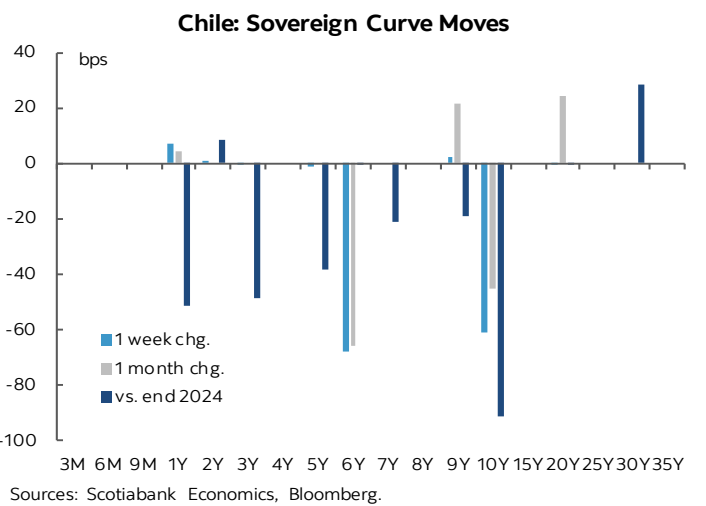


Chart 6



Yield Curves

Chart 7

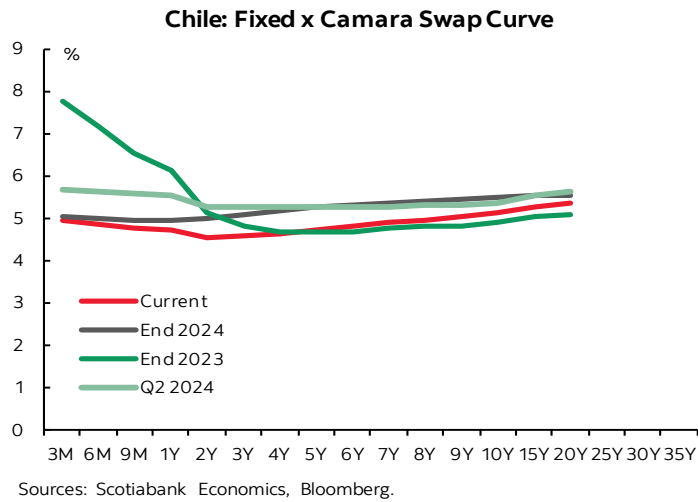


Chart 8

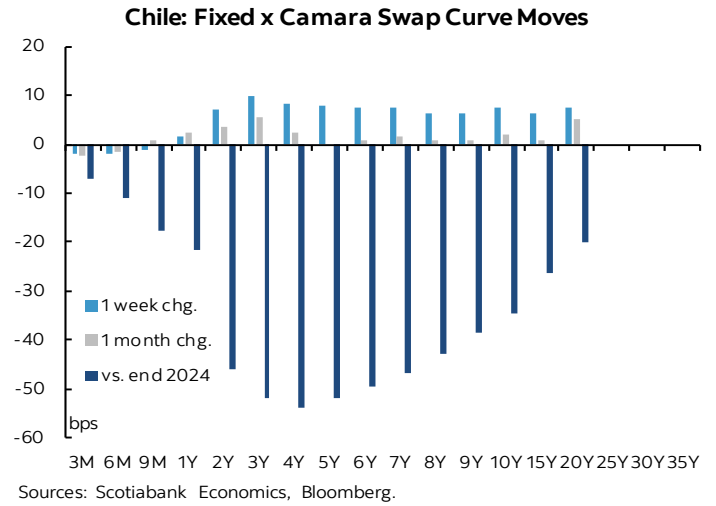


Chart 9

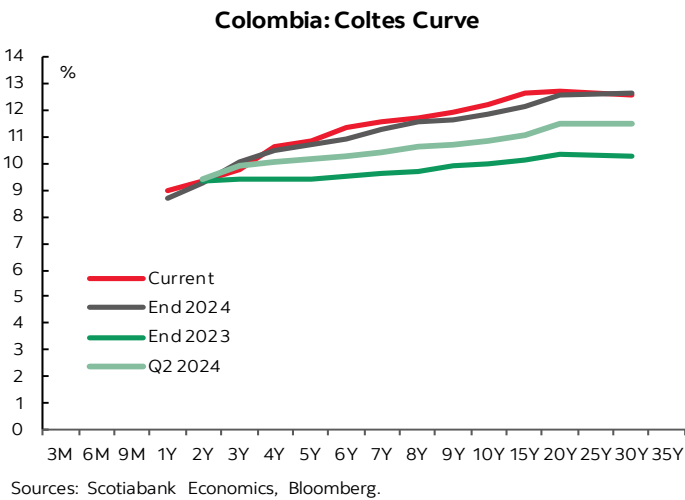


Chart 10

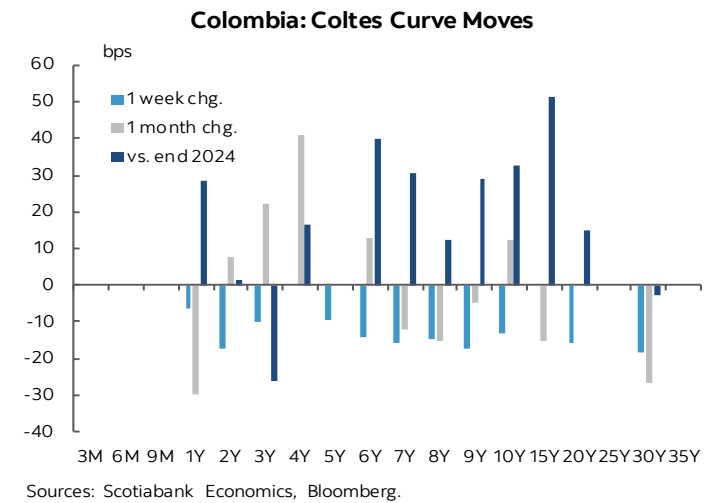


Chart 11

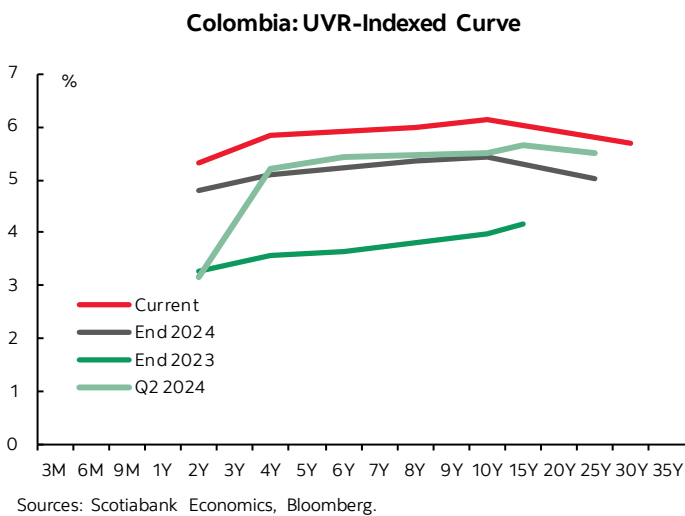
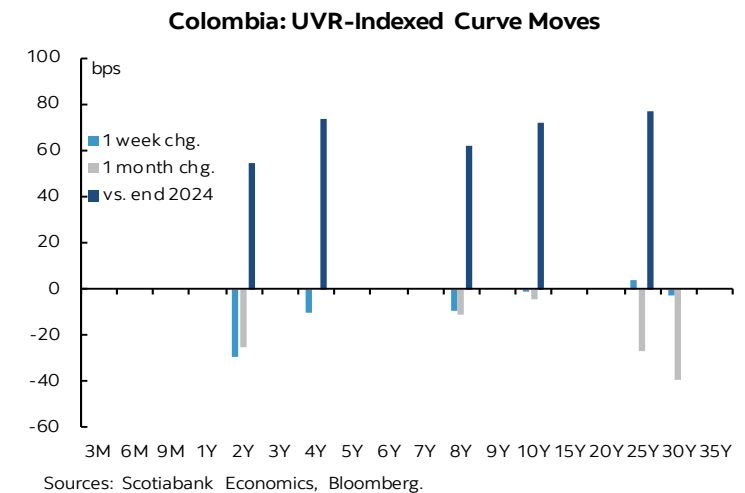


Chart 12



Yield Curves

Chart 13

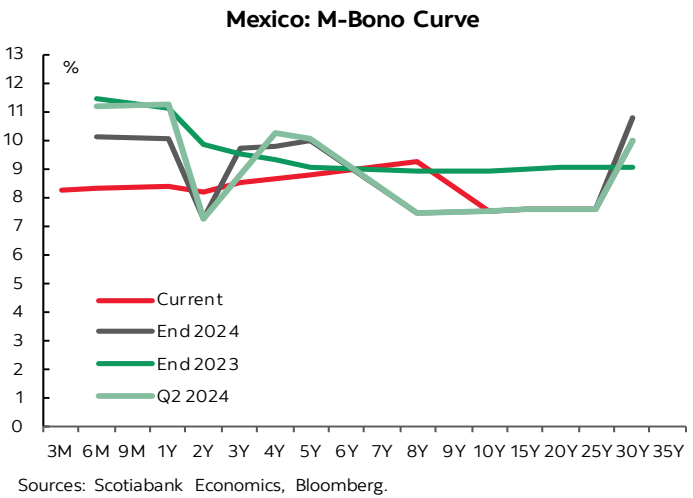


Chart 14

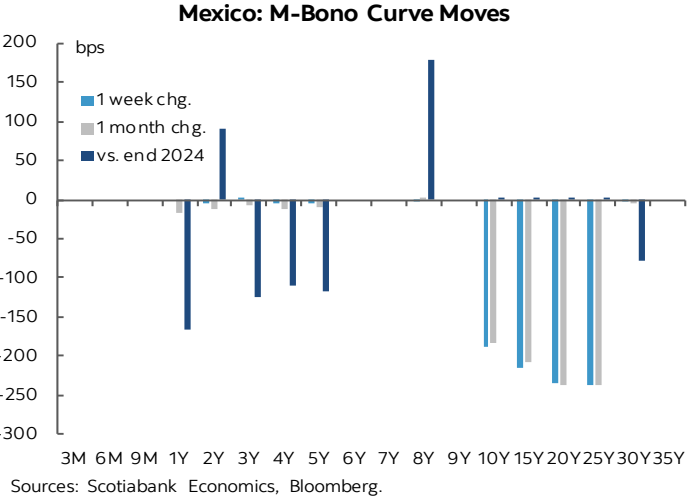


Chart 15

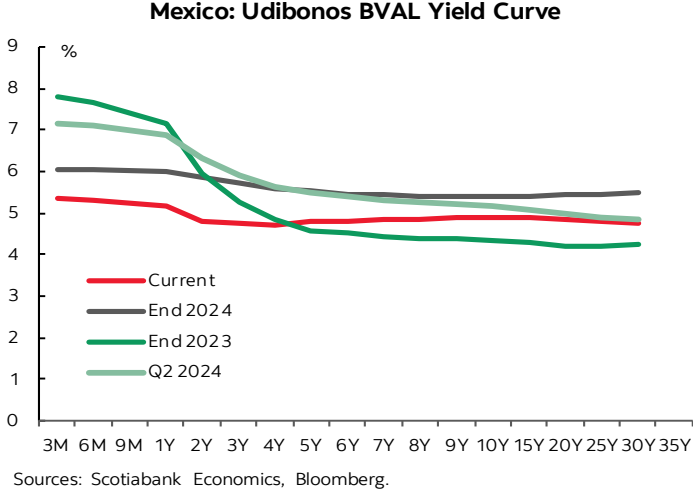


Chart 16

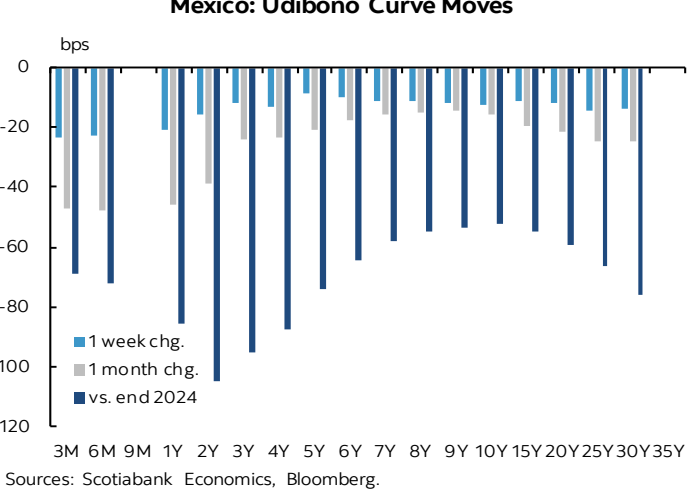


Chart 17

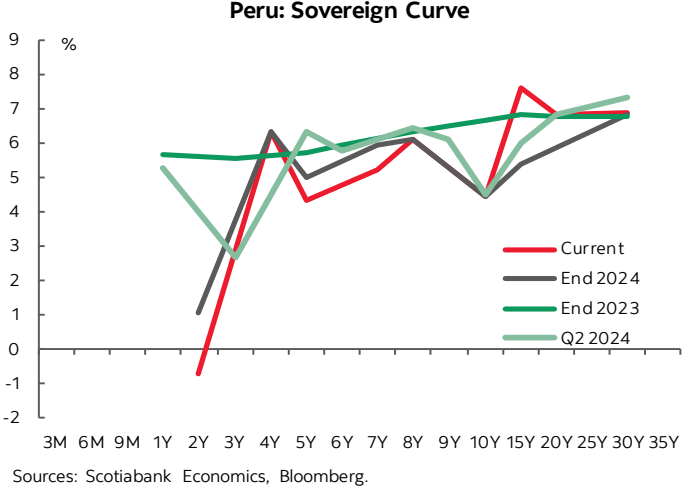
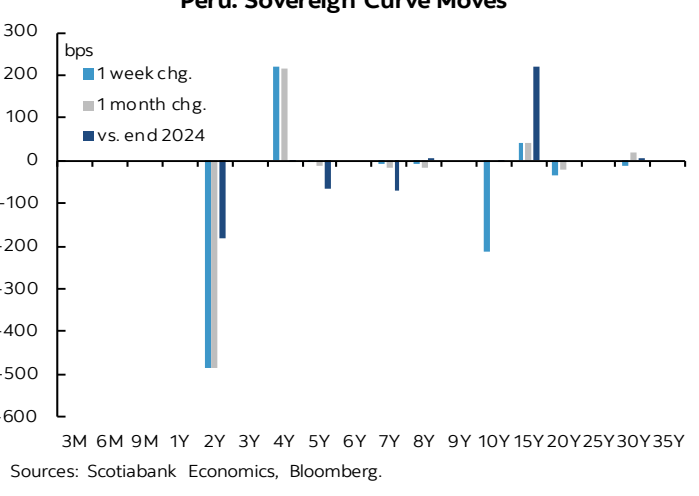


Chart 18



Market Events & Indicators for May 10-23

CHILE

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
May-12	8:30 Central Bank Economist Survey		--			
May-15	8:30 Central Bank Meeting Minutes		--			
May-19	7:30 Current Account Balance USD mn	1Q	--	--	-1777	
May-19	8:30 Central Bank Traders Survey		--			
May-19	8:30 GDP q/q	1Q	0.5	--	0.36	
May-19	8:30 GDP y/y	1Q	2.0	--	3.97	
May-23	9:00 PPI m/m	Apr	--	--	0.4	

COLOMBIA

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
May-14	11:00 Retail Sales y/y	Mar	--	--	7.49	
May-14	11:00 Manufacturing Production y/y	Mar	--	--	-1.2	
May-14	11:00 Industrial Production y/y	Mar	--	--	-2.16	
May-14	Consumer Confidence Index	Apr	--	--	-7.1	
May-15	12:00 GDP NSA y/y	1Q	2.5	2.3	2.3	Economic growth will continue to accelerate, with a focus on sectors such as commerce, manufacturing, housing, and leisure. This result is likely to be higher than expected due to the low base resulting from Easter in March 2024.
May-15	12:00 GDP q/q	1Q	0.9	--	0.6	
May-15	12:00 Economic Activity NSA y/y	Mar	--	--	1.77	
May-19	11:00 Trade Balance USD mn	Mar	--	--	-1240.95	
May-19	11:00 Imports CIF Total USD mn	Mar	--	--	5326.08	

MEXICO

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
May-12	8:00 Industrial Production NSA y/y	Mar	--	1.4	-1.26	
May-12	8:00 Manuf. Production NSA y/y	Mar	--	--	-0.29	
May-12	8:00 Industrial Production SA m/m	Mar	--	-1.4	2.49	
May-13	11:00 International Reserves Weekly USD mn	9-May	--	--	239319	
May-15	15:00 Overnight Rate (%)	15-May	8.50	8.50	9.00	
May 09-15	ANTAD Same-Store Sales y/y	Apr	--	--	1	
May 13-15	Nominal Wages y/y	Apr	--	--	8.04	
May-20	11:00 International Reserves Weekly USD mn	16-May	--	--	239319	
May-20	Citi Survey of Economists		--			
May-21	8:00 Retail Sales y/y	Mar	--	--	-1.1	
May-21	8:00 Retail Sales m/m	Mar	--	--	0.2	
May-22	8:00 GDP NSA y/y	1Q F	--	--	0.84	
May-22	8:00 GDP SA q/q	1Q F	--	--	0.16	
May-22	8:00 GDP Nominal y/y	1Q	--	--	6.06	
May-22	8:00 Bi-Weekly CPI (%)	15-May	--	--	0.2	
May-22	8:00 Economic Activity IGAE y/y	Mar	--	--	-0.72	
May-22	8:00 Bi-Weekly Core CPI (%)	15-May	--	--	0.13	
May-22	8:00 Economic Activity IGAE m/m	Mar	--	--	1.01	
May-22	8:00 Bi-Weekly CPI y/y	15-May	--	--	3.9	
May-22	8:00 Bi-Weekly Core CPI y/y	15-May	--	--	3.96	
May-23	8:00 Trade Balance USD mn	Apr	--	--	3442	
May-23	8:00 Exports USD mn	Apr	--	--	55527.33	
May-23	8:00 Imports USD mn	Apr	--	--	52085	
May-23	11:00 Current Account Balance USD mn	1Q	--	--	12600.704	

PERU

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
May-15	11:00 Lima Unemployment Rate (%)	Apr	6.7	--	6.6	
May-15	11:00 Economic Activity y/y	Mar	5.2	--	2.68	

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for May 10-23

BRAZIL

<u>Date</u>	<u>Time</u> <u>Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
May-12	4:00 FIPE CPI - Weekly (%)	7-May	--	--	0.45	
May-12	7:25 Central Bank Weekly Economist Survey		--			
May-12	14:00 Trade Balance Weekly USD mn	11-May	--	--	2536.7	
May-13	7:00 Central Bank Meeting Minutes		--			
May-14	8:00 IBGE Services Volume m/m SA	Mar	--	0.3	0.8	
May-14	8:00 IBGE Services Volume y/y NSA	Mar	--	1.8	4.2	
May-15	8:00 Retail Sales m/m	Mar	--	0.6	0.5	
May-15	8:00 Retail Sales Broad y/y	Mar	--	-1	2.4	
May-15	8:00 Retail Sales y/y	Mar	--	-0.8	1.5	
May-15	8:00 Retail Sales Broad m/m	Mar	--	2	-0.4	
May-16	7:00 FGV Inflation IGP-10 m/m	May	--	0.33	-0.22	
May-16	7:00 FGV Inflation IGP-10 y/y	May	--	--	8.71	
May-16	7:00 FGV CPI IPC-S (%)	15-May	--	--	0.5	
May-19	4:00 FIPE CPI - Weekly (%)	15-May	--	--	0.45	
May-19	7:25 Central Bank Weekly Economist Survey		--			
May-19	8:00 Economic Activity m/m	Mar	--	--	0.44	
May-19	8:00 Economic Activity y/y	Mar	--	--	4.1	
May-19	14:00 Trade Balance Weekly USD mn	18-May	--	--	2536.7	
May-23	7:00 FGV CPI IPC-S (%)	22-May	--	--	0.5	
May 19-31	Tax Collections BRL mn	Jan	--	--	261265.03	

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.

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