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GLOBAL ECONOMICS

LATAM WEEKLY

July 24, 2026

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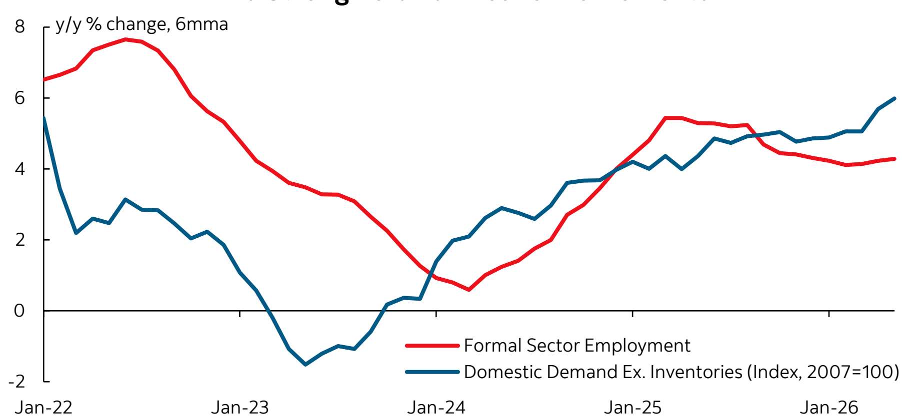
Latam Weekly: BCCh, BanRep, Fed, and Global Macro

HIGHLIGHTS

- **We have a busy week ahead around the globe that includes BCCh, BanRep, Fed, BoJ, and BoE policy announcements, a bunch of key economic data in Latam and the G10, a full slate of corporate earnings releases, and likely more Middle East uncertainty.**
- **Mexican Q2 GDP, Chile's June macro flood, and mid-July Brazilian inflation are the Latam data highlights that will join a likely rate hold by the BCCh and an unknown magnitude hike by BanRep. Fujimori takes over as Peru's president on Tuesday, with the country's markets closed from Monday to Wednesday for the holidays.**
- **In today's report, the team in Mexico discusses recent economic trends, as growth momentum remains uneven, auguring caution for expectations that Mexico is entering a firmer and more sustained growth path.**

Chart of the Week

Peru: Fujimori Begins Presidency Amid Strong Peruvian Economic Momentum



Sources: Scotiabank Economics, BCRP.

Chart of the Week: Prepared by: Syed Hasnain Abbas, Economic Analyst.

BCCh, BanRep, Fed, and Global Macro

- **We have a busy week ahead around the globe that includes BCCh, BanRep, Fed, BoJ, and BoE policy announcements, a bunch of key economic data in Latam and the G10, a full slate of corporate earnings releases, and likely more Middle East uncertainty.**
- **Mexican Q2 GDP, Chile's June macro flood, and mid-July Brazilian inflation are the Latam data highlights that will join a likely rate hold by the BCCh and an unknown magnitude hike by BanRep. Fujimori takes over as Peru's president on Tuesday, with the country's markets closed from Monday to Wednesday for the holidays.**
- **In today's report, the team in Mexico discusses recent economic trends, as growth momentum remains uneven, auguring caution for expectations that Mexico is entering a firmer and more sustained growth path.**

We have a busy week ahead around the globe combining several central bank announcements, a bunch of key economic data, a full slate of earnings releases, and more Middle East uncertainty as if the last few days hadn't already been full of intrigue—where 'replacement' U.S. tariffs were far from being the main story this week.

The concentration of tech earnings (Meta, Microsoft, SK Hynix, Samsung, Amazon, etc.) and central bank meetings (Fed, BoJ, BoE, BCCh, and BanRep) next week is sure to leave an imprint on markets that are wobbling in picking a view for the next leg in markets on the back of AI hopes as well as the possible path for policy rates, with traders layering on hike bets alongside the $25-30/bbl rise in Brent oil prices since early-July.

Some rumblings of a possible rapprochement between the U.S. and Iran are taking some pressure off energy markets heading into the weekend, but markets likely want to see some level of formality to talks before confidently pulling energy prices lower. Tanker crossings via the Strait of Hormuz have practically fallen back to zero, according to Bloomberg data, although there has not yet been a clear impact on crossings through the Bab el Mandeb Strait (and these will now be closely monitored).

In Latin America, the BCCh and BanRep rate announcements (hold and hike, respectively) are accompanied by relatively full economic schedules in Chile, Brazil, and Mexico, all in contrast to a blank macro calendar in Peru where the main event will be the beginning of Keiko Fujimori's presidential term on Tuesday; local markets are closed from Monday to Wednesday. Outside of the region, each of the Fed, BoE, and BoJ are expected to hold, but are all facing pressures to tighten policy so guidance will be in focus. Data-wise, Q2 GDP in the U.S. and Eurozone, May/June Canadian GDP, June U.S. PCE, and July Eurozone inflation are the standouts.

Starting with Mexico, we'll get Q2 GDP data on Thursday that should show the country rebounded with a ~1.5% y/y expansion following a muted 0.2% y/y rise in Q1, when GDP also fell by 0.6% q/q. Mexico's economy likely expanded by around 1% q/q last quarter, thus easily clearing the risk of a second consecutive quarterly decline that would meet a simple definition of recession. As explained in today's report by our local team, growth momentum remains choppy and not broad-based across the various sectors, auguring caution in expecting that Mexico is heading into a firmer growth

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trajectory. On a 3m/3m seasonally-adjusted basis, Mexico's economic activity index (IGAE) grew by 1.3% in the quarter to May although activity contracted 0.3% m/m in May after a strong 1.4% m/m that kicked off the quarter in April.

The BCCh faces conflicting signals for policy-setting. Economic data so far in 2026 have been highly underwhelming but inflation risks are elevated. The BCCh is widely expected to keep its policy rate unchanged at 4.50% so our attention will be on their assessment of this uncomfortable balance. June inflation at 4.3% y/y surprised to the upside relative to the BCCh's June Monetary Policy Report forecast and external prices risks have drastically heightened since that projection round. On the other hand, economic activity unexpectedly contracted by 0.2% m/m (-0.9% y/y) in May, for a year-to-May GDP contraction of 0.7% y/y.

Were economic woes confined to the resources sector, like mining GDP falling 6.8% y/y year-to-date (ytd), the data could be partly shrugged off, but non-mining sector activity only expanded by 0.2% y/y ytd with all of the main sectors slowing so far in 2026. After the BCCh's decision on Tuesday, we get June data for retail sales, commercial activity, industrial production, copper output, and the unemployment rate on Friday. As far as market pricing is concerned, this balance points to unchanged BCCh policy rates over the next year or so.

July IPCA-15 inflation is the main thing to watch in Brazil, with economists expecting little movement (perhaps a small deceleration) in headline inflation from a prior reading of 4.8%. Since the start of the year, markets have sharply trimmed their bets on BCB cuts in 2026 as stronger than expected economic readings clash with inflationary upside. At writing, BCB rate cut bets sit at about net zero by year-end, but are pricing in a cut in August that would then be followed by a hike by December. Beyond the data, we'll see whether the 'ceasefire' between presidential candidate Flavio Bolsonaro and his stepmother Michelle helps him improve his chances at the presidency, particularly his public opinion among women, as he officially launches his candidacy this weekend, facing an uphill battle against the frontrunner incumbent, Lula.

Country Updates

Mexico—Inflation Moderates, but the Economic Recovery Remains Uneven

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Data released this week offered mixed signals on the evolution of the Mexican economy. On one hand, inflation continued to decelerate, reaching its lowest level for a June month since 2013 in biweekly terms and its lowest annual level since late 2020, ahead of schedule for its convergence to target expected by Banco de México, which had anticipated this would occur in Q2-27. On the other hand, economic activity lost momentum in May, suggesting that the recovery observed in March and April cannot yet be considered consolidated.

The Global Indicator of Economic Activity (IGAE) posted annual growth of 1.1% in May, below the 2.3% recorded in April. More importantly, in seasonally adjusted terms, economic activity fell by -0.3% compared with the previous month, interrupting three consecutive months of expansion. Although the result keeps the economy in positive territory compared with the previous year, it also confirms that the recovery process remains fragile and highly dependent on a few specific sectors.

A sector-level analysis reveals an economy with highly differentiated performance. Among the activities that continue to support growth, the primary sector stands out, favoured by a recovery in agricultural production, which could be helping ease prices for these products through greater supply. Within services, wholesale trade, health and social assistance services, and some activities linked to transportation and logistics also stand out. The strong growth in wholesale trade suggests that demand associated with inventory replenishment and production chains related to investment and infrastructure projects persists.

Mining also maintained a positive contribution, benefiting from higher extractive production after several quarters of weakness. This performance partially confirms the improvement observed in previous months and helps offset the deterioration in other industrial activities.

However, the recovery lost one of the drivers that had stood out in recent months. Construction registered an annual contraction, reflecting a moderation in the pace of execution of some projects and showing that the impulse from public and private investment has not been sufficient to sustain the momentum observed previously. Given the sector’s weight across numerous production chains, its slowdown is a cautionary signal for economic performance in the coming months.

Manufacturing, for its part, continued to show weakness and remained in negative territory. Despite strong external demand, trade uncertainty and the moderation of investment continue to limit the sector’s recovery capacity. This situation is particularly relevant given its importance for formal employment.

Meanwhile, services related to temporary accommodation and food and beverage preparation continued to post unfavourable performance. This suggests that consumption associated with tourism and recreational spending remains below expectations, even in an environment supported by the FIFA World Cup.

Overall, the data point to an economic recovery that remains concentrated in a limited number of activities, while strategic sectors such as construction and manufacturing continue to face significant obstacles. This heterogeneity limits the possibility of a sustained acceleration in growth during the second half of the year and suggests that the economy remains vulnerable to external shocks and to a potential moderation in domestic spending.

By contrast, inflation for the first half of July stood at 3.10% annually, broadly in line with expectations and very close to Banco de México’s target. The slowdown continues to be driven by lower pressures in the most volatile components, particularly some agricultural products, while services inflation continues to moderate more slowly and remains the main focus of attention for the monetary authority.

Looking ahead, the macroeconomic outlook continues to be characterized by a combination of more favourable inflation and moderate growth. Although the disinflation process is progressing consistently, the weakness observed in key sectors of economic activity suggests that it is still premature to affirm that the Mexican economy has entered a phase of sustained expansion. The evolution of construction, manufacturing, and services consumption will be decisive in assessing whether the recovery manages to broaden to the rest of the economy or whether growth instead shows renewed signs of stagnation in the coming quarters.

Market Events & Indicators for July 25–August 7

Chile

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Jul-28	**18:00**	**Overnight Rate Target (%)**	**Jul**	**4.50**	**--**	**4.50**	**--**
Jul-31	9:00	Retail Sales y/y	Jun	--	--	4.8	--
Jul-31	9:00	Commercial Activity y/y	Jun	--	--	1.6	--
Jul-31	9:00	Unemployment Rate (%)	Jun	--	--	9.4	--
Jul-31	9:00	Industrial Production y/y	Jun	--	--	-7.5	--
Jul-31	9:00	Manufacturing Production y/y	Jun	--	--	-7.2	--
Jul-31	9:00	Copper Production Total (MT)	Jun	--	--	423623	--
Aug-03	8:30	Economic Activity m/m	Jun	--	--	-0.2	--
Aug-03	8:30	Economic Activity y/y	Jun	--	--	-0.9	--
Aug-05	8:30	Central Bank Meeting Minutes		--	--	--	--
Aug-06	9:00	Nominal Wage y/y	Jun	--	--	3.3	--
Aug-07	8:00	CPI y/y Chained	Jul	--	--	4.3	--
Aug-07	8:00	CPI m/m	Jul	--	--	0.0	--
Aug-07	8:30	Exports Total (USD mn)	Jul	--	--	10789	--
Aug-07	8:30	Imports Total (USD mn)	Jul	--	--	7471	--
Aug-07	8:30	Trade Balance (USD mn)	Jul	--	--	3318.2	--
Aug-07	8:30	International Reserves (USD mn)	Jul	--	--	51876.3	--
Aug-07	8:30	Copper Exports (USD mn)	Jul	--	--	5866.0	--

Mexico

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Jul-27	8:00	Trade Balance (USD mn)	Jun	--	--	2259.2	--
Jul-27	8:00	Exports (USD mn)	Jun	--	--	69544.5	--
Jul-27	8:00	Imports (USD mn)	Jun	--	--	67285.3	--
Jul-30	8:00	GDP NSA y/y	2Q P	1.5	0.9	0.2	--
Jul-30	8:00	GDP SA q/q	2Q P	--	--	-0.6	--
Jul-30		Mexican Public Balance (MXN mn)	Jun	--	--	-418.7	--
Aug-03	11:00	Remittances Total (USD mn)	Jun	--	--	5611.0	--
Aug-03	11:00	S&P Global Mexico Manufacturing PMI	Jul	--	--	51.3	--
Aug-03	11:00	Central Bank Economist Survey		--	--	--	--
Aug-03	14:00	IMEF Manufacturing Index SA	Jul	--	--	48.3	--
Aug-03	14:00	IMEF Non-Manufacturing Index SA	Jul	--	--	49	--
Aug-04	8:00	Vehicle Domestic Sales	Jul	--	--	126778	--
Aug-04	8:00	Consumer Confidence	Jul	--	--	43.8	--
Aug-05	8:00	Gross Fixed Investment NSA y/y	May	--	--	5.9	--
Aug-05	8:00	Gross Fixed Investment SA m/m	May	--	--	4.0	--
Aug-05	8:00	Private Consumption y/y	May	--	--	2.1	--
Aug-05		Citi Survey of Economists		--	--	--	--
Aug-06	**15:00**	**Overnight Rate (%)**	**Aug**	**6.50**	**--**	**6.50**	**--**
Aug-07	8:00	CPI m/m	Jul	-0.1	--	-0.3	--
Aug-07	8:00	CPI y/y	Jul	3.0	--	3.4	--
Aug-07	8:00	CPI Core m/m	Jul	0.4	--	0.2	--
Aug-07	8:00	Bi-Weekly CPI (%)	Jul	0.0	0.1	-0.2	--
Aug-07	8:00	CPI Core y/y	Jul	4.1	--	4.0	--
Aug-07	8:00	Bi-Weekly Core CPI (%)	Jul	0.4	0.2	0.0	--
Aug-07	8:00	Bi-Weekly CPI y/y	Jul	3.0	3.1	3.2	--
Aug-07	8:00	Bi-Weekly Core CPI y/y	Jul	3.8	3.9	3.9	--
Aug-07	8:00	Vehicle Production	Jul	--	--	354221	--
Aug-07	8:00	Vehicle Exports	Jul	--	--	301009	--

Peru

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Aug-01	11:00	Lima CPI y/y	Jul	--	--	4.0	--
Aug-01	11:00	Lima CPI m/m	Jul	--	--	0.2	--

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

Market Events & Indicators for July 25–August 7

Brazil

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Jul-27	7:00	FGV Consumer Confidence	Jul	--	--	88.7	--
Jul-27	7:25	Central Bank Weekly Economist Survey		--	--	--	--
Jul-28	7:30	Current Account Balance (USD mn)	Jun	--	--	-3185.2	--
Jul-28	7:30	Foreign Direct Investment (USD mn)	Jun	--	--	7973.5	--
Jul-28	8:00	IBGE Inflation IPCA-15 m/m	Jul	--	--	0.4	--
Jul-28	8:00	IBGE Inflation IPCA-15 y/y	Jul	--	--	4.8	--
Jul-30	7:30	Outstanding Loans m/m	Jun	--	--	0.6	--
Jul-30	7:30	Total Outstanding Loans	Jun	--	--	7299.6	--
Jul-30	8:00	National Unemployment Rate (%)	Jun	--	--	5.6	--
Jul-30		Formal Job Creation Total	Jun	--	--	72960	--
Jul-30		Central Govt Budget Balance	Jun	--	--	-53.3	--
Jul-31	7:30	Net Debt % GDP	Jun	--	--	67.9	--
Aug-03	7:25	Central Bank Weekly Economist Survey		--	--	--	--
Aug-03	9:00	S&P Global Brazil Manufacturing PMI	Jul	--	--	50.8	--
Aug-04	8:00	Industrial Production m/m	Jun	--	--	-0.2	--
Aug-04	8:00	Industrial Production y/y	Jun	--	--	0.2	--
Aug-05	9:00	S&P Global Brazil Composite PMI	Jul	--	--	50.7	--
Aug-05	9:00	S&P Global Brazil Services PMI	Jul	--	--	51.3	--
Aug-05	**17:30**	**Selic Rate (%)**	**Aug**	**14.00**	**--**	**14.25**	**--**
Aug-06	14:00	Trade Balance Monthly (USD mn)	Jul	--	--	9757.7	--
Aug-06	14:00	Exports Total (USD mn)	Jul	--	--	36277.2	--
Aug-06	14:00	Imports Total (USD mn)	Jul	--	--	26519.5	--

Colombia

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Jul-29		Industrial Confidence	Jun	--	--	-2.9	--
Jul-29		Retail Confidence	Jun	--	--	20.5	--
Jul-31	11:00	National Unemployment Rate (%)	Jun	--	--	8.0	--
Jul-31	11:00	Urban Unemployment Rate (%)	Jun	--	8.7	8.5	--
Jul-31	**14:00**	**Overnight Lending Rate (%)**	**Jul**	**--**	**12.50**	**12.00**	**--**
Aug-03	11:00	Davivienda Colombia PMI Mfg	Jul	--	--	53.7	--
Aug-04	11:00	Exports FOB (USD mn)	Jun	--	--	5193	--
Aug-04		Quarterly Monetary Policy Report		--	--	--	--
Aug-05		Colombia Monetary Policy Minutes		--	--	--	--

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

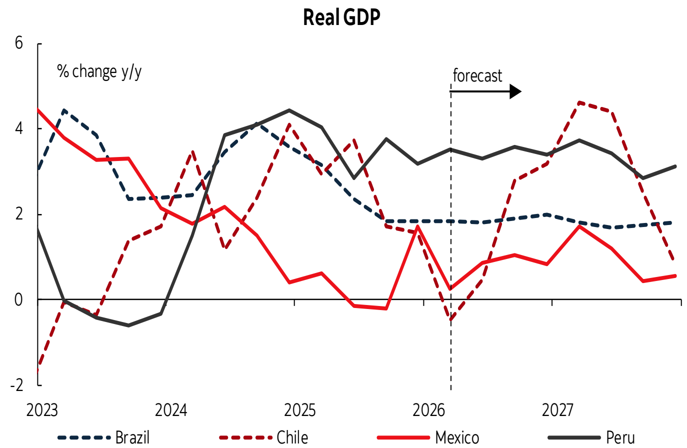
Forecast Updates: Central Bank Policy Rates and Outlook

	Current	Next Scheduled Meeting		BNS Forecast		
		Date	BNS	End-2026	End-2027	BNS Guidance for Next Monetary Policy Meeting
Chile, BCCh, TPM	4.50%	Jul-28	4.50%	4.50%	4.25%	We expect the Central Bank to hold the policy rate at 4.50%.
Mexico, Banxico, TO	6.50%	Aug-06	6.50%	6.50%	6.75%	In Banxico's latest monetary policy decision, the governing Board unanimously voted to maintain the policy rate at 6.50% after concluding the easing cycle that started in 2024. We expect there to be no changes until late next year.
Peru, BCRP, TIR	4.25%	Aug-13	4.25%	4.25%	4.25%	Our year-end inflation forecast stands at 3.7%. It was recently confirmed that the El Niño phenomenon will reach a strong intensity during the summer, which would generate upward pressures toward the end of the year. For the time being, we expect the policy interest rate to remain at 4.25% throughout the year, provided that price fluctuations continue to be transitory.
Brazil, BCB, Selic	14.25%	Aug-05	14.00%	14.00%	12.00%	

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

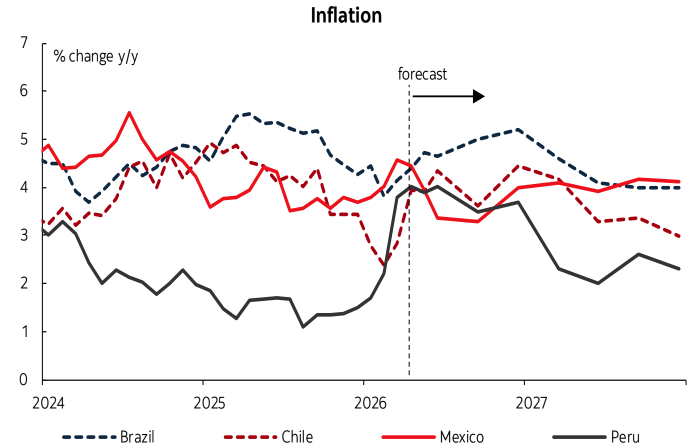
Key Economic Charts

Chart 1



Sources: Scotiabank Economics, IBGE, BCCH, INEGI, BCRP.

Chart 2



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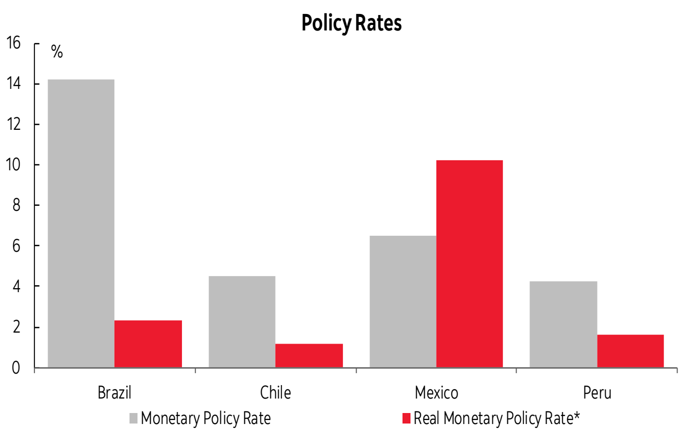
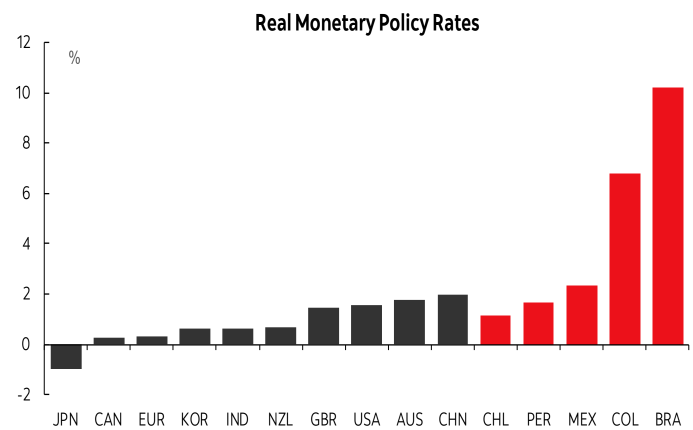


Real monetary policy rate = current policy rate - BNS expected inflation, end-Q3-2027, % y/y.
Sources: Scotiabank Economics, BCCH, BCRP, BCB, Banxico, BanRep, Focus Economics.

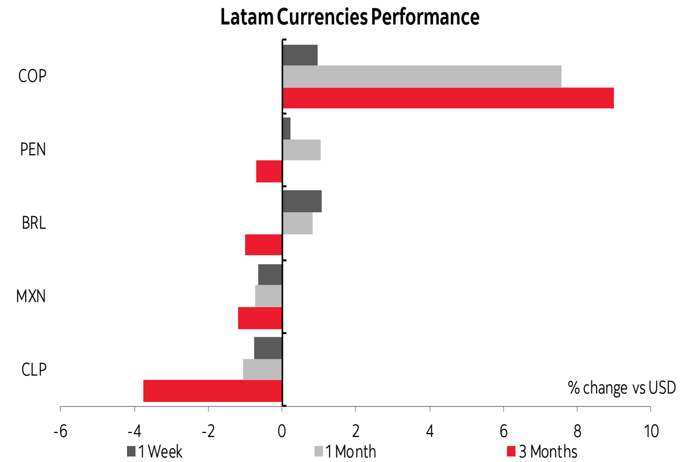
Chart 4



Real monetary policy rate = current policy rate - BNS expected inflation, end-Q3-2027, % y/y.
Sources: Scotiabank Economics, Bloomberg.

Key Market Charts

Chart 1



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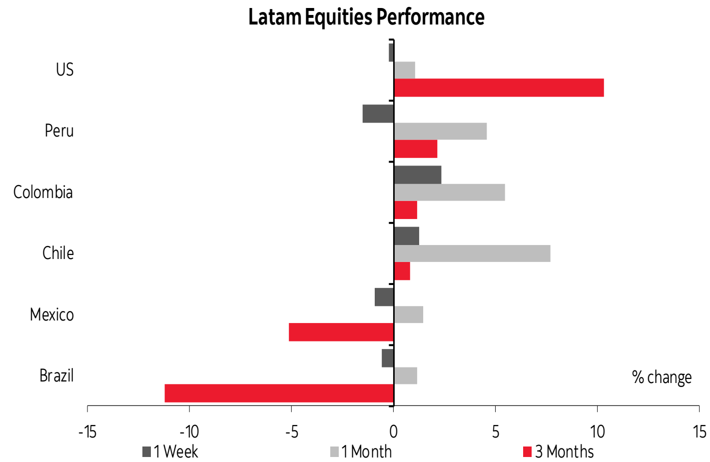

Sources: Scotiabank Economics, Bloomberg.

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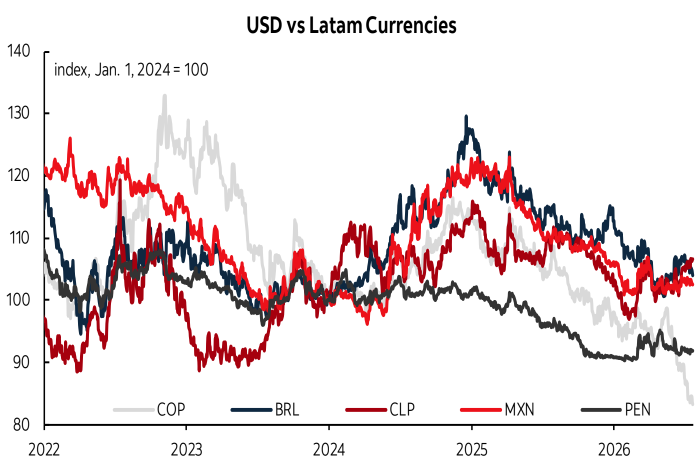

Sources: Scotiabank Economics, Bloomberg.

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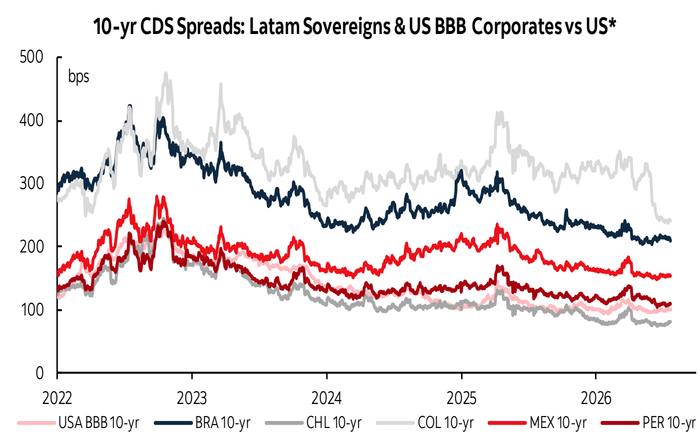
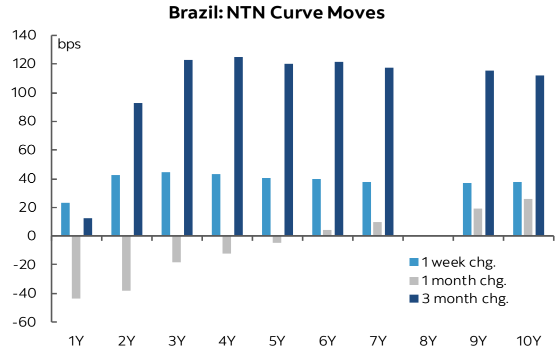


*Sovereigns vs US swaps; BBB corporates vs 10-yr USTs.
Sources: Scotiabank Economics, Bloomberg.

Yield Curves

Chart 1



Sources: Scotiabank Economics, Bloomberg.

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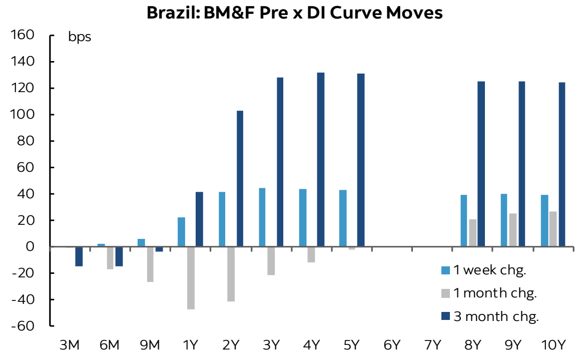

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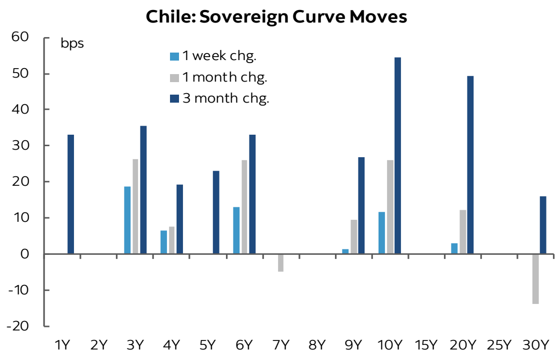

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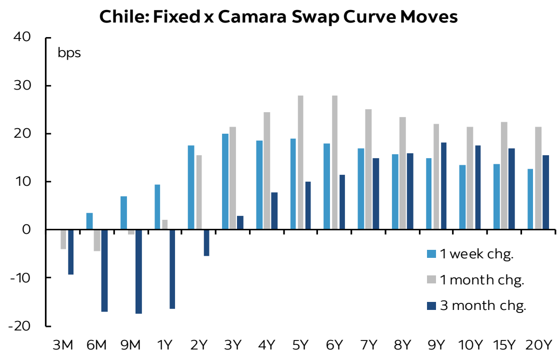

Sources: Scotiabank Economics, Bloomberg.

Chart 5

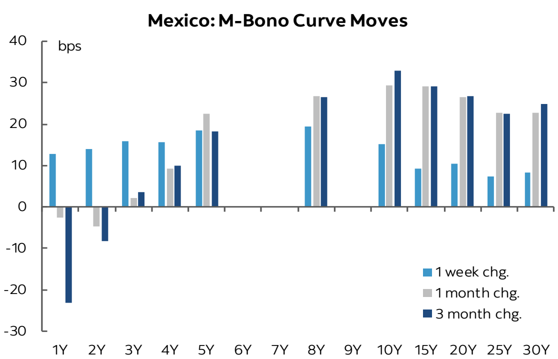

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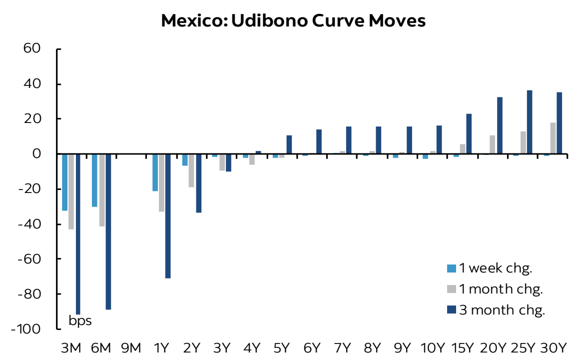
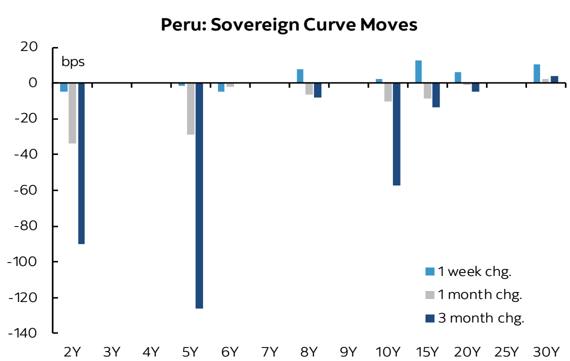
Chart 6



Sources: Scotiabank Economics, Bloomberg.

Chart 7



Sources: Scotiabank Economics, Bloomberg.

Scotiabank Economics Latam Coverage

Local Market Coverage

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