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Latam Weekly: A Fortnight of Central Bank Decisions and Inflation Data

ECONOMIC OVERVIEW

- A busy period awaits Latam markets, continuing the trend of the past few weeks with global financial turmoil and central bank decisions in the major economies.
- Between now and Good Friday on April 7, central banks in Colombia, Mexico, and Chile will deliver policy decisions while all four countries in the Pacific Alliance will publish March inflation data in the first week of April.
- BanRep and Banxico are set to hike 25bps next week, while the BCCh will likely move in the opposite direction, starting its cutting cycle in early-April. The BCRP can't rest on its laurels as it hopes that inflation trends towards sub-8% levels. Meanwhile, the BCB's meeting minutes and its quarterly inflation report will likely push back on rate cuts pressure from Lula and company.

PACIFIC ALLIANCE COUNTRY UPDATES

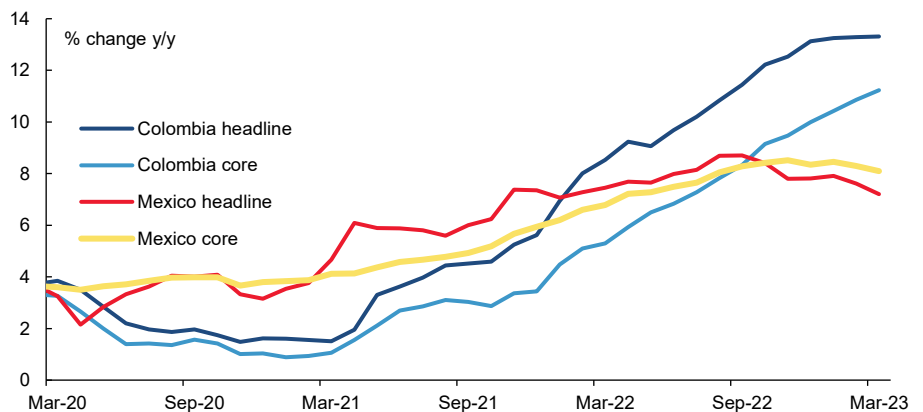
- We assess key insights from the last week, with highlights on the main issues to watch over the coming fortnight in the Pacific Alliance countries: Chile, Colombia, Mexico, and Peru.

MARKET EVENTS & INDICATORS

- A comprehensive risk calendar with selected highlights for the period March 25–April 7 across the Pacific Alliance countries and Brazil.

Chart of the Week

High Core Inflation to Motivate Banxico and BanRep Hikes



Sources: Scotiabank Economics, Departamento Administrativo Nacional de Estadísticas, Instituto Nacional de Estadística Geografía e Informática.

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

Economic Overview: A Fortnight of Central Bank Decisions and Inflation Data

- **A busy period awaits Latam markets, continuing the trend of the past few weeks with global financial turmoil and central bank decisions in the major economies.**
- **Between now and Good Friday on April 7, central banks in Colombia, Mexico, and Chile will deliver policy decisions while all four countries in the Pacific Alliance will publish March inflation data in the first week of April.**
- **BanRep and Banxico are set to hike 25bps next week, while the BCCh will likely move in the opposite direction, starting its cutting cycle in early-April. The BCRP can't rest on its laurels as it hopes that inflation trends towards sub-8% levels. Meanwhile, the BCB's meeting minutes and its quarterly inflation report will likely push back on rate cuts pressure from Lula and company.**

A busy period awaits Latam markets, continuing the trend of the past few weeks with global financial turmoil and central bank decisions in the major economies. Local developments have certainly had a say in the relative performance of the region's assets, this is particularly true in Brazil with Lula and his team pressuring the BCB to cut (unsuccessfully), but the overarching story of lower global yields and cautious equity markets have strong-armed domestic storylines out of the spotlight.

The Mexican peso went from trading at a four-year high below the 18 pesos level a couple of weeks ago to trade above the 19 pesos level within a week, and remaining near the mark earlier today, with the most obvious trigger for this weakness being the steep fall in US yields that took Mexican rates along for the ride, as well as risk-off sentiment (which has also impacted its Latam FX peers). A global growth slowdown resulting from banking failures is bound to see Fed policy easing, and with it Banxico.

Weak output could translate into declines in commodity prices that act against the likes of the CLP, PEN, and COP; copper prices have held up relatively well, all things considered, but crude oil has fallen to its lowest point since late-2021. These months were supposed to see strength in commodity prices thanks to China's reopening. That has not been the case.

How the banking sector situation evolves remains anyone's guess, though one could speculate that markets have delivered their opinion via a sharp steepening of yield curves and rates markets pricing in Fed cuts as soon as the summer months. We think panic has taken over markets, and overextended positioning may have exacerbated moves (and with it led to an overinterpretation of what central banks may do). Traders went from speculating on a half-point hike in the US to witnessing a major bank failure (SVB) in a short period of time, and were caught offside and had to move quickly to cover shorts.

A normalisation of the risk backdrop could see some of the recent moves reverse, providing a risk-on tailwind for Latam currencies and equities, with firmer commodities alongside them. Still, there's limited appetite to jump back in given the recent volatility in markets.

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March 24, 2023

Between now and Good Friday on April 7, central banks in Colombia, Mexico, and Chile will deliver policy decisions while all four countries in the Pacific Alliance will publish March inflation data in the first week of April. With global risks top of mind for officials and markets, deciding on the need for additional hikes, or even cuts, has become a more difficult task when the most recent macroeconomic data do not clearly suggest a sharp slowdown is in the works.

Persistently elevated inflation (particularly in core services) is pointing to the need for additional tightening of monetary policy but, if all goes as planned, base effects and declines in international commodity prices are teeing up sizable declines in inflation in the months ahead; and central bankers are optimistic that rate hikes to date will act against services inflation continuing its ascent much more.

Unfortunately, BanRep, Banxico, and the BCCh will not have March CPI data at hand when they decide on rates over the next two weeks, but our economists expect that headline inflation in Mexico and Chile will decelerate; in the case of Mexico, H1-March data reinforces this view. The BCRP, who chose a few weeks ago to leave its reference rate unchanged, as was widely expected, has three weeks until its next decision (another hold is expected), but it will watch next week's March print with the hope that headline inflation heads towards sub 8% levels. We think it'll come in just a bit above the figure.

BanRep, however, will still be faced with inflation around a cycle high (the team expects a practically unchanged pace) and a steep path in core inflation that has the tailwind of indexation practices. This is motivation enough to see BanRep hike by 25bps next week according to our economists in Colombia. Banxico is still troubled by high core inflation and officials have expressed no signs of stepping back next week, so we anticipate a rate hike there too. The situation is different in Chile, with the team expecting the BCCh to begin its rate-cutting cycle on April 4, with a 50bps reduction to its highly restrictive policy rate of 11.25%.

And, last but not least, Brazil's BCB just had a rate decision earlier this week (a hold) with the minutes to this meeting due for release next week and set to be closely monitored for signs that it could soon consider a cut. Based on the latest decision, it seems unlikely. And the bank may even use the opportunity to reaffirm to its critics that it will not yield to pressure. The BCB's quarterly inflation report (the first of Lula's current term) and accompanying presser will also likely be used as a tool for Campos Neto's insistence on an unchanged rate.

Alongside central bank decisions and inflation and other regional economic data releases, the global and Latam market pulse will continue to fluctuate on financial sector risks while the release of US PCE inflation and nonfarm employment data (as well as ISM, JOLTS, and ADP figures) could be of great importance for policy expectations—that's if the current situation unfolds without significant economic damage. As always, keep an eye on political developments in Latam with reform processes in Colombia and Chile, and Brazil's fiscal framework plans worth monitoring.

Pacific Alliance Country Updates

Chile—Busy Economic Agenda Ahead of Central Bank Meeting

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The statistical agency (INE) will publish on Friday, March 31, data by economic sector, which are used as an input for the monthly GDP growth estimates. For February, we expect a further decline in retail sales, around 10% y/y, mainly due to lower levels of purchases in supermarkets, department stores and electronics. In contrast, our short-term indicators for debit card purchases showed high dynamism in services, especially in restaurants and the tourism sector. With this, we project GDP growth of around 0% y/y in February. As we mentioned in our [Latam Daily](#), the negative surprise in services in Q4-2022, due to a one-off effect in transportation services, would not have a negative impact on 2023 GDP. In line with this, we maintain our forecast of a 0.8% GDP contraction for the current year.

In this context, the labour market has surprised positively in recent months, mainly thanks to the contribution of the public sector to monthly job creation. For the quarter ending February (data to be published on Thursday, March 30), we project an unchanged unemployment rate of 8.0%, mainly due to our expectation of high employment dynamism that would be similar to that observed in the labour force. In our view, the rapid fiscal budget execution observed in December 2022 and January 2023 would continue to provide support for the labour market during Q1-2023.

On the other hand, the Financial Traders' Survey (also to be published on March 30), should show a drop in 1 and 2-year inflation expectations after the surprise in February's CPI figures, in line with what was observed in the Economic Expectations Survey published in early-March. At the same time, and taking into account recent developments in financial markets, we are likely to see an increase in the probability of a rate cut at the upcoming meetings. In this regard, the central bank will go into its monetary policy meeting on April 4 without the March CPI data in hand, when we expect a 50bps rate cut to 10.75% and a dovish tone for the coming meetings.

Finally, we expect CPI inflation around 0.8–0.9% m/m in March (below market expectations), mainly due to the positive contribution of educational services. In general, we see no inflationary pressures coming from the rest of the basket, except for some services whose prices are linked to past inflation. Looking ahead, we continue to expect annual inflation to converge rapidly to the central bank's target, ending this year at 3.7% y/y. March CPI inflation figures will be released by INE on Thursday, April 6.

Colombia—Idiosyncratic Volatility is Easing; BanRep is Approaching the End of the Hiking Cycle

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During the last year, Colombian assets have overreacted to any international shock due to lower liquidity and especially higher domestic uncertainty around structural reforms and a more disruptive than expected communication strategy from Petro's Government that has been not taken well by markets. However, recent worldwide banking system distress did not make Colombian assets deteriorate further than peers, which is at least interesting to analyze.

The initial hypothesis is that markets already priced in the additional risk premium that the new Colombian administration's communication strategy has produced, therefore new pricing volatility should be around external turmoil instead of additional domestic uncertainty. In fact, recent developments around labour and pension reform haven't been real news for markets. Even President Petro deciding to fire Alejandro Gaviria as Minister of Education did not really move markets. Our calculations say that in the exchange rate, idiosyncratic risk already priced in is around COP750, while it could be around 100 to 150bps in the yield curve. Therefore, if markets see Petro's announcements and reforms as initially expected, which incorporate the negative bias to market liquidity and some nonstructural rule changing, it should not further affect market pricing. On the contrary, if, for instance, the pension reform guarantees that liquidity and the TES market framework will continue, market participants (particularly offshore) can increase their appetite and help TES and the FX rate to reduce a bit the risk premium in the markets.

Further to the political noise already priced in, we see that some domestic agents have started to add more TES risk to their portfolios. In fact, some trust and insurance companies are buying TES due to lower corporate (financial) debt issued at the margin, higher liquidity in the financial system on the back of TES UVR 2023 maturity that brought COP8tr to the banks, and a slower pace of expansion in consumer credit. In fact, during February offshore investors sold COP4.2tn in TES without a real hit to the market since they found demand from domestic agents.

Turning to the traditional macro equation, economic activity continued showing a decent performance, however some signals are pointing to a deceleration in the formal sector, reaffirming our hypothesis of a gradual slowdown. Core inflation remains high, but headline seems to have peaked which has helped 1-yr and 2-yr inflation expectations stabilize—albeit, above target.

Either way, the macro backdrop regarding inflation and growth is aligned with our call of a final 25bps hike from BanRep to 13% on March 30 to ensure inflation expectations converge in the long run. We also get CPI data for March on April 5, where we expect inflation to continue hovering at the ceiling of around 13.3%. Food, gasoline, and some services prices will continue contributing to upside pressure in monthly inflation. Core inflation will accelerate further reflecting the cumulative effects of indexation but also still robust demand.

Mexico—Banxico Unlikely to Decouple from the Fed Yet

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The FOMC revised its dots for 2023 and 2024 upwards in its March 22 decision, yet markets still saw the overall message as a justification to push US yields mostly lower. US OIS implied rate moves now only price about toss-up odds of an additional 25bps hike (in volatile pricing), after which they are discounting over 50bps in cuts by July. This view does not seem consistent with the Fed’s guidance and seems more like another case of “fighting the Fed”. The other big development of the week was Mexico’s CPI release. Headline inflation for the first half of March provided a positive surprise, not only dropping 0.36ppts to 7.12% y/y, but also came in 0.12ppts below consensus. However, the main concern for Banxico’s board now is core, not headline inflation—and the former has been much stickier and misbehaved. Core inflation came in right on consensus, printing at 8.15%, still over twice the top of Banxico’s target range.

- Within core, merchandise prices had a much higher peak than services, but they started to decline around the end of 2022, as we had anticipated (chart 1). Historically, Mexican CPI highs have occurred six months after those in PPI, and secondary sector PPI inflation reached its maximum of the cycle in July 2022. Similarly, in Banxico’s price-setters survey, by the end of 2022 the majority of goods producers envisioned smaller increases or declines in their own prices. Hence, although core merchandise inflation remains extremely high (over 10%), it’s now on a clear downtrend.
- The same positive dynamic is not yet true in core services inflation. Although the high in the tertiary sector PPI inflation was in October 2022, which would be consistent with a peak on the CPI side around March–April of 2023, the latest survey of service-sector price setters from Banxico actually saw a deterioration, with 81% of respondents anticipating to increase their prices at a similar or faster pace (chart 2). Although core services inflation remains materially lower than its merchandise counterpart (it’s still under 6%), it retains an upward trajectory. We anticipated we would see a peak in core services inflation around this time, but it so far remains elusive.

What does all this mean for Banxico? For starters, we don’t expect the board will fight the Fed—at least not yet. We expect the board to support at least one more 25bps hike on March 30 (matching the FOMC’s), with additional hikes dependent on core services inflation becoming re-anchored, as well as Fed moves. Under the current environment of global uncertainty, as well as

Chart 1

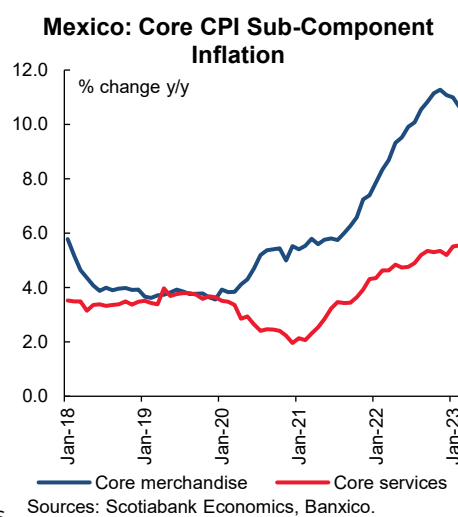
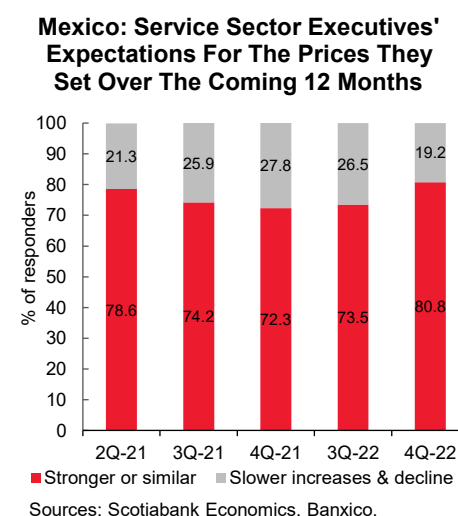


Chart 2



March 24, 2023

resilient Mexican core inflation, we don't expect Banxico to decouple from the Fed for the time being. Can Banxico deliver another 50bps hike on March 30? It's possible, but not our base case.

There are starting to be some indications that the MXN may be slightly on the overvalued side, including a rising trade deficit (over USD30bn on a 12month rolling basis), a moderate over-valuation from a real effective exchange rate perspective, but also relative to other manufacturing economies, particularly in Asia and South America, Mexico's currency looks even stronger. However, the drivers of a strong MXN that we wrote about a couple of weeks ago remain in place. Without the inflationary pressures Mexico is currently going through, we would have anticipated Banxico to stop rolling its FX swaps, to then follow up with a process of reserve accumulation—potentially by resorting to the [options mechanism](#). However, we don't expect Banxico to take actions on MXN, at least until inflationary pressures abate.

Peru—Under the Weather

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March may be the month in which inflation in Peru finally breaks to the downside. The key price indicators that we follow are pointing to monthly inflation of just over 1% for March. Given that monthly inflation was 1.5% in March 2022, and we see a 1.0% m/m increase in March 2023, this difference in base effects (if it holds up in prices for the remainder of the month) would imply a drop in yearly inflation for March to 8.1%, from 8.7% in February. Let's hope so.

More important than base effects, which will be strongest in March and April, the short-term reasons that have been buoying inflation since December, namely the impact of protests/roadblocks and severe weather events on perishable products, and the impact of the bird flu on poultry prices, are starting to dissipate. Protests may recur but are pretty much over and done with for the time being. The severe weather season is not quite over, but we are near the end. That would only leave the bird flu, which appears to be a bit more persistent.

With short-term inflationary events weakening, yearly inflation in April should ease even more, falling (finally!) below the 8.0% threshold that has held it up since June 2022. Market expectations are saying the same thing. Inflation expectations twelve-months out fell from 4.6% in February to 4.3% in March. This provides the BCRP with some relief, although it may only really feel comfortable once headline inflation begins to decline in earnest.

We still believe that inflation will correct very slowly this year, and maintain our forecast of 5.0% inflation for full-year 2023. Global concern regarding failing banks has changed the mood regarding monetary policy in Peru as well. It is not clear how responsive the BCRP will be to this environment, and until we get further guidance from the BCRP we are maintaining our reference rate forecasts at the current rate of 7.75% until October, then two 25bps rate cuts in November and December.

We are starting to take a closer look at 2024. The newly emerging risk to look out for is the possibility of an El Niño event. The local weather authorities are beginning to alert to this, while at the same time stressing that it is too early to be able to determine its magnitude. El Niño tends to have a material impact, albeit temporary, on inflation. As a result, we are raising our 2024 inflation forecast to 3.5% to take into consideration a moderate El Niño in 2024. We are not changing our reference rate forecasts, and continue to expect the reference rate to decline from 7.25% at the beginning of 2024, to 5.75% by year-end.

Forecast Updates: Central Bank Policy Rates and Outlook

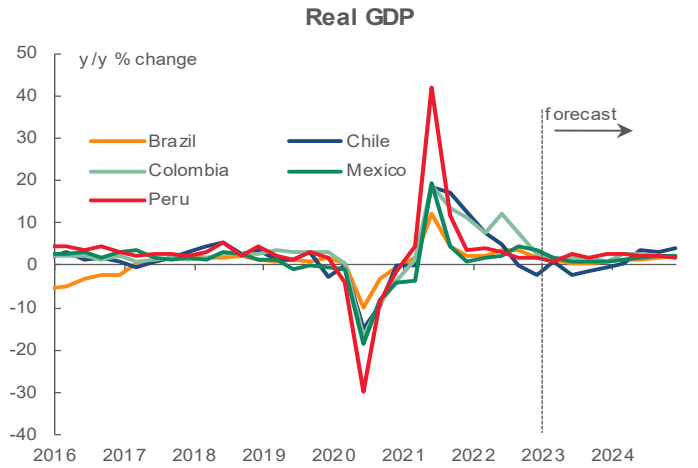
Latam Central Banks: Policy Rates and Outlook

	Next Scheduled Meeting			Market Pricing		BNS Forecast		BNS guidance for next monetary policy meeting	
	Current	Date	Market	BNS	12 mos	24 mos	End-2023		End-2024
Brazil, BCB, Selic	13.75%	Mar-22	n.a.	13.75%	n.a.	n.a.	12.75%	10.00%	
Chile, BCCh, TPM	11.25%	Apr-04	n.a.	10.75%	n.a.	n.a.	4.50%	3.75%	We expect rate cuts beginning in Q2-2023.
Colombia, BanRep, TII	12.75%	Mar-30	n.a.	13.00%	n.a.	n.a.	12.00%	5.50%	In January, BanRep slowed the hiking cycle, delivering a 75bps hike. The central bank said that the monetary policy rate is approaching the required level to guarantee the inflation convergence towards the 3% target, which still leaves the door open for further hikes. Ahead of the March 30 meeting, we expect BanRep to deliver a final 25bps hike, pointing out that the stability period could be prolonged.
Mexico, Banxico, TO	11.00%	Mar-30	n.a.	11.25%	n.a.	n.a.	11.75%	8.25%	Banxico's board stated in the minutes of the last policy meeting that they expect a hike of lesser magnitude in the March meeting. With this forward guidance, we now expect a rate hike of 25bps after the surprise 50bps hike in February. We have also changed our expectation of the terminal rate, now to 11.75%, although we still recognize a high degree on uncertainty of both the inflation trajectory and the policy rate path for the coming months.
Peru, BCRP, TIR	7.75%	Apr-13	n.a.	7.75%	n.a.	n.a.	7.25%	5.75%	The BCRP maintained its monetary pause in March for the second consecutive month. Less inflationary pressures would be visible as of March, together with a possible downward revision of the official GDP growth forecast, raising the probability that the pause will continue.

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

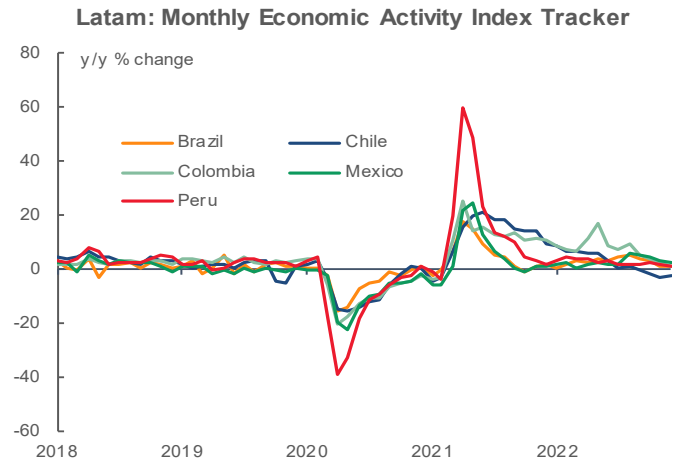
Key Economic Charts

Chart 1



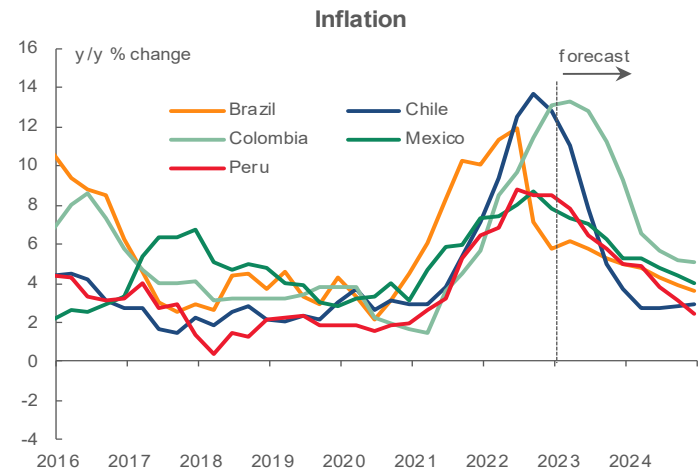
Sources: Scotiabank Economics, Haver Analytics.

Chart 2



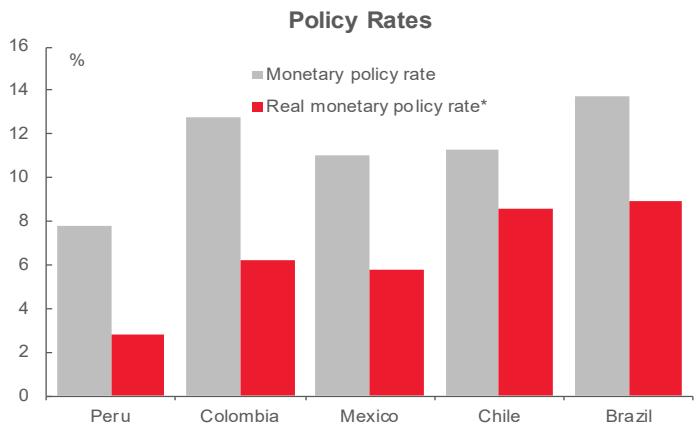
Sources: Scotiabank Economics, Haver Analytics.

Chart 3



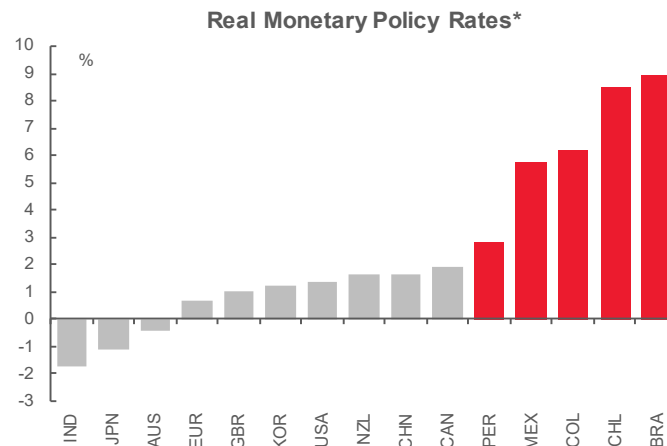
Sources: Scotiabank Economics, Haver Analytics.

Chart 4



* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q1-2024, % y/y. Sources: Scotiabank Economics, Haver Analytics.

Chart 5



* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q1-2024, % y/y. Sources: Scotiabank Economics, Bloomberg.

Key Market Charts

Chart 1

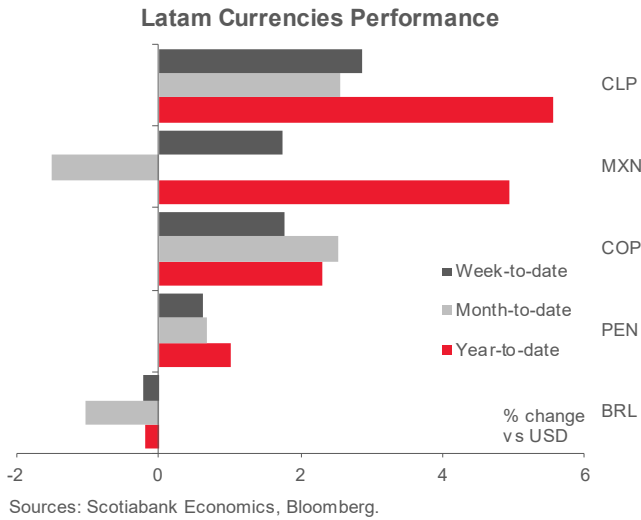


Chart 2

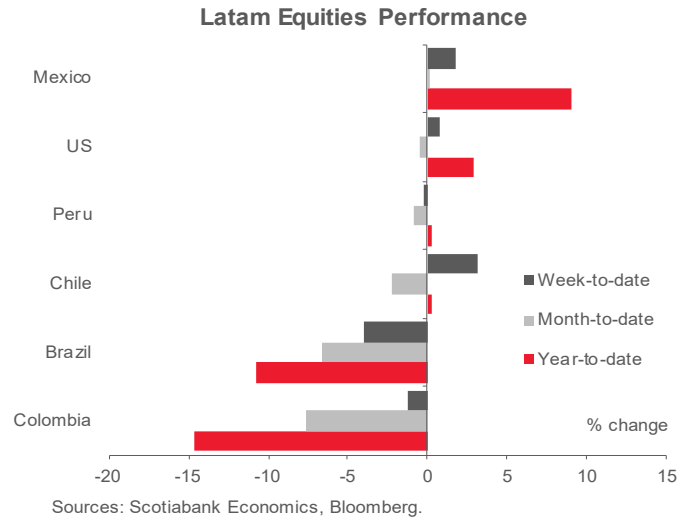


Chart 3

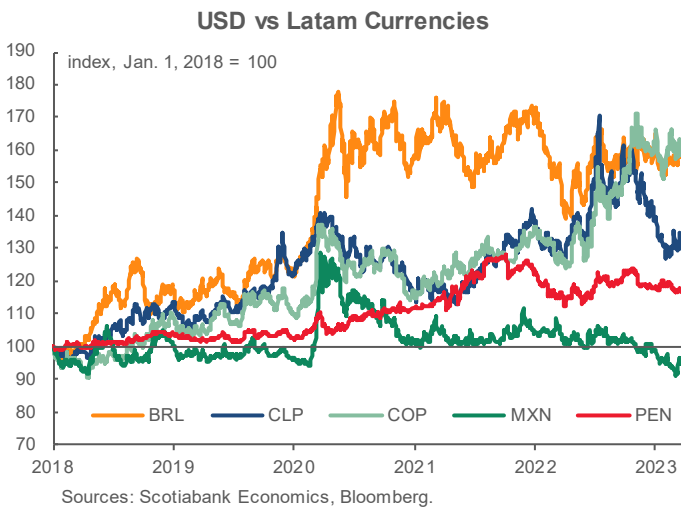
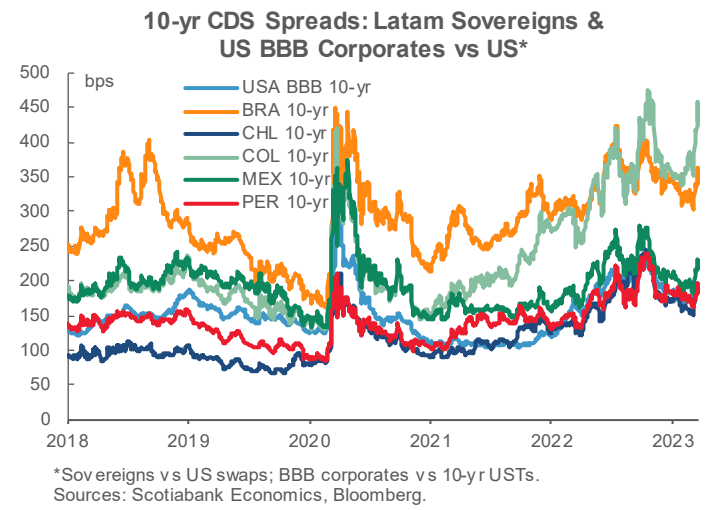
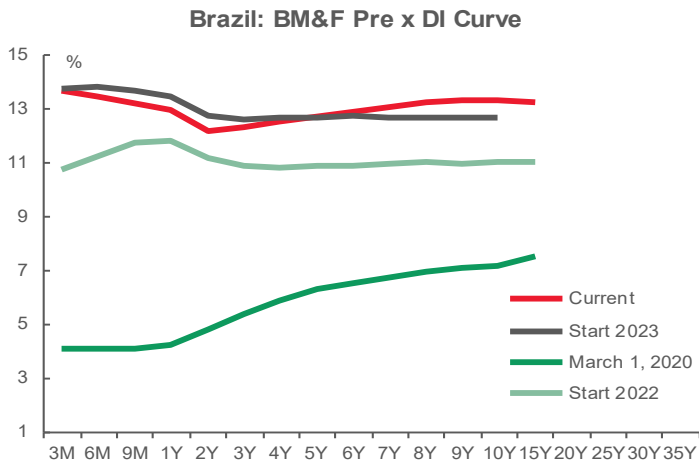


Chart 4



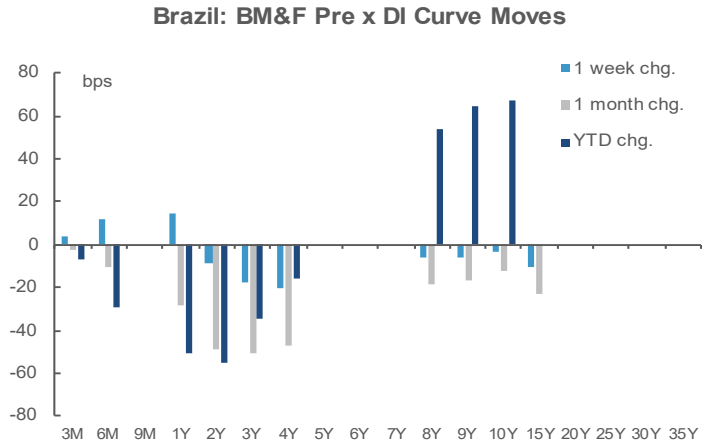
Yield Curves

Chart 1



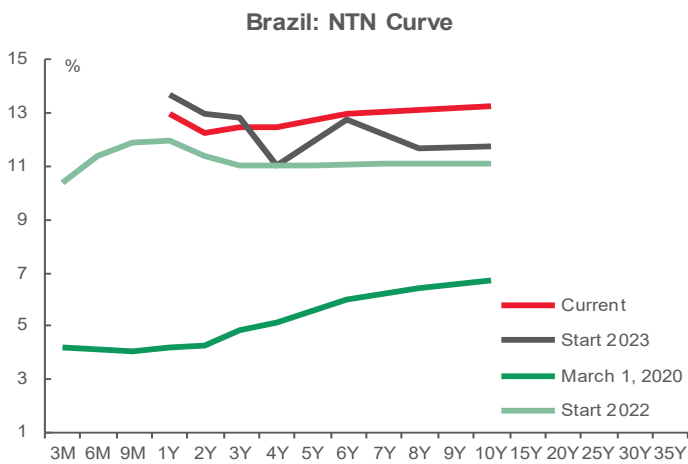
Sources: Scotiabank Economics, Bloomberg.

Chart 2



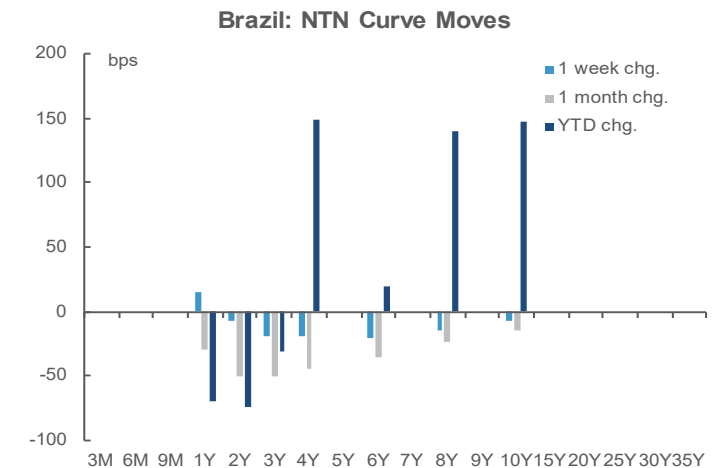
Sources: Scotiabank Economics, Bloomberg.

Chart 3



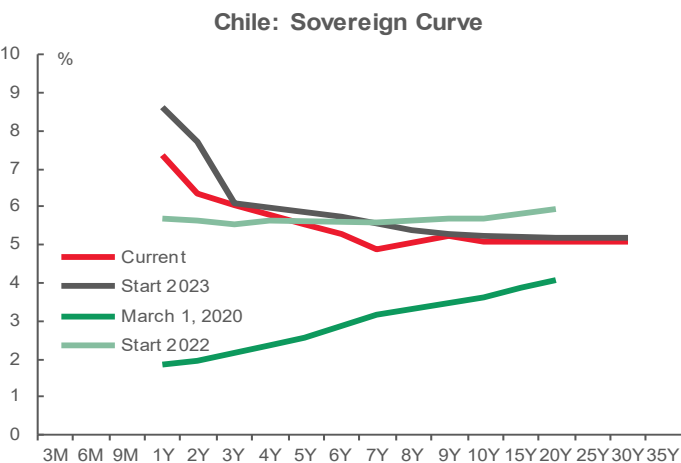
Sources: Scotiabank Economics, Bloomberg.

Chart 4



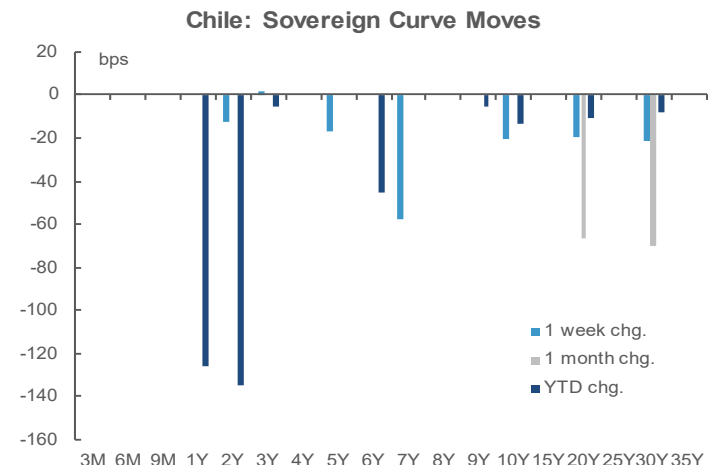
Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

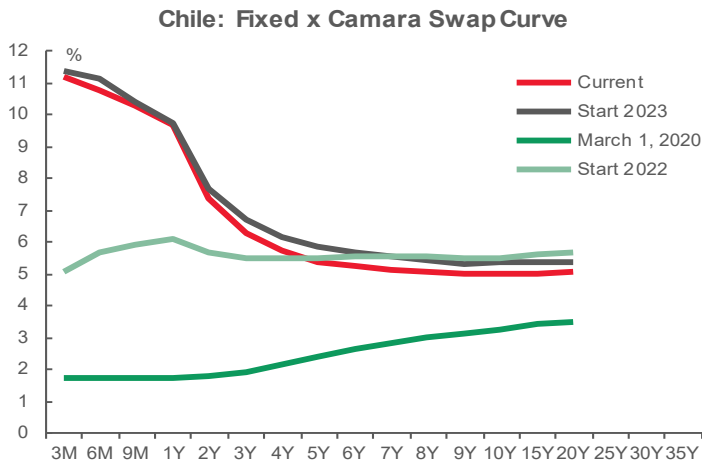
Chart 6



Sources: Scotiabank Economics, Bloomberg.

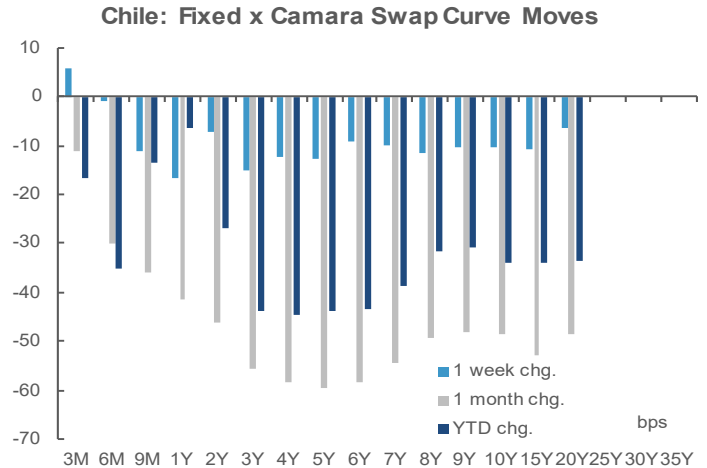
Yield Curves

Chart 7



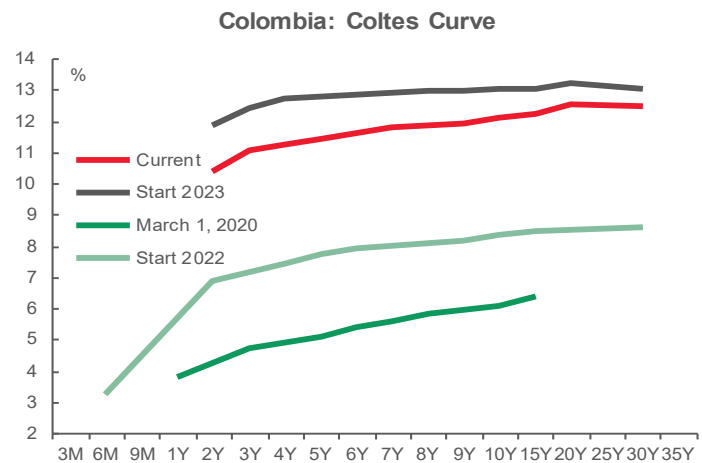
Sources: Scotiabank Economics, Bloomberg.

Chart 8



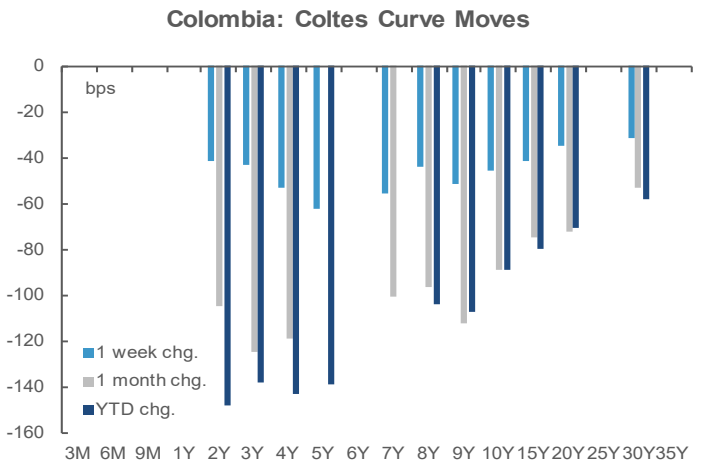
Sources: Scotiabank Economics, Bloomberg.

Chart 9



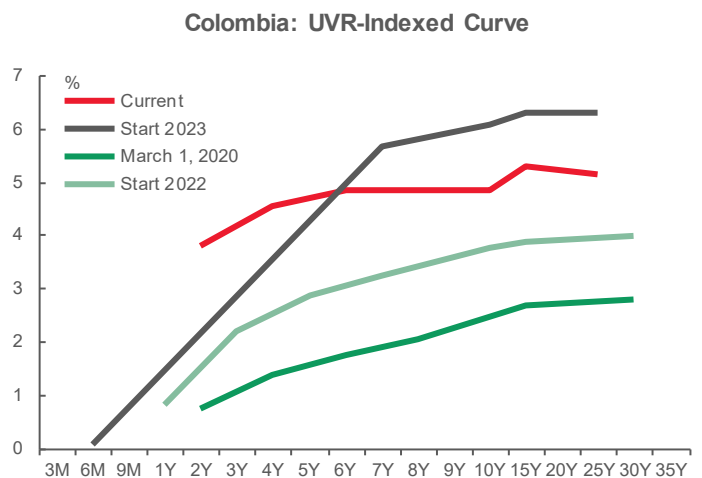
Sources: Scotiabank Economics, Bloomberg.

Chart 10



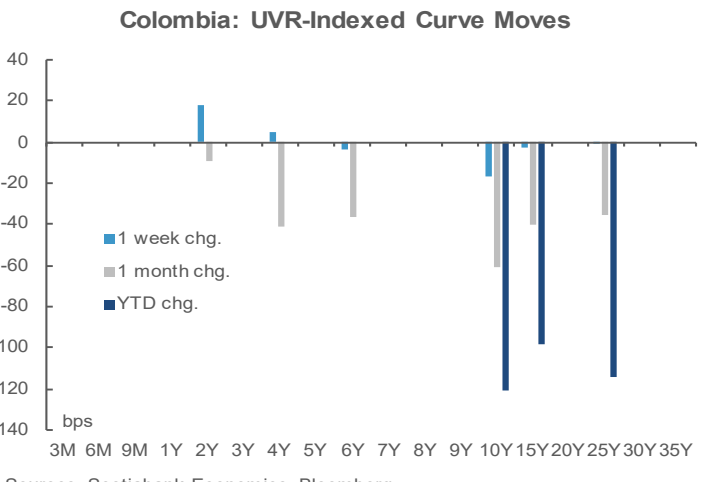
Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Bloomberg.

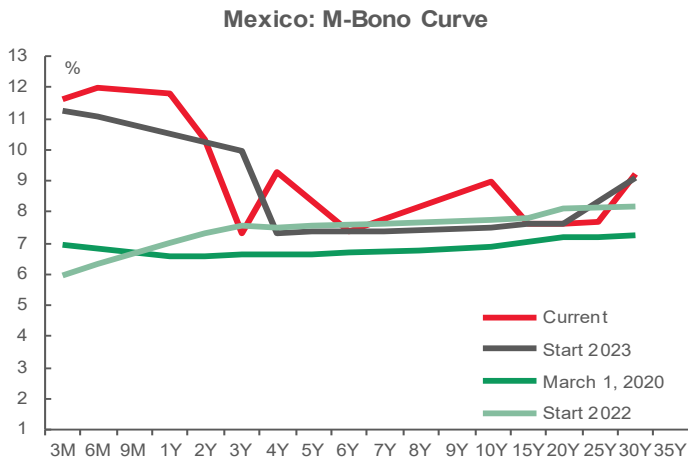
Chart 12



Sources: Scotiabank Economics, Bloomberg.

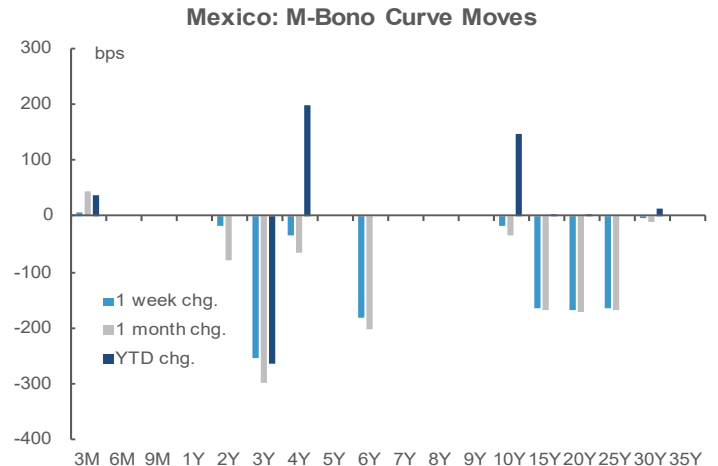
Yield Curves

Chart 13



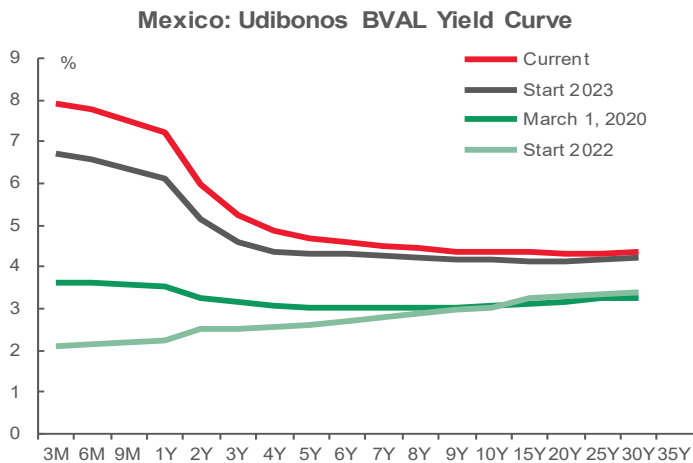
Sources: Scotiabank Economics, Bloomberg.

Chart 14



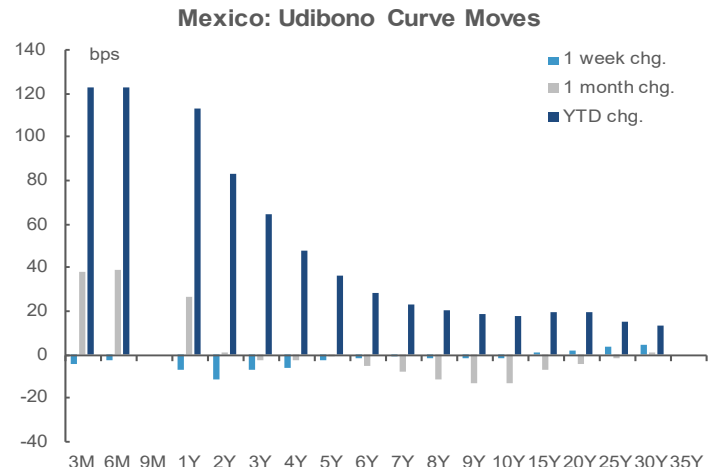
Sources: Scotiabank Economics, Bloomberg.

Chart 15



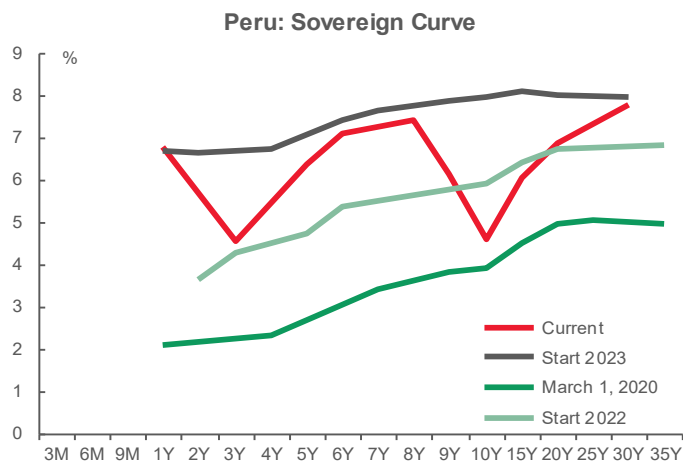
Sources: Scotiabank Economics, Bloomberg.

Chart 16



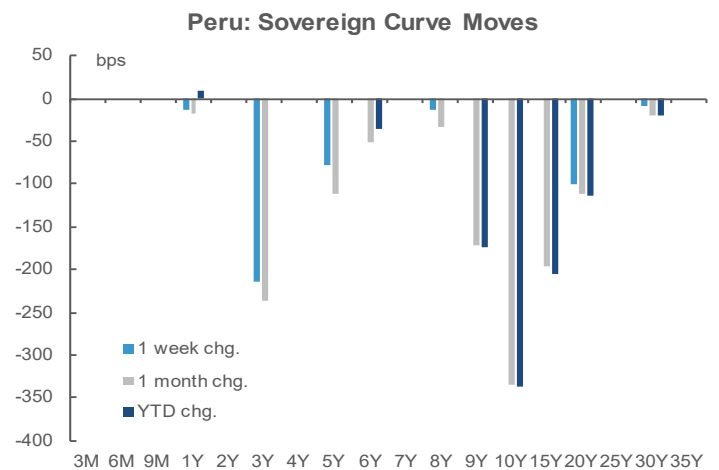
Sources: Scotiabank Economics, Bloomberg.

Chart 17



Sources: Scotiabank Economics, Bloomberg.

Chart 18



Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for March 25–April 7

BRAZIL

Date	Time Event	Period	BNS	Consensus	Latest BNS Comments
Mar-20-27	Tax Collections (BRL mn)	Feb	--	--	158995
Mar-27	4:00 FIPE CPI - Weekly (%)	23-Mar	--	--	0.36
Mar-27	7:00 FGV Consumer Confidence	Mar	--	--	84.5
Mar-27	7:25 Central Bank Weekly Economist Survey		--	--	
Mar-27	7:30 Current Account Balance (USD mn)	Feb	--	-4650	-8791.2
Mar-27	7:30 Foreign Direct Investment (USD mn)	Feb	--	11850.9	6877.2
Mar-27	14:00 Trade Balance Weekly (USD mn)	26-Mar	--	--	2816.4
Mar-28	7:00 FGV Construction Costs m/m	Mar	--	--	0.21
Mar-28	7:00 Central Bank Meeting Minutes		--	--	
Mar-29	7:30 Total Outstanding Loans (BRL bn)	Feb	--	--	5317.4
Mar-29	7:30 Outstanding Loans m/m	May	--	--	-0.3
Mar-29	7:30 Personal Loan Default Rate (%)	Feb	--	--	6.11
Mar-29	13:30 Federal Debt Total (BRL bn)	Feb	--	--	5769
Mar-29	Formal Job Creation Total	Feb	--	--	-440669
Mar-30	7:00 FGV Inflation IGPM m/m	Mar	--	--	-0.06
Mar-30	7:00 FGV Inflation IGPM y/y	Mar	--	--	1.86
Mar-30	7:00 Central Bank Quarterly Inflation Report		--	--	
Mar-30	8:00 Industrial Production m/m	Jan	--	--	0
Mar-30	8:00 Industrial Production y/y	Jan	--	--	-1.3
Mar-30	13:30 Central Govt Budget Balance (BRL bn)	Feb	--	--	78.33
Mar-31	7:30 Nominal Budget Balance (BRL bn)	Feb	--	--	46.69
Mar-31	7:30 Primary Budget Balance (BRL bn)	Feb	--	--	99.01
Mar-31	7:30 Net Debt % GDP	Feb	--	--	56.56
Mar-31	8:00 National Unemployment Rate (%)	Feb	--	--	8.4
Apr-03	7:00 FGV CPI IPC-S (%)	31-Mar	--	--	0.71
Apr-03	7:25 Central Bank Weekly Economist Survey		--	--	
Apr-03	9:00 S&P Global Brazil Manufacturing PMI	Mar	--	--	49.2
Apr-03	14:00 Trade Balance Monthly (USD mn)	Mar	--	--	2833
Apr-03	14:00 Exports Total (USD mn)	Mar	--	--	20560
Apr-03	14:00 Imports Total (USD mn)	Mar	--	--	17726
Apr-04	4:00 FIPE CPI - Monthly (%)	Mar	--	--	0.43
Apr-05	9:00 S&P Global Brazil Composite PMI	Mar	--	--	49.7
Apr-05	9:00 S&P Global Brazil Services PMI	Mar	--	--	49.8
Apr 03-07	Vehicle Sales Fenabrave	Mar	--	--	129868
Apr 06-10	Vehicle Sales Anfavea	Mar	--	--	129949
Apr 06-10	Vehicle Exports Anfavea	Mar	--	--	34313
Apr 06-10	Vehicle Production Anfavea	Mar	--	--	161181

CHILE

Date	Time Event	Period	BNS	Consensus	Latest BNS Comments
Mar-30	7:30 Central Bank Traders Survey		--	--	
Mar-30	8:00 Unemployment Rate (%)	Feb	8.0	8.2	8.0 We expect job creation and an increase in the labour force in February.
Mar-31	8:00 Manufacturing Production y/y	Feb	--	--	-1.57
Mar-31	8:00 Industrial Production y/y	Feb	--	--	0.47
Mar-31	8:00 Copper Production Total (long ton)	Feb	--	--	435939
Mar-31	8:00 Commercial Activity y/y	Feb	--	--	-7.13
Mar-31	8:00 Retail Sales y/y	Feb	-10.0	-10.0	-10.4 We forecast retail sales decreasing 10% y/y in February. We observe a more intense usage of credit cards in low-income segments amid restrictive credit conditions.
Apr-03	8:30 Economic Activity y/y	Feb	0.0	--	0.37 Consistent with our forecast of a 0.8% GDP contraction in 2023.
Apr-03	8:30 Economic Activity m/m	Feb	--	--	0.49
Apr-04	18:00 Overnight Rate Target (%)	04-Apr	10.75	11.25	11.25
Apr-05	9:00 Nominal Wage y/y	Feb	--	--	11.1
Apr-06	7:00 CPI Core m/m	Mar	--	--	0.7
Apr-06	7:00 CPI Core y/y	Mar	--	--	10.7
Apr-06	8:00 CPI m/m	Mar	0.9	--	-0.1 In general, we see no inflationary pressures, apart from certain services whose prices are linked to past inflation.
Apr-06	8:00 CPI y/y	Mar	10.9	--	11.9
Apr 03-10	IMCE Business Confidence	Mar	--	--	42.14

COLOMBIA

Date	Time Event	Period	BNS	Consensus	Latest BNS Comments
Mar-30	14:00 Overnight Lending Rate (%)	30-Mar	13.00	13.00	12.75 In the previous meeting, governor Villar said BanRep is approaching an appropriate level to guarantee inflation convergence to the target. In the March meeting, we expect BanRep to deliver the final 25bps hike in a split vote, signalling the potential end of the hiking cycle.
Mar-31	11:00 Urban Unemployment Rate (%)	Feb	13.2	13.1	14.5 Economic slowdown is reflected in more moderate job creation. In February, the unemployment rate will improve due to seasonal reasons vs January. However, we expect the labour market to continue showing moderate job creation and increases in the participation rate.
Mar-31	11:00 National Unemployment Rate (%)	Feb	12.9	--	13.7
Apr-03	11:00 Davivienda Colombia PMI Mfg	Mar	--	--	49.8
Apr-04	11:00 Exports FOB (USD mn)	Feb	--	--	3695
Apr-04	18:00 Colombia Monetary Policy Minutes		--	--	
Apr-05	7:00 CPI y/y	Mar	13.31	--	13.28 Inflation will continue hovering at a ceiling of around 13.3% in March. Prices of food, gasoline, and certain services will continue contributing to an ongoing upside pressure in monthly inflation. Core inflation will
Apr-05	7:00 CPI Core y/y	Mar	11.23	--	10.86 accelerate further, reflecting the cumulative effect of indexation, as well as still-robust demand.
Apr-05	7:00 CPI m/m	Mar	1.02	0.93	1.66
Apr-05	7:00 CPI Core m/m	Mar	0.92	--	1.67

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for March 25–April 7

MEXICO

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest BNS Comments</u>
Mar-27	8:00 Trade Balance (USD mn)	Feb	--	--	-4125
Mar-27	8:00 Imports (USD mn)	Feb	--	--	46716
Mar-27	8:00 Exports (USD mn)	Feb	--	--	42591
Mar-28	11:00 International Reserves Weekly (USD mn)	24-Mar	--	--	201972
Mar-30	15:00 Overnight Rate (%)	30-Mar	11.25	11.25	11.00
Mar-30	Mexican Public Balance (MXN mn)	Feb	--	--	-17.1
Mar-31	8:00 Unemployment Rate NSA (%)	Feb	--	3.1	3
Mar-31	11:00 Net Outstanding Loans (MXN bn)	Feb	--	--	5463.2
Apr-03	11:00 Remittances Total (USD mn)	Feb	--	--	4406.1
Apr-03	11:00 Central Bank Economist Survey		--	--	
Apr-03	11:30 S&P Global Mexico Manufacturing PMI	Mar	--	--	51
Apr-03	14:00 IMEF Manufacturing Index SA	Mar	--	--	5126
Apr-03	14:00 IMEF Non-Manufacturing Index SA	Mar	--	--	52.91
Apr-03	Banamex Survey of Economists		--	--	
Apr-04	8:00 Vehicle Domestic Sales	Mar	--	--	101911
Apr-04	8:00 Leading Indicators (m/m)	Feb	--	--	0.08
Apr-04	11:00 International Reserves Weekly (USD mn)	31-Mar	--	--	201972
Apr-05	8:00 CPI Core y/y	Mar	8.1	--	8.3
Apr-05	8:00 Consumer Confidence	Mar	--	--	44.31
Apr-05	8:00 Gross Fixed Investment NSA y/y	Jan	--	--	9.4
Apr-05	8:00 CPI m/m	Mar	0.6	--	0.6
Apr-05	8:00 CPI Core m/m	Mar	0.54	--	0.61
Apr-05	8:00 Gross Fixed Investment SA m/m	Jan	--	--	2.7
Apr-05	8:00 CPI y/y	Mar	7.2	--	7.6
Apr-05	8:00 Bi-Weekly CPI (%)	31-Mar	--	--	0.15
Apr-05	8:00 Bi-Weekly Core CPI (%)	31-Mar	--	--	0.3
Apr-05	8:00 Bi-Weekly CPI y/y	31-Mar	--	--	7.12
Apr-05	8:00 Bi-Weekly Core CPI y/y	31-Mar	--	--	8.15
Apr 03-11	Formal Job Creation Total	Mar	--	--	175.9

PERU

<u>Date</u>	<u>Time Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest BNS Comments</u>
Apr-01	11:00 Lima CPI m/m	Mar	1.0	--	0.3 Rises due to seasonal factors (education), bird flu (poultry) and weather effects (Cyclone Yaku).
Apr-01	11:00 Lima CPI y/y	Mar	8.1	--	8.7 Deceleration cycle begins, driven by high comparison base.

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

Scotiabank Economics Latam Coverage

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