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Latam Weekly: Central Bank Watch; Peru's Boluarte to Announce Cabinet Ministers

ECONOMIC OVERVIEW

- Next week will put markets to the test with policy decisions from central banks in the US, Mexico, Colombia, the Eurozone, UK, Norway, and Switzerland.
- Mexico's Banxico is still widely expected to match the Fed's 50bps increase next week, despite softer than expected month-on-month November inflation.
- In Colombia, Monday's strong inflation data came at a bad time for BanRep. The 100bps hike that we expect next week will almost certainly not be the last for Colombia's central bank.
- In Peru and Brazil, assets will march to the drumbeat of local politics. Recently-instated Peruvian President Boluarte may announce Cabinet Ministers this weekend.

PACIFIC ALLIANCE COUNTRY UPDATES

- We assess key insights from the last week, with highlights on the main issues to watch over the coming fortnight in the Pacific Alliance countries: Chile, Colombia, Mexico, and Peru.

FORECAST UPDATES

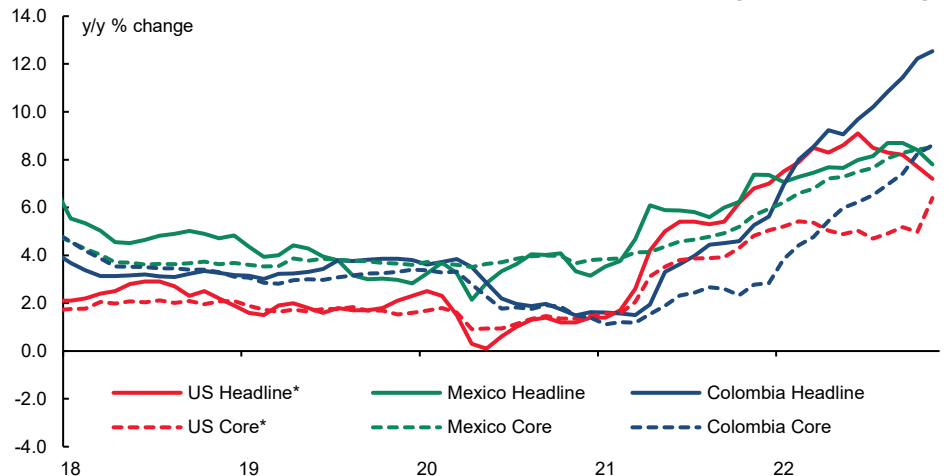
- We've lifted our policy rate forecasts for Chile's and Colombia's central banks amid stubbornly-high inflation. While we still project the BCCh to begin its cutting cycle in January, the 25bps reduction is significantly smaller than a full-point cut that we had previously pencilled in. We see another 100bps hike from BanRep next week, to be followed by at least 50bps in Q1.
- On the flip side, the Banxico rate path is a touch lower, in line with a softer hiking profile for the Fed and somewhat cautious comments from Mexican policymakers who have spoken of a possible 'decoupling'.

MARKET EVENTS & INDICATORS

- A comprehensive risk calendar with selected highlights for the period December 10–23 across the Pacific Alliance countries and Brazil.

Chart of the Week

Inflation Holds Uptrend in Colombia as US and Mexico Show Signs of Plateauing



*November 2022 are forecasts.
Sources: Scotiabank Economics, Haver Analytics.

Chart of the Week: Prepared by: John Fanjoy, Economic Analyst.

Economic Overview: Central Bank Watch; Peru's Boluarte to Announce Cabinet Ministers

- **Next week will put markets to the test with policy decisions from central banks in the US, Mexico, Colombia, the Eurozone, UK, Norway, and Switzerland.**
- **Mexico's Banxico is still widely expected to match the Fed's 50bps increase next week, despite softer than expected month-on-month November inflation.**
- **In Colombia, Monday's strong inflation data came at a bad time for BanRep. The 100bps hike that we expect next week will almost certainly not be the last for Colombia's central bank.**
- **In Peru and Brazil, assets will march to the drumbeat of local politics. Recently-instated Peruvian President Boluarte may announce Cabinet Ministers this weekend.**

Next week will put markets to the test with policy decisions from central banks in the US, Mexico, Colombia, the Eurozone, UK, Norway, and Switzerland. Though economists have formed a firm consensus on the magnitude of the respective hike that each of these central banks will deliver, there remains an important degree of uncertainty about what they may guide.

The Fed is set to hike by 50bps and lift its median end-2023 rate projection to 4.75–5.00%, but it is the message that will be provided around downside or upside risks to this rate projection that will keep traders on edge—Tuesday's US CPI print will help refine bets on the hawkishness of the decision.

The Fed event looks set to determine the mood of markets for the balance of the year as we enter a period of sleepy trading on limited volumes that could exacerbate moves in reaction to data or headlines.

Mexico's Banxico is still widely expected to match the Fed's 50bps increase next week, despite softer than expected month-on-month November inflation. The country's inflation backdrop, with core year-on-year inflation reaching a new high in the current cycle of 8.53%, could also still motivate another half-point hike at February decision. This would come instead of a 25bps hike, in spite of rumblings of an earlier decoupling from the Fed.

In Colombia, Monday's strong inflation data came at a bad time for BanRep as the limited signs of softening prices will now compound with indexation practices and minimum wage decisions that will prolong upside pressures in inflation. **The 100bps hike that we expect next week will almost certainly not be the last for Colombia's central bank.** COP weakness is also yet to be reflected fully in the prices that Colombians face and the economy remains on solid ground—seemingly not too impacted by higher rates, partly as a result of the high share of economic informality in the country.

Outside of the central bank decisions, the release calendar is limited to relatively second-tier data in the region. Peru's unemployment data will contribute to the discussion on whether the BCRP has more bullets in the hiking chamber (we think it likely does), while economic activity data could be skewed by increased output from the Quellaveco mine. Mexico and Colombia also publish industrial production figures to get a sense of how the secondary sector fared at the start of the quarter while Colombia's retail data could reflect continued consumer strength.

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In Peru and Brazil, assets will march to the drumbeat of local politics. In the case of Peru, the beat may come from protestors' drums who are blocking roads around the country. Meanwhile, **recently-instated President Boluarte could announce ministry heads.** On Friday, she stated that no later than Saturday at noon she will swear in her new Council of Ministers. If all goes well and Boluarte manages to present a balanced and relatively moderate cabinet, Peruvian assets may rally strongly at the Monday open after two days of holidays.

Brazil's President-to-be Lula will likely announce a few more ministers over the next few days, but the main one that markets had feared and incorporated to some degree has already been named: Haddad at the Ministry of Finance. We await a formal address from the former Sao Paulo and Minister of Education to gauge where he stands on the fiscal scale. Lula is also facing some resistance in Brazil's Lower House to his transition bill, where more watering down could also result in gains for Brazilian assets.

Pacific Alliance Country Updates

Colombia—BanRep Can't But Hike 100bps

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We do not see many options for BanRep but to continue with the same 100bps pace of hikes at its December 16 meeting to close the year at 12%; we also cannot rule out an additional 50bps at the January decision.

Inflation in November of 0.77% m/m and 12.53% y/y exceeded analysts' expectations and remained on an accelerating path, especially in the case of core items. Persistently high inflation, markets that are not yet seeing a peak in prices growth, and strong economic activity (which is also seeing a growing current account deficit) complete a **perfect storm challenging the central bank to continue on a firm tightening course**.

Peru—Back to the Future: Challenges of the New Boluarte Regime

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The next few days will bring answers to a host of questions that have been unleashed by the regime change that occurred abruptly in Peru on December 7. The new President Dina Boluarte has no real party backing, having estranged herself from the leadership of Perú Libre, for which she ran as Vice-President. **She will need to forge working political relationships**, which will put her political skills to the test. **She will also need to define the policy profile of her government.** President Boluarte is a moderate leftist and a lawyer.

As a moderate, there is little fear that she will change economic policy significantly, but at the same time, her expertise in economic policy is relatively unknown, so the economic team she puts together is key. If she does manage to appoint a credible team, business confidence, which is thirsty for political relief, could soar. Finally, President Boluarte, as a member of the Castillo Regime, was far from belligerent. Thus, there is a good chance that her government will lead to a healthy reduction in the level of political confrontation between the Executive and Congress, the press and the business community.

The proof of the pudding in terms of her relationship with the private sector may be how she manages social conflict around mining activities. In a best-case scenario, mining investment could pick up significantly, albeit with the usual slow incubation period, if the Boluarte Government adopts a satisfactory approach to social conflict.

Another issue that will become clearer over time is whether the Boluarte Government will be a better State manager than the Castillo Government. True, it could hardly be worse. Yet, the improvement could be anywhere between mediocre and excellent.

At the risk of misreading the still incipient signs of what the new political scenario will look like, one likely scenario is that President Boluarte could represent a return to normality. She is likely to institute a center-left government and establish a better working relationship with Congress. It also seems likely that state institutions will be 'cleaned' of many questionable political appointees. President Boluarte knows she will be under scrutiny and is likely to adhere more closely to the law and proper state management than Castillo had. Leftist regulatory issues are likely to continue to emerge from both the Executive and Congress but within the general framework of a free-market economy.

The bottom line is that there is a good chance that, if President Boluarte conducts a sensible government with a reasonable team, then business confidence can improve sharply. Even so, it is likely to take longer for private investment to finally react to the improvement in business confidence, but at least one can start to hope that Peru has finally begun to turn the corner.

Note that the FX market is sending a similar message. The PENUSD jumped from 3.82 to over 3.90 in minutes after Castillo announced that he would close Congress, but then fell back to 3.82 when it became evident that the coup attempt had failed. By 6pm, when the BCRP announced its decision to increase the reference rate to 7.50%, politics was not announced as a consideration. A first signal of normality of sorts.

Forecast Updates

	2021		2022			2023				2024							
	Q4	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2021	2022f	2023f	2024f
Brazil																	
Real GDP (y/y % change)	2.1	2.4	3.7	3.6	3.4	1.2	0.5	0.6	0.9	1.4	1.6	1.7	2.1	5.0	3.0	0.8	1.7
CPI (y/y % eop)	10.1	11.3	11.9	7.2	6.2	6.2	5.8	5.3	5.0	4.8	4.3	3.9	3.6	10.1	6.2	5.0	3.6
Unemployment rate (% avg)	11.1	11.1	9.3	8.7	8.6	10.4	9.9	10.1	9.1	9.8	10.5	10.1	9.8	11.1	9.7	9.9	10.1
Central bank policy rate (% eop)	9.25	11.75	13.25	13.75	13.75	13.50	13.25	12.50	11.75	10.50	9.50	9.00	8.50	9.25	13.75	11.75	8.50
Foreign exchange (USDBRL, eop)	5.58	4.74	5.26	5.42	5.29	5.38	5.41	5.49	5.38	5.47	5.39	5.31	5.23	5.58	5.29	5.38	5.23
Chile																	
Real GDP (y/y % change)	12.0	7.4	5.6	0.3	-1.8	-0.9	-3.0	-2.6	-0.2	1.6	3.6	2.8	3.0	11.7	2.7	-1.7	2.8
CPI (y/y % eop)	7.2	9.4	12.5	13.7	12.4	10.4	7.2	4.4	3.7	3.1	3.1	3.0	3.0	7.2	12.4	3.7	3.0
Unemployment rate (% avg)	7.2	7.8	7.8	8.0	7.9	8.4	9.5	9.5	8.9	8.4	8.1	8.1	7.5	9.1	7.9	9.1	8.0
Central bank policy rate (% eop)	4.00	7.00	9.00	10.75	11.25	11.00	8.00	6.00	4.50	3.75	3.75	3.75	3.75	4.00	11.25	4.50	3.75
Foreign exchange (USDCPL, eop)	852	786	918	969	900	900	880	870	850	800	780	770	750	852	900	850	750
Colombia																	
Real GDP (y/y % change)	10.8	8.7	12.8	7.0	4.0	1.8	2.1	2.2	2.2	2.4	2.9	3.2	3.4	10.7	8.0	2.0	3.0
CPI (y/y % eop)	5.6	8.5	9.7	11.4	12.4	10.8	9.5	7.5	6.1	4.9	4.4	4.2	4.3	5.6	12.4	6.1	4.3
Unemployment rate (% avg)	11.5	13.2	11.0	10.8	10.9	11.2	9.8	10.8	10.8	10.6	10.4	10.5	10.5	13.8	10.8	10.7	10.5
Central bank policy rate (% eop)	3.00	5.00	7.50	10.00	12.00	12.50	12.00	11.00	10.00	9.00	8.50	7.00	6.00	3.00	12.00	10.00	6.00
Foreign exchange (USDCOP, eop)	4,080	3,771	4,155	4,609	4,847	4,880	4,958	5,026	5,026	5,026	5,026	5,026	5,026	4,080	4,847	5,026	5,026
Mexico																	
Real GDP (y/y % change)	1.0	1.8	2.4	4.3	2.6	1.0	0.6	0.9	0.7	2.5	1.4	2.2	1.6	4.7	2.8	0.8	1.9
CPI (y/y % eop)	7.4	7.5	8.0	8.7	8.4	7.1	6.5	5.7	5.1	4.5	4.1	4.0	3.8	7.4	8.4	5.1	3.8
Unemployment rate (% avg)	3.7	3.5	3.2	3.4	3.8	4.0	4.0	3.9	3.8	3.6	3.7	3.8	3.8	4.1	3.5	3.9	3.7
Central bank policy rate (% eop)	5.50	6.50	7.75	9.25	10.50	10.75	10.75	10.75	10.25	9.75	9.25	8.50	7.50	5.50	10.50	10.25	7.50
Foreign exchange (USDMXN, eop)	20.53	19.87	20.12	20.14	19.72	20.42	20.54	20.79	20.57	20.74	20.85	21.38	21.45	20.53	19.72	20.57	21.45
Peru																	
Real GDP (y/y % change)	3.5	3.8	3.3	1.7	2.3	1.9	3.0	1.8	2.8	2.6	2.6	2.3	1.3	13.3	2.8	2.4	2.2
CPI (y/y % eop)	6.4	6.8	8.8	8.5	8.2	8.0	6.3	5.4	4.5	4.1	3.3	2.7	2.5	6.4	8.2	4.5	2.5
Unemployment rate (% avg)	7.8	9.4	6.8	7.7	7.5	7.8	7.4	7.2	7.2	8.0	7.5	7.5	7.5	10.9	7.9	7.4	7.6
Central bank policy rate (% eop)	2.50	4.00	5.50	6.75	7.50	7.50	7.50	7.50	7.25	7.00	6.75	6.25	5.75	2.50	7.50	7.25	5.75
Foreign exchange (USDPEN, eop)	4.00	3.68	3.83	3.98	3.95	3.99	3.95	3.90	3.95	3.90	3.95	3.90	3.95	4.00	3.95	3.95	3.95
Canada																	
Real GDP (y/y % change)	3.9	3.2	4.7	3.9	2.5	1.7	0.9	0.2	0.3	0.7	1.3	1.8	2.0	5.0	3.6	0.8	1.5
CPI (y/y % eop)	4.7	5.8	7.5	7.2	6.8	5.3	4.2	3.8	2.9	2.3	1.8	1.7	1.7	4.7	6.8	2.9	1.7
Unemployment rate (% avg)	6.3	5.8	5.1	5.2	5.2	5.4	5.7	6.0	6.1	6.2	6.3	6.3	6.3	7.4	5.3	5.8	6.3
Central bank policy rate (% eop)	0.25	0.50	1.50	3.25	4.25	4.25	4.25	4.25	4.00	3.50	3.00	3.00	3.00	0.25	4.25	4.00	3.00
Foreign exchange (USDCAD, eop)	1.26	1.25	1.29	1.38	1.35	1.35	1.35	1.30	1.30	1.27	1.27	1.25	1.25	1.26	1.35	1.30	1.25
United States																	
Real GDP (y/y % change)	5.7	3.7	1.8	1.9	0.5	0.8	0.8	0.4	0.4	0.9	1.4	1.7	1.9	5.9	1.9	0.6	1.5
CPI (y/y % eop)	6.7	8.0	8.6	8.3	7.7	6.5	5.3	4.5	3.8	3.2	2.6	2.3	2.3	6.7	7.7	3.8	2.3
Unemployment rate (% avg)	4.2	3.8	3.6	3.6	3.7	3.9	4.1	4.3	4.5	4.6	4.7	4.8	4.8	5.4	3.7	4.2	4.8
Central bank policy rate (% eop)	0.25	0.50	1.75	3.25	4.50	5.00	5.00	5.00	4.75	4.25	3.75	3.25	3.00	0.25	4.50	4.75	3.00
Foreign exchange (EURUSD, eop)	1.14	1.11	1.05	0.98	1.05	1.05	1.05	1.10	1.10	1.10	1.10	1.12	1.12	1.14	1.05	1.10	1.12

Source: Scotiabank Economics.

Red indicates changes in estimates and forecasts since previous *Latam Weekly* on November 4, 2022.

Forecast Updates—Changes Compared To Previous Latam Weekly

	2021		2022			2023				2024							
	Q4	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2021	2022f	2023f	2024f
Brazil																	
Real GDP (y/y % change)	0.5	0.7	0.5	3.1	3.1	1.0	-0.1	-0.1	0.1	0.3	0.1	-	0.2	0.4	1.0	0.2	0.1
CPI (y/y % eop)	-	-	-	-	-0.4	0.1	-	-0.2	-0.1	-0.2	-0.4	-0.6	-0.7	-	-0.4	-0.1	-0.7
Unemployment rate (% avg)	-	-	-	-	-1.8	0.6	-0.2	-0.6	-2.3	-2.0	-1.8	-1.4	-2.3	-	-0.4	-0.6	-1.8
Central bank policy rate (% eop)	-	-	-	-	-	-0.25	-0.25	0.25	0.50	-0.25	-	0.50	0.50	-	-	0.50	0.50
Foreign exchange (USDBRL, eop)	-	-	-	-	0.01	0.07	-0.17	-0.61	-0.42	-0.43	-0.31	-0.59	-0.37	-	0.01	-0.42	-0.37
Chile																	
Real GDP (y/y % change)	-	-	0.2	0.1	1.7	0.9	-0.1	-1.4	-2.2	-1.7	-0.6	1.1	0.8	-	0.6	-0.8	-
CPI (y/y % eop)	-	-	-	-	-0.1	-0.2	-0.2	-0.2	-	-	-	-	-	-	-0.1	-	-
Unemployment rate (% avg)	-	-	-	-	-0.3	-0.1	0.6	0.6	0.6	0.2	0.1	0.8	1.3	-	-0.1	0.4	0.6
Central bank policy rate (% eop)	-	-	-	-	-	1.00	1.00	1.00	1.00	0.25	0.25	0.25	0.25	-	-	1.00	0.25
Foreign exchange (USDCPL, eop)	-	-	-	-	-50.00	-	-	-	-	-	-	-	-	-	-50.00	-	-
Colombia																	
Real GDP (y/y % change)	-	0.1	0.2	1.7	-	-	0.1	0.1	-	-	-	-	-	-	0.4	-	-
CPI (y/y % eop)	-	-	-	-	-0.1	-0.1	-0.1	-0.2	-	-	-0.1	-0.1	-0.1	-	-0.1	-	-0.1
Unemployment rate (% avg)	-	-	-	-	0.3	-0.3	-0.4	0.3	0.6	-0.4	-0.1	-0.3	-0.1	-	-	0.1	-0.2
Central bank policy rate (% eop)	-	-	-	-	0.50	1.00	0.50	1.00	1.00	1.00	1.50	1.00	0.50	-	0.50	1.00	0.50
Foreign exchange (USDCOP, eop)	-	-	-	-	66.00	91.00	162.00	215.00	160.00	145.00	145.00	115.00	85.00	-	66.00	160.00	85.00
Mexico																	
Real GDP (y/y % change)	-0.1	-	0.4	0.1	1.5	0.3	-0.2	0.4	-1.1	-0.1	-	0.1	-	-0.1	0.5	-0.2	-
CPI (y/y % eop)	-	-	-	-	-0.3	-0.3	0.1	-	-	-	-	-	-	-	-0.3	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.50	-1.00	-	-	-0.25	-1.00
Foreign exchange (USDMXN, eop)	-	-	-	-	-0.94	-0.42	-0.29	-0.45	-0.72	-0.75	-1.25	-0.53	-1.13	-	-0.94	-0.72	-1.13
Peru																	
Real GDP (y/y % change)	-	-	-	-0.3	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y % eop)	-	-	-	-	0.5	0.6	0.8	0.7	0.5	0.4	0.3	0.2	-	-	0.5	0.5	-
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	0.25
Foreign exchange (USDPEN, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Canada																	
Real GDP (y/y % change)	0.7	0.3	0.1	0.6	0.4	0.4	0.5	-0.3	-	-	-	0.1	-0.1	0.5	0.4	0.2	0.1
CPI (y/y % eop)	-	-	-	-	-	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.2	-	-	0.2	0.2
Unemployment rate (% avg)	-	-	-	-	-0.2	-0.3	-0.2	-0.1	-0.2	-0.1	-0.1	-	-	-	-0.1	-0.2	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCAD, eop)	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-	-	-
United States																	
Real GDP (y/y % change)	-	-	-	0.1	0.5	0.4	0.3	0.3	-	-	-	-0.2	-0.3	-	0.2	0.2	-0.1
CPI (y/y % eop)	-	-	-	-	-0.1	-0.2	-	0.1	0.3	0.5	0.5	0.4	0.4	-	-0.1	0.3	0.4
Unemployment rate (% avg)	-	-	-	-	-	-	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3	-0.3	-	-	-0.1	-0.2
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (EURUSD, eop)	-	-	-	-	0.10	0.05	0.03	0.05	0.05	0.02	0.02	0.02	0.02	-	0.10	0.05	0.02

Source: Scotiabank Economics.
Changes in estimates and forecasts since previous *Latam Weekly* on November 4, 2022.

Forecast Updates: Central Bank Policy Rates and Outlook

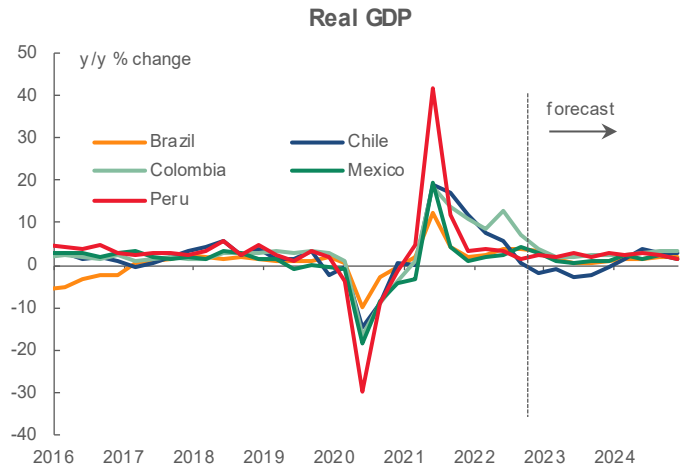
Latam Central Banks: Policy Rates and Outlook

	Next Scheduled Meeting				Market Pricing		BNS Forecast		
	Current	Date	Market	BNS	12 mos	24 mos	End-2022	End-2023	BNS guidance for next monetary policy meeting
Brazil, BCB, Selic	13.75%	Feb-01	n.a.	13.75%	n.a.	n.a.	13.75%	11.75%	The BCB held its policy rate at its December meeting, as was widely expected. However, it highlighted that were inflationary forces to resume an upward trend (possibly due to looser fiscal policy) it would not hesitate to adjust policy as appropriate. Lula's plans are key for the outlook.
Chile, BCCh, TPM	11.25%	Jan-26	n.a.	11.00%	n.a.	n.a.	11.25%	4.50%	We expect rate cuts beginning in Q1-2023.
Colombia, BanRep, TII	11.00%	Dec-16	n.a.	12.00%	n.a.	n.a.	12.00%	10.00%	Strong November inflation, in both headline and core terms, presents a big headache for BanRep that will motivate it to hike by another full point next week and it may take additional, large, increases (though not of 100bps) to finally rein in price pressures—challenged by indexation practices and a large increase expected in the country's minimum wage for 2023.
Mexico, Banxico, TO	10.00%	Dec-15	n.a.	10.50%	n.a.	n.a.	10.50%	10.25%	We expect that Banxico will move to a lower pace of hiking, delivering a 50bps increase that should be in line with the Fed's increase earlier in the week. While headline inflation easing would suggest the Mexican central bank could soon decouple from the Fed, the reality is that core y/y inflation remains on an uptrend, and the decline on a monthly basis may have merely reflect lower prices for the "Good Weekend" sales.
Peru, BCRP, TIR	7.50%	Jan-12	n.a.	7.50%	n.a.	n.a.	7.50%	7.25%	The BCRP hiked by 25bps at its final meeting of 2022, while leaving the door open to additional increases if the inflation picture does not improve, maintaining its data-dependent approach.

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

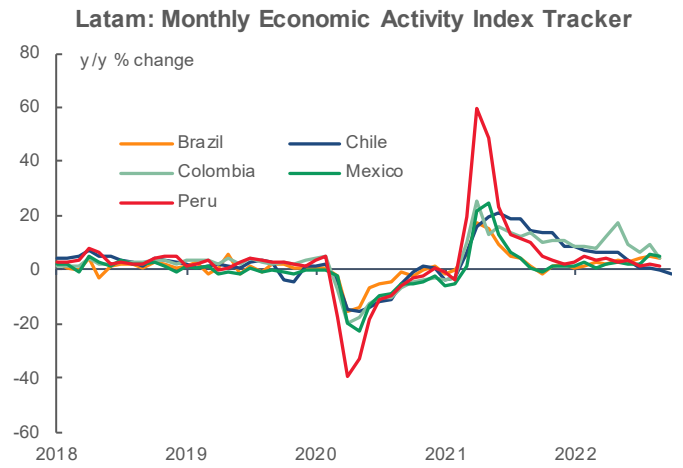
Key Economic Charts

Chart 1



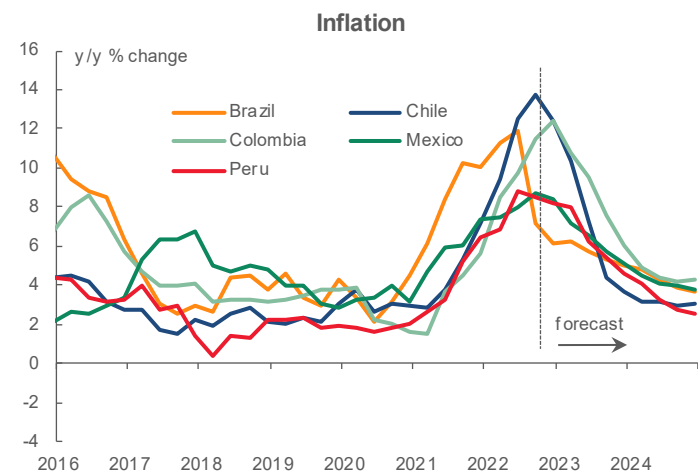
Sources: Scotiabank Economics, Haver Analytics.

Chart 2



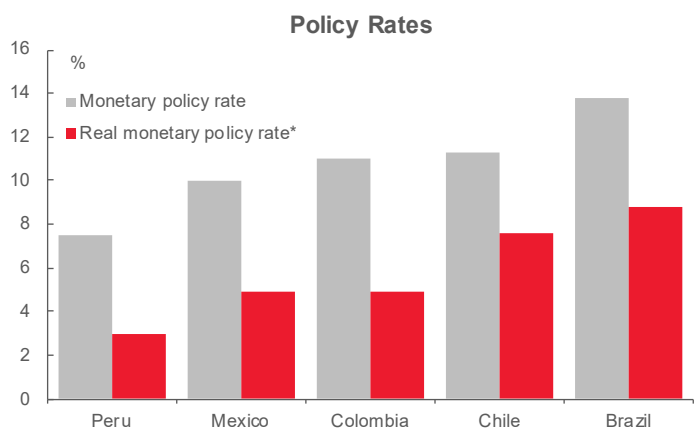
Sources: Scotiabank Economics, Haver Analytics.

Chart 3



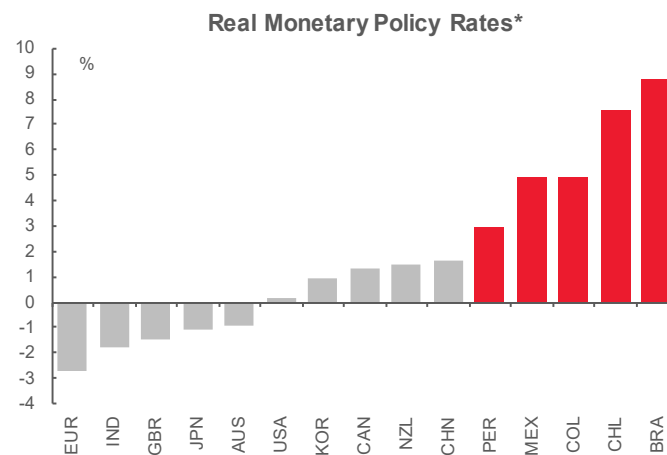
Sources: Scotiabank Economics, Haver Analytics.

Chart 4



* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q4-2023, % y/y. Sources: Scotiabank Economics, Haver Analytics.

Chart 5



* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q4-2023, % y/y. Sources: Scotiabank Economics, Bloomberg.

Key Market Charts

Chart 1

Latam Currencies Performance

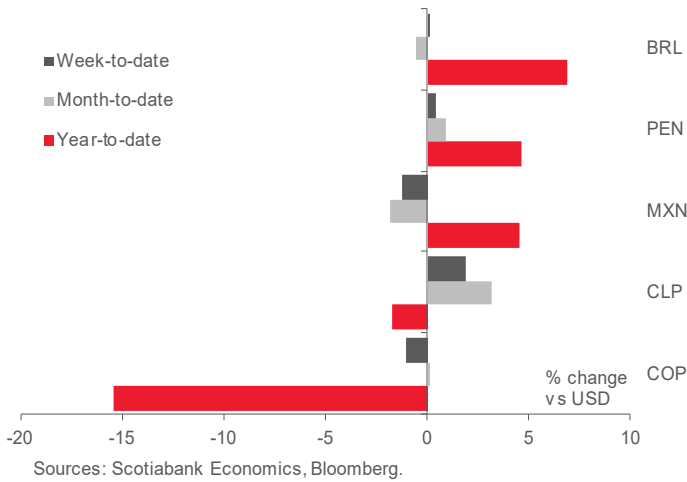


Chart 2

Latam Equities Performance

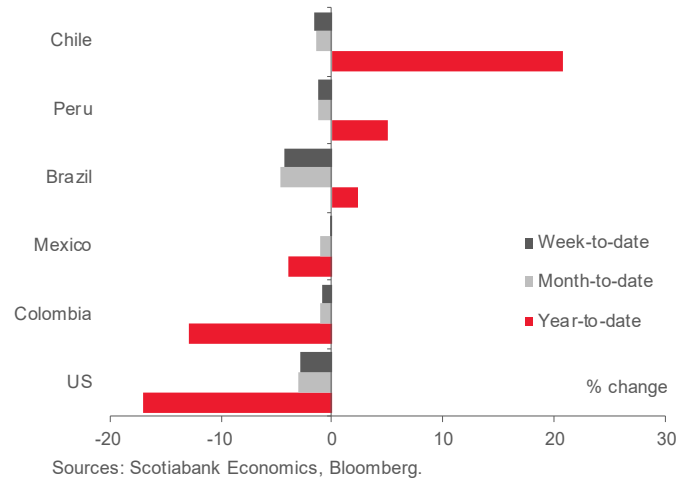


Chart 3

USD vs Latam Currencies

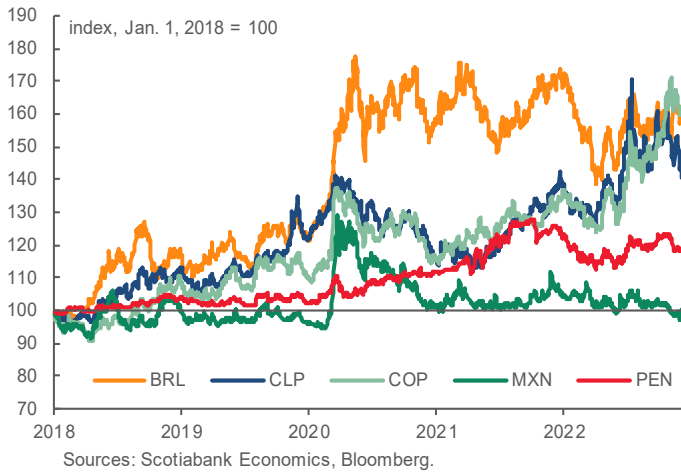
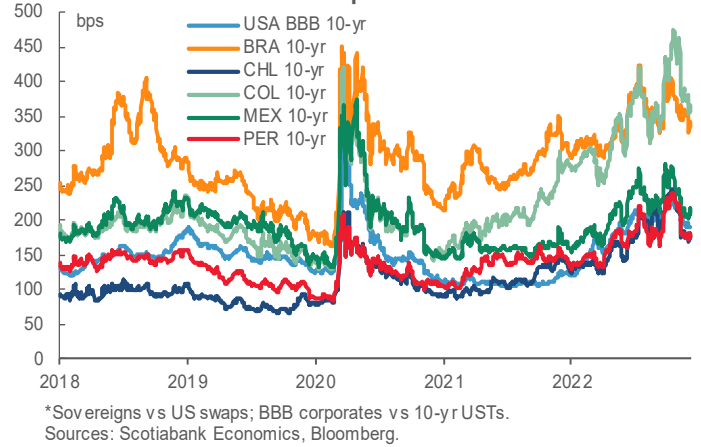


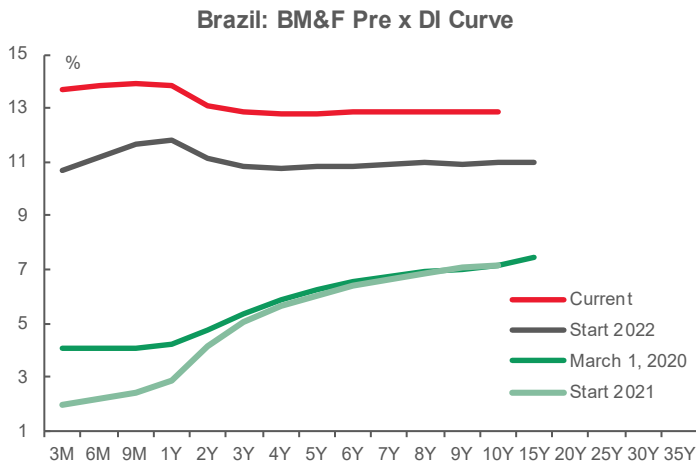
Chart 4

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



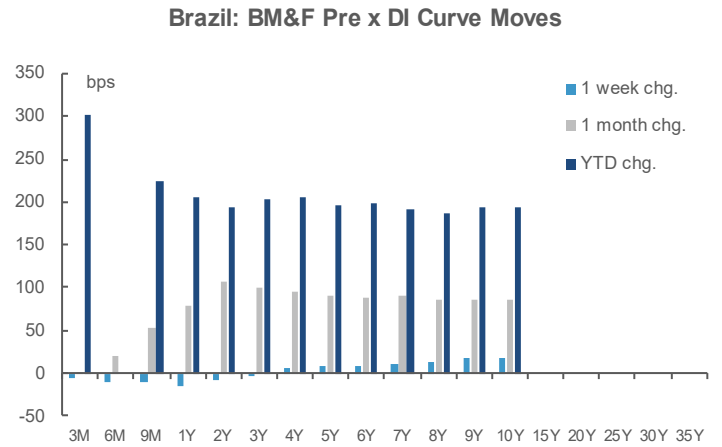
Yield Curves

Chart 1



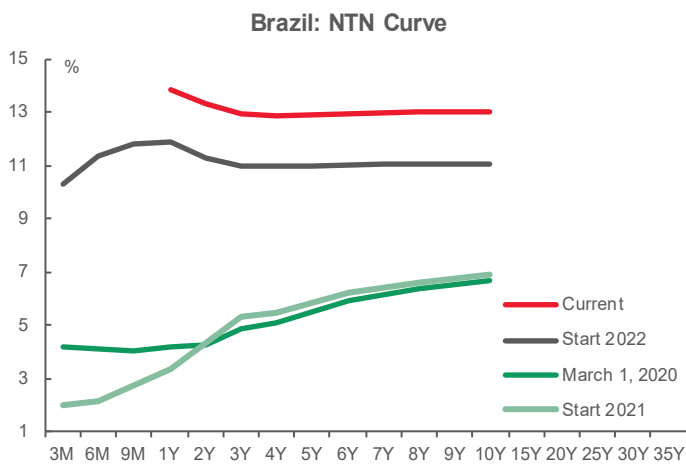
Sources: Scotiabank Economics, Bloomberg.

Chart 2



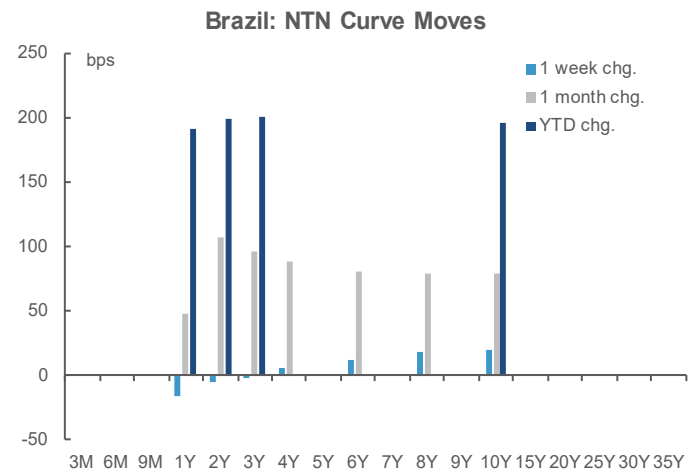
Sources: Scotiabank Economics, Bloomberg.

Chart 3



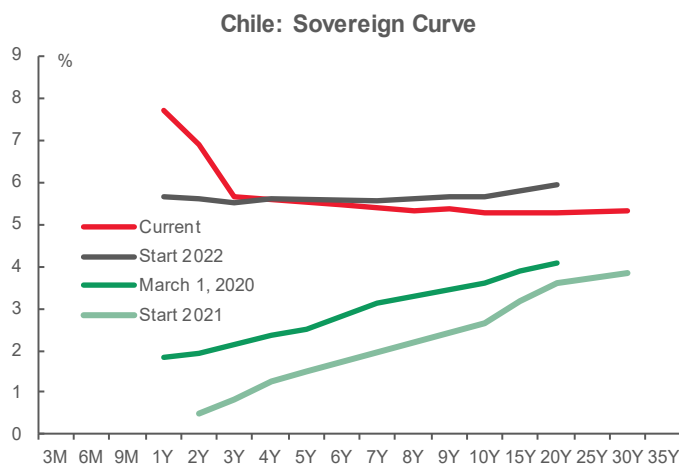
Sources: Scotiabank Economics, Bloomberg.

Chart 4



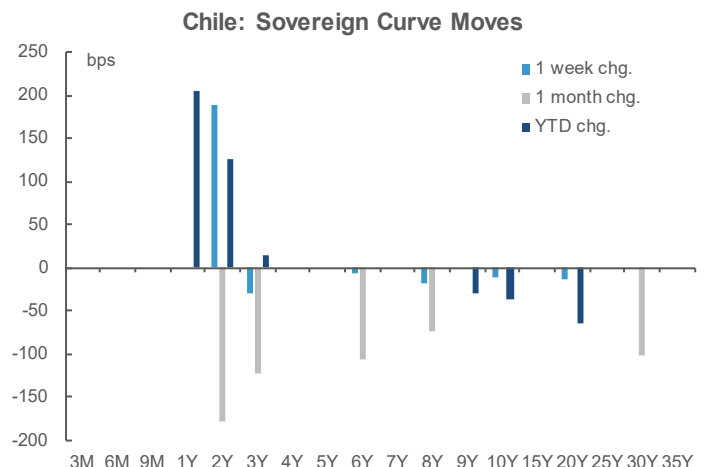
Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

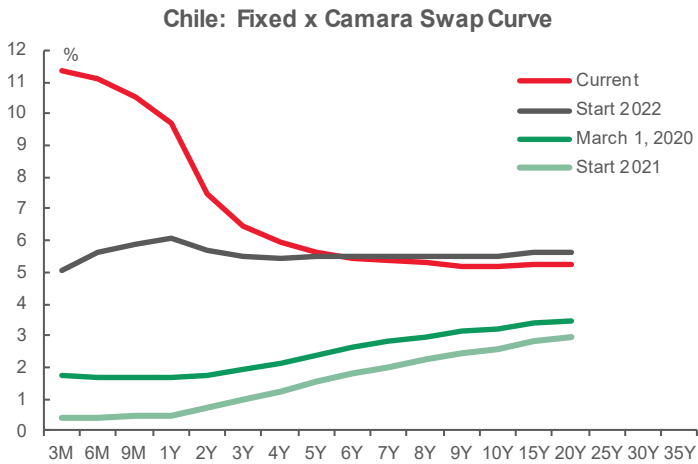
Chart 6



Sources: Scotiabank Economics, Bloomberg.

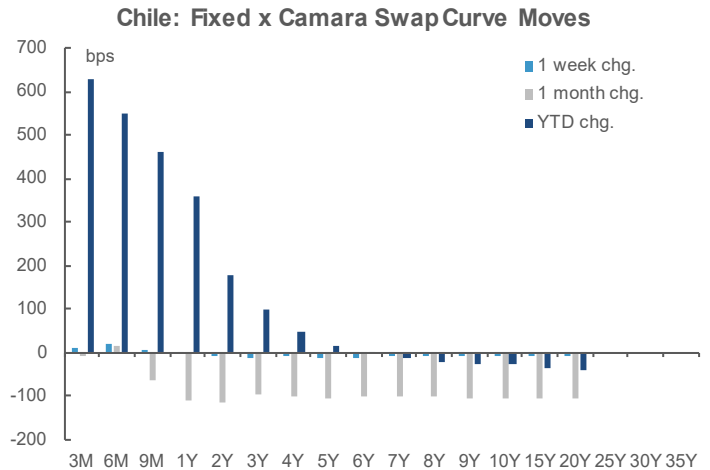
Yield Curves

Chart 7



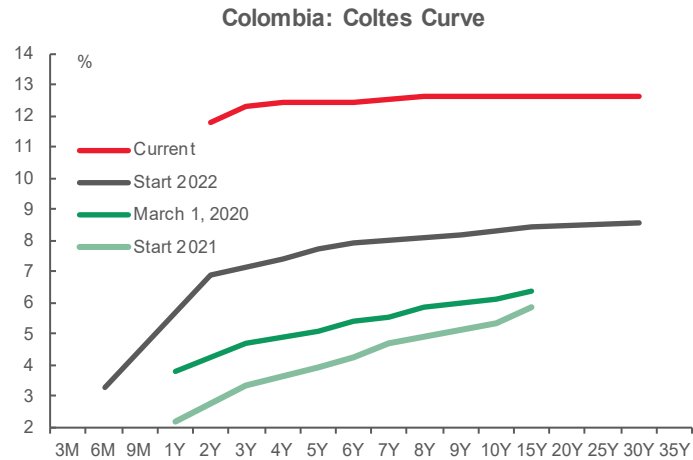
Sources: Scotiabank Economics, Bloomberg.

Chart 8



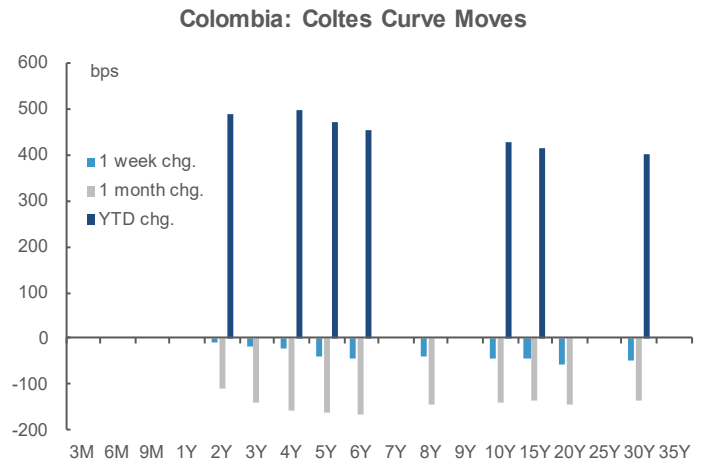
Sources: Scotiabank Economics, Bloomberg.

Chart 9



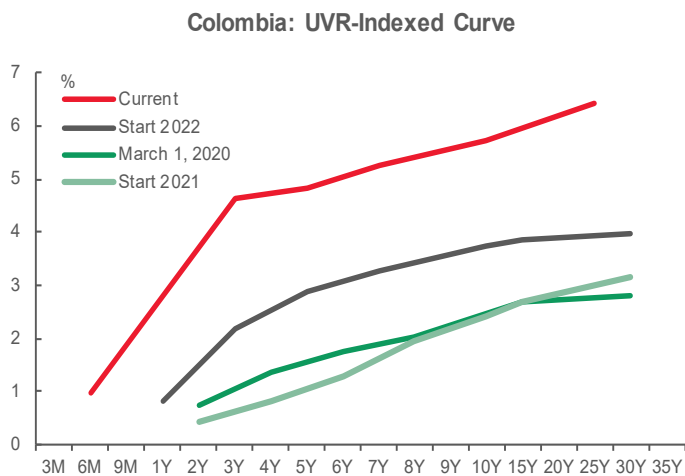
Sources: Scotiabank Economics, Bloomberg.

Chart 10



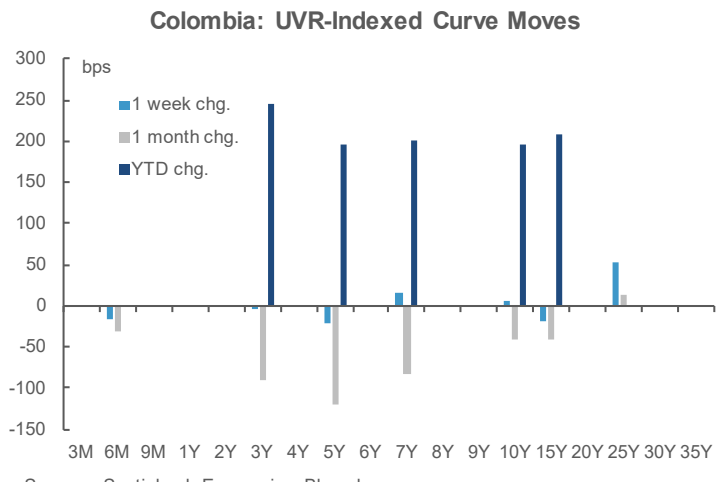
Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Bloomberg.

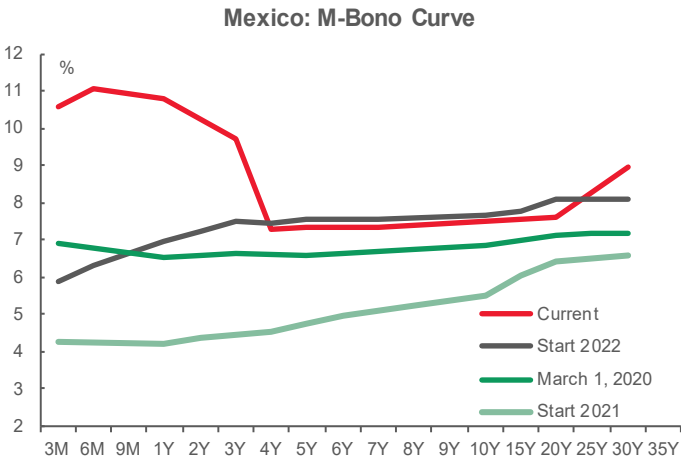
Chart 12



Sources: Scotiabank Economics, Bloomberg.

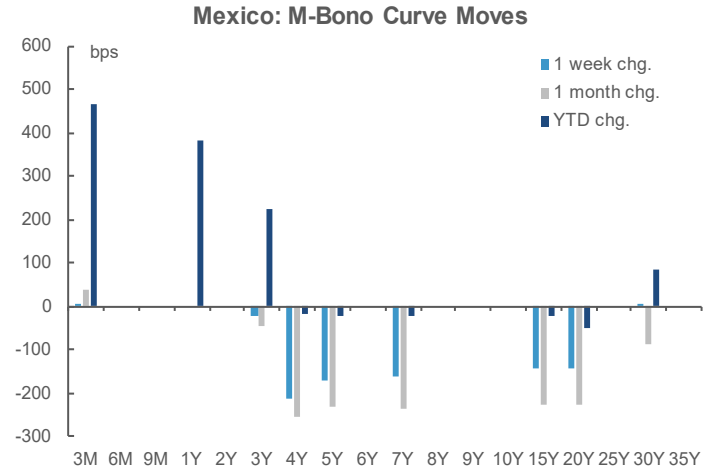
Yield Curves

Chart 13



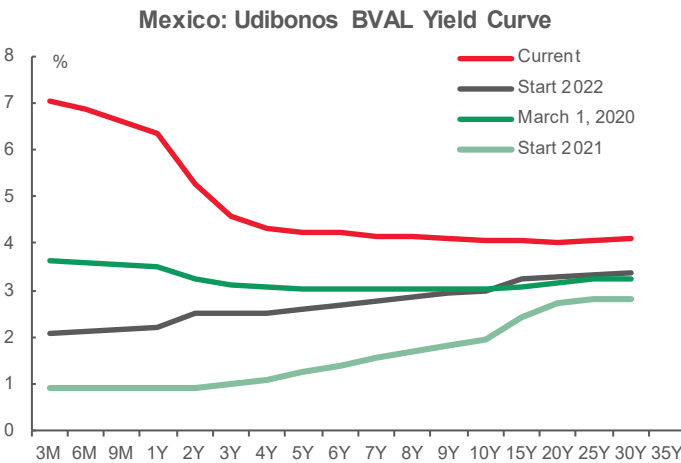
Sources: Scotiabank Economics, Bloomberg.

Chart 14



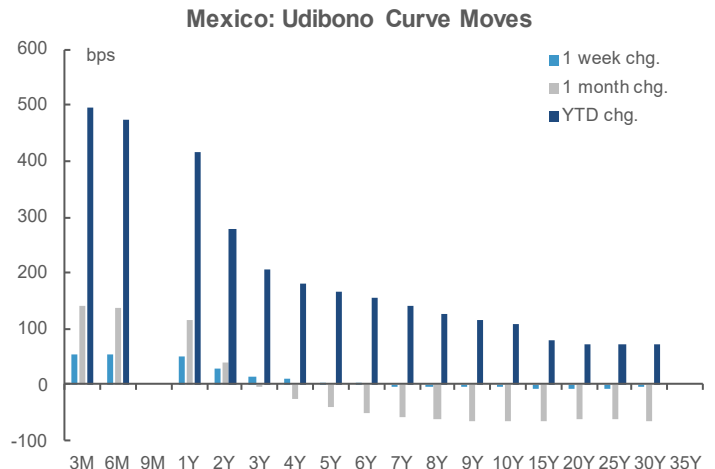
Sources: Scotiabank Economics, Bloomberg.

Chart 15



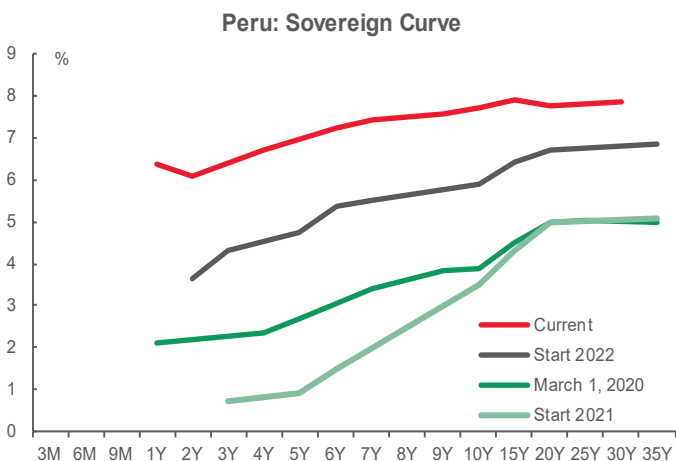
Sources: Scotiabank Economics, Bloomberg.

Chart 16



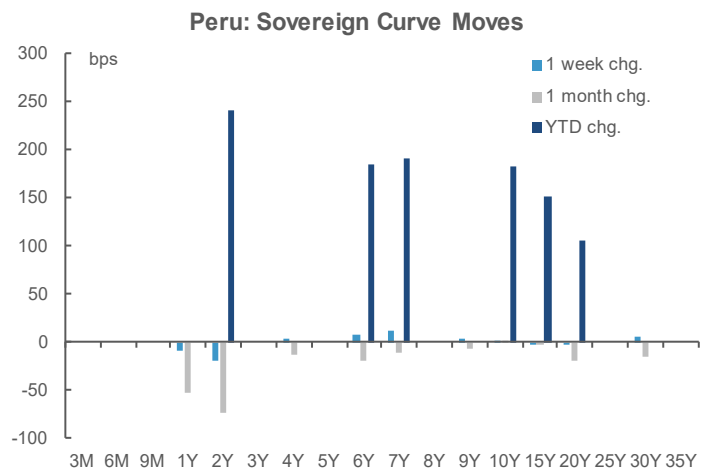
Sources: Scotiabank Economics, Bloomberg.

Chart 17



Sources: Scotiabank Economics, Bloomberg.

Chart 18



Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for December 10–23

BRAZIL

Date	Time Event	Period	BNS Consensus	Latest	BNS Comments
Dec-12	6:25 Central Bank Weekly Economist Survey		--	--	--
Dec-12	13:00 Trade Balance Weekly (USD mn)	11-Dec	--	--	1833.2
Dec-13	6:00 Central Bank Meeting Minutes		--	--	--
Dec-13	7:00 IBGE Services Volume (y/y) NSA	Oct	--	7.5	9.7
Dec-13	7:00 IBGE Services Volume (m/m) SA	Oct	--	--	0.9
Dec-14	7:00 Economic Activity (m/m)	Oct	--	--	0.1
Dec-14	7:00 Economic Activity (y/y)	Oct	--	--	4.0
Dec-15	6:00 FGV Inflation IGP-10 (m/m)	Dec	--	--	-0.6
Dec-16	6:00 FGV CPI IPC-S (%)	15-Dec	--	--	0.7
Dec-19	3:00 FIPE CPI - Weekly (%)	15-Dec	--	0.5	0.5
Dec-19	6:25 Central Bank Weekly Economist Survey		--	--	--
Dec-19	13:00 Trade Balance Weekly (USD mn)	18-Dec	--	--	1833.2
Dec-21	7:30 Current Account Balance (USD mn)	Nov	--	--	-4625.1
Dec-21	7:30 Foreign Direct Investment (USD mn)	Nov	--	--	5541.1
Dec-23	6:00 FGV CPI IPC-S (%)	22-Dec	--	--	0.7
Dec-23	7:00 IBGE Inflation IPCA-15 (m/m)	Dec	--	--	0.5
Dec-23	7:00 IBGE Inflation IPCA-15 (y/y)	Dec	--	--	6.2
Dec 20-27	Tax Collections (BRL mn)	Nov	--	--	205475.0
Dec 23-30	Formal Job Creation Total	Nov	--	--	288068.0

CHILE

Date	Time Event	Period	BNS Consensus	Latest	BNS Comments
Dec-12	Central Bank Economist Survey		--	--	--
Dec-22	Central Bank Meeting Minutes		--	--	--
Dec-23	7:00 PPI (m/m)	Nov	--	--	2.1

COLOMBIA

Date	Time Event	Period	BNS Consensus	Latest	BNS Comments
Dec-15	10:00 Manufacturing Production (y/y)	Oct	--	--	6.9
Dec-15	10:00 Retail Sales (y/y)	Oct	6.8	--	7.2 We expect retail sales to continue a gradual moderation trend. However, during the month there was a week off for schools and universities that could stimulate hospitality sales with an additional possible boost from the celebration of Halloween .
Dec-15	10:00 Industrial Production (y/y)	Oct	6.7	--	4.4 In terms of industrial production, we expect further moderation as statistical pressures continue to fade and economic activity shows some signs of moderation.
Dec-15	Central Bank Economist Survey		--	--	--
Dec-16	13:00 Overnight Lending Rate (%)	16-Dec	12.00	12.00	11.00 Higher inflation in November, slower path of economic activity moderation, and a very high current account deficit is the perfect storm for BanRep. Therefore, we see another 100bps hike to end 2022 at 12.00%.
Dec-19	11:00 Economic Activity NSA (y/y)	Oct	5.63	--	4.2 In October we had a week of recess in schools and the celebration of Halloween, which can add to the performance of the tertiary sector, especially those related to services, but at more moderate rates. In the primary sector it is possible to continue to see lags, especially in agriculture due to the rainy season that affects production. In the secondary sector, manufacturing may present a mixed behaviour with less strong accelerations in the industries that have contributed the most so far this year.
Dec-20	10:00 Trade Balance (USD mn)	Oct	--	--	-1401.4
Dec-20	10:00 Imports CIF Total (USD mn)	Oct	--	--	6695.8
Dec-20	17:00 Colombia Monetary Policy Minutes		--	--	--
Dec-23	Retail Confidence	Nov	--	--	17.0
Dec-23	Industrial Confidence	Nov	--	--	-0.4

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

Market Events & Indicators for December 10–23

MEXICO

Date	Time Event	Period	BNS Consensus	Latest	BNS Comments
Dec-12	7:00 Manuf. Production NSA (y/y)	Oct	--	--	8.4
Dec-12	7:00 Industrial Production NSA (y/y)	Oct	--	3.4	3.9
Dec-12	7:00 Industrial Production SA (m/m)	Oct	--	--	-0.3
Dec-12	13:00 Formal Job Creation Total	Nov	--	--	101.3
Dec-12	ANTAD Same-Store Sales (y/y)	Nov	--	--	10.0
Dec-14	10:00 International Reserves Weekly (USD mn)	09-Dec	--	--	198890.0
Dec-15	14:00 Overnight Rate (%)	15-Dec	10.50	10.50	10.00
Dec-16	10:00 Central Bank Economist Survey		--	--	--
Dec-20	7:00 Retail Sales (m/m)	Oct	--	--	-0.2
Dec-20	7:00 Retail Sales (y/y)	Oct	--	--	3.3
Dec-20	10:00 International Reserves Weekly (USD mn)	16-Dec	--	--	198890.0
Dec-20	Banamex Survey of Economists		--	--	--
Dec-21	7:00 Aggregate Supply and Demand (%)	3Q	--	--	4.8
Dec-22	7:00 Bi-Weekly CPI (%)	15-Dec	--	--	-0.1
Dec-22	7:00 Bi-Weekly Core CPI (%)	15-Dec	--	--	0.0
Dec-22	7:00 Bi-Weekly CPI (y/y)	15-Dec	--	--	7.5
Dec-22	7:00 Bi-Weekly Core CPI (y/y)	15-Dec	--	--	8.4
Dec-23	7:00 Trade Balance (USD mn)	Nov	--	--	-2011.8
Dec-23	7:00 Exports (USD mn)	Nov	--	--	49275.3
Dec-23	7:00 Imports (USD mn)	Nov	--	--	51287.2
Dec-23	7:00 Economic Activity IGAE (m/m)	Oct	--	--	0.7
Dec-23	7:00 Economic Activity IGAE (y/y)	Oct	--	--	5.2

PERU

Date	Time Event	Period	BNS Consensus	Latest	BNS Comments
Dec-15	Economic Activity (y/y)	Oct	2.2	--	1.7 Economic activity is driven by the mining sector due to a start of output from the Quellaveco project.
Dec-15	Lima Unemployment Rate (%)	Nov	7.2	--	7.2 The labour market looks more stable due to less dynamism of economic activity.

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.

Scotiabank Economics Latam Coverage

Local Market Coverage

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