Scotiabank™

GLOBAL ECONOMICS

LATAM WEEKLY

August 18, 2023

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- **Headline and core inflation are expected to slow again in Mexico, but the latter holding above 6% keeping Banxico cuts well at bay. In the latest policy meeting minutes, we'll see just how long officials may be willing to leave rates unchanged.**
- **Brazilian inflation is due to accelerate to a four-handle, but progress in services inflation and muted month-on-month price gains in recent months are encouraging—and support a 50bps cuts guidance laid out by the BCB.**
- **Peru's economy contracted for the second quarter in a row in year-on-year terms in Q2, and it will take a solid performance over H2-23 to meet our team's 1.4% growth forecast for the year as a whole. Along the same lines, our Bogota team points to the downside risks that their 1.8% growth projection for 2023 (and possibly beyond) faces.**
- **Global markets will centre their attention on global PMIs and central bankers at the Fed's Jackson Hole symposium, while keeping an eye on Chinese economic and financial risks.**

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Economic Overview: Spotlight on Mexico in Quiet Week; Peru and Colombia GDP Forecasts in Doubt?

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Next week's Latam spotlight will be on Mexico, where we find the week's top releases alongside Brazilian mid-month CPI and Peruvian Q2 GDP, in contrast to virtually empty schedules in Chile and Colombia—with the latter's markets shut on Monday.

It's a relatively quiet week ahead outside of Latam, too, with the global market's attention centring on global PMIs on Wednesday, but more importantly on central bankers at the Fed's Jackson Hole symposium—an occasion that may deliver important guidance tweaks from Chair Powell.

Mid-August inflation, Banxico's meeting minutes, and the results of the latest Banamex survey of economists are on tap in Mexico. We'll also keep an eye on the Morena presidential candidate election process as tensions emerge over lack of transparency; the party has said it will not reveal who carried out the external polls until the presentation of the results, on September 6th. Economists expect another deceleration in year-on-year headline and core inflation in Mexico, but the latter holding above 6% is reason enough for Banxico to stand well pat on rate cuts and on guidance that points to these not starting until next year. The median economist polled in the Citibanamex survey thinks Banxico will roll out a 25bps cut to 11%. Since then, July inflation data was mostly as expected and Banxico's decision didn't give away too much but slightly lifted its forecast path for core inflation.

Banxico's meeting minutes are scheduled for release a few hours after the H1-Aug inflation data and will likely show a relatively unified front among policymakers that they are still a ways away from the start of the easing cycle. Simply put, in the time elapsed since Banxico's last hike in March there hasn't yet been a clear sign that inflation is converging to target. Services inflation, in particular, remains only about half a percentage point below its March peak of 5.7% y/y.

In today's *Weekly*, the team digs deeper into recent Mexican investment data that is starting to look more positive after years and years of underwhelming results. There may just be something to the nearshoring story, but it is still too early to tell and benefits are still only more obvious in specific industries/regions in the country.

In Brazil, base effects have turned less favourable as far as year-on-year comparisons are concerned, so next week's IPCA-15 data will likely show a 4-handled pace of inflation—up from 3.2% in July. Still, after some rather elevated month-on-month increases in prices in the November to May period (averaging 0.6% m/m), June and July have seen practically nil increases in prices and August is expected to show only a 0.1/2% m/m increase. Services inflation is also on a more encouraging trend.

This remains a favourable backdrop for the BCB to continue cutting rates at a half-point click. Campos Neto said as much on Thursday, noting that the bar to move to a higher or lower rate cut than 50bps is high and that the board is unanimous in that this pace of easing is appropriate going forward. Markets have generally aligned with this view, with only few bps above 50 priced in for cuts at each of the September, November, and December meetings.

In Peru, we'll get a confirmation of half-point-or-so Q2 GDP contraction teed up by industry-level data released in mid-month. As our Lima economists argue in today's report, the split across demand components will be key to determine whether consumption and investment spending can help achieve a recovery in growth in H2-2023; as things stand, our full-year forecast of 1.4% growth faces downside risks.

On a related note, our Colombia economists are also doubting their 2023 growth projection of 1.8% and in today's weekly they point to the risks that this view faces, but also how the subdued level of investment—that may mostly reflect catching up to capital depreciation or refilling of inventories—could mean lower longer-run rates of GDP growth.

Pacific Alliance Country Updates

Colombia—Colombian Economy in Slowdown: GDP Growth Forecast for 2023 Still Valid?

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GDP data for H1-23 have shown that the Colombian economy is on a decelerating path due to higher inflation, higher interest rates, and an atypically high rate of growth in 2022, especially in private consumption (which last year grew 9.8% in real terms). Economic activity in Q2-23 was particularly concerning owing to a q/q contraction (of -1.0%, vs a soft 0.3% y/y gain) and a significant fall in investment. Therefore, the question that arises is whether our 2023 GDP growth forecast of 1.8% is still valid, or if we need to anticipate further weakness.

To answer this question, we need to analyze a few drivers. 1) Last year, Q2 growth was extraordinarily high (+12.2% y/y, and private consumption jumped +15% y/y due to a VAT holiday) which created a headwind for Q2-23's performance in a scenario of gradual convergence to long run growth. 2) H1-23 saw significantly low public expenditure that impacted the regular fiscal multiplier in the economy. In fact, budget execution is at its lowest of the past 10 years. We expect that budget spending will speed up a bit in H2-23, due to its usual inertia. And 3) inventories fell more than 20% y/y in Q2-23 due to pronounced capital depreciation last year that resulted in lower output and thus led to a reduction in inventories. We expect that the recent appreciation of the COP will help re-build inventories and slightly support investment in coming quarters.

All of the above point to an economic trough in Q2-23 and a gradual recovery in economic activity over the second half of 2023. Having said that, we are aware that public expenditure remains an unknown and there is uncertainty around the efficiency of government. Therefore, we maintain a relatively constructive view of the Colombian economy and keep our forecast of 1.8% growth this year. However, as far as the long run is concerned, the drop in investment is worrying given its negative impact on potential output. The anticipated rebound in investment is gradual and will only act to replace dwindled inventories—which is not the higher capital expenditures needed to maintain or increase potential output. Therefore, although we haven't reduced next year's GDP growth forecast of 2.6%, the bias here is to the downside.

Finally, in terms of monetary policy, GDP results for the first half of the year are not enough, in our opinion, to trigger an early cut in September. We keep our October call of a 50bps cut with a bias to see this first rate cut delayed until December once inflation, and especially core inflation, converges further to the target.

Mexico—Digging a Little Deeper Into the Investment Rebound

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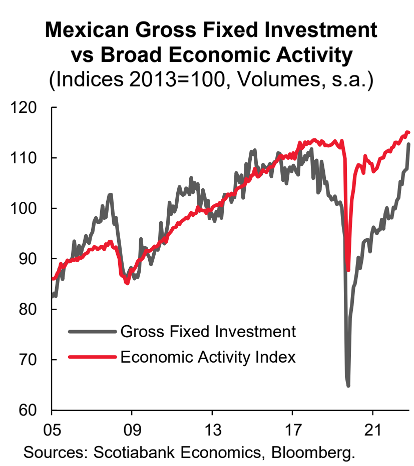
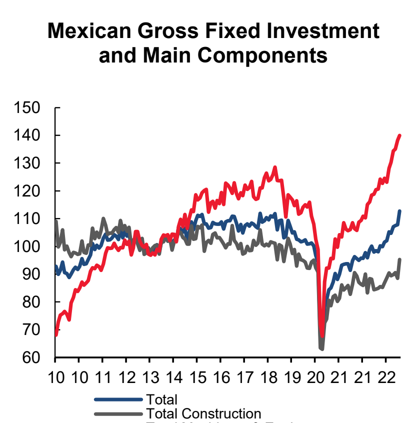
Last week we discussed the recent rebound in investment (see **here**), and how we are finally seeing some positive signs that it's beginning to recover from its five-year slump, albeit with some caveats. We are in the process of conducting a deeper dive analysis of the subject, and as we have previously said, we think data back the view that nearshoring, and the overall performance of the Mexican economy is still a story of themes, sectors, and regions. However, the performance of some of the subcomponents in investment has been strong enough to push the aggregate number to much healthier levels (charts 1 and 2). Hence, the news is overall better.

Chart 1



Sources: Scotiabank Economics, Bloomberg.

Chart 2



Sources: Scotiabank Economics, INEGI.

As we discussed last week, machinery and transportation equipment have clearly outperformed construction, which we partly believe is related to the replenishment of a portion of the capital stock that depreciates faster than construction. This is due to a recovery in the industrial sector, and partly due to accelerated investment by the government regarding its infrastructure projects in the southeast of the country.

Like much of the recent data out of Mexico, the evidence of the strength of the nearshoring process is mixed, which is also the signal we've received when talking with clients in the manufacturing and industrial real estate sectors. As charts 3 and 4 show, construction investment remains quite weak overall, and remains below 2013 levels. However, we've seen a recent weakening of residential construction, offset by strength in infrastructure and broad non-residential construction. Banxico will publish its report on Regional Economies for Q2 in mid-September, where we expect to get additional information on construction dynamics in the different regions and sectors of the country. Ahead of the report, we can get some additional information from the regional data on construction industrial activity by state which we discuss below.

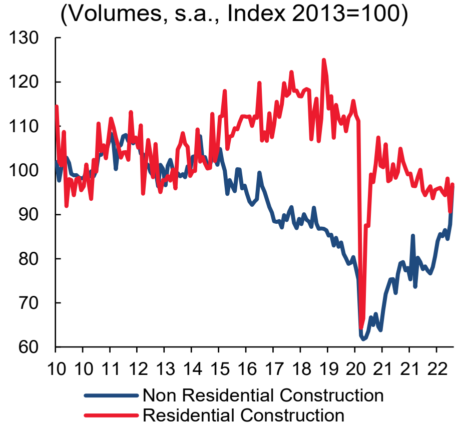
On the other side of gross fixed investment data, we see that imported transportation activity is the strongest component of non-construction investment, which anecdotal evidence suggests is linked to an acceleration of the government's infrastructure projects in the southeast, as well as private capital stock updating/replenishing after several years where investment was materially below trend.

The results in industrial production's construction subcomponent seem to confirm our view that a combination of manufacturing sector-related construction in the Bajio & North (the traditional states for manufacturing in Mexico), alongside in the states where the current administration has its key infrastructure projects, account for the bulk of the rebound in construction investment (chart 5). Again, this seems consistent with our long held views that nearshoring in Mexico is somewhat of a continuation of long-term trends in terms of winners in the Bajio/North, and an underperformance in the South.

Finally, the other piece of evidence on the benefits that Mexico is reaping from its nearshoring opportunity comes from the percentage share of US imports that the country is capturing. Again, recent data points to a strengthening of Mexico's share in US imports, which have jumped from around 14% to levels approaching 16% (chart 6). This is positive news, but we have received some pushback from players in the manufacturing sector that argue part of Mexico's improvement in this front is at least materially related to a change in the price paid by US importers due to the strength of MXN, more than a change in volumes. Overall, we think data are starting to paint a rosier picture of Mexico's ability to benefit from nearshoring, but how strong the improvement really is, remains a subject for debate.

Chart 3

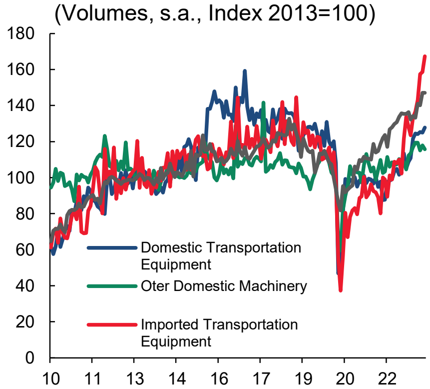
Mexican Construction Investment Components
(Volumes, s.a., Index 2013=100)



Sources: Scotiabank Economics, INEGI.

Chart 4

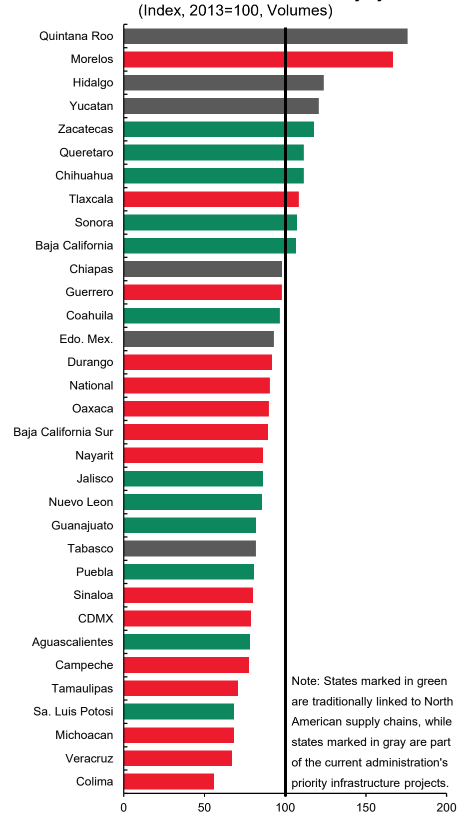
Mexican Machinery & Equipment Investment Components
(Volumes, s.a., Index 2013=100)



Sources: Scotiabank Economics, INEGI.

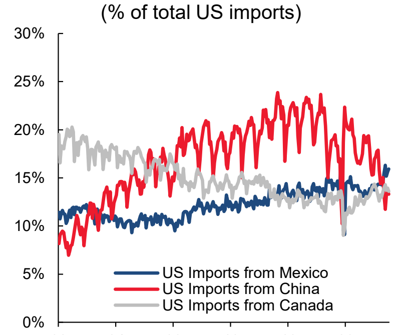
Chart 5

Industrial Production: Construction Activity by State
(Index, 2013=100, Volumes)



Sources: Scotiabank Economics, INEGI.

Chart 6 **% Share of US Imports, Selected Countries**
(% of total US imports)



Sources: Scotiabank Economics, Bloomberg.

Peru—Demand Components Will be Key for Our View of GDP Growth Going Forward

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June GDP growth came in at -0.6% y/y, which ensures negative GDP growth in Q2-2023 (chart 7). The official figure for Q2 will be released on August 24th. We are expecting the figure to come in at -0.5% y/y. This would represent the second consecutive decline in GDP, after -0.4% in Q1- 2023.

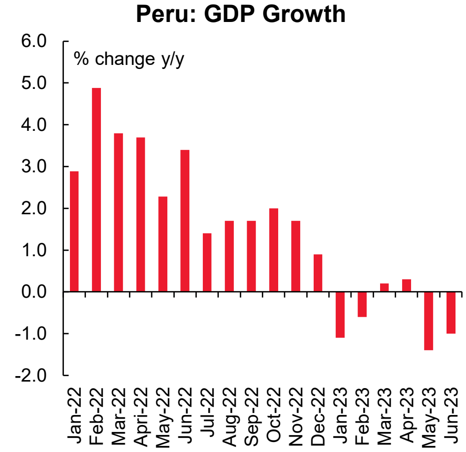
Peru presents its official GDP growth figures in quarterly y/y terms (e.g., Q2-2023 versus Q2-2022), not in the seasonally-adjusted q/q annualized form used in other countries. So, it's interesting to note that BCRP President Julio Velarde backed up his position that Peru is not in the midst of a recession by stating that growth was positive in q/q annualized terms. Definitions aside, the issue is that growth is persistently low, and dips into negative territory all too easily.

Given the monthly results from January to June, growth for the first half of 2023 should come in at about 0.5% y/y. This would mean that growth would need to be at least 3.0% in the second half of the year to reach our full-year forecast of 1.4% GDP growth. This is not likely, and we plan to revise our forecast after August 24th, which is when the full second quarter results, including demand components, are scheduled for release. We need to take a close look at private investment and consumption in particular. We expect private investment growth to be negative, year-on-year, but the magnitude and trend will be key.

Consumption is a bit more of an enigma. Formal jobs growth has been faring quite decently (see chart 8). On the face of it, this should portend similarly acceptable consumption growth. However, inflation has been taking its toll on real wages, which are declining mildly. The balance between sustainable jobs growth with household incomes affected by inflation is difficult to gauge. Meanwhile, the informal jobs market is also not doing so badly, but the impact of inflation on real income is likely to have been greater. An additional source of uncertainty regarding consumption is the unseasonably warm weather, which could impact in both directions.

We expect positive (albeit low) growth to resume in Q3, but the trends in demand components to be released next week will give us a better view of magnitude and breakdown. BCRP President, Julio Velarde, stated that expectations of 2% GDP growth in Q3, which is possible, and 4% in Q4, which is aggressive. Of course, the BCRP could help this rebound along by lowering the reference rate more rapidly than it appears willing to do.

Chart 7



* Jun-23 is the MoF forecast.
Sources: Scotiabank Economics, INEI.

Chart 8

Sources: Scotiabank Economics, BCRP.

Forecast Updates: Central Bank Policy Rates and Outlook

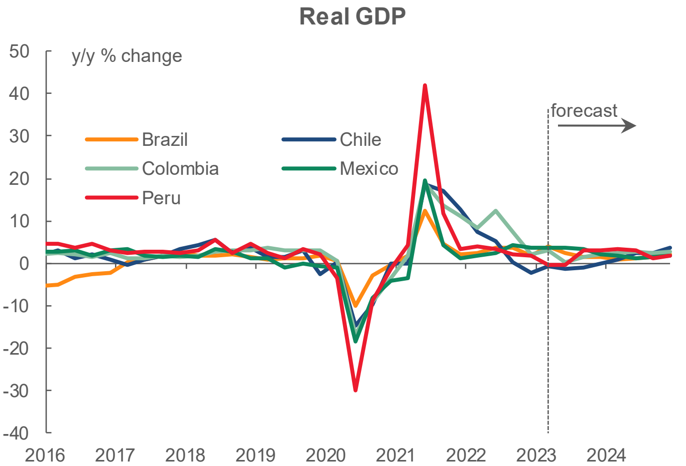
Latam Central Banks: Policy Rates and Outlook

		Next Scheduled Meeting			Market Pricing		BNS Forecast		
	Current	Date	Market	BNS	12 mos	24 mos	End-2023	End-2024	BNS guidance for next monetary policy meeting
Brazil, BCB, Selic	13.25%	Sep-20	n.a.	12.75%	n.a.	n.a.	12.00%	9.25%	
Chile, BCCh, TPM	10.25%	Sep-05	n.a.	9.25%	n.a.	n.a.	7.50%	4.00%	We anticipate a 100 bps cut in the benchmark rate at the September meeting.
Colombia, BanRep, TII	13.25%	Sep-29	n.a.	13.25%	n.a.	n.a.	12.25%	5.75%	Economic indicators are providing mixed signals. Inflation was above expectations, while economic activity posted the lowest expansion since 2021. Either way, BanRep's main focus is on inflation, and despite the market speculating over rate cuts in September, we discard this possibility. Our base case scenario for rate cuts is October. However, it strongly depends on a more significant improvement in inflation. That said, we see a risk of having a later but probably more aggressive start of the easing cycle in December or January 2024.
Mexico, Banxico, TO	11.25%	Sep-28	n.a.	11.25%	n.a.	n.a.	11.00%	8.25%	As was expected, Banxico ended the hiking cycle at 11.25%. Inflation expectations have remained stable, but the balance of risks is still biased to the upside. For now, we believe Banxico won't cut until the December meeting, or possibly November. Regardless, our outlook remains subject to inflation trajectory, especially on its core components, as well as development of events in the international banking system.
Peru, BCRP, TIR	7.75%	Sep-14	n.a.	7.50%	n.a.	n.a.	7.00%	5.00%	The latest BCRP statement has a dovish bias, opening up the possibility of starting the interest rate cut cycle as soon as September.

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

Key Economic Charts

Chart 1



Sources: Scotiabank Economics, Bloomberg, Haver Analytics.

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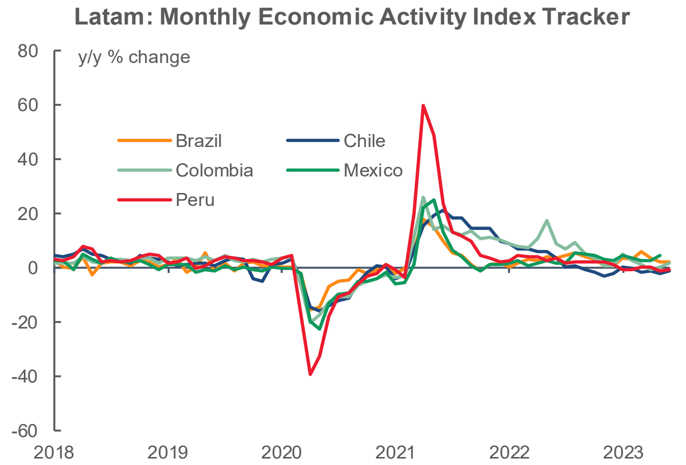
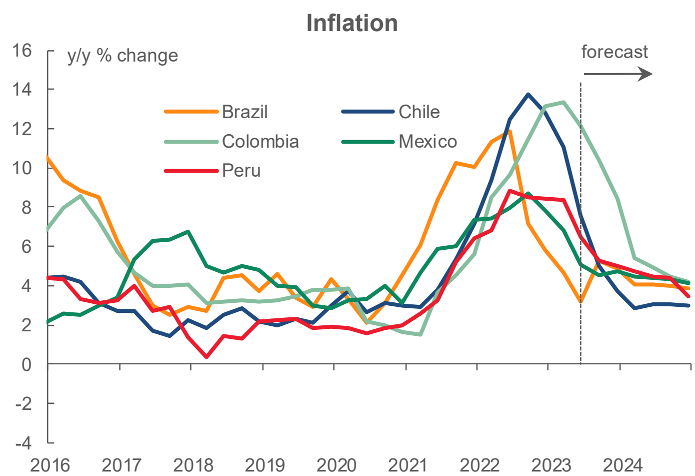


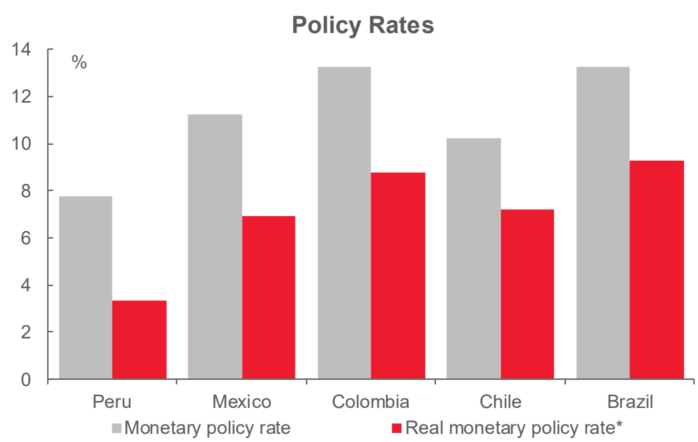
Sources: Scotiabank Economics, Haver Analytics.

Chart 3



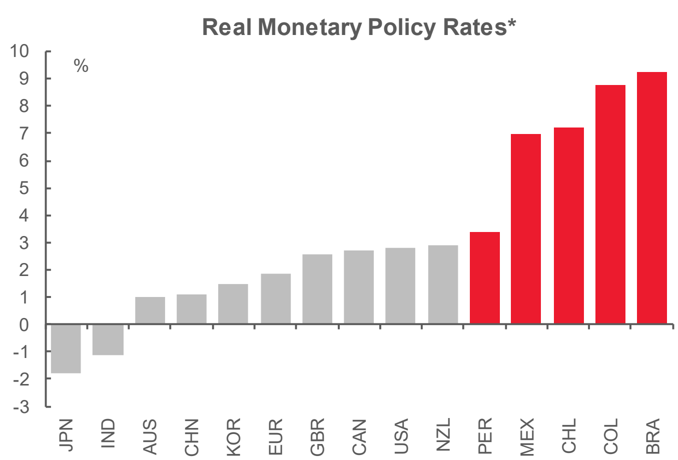
Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

Chart 4



* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q3-2024, % y/y.
Sources: Scotiabank Economics, Focus Economics, Haver Analytics.

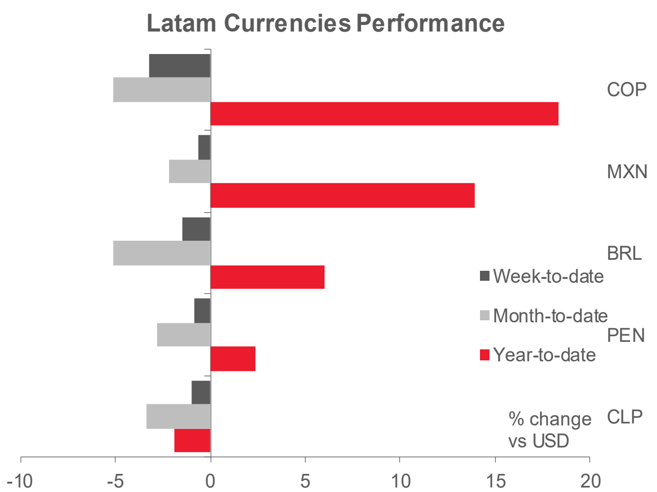
Chart 5



* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q3-2024, % y/y. Sources: Scotiabank Economics, Bloomberg.

Key Market Charts

Chart 1



Sources: Scotiabank Economics, Bloomberg.

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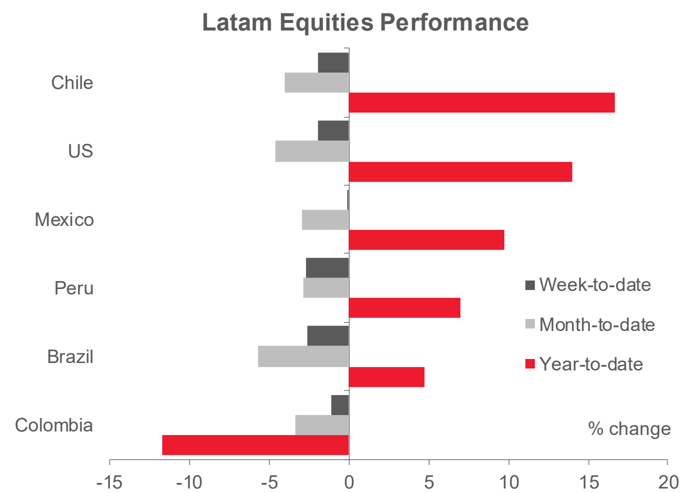

Sources: Scotiabank Economics, Bloomberg.

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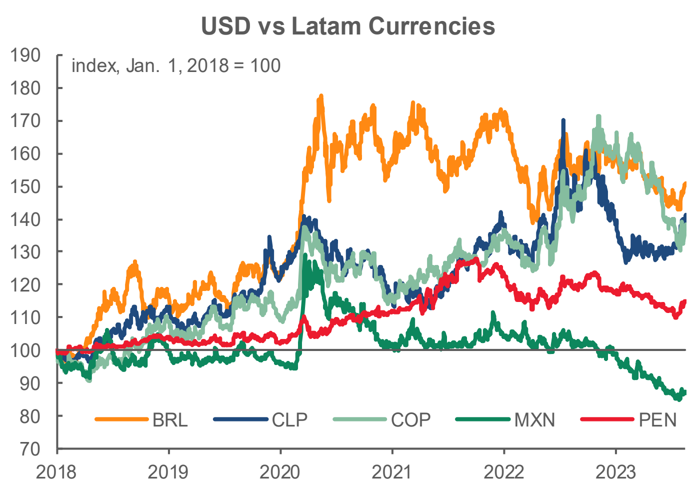

Sources: Scotiabank Economics, Bloomberg.

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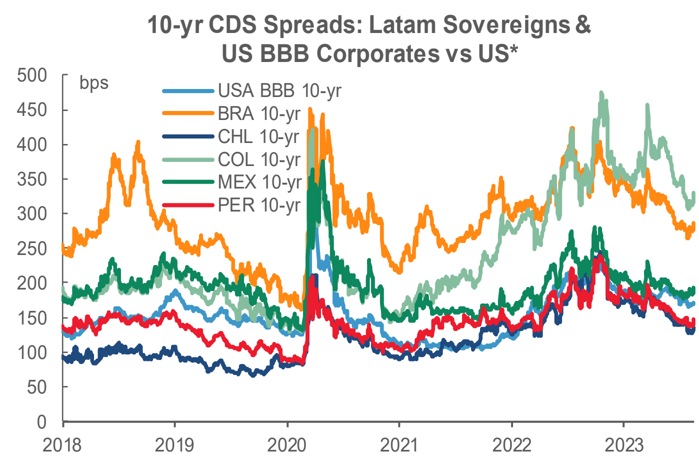
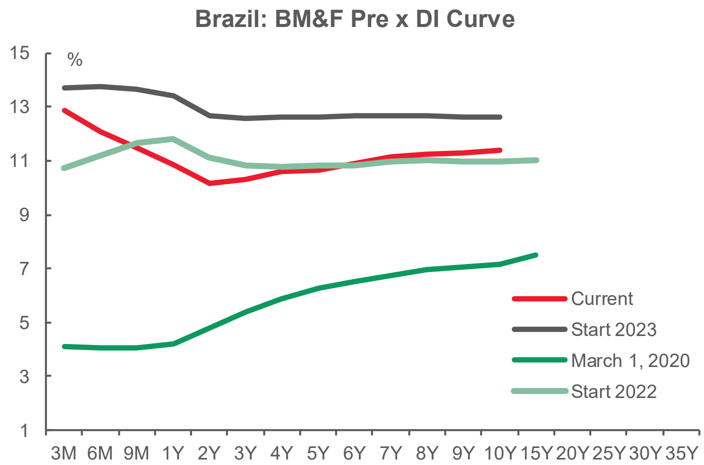


*Sovereigns vs US swaps; BBB corporates vs 10-yr USTs.
Sources: Scotiabank Economics, Bloomberg.

Yield Curves

Chart 1



Sources: Scotiabank Economics, Bloomberg.

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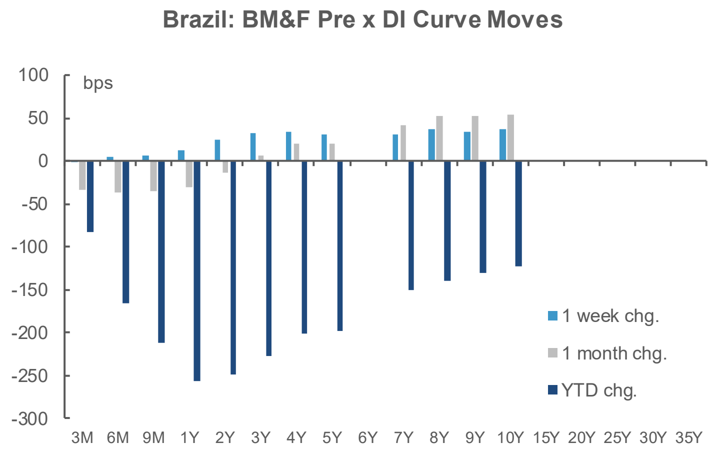

Sources: Scotiabank Economics, Bloomberg.

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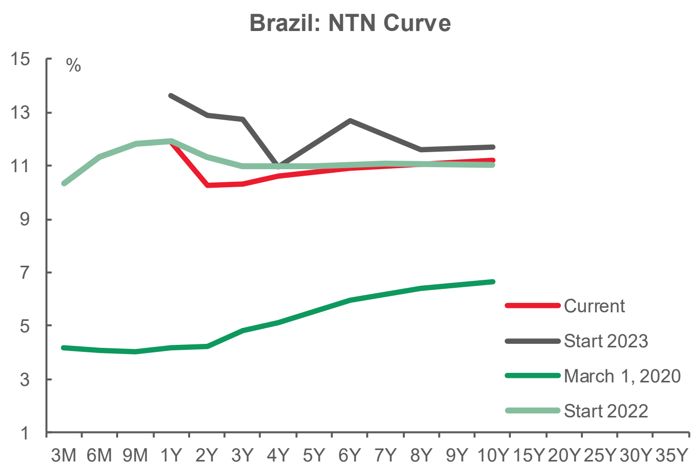

Sources: Scotiabank Economics, Bloomberg.

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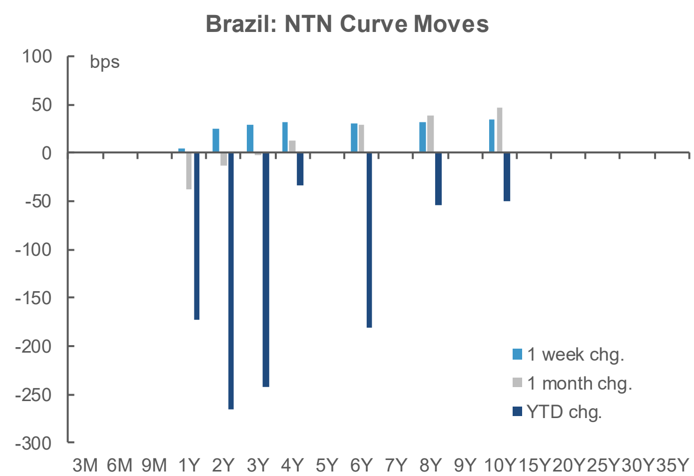
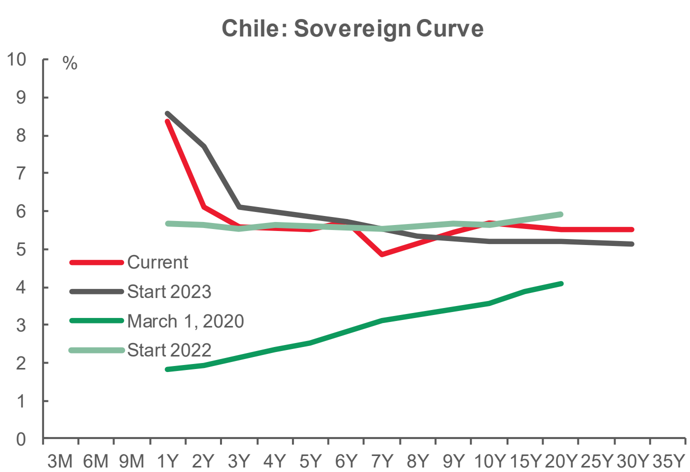


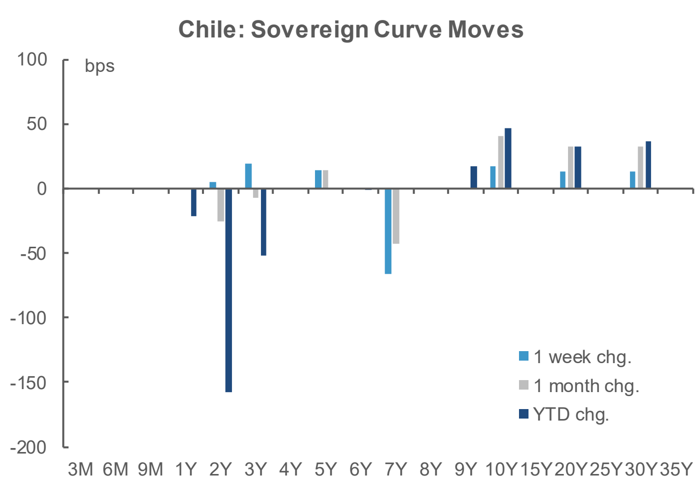
Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

Chart 6



Sources: Scotiabank Economics, Bloomberg.

Yield Curves

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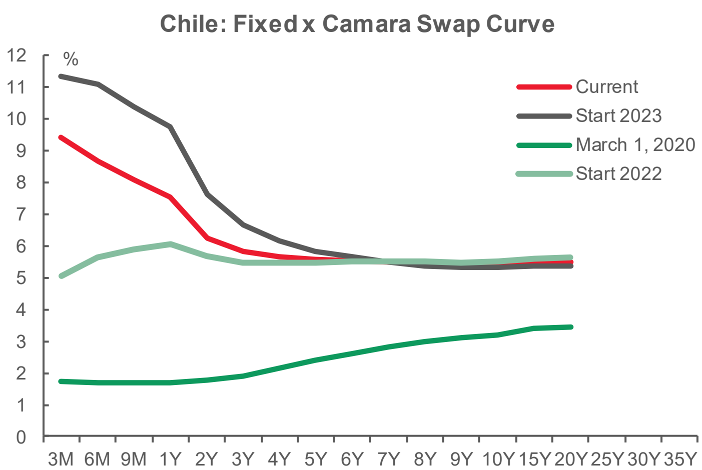
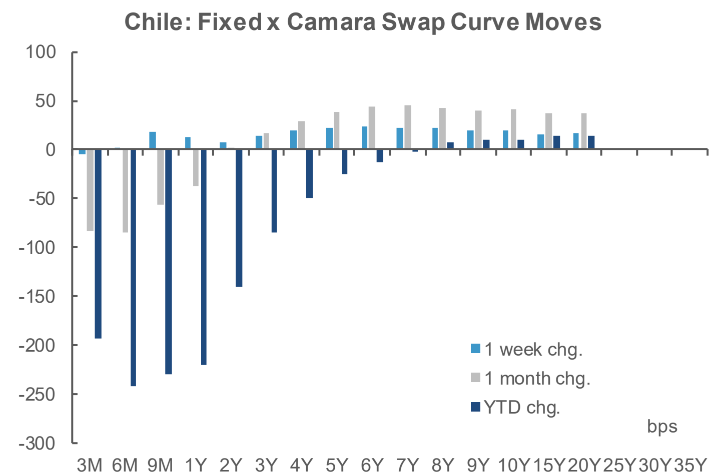


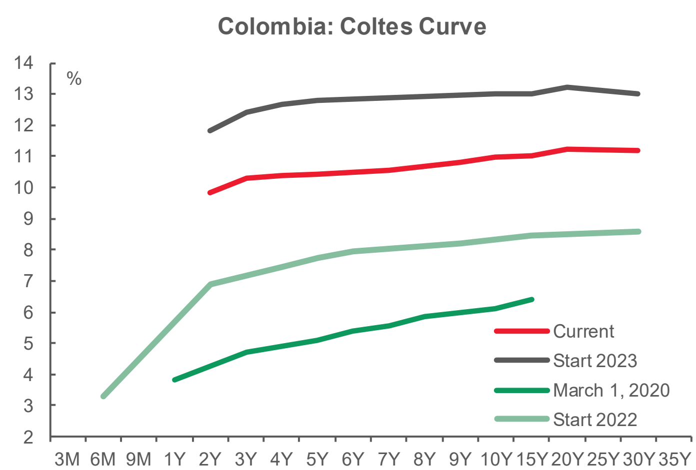
Sources: Scotiabank Economics, Bloomberg.

Chart 8



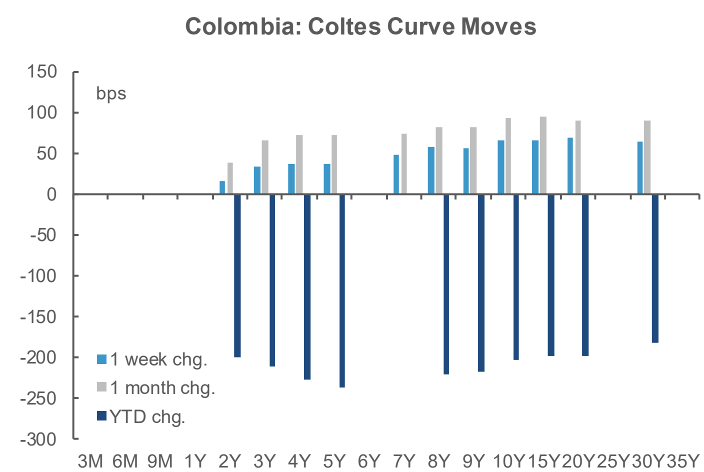
Sources: Scotiabank Economics, Bloomberg.

Chart 9



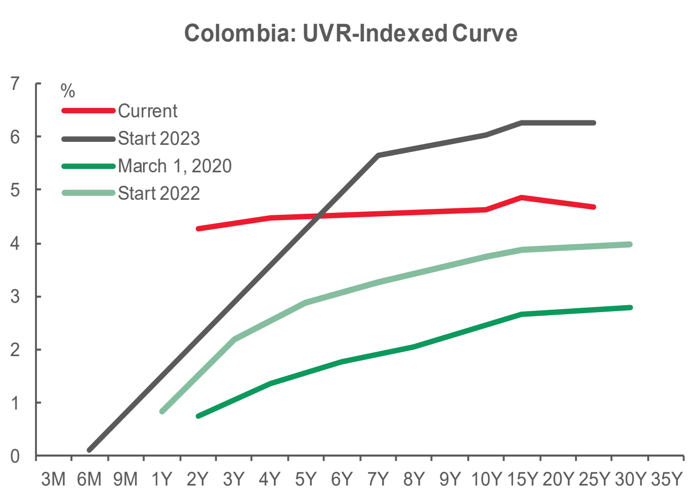
Sources: Scotiabank Economics, Bloomberg.

Chart 10



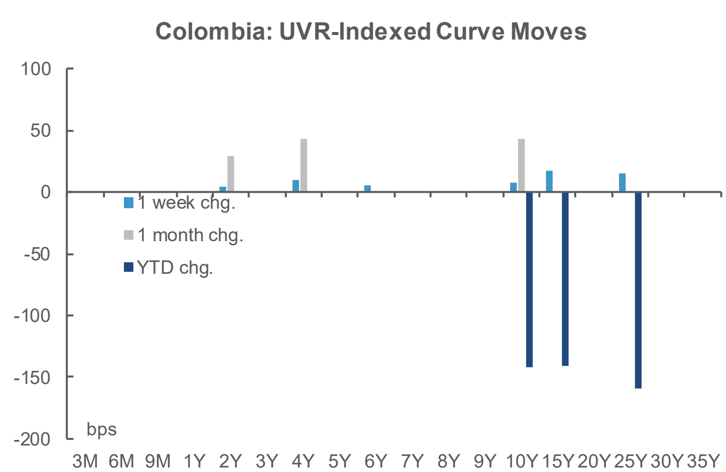
Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Bloomberg.

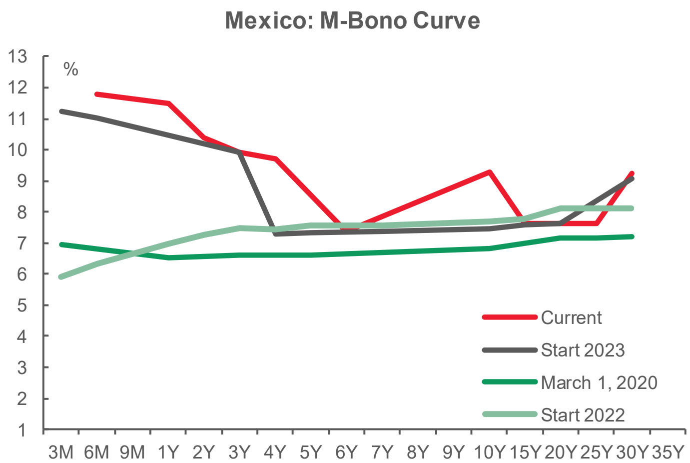
Chart 12



Sources: Scotiabank Economics, Bloomberg.

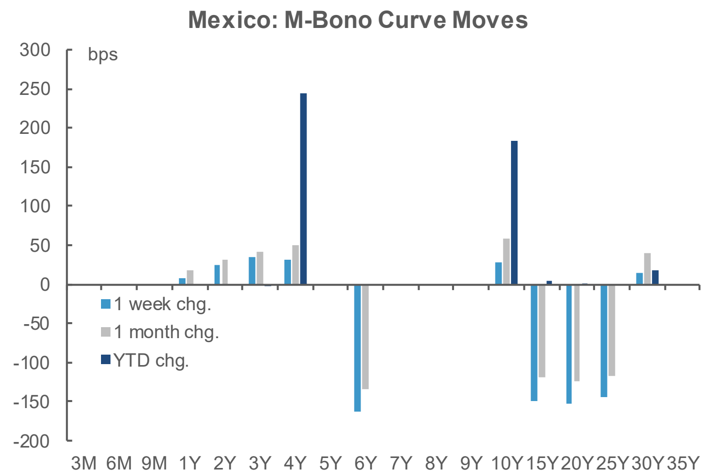
Yield Curves

Chart 13



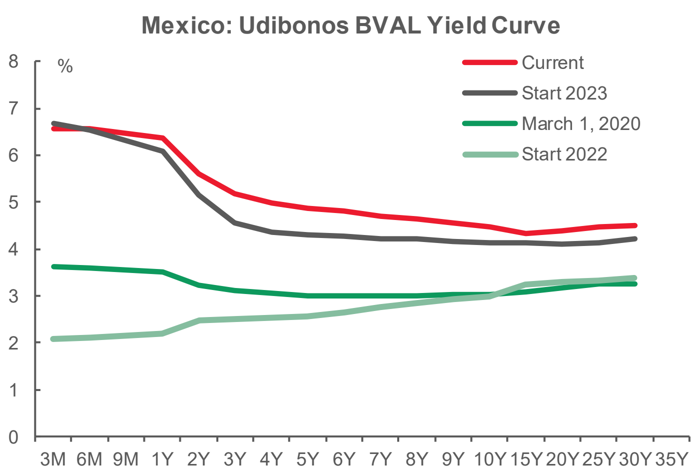
Sources: Scotiabank Economics, Bloomberg.

Chart 14



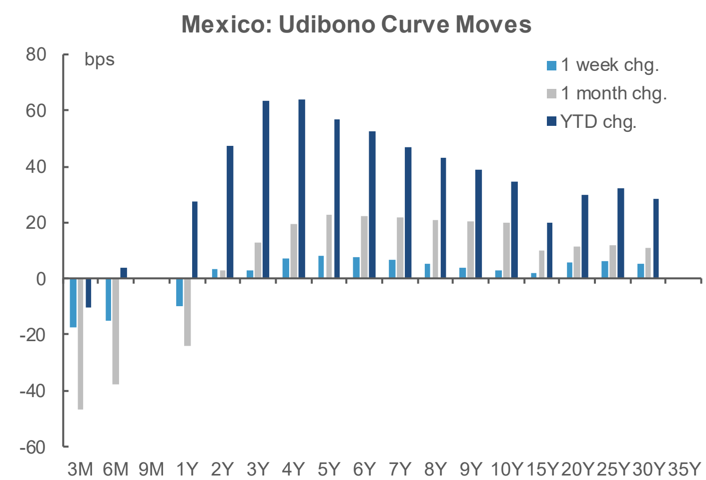
Sources: Scotiabank Economics, Bloomberg.

Chart 15



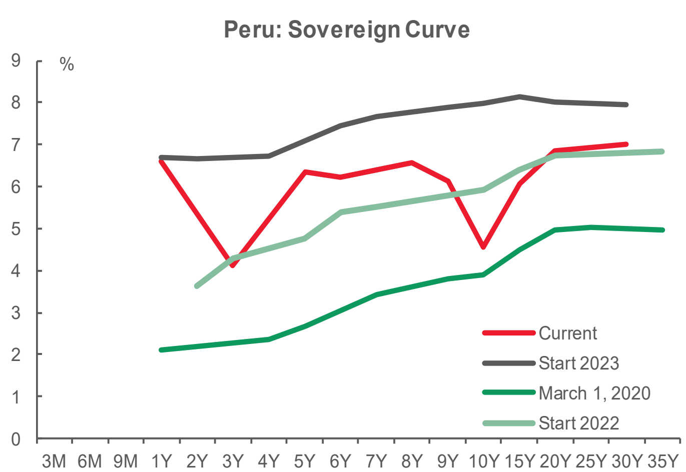
Sources: Scotiabank Economics, Bloomberg.

Chart 16



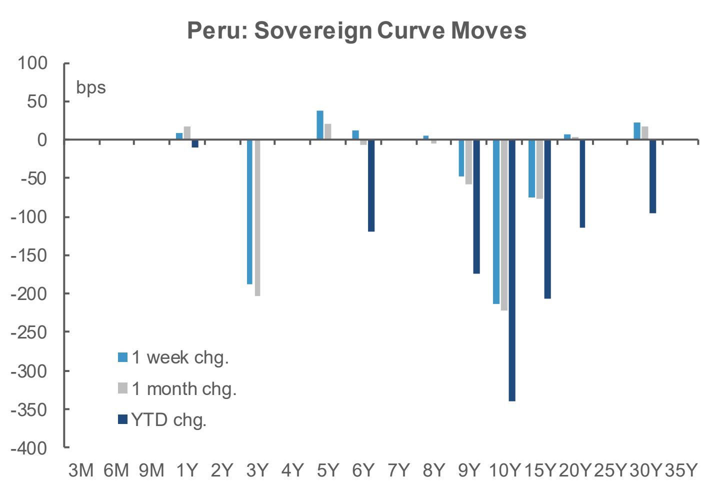
Sources: Scotiabank Economics, Bloomberg.

Chart 17



Sources: Scotiabank Economics, Bloomberg.

Chart 18



Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for August 19–September 1

BRAZIL

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Aug-21	7:25	Central Bank Weekly Economist Survey		--	--		
Aug-21	14:00	Trade Balance Weekly (USD mn)	20-Aug	--	--	2632	
Aug-23	7:00	FGV CPI IPC-S (%)	18-Aug	--	--	-0.07	
Aug-25	4:00	FIPE CPI - Weekly (%)	23-Aug	--	-0.28	-0.44	
Aug-25	7:00	FGV Consumer Confidence	Aug	--	--	94.8	
Aug-25	7:30	Current Account Balance (USD mn)	Jul	--	--	-843	
Aug-25	7:30	Foreign Direct Investment (USD mn)	Jul	--	--	1880	
Aug-25	8:00	IBGE Inflation IPCA-15 y/y	Aug	--	--	3.19	
Aug-25	8:00	IBGE Inflation IPCA-15 m/m	Aug	--	--	-0.07	
Aug 21-25		Tax Collections (BRL mn)	Jul	--	208950	180475	
Aug-28	7:00	FGV Construction Costs m/m	Aug	--	--	0.06	
Aug-28	7:25	Central Bank Weekly Economist Survey		--	--		
Aug-28	7:30	Total Outstanding Loans (BRL bn)	Jul	--	--	5401.5	
Aug-28	7:30	Outstanding Loans m/m	Jul	--	--	0.1	
Aug-28	7:30	Personal Loan Default Rate (%)	Jul	--	--	6.3	
Aug-29	13:30	Federal Debt Total (BRL bn)	Jul	--	--	6191	
Aug-30	7:00	FGV Inflation IGPM y/y	Aug	--	--	-7.72	
Aug-30	7:00	FGV Inflation IGPM m/m	Aug	--	--	-0.72	
Aug-30	13:30	Central Govt Budget Balance (BRL bn)	Jul	--	--	-45.22	
Aug-30		Formal Job Creation Total	Jul	--	--	157198	
Aug-31	7:30	Nominal Budget Balance (BRL bn)	Jul	--	--	-89.63	
Aug-31	7:30	Primary Budget Balance (BRL bn)	Jul	--	--	-48.90	
Aug-31	7:30	Net Debt % GDP	Jul	--	--	59.1	
Aug-31	8:00	National Unemployment Rate (%)	Jul	--	--	8	
Sep-01	7:00	FGV CPI IPC-S (%)	25-Aug	--	--	-0.07	
Sep-01	8:00	GDP y/y	2Q	--	--	4.0	
Sep-01	8:00	GDP 4Qtrs Accumulated (%)	2Q	--	--	3.3	
Sep-01	8:00	GDP q/q	2Q	--	--	1.9	
Sep-01	9:00	S&P Global Brazil Manufacturing PMI	Aug	--	--	47.8	
Sep-01	14:00	Trade Balance Monthly (USD mn)	Aug	--	--	9035	
Sep-01	14:00	Exports Total (USD mn)	Aug	--	--	29062	
Sep-01	14:00	Imports Total (USD mn)	Aug	--	--	20027	
Sep 01-08		Vehicle Sales Fenabrave	Aug	--	--	225603	

CHILE

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Aug-24	9:00	PPI m/m	Jul	--	--	0.6	
Aug-30	9:00	Unemployment Rate (%)	Jul	8.7	--	8.5	
Aug-31	8:30	Central Bank Traders Survey		--	--		
Aug-31	9:00	Manufacturing Production y/y	Jul	--	--	-5.2	
Aug-31	9:00	Industrial Production y/y	Jul	--	--	-2.7	
Aug-31	9:00	Copper Production Total (long ton)	Jul	--	--	457921	
Aug-31	9:00	Commercial Activity y/y	Jul	--	--	-7.89	
Aug-31	9:00	Retail Sales y/y	Jul	12.0	--	-13.0	
Sep-01	8:30	Economic Activity y/y	Jul	0.6	--	-1.0	
Sep-01	8:30	Economic Activity m/m	Jul	-0.8	--	0.5	
Sep 01-07		IMCE Business Confidence	Aug	--	--	41.1	

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

Market Events & Indicators for August 19–September 1

COLOMBIA

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Aug-29		Industrial Confidence	Jul	--	--	-2.2	
Aug-29		Retail Confidence	Jul	--	--	17.8	
Aug-31	11:00	Urban Unemployment Rate (%)	Jul	10.3	--	8.8	In June, employment creation surprisingly positive amid better hiring in the public sector.
Aug-31	11:00	National Unemployment Rate (%)	Jul	10.4	--	9.3	However, in July we expect to see a more moderate job gain.
Aug-31		Central Bank Board Meeting		--	--		
Sep-01	11:00	Davivienda Colombia PMI Mfg	Aug	--	--	48.4	
Sep-01		Current Account Balance (USD mn)	2Q	2500	--	-3422	In the second quarter, the current account deficit will likely narrow as economic deceleration has been strongly reflected in lower imports. Financing is expected to be mainly from FDI.

MEXICO

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Aug-22	11:00	International Reserves Weekly (USD mn)	18-Aug	--	--	203861	
Aug-22		Banamex Survey of Economists		--	--		
Aug-24	8:00	Bi-Weekly CPI (%)	15-Aug	0.32	0.3	0.21	
Aug-24	8:00	Bi-Weekly Core CPI (%)	15-Aug	0.25	0.2	0.09	
Aug-24	8:00	Bi-Weekly CPI y/y	15-Aug	4.68	4.66	4.78	
Aug-24	8:00	Bi-Weekly Core CPI y/y	15-Aug	6.27	6.22	6.52	
Aug-24	11:00	Central Bank Monetary Policy Minutes		--	--		
Aug-25	11:00	Current Account Balance (USD mn)	2Q	--	--	-14282	
Aug-28	8:00	Imports (USD mn)	Jul	--	--	51762	
Aug-28	8:00	Exports (USD mn)	Jul	--	--	51800	
Aug-28	8:00	Trade Balance (USD mn)	Jul	--	--	38.2	
Aug-29	8:00	Economic Activity IGAE m/m	Jun	--	--	0.9	
Aug-29	8:00	Economic Activity IGAE y/y	Jun	--	--	4.3	
Aug-29	8:00	GDP NSA y/y	2Q F	--	--	3.7	
Aug-29	8:00	GDP SA q/q	2Q F	--	--	0.9	
Aug-29	8:00	GDP Nominal y/y	2Q	--	--	8.2	
Aug-29	11:00	International Reserves Weekly (USD mn)	25-Aug	--	--	203861	
Aug-30	14:30	Mexican Central Bank Releases Inflation Report		--	--		
Aug-30		Mexican Public Balance (MXN mn)	Jul	--	--	-420	
Aug-31	8:00	Unemployment Rate NSA (%)	Jul	--	--	2.65	
Aug-31	11:00	Net Outstanding Loans (MXN bn)	Jul	--	--	5672.5	
Sep-01	11:00	S&P Global Mexico Manufacturing PMI	Aug	--	--	53.2	
Sep-01	11:00	Remittances Total (USD mn)	Jul	--	--	5571.5	
Sep-01	11:00	Central Bank Economist Survey		--			
Sep-01	14:00	IMEF Manufacturing Index SA	Aug	--	--	51.8	
Sep-01	14:00	IMEF Non-Manufacturing Index SA	Aug	--	--	51.7	
Sep 01-07		Formal Job Creation Total	Aug	--	--	-2.17	

PERU

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
Aug 21-25		GDP y/y	2Q	-0.5	--	-0.4	Economy contracted due to the agriculture and fishing sectors being affected by El Niño, as well as weak domestic demand, offset by mining output.
Sep-01	11:00	Lima CPI m/m	Aug	0.4	--	0.4	August inflation would be similar to July, due to an increase in perishable foods and local fuel prices.
Sep-01	11:00	Lima CPI y/y	Aug	5.5	--	5.9	Declining inflation would continue in August, in line with official expectations.

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

Scotiabank Economics Latam Coverage

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