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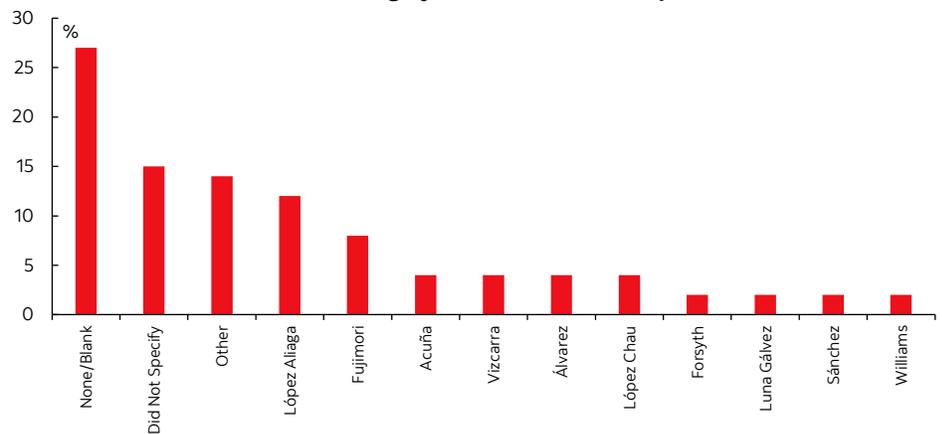
Latam Weekly: Mid-Month Mexico and Brazil CPI, Banxico Report

HIGHLIGHTS

- Friday's U.S. Supreme Court tariffs ruling is closing the week with some trade optimism but also some uncertainty on the future of the U.S.'s tariffs, coming ahead of what should be a relatively quiet week on the global data front. A bare U.S. data calendar contrasts with CPI releases from other major economies. Wednesday's Nvidia results and Trump's State of the Union address round out the calendar.
- In Latam, the spotlight will be on Mexican and Brazilian mid-month CPI, with the former expected to accelerate and the latter seen decelerating on base effects in food and energy, respectively.
- Banxico publishes updated economic forecasts in its quarterly report with economists paying attention to the reasoning behind its expectations for inflation convergence in 2Q27. In today's note, the team goes over the mixed drivers behind Mexico's economic weakness, pinning depressed industrial activity and investment against consumer resilience.
- Peru's calendar is mostly empty with markets focused on events during the first few days of President Balcázar's brief presidency ahead of the April election. Political noise aside, macro fundamentals are solid in the country, with our local team highlighting in today's Weekly the strong growth of personal savings in 2025.
- Chile's Friday macro flood will give us a good sense of how the country's economy kicked off the year after a soft close to 2025 due to mining output disruptions.

Chart of the Week

Peruvians Remain Highly Undecided for the April Election



Sources: Scotiabank Economics, Ipsos (Feb. 5-6, 2026).

Chart of the Week: Prepared by: Anthony Bambokian, Senior Economic Analyst.

Mid-Month Mexico and Brazil CPI, Banxico Report

- **Friday's U.S. Supreme Court tariffs ruling is closing the week with some trade optimism but also some uncertainty on the future of the U.S.'s tariffs, coming ahead of what should be a relatively quiet week on the global data front. A bare U.S. data calendar contrasts with CPI releases from other major economies. Wednesday's Nvidia results and Trump's State of the Union address round out the calendar.**
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- **Chile's Friday macro flood will give us a good sense of how the country's economy kicked off the year after a soft close to 2025 due to mining output disruptions.**

There are only a few bits and pieces in next week's global calendar to keep markets occupied to close out the month on a relatively quiet note (at least as far as data are concerned). Friday's U.S. Supreme Court ruling against the White House's emergency powers tariffs has now opened the door of uncertainty to what tools the Trump administration may deploy to reimpose higher duties. The U.S. President has already announced a 10% global tariff, but he may soon launch unfair trade practices investigations (section 301) on certain countries to allow for higher duties.

Developments on the tariffs front may move global markets, as could news out of the Middle East with the U.S. building forces in the region with Iran under pressure to agree to a new nuclear deal. WTI/Brent crude oil prices have risen by 15–18% in the year-to-date in USD terms (practically equal to gold and silver gains) on risks of supply disruptions in the Persian Gulf. Were the conflict to escalate, extending the rise in energy prices, central bankers around the globe may have revisit their inflation forecasts for the coming months or take a more cautious stance to policymaking.

On the Latam data front, Mexico and Brazil mid-month inflation figures out on Tuesday and Friday, respectively, are the highlight, accompanied by Chile's January macro flood at the close of the week. From Mexico, we also get the second release of 4Q GDP and December economic activity figures on Monday, and Banxico releases its quarterly report on Thursday on the heels of the latest meeting minutes (see [here](#)), with a focus on how the bank assesses the impact of soft drinks and cigarette tax hikes and tariff hikes. Colombia only offers unemployment rate data.

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February 20, 2026

Peru's calendar is bare outside of the INEI's own release of 4Q GDP data, which we already know from the BCRP grew by 3.2% y/y. However, the attention will be on Balcázar's first days as the country's president (see [here](#)), whose first hours already saw the unexplained removal of Petroperu's head by the state-owned oil company's board—possibly taking advantage of the leadership void in government since President Jeri's impeachment earlier this week. Peru continues to chug along despite political noise, while Peruvians grew their savings by the most on record last year (ex. pandemic), as covered by our local team in today's Weekly, benefitting from solid growth and low inflation.

Our economists estimate that Mexican inflation accelerated to 4.1% y/y in the first half of February, from a 3.8% pace in H2-Jan, pressured by higher fresh food prices off a low base of comparison last year, while core inflation is seen holding steady at 4.6% y/y with no real impact from higher import tariffs (yet, at least) and higher drinks/tobacco taxes already having been reflected in last month's data. There may be more interest in how inflation evolves a few months from now to gauge whether merchandise prices are impacted by tariffs and if inflation shows signs that it could converge to the 3% goal in 2Q27, as Banxico expects but economists do not. The reasons behind this optimistic view on inflation should be laid out in Thursday's quarterly report, which will also include new projections for GDP growth. Monday's second 4Q GDP release should offer no surprises, while our team goes over the mixed drivers behind Mexico's economic weakness in today's note, pinning depressed industrial activity and investment against consumer resilience resulting in a net underperformance for growth.

Brazilian inflation likely slowed down considerably in February IPCA-15 data to the high-3s from 4.5% y/y in January due to base effects mainly concentrated in energy prices (residential electricity costs climbed 16% m/m last February in mid-month print). That aside, the focus will be on underlying components of the basket for signs of additional deceleration across the various core measures that the BCB follows. Local markets have had a bit of a difficult time in pinning down the size of the BCB's first rate cut next month, but yesterday's stronger than expected economic activity reading for December (growth of 3.1% vs 2.3% median) nevertheless reinforced traders' views that officials will kick off the cycle with a 50bps move.

On Friday, Chile's INE publishes January retail sales, unemployment rate, and industrial/manufacturing/copper production figures that will paint a fairly comprehensive picture of how Chile's economy has kicked off the year after a muted close to 2025, with December economic activity only expanding by 1.7% due to setbacks in copper production while non-mining GDP ended with a firmer 3% y/y rise. Retail sales are expected to slow to the high-3s from a 4.5% gain in December continuing a decelerating trend since October from a very strong pace to more 'normal' yet still solid growth.

Outside of Latam, and aside from geopolitical and tariff developments, markets will digest only the Conference Board Survey report and PPI figures out of the U.S., with a fuller calendar in the other advanced economies that includes Australia, Tokyo, German, French, and Spanish CPI, as well as Canadian 4Q GDP data. Trump's State of the Union address on Tuesday may be more noise than policy. In markets, Nvidia's results on Wednesday may end up shaping the equities mood for the balance of the week, and possibly beyond with a lot (index-wise and economy-wise) riding on the AI buildout wherein Nvidia plays a central role.

Country Updates

Mexico—The Resilience of Consumption: The Main Driver of Aggregate Demand

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The Mexican economy has shown sustained weakness over recent quarters. On the side of economic activity, the industrial sector has experienced a marked slowdown: since April it had been posting negative rates, and only toward December did it begin to stabilize. From the perspective of aggregate demand, investment has also been a source of fragility, accumulating fifteen consecutive months of declines with no clear signs of recovery. Added to this is a less dynamic external sector, which has limited the growth contributions coming from international trade.

In contrast, domestic consumption has continued to play a fundamental role as the main driver of aggregate demand. The strength of household spending since June of last year has allowed economic activity to maintain some dynamism, even amid a broader slowdown. In recent months, consumption indicators have shown moderate but steady growth; although some components have lost momentum—particularly the segment of domestically produced goods—household spending has remained relatively firm. This has supported the continuity of consumption even as overall economic activity has tended to weaken.

This trend is noteworthy considering that the general consumer confidence index remains below the 50-point threshold, although both the current situation and household expectations components have consistently remained above that benchmark.

This behavior is also reflected in the performance of formal commerce. In December, sales reported by INEGI showed broad-based increases across components, while in January 2026, ANTAD sales also displayed generalized gains. Altogether, ANTAD sales in January reached 136.3 billion pesos, confirming that despite a less dynamic economic environment, consumption continues to demonstrate resilience—particularly in categories linked to essential goods and related services.

While risks lie ahead, particularly those associated with financial conditions and the labour market, consumption is expected to remain a key pillar of growth in the coming months. The crucial factor will be whether those drivers that have maintained or recently shown strength can continue to hold up amid an uncertain domestic environment.

Peru—Household Savings Reached a Record High in 2025, with a Stable Outlook Ahead

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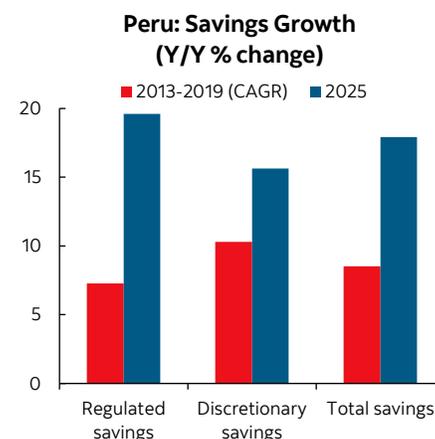
Household savings add to the set of positive indicators that have performed better than expected. Savings expanded by 17.9% in 2025, accelerating from the 14.3% recorded in 2024.

This performance was supported by a favourable macroeconomic environment:

- Low inflation, currently at 1.7% as of January, and which we expect to remain below the 2% midpoint of the target range through the third quarter of 2026. This boosts household purchasing power and provides greater room for savings.
- A solid labour market, with adequately employed workers increasing by 11.8% during the year and labour income rising 9.0%.

The rise in savings marks a record high, except for 2020—a non-comparable pandemic year during which four extraordinary withdrawals from pension funds (AFPs) totaling S/ 33.7 billion were authorized, prompting households to prioritize savings while limiting consumption amid heightened uncertainty. The current situation, however, is markedly different given the stability of the macroeconomic environment.

Chart 1



Sources: Asbanc, Fondos mutuos, Scotiabank Peru Economics

Regulated savings—Funds deposited mandatorily as part of labour-related compensation consist of savings accounts, demand deposit accounts, and Compensation for Time of Service (CTS) accounts. This category registered strong growth of 19.6% at the close of 2025, well above the historical average of 7.3%.

Savings deposits led this performance, growing 18.1%. They are the largest component of household savings, representing 52% of the total. This form of savings continued to grow at a double-digit rate throughout the year, with additional momentum in the last two months due to pension fund withdrawals, which are typically deposited first in these accounts. This effect is expected to continue through the first quarter of 2026.

The balance of CTS accounts increased by 10.2% year-on-year. This reflects a base effect, as fewer withdrawals occurred in 2025 compared with 2024 amid expectations that full liquidity access will remain in place through the end of 2026. Nevertheless, CTS balances remain 60% below pre-pandemic levels due to the continuous withdrawals authorized since 2020. CTS deposits currently account for only 2.6% of total deposits, compared with more than 10% before the pandemic.

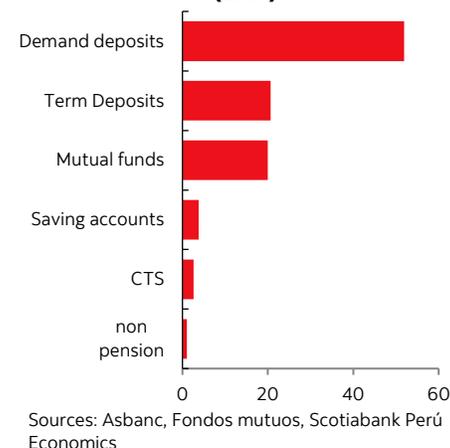
Discretionary savings—Voluntary savings, consisting of term deposits, mutual funds, and non-pension investment funds, grew 15.6% at year-end, well above the historical average of 10.3%.

Assets under management in mutual funds for retail investors continued to support discretionary savings, recording robust growth of 40% in 2025. This type of savings has maintained strong momentum for more than two years, during which it has grown at double-digit rates. Term deposits entered negative territory in 2025, decreasing by 0.6% due to lower interest rates. Finally, non-pension investment funds, which represent 1.0% of total savings, closed the year with 19.0% growth and a balance of S/ 2.5 billion.

We expect household savings to grow around 10% this year, assuming current conditions persist. Growth will continue to be supported by mutual fund investments and savings accounts. Conversely, term deposits are likely to remain weak, and CTS balances are expected to decline as the period of full liquidity access expires in December.

Chart 2

Peru: Savings Composition (in %)



Market Events & Indicators for February 21–March 6

CHILE

Date	Time Event	Period	BNS	Consensus	Latest	BNS Comments
Feb-24	7:00 PPI m/m	Jan	--	--	3.8	
Feb-27	7:00 Retail Sales y/y	Jan	--	--	4.46	
Feb-27	7:00 Commercial Activity y/y	Jan	--	--	5.9	
Feb-27	7:00 Unemployment Rate (%)	Jan	--	--	8	
Feb-27	7:00 Industrial Production y/y	Jan	--	--	-1.9	
Feb-27	7:00 Manufacturing Production y/y	Jan	--	--	0.1	
Feb-27	7:00 Copper Production Total (MT)	Jan	--	--	540221	
Mar-02	6:30 Economic Activity m/m	Jan	--	--	0.6	
Mar-02	6:30 Economic Activity y/y	Jan	--	--	1.67	
Feb 27-Mar 04	IMCE Business Confidence	Feb	--	--	52.12	
Mar-05	7:00 Nominal Wage y/y	Jan	--	--	5.94	
Mar-06	6:00 CPI y/y Chained	Feb	--	--	2.8	
Mar-06	6:00 CPI m/m	Feb	--	--	0.4	

MEXICO

Date	Time Event	Period	BNS	Consensus	Latest	BNS Comments
Feb-23	7:00 GDP Full Year y/y	2025	--	--	1.5	
Feb-23	7:00 GDP NSA y/y	4Q F	--	--	1.6	
Feb-23	7:00 GDP SA q/q	4Q F	--	--	0.8	
Feb-23	7:00 GDP Nominal y/y	4Q	--	--	4.1	
Feb-23	7:00 Economic Activity IGAE y/y	Dec	--	--	-0.1	
Feb-23	7:00 Economic Activity IGAE m/m	Dec	--	--	-0.2	
Feb-24	7:00 Bi-Weekly CPI (%)	15-Feb	0.4	--	0.2	
Feb-24	7:00 Bi-Weekly Core CPI (%)	15-Feb	0.3	--	0.3	
Feb-24	7:00 Bi-Weekly CPI y/y	15-Feb	4.1	--	3.8	
Feb-24	7:00 Bi-Weekly Core CPI y/y	15-Feb	4.6	--	4.6	
Feb-25	10:00 Current Account Balance (USD mn)	4Q	--	--	2325	
Feb-26	7:00 Unemployment Rate NSA (%)	Jan		--	2.4	
Feb-26	13:30 Mexican Central Bank Releases Inflation Report		3.1			
Feb-27	7:00 Trade Balance (USD mn)	Jan	--	--	2429.6	
Feb-27	7:00 Exports (USD mn)	Jan	--	--	60650.7	
Feb-27	7:00 Imports (USD mn)	Jan	--	--	58221.1	
Mar-02	10:00 Remittances Total (USD mn)	Jan	--	--	5322	
Mar-02	10:00 S&P Global Mexico Manufacturing PMI	Feb	--	--	46.3	
Mar-02	13:00 IMEF Manufacturing Index SA	Feb	--	--	46.4	
Mar-02	13:00 IMEF Non-Manufacturing Index SA	Feb	--	--	49.2	
Mar-02	Mexican Public Balance	Jan	--	--	-1365.5	
Mar-03	10:00 Central Bank Economist Survey		--			
Mar-04	7:00 Vehicle Domestic Sales	Feb	--	--	131472	
Mar-05	7:00 Gross Fixed Investment NSA y/y	Dec	--	--	-6.4	
Mar-05	7:00 Gross Fixed Investment SA m/m	Dec	--	--	0.4	
Mar-05	7:00 Private Consumption y/y	Dec	--	--	1.4	
Mar-05	7:00 Consumer Confidence	Feb	--	--	44.0	
Mar-05	Citi Survey of Economists		--			
Mar 04-Mar 10	Formal Job Creation Total	Feb	--	--	-8.1	

PERU

Date	Time Event	Period	BNS	Consensus	Latest	BNS Comments
Feb-23	GDP y/y	4Q	3.2	2.8	3.4	
Mar-01	10:00 Lima CPI y/y	Feb	--	--	1.7	
Mar-01	10:00 Lima CPI m/m	Feb	--	--	0.1	

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for February 21–March 6

BRAZIL

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Feb-23	6:00 FGV Consumer Confidence	Feb	--	--	87.3	
Feb-23	6:25 Central Bank Weekly Economist Survey		--	--		
Feb-24	6:30 Current Account Balance (USD mn)	Jan	--	--	-3362.8	
Feb-24	6:30 Foreign Direct Investment (USD mn)	Jan	--	--	-5248.3	
Feb-25	6:30 Outstanding Loans m/m	Jan	--	--	1.8	
Feb-25	6:30 Total Outstanding Loans (BRL bn)	Jan	--	--	7122.6	
Feb-26	Central Govt Budget Balance (BRL bn)	Jan	--	--	22.1	
Feb-27	6:30 Net Debt % GDP	Jan	--	--	65.3	
Feb-27	7:00 IBGE Inflation IPCA-15 m/m	Feb	--	--	0.2	
Feb-27	7:00 IBGE Inflation IPCA-15 y/y	Feb	--	--	4.5	
Feb-27	Formal Job Creation Total	Jan	--	--	-618164	
Mar-02	6:25 Central Bank Weekly Economist Survey		--	--		
Mar-02	8:00 S&P Global Brazil Manufacturing PMI	Feb	--	--	47.0	
Mar-03	7:00 GDP q/q	4Q	--	--	0.1	
Mar-03	7:00 GDP y/y	4Q	--	--	1.8	
Mar-04	8:00 S&P Global Brazil Composite PMI	Feb	--	--	49.9	
Mar-04	8:00 S&P Global Brazil Services PMI	Feb	--	--	51.3	
Mar-05	7:00 National Unemployment Rate (%)	Jan	--	--	5.1	
Mar-05	13:00 Trade Balance Monthly (USD mn)	Feb	--	--	4342.8	
Mar-05	13:00 Exports Total (USD mn)	Feb	--	--	25153.2	
Mar-05	13:00 Imports Total (USD mn)	Feb	--	--	20810.4	
Mar-06	7:00 Industrial Production m/m	Jan	--	--	-1.2	
Mar-06	7:00 Industrial Production y/y	Jan	--	--	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>
Feb-25	Industrial Confidence	Jan	--	--	-0.7	
Feb-25	Retail Confidence	Jan	--	--	17.8	
Feb-27	10:00 National Unemployment Rate (%)	Jan	--	--	8.0	
Feb-27	10:00 Urban Unemployment Rate (%)	Jan	--	--	7.8	
Feb-27	Central Bank Board Meeting		--	--		
Mar-02	10:00 Davivienda Colombia PMI Mfg	Feb	--	--	50.0	
Mar-02	Current Account Balance (USD mn)	4Q	--	--	-2853.0	
Mar-03	10:00 Exports FOB (USD mn)	Jan	--	--	4540.5	
Mar-06	18:00 CPI m/m	Feb	--	--	1.2	
Mar-06	18:00 CPI y/y	Feb	--	--	5.4	
Mar-06	18:00 CPI Core m/m	Feb	--	--	1.1	
Mar-06	18:00 CPI Core y/y	Feb	--	--	5.4	

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.

Forecast Updates: Central Bank Policy Rates and Outlook

Latam Central Banks: Policy Rates and Outlook

	Next Scheduled Meeting			BNS Forecast		BNS guidance for next monetary policy meeting
	Current	Date	BNS	End-2026	End-2027	
Chile, BCCh, TPM	4.50%	Mar-24	4.25%	4.25%	4.25%	We reiterate our call for a 25 bps rate cut on March 24, bringing the policy rate to the new neutral centre of 4.25%.
Mexico, Banxico, TO	7.00%	Mar-26	7.00%	6.50%	6.75%	Banxico paused its easing cycle in its latest decision. If inflationary pressures persist over the next couple of months—particularly in core prices—while the Mexican peso remains near its recent levels, the economy continues to stagnate, and the rate spread between Banxico and the Fed remains unchanged, there would be no need to cut rates until May.
Peru, BCRP, TIR	4.25%	Mar-12	4.00%	4.00%	4.00%	We continue to anticipate one final cut, driven by weak inflationary pressures and the low level of the exchange rate. However, we believe that the Central Bank would seek greater confidence that inflation expectations continue to decline, and as long as economic expectations keep improving, it would remain comfortable with the current level.
Brazil, BCB, Selic	15.00%	Mar-18	14.50%	12.25%	10.50%	

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

Key Economic Charts

Chart 1

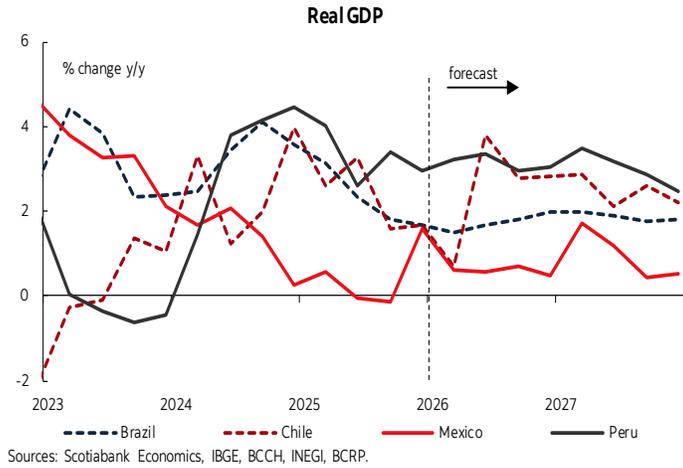


Chart 2

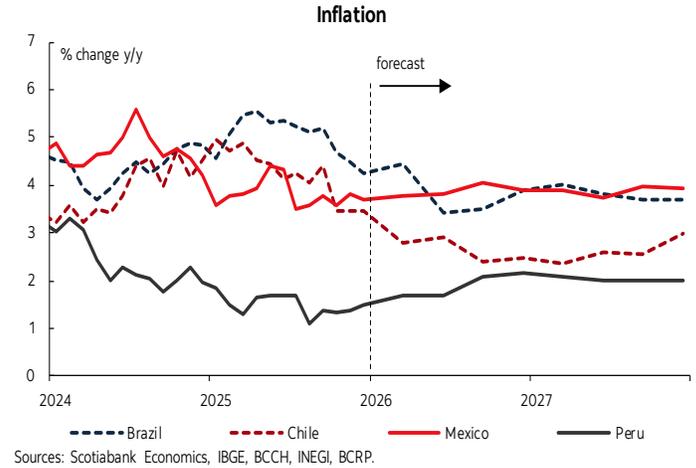


Chart 3

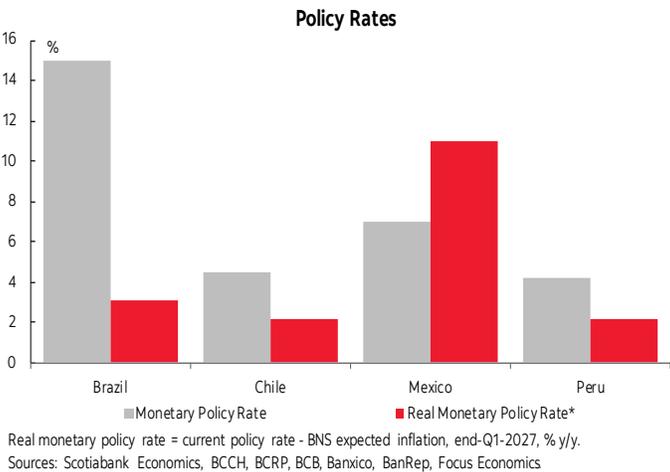
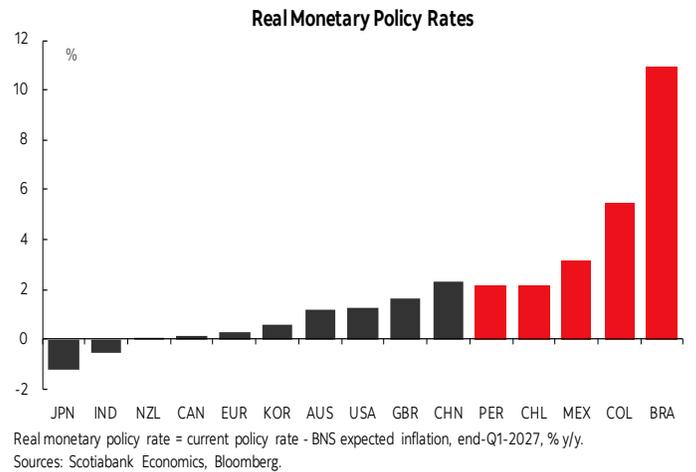


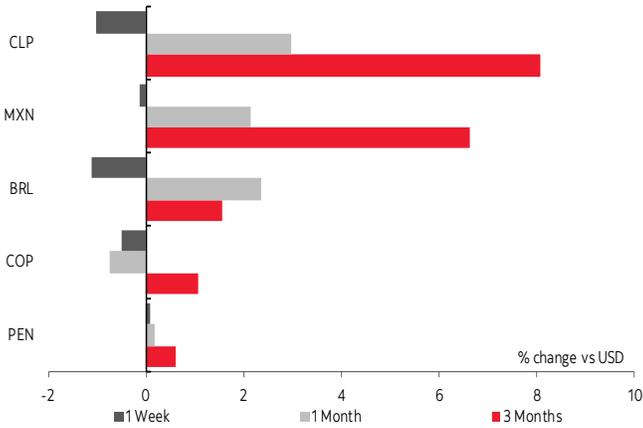
Chart 4



Key Market Charts

Chart 1

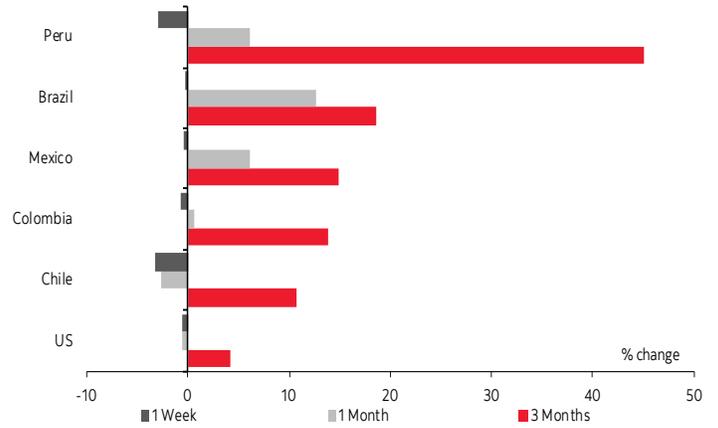
Latam Currencies Performance



Sources: Scotiabank Economics, Bloomberg.

Chart 2

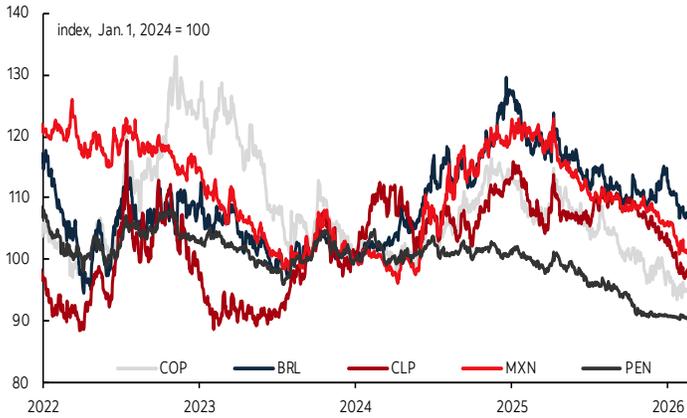
Latam Equities Performance



Sources: Scotiabank Economics, Bloomberg.

Chart 3

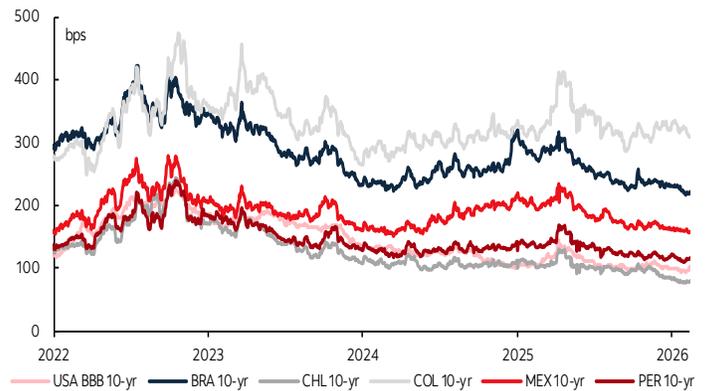
USD vs Latam Currencies



Sources: Scotiabank Economics, Bloomberg.

Chart 4

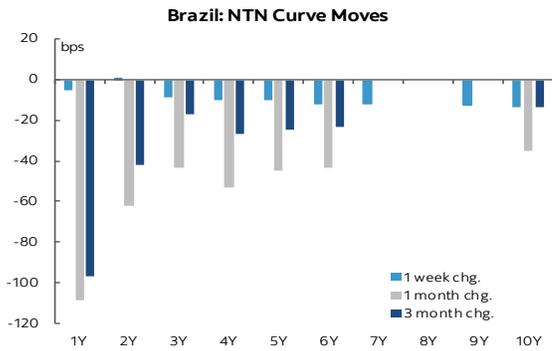
10-yr CDS Spreads: Latam Sovereigns & US BBB Corporates vs US*



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

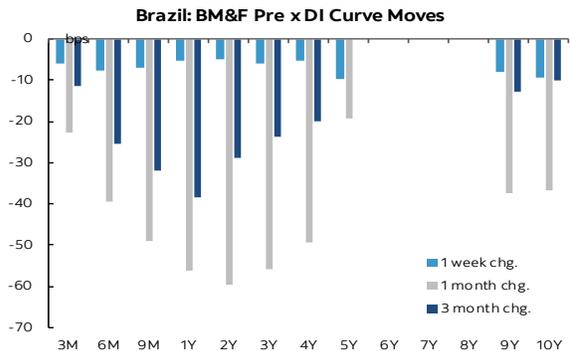
Yield Curves

Chart 1



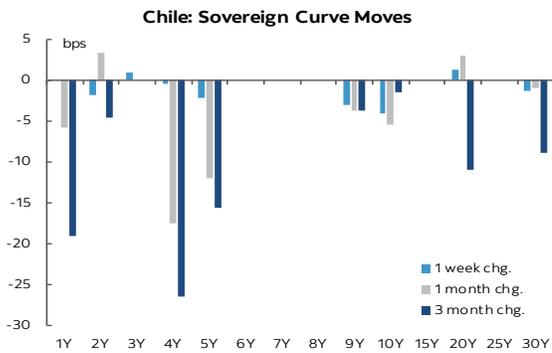
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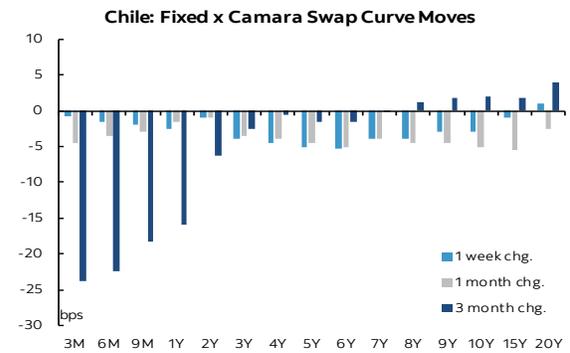
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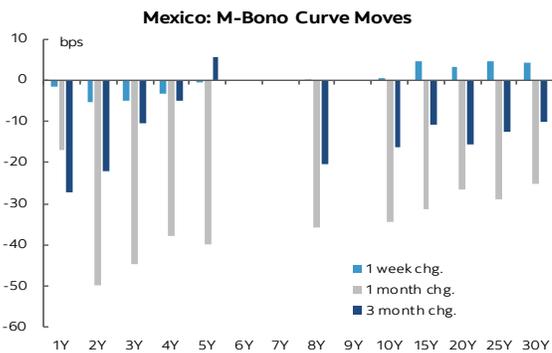
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Chart 4



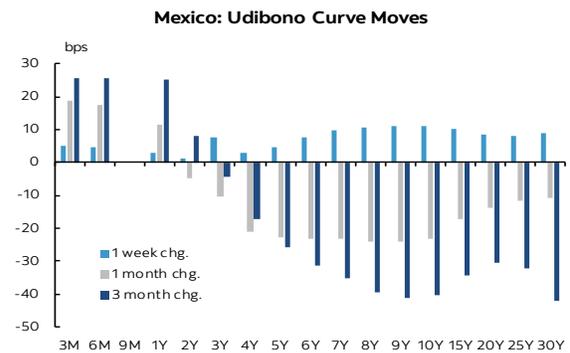
Sources: Scotiabank Economics, Bloomberg.

Chart 5



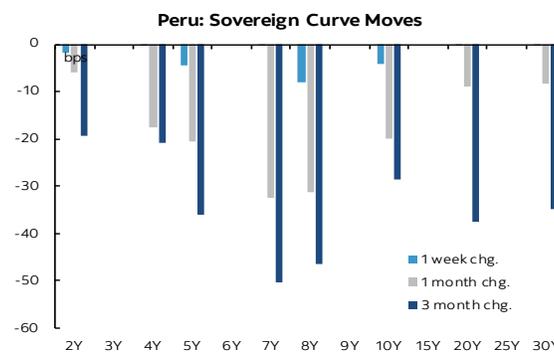
Sources: Scotiabank Economics, Bloomberg.

Chart 6



Sources: Scotiabank Economics, Bloomberg.

Chart 7



Sources: Scotiabank Economics, Bloomberg.

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