Scotiabank

GLOBAL ECONOMICS

LATAM WEEKLY

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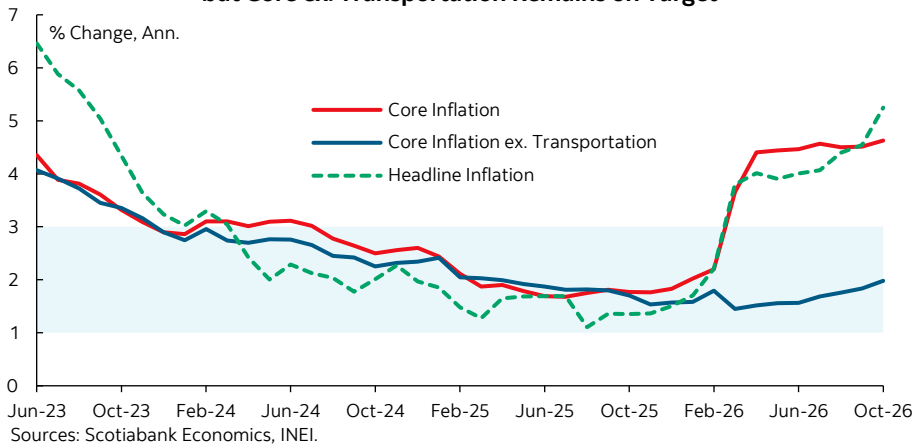
Latam Weekly: BCRP Decision, BCB Minutes, Mexico and Brazil CPI

HIGHLIGHTS

- **Another tricky BCRP decision (where we expect a rate hold), the BCB's meeting minutes (amid fiscal uncertainty), and Mexican, Brazilian, and Colombian CPI are next week's Latam highlights in a generally quieter week where the global focus will be on U.S. CPI, and choppy equity and energy markets.**
- **Mexican CPI is expected to pick up in full-month October data, and recent economic figures continue a trend of outperforming expectations, challenging Banxico's latest decision to loosen policy—even if signalling an extended period of rate stability.**
- **In today's note, the team in Mexico covers the latest investment data, showing a solid recovery from last year's contraction This has come with a less encouraging mix of growth, however, as public investment has taken an outsized role in this rebound and private sector momentum still leaves a lot to be desired for sustained growth.**
- **The team in Chile discusses their expectation for a 25bps rate hike by the BCCh at next month's meeting, though this is not a guarantee as oil prices and CLP developments, alongside November's CPI print will influence this decision.**

Chart of the Week

Peruvian Headline Inflation Rises Above 5%, but Core ex. Transportation Remains on Target



Sources: Scotiabank Economics, INEI.

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

BCRP Decision, BCB Minutes, Mexico and Brazil CPI

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The coming week is a quieter one, with fewer but still highly relevant economic events in Latam and the G10 while the market continues to pay close attention to developments in the AI space and energy prices, after a week that saw sharp swings in equities and crude oil around the Democratic Party's strong victory in Tuesday's U.S. midterm elections. U.S. employment figures also came in well above forecasts, and another major central bank, the BoE, joined the ranks of rate hikers in a more hawkish than expected announcement.

We had our own share of surprises this week in Latam. The week kicked off to a huge overshoot in Peruvian inflation for October (coming in at 5.3% vs our 4.9% y/y forecast), and Banxico delivered a 25bps rate cut yesterday—a move that wasn't broadly expected by economists, but we concede had been somewhat teed up (see our recap **here**). Outside of our specific regional coverage, the impeachment/resignation of Paraguay's president Peña amid the collapse of a major commercial bank with ties to his government also developed quickly in recent days.

Monday brings full-month Mexican CPI figures for October that should continue to show elevated headline and core inflation—particularly in services—that, as we mention almost every week, remain significantly above a level that would augur for policy easing. The median economist polled by Bloomberg expects that headline inflation will rise to 3.65% from 3.45% with core prices ticking marginally higher to 3.78% from 3.75%—both forecasts are broadly in line with mid-month CPI results and similar to ours.

On Wednesday, we'll watch industrial production data for August, paying close attention to the performance of electronic/technological equipment manufacturing that has been a solid source of support in recent months for Mexico's economy—and it would seem its domestic value added is picking up, while the (mostly) assembly of these goods requires a high share of imported inputs.

That's the other piece of the puzzle that is odds with Banxico's latest rate cut. GDP growth has been much firmer than expected in the year-to-date. While we believe the second half of the year has been a bit less dynamic, the overall trend is of firmer growth than thought but we don't see enough evidence that Mexico can sustain a near/above-2% pace of expansion.

In today's note, the team in Mexico covers the latest investment data, showing a solid recovery from last year's contraction This has come with a less encouraging mix of growth, however, as public investment has taken an outsized role in this rebound and private sector momentum still leaves a lot to be desired for sustained growth.

Brazil also publishes October CPI data, on Thursday, but the release should not be a relevant market mover given that we have IPCA-15 results at hand. Brazilian markets will focus on two things next week. First, the minutes to the BCB's meeting earlier this week will be dissected for the bank's thinking about when they may have a chance to cut rates again (or even what would trigger a hike).

With Lula's victory in the second-round presidential election a couple of weeks ago comes a significant fiscal impulse. The recent 15% increase to Bolsa Familia payments, and campaign promises of debt relief and tax breaks for microenterprises/self-employed persons, and

continued measures to curb gasoline prices, among others are expected to support growth and pressure inflation (outside of energy measures, of course).

Second, markets still don't have much to go on regarding Lula's fiscal plans to how he will stick to previous fiscal targets while rolling out these costly stimulus measures. Finance Minister Durigan said yesterday that the president is expected to decide on potential fiscal measures later this month, following trips to Turkey and the Philippines lasting until November 15th. It also remains to be seen who will take Durigan's place in the next administration, with VP Alckmin and Planning Minister Moretti among the names being floated. A technocratic profile would help in cooling market fears, though Lula would have to follow their advice—and that remains to be seen.

The BCRP again faces a tricky rate decision, to be announced on Thursday, where we expected another rate hold at 4.25%. As mentioned previously, October inflation came in significantly above forecasts, hitting a three-year-high in y/y terms and the 0.6% m/m increase was well higher than historical norms (you can read our team's analysis **here**).

The usual suspects are to blame: El Niño and energy prices. Food and non-alcoholic beverages prices rose 1.8% due to higher agricultural prices impacted by adverse weather, and transportation prices increased 0.8% due to higher prices at the pump. High inflation remains relatively narrow, however. Prices excluding food, energy, and transportation picked up a touch from 1.8% to 2.0% y/y—where one can even place some of the blame on a low base of comparison last October.

A major input into the BCRP's decision that has been worrying us is the trend in inflation expectations. The bank's latest survey results published yesterday are friendly to our call for an unchanged rate. Median twelve-months-ahead inflation expectations eased a touch from 3.09% to 3.05%, showing that economists think that by late next year headline inflation will be just grazing the upper-bound of the BCRP's target range.

While we've naturally seen an uptrend in inflation expectations that responds to observed data and energy/food prices risks, there has not been a material deviation from the target range and projections still reflect a view that second-round effects will not be significant. In any case, we have to warn that the BCRP can be unpredictable, so a rate hike cannot be ruled out—though it becomes more difficult to argue for a rate hikes campaign, rather than tweaks.

Country Updates

Chile—Probability of a Policy Rate Hike in December Increases Significantly

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- **In line with our expectations, the Board considered a hike in October**

Since July, we have argued that despite weak domestic demand amid both domestic and external shocks, inflationary risks had increased, leading us to view a 25bp policy rate hike in December and another during Q1-27 as the baseline scenario, taking the policy rate to 5.0% during the first half of next year. At the October monetary policy meeting, the Central Bank aligned with our view by highlighting significant inflationary risks on top of other supply-side shocks, while the Minutes made it clear that the decision not to hike in October was explained almost entirely by communication considerations ahead of the publication of the December Monetary Policy Report and its corresponding policy rate corridor. Our monetary policy call, which remains at odds with market consensus, is unchanged, although we introduce some nuances in this note.

A 25bp policy rate hike at the upcoming December 15th meeting carries a high probability, although it is not fully guaranteed. The evolution of oil prices and the exchange rate over the coming weeks could affect that probability, as could November's inflation print. In our view, if inflation outcomes materialize in line with current UF forward pricing, they would be sufficient to convince the Board of the need to begin the policy tightening process. Higher inflation readings would require a higher nominal policy rate than that contemplated in the September MPR in order to maintain the real policy rate path embedded in the baseline scenario, as indicated by the Board. Additionally, at Scotiabank we estimate that the neutral policy rate currently lies between 4% and 5%, reflecting adjustments in external interest rates, wider fiscal deficits, and geopolitical conflicts, among other factors.

September GDP contains an important piece of information for the Board regarding its concerns about the recovery. In fact, September GDP showed that, in the absence of climate-related shocks, non-mining activity remained resilient, helping to partially alleviate concerns about the pace of the recovery that the Board has emphasized in its last two policy statements. October GDP will form part of the additional information available for both the December policy meeting and the MPR, but it is unlikely to be supportive (Scotia estimates a decline of between 1% and 2% y/y), as it was heavily affected by climate-related factors that also disrupted non-primary sectors. In that regard, we expect the Board to place greater weight on the September GDP reading as evidence of the economy's relatively stronger underlying condition and its capacity to withstand an adjustment in the level of the policy rate.

Investment in Mexico: Recovery in 2026, but Challenges to Consolidate It in 2027

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Gross fixed investment has begun to show more favourable signs during 2026, following the marked deterioration seen through much of 2025. Although the recent recovery is a positive signal for growth prospects, its composition suggests maintaining a degree of caution. In particular, part of the rebound is associated with a recovery in public investment, especially in construction, while the environment for private investment remains characterized by uncertainty and relatively weak business confidence. Looking toward 2027, for investment to maintain its momentum, the private sector will need to deliver a broad-based rebound, particularly in a context in which fiscal constraints will limit the government's ability to increase capital spending on a sustained basis.

The data available for 2026 show a significant change from the dynamics observed the previous year. In August, gross fixed investment grew 5.7% year over year, marking five consecutive months of gains after 19 straight months of contractions. The rebound continued to be led by construction, which rose 7.6% year over year, while investment in machinery and equipment advanced 3.5%. Likewise, public investment showed particularly solid growth of 11.1% year over year, while private investment increased 4.8%. Within machinery and equipment, the imported component remains stronger, growing 5.2%, compared with a gain of just 1.0% in the domestic component,

suggesting that the recovery remains uneven across the different components of investment. However, on a monthly, seasonally adjusted basis, investment fell 1.8% from July, partially tempering the positive signal from the annual figures.

In this regard, the performance of public finances helps explain part of this change. Between January and September, public-sector physical investment increased 8.0% in real annual terms, following the sharp adjustment observed in 2025. Moreover, excluding Pemex, growth was 12.4% in real terms. This recovery is relevant for correctly interpreting the behaviour of gross fixed investment during 2026. This is particularly visible in construction, one of the components on which government spending has a more direct impact. Therefore, part of the recent high growth rates partly reflects a normalization effect after a particularly weak base. Nevertheless, some elements still point to caution. Business confidence remains below 50 points, and trade and financial uncertainty persist that may delay longer-term investment decisions.

For 2027, the Economic Package projects public physical investment of around 1.03 trillion pesos, equivalent to real growth of 3.5% relative to the corresponding estimate. In addition, priority investment projects account for around 560 billion pesos, including approximately 150 billion earmarked for rail projects.

Nevertheless, the investment budget will face significant constraints, given the projected 4.6% real increase in pensions and retirement benefits, while financial costs would rise 11.8%. Therefore, more sustainable growth will require private investment to take on a greater role in 2027. On the other hand, if uncertainty continues to delay business decisions, public investment could end up serving mainly as a temporary substitute for private-sector weakness, rather than becoming a catalyst.

All in all, the performance in 2026 offers a positive signal for Mexican investment, but it is still premature to interpret it as the start of a new expansionary cycle. After a prolonged period of contractions, gross fixed investment registered a change in trend, and the recovery of government physical investment contributed particularly to stronger momentum in construction. However, base effects from a depressed comparison and the still-limited strength of some private components warrant maintaining a degree of caution. Looking toward 2027, the composition of investment will likely matter more than its point-in-time growth rate. Therefore, to sustain momentum in 2027, it will be necessary to foster the conditions for the private sector to begin taking on a greater number of projects.

Market Events & Indicators for November 7–20

CHILE

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Nov-09	6:30	Exports Total (USD mn)	Oct	--	--	10584	--
Nov-09	6:30	Imports Total (USD mn)	Oct	--	--	8537	--
Nov-09	6:30	Trade Balance (USD mn)	Oct	--	--	2047	--
Nov-09	6:30	International Reserves (USD mn)	Oct	--	--	53547	--
Nov-09	6:30	Copper Exports (USD mn)	Oct	--	--	5971	--
Nov-10	6:30	Central Bank Economist Survey					
Nov-13	6:30	Central Bank Traders Survey					
Nov-18	6:30	GDP q/q	3Q	-1.4	--	0.0	--
Nov-18	6:30	GDP y/y	3Q	-1.1	--	-0.2	--
Nov-18	6:30	Current Account Balance (USD mn)	3Q	--	--	-441	--

MEXICO

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Nov-09	7:00	CPI m/m	Oct	0.3	0.6	0.4	--
Nov-09	7:00	CPI y/y	Oct	3.6	3.6	3.5	--
Nov-09	7:00	CPI Core m/m	Oct	0.1	0.3	0.2	--
Nov-09	7:00	CPI Core y/y	Oct	3.8	3.8	3.8	--
Nov-09	7:00	Bi-Weekly CPI y/y	Oct	3.7	3.7	3.6	--
Nov-09	7:00	Bi-Weekly CPI (%)	Oct	0.2	0.2	0.4	--
Nov-09	7:00	Bi-Weekly Core CPI y/y	Oct	3.8	3.8	3.8	--
Nov-09	7:00	Vehicle Production	Oct	--	--	301803	--
Nov-09	7:00	Bi-Weekly Core CPI (%)	Oct	0.1	0.1	0.3	--
Nov-09	7:00	Vehicle Exports	Oct	--	--	277369	--
Nov 04-10		Formal Job Creation Total (000s)	Oct	--	--	129	--
Nov-11	7:00	Industrial Production NSA y/y	Sep	--	--	3.5	--
Nov-11	7:00	Manuf. Production NSA y/y	Sep	--	--	3.2	--
Nov-11	7:00	Industrial Production SA m/m	Sep	--	--	0.6	--
Nov 11-17		Nominal Wages	Oct	--	--	4.8	--
Nov 17-23		ANTAD Same-Store Sales y/y	Oct	--	--	0.9	--
Nov-19	10:00	Central Bank Monetary Policy Minutes					
Nov-20	7:00	Retail Sales m/m	Sep	--	--	1.2	--
Nov-20	7:00	Retail Sales y/y	Sep	--	--	3.3	--
Nov-20		Citi Survey of Economists					

PERU

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Nov-12	**18:00**	**Reference Rate (%)**	**Nov**	**4.25**	**--**	**4.25**	**--**
Nov-15	10:00	Lima Unemployment Rate	Oct	4.6	--	4.4	--
Nov-15	10:00	Economic Activity y/y	Sep	2.9	--	3.2	--
Nov 16-27		GDP y/y	3Q	3.3	--	2.6	--

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

Market Events & Indicators for November 7–20

BRAZIL

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Nov-09	6:25	Central Bank Weekly Economist Survey					
Nov-10	6:00	Central Bank Meeting Minutes					
Nov-11	7:00	IBGE Services Volume m/m SA	Sep	--	--	-0.1	--
Nov-11	7:00	IBGE Services Volume y/y NSA	Sep	--	--	0.6	--
Nov-12	7:00	IBGE Inflation IPCA m/m	Oct	--	--	0.8	--
Nov-12	7:00	IBGE Inflation IPCA y/y	Oct	--	--	4.6	--
Nov-13	7:00	Retail Sales m/m	Sep	--	--	0.1	--
Nov-13	7:00	Retail Sales y/y	Sep	--	--	0.4	--
Nov-13	7:00	Retail Sales Broad m/m	Sep	--	--	-0.2	--
Nov-13	7:00	Retail Sales Broad y/y	Sep	--	--	0.1	--
Nov-16	6:25	Central Bank Weekly Economist Survey					
Nov-16	7:00	Economic Activity m/m	Sep	--	--	0.3	--
Nov-16	7:00	Economic Activity y/y	Sep	--	--	1.2	--

COLOMBIA

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Nov-09	6:00	CPI m/m	Oct	--	0.3	0.4	--
Nov-09	6:00	CPI y/y	Oct	--	6.4	6.3	--
Nov-09	6:00	CPI Core m/m	Oct	--	--	0.3	--
Nov-09	6:00	CPI Core y/y	Oct	--	--	6.2	--
Nov-11		Consumer Confidence Index	Oct	--	--	15.7	--
Nov-13	10:00	Retail Sales y/y	Sep	--	--	7.3	--
Nov-13	10:00	Manufacturing Production y/y	Sep	--	--	-3.7	--
Nov-13	10:00	Industrial Production y/y	Sep	--	--	-1.2	--
Nov-17	10:00	GDP NSA y/y	3Q	--	--	3.5	--
Nov-17	10:00	GDP q/q	3Q	--	--	1.3	--
Nov-17	10:00	Economic Activity NSA y/y	Sep	--	--	0.0	--
Nov-18	10:00	Trade Balance (USD mn)	Oct	--	--	-2770	--
Nov-18	10:00	Imports CIF Total (USD mn)	Oct	--	--	7702	--

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

Forecast Updates

	2025	2026				2027				2028							
Chile	**Q4**	**Q1**	**Q2**	**Q3e**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2025**	**2026f**	**2027f**	**2028f**
Real GDP (y/y % change)	1.6	-0.3	-0.2	-1.1	0.2	2.3	4.2	4.3	3.3	3.6	2.2	2.2	1.9	2.5	-0.3	3.5	2.5
CPI (y/y %, eop)	3.4	2.8	4.3	4.1	5.0	4.8	3.8	3.4	3.0	3.0	3.0	3.0	3.0	3.4	5.0	3.0	3.0
Unemployment rate (%, avg)	8.1	8.9	9.4	9.8	9.0	8.6	8.2	8.0	7.6	7.5	7.8	8.0	7.7	8.5	9.2	8.1	7.8
Central bank policy rate (%, eop)	4.50	4.50	4.50	4.50	4.75	5.00	5.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50	4.75	5.00	4.50
Foreign exchange (USDCLP, eop)	901	926	922	974	950	950	930	900	890	890	890	890	890	901	950	890	890

	2025	2026				2027				2028							
Mexico	**Q4**	**Q1**	**Q2**	**Q3e**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2025**	**2026f**	**2027f**	**2028f**
Real GDP (y/y % change)	1.7	0.2	2.1	3.2	1.6	2.3	2.1	1.4	1.6	1.8	1.8	1.9	1.8	0.5	1.8	1.8	1.8
CPI (y/y %, eop)	3.7	4.6	3.4	3.5	3.8	3.6	3.6	3.9	4.0	3.6	3.5	3.8	3.6	3.7	3.8	4.0	3.6
Unemployment rate (%, avg)	2.6	2.6	2.7	2.9	3.1	3.1	3.3	3.3	3.3	3.4	3.4	3.4	3.4	2.6	2.8	3.3	3.3
Central bank policy rate (%, eop)	7.00	6.75	6.50	6.50	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	7.00	6.25	6.25	6.25
Foreign exchange (USDMXN, eop)	18.01	17.94	17.49	18.07	18.93	19.04	19.15	19.26	19.40	19.55	19.70	19.86	20.03	18.01	18.93	19.40	20.03

	2025	2026				2027				2028							
Peru	**Q4**	**Q1**	**Q2**	**Q3e**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2025**	**2026f**	**2027f**	**2028f**
Real GDP (y/y % change)	3.3	3.6	2.6	3.3	3.2	1.2	3.0	4.3	4.5	4.0	3.1	2.5	2.7	3.4	3.2	3.3	3.0
CPI (y/y %, eop)	1.5	3.8	4.0	4.5	4.8	3.8	3.1	3.0	2.5	1.2	1.4	1.6	1.9	1.5	4.8	2.5	1.9
Unemployment rate (%, avg)	5.0	6.8	4.9	4.4	5.0	6.5	5.0	5.0	4.8	6.0	4.8	4.6	4.5	5.9	5.5	5.3	5.0
Central bank policy rate (%, eop)	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Foreign exchange (USDPEN, eop)	3.36	3.48	3.41	3.43	3.35	3.33	3.36	3.40	3.40	3.40	3.45	3.43	3.45	3.36	3.35	3.40	3.45

	2025	2026				2027				2028							
Brazil	**Q4**	**Q1**	**Q2**	**Q3e**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2025**	**2026f**	**2027f**	**2028f**
Real GDP (y/y % change)	1.8	1.8	2.0	1.5	1.5	1.0	1.0	1.1	1.2	1.6	1.6	1.6	1.6	2.3	1.7	1.1	1.6
CPI (y/y %, eop)	4.3	4.1	4.6	4.6	5.2	5.2	4.8	4.9	4.8	4.3	4.1	4.0	4.0	4.3	5.2	4.8	4.0
Unemployment rate (%, avg)	5.1	6.1	5.4	5.2	5.2	6.0	5.7	5.7	5.8	6.4	6.4	6.4	6.4	5.9	5.5	5.8	6.4
Central bank policy rate (%, eop)	15.00	14.75	14.25	13.75	13.75	13.50	13.25	13.00	12.50	12.25	12.00	11.50	11.00	15.00	13.75	12.50	11.00
Foreign exchange (USDBRL, eop)	5.47	5.18	5.16	5.17	5.35	5.35	5.35	5.40	5.40	5.40	5.40	5.45	5.45	5.47	5.35	5.40	5.45

	2025	2026				2027				2028							
Canada	**Q4**	**Q1**	**Q2**	**Q3e**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2025**	**2026f**	**2027f**	**2028f**
Real GDP (y/y % change)	0.7	0.1	1.1	1.2	2.0	2.5	2.2	2.2	2.1	2.2	2.1	2.1	2.1	1.9	1.1	2.3	2.1
CPI (y/y %, eop)	2.2	2.2	2.9	3.1	3.6	3.3	2.6	2.5	2.2	2.1	2.0	1.9	1.9	2.2	3.6	2.2	1.9
Unemployment rate (%, avg)	6.8	6.6	6.7	6.4	6.4	6.2	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.9	6.5	6.2	6.1
Central bank policy rate (%, eop)	2.25	2.25	2.25	2.25	2.50	3.00	3.25	3.25	3.25	3.25	3.25	3.25	3.25	2.25	2.50	3.25	3.25
Foreign exchange (USDCAD, eop)	1.37	1.39	1.42	1.42	1.39	1.38	1.36	1.35	1.34	1.34	1.34	1.33	1.33	1.37	1.39	1.34	1.33

	2025	2026				2027				2028							
United States	**Q4**	**Q1**	**Q2**	**Q3e**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2025**	**2026f**	**2027f**	**2028f**
Real GDP (y/y % change)	2.0	2.6	2.2	2.1	2.3	2.3	2.2	2.0	1.9	1.9	1.9	2.0	2.2	2.3	2.2	2.1	2.0
CPI (y/y %, eop)	2.8	2.7	3.8	3.5	3.8	3.9	3.4	2.7	2.4	2.2	2.1	2.1	2.2	2.8	3.8	2.4	2.2
Unemployment rate (%, avg)	4.5	4.3	4.3	4.1	4.0	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	4.3	4.2	3.9	3.9
Central bank policy rate (%, eop)	3.75	3.75	3.75	4.00	4.25	4.50	4.50	4.50	4.50	4.25	3.75	3.75	3.75	3.75	4.25	4.50	3.75
Foreign exchange (EURUSD, eop)	1.17	1.16	1.14	1.13	1.15	1.16	1.17	1.18	1.20	1.20	1.20	1.20	1.20	1.17	1.15	1.20	1.20

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics.
Changes in estimates and forecasts since previous *Latam Weekly* on October 23, 2026.

Forecast Updates—Compared To Previous Latam Weekly

	2025	2026				2027				2028							
Chile	Q4	Q1	Q2	Q3e	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-1.0
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (%, avg)	-	-	-	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-0.3
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCLP, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	2025	2026				2027				2028							
Mexico	Q4	Q1	Q2	Q3e	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	1.1	0.7	-0.4	-0.1	1.0	1.1	-	-	-	-	-	0.5	0.3	0.3
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (%, avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (%, eop)	-	-	-	-	-0.25	-0.25	-0.25	-0.25	-0.25	-	-0.25	-0.25	-0.25	-	-0.25	-0.25	-0.25
Foreign exchange (USDMXN, eop)	-	-	-	-	0.54	0.52	0.51	0.49	0.47	-	0.47	0.44	0.41	-	0.54	0.47	0.38

	2025	2026				2027				2028							
Peru	Q4	Q1	Q2	Q3e	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	-0.1	-	-	-	-	-	-	-	-	-	-	-	-	-0.3
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (%, avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	0.1
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDPEN, eop)	-	-	-	-	-	-0.07	-	-	-	-	-	-	-	-	-	-	-

	2025	2026				2027				2028							
Brazil	Q4	Q1	Q2	Q3e	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	-0.3	-0.3	-0.4	-0.4	-0.4	-0.3	-	-0.2	-0.2	-0.2	-	-0.2	-0.4	-0.2
CPI (y/y %, eop)	-	-	-	-	-	1.2	0.4	0.4	0.5	-	0.3	0.2	0.1	-	-	0.5	0.2
Unemployment rate (%, avg)	-	-	-	-0.2	-0.2	-0.2	-0.3	-0.2	-0.1	-	0.5	0.5	0.5	-	-0.1	-0.2	0.5
Central bank policy rate (%, eop)	-	-	-	-	0.25	0.50	0.75	1.00	1.00	-	1.00	1.00	0.75	-	0.25	1.00	0.50
Foreign exchange (USDBRL, eop)	-	-	-	-	0.26	0.27	0.28	0.34	0.35	-	0.34	0.33	0.38	-	0.26	0.35	0.37

	2025	2026				2027				2028							
Canada	Q4	Q1	Q2	Q3e	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (%, avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCAD, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	2025	2026				2027				2028							
United States	Q4	Q1	Q2	Q3e	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (%, avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (EURUSD, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics.
Changes in estimates and forecasts since previous *Latam Weekly* on October 23, 2026.

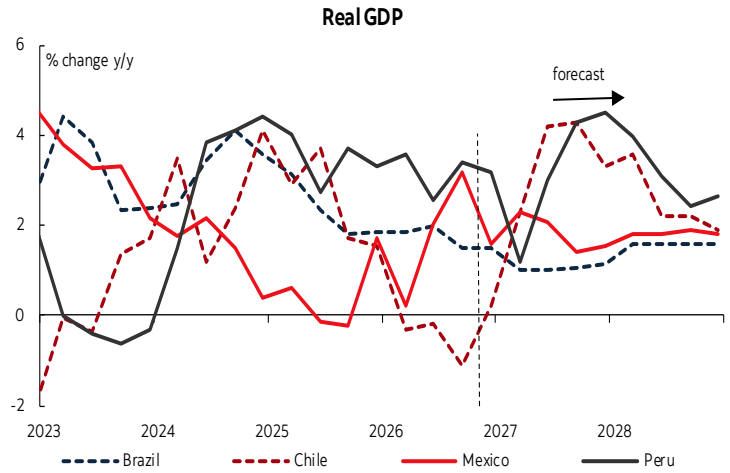
Forecast Updates: Central Bank Policy Rates and Outlook

		Next Scheduled Meeting		BNS Forecast			
	Current	Date	BNS	End-2026	End-2027	End-2028	BNS Guidance for Next Monetary Policy Meeting
Chile, BCCh, TPM	4.50%	Dec-15	4.75%	4.75%	5.00%	4.50%	
Mexico, Banxico, TO	6.25%	Dec-17	6.25%	6.25%	6.25%	6.25%	In Banxico's latest monetary policy decision, the governing board cut the interest rate by 25bps in a divided decision after a more dovish stance in their last published minutes. We expect there to be no changes over the balance of 2026 and 2027. We maintain our forecast subject to the inflation and exchange rate trajectories in the upcoming months.
Peru, BCRP, TIR	4.25%	Nov-12	4.25%	4.25%	4.25%	4.25%	There are arguments for the BCRP to either keep its policy rate unchanged at 4.25% or raise it. The latest macroeconomic expectations survey shows that 12-month inflation expectations have moderated, while expectations for economic activity have weakened. This reinforces the case for keeping the policy rate unchanged.
Brazil, BCB, Selic	13.75%	Dec-09	13.75%	13.75%	12.50%	11.00%	

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

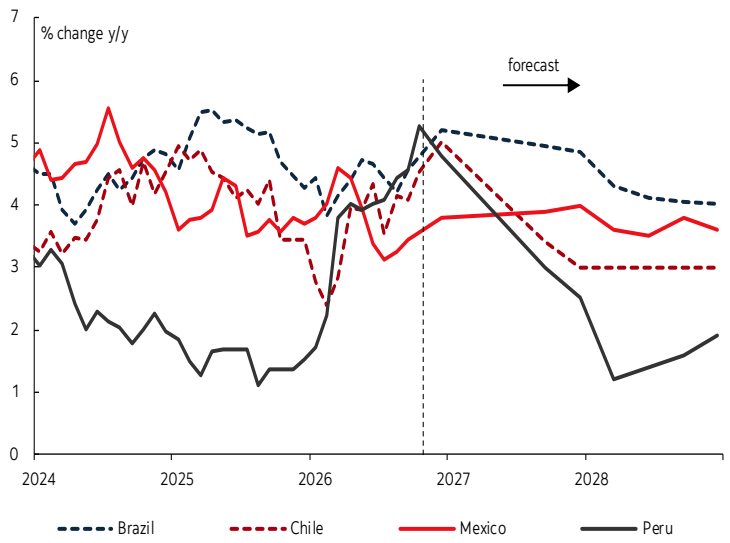
Key Economic Charts

Chart 1



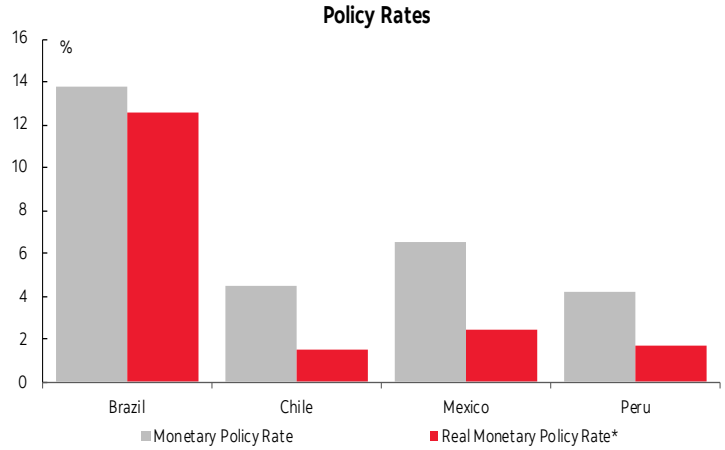
Sources: Scotiabank Economics, IBGE, BCCH, INEGI, BCRP.

Chart 2



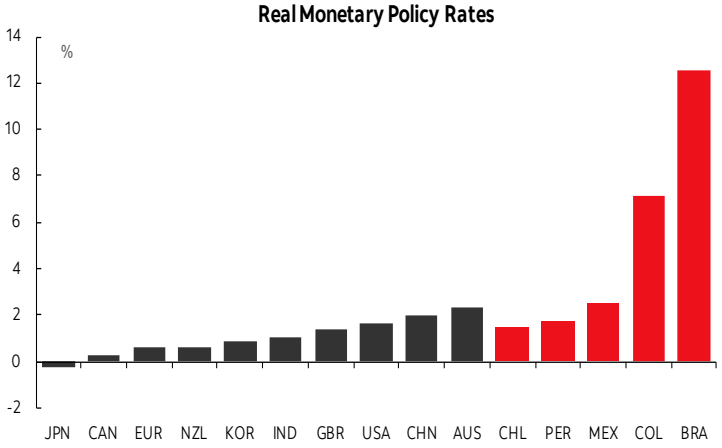
Sources: Scotiabank Economics, IBGE, BCCH, INEGI, BCRP.

Chart 3



Real monetary policy rate = current policy rate - BNS expected inflation, end-Q4-2027, % y/y.
Sources: Scotiabank Economics, BCCH, BCRP, BCB, Banxico, BanRep, Focus Economics.

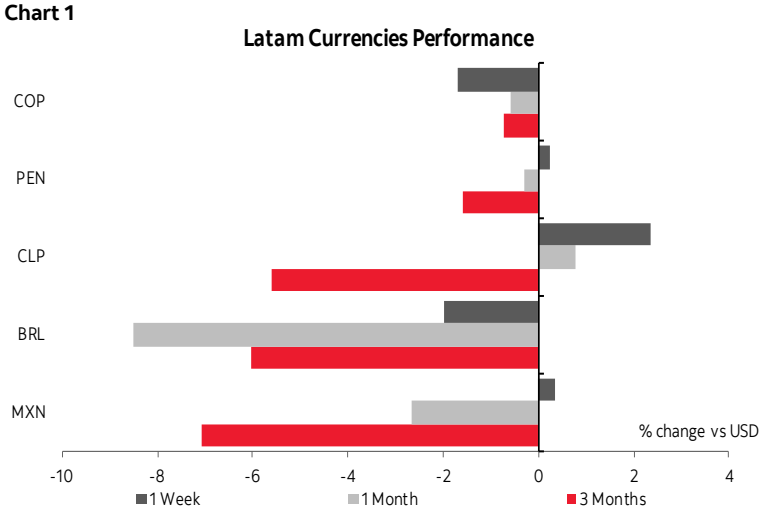
Chart 4



Real monetary policy rate = current policy rate - BNS expected inflation, end-Q4-2027, % y/y.
Sources: Scotiabank Economics, Bloomberg.

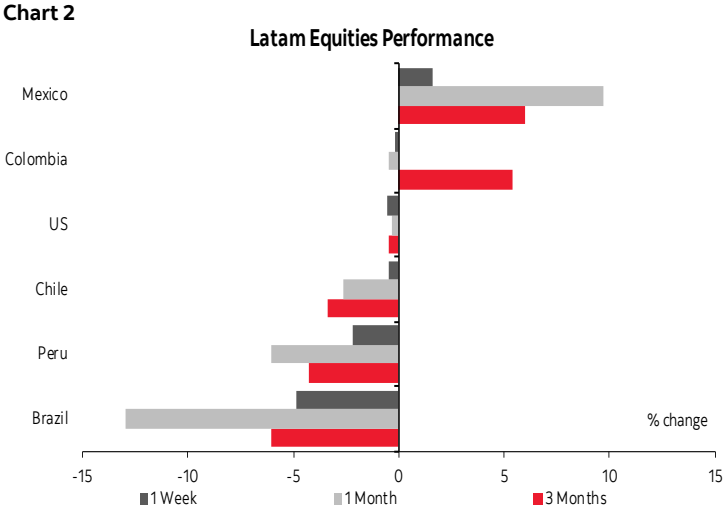
Key Market Charts

Chart 1



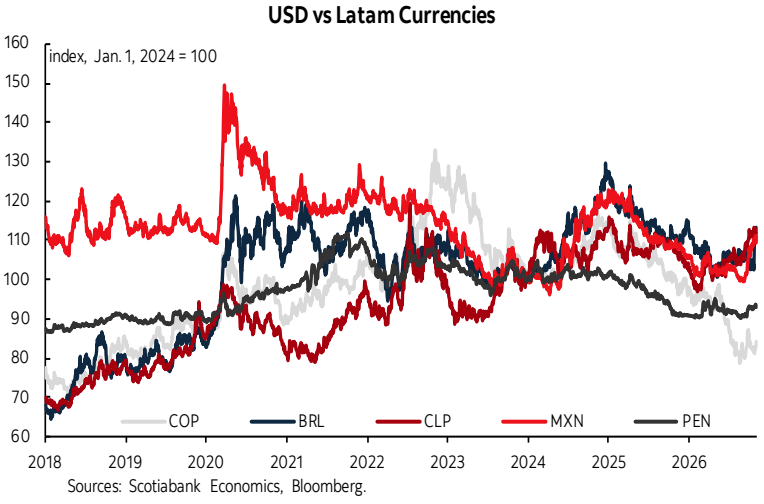
Sources: Scotiabank Economics, Bloomberg.

Chart 2



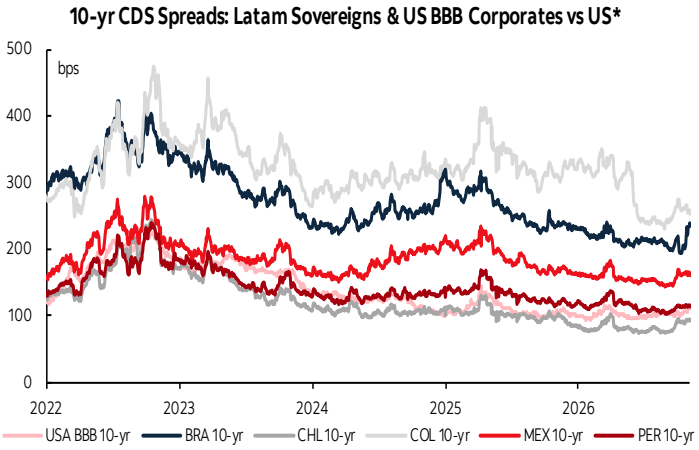
Sources: Scotiabank Economics, Bloomberg.

Chart 3



Sources: Scotiabank Economics, Bloomberg.

Chart 4



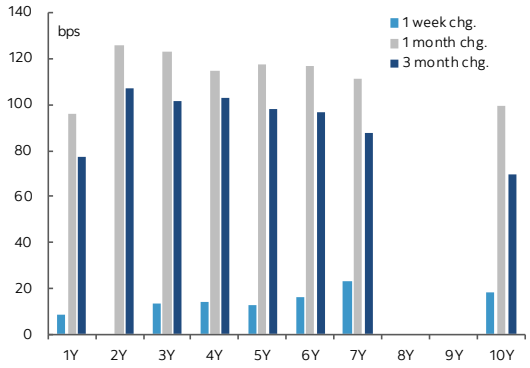
*Sovereigns vs US swaps; BBB corporates vs 10-yr USTs.

Sources: Scotiabank Economics, Bloomberg.

Yield Curves

Chart 1

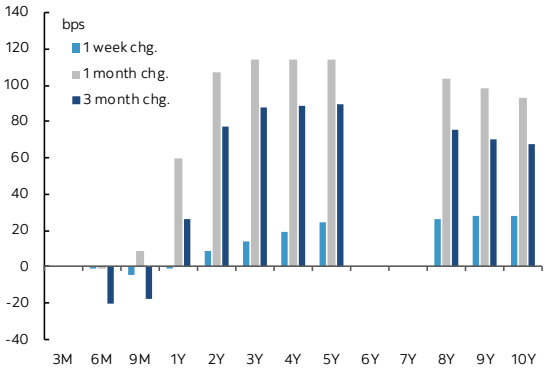
Brazil: NTN Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 2

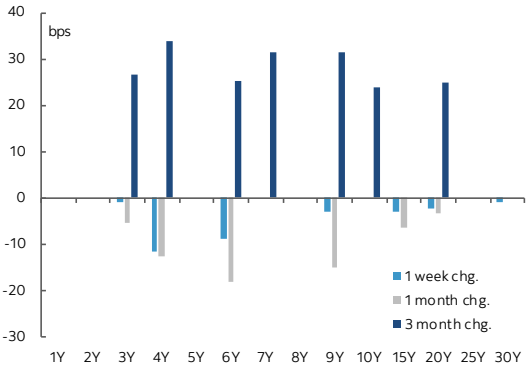
Brazil: BM&F Pre x DI Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 3

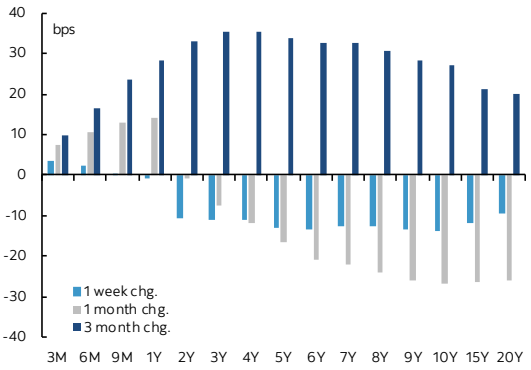
Chile: Sovereign Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 4

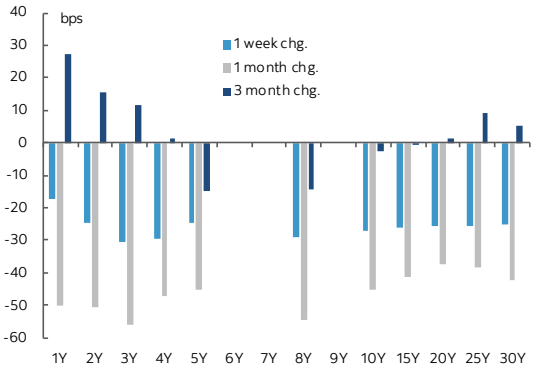
Chile: Fixed x Camara Swap Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 5

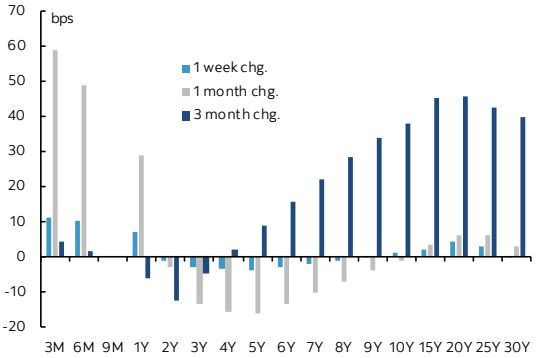
Mexico: M-Bono Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 6

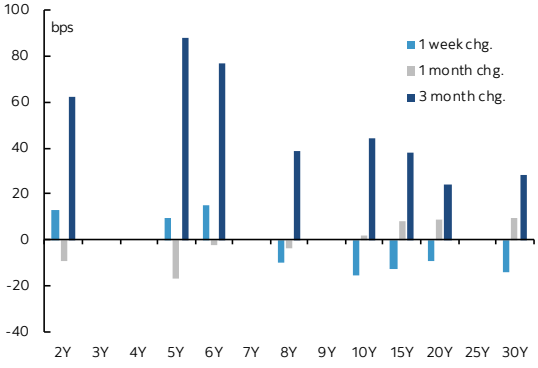
Mexico: Udibono Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 7

Peru: Sovereign Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Scotiabank Economics Latam Coverage

Local Market Coverage

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