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## Latam Weekly: Central Bank Decisions, May Economic Updates, and External Risks

### ECONOMIC OVERVIEW

- Central bank decisions await in Chile, Brazil, the U.S., the U.K., Japan, Norway, and Switzerland, alongside key data releases in the Latam and G10 regions, all the while markets keep a close eye on Israel-Iran developments and news out of the G7 summit in Canada. U.S. markets are shut on Thursday, while those in Chile are out on Friday.
- While our call is for a 25bps cut, Chile's central bank may err on the side of caution following the latest geopolitical developments that have heightened external risks. Brazilian officials may also prefer to roll out a hike instead of holding, though it's anyone's guess at this point.
- Peru's economic growth shifted into a lower gear in April, but blame Easter-timing effects against a strong GDP trend in the country that is accompanied by under-control inflation. If only everything was goldilocks in Peru. In today's report, the team contrasts solid macro trends against continuing political noise, and some fiscal risks.
- In Mexico, the local economists discuss recent inflation trends that may be starting to build some worry among Banxico members, who may soon consider shifting into a slower pace of easing—perhaps even a rate hold, though not in June, when a 50bps rate cut remains the safest bet. Colombia releases economic activity data that will be impacted by calendar effects, during an otherwise quiet week.

### 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: Mexico and Peru.

### MARKET EVENTS & INDICATORS

- A comprehensive risk calendar with selected highlights for the period June 14–27 across the Pacific Alliance countries and Brazil.

#### Chart of the Week

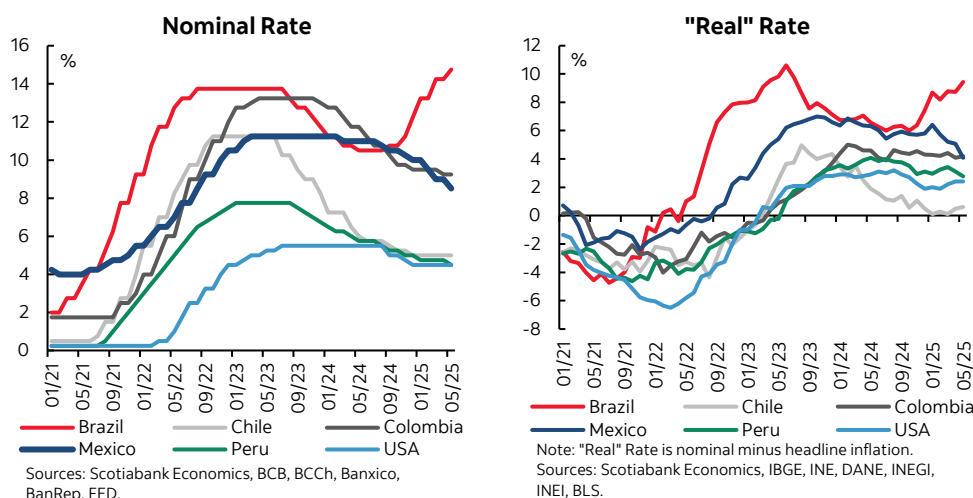


Chart of the Week: Prepared by: Cesar Amador, Economic Analyst.

## Economic Overview: Central Bank Decisions, May Economic Updates, and External Risks

- **Central bank decisions await in Chile, Brazil, the U.S., the U.K., Japan, Norway, and Switzerland, alongside key data releases in the Latam and G10 regions, all the while markets keep a close eye on Israel-Iran developments and news out of the G7 summit in Canada. U.S. markets are shut on Thursday, while those in Chile are out on Friday.**
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- **Peru's economic growth shifted into a lower gear in April, but blame Easter-timing effects against a strong GDP trend in the country that is accompanied by under-control inflation. If only everything was goldilocks in Peru. In today's report, the team contrasts solid macro trends against continuing political noise, and some fiscal risks.**
- **In Mexico, the local economists discuss recent inflation trends that may be starting to build some worry among Banxico members, who may soon consider shifting into a slower pace of easing—perhaps even a rate hold, though not in June, when a 50bps rate cut remains the safest bet. Colombia releases economic activity data that will be impacted by calendar effects, during an otherwise quiet week.**

The week ahead is a fairly busy one in Latam and abroad, with central bank decisions in Chile, Brazil, the U.S., the U.K., Japan, Norway, and Switzerland, among others, accompanied by economic activity readings out of Colombia, Peru, and Brazil as well as key data from the U.S., Canada, China, and the U.K. (including retail sales for all), and U.K. and Japanese CPI. Ex-calendar risks are also aplenty, with markets opening from the weekend and reacting throughout the week to Israel-Iran developments, news out of the G7 meetings in Canada starting on Sunday, and the usual trade noise, of course (maybe something positive will come out of the G7?). U.S. markets are shut on Thursday for Juneteenth.

Chile's central bank's decision on Tuesday was on track to be a more divided one, with some calling for a hold, while others believing the BCCh is possibly justified in rolling out a 25bps rate cut alongside the release of new projections in its Monetary Policy Report (see [here](#)). Heightened geopolitical risks have injected a high degree of uncertainty for next week's decision, however. The Costa-led central bank may err on the side of caution and opt for another rate hold, thus postponing their next rate cut to their late-July meeting and extending their on-pause streak since the last reduction in December. We expect the BCCh will lower its inflation forecasts as well as lift its GDP growth forecasts, mostly on the basis of data released since their last MPR. Note that Chilean markets are closed on Friday for National Indigenous Peoples Day.

The BCB's rate announcement on Wednesday will be a heavily contested decision, with roughly half of economists expecting a rate hold at the current 14.75% while the other half anticipate a small 25bps hike. Markets aren't willing to break the tie either, pricing in about 13bps, or a virtual toss-up. Like Chile, external risks may motivate

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June 13, 2025

Brazilian officials to opt for the more hawkish choice and roll out a quarter-point increase that would likely be the last of the cycle, with higher oil prices also playing a role into their decision considering that inflation remains elevated and inflation expectations only recently seem to have steadied. It's going to be a tight one, coming a day after April economic activity figures that should show weakish growth, if only because of base effects that would interrupt the strong trend that Brazil's economy has been in over the past year or so.

In Peru, we kick off the week to Sunday's release of April GDP and May unemployment figures. In today's report, the team goes over their expectation for the GDP release which should show a material slowdown from March's near 5% rise. The data should not be an accurate representation of economic trends in the country, as calendar effects associated with the timing of Easter and agricultural schedules. Set that aside, and data for May show the country regained strong economic momentum. But while all is well on the economic front (inflation is also well anchored), politics remain a headache/fly in the ointment in an otherwise goldilocks situation. Our economists in Peru speak today on the various domestic political and fiscal imbroglios catching their eye.

Turning to Mexico, the week ahead is a fairly quiet one as far as data are concerned (Q1 GDP details and the Citi economists survey), but we'll be keeping a close eye on what Sheinbaum's appearance on the sidelines of the G7 summit delivers, with Mexico's president due to meet her USMCA counterparts, Trump and Carney, and possibly agree to another easing of tariffs. In today's Weekly, the team discusses recent upside pressures in inflation that may be building some anxiety among the members of Banxico's board around the path ahead for rates. Comments by officials over recent days clearly point to the bank eyeing the end of half-point cuts soon, and possibly a pause as early as the August 7<sup>th</sup> decision. Odds remain decently in favour of a 50bps move at the June 26<sup>th</sup> decision, but there's a chance that another upside surprise in mid-June CPI figures out on the 24<sup>th</sup> sees one or more Banxico members opting for a smaller cut, proposing that the bank takes a step back to observe changing conditions.

Last but not least, Colombia also has a relatively quiet one up ahead, but we'll watch the release of April economic activity and international trade data on Wednesday and Friday, respectively. This morning, we got mixed data for April, with a very strong retail sales print at 11.4% y/y (3ppts above the Bloomberg median) in contrast to a disappointing industrial production reading of -4.8% y/y (~1.5ppts worse than the median), as the latter seems to have been more heavily impacted by Easter timing effects but also reflecting the weak investment sentiment plaguing Colombia. At least, household spending remains in good shape, continuing to support the domestic economy against business caution and fiscal risks. Our economists estimate that economic activity expanded by a touch under 1% y/y in April, slowing from the strong 4.5% showing in March.

## Pacific Alliance Country Updates

### Mexico—This Week, May's Inflation Figures Sparked Fresh Debate About its Trajectory, Potential Risks, and the Implications for Monetary Policy

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In May, headline inflation (chart 1) rose to 4.42% y/y from 3.93% (vs. 4.37% consensus in the Citi Survey), while core inflation increased to 4.06% from 3.93% (vs. 4.02% consensus). However, biweekly figures paint a more concerning picture. Headline inflation climbed to 4.62%, its highest level since October 2024, and core inflation surpassed the 4.0% threshold, accelerating to 4.15%—its highest since May of the previous year—driven by a rebound in goods inflation (3.84%), which also reached its highest level in over a year.

Additionally, the increase was fueled by a sharp rise in the most volatile component of price dynamics: agricultural products. Notably, many analysts highlighted the surge in beef (16.64%) and chicken (12.0%) prices, influenced by several factors including higher feed costs, increased transportation expenses, weather conditions, stronger international demand, and some animal health issues (bird flu). However, focusing solely on volatile factors may not be enough to fully grasp the risks ahead.

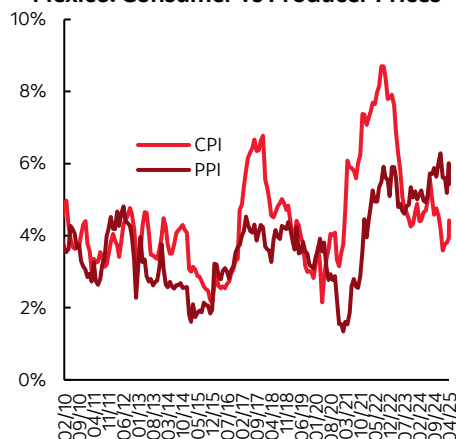
As we've noted throughout the year, despite its downtrend, the inflation risk balance remains tilted to the upside. It's important to recognize that an upward bias has different implications depending on the timing: in 2022, it meant inflation could continue rising, whereas now it suggests the disinflation trend could pause or even reverse.

In this context, it's worth highlighting producer price behavior to better understand the cost pressures businesses face (charts 2 and 3). The National Producer Price Index (excluding oil) showed an uptrend through most of 2024, starting last year at 1.02% and peaking at 7.92% y/y in February 2025, before easing to 6.81% in May. By sectors, industrial activities (excluding oil) began rising in the second half of last year—coinciding with growing investor uncertainties—and currently show the most pressure, at 7.58%, with only three months of deceleration. Meanwhile, services, though with some pauses, have remained relatively stable at a high level since late 2022 (5.42% in May 2025), which may partly explain the persistence of service inflation in consumer prices. These figures are particularly relevant, as both the general index and industrial activity trends appear to impact consumer inflation with a six-month lag.

In line with this, recent communications from members of Banxico's Governing Board reveal concern about the rebound in inflation. While we believe the Board will follow through on its forward guidance from the last meeting—teeing up another 50 basis point cut in June—we expect the decision will not be unanimous and will lack the dovish tone seen in previous meetings this year. In fact, at least two of the five Board members have expressed concerns about current inflationary pressures and whether they are transitory or structural, casting doubt on inflation's convergence to the 3% target by 2026 Q3. In this context, these members have mentioned the possibility of a pause in August to reassess and recalibrate the monetary stance amid sharp inflationary pressures, potentially shifting to a slower and less aggressive rate-cutting cycle. We'll see in two weeks whether a third member joins this view or if the forward guidance of 50 basis point cuts continues.

Chart 1

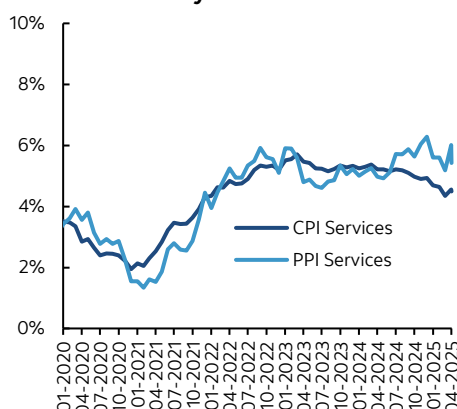
Mexico: Consumer vs Producer Prices



Sources: Scotiabank Economics, INEGI.

Chart 2

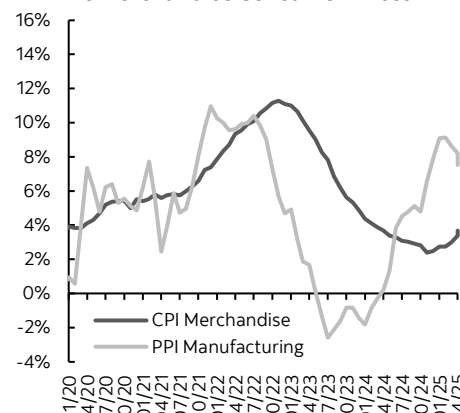
Mexico: Services Consumer Prices vs Tertiary Producer Prices



Sources: Scotiabank Economics, INEGI.

Chart 3

Mexico: Manufacturing Producer Prices vs Merchandise Consumer Prices



Sources: Scotiabank Economics, INEGI.

## Peru—If Only Politics Were As Healthy As Macro Accounts

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In Peru, growth is doing well, and prices are as stable as one can hope for. April GDP will be released on Sunday, June 15<sup>th</sup>, and may be available by the time many of you read this. The low growth figure that you will likely see for April is an outlier, and reflects a high base (April 2024), and fewer working days in 2025 due to the Easter holidays. In addition, agricultural GDP fell 11.5% y/y in April 2025, because of shifts in the production season. This is not indicative of weakness, and agricultural GDP growth should recover in May.

Looking at the leading indicators for April, these are weaker than in March, although not exceptionally so. Even so, given that April will be an outlier, it might be best to skip ahead and look at May, where early indicators are looking very robust again (see table 1).

In any event, Peru's quandaries do not lie in its economy, but in its politics, namely in Congress. Peru's legislature continues to put top government figures in a state of jeopardy, constantly calling in members of the cabinet for potential impeachment. As for impeaching President Dina Boluarte herself, Congress has so far been divided on how to deal with the multitude of controversies surrounding her. The controversy du jour involves allegations that President Boluarte underwent cosmetic surgery without requesting congressional authorization. The issue has grown because President Boluarte has denied that this surgery took place, but has been contradicted by other sources. The issue has once again brought to the fore the spectre of presidential impeachment, although for this to happen would take a more aggressive stance by a stronger Congressional majority than has occurred so far.

An event that could, potentially, have a bearing on the relationship between Congress and the Boluarte government in general, and on the possibility of an impeachment process emerging more specifically, is the upcoming election of the new congressional presiding board. The presiding board is appointed for a yearly term, and has broad powers to determine the congressional agenda. The current board president is Eduardo Salhuana. Congress will be in recess from June 16<sup>th</sup> to July 26<sup>th</sup>. Once it returns to normal sessions on July 27<sup>th</sup>, it will be presided by the newly elected board.

A key issue, in terms of the likelihood of a presidential impeachment, is the appetite the new Congressional president might have for becoming Peru's president for a year. Peru has no vice-president currently, as Dina Boluarte was elected VP in 2021, and came to power by replacing then President Pedro Castillo in late 2022 after his aborted coup attempt. Therefore, if President Boluarte were to be impeached, the presidency would fall upon the head of Congress.

Another issue that has sparked controversy domestically, is the state of fiscal accounts. The fiscal deficit has improved, and now stands at 2.9% of GDP (chart 4), its lowest level in over a year. This is not what has provoked controversy. Rather, the new finance minister, Raúl Pérez Reyes, stated that the government would increase the legal fiscal rule this year from a 2.2% of GDP fiscal deficit, to 2.8%. Although this level, 2.8%, is manageable, the fear by some analysts is twofold. One is that it is becoming customary for governments to act with little regard for the fiscal rule, which is very frequently simply changed per convenience. The second is that the additional resources would be distributed mostly to local governments, for political reasons, and without assuring efficient spending with an effective impact.

Curiously enough, it's actually quite likely that the fiscal deficit for 2025 will come in below the 2.8% proposed new threshold. Government institutions, especially at the local government level, are not the most expedient spenders in the world, and any new resources that they receive, could stand idle for some time. Plus, tax revenue continues outperforming expectations (chart 5). Tax revenue rose 14.4%, y/y, in the year-to-April.

The minister of finance exercised questionable judgement in announcing the increase in the fiscal deficit policy only days before placing a PEN10 bn bond offering. The 10-year bond offering garnered a rate of 7.69%, and was only 1.3x oversubscribed. Much of the funds will be used for debt restructuring through an offer to repurchase bonds that will come due between 2026 and 2031.

**Table 1: Peru—Economic Indicators 2025**

Leading Indicators	Mar 2025 y/y% Change	Apr 2025 y/y% Change	May 2025 y/y% Change
Public Investment	4%	6%	7%
Mutual Funds AUM	42%	40%	
Motorcycle Sales	27%	8%	20%
Imports	15%	2%	12%
Heavy Vehicle Sales	44%	16%	28%
Automobile Sales	28%	11%	20%
Sales Tax Revenue	7%	5%	4%
Income Tax Revenue	26%	32%	20%
Total Deposits	7%	7%	
Excise Tax Revenue	-7%	-14%	14%
Personal Loans	2%	3%	
Total Loans	1%	1%	
Business Loans	1%	1%	
Cement Sales	6%	-1%	
Electricity Demand	5%	2%	2%

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

To end on a clearly positive note, external accounts are soaring. Exports are up 14.3%, y/y in the year-to-April (28% y/y in April alone), while imports rose 6.8% y/y in the same period. It's clear that the global tariff uncertainty has yet to impact Peru negatively. Peru's current account was 1.4% of GDP in Q1 (chart 6), and has been positive for eight consecutive quarters, which is very unusual, historically.

Chart 4

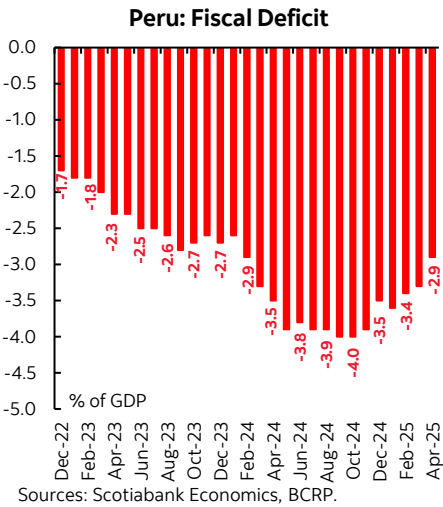


Chart 5

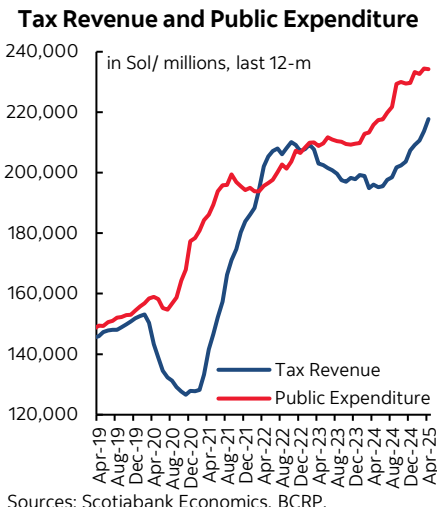
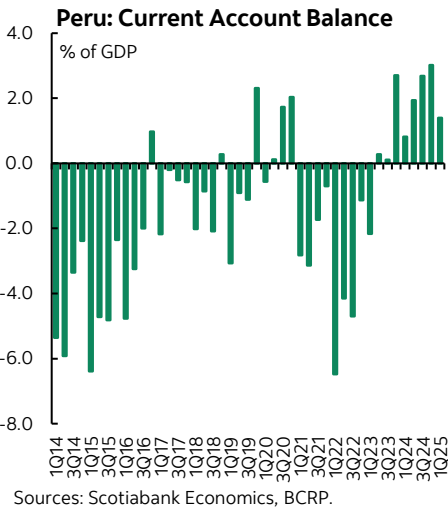


Chart 6



## Forecast Updates

	2023	2024				2025				2026							
Chile	Q4	Q1	Q2	Q3	Q4	Q1	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	2.3	3.9	2.2	1.6	0.5	3.0	2.8	3.4	0.5	2.6	2.5	2.5
CPI (y/y % eop)	3.4	3.2	3.8	4.0	4.5	4.9	4.2	4.1	3.5	2.4	2.9	2.8	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	8.9	8.3	7.6	7.9	8.0	8.0	7.6	8.5	8.1	8.4	7.9
Central bank policy rate (% eop)	8.25	7.25	5.75	5.50	5.00	5.00	4.75	4.50	4.25	4.25	4.25	4.25	4.25	8.25	5.00	4.25	4.25
Foreign exchange (USDCPL, eop)	879	979	940	899	995	951	930	910	890	880	870	870	870	879	995	890	870
Colombia	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024	2025f	2026f
Real GDP (y/y % change)	0.6	0.3	1.7	1.8	2.5	2.7	2.6	2.4	2.8	2.8	2.9	2.8	3.0	0.7	1.6	2.6	2.8
CPI (y/y % eop)	9.3	7.4	7.2	5.8	5.2	5.1	5.0	5.2	5.3	4.7	4.4	4.3	4.0	9.3	5.2	5.3	4.0
Unemployment rate (% avg)	9.4	11.9	10.4	9.6	8.8	10.5	9.1	9.6	9.4	11.3	9.9	10.2	9.6	10.2	10.2	9.7	10.2
Central bank policy rate (% eop)	13.00	12.25	11.25	10.25	9.50	9.50	9.00	8.75	8.75	8.50	8.00	7.50	7.50	13.00	9.50	8.75	7.50
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	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024	2025f	2026f
Real GDP (y/y % change)	2.5	1.5	2.2	1.6	0.4	0.8	-1.5	-0.9	-0.1	0.6	0.5	0.7	0.5	3.4	1.4	-0.5	0.6
CPI (y/y % eop)	4.7	4.4	5.0	4.6	4.2	3.8	4.1	4.0	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	3.1	3.4	3.5	3.6	3.7	3.8	3.8	2.8	2.7	3.1	3.7
Central bank policy rate (% eop)	11.25	11.00	11.00	10.50	10.00	9.00	8.00	7.75	7.50	7.25	7.00	7.00	7.00	11.25	10.00	7.50	7.00
Foreign exchange (USDMXN, eop)	16.97	16.56	18.32	19.69	20.83	20.47	19.60	20.00	20.80	20.50	20.70	20.90	21.30	16.97	20.83	20.80	21.30
Peru	Q4	Q1	Q2	Q3	Q4	Q1	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	3.9	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	3.67	3.70	3.75	3.80	3.78	3.75	3.75	3.70	3.74	3.75	3.75
Brazil	Q4	Q1	Q2	Q3	Q4	Q1	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	2.9	2.4	1.8	1.7	1.6	1.7	1.9	2.0	3.2	3.4	2.2	1.8
CPI (y/y % eop)	4.6	3.9	4.2	4.4	4.8	5.5	5.4	5.6	5.3	4.7	4.7	4.5	4.5	4.6	4.8	5.3	4.5
Unemployment rate (% avg)	7.4	7.9	6.9	6.4	6.2	7.0	6.7	6.8	6.7	7.3	7.2	7.2	7.0	7.4	6.2	6.8	7.2
Central bank policy rate (% eop)	11.75	10.75	10.50	10.75	12.25	14.25	14.75	14.75	14.75	14.50	13.50	13.00	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	5.76	5.79	5.81	5.83	5.84	5.84	5.83	4.86	6.18	5.81	5.83
Canada	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024	2025f	2026f
Real GDP (y/y % change)	1.2	0.8	1.2	1.9	2.3	2.3	1.4	1.1	0.9	0.8	1.2	1.1	1.1	1.5	1.6	1.4	1.1
CPI (y/y % eop)	3.2	2.8	2.7	2.0	1.9	2.3	1.9	2.1	1.9	1.8	2.1	2.0	2.2	3.2	1.9	1.9	2.2
Unemployment rate (% avg)	5.7	5.9	6.3	6.6	6.7	6.6	7.0	7.2	7.3	7.2	7.1	7.0	6.8	5.4	6.4	7.0	7.0
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	2.25	2.25	5.00	3.25	2.75	2.25
Foreign exchange (USDCAD, eop)	1.32	1.35	1.37	1.35	1.44	1.44	1.38	1.36	1.34	1.32	1.32	1.28	1.28	1.32	1.44	1.34	1.28
United States	Q4	Q1	Q2	Q3	Q4	Q1	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	1.9	1.4	0.8	1.0	0.6	0.7	1.2	2.9	2.8	1.5	0.9
CPI (y/y % eop)	3.2	3.2	3.2	2.7	2.7	2.7	2.6	2.4	2.4	2.2	2.2	2.2	2.3	3.2	2.7	2.4	2.3
Unemployment rate (% avg)	3.8	3.8	4.0	4.2	4.1	4.1	4.2	4.5	4.8	4.9	4.9	4.9	4.9	3.6	4.0	4.7	4.9
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	1.14	1.16	1.16	1.18	1.18	1.22	1.22	1.10	1.04	1.16	1.22

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

Red indicates changes in estimates and forecasts since previous *Latam Weekly* on May 30, 2025.



June 13, 2025

## Forecast Updates—Changes Compared To Previous Latam Weekly

2023		2024				2025				2026							
Chile	Q4	Q1	Q2	Q3	Q4e	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-	-	-0.1	-0.3	0.1	-0.2	0.2	0.3	-0.3	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-0.2	0.1	-	0.1	0.1	-0.1	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	0.8	0.3	-	-0.1	-0.1	-	-	-	-	0.3	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-0.25	-0.25	-0.25	-	-	-	-	-	-	-0.25	-
Foreign exchange (USDCLP, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023		2024				2025				2026							
Colombia	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-0.1	-	-	0.1	-0.1	-	-	-0.1	-0.1
Unemployment rate (% avg)	-	-	-	-	-	-	-0.9	-0.5	-0.5	-	-	-0.5	-	-	-	-0.4	-0.2
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCOP, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023		2024				2025				2026							
Mexico	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	0.2	0.2	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-0.2	-	-	-	-	-	-	-	-	-0.1	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-0.25	-0.50	-0.50	-0.50	-0.25	-	-	-	-0.50	-
Foreign exchange (USDMXN, eop)	-	-	-	-	-	-	-1.20	-1.00	-0.50	-0.80	-0.70	-0.60	-0.20	-	-	-0.50	-0.20
2023		2024				2025				2026							
Peru	Q4	Q1	Q2	Q3	Q4	Q1	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 (USDPEN, eop)	-	-	-	-	-	-	-0.03	-0.03	-0.03	-0.03	-	-	-	-	-	-0.03	-
2023		2024				2025				2026							
Brazil	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-	-	0.2	0.3	0.3	0.1	0.2	0.1	-	-	-	0.2	0.1
CPI (y/y %, eop)	-	-	-	-	-	-	-0.2	-0.2	-0.2	-0.2	-	-	-	-	-	-0.2	-
Unemployment rate (% avg)	-	-	-	-	-	-	-0.1	-	-0.3	-0.2	-0.1	-	-	-	-	-0.1	-0.1
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	0.25	0.25	0.25	-	-	-	-	-
Foreign exchange (USDBRL, eop)	-	-	-	-	-	-	-0.05	-0.06	-0.05	-0.05	-0.03	-0.02	-0.01	-	-	-0.05	-0.01
2023		2024				2025				2026							
Canada	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-	-	-0.4	-0.3	-	-	0.5	0.4	0.3	-	-	-0.2	0.4
CPI (y/y %, eop)	-	-	-	-	-	-	-0.2	-0.3	-0.2	-0.1	-0.2	-	-	-	-	-0.2	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-0.2	-0.5	-0.4	-0.3	-0.1	-0.1	-	-	-0.2	-0.2
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	0.25	0.25	-	-	-	0.25
Foreign exchange (USDCAD, eop)	-	-	-	-	-	-	-0.05	-0.02	-0.04	-0.04	-0.04	-0.06	-0.06	-	-	-0.04	-0.06
2023		2024				2025				2026							
United States	Q4	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2023	2024f	2025f	2026f
Real GDP (y/y % change)	-	-	-	-	-	-	0.7	0.8	0.8	0.7	0.3	0.2	0.1	-	-	0.6	0.3
CPI (y/y %, eop)	-	-	-	-	-	-	-0.4	-0.6	-0.7	0.1	0.3	0.2	0.1	-	-	-0.7	0.1
Unemployment rate (% avg)	-	-	-	-	-	-	-0.3	-0.5	-0.6	-0.7	-0.6	-0.5	-0.4	-	-	-	-0.6
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (EURUSD, eop)	-	-	-	-	-	-	0.02	0.02	0.02	-	-	0.02	0.02	-	-	0.02	0.02

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics, Focus Economics.  
Changes in estimates and forecasts since previous *Latam Weekly* on May 30, 2025.



## Forecast Updates: Central Bank Policy Rates and Outlook

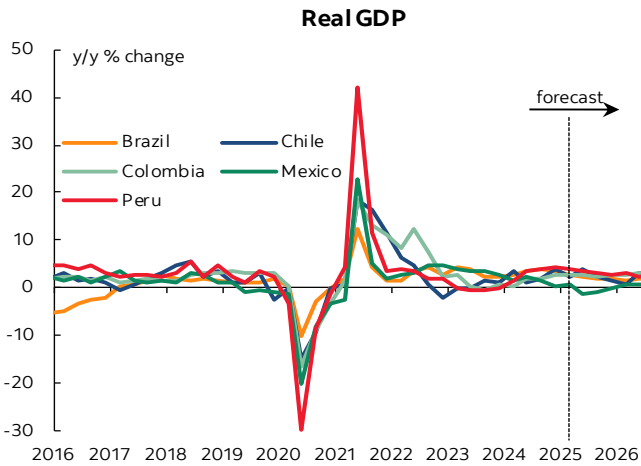
### Latam Central Banks: Policy Rates and Outlook

	Current	Next Scheduled Meeting		BNS Forecast		BNS guidance for next monetary policy meeting
		Date	BNS	End-2025	End-2026	
<b>Chile, BCCh, TPM</b>	5.00%	Jun-17	4.75%	4.25%	4.25%	We expect the BCCh to reduce its policy rate to 4.75% at its June 17 meeting.
<b>Colombia, BanRep, TII</b>	9.25%	Jun-27	9.00%	8.75%	7.50%	BanRep cut the interest rate by 25 bp 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. The inflation rebound and the increase in inflation expectations are a challenge for the central bank; we have revised our monetary policy path to the upside.
<b>Mexico, Banxico, TO</b>	8.50%	Jun-26	8.00%	7.50%	7.00%	The Governing Board of Banco de México decided to cut the benchmark interest rate by 50 bp to 8.50%, in line with consensus expectations. Headline and core inflation forecasts were revised upward in the short term due to higher-than-expected recent readings, although convergence to the target is still anticipated by the third quarter of 2026. The communiqué highlighted the recent increase in goods prices, while maintaining an inflation risk balance tilted to the upside, reiterating heightened uncertainty due to U.S. economic policy. The environment of uncertainty and trade tensions poses significant downside risks to growth. Our year-end 2025 rate forecast stands at 8.00%, considering inflation risks stemming from U.S. tariff policies, although we do not rule out a lower terminal rate for 2025.
<b>Peru, BCRP, TIR</b>	4.50%	Jul-10	4.50%	4.50%	4.50%	For the July 10 meeting, we expect the BCRP to keep the rate unchanged at 4.50%.
<b>Brazil, BCB, Selic</b>	14.75%	Jun-18	14.75%	14.75%	12.50%	

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

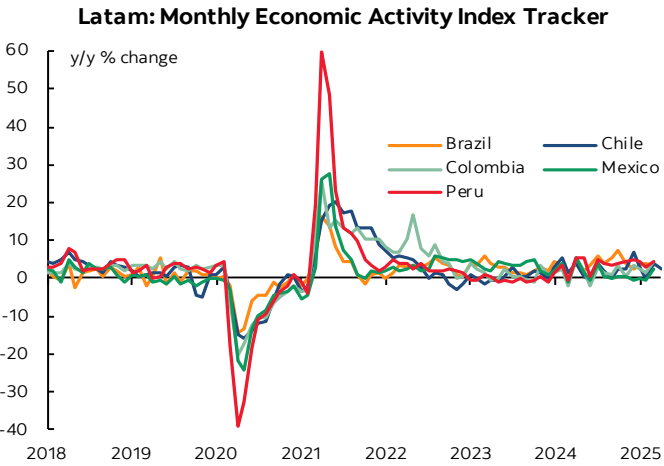
Key Economic Charts

Chart 1



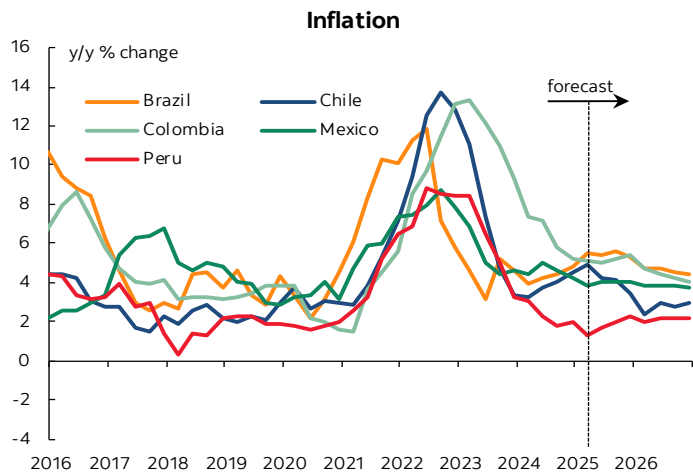
Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

Chart 2



Sources: Scotiabank Economics, Haver Analytics.

Chart 3



Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

Chart 4

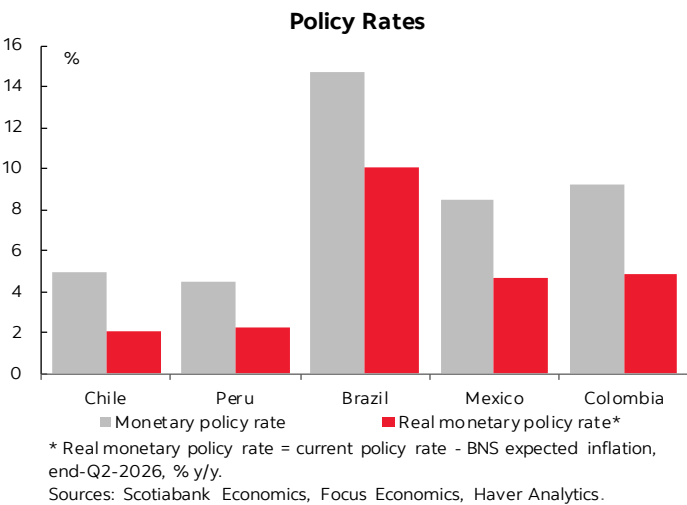
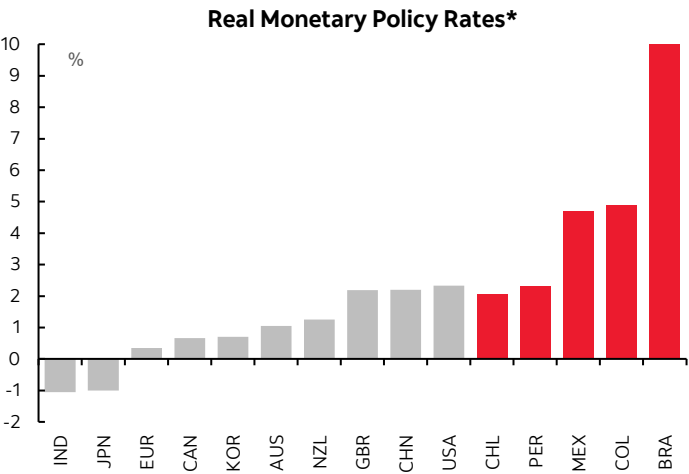


Chart 5



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

Key Market Charts

Chart 1

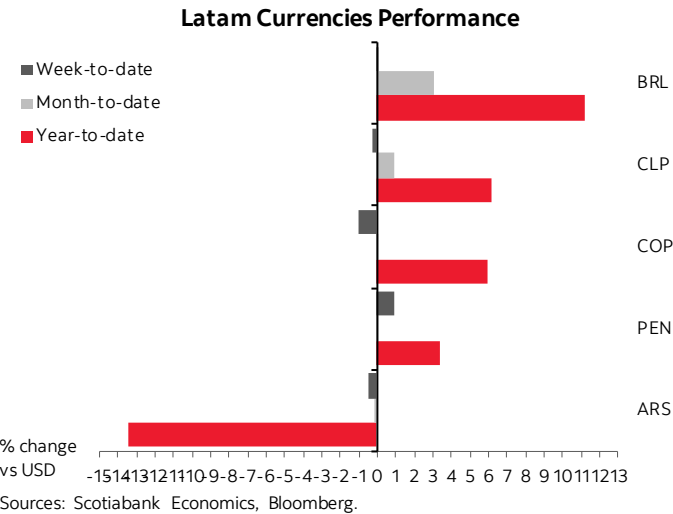


Chart 2

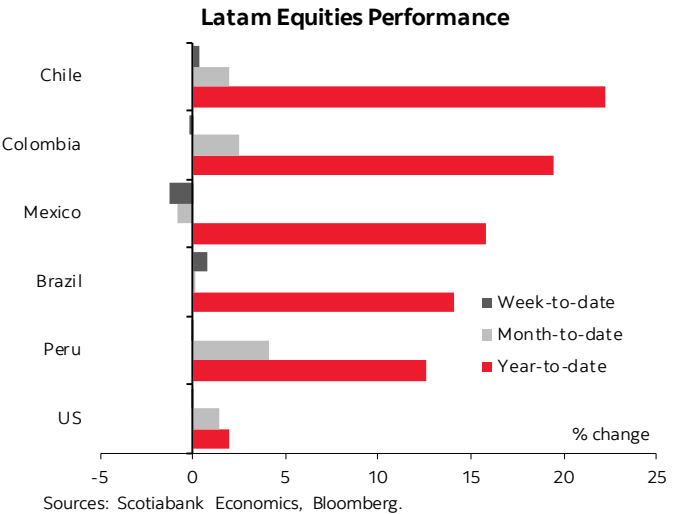


Chart 3

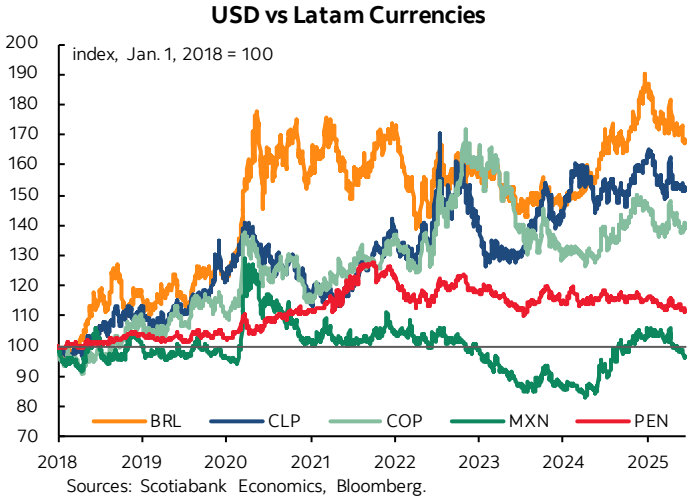
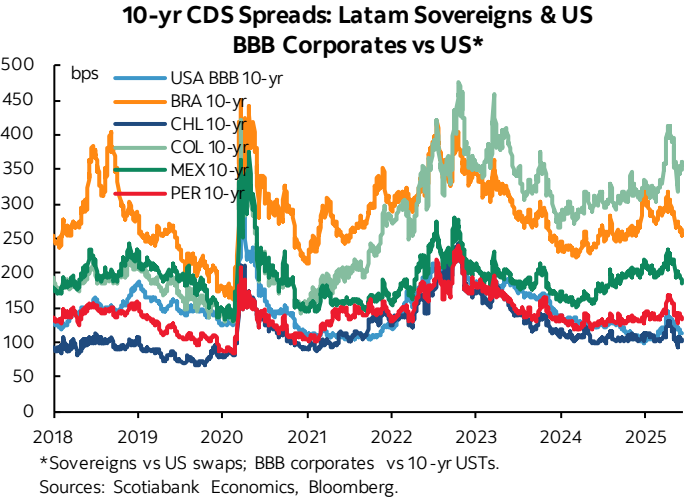


Chart 4



Yield Curves

Chart 1

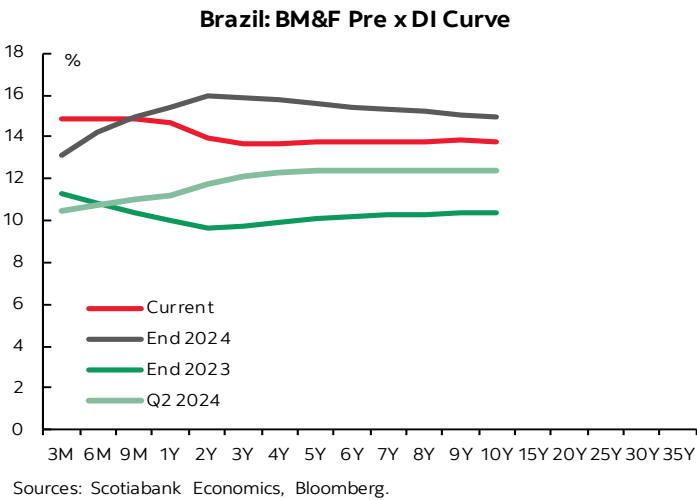


Chart 2

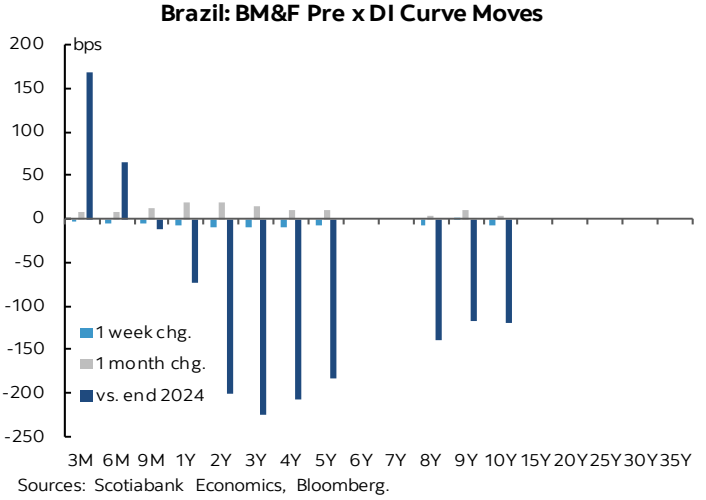


Chart 3

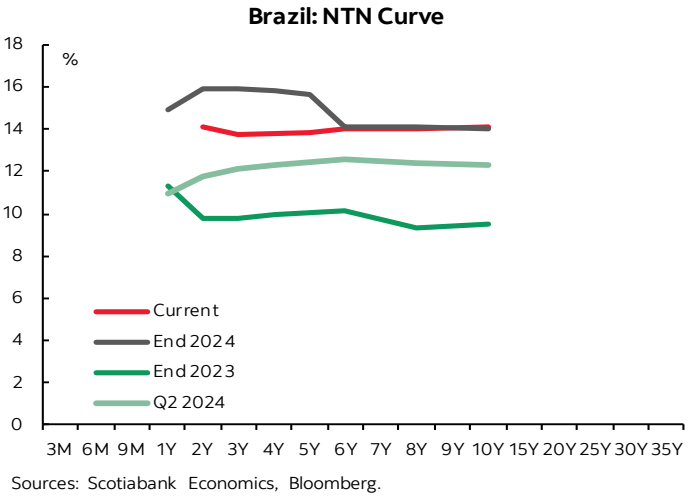


Chart 4

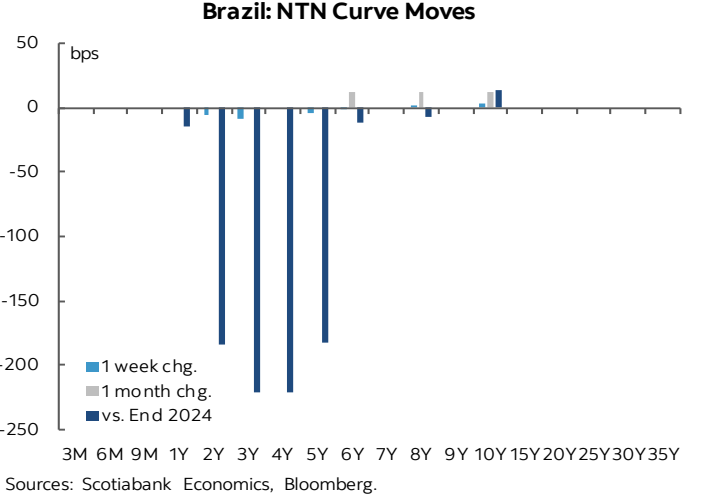


Chart 5

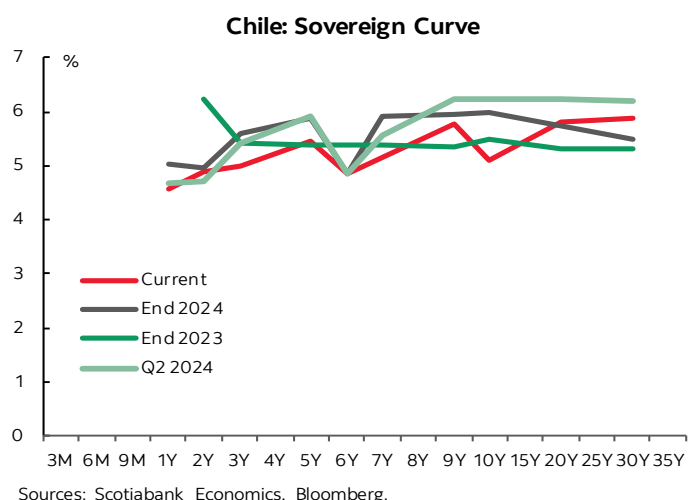
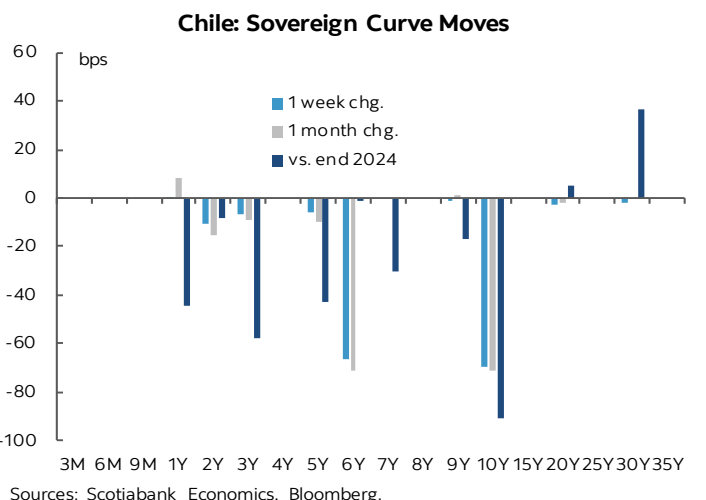


Chart 6



Yield Curves

Chart 7

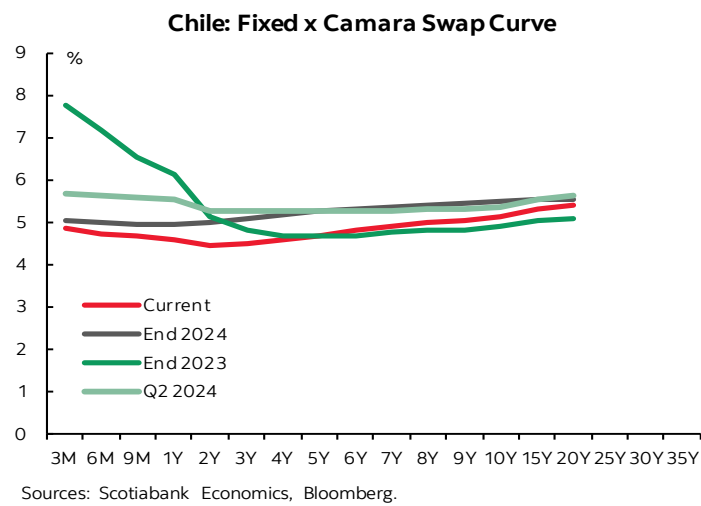


Chart 8

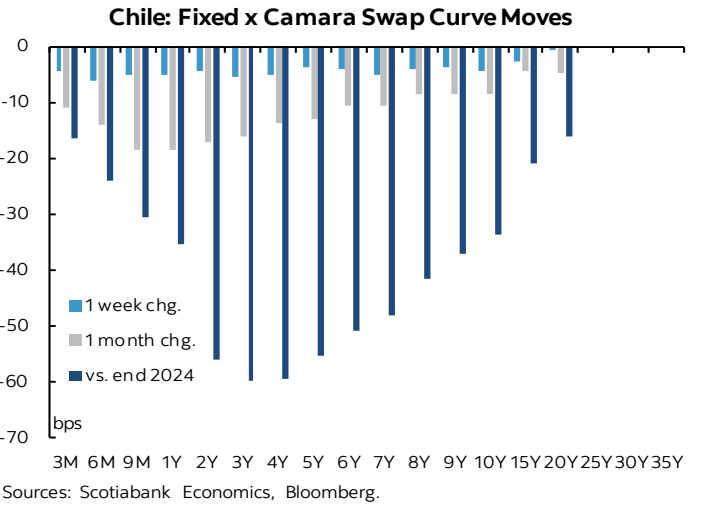


Chart 9

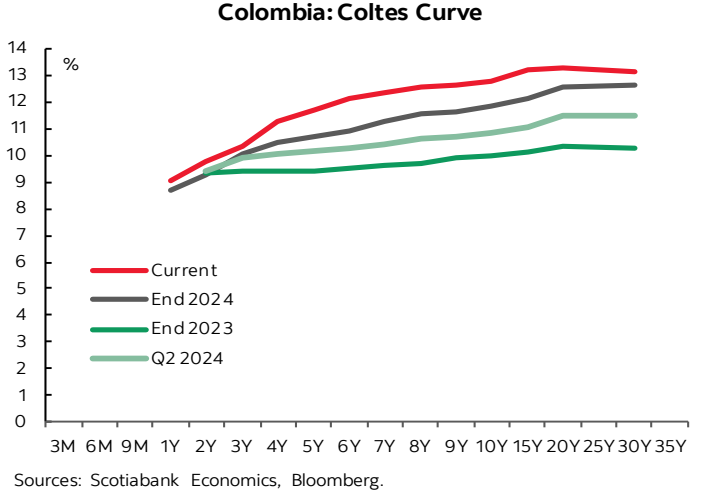


Chart 10

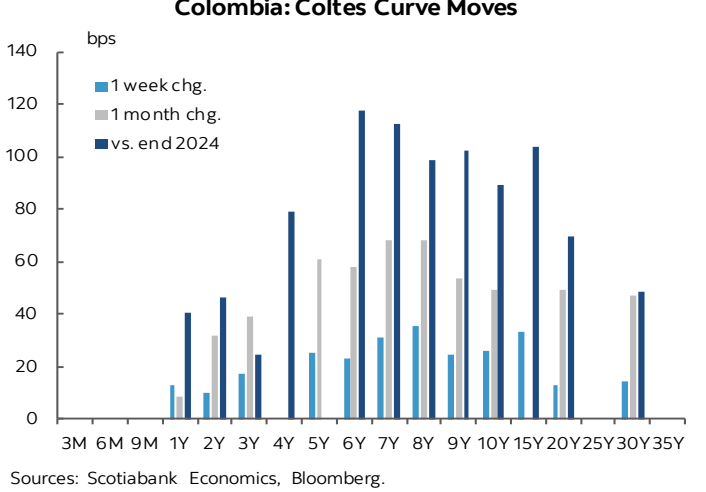


Chart 11

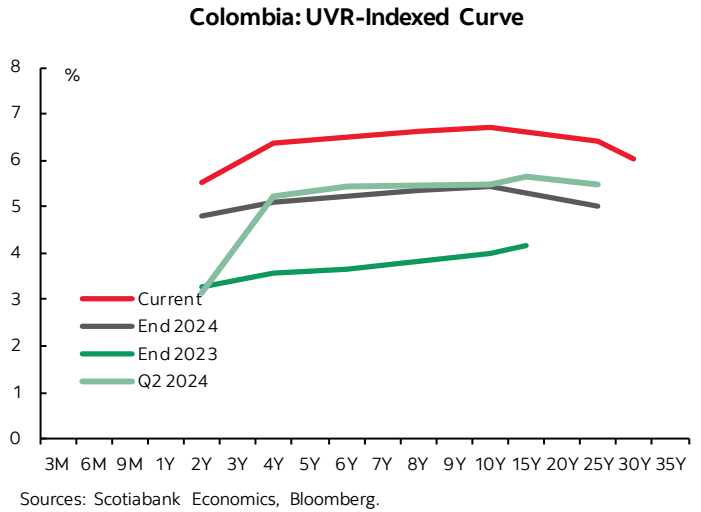
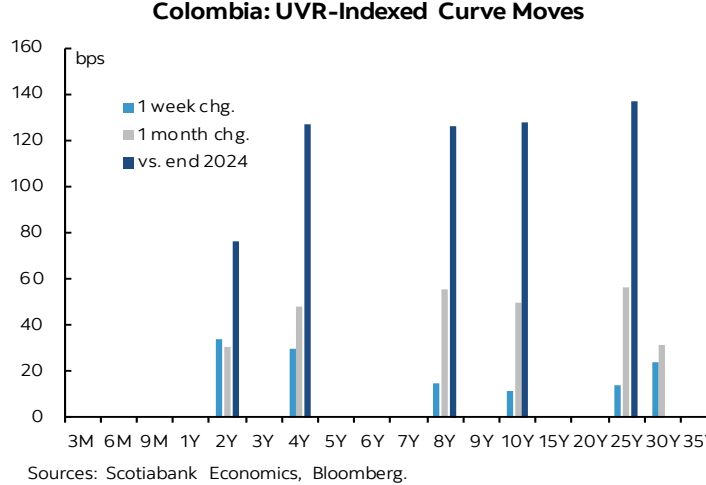


Chart 12



Yield Curves

Chart 13

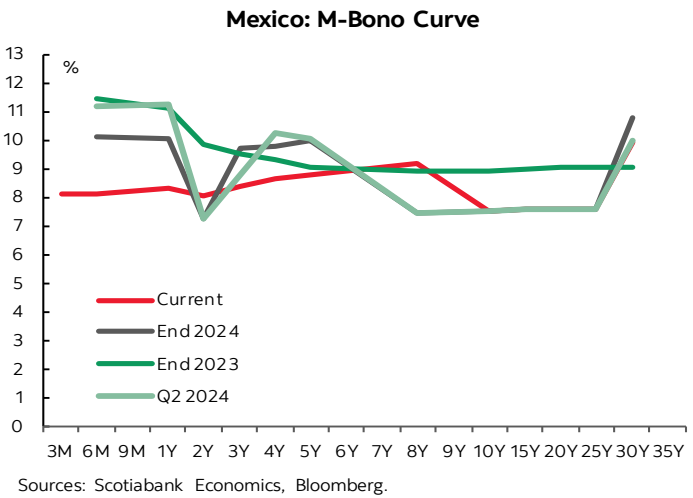


Chart 14

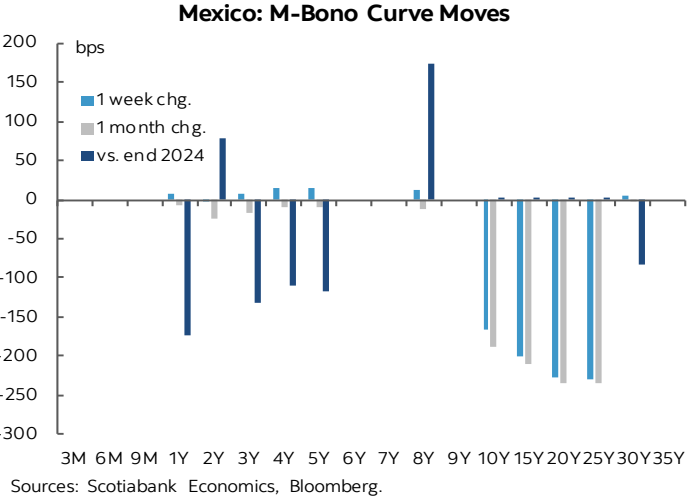


Chart 15

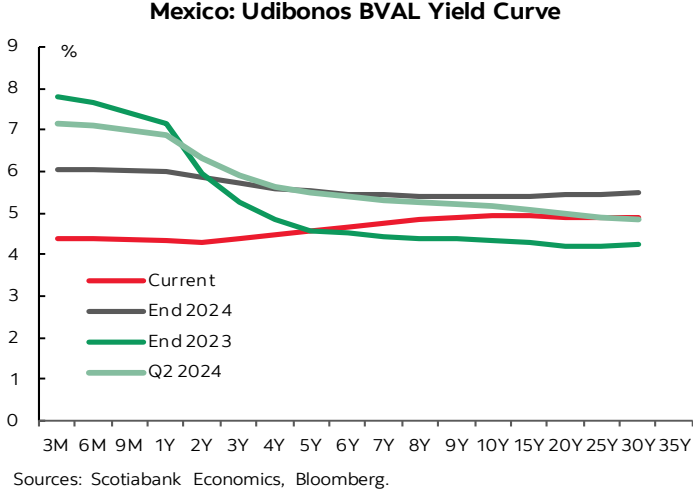


Chart 16

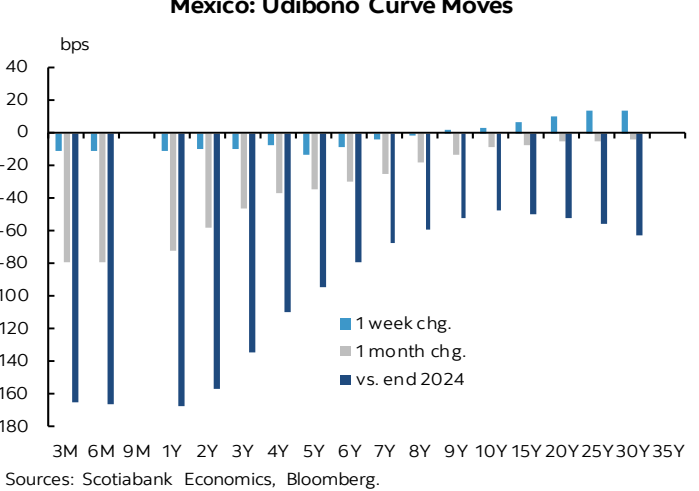


Chart 17

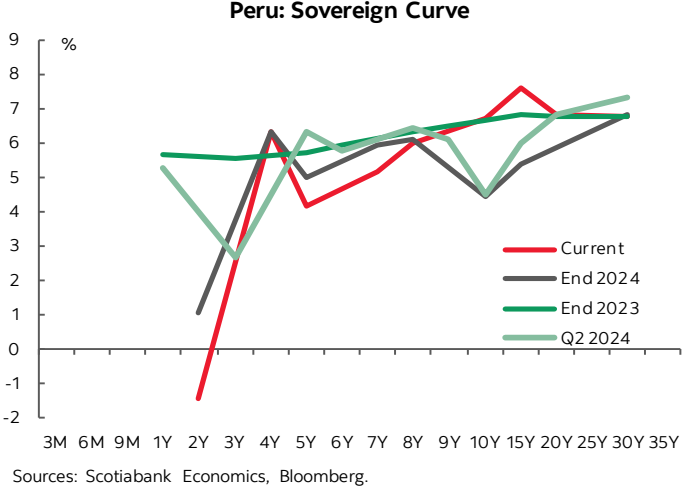
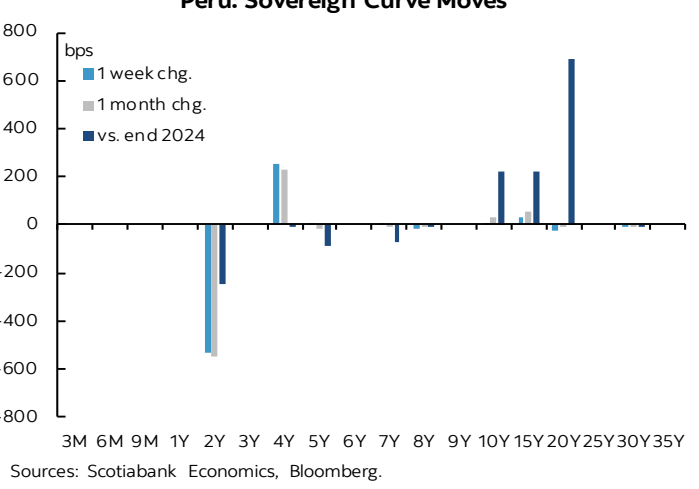


Chart 18



## Market Events & Indicators for June 14 - 27

### CHILE

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Jun-17	18:00	Overnight Rate Target (%)	17-Jun	4.75	5.00	5.00	We expect the BCCh to reduce its policy rate to 4.75% at its June 17 meeting.

Jun-18	10:00	Quarterly Monetary Policy Report		--			
Jun-24	9:00	PPI m/m	May	--	--	-0.9	
				--			

### COLOMBIA

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Jun-18	12:00	Economic Activity NSA y/y	Apr	0.8	--	4.52	Economic activity is improving amid a gradual recovery, with retail trade showing strong growth in contrast to manufacturing, which has recently slowed. By April, the Colombian economy is reported to have continued its expansion in retail trade, partially offset by the performance of the steel industry and investment-related sectors, which have recently slowed.
Jun-20	11:00	Trade Balance USD mn	Apr	--	--	-897.05	
Jun-20	11:00	Imports CIF Total USD mn	Apr	--	--	5543.05	
Jun-25		Retail Confidence	May	--	--	24.9	
Jun-25		Industrial Confidence	May	--	--	-0.3	
Jun-27	11:00	Urban Unemployment Rate	May	9.5	--	8.74	Employment will continue with increases in labour force participation and increased job creation, primarily in sectors such as commerce, accommodation, and some manufacturing subsectors. For now, the public sector remains dynamic, but this could ease in the second half of the year.
Jun-27	11:00	National Unemployment Rate	May	9.4	--	8.78	
Jun-27	14:00	Overnight Lending Rate (%)	27-Jun	9.00	--	9.25	May inflation was better than expected (0.32% m/m vs 0.35% m/m expected), reinforcing our expectation of a 25 bp cut. We believe the fiscal outlook will continue to be a factor in the board's discussion; however, inflation trends could be more important and prompt the board to cut the rate. It will be important to monitor the market's reaction to the fiscal announcements made prior to the BanRep meeting.

### MEXICO

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Jun 09-16		ANTAD Same-Store Sales y/y	May	--	--	2.4	
Jun-17	11:00	International Reserves Weekly USD mn	13-Jun	--	--	240443	
Jun-18	8:00	Aggregate Supply and Demand (%)	1Q	--	--	1.9	
Jun-20		Citi Survey of Economists		--	--		
Jun-23	8:00	Retail Sales y/y	Apr	--	--	4.3	
Jun-23	8:00	Retail Sales m/m	Apr	--	--	0.5	
Jun-23	8:00	Economic Activity IGAE y/y	Apr	--	--	2.54	
Jun-23	8:00	Economic Activity IGAE m/m	Apr	--	--	-0.36	
Jun-24	8:00	Bi-Weekly CPI (%)	15-Jun	--	--	0.19	
Jun-24	8:00	Bi-Weekly Core CPI (%)	15-Jun	--	--	0.15	
Jun-24	8:00	Bi-Weekly CPI y/y	15-Jun	--	--	4.62	
Jun-24	8:00	Bi-Weekly Core CPI y/y	15-Jun	--	--	4.15	
Jun-24	11:00	International Reserves Weekly USD mn	20-Jun	--	--	240443	
Jun-26	8:00	Trade Balance USD mn	May	--	--	-88.12	
Jun-26	8:00	Exports USD mn	May	--	--	54295.71	
Jun-26	8:00	Imports USD mn	May	--	--	54383.83	
Jun-26	15:00	Overnight Rate (%)	26-Jun	8.00	--	8.50	
Jun-27	8:00	Unemployment Rate NSA (%)	May	--	--	2.54	
				--			

### PERU

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Jun-15	11:00	Lima Unemployment Rate (%)	May	--	--	5.9	
Jun-15	11:00	Economic Activity y/y	Apr	--	2	4.67	

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.



## Market Events &amp; Indicators for June 14 - 27

## 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>
Jun-16	7:00 FGV CPI IPC-S (%)	15-Jun	--	--	0.41	
Jun-16	7:00 FGV Inflation IGP-10 y/y	Jun	--	--	7.54	
Jun-16	7:00 FGV Inflation IGP-10 m/m	Jun	--	--	-0.01	
Jun-16	7:25 Central Bank Weekly Economist Survey		--			
Jun-16	8:00 Economic Activity m/m	Apr	--	--	0.8	
Jun-16	8:00 Economic Activity y/y	Apr	--	--	3.49	
Jun-16	14:00 Trade Balance Weekly USD mn	15-Jun	--	--	1980.3	
Jun-17	4:00 FIPE CPI - Weekly (%)	15-Jun	--	--	0.26	
<b>Jun-18</b>	<b>17:30 Selic Rate (%)</b>	<b>18-Jun</b>	<b>--</b>	<b>14.75</b>	<b>14.75</b>	
Jun-23	7:25 Central Bank Weekly Economist Survey		--			
Jun-23	14:00 Trade Balance Weekly USD mn	22-Jun	--	--	1980.3	
Jun-24	7:00 Central Bank Meeting Minutes		--			
Jun-24	7:00 FGV Consumer Confidence	Jun	--	--	86.7	
Jun-25	4:00 FIPE CPI - Weekly (%)	22-Jun	--	--	0.26	
Jun-25	7:00 FGV Construction Costs m/m	Jun	--	--	0.26	
Jun-25	7:30 Current Account Balance USD mn	May	--	--	-1347.4	
Jun-25	7:30 Foreign Direct Investment USD mn	May	--	--	5491	
Jun-26	7:00 Central Bank Monetary Policy Report		--			
Jun-26	8:00 IBGE Inflation IPCA-15 y/y	Jun	--	--	5.4	
Jun-26	8:00 IBGE Inflation IPCA-15 m/m	Jun	--	--	0.36	
Jun-27	7:00 FGV Inflation IGPM m/m	Jun	--	--	-0.49	
Jun-27	7:00 FGV Inflation IGPM y/y	Jun	--	--	7.02	
Jun-27	7:30 Personal Loan Default Rate (%)	May	--	--	5.95	
Jun-27	7:30 Outstanding Loans m/m	May	--	--	0.7	
Jun-27	7:30 Total Outstanding Loans BRL bn	May	--	--	6597.251	
Jun-27	8:00 National Unemployment Rate (%)	May	--	--	6.6	
Jun-27	Central Govt Budget Balance BRL bn	May	--	--	17.78207	
Jun-27	Federal Debt Total BRL bn	May	--	--	7617	
Jun 27-30	Formal Job Creation Total	May	--	--	257528	

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.

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