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Table of Contents

Overview	2-3
Country Updates	4-6
Market Events & Indicators	A1-A2
Forecast Updates	A3-A5
Key Economic Charts	A6
Key Market Charts	A7
Yield Curves	A8

Latam Weekly: Mexican GDP, Rate Decisions, Brazil Results

HIGHLIGHTS

- Next week's calendar is full of central bank announcements, including expected rate holds by the BCCh, BanRep, and the Fed, key data out of Mexico and the G10, and earnings reports by tech majors.
- In today's report, the team in Mexico goes over the latest economic activity readings that reinforce the improvement in GDP growth expectations for the country. Next week's Q3 GDP data may show 3%+ y/y growth, its best reading in three years—albeit with some loss of momentum on a sequential basis.
- The team in Peru discusses their growth forecasts against the latest from the IMF and World Bank, with GDP growth expected to exceed the regional average in each of 2026 and 2027, private investment acting as a leading driver of Peru's economic expansion.

Chart of the Week

Economic Weakness Contrasts with Higher Inflation Ahead of Chile's Central Bank Decision

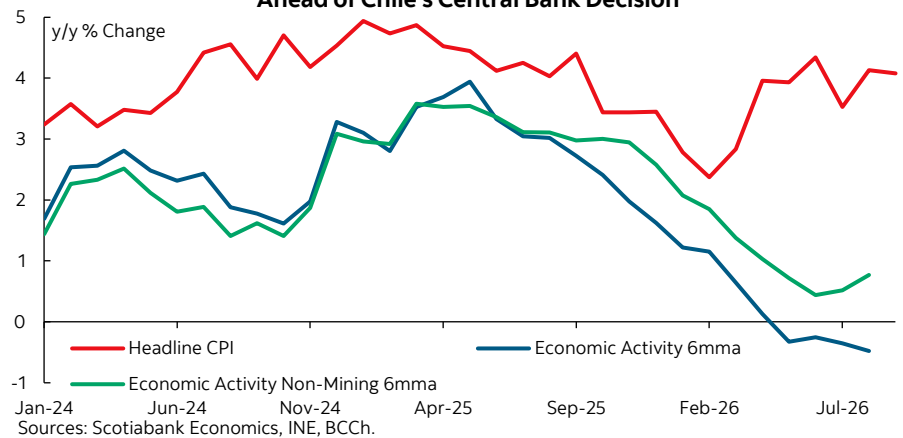


Chart of the Week: Prepared by: Syed Hasnain Abbas, Economic Analyst.

Mexican GDP, Rate Decisions, Brazil Results

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- **Next week's calendar is full of central bank announcements, including expected rate holds by the BCCh, BanRep, and the Fed, key data out of Mexico and the G10, and earnings reports by tech majors.**
- **In today's report, the team in Mexico goes over the latest economic activity readings that reinforce the improvement in GDP growth expectations for the country. Next week's Q3 GDP data may show 3%+ y/y growth, its best reading in three years—albeit with some loss of momentum on a sequential basis.**
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We have a busy few days ahead around the globe, full of central bank announcements, key economic data, and tech sector earnings, while the week kicks off to the results of Brazil's second round presidential vote on Sunday. First things first, don't expect policy rate adjustments next week—the focus will be on the guidance provided (or lack thereof) by policymakers. The BCCh and BanRep are expected to stand pat at 4.50% and 12.25%, respectively, with on-hold rates also due from the Fed at 4.00%, the ECB at 2.50%, and the BoJ at 1.25%, while we think the BoC will be the only of the majors set to hike 25bps to 2.50%.

On the data front, Mexico's Q3 GDP release is the standout, accompanied by unemployment rate and sectoral activity readings out of Chile, in contrast to second tier figures out of Brazil and Colombia, and a bare calendar in Peru. The latter's empty calendar comes ahead of a busy first half of November that will include October CPI, the BCRP's rate decision, and Q3/September GDP. In today's report, the team in Peru looks at the latest forecasts from the IMF and the World Bank showing that the country's growth will exceed the regional average this year, with private investment strength due to lead the expansion.

Outside of Latam, the focus will be on the aforementioned rate announcements, with recent market developments—from weakness in equity markets to the selloff in French debt—significantly denting the magnitude of near-term hike bets, despite global energy prices and their associated inflationary risks still very much remaining elevated. On the data front, U.S. PCE and Eurozone HICP inflation, and GDP data from the U.S., the Euro bloc, and Canada are the highlights. The market tone will also be highly sensitive to earnings results from Amazon, Alphabet, and Microsoft.

Many of our readers will already know the results of the Brazil's second round presidential contest by the time they read this, but polls show Bolsonaro ahead of Lula by a couple of ppts on average heading into the weekend, with betting markets giving him about a 75% chance at victory. Market bias/expectations aside, expect a strong performance for Brazilian assets at the Monday open if Bolsonaro comes out the winner, though this will likely be followed in the months to come by higher scrutiny of his would-be fiscal plans (the new president takes office at the start of 2027). One cannot rule out a Lula victory, of course, as Bolsonaro's lead is still within the margin of error of the surveys, but then polls also showed the latter behind Lula ahead of the first round and he took about 2ppts more than the incumbent in the October 4 vote. A victory for Lula would kick off the Brazilian trading week with a clearly negative mood, souring expectations of a more business-friendly administration.

Mexico's economic activity figures have broadly been fairly stronger than we had anticipated so far in 2026, as the team discusses in today's report. At the start of the year, we projected that Mexican GDP would grow by only 0.6% in 2026 amid depressed private investment, muted hiring, and the impact of U.S. protectionism. We currently forecast that Mexico will grow by 1.3% this year, picking up to 1.5% in 2027 and 1.8% in 2028. Public infrastructure spending related to the World Cup, resilient consumption, and services strength (wholesale sales stands out) have lifted growth prospects for this year. Combined with elevated inflation—which surprised slightly higher in H1-Oct data published this week—it's difficult to see why the majority in Banxico's board sees room for additional easing.

Next Friday, INEGI publishes the first pass at Q3 GDP data, with details limited to a breakdown of growth across the primary, secondary, and tertiary sectors. Economists polled by Bloomberg are eyeing a 2.4% y/y gain in output (in a 1.8% to 3.4% band of estimates), picking up from a 2.1% rise in Q2, and which would mark the best y/y performance for the Mexican economy since Q3-23. Economic activity (IGAE) for August published this morning showed growth of 3.3% y/y, after a 3.4% reading in July, which means risks are tilted towards a 3%+ y/y GDP

print already assuming some of the usual seasonal m/m decline in economic activity in September; we estimate growth at 3.1% y/y compared to our latest official forecast of 2.1% (as shown in the tables at the back). There has been some loss of momentum on a quarter-on-quarter basis, however. Based on IGAE data, it's looking like Q2's 1.4% q/q seasonally adjusted rise will likely be followed by ~1% or lower expansion in Q3.

Chile's central bank is facing conflicting signals of high inflation and weak growth. Inflation held at 4.1% y/y in September, slightly undershooting the median forecast of 4.2%, while economic activity figures for August showed a 1% y/y contraction in growth against forecasts for a 0.3% gain (down 0.7% m/m). The latest data and the broad global repricing of central bank hike bets have cooled expectations that the BCCh will hike rates. Nevertheless, our economists in Chile believe that the BCCh will opt for a 25bps quarter-point increase at its December announcement.

Regarding inflation, risks remain tilted to the upside amid CLP weakness, elevated global energy prices, and second-round inflationary pressures. On the economy, growth is expected to considerably pick up in the coming quarters, boosted by public spending and private investment, and recent readings overstate economic weakness in the country; non-mining GDP rose 0.2% m/m in August while mining GDP fell 17.4% m/m, adding up to the all-economy drop of 0.7%. Given elevated uncertainty in global markets in recent days, the large unknown of how much longer energy prices will remain at these levels, and a still pending convincing turnaround in local data the BCCh may opt to keep its cards close to its chest next week.

Country Updates

Mexico—Stronger IGAE Momentum Points to Upward Revisions to Growth Expectations

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This week's indicators reinforced signs that the stronger momentum observed between May and July extended into the third quarter. August's IGAE reading supports this view, with economic activity expanding 3.3% y/y, broadly maintaining the 3.4% pace recorded previously, while rising 0.6% m/m on a seasonally adjusted basis. Within the index, construction and wholesale trade continue to lead the recovery, following the contractions observed during 2024 and part of 2025.

By sector, industrial activity grew 3.5% y/y in August, bringing average growth during the first eight months of the year to 0.8% YTD, supported by the improvement observed since the second quarter. As industrial production figures for the same month had already signaled, construction expanded 7.5% y/y, backed by stronger public works and a recent pickup in residential construction. Within the sector, civil engineering works continued to show strong momentum, rising 17.6% y/y, while building construction increased 7.9% and specialized construction activities declined 1.2%.

Manufacturing, meanwhile, expanded 3.2% y/y, although performance remained markedly uneven across subsectors. Computer equipment manufacturing stood out, growing 12.2%, against a backdrop of strong global demand for technology infrastructure associated with investment in artificial intelligence. Petroleum products manufacturing also posted a strong 21.4% increase, while transportation equipment recorded a rebound of 5.6%. Nevertheless, half of all manufacturing subsectors continued to post annual declines in August, suggesting that the industrial recovery remains far from broad-based.

Services also maintained the momentum observed since the second quarter, increasing 3.6% y/y in August and bringing average growth so far this year to 0.8%. Wholesale trade remains the main driver, having posted significant gains since the second quarter and expanding 12.1% y/y in August, with growth reaching 8.2% YTD over the first eight months of the year. This performance has coincided with a recovery in machinery and equipment investment following a period of weakness that lasted nearly two years.

In this context, both machinery and equipment investment and wholesale sales are showing signs of recovery. However, the high annual growth rates also reflect favourable base effects, while monthly gains point to a more gradual underlying recovery. We believe part of this improvement could reflect replacement cycles for machinery, equipment, and vehicle fleets, further supported by the relatively strong levels of the Mexican peso observed during the period. This interpretation would also be consistent with the recent rebound in the imported share of investment.

In contrast, retail trade, which is more closely linked to household consumption, posted a more moderate 2.4% y/y increase, averaging 1.5% YTD growth during the first eight months of the year. Similarly, consumption figures, which increased by only 1.1% y/y in July, suggest that growth could remain moderate in the near term, in line with the slow pace of formal job creation. Other activities also recorded solid growth in August, including financial services, up 4.0% y/y, and mass media information services, up 5.0%. Overall, we expect services to continue accounting for a significant share of economic activity growth, supported particularly by the recovery in wholesale trade.

Following these results, we believe the balance of risks to 2026 growth has shifted to the upside relative to previous estimates, potentially leading to upward revisions to consensus expectations, currently at 1.4%. Nonetheless, even after incorporating the stronger momentum observed at the beginning of the second half of the year, we expect 2026 growth to remain below its historical average of around 2.0%. Overall, the latest indicators point to an economy that has gained traction following the weakness observed previously, although the pace of expansion remains relatively modest by historical standards.

Peru—Set to Outpace Latin America as Private Investment Takes the Lead

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- Scotiabank and the World Bank (WB) forecast Peru's economy to grow by 3.2% in 2026, above the International Monetary Fund's (IMF) 3.0% projection and the Latam and Caribbean (LAC) average.
- In 2027, stronger private investment is expected to support growth of 3.3% according to our forecasts, above the WB's 3.0% and the IMF's 2.9% projections.
- We forecast inflation at 4.8% in 2026, compared with the IMF's 3.8%, before declining to 2.5% in 2027.

Recent releases of the IMF's World Economic Outlook and the World Bank's Latin America and the Caribbean Economic Review show broadly similar forecasts for 2026, with differences becoming more pronounced in 2027 (chart 1 and table 1). While both institutions expect growth to moderate gradually, our baseline incorporates a stronger recovery in private investment and domestic demand. For 2026, both the WB and Scotiabank forecast growth of 3.2%, above the IMF's 3.0%. By 2027, our forecast rises to 3.3%, compared with 3.0% for the WB and 2.9% for the IMF. This reflects our more constructive view of private investment and its ability to sustain growth beyond export-related support.

All three sets of forecasts place Peru above the LAC average in 2026. Under the IMF scenario, Peru would outperform the region by 0.7 percentage points, reflecting growth of 3.0% versus 2.3% for LAC. The WB places the differential at 1.0 percentage point, with growth of 3.2% in Peru and 2.2% in the region. With LAC expanding only slightly above 2%, Peru is expected to grow faster than most of its regional peers (chart 2). In 2027, our forecast implies that Peru would grow 0.8 percentage points faster than the IMF's 2.5% projection for LAC. Under the IMF's forecasts for both Peru and LAC, the differential narrows to 0.4 percentage points.

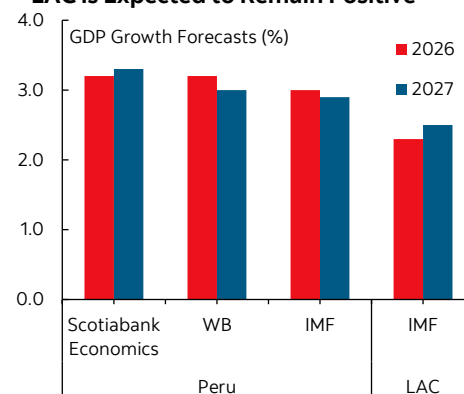
PERU REMAINS AMONG THE REGION'S GROWTH LEADERS

The WB forecasts Peru to grow by 3.2% in 2026, ahead of Colombia at 2.3%, Brazil at 2.1%, Mexico at 1.4%, and Chile at 0.8%, while trailing the Dominican Republic and Paraguay at 4.7% and Panama at 4.2%. The IMF presents a similar ranking. It expects Peru to expand by 3.0%, outperforming Colombia and Brazil at 2.2%, Mexico at 1.5%, and Chile at 0.6%, while remaining below Panama at 5.0%, the Dominican Republic at 4.6%, and Paraguay at 4.5%. Despite differences in their projections, the IMF, the WB, and Scotiabank Economics all expect Peru to outperform the LAC average. The main difference lies in the strength of growth expected in 2027.

SOLID MACROECONOMIC FOUNDATIONS SUPPORT THE OUTLOOK

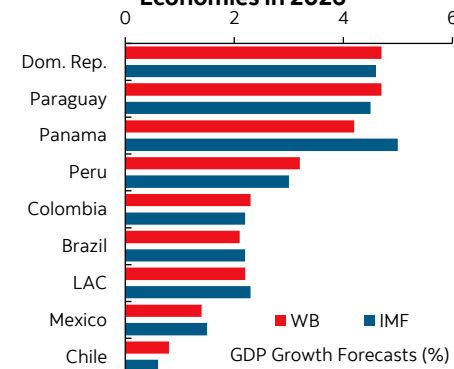
Peru's macroeconomic foundations remain solid. Our inflation forecast for 2026 is somewhat higher than the IMF's. We forecast average inflation of 4.8% in 2026, compared with the IMF's 3.8%. By 2027, the forecasts nearly converge, at 2.5% for Scotiabank and 2.6% for the IMF, pointing to a more stable inflation environment (chart 3).

Chart 1:
Peru: Growth Differential Relative to LAC is Expected to Remain Positive



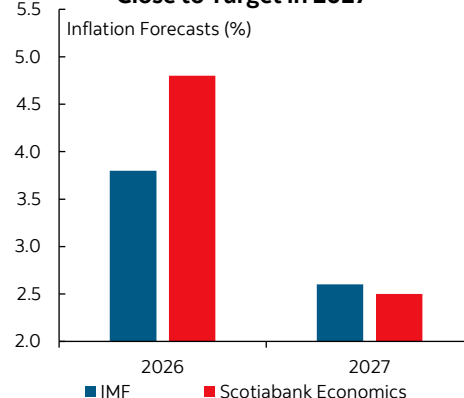
Sources: Scotiabank Economics, World Bank, IMF.

Chart 2
Peru: Projected to Remain Among Latin America's Fastest-Growing Economies in 2026



Sources: Scotiabank Economics, World Bank, IMF.

Chart 3
Peru: Inflation is Projected to Return Close to Target in 2027



Sources: Scotiabank Economics, IMF.

On activity, the WB highlights copper exports, infrastructure investment, and the recovery in private investment as continued sources of support. The government is also seeking to support a new investment cycle. According to the Ministry of Economy and Finance of Peru, the project pipeline totals about USD 116bn, including more than USD 64bn across 66 mining projects. Together, these factors should help preserve macroeconomic stability despite a highly uncertain global environment.

PRIVATE INVESTMENT IS THE DEFINING FEATURE OF OUR 2027 SCENARIO

Domestic demand is expected to be one of the main drivers of growth in our baseline scenario. We forecast GDP growth of 3.2% in 2026 and 3.3% in 2027, supported by private investment growth of 12.0% and 6.1%, respectively. Private investment is projected to grow nearly four times faster than GDP in 2026 and almost twice as fast in 2027 (chart 4).

Construction is expected to lead sectoral growth in 2026, expanding by 9.3%, followed by commerce at 5.5% and services at 3.6%. Mining would grow by 1.0%, while manufacturing would contract by 0.7%. In 2027, construction would continue to expand at a solid pace of 5.1%, manufacturing would rebound by 3.5%, commerce and services would both grow by 3.4%, and mining would expand by 2.0%. Together with the investment pipeline, this broader sectoral contribution should make growth less dependent on a small number of industries.

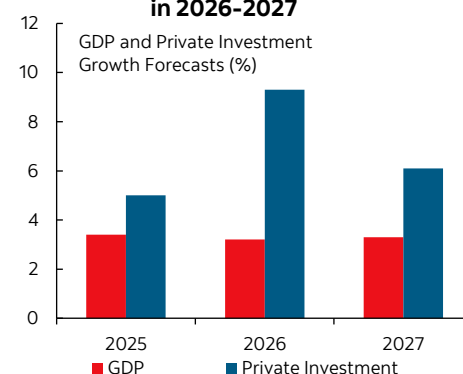
Private investment is the factor that most clearly sets our 2027 outlook apart from those of multilateral institutions. Its recovery would reinforce domestic demand, alongside the normalization of export activity following El Niño. This combination should support a more durable expansion than one primarily driven by temporary factors.

AI OFFERS AN ADDITIONAL ROUTE TO HIGHER POTENTIAL GROWTH

Over the medium term, the WB identifies artificial intelligence as an opportunity to raise productivity across the region. Peru scores 0.49 on the AI Preparedness Index, in line with Colombia and below Chile at 0.59, Uruguay at 0.55, and Mexico at 0.53. Strengthening digital capabilities, innovation, and human capital would help close this gap and broaden AI adoption across mining, financial services, commerce, and logistics. This could provide an additional source of potential growth.

Overall, the IMF, the WB, and Scotiabank agree that Peru should grow faster than the LAC average over the next two years (table 1). The key challenge will be to translate the current investment cycle into lasting gains in productivity and competitiveness, helping raise Peru's potential growth rate over time.

Chart 4
Peru: Private Investment is Expected to be the Main Driver of Growth in 2026-2027



Sources: Scotiabank Economics.

Table 1: Peru — Peru is Expected to Outperform Latin America in 2026-2027

Indicator	2026			2027		
	IMF	WB	Scotiabank	IMF	WB	Scotiabank
GDP (%)	3.0	3.2	3.2	2.9	3.0	3.3
Private Investment (%)	--	--	12.0	--	--	6.1
Inflation (%)	3.8	--	4.8	2.6	--	2.5
LAC GDP (%)	2.3	2.2	--	2.5	--	--
Peru-LAC GDP Growth Differential (ppts)	0.7	1.0	0.9	0.4	--	0.8

Sources: Scotiabank Economics, World Bank, IMF.

Market Events & Indicators for October 24–November 6

CHILE

<u>Date</u>	<u>Time</u>	<u>Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Oct-27	17:00	Overnight Rate Target (%)	Oct	4.50	--	4.50	--
Oct-29	8:00	Unemployment Rate	Sep	--	--	9.6	--
Oct-30	8:00	Retail Sales y/y	Sep	--	--	3.4	--
Oct-30	8:00	Commercial Activity y/y	Sep	--	--	0.0	--
Oct-30	8:00	Industrial Production y/y	Sep	--	--	-5.7	--
Oct-30	8:00	Manufacturing Production y/y	Sep	--	--	-2.6	--
Oct-30	8:00	Copper Production Total (MT)	Sep	--	--	369500	--
Oct-30 Nov-04		IMCE Business Confidence	Oct	--	--	49.4	--
Nov-02	6:30	Economic Activity m/m	Sep	--	--	-0.7	--
Nov-02	6:30	Economic Activity y/y	Sep	--	--	-1.0	--
Nov-04	6:30	Central Bank Meeting Minutes					
Nov-05	7:00	Nominal Wage y/y	Sep	--	--	7.6	--
Nov-06	6:00	CPI y/y Chained	Oct	--	--	4.1	--
Nov-06	6:00	CPI m/m	Oct	--	--	0.4	--

MEXICO

<u>Date</u>	<u>Time</u>	<u>Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Oct-27	8:00	Trade Balance (USD mn)	Sep	--	--	605	--
Oct-27	8:00	Exports (USD mn)	Sep	--	--	78010	--
Oct-27	8:00	Imports (USD mn)	Sep	--	--	77405	--
Oct-30	8:00	GDP NSA y/y	3Q P	3.1	2.1	2.1	--
Oct-30	8:00	GDP SA q/q	3Q P	--	--	1.4	--
Oct-30		Mexican Public Balance (MXN bn)	Sep	--	--	-739	--
Nov-02	13:00	IMEF Manufacturing Index SA	Oct	--	--	50.0	--
Nov-02	13:00	IMEF Non-Manufacturing Index SA	Oct	--	--	49.2	--
Nov-03	10:00	Remittances Total (USD mn)	Sep	--	--	5452	--
Nov-03	10:00	S&P Global Mexico Manufacturing PMI	Oct	--	--	50.3	--
Nov-03	10:00	Central Bank Economist Survey					
Nov-04	7:00	Vehicle Domestic Sales	Oct	--	--	129288	--
Nov-04		Citi Survey of Economists					
Nov-05	14:00	Overnight Rate (%)	Nov	6.50	--	6.50	--
Nov-05	7:00	Gross Fixed Investment NSA y/y	Aug	--	--	6.6	--
Nov-05	7:00	Gross Fixed Investment SA m/m	Aug	--	--	1.4	--
Nov-05	7:00	Private Consumption y/y	Aug	--	--	1.1	--
Nov-05	7:00	Consumer Confidence	Oct	--	--	45.1	--
Nov 04-10		Formal Job Creation Total (000s)	Oct	--	--	129	--

PERU

<u>Date</u>	<u>Time</u>	<u>Event</u>	<u>Period</u>	<u>BNS</u>	<u>Consensus</u>	<u>Latest</u>	<u>BNS Comments</u>
Nov-01	10:00	Lima CPI y/y	Oct	4.8	--	4.6	--
Nov-01	10:00	Lima CPI m/m	Oct	0.2	--	0.1	--

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for October 24–November 6

BRAZIL

Date	Time Event	Period	BNS	Consensus	Latest	BNS Comments
Oct-26	7:00 FGV Consumer Confidence	Oct	--	--	84.2	--
Oct-26	7:25 Central Bank Weekly Economist Survey					
Oct-27	7:30 Current Account Balance (USD mn)	Sep	--	--	-5055	--
Oct-27	7:30 Foreign Direct Investment (USD mn)	Sep	--	--	7396	--
Oct-29	7:30 Outstanding Loans m/m	Sep	--	--	0.5	--
Oct-29	7:30 Total Outstanding Loans (BRL bn)	Sep	--	--	7398	--
Oct-29	Formal Job Creation Total	Sep	--	--	165827	--
Oct-29	Central Govt Budget Balance (BRL bn)	Sep	--	--	-13.6	--
Oct-30	7:30 Net Debt % GDP	Sep	--	--	69.3	--
Oct-30	8:00 National Unemployment Rate	Sep	--	--	5.3	--
Nov-03	6:25 Central Bank Weekly Economist Survey					
Nov-03	8:00 S&P Global Brazil Manufacturing PMI	Oct	--	--	44.8	--
Nov-04	16:30 Selic Rate (%)	Nov	13.50	--	13.75	--
Nov-05	7:00 Industrial Production m/m	Sep	--	--	-0.6	--
Nov-05	7:00 Industrial Production y/y	Sep	--	--	-1.2	--
Nov-05	8:00 S&P Global Brazil Composite PMI	Oct	--	--	47.4	--
Nov-05	8:00 S&P Global Brazil Services PMI	Oct	--	--	49.2	--
Nov-06	13:00 Trade Balance Monthly (USD mn)	Oct	--	--	7741	--
Nov-06	13:00 Exports Total (USD mn)	Oct	--	--	34418	--
Nov-06	13:00 Imports Total (USD mn)	Oct	--	--	26678	--

COLOMBIA

Date	Time Event	Period	BNS	Consensus	Latest	BNS Comments
Oct-28	Industrial Confidence	Sep	--	--	5.8	--
Oct-28	Retail Confidence	Sep	--	--	23.3	--
Oct-30	14:00 Overnight Lending Rate (%)	Oct	--	12.25	12.25	--
Oct-30	11:00 National Unemployment Rate	Sep	--	--	9.4	--
Oct-30	11:00 Urban Unemployment Rate	Sep	--	--	9.1	--
Nov-03	10:00 Davivienda Colombia PMI Mfg	Oct	--	--	54.6	--
Nov-04	10:00 Exports FOB (USD mn)	Sep	--	--	4456	--
Nov-04	Quarterly Monetary Policy Report					
Nov-05	17:00 Colombia Monetary Policy Minutes					

Forecasts at time of publication.

Sources: Scotiabank Economics, Bloomberg.

Forecast Updates

2025		2026				2027				2028							
Chile	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	1.6	-0.3	-0.2	-1.1	0.2	2.3	4.2	4.3	3.3	3.6	2.2	2.2	1.9	2.5	-0.3	3.5	3.5
CPI (y/y % , eop)	3.4	2.8	4.3	4.1	5.0	4.8	3.8	3.4	3.0	3.0	3.0	3.0	3.0	3.4	5.0	3.0	3.0
Unemployment rate (% , avg)	8.1	8.9	9.4	9.4	9.0	8.6	8.2	8.0	7.6	7.5	7.8	8.0	7.7	8.1	9.2	8.1	8.1
Central bank policy rate (% , eop)	4.50	4.50	4.50	4.50	4.75	5.00	5.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50	4.75	5.00	4.50
Foreign exchange (USDCLP, eop)	901	926	922	974	950	950	930	900	890	890	890	890	890	901	950	890	890
2025		2026				2027				2028							
Mexico	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	1.7	0.2	2.1	2.1	0.9	2.7	2.2	0.4	0.5	1.8	1.8	1.9	1.8	0.5	1.3	1.5	1.5
CPI (y/y % , eop)	3.7	4.6	3.4	3.5	3.8	3.6	3.6	3.9	4.0	3.6	3.5	3.8	3.6	3.7	3.8	4.0	3.6
Unemployment rate (% , avg)	2.6	2.6	2.7	2.9	3.1	3.1	3.3	3.3	3.3	3.4	3.4	3.4	3.4	2.6	2.8	3.3	3.3
Central bank policy rate (% , eop)	7.00	6.75	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	7.00	6.50	6.50	6.50
Foreign exchange (USDMXN, eop)	18.01	17.94	17.49	18.07	18.39	18.52	18.64	18.77	18.93	19.08	19.26	19.45	19.65	18.01	18.39	18.93	19.65
2025		2026				2027				2028							
Peru	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	3.3	3.6	2.6	3.4	3.2	1.2	3.0	4.3	4.5	4.0	3.1	2.5	2.7	3.4	3.2	3.3	3.3
CPI (y/y % , eop)	1.5	3.8	4.0	4.5	4.8	3.8	3.1	3.0	2.5	1.2	1.4	1.6	1.9	1.5	4.8	2.5	1.9
Unemployment rate (% , avg)	5.0	6.8	4.9	4.4	5.0	6.5	5.0	5.0	4.8	6.0	4.8	4.6	4.5	5.9	5.3	5.3	4.9
Central bank policy rate (% , eop)	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Foreign exchange (USDPEN, eop)	3.36	3.48	3.41	3.43	3.35	3.40	3.36	3.40	3.40	3.40	3.45	3.43	3.45	3.36	3.35	3.40	3.45
2025		2026				2027				2028							
Brazil	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	1.8	1.8	2.0	1.8	1.8	1.4	1.4	1.5	1.5	1.8	1.8	1.8	1.8	2.3	1.9	1.5	1.8
CPI (y/y % , eop)	4.3	4.1	4.6	4.6	5.2	4.0	4.4	4.5	4.3	4.0	3.9	3.9	3.8	4.3	5.2	4.3	3.8
Unemployment rate (% , avg)	5.1	6.1	5.4	5.4	5.4	6.2	6.0	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.6	6.0	5.9
Central bank policy rate (% , eop)	15.00	14.75	14.25	13.75	13.50	13.00	12.50	12.00	11.50	11.25	11.00	10.75	10.50	15.00	13.50	11.50	10.50
Foreign exchange (USDBRL, eop)	5.47	5.18	5.16	5.17	5.09	5.08	5.07	5.06	5.05	5.06	5.07	5.07	5.08	5.47	5.09	5.05	5.08
2025		2026				2027				2028							
Canada	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	0.7	0.1	1.1	1.2	2.0	2.5	2.2	2.2	2.1	2.2	2.1	2.1	2.1	1.9	1.1	2.3	2.1
CPI (y/y % , eop)	2.2	2.2	2.9	3.0	3.6	3.3	2.6	2.5	2.2	2.1	2.0	1.9	1.9	2.2	3.6	2.2	1.9
Unemployment rate (% , avg)	6.8	6.6	6.7	6.4	6.4	6.2	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.9	6.5	6.2	6.1
Central bank policy rate (% , eop)	2.25	2.25	2.25	2.25	2.50	3.00	3.25	3.25	3.25	3.25	3.25	3.25	3.25	2.25	2.50	3.25	3.25
Foreign exchange (USDCAD, eop)	1.37	1.39	1.42	1.42	1.39	1.38	1.36	1.35	1.34	1.34	1.34	1.33	1.33	1.37	1.39	1.34	1.33
2025		2026				2027				2028							
United States	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	2.0	2.6	2.2	1.8	2.3	2.3	2.2	2.0	1.9	1.9	1.9	2.0	2.2	2.3	2.2	2.1	2.0
CPI (y/y % , eop)	2.8	2.7	3.8	3.4	3.8	3.9	3.4	2.7	2.4	2.2	2.1	2.1	2.2	2.8	3.8	2.4	2.2
Unemployment rate (% , avg)	4.5	4.3	4.3	4.1	4.0	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	4.3	4.2	3.9	3.9
Central bank policy rate (% , eop)	3.75	3.75	3.75	4.00	4.25	4.50	4.50	4.50	4.50	4.25	3.75	3.75	3.75	3.75	4.25	4.50	3.75
Foreign exchange (EURUSD, eop)	1.17	1.16	1.14	1.13	1.15	1.16	1.17	1.18	1.20	1.20	1.20	1.20	1.20	1.17	1.15	1.20	1.20

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics.

Changes in estimates and forecasts since previous *Latam Weekly* on October 09, 2026.

Forecast Updates—Compared To Previous Latam Weekly

2025		2026				2027				2028							
Chile	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDCLP, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2025		2026				2027				2028							
Mexico	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDMXN, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2025		2026				2027				2028							
Peru	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI (y/y %, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unemployment rate (% avg)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange (USDPEN, eop)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2025		2026				2027				2028							
Brazil	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	-0.1	-0.2	-0.4	-0.3	-0.3	-0.3	-	1.8	1.8	1.8	-	-	-0.3	1.8
CPI (y/y %, eop)	-	-	-	-	0.4	-0.6	0.3	0.2	0.1	-	4.0	3.9	3.9	-	0.4	0.1	3.8
Unemployment rate (% avg)	-	-	-	-0.1	-	-0.1	-0.1	-	-	-	5.9	5.9	5.9	-	-	-	5.9
Central bank policy rate (% eop)	-	-	-	-	-	-	-	-	-	-	11.25	11.00	10.75	-	-	-	10.50
Foreign exchange (USDBRL, eop)	-	-	-	-	-0.09	-0.11	-0.12	-0.14	-0.15	-	5.06	5.07	5.07	-	-0.09	-0.15	5.08
2025		2026				2027				2028							
Canada	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-	-	0.2	0.1	-	0.1	0.1	0.2	-	2.2	2.1	2.1	-	0.2	0.1	2.1
CPI (y/y %, eop)	-	-	-	0.5	0.7	0.8	0.7	0.5	0.2	-	2.1	2.0	1.9	-	0.7	0.2	1.9
Unemployment rate (% avg)	-	-	-	-0.1	0.1	-	-0.1	-0.1	-0.1	-	6.1	6.1	6.1	0.1	-	-	6.1
Central bank policy rate (% eop)	-	-	-	-	-0.25	-	0.25	0.25	0.25	3.25	3.25	3.25	3.25	-	-0.25	0.25	3.25
Foreign exchange (USDCAD, eop)	-	-	-	0.03	0.02	0.02	0.01	0.01	0.01	-	1.34	1.34	1.33	-	0.02	0.01	1.33
2025		2026				2027				2028							
United States	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2025	2026f	2027f	2028f
Real GDP (y/y % change)	-	-0.1	0.1	0.3	0.5	0.5	0.4	0.1	-0.2	-	1.9	1.9	2.0	0.2	0.2	0.2	2.0
CPI (y/y %, eop)	-	-	-	0.1	0.6	0.7	0.9	0.5	0.1	-	2.2	2.1	2.1	-	0.6	0.1	2.2
Unemployment rate (% avg)	-	-	-	-0.2	-0.3	-0.3	-0.4	-0.3	-0.3	-	3.9	3.9	3.9	-	-0.1	-0.4	3.9
Central bank policy rate (% eop)	-	-	-	0.25	0.50	1.00	1.25	1.25	1.25	-	4.25	3.75	3.75	-	0.50	1.25	3.75
Foreign exchange (EURUSD, eop)	-	-	-	-0.05	-0.05	-0.04	-0.04	-0.03	-0.02	-	1.20	1.20	1.20	-	-0.05	-0.02	1.20

Sources: Scotiabank Economics, Bloomberg, BCB, Haver Analytics.

 Changes in estimates and forecasts since previous *Latam Weekly* on October 09, 2026.

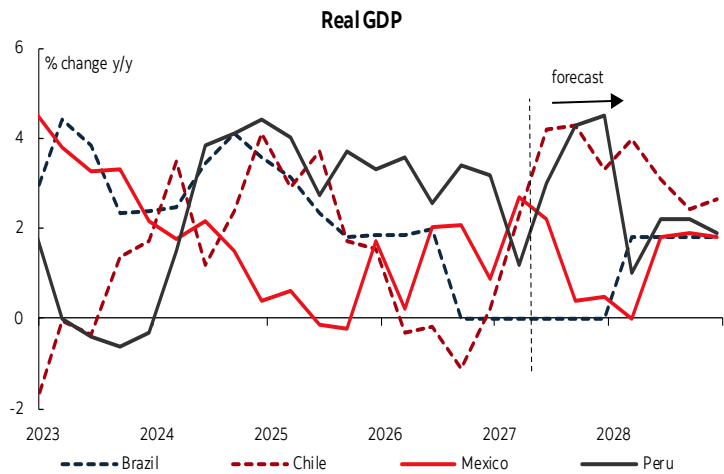
Forecast Updates: Central Bank Policy Rates and Outlook

	Next Scheduled Meeting			BNS Forecast			BNS Guidance for Next Monetary Policy Meeting
	Current	Date	BNS	End-2026	End-2027	End-2028	
Chile, BCCh, TPM	4.50%	Oct-27	4.50%	4.75%	5.00%	4.50%	In Banxico's latest monetary policy decision, the governing board unanimously voted to maintain the policy rate at 6.50%. While we expect there to be no changes over the balance of 2026, the tone of the last published minutes has shown a more dovish stance. We maintain our forecast subject to the inflation and exchange rate trajectories in the upcoming months.
Mexico, Banxico, TO	6.50%	Nov-05	6.50%	6.50%	6.50%	6.50%	
Peru, BCRP, TIR	4.25%	Nov-12	4.25%	4.25%	4.25%	4.25%	Our baseline scenario is for the policy rate to remain unchanged through the end of 2026. However, 12-month inflation expectations and the dynamics of inflation and its components should be closely monitored, as they could create pressure for a preemptive rate hike.
Brazil, BCB, Selic	13.75%	Nov-04	13.50%	13.50%	11.50%	10.50%	

Sources: Scotiabank Economics, Scotiabank GBM, Bloomberg.

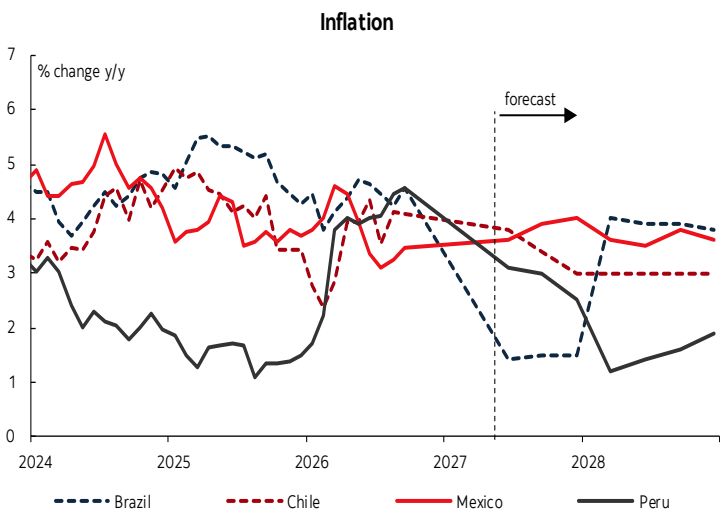
Key Economic Charts

Chart 1



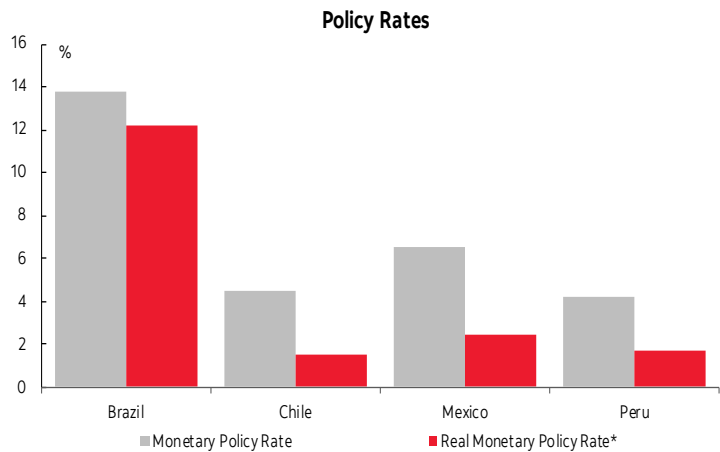
Sources: Scotiabank Economics, IBGE, BCCH, INEGI, BCRP.

Chart 2



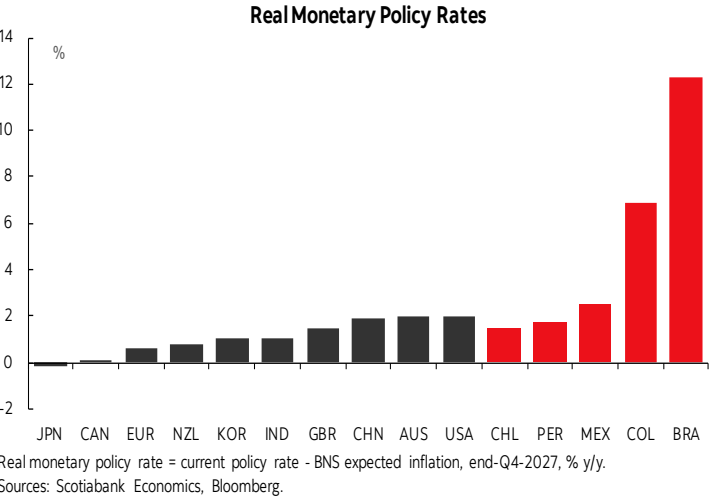
Sources: Scotiabank Economics, IBGE, BCCH, INEGI, BCRP.

Chart 3



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

Chart 4

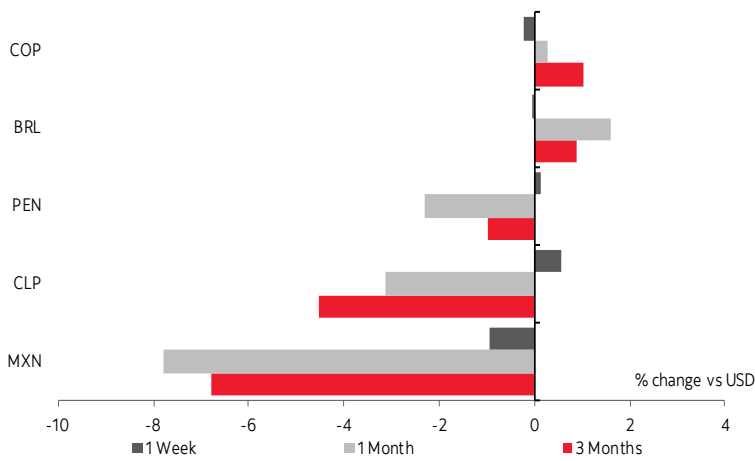


Real monetary policy rate = current policy rate - BNS expected inflation, end-Q4-2027, % y/y.
Sources: Scotiabank Economics, Bloomberg.

Key Market Charts

Chart 1

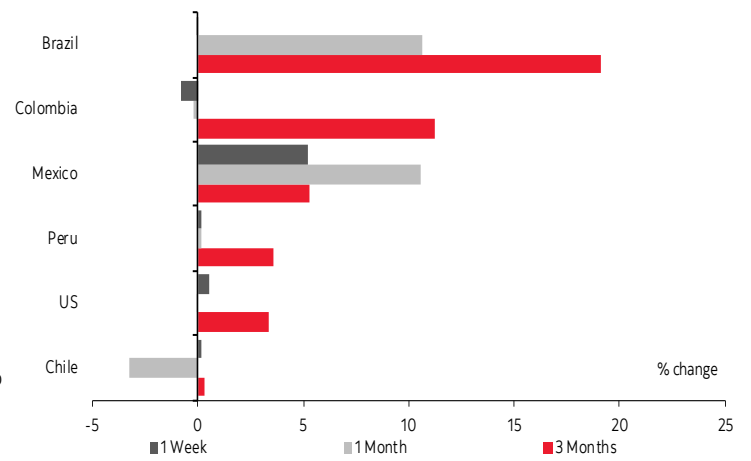
Latam Currencies Performance



Sources: Scotiabank Economics, Bloomberg.

Chart 2

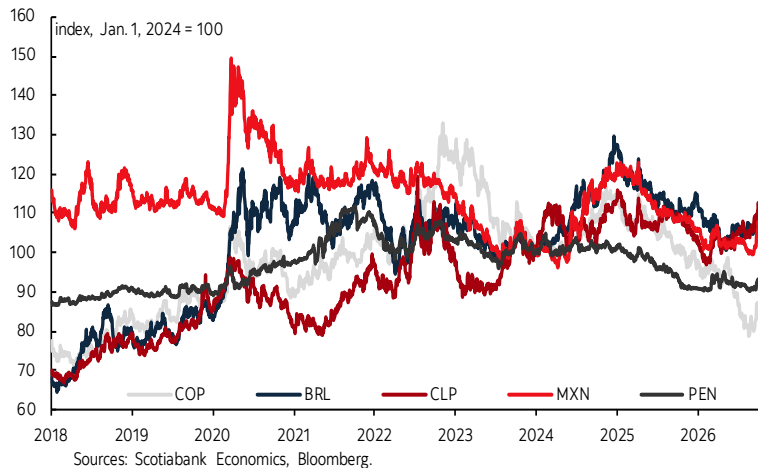
Latam Equities Performance



Sources: Scotiabank Economics, Bloomberg.

Chart 3

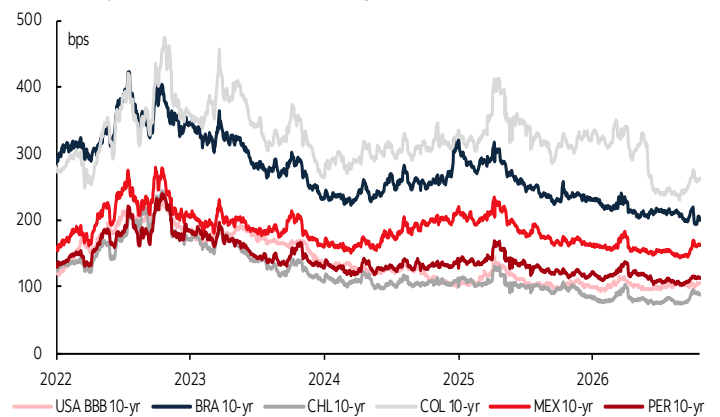
USD vs Latam Currencies



Sources: Scotiabank Economics, Bloomberg.

Chart 4

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



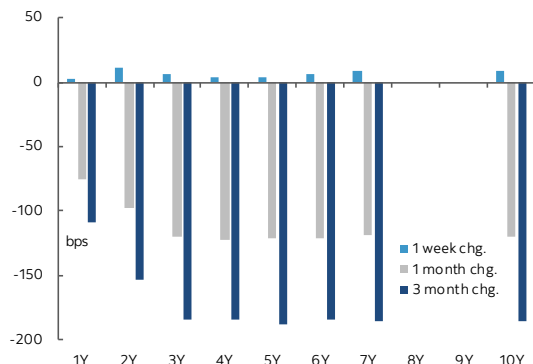
*Sovereigns vs US swaps; BBB corporates vs 10-yr USTs.

Sources: Scotiabank Economics, Bloomberg.

Yield Curves

Chart 1

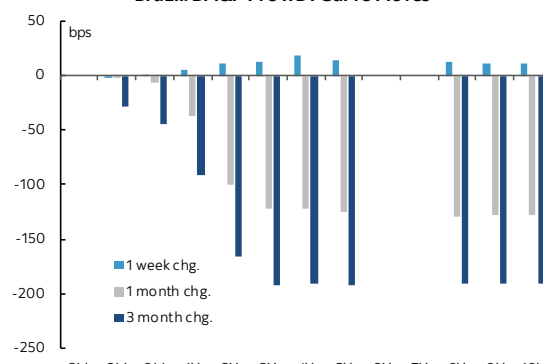
Brazil: NTN Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 2

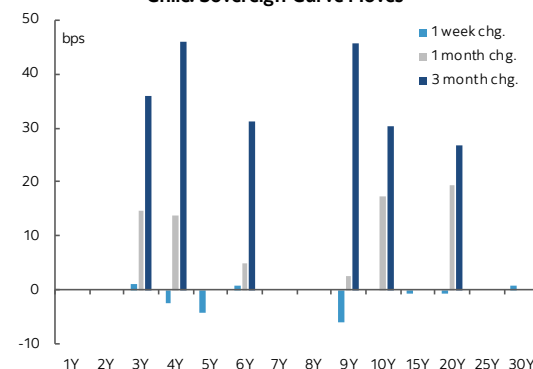
Brazil: BM&F Pre x DI Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 3

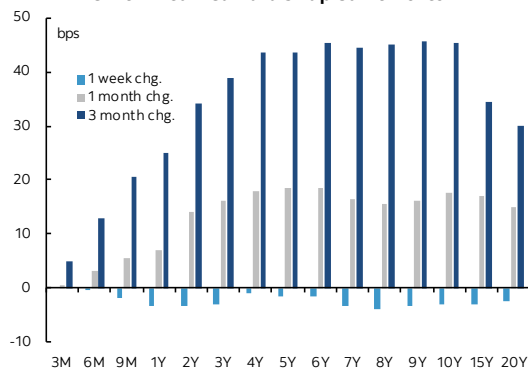
Chile: Sovereign Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 4

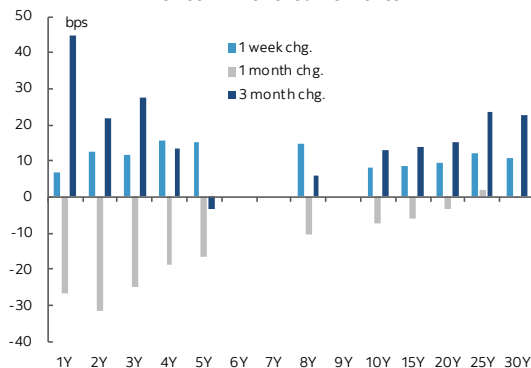
Chile: Fixed x Camara Swap Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 5

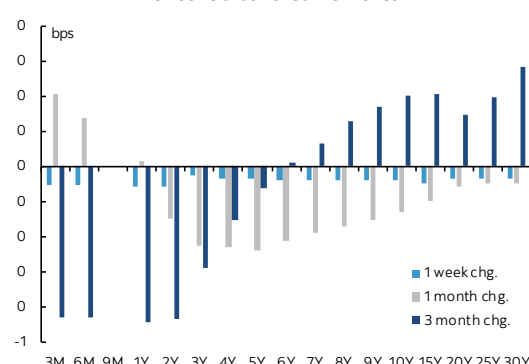
Mexico: M-Bono Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 6

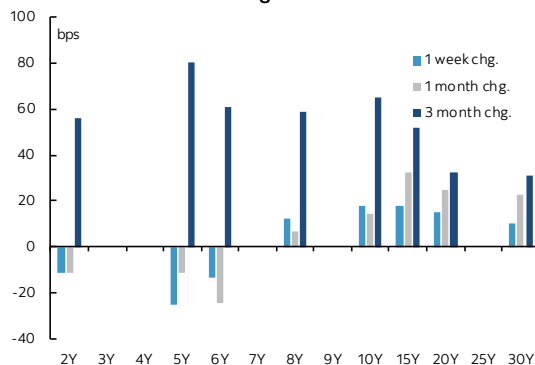
Mexico: Udibono Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Chart 7

Peru: Sovereign Curve Moves



Sources: Scotiabank Economics, Bloomberg.

Scotiabank Economics Latam Coverage

Local Market Coverage

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