Latam Weekly: Different Plans, Different Paces

FORECAST UPDATES

- **Our team in Mexico City has revised its forecast for Banxico's terminal rate in this easing cycle from 5.00% to 4.75%, with a -50 bps cut in June followed by another -25 bps reduction in Q3. The growth outlook remains unchanged, but inflation is expected to be marginally higher in both 2020 and 2021.**

ECONOMIC OVERVIEW

- **The official COVID-19 numbers across much of Latam continue to track poorly and imply that actual incidences are far higher than the current pace of testing is managing to capture. The week ahead sees a relatively light calendar of events, with what is likely to be a stay-the-course monetary policy decision in Peru; May inflation prints in Argentina, Brazil, and Mexico; and a possible initial understanding on the terms of Argentina's pending debt restructuring. With re-opening proceeding in fits and starts across Latam, the region mirrors much of the rest of the world.**

COUNTRY UPDATES

- **Concise analysis of recent developments and guides to the week ahead in the Latam-6: Argentina, Brazil, Chile, Colombia, Mexico, and Peru.**

MARKET EVENTS & INDICATORS

- **Risk calendar with selected highlights for the period June 6–June 12 across our six major Latam economies.**

Table of the Week

Different Countries Are Having Very Different Pandemics

Country*	Cases	Deaths	Mortality, %
Global	**6,804,044**	**362,678**	**5.3**
United States	1,909,077	109,497	5.7
Brazil	641,941	34,021	5.3
Russia	458,102	5,717	1.2
United Kingdom	286,294	40,548	14.2
Italy	234,801	33,846	14.4
Peru	187,400	5,162	2.8
Iran	169,425	8,209	4.8
Chile	127,745	1,541	1.2
Mexico	110,026	13,170	12.0
Canada	96,265	7,814	8.1
Colombia	36,759	1,204	3.3
Argentina	21,037	642	3.1

Sources: Scotiabank Economics, JHU.
*In descending order of total official cases.

CONTACTS

Brett House, VP & Deputy Chief Economist
416.863.7463
Scotiabank Economics
brett.house@scotiabank.com

TABLE OF CONTENTS

THIS WEEK'S CONTRIBUTORS:

Jorge Selaive, Chief Economist
56.2.2939.1092 (Chile)
jorge.selaive@scotiabank.cl

Carlos Muñoz, Senior Economist
56.2.2619.6848 (Chile)
carlos.munoz@scotiabank.cl

Sergio Olarte, Senior Economist
57.1.745.6300 (Colombia)
sergio.olarte@co.scotiabank.com

Jackeline Pirajána, Economist
57.1.745.6300 (Colombia)
jackeline.pirajan@co.scotiabank.com

Mario Correa, Economic Research Director
52.55.5123.2683 (Mexico)
mcorrea@scotiacb.com.mx

Eduardo Suárez, VP, Latin America Economics
52.55.9179.5174 (Mexico)
eduardo.suarez@scotiabank.com

Guillermo Arbe, Head of Economic Research
51.1.211.6052 (Peru)
guillermo.arbe@scotiabank.com.pe

Marc Ercolao, Economic Analyst
416.866.6252
Scotiabank Economics
marc.ercolao@scotiabank.com

Forecast Updates

	2019	2020				2021						
Argentina	**Q4**	**Q1e**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2019**	**2020f**	**2021f**
Real GDP (y/y % change)	-1.1	-5.4	-15.0	-6.2	-4.1	4.5	5.8	7.1	8.4	-2.2	-7.9	6.5
CPI (y/y %, eop)	53.8	48.4	49.0	46.8	45.7	51.1	50.4	48.9	46.8	53.8	45.7	46.8
Unemployment rate (%, avg)	8.9	10.9	12.1	11.4	11.0	10.9	10.3	9.8	9.7	9.8	11.4	10.2
Central bank policy rate (%, eop)	55.00	38.00	37.00	36.00	36.00	36.00	37.00	38.00	40.00	55.00	36.00	40.00
Foreign exchange (USDARS, eop)	59.89	64.40	73.40	79.10	83.10	86.20	87.50	89.20	93.10	59.89	83.10	93.10

	2019	2020				2021						
Brazil	**Q4**	**Q1e**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2019**	**2020f**	**2021f**
Real GDP (y/y % change)	1.7	-0.3	-9.1	-4.9	-3.0	-0.8	3.8	3.1	1.8	1.1	-4.3	2.0
CPI (y/y %, eop)	3.8	3.3	2.1	3.2	3.7	4.2	4.9	5.0	5.6	3.8	3.7	5.6
Unemployment rate (%, avg)	11.3	11.7	12.7	12.8	12.6	13.2	13.6	13.6	13.4	11.9	12.5	13.5
Central bank policy rate (%, eop)	6.50	3.75	2.50	1.75	1.75	3.00	4.00	4.75	5.75	4.50	1.75	5.75
Foreign exchange (USDBRL, eop)	4.02	5.20	5.82	5.62	5.44	5.13	5.21	5.09	4.89	4.02	5.44	4.89

	2019	2020				2021						
Chile	**Q4**	**Q1e**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2019**	**2020f**	**2021f**
Real GDP (y/y % change)	-2.1	0.4	-9.6	-6.0	-2.1	-2.7	6.9	3.2	4.2	1.1	-4.5	2.9
CPI (y/y %, eop)	3.0	3.7	2.8	3.1	2.8	2.5	2.9	3.3	3.0	3.0	2.8	3.0
Unemployment rate (%, avg)	7.0	8.2	13.0	11.7	10.2	9.6	10.4	10.2	9.1	7.2	10.8	9.8
Central bank policy rate (%, eop)	1.75	0.50	0.50	0.50	0.50	1.00	1.25	1.50	1.50	1.75	0.50	1.50
Foreign exchange (USDCLP, eop)	753	860	820	800	790	780	760	740	720	753	790	720

	2019	2020				2021						
Colombia	**Q4**	**Q1e**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2019**	**2020f**	**2021f**
Real GDP (y/y % change)	3.4	1.1	-10.6	-6.8	-3.3	-0.4	8.8	5.7	2.6	3.3	-4.9	4.2
CPI (y/y %, eop)	3.2	3.9	3.3	3.1	3.2	3.0	3.2	3.1	3.1	3.2	3.2	3.1
Unemployment rate (%, avg)	10.4	12.6	20.9	20.5	17.8	14.8	13.1	12.6	12.1	11.2	18.0	13.2
Central bank policy rate (%, eop)	4.25	3.75	2.50	2.50	2.50	2.50	2.75	3.25	3.50	4.25	2.50	3.50
Foreign exchange (USDCOP, eop)	3,287	4,065	3,765	3,725	3,654	3,473	3,465	3,458	3,450	3,287	3,654	3,450

	2019	2020				2021						
Mexico	**Q4**	**Q1e**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2019**	**2020f**	**2021f**
Real GDP (y/y % change)	-0.7	-1.4	-16.9	-10.4	-4.8	-1.0	3.4	1.6	1.0	-0.3	-8.4	1.1
CPI (y/y %, eop)	2.8	3.2	3.1	3.5	3.5	3.8	4.0	4.0	3.9	2.8	3.5	3.9
Unemployment rate (%, avg)	2.9	3.7	6.7	7.7	7.1	6.3	6.0	6.5	5.8	3.5	6.1	6.3
Central bank policy rate (%, eop)	7.50	6.50	5.00	4.75	4.75	4.75	4.75	4.75	4.75	7.25	4.75	4.75
Foreign exchange (USDMXN, eop)	18.85	21.97	22.33	23.45	24.29	24.43	24.25	24.11	24.20	18.93	24.29	24.20

	2019	2020				2021						
Peru	**Q4**	**Q1e**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2019**	**2020f**	**2021f**
Real GDP (y/y % change)	1.8	-3.4	-25.4	-5.6	-1.1	0.7	23.2	4.0	3.5	2.2	-9.0	7.0
CPI (y/y %, eop)	1.9	1.8	1.6	1.4	1.1	1.1	1.2	1.6	1.7	1.9	1.1	1.7
Unemployment rate (%, avg)	6.1	…	…	…	…	…	…	…	…	6.6	12.0	10.0
Central bank policy rate (%, eop)	2.25	1.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	2.25	0.25	0.50
Foreign exchange (USDPEN, eop)	3.31	3.43	3.49	3.47	3.45	3.42	3.43	3.39	3.40	3.31	3.45	3.40

	2019	2020				2021						
United States	**Q4**	**Q1e**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**2019**	**2020f**	**2021f**
Real GDP (y/y % change)	2.3	0.3	-10.4	-5.2	-2.5	1.0	13.8	7.8	4.9	2.3	-4.5	6.7
CPI (y/y %, eop)	2.0	2.1	0.9	0.9	0.7	1.5	2.0	2.3	2.6	2.0	0.7	2.6
Unemployment rate (%, avg)	3.5	3.8	15.9	14.6	12.7	10.5	8.3	6.6	5.3	3.7	11.8	7.7
Central bank policy rate (%, eop)	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1.75	0.25	0.25
Foreign exchange (EURUSD, eop)	1.12	1.10	1.09	1.10	1.12	1.13	1.14	1.15	1.16	1.12	1.12	1.16

Source: Scotiabank Economics.
Red indicates changes in forecasts since previous *Latam Weekly* .

Forecast Updates: March–May Revisions

		March 6		April 18		Current	
	2017	2020f	2021f	2020f	2021f	2020f	2021f
Argentina*							
Real GDP (annual % change)	1.3	...	...	-5.6	4.2	-7.9	6.5
CPI (y/y %, eop)	3.0	...	...	45.7	46.8	45.7	46.8
Unemployment rate (%, avg)		...	...	11.0	10.1	11.4	10.2
Central bank policy rate (%, eop)	7.0	...	...	36.00	40.00	36.00	40.00
Argentine peso (USDARS, eop)	3.31	...	...	83.10	93.10	83.10	93.10
Brazil							
Real GDP (annual % change)	1.3	1.8	2.1	-3.3	2.5	-4.3	2.0
CPI (y/y %, eop)	3.0	4.2	4.1	6.3	7.1	3.7	5.6
Unemployment rate (%, avg)		...	...	12.4	13.5	12.5	13.5
Central bank policy rate (%, eop)	7.00	3.50	5.25	3.00	6.00	1.75	5.75
Brazilian real (USDBRL, eop)	3.31	4.37	4.11	4.84	4.42	5.44	4.89
Chile							
Real GDP (annual % change)	1.5	1.4	2.5	-2.1	2.9	-4.5	2.9
CPI (y/y %, eop)	2.3	3.0	3.0	2.8	3.0	2.8	3.0
Unemployment rate (%, avg)		...	...	8.3	7.7	10.8	9.8
Central bank policy rate (%, eop)	2.50	1.00	2.00	0.50	1.50	0.50	1.50
Chilean peso (USDCLP, eop)	615	740	700	790	720	790	720
Colombia							
Real GDP (annual % change)	1.4	3.6	3.6	0.6	3.6	-4.9	4.2
CPI (y/y %, eop)	4.1	3.3	3.1	3.2	3.1	3.2	3.1
Unemployment rate (%, avg)		...	...	14.3	10.1	18.0	13.2
Central bank policy rate (%, eop)	4.75	4.50	4.75	3.25	4.25	2.50	3.50
Colombian peso (USDCOP, eop)	2,986	3,250	3,180	3,654	3,450	3,654	3,450
Mexico							
Real GDP (annual % change)	2.1	0.6	1.6	-8.4	1.1	-8.4	1.1
CPI (y/y %, eop)	6.8	3.8	3.7	3.6	3.7	3.5	3.9
Unemployment rate (%, avg)		...	...	6.1	6.3	6.1	6.3
Central bank policy rate (%, eop)	7.25	6.25	6.25	5.50	5.00	4.75	4.75
Mexican peso (USDMXN, eop)	19.66	20.78	21.86	24.24	24.15	24.29	24.20
Peru							
Real GDP (annual % change)	2.5	3.0	3.5	-2.3	4.5	-9.0	7.0
CPI (y/y %, eop)	1.4	1.8	2.1	1.1	2.2	1.1	1.7
Unemployment rate (%, avg)		...	...	12.0	10.0	12.0	10.0
Central bank policy rate (%, eop)	3.25	2.00	2.25	0.25	1.50	0.25	0.50
Peruvian sol (USDPEN, eop)	3.24	3.40	3.35	3.45	3.40	3.45	3.40

Source: Scotiabank Economics.
* Initiated coverage March 22, 2020.
Red indicates changes in forecasts since previous *Latam Weekly*.

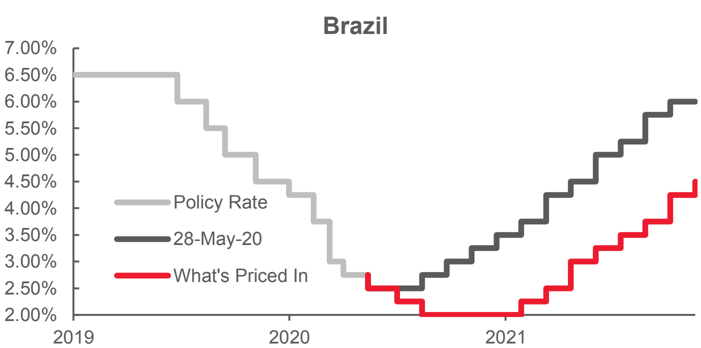
Forecast Updates: Central Bank Policy Rates and Outlook

Latam Central Banks: Policy Rates and Outlook

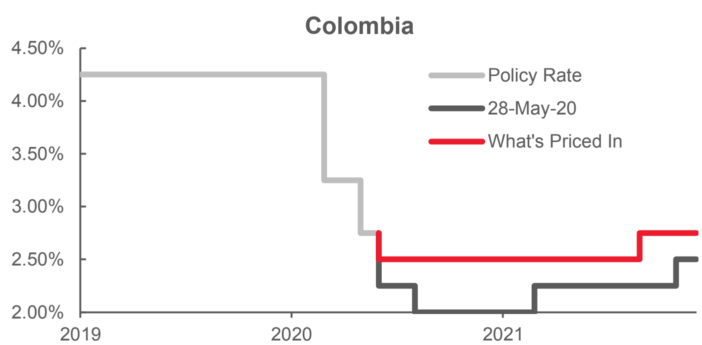
		Next Scheduled Meeting			Market Pricing		BNS Forecast		
	Current	Date	Market	BNS	12 mos	24 mos	End-2020	End-2021	BNS guidance for next monetary policy meeting
Argentina, BCRA, TPM, n.a.	38.00%	n.a.	n.a.	37.00%	n.a.	n.a.	36.00%	40.00%	The BCRA's last move on March 5 provided its sixth rate cut in 2020. Although the BCRA remains caught between a slowing economy and a sliding ARS, we still expect it to prioritize domestic stimulus by cutting further in 2020 before reversing itself next year.
Brazil, BCB, Selic	3.00%	Jun-17	2.47%	2.50%	4.14%	6.21%	1.75%	5.75%	We expect a 50 bps cut at the June meeting, with another 75 bps of cuts in Q3 as downside risks materialize.
Chile, BCCh, TPM	0.50%	Jun-16	0.49%	0.50%	0.72%	1.16%	0.50%	1.50%	The BCCh maintained the policy rate at 0.5%, its technical minimum, at its May 6 meeting. The bias of its press release was toward intensifying monetary stimulus and supporting financial stability with unconventional instruments, if required.
Colombia, BanRep, TII	2.75%	Jun-30	2.54%	2.50%	2.48%	2.94%	2.50%	3.50%	BanRep is expected to deliver a final cut of 25 bps in June, and enter into a very data-dependent mode.
Mexico, Banxico, TO	5.50%	Jun-25	4.97%	5.00%	4.33%	4.78%	4.75%	4.75%	We expect Banxico to cut its reference interest rate by another 50 bps to 5.00% by its June 25 meeting; a last 25 bps cut is expected thereafter to leave the terminal rate to 4.75%.
Peru, BCRP, TIR	0.25%	Jun-11	n.a.	0.25%	n.a.	n.a.	0.25%	0.50%	We expect the central bank to maintain its reference rate at 0.25%.

Sources: Scotiabank Economics, Bloomberg.

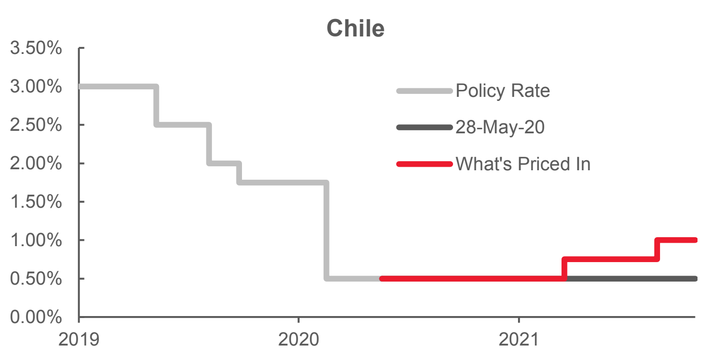
What's Priced In



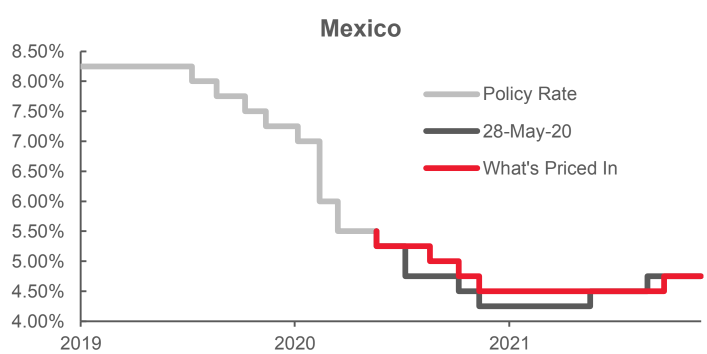
Source: Scotiabank GBM.



Source: Scotiabank GBM.



Source: Scotiabank GBM.



Source: Scotiabank GBM.

Economic Overview: Not Quite to Plan

CONTACTS

Brett House, VP & Deputy Chief Economist
416.863.7463
Scotiabank Economics
brett.house@scotiabank.com

- **As COVID-19's progress remains unabated across much of Latam, the region's mortality rates are telling differentiated stories about the pandemic in each country.**
- **Progress on re-opening is moving in fits and starts across the Latam-6, with Peru substantially accelerating its unlocking.**
- **Argentina appears to be converging on a debt restructuring, but it will still have massive economic challenges ahead of it.**

COVID-19: DIFFERENTIATED EXPERIENCES

COVID-19 continues its relentless progress through Latin America, with four of the region's countries now amongst the top 20 countries worldwide for confirmed cases: Brazil (2nd), Peru (9th), Chile (13th), Mexico (14th). Our regular set of COVID-19 charts (Box 1) show the pace by which new confirmed cases are being identified in Latam continues to accelerate while new numbers are slowing elsewhere (chart B1). While curves are flattening in other major centres of the pandemic, they remain unbowed in Latam (chart B2). At nearly 615k, Brazil's confirmed case count is nearly a third larger than the 461k in the rest of the Latam-6, but in per capita terms, Chile and Peru continue to lead the region (chart B3) and rank among the top ten globally for population-adjusted case counts. Chile's curve is bending upward for the second week in a row (chart B4) as the greater Santiago area is set to start a fourth week of re-imposed quarantine, while Colombia remains the only country in the region that is seeing some marginal flattening in its curve. Brazil's total deaths still dwarf those in the rest of the Latam-6 (chart B5) and put it third in the world after the US and UK. In per capita terms, however, Peru's fatalities remain right on par with those in its larger neighbour (chart B6).

The COVID-19 data continue to point to distinctly differentiated experiences with the pandemic across the Latam-6, which are highlighted by national mortality rates for the disease (table 1). Mexico's COVID-19 fatality rate of 12% likely reflects the country's relatively slow progress on testing (i.e., compared with other countries, only quite ill people get identified) and implies that its confirmed numbers vastly understate its actual cases of COVID-19. In contrast, Peru's low 2.8% mortality rate implies that it is effectively identifying cases even if its lockdown has not prevented contagion and related deaths. Globally, COVID-19 is causing more deaths than almost any other leading condition, second only to heart disease.

AND YET STILL, IT'S RISK ON

Local equity markets rallied across Latam during the past week (table 2), despite the lack of progress on containing the pandemic, and were accompanied by a lift in the region's currencies (table 3). Jobs numbers in the US, a global tilt toward faster re-openings, and moves to unlock economies in the region all appeared to provide support to Latam risk assets.

Table 1

COVID-19 mortality rates, %

Global	5.3
United States	5.7
Brazil	5.3
Russia	1.2
United Kingdom	14.2
India	2.8
Spain	11.2
Italy	14.4
France	15.3
Peru	2.8
Germany	1.4
Iran	4.8
Chile	1.2
Mexico	12.0
Canada	8.1
Colombia	3.3
Argentina	3.1

Sources: Scotiabank Economics, JHU.

Table 2

Latam Equity Market Performance (local currency): Jun 5, 2020

	Year-to-date	1-month	1-week
Argentina	8.3%	24.7%	19.3%
Brazil	-18.2%	17.9%	8.3%
Chile	-13.6%	5.6%	10.6%
Colombia	-27.6%	8.4%	9.8%
Mexico	-10.5%	3.5%	7.8%
Peru	-16.0%	11.9%	10.6%

Sources: Scotiabank Economics, Bloomberg.

Table 3

Latam FX Performance: Jun 5, 2020

	Year-to-date	1-month	1-week
ARS	-13.2%	-2.9%	-0.7%
BRL	-18.9%	12.5%	7.6%
CLP	-2.1%	8.4%	4.9%
COP	-8.1%	10.0%	4.4%
MXN	-12.3%	11.2%	2.8%
PEN	-3.5%	-1.2%	-0.1%

Sources: Scotiabank Economics, Bloomberg.

STUTTERED RE-OPENINGS

Re-opening is stuttering across the region—accelerating in some countries, pausing in others—without a clear relationship in all cases to how the pandemic is progressing.

- **Argentina.** The government announced on June 6, that the quarantine scheduled to lapse the next day would be extended to June 28 in the country's largest cities.
- **Brazil.** Under Brazil's scatter-shot approach to controlling the pandemic, cases and deaths are continuing to rise in about three-quarters of the country's states. Nevertheless, Sao Paulo and Rio began re-opening shops, malls, and street vendors this past week,
- **Chile.** Chile's four-week renewed lockdown in Santiago takes total activity back from around 75% of its usual levels in May to 65% at the start of June.
- **Colombia.** Under its "intelligent" quarantine measures, Colombia remains on track to enter June at around 77% of its usual economic activity.
- **Mexico.** June 1 saw the introduction of a new "traffic light" system to guide re-opening across most of the country, but with rising case numbers and the country's high mortality rate, progress is likely to be slow if it is guided by public-health concerns.
- **Peru.** Despite its tough COVID-19 numbers, Peru is advancing its re-opening by about a month faster than previously scheduled, and should see the economy operating at about 85% capacity in June.

FORECASTS: GLOBAL UPDATE, MORE EASING IN MEXICO

Scotiabank Economics issued its first comprehensive update to its global forecasts since April 17. In broad terms, the downturn looks set to be a bit less dramatic than previously forecast for North America, while the rebound in 2021 is expected to be a bit softer than in the April forecasts (Forecast tables, pp. 2 and 3). Nevertheless, these are marginal changes in an outlook that still anticipates a record contraction in Q2-2020, followed by a gradual recovery that will not see economic activity return to pre-COVID levels until end-2021 or early-2022 in the US and Canada. The Fed and Bank of Canada are still expected to keep rates on hold through end-2021. Our Latam forecasts have been gradually updated since mid-April and are already marked to Scotiabank Economics' revised projections for major developed and emerging markets.

The only major modification to our Latam-6 forecasts this week sees our team in CDMX lower its forecast for Banxico's terminal rate in this easing cycle from 5.00% to 4.75%, with a -50 bps cut expected in June and a further -25 bps cut in Q3 (Forecast and Central Bank tables, pp. 2 through 4). The outlook for the MXN was softened slightly and inflation projections nudged upward, in a fresh look at Banxico's assessment of the country's economic outlook.

QUIET WEEK AHEAD

In the only central bank rate decision next week, Peru's BCRP is expected to hold its monetary policy rate at 0.25%, a record low, at its meeting on Thursday, June 11 (Central Bank table, p. 4). At its last meeting on May 7, the monetary policy committee repeated its guidance that it would "maintain this highly expansive monetary stance for an extended period and as long as the negative effects of the pandemic on inflation persist." If additional monetary stimulus becomes necessary, the MPC noted that it would come through "various instruments", such as liquidity and credit supports, rather than through further rate cuts. Our economics team in Lima continues to expect the BCRP to keep the reference rate on hold until an initial rise in Q4-2021.

In major data releases, May inflation prints arrive for Argentina, Brazil, and Mexico next week (see Market Events & Indicators section). In all three cases, the opposing forces of weaker domestic demand, increased pass-through from depreciating currencies, and impaired production intensify uncertainty around the outlook for prices, but inflation is expected to pick up in Argentina and Mexico, and moderate slightly in Brazil. May inflation in Argentina is further complicated by a freeze on utility prices and government monitoring of an array of items that could temporarily dampen increases in the official CPI statistics. Still, inflation is set to remain well above 40% y/y for the remainder of 2020 and would accelerate if these measures are relaxed.

In the real economy, we'll also see next week some of the last major prints from the most intense period of lockdowns in April, which should mark the bottom for several indicators. Colombia gets manufacturing, retail sales, and industrial data for April, while Mexico also gets industrial data for the month—all of which could occasion some further adjustments to our forecasts.

ARGENTINA: A LONG ROAD TO GO

Argentina sees its next deadline arrive on Friday, June 12, for its extended debt talks. It won't be the end of the talks—the government has already signalled that pinning down details will take more time (see our Country Update).

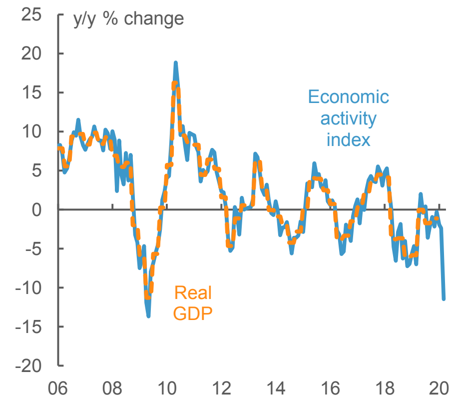
A completed debt exchange also won't bring a conclusion to Argentina's well-rehearsed economic challenges. The economy's economic crisis was deepening well before the advent of COVID-19 along lines that are eerily similar to the early-2000s. Economic activity is sinking into its third year of recession (chart 1). With deficits surging without access to international capital markets, the government in Buenos Aires is turning progressively more intensely to the central bank, the BCRA, to monetize its fiscal overruns despite headline inflation around 45% y/y. In a replay of past crises, dollars are voting with their feet, the authorities have progressively imposed tighter and tighter FX controls, and the value of the ARS outside of official channels has plummeted (chart 2). Curing the default on the country's external bonds won't solve any of these problems, and may not even restore access to capital markets without fundamental domestic reforms.

USEFUL REFERENCES

"COVID-19 has become one of the biggest killers of 2020", *The Economist*, https://www.economist.com/graphic-detail/2020/05/01/covid-19-has-become-one-of-the-biggest-killers-of-2020

Chart 1

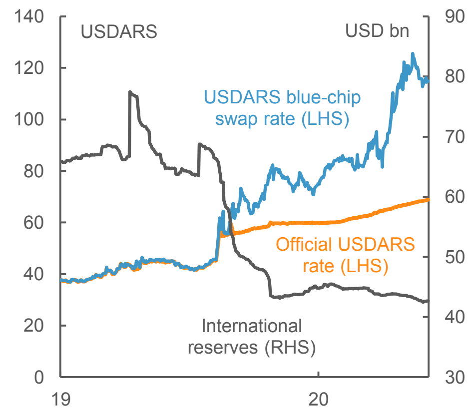
Argentina: Three Years of Recession



Sources: Scotiabank Economics, INDEC.

Chart 2

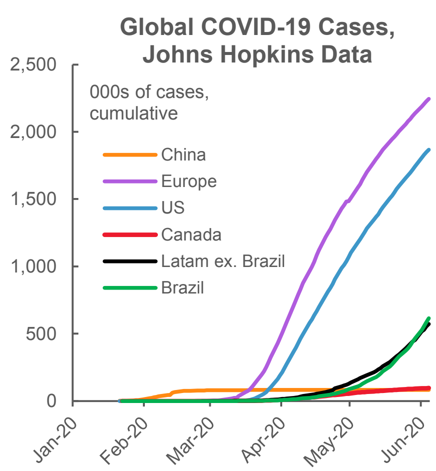
Argentina: Strains Evident in FX Market



Sources: Scotiabank Economics, Bloomberg.

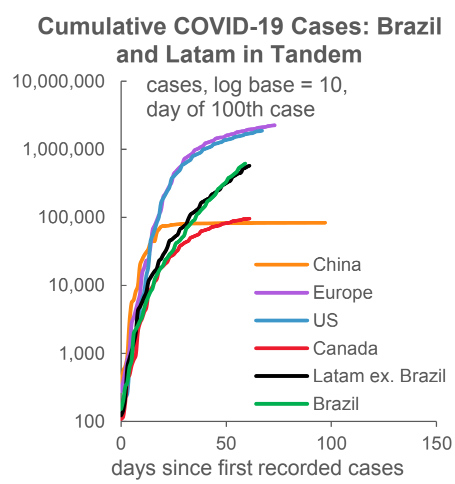
Box 1. COVID-19 in Latin America

Chart B1



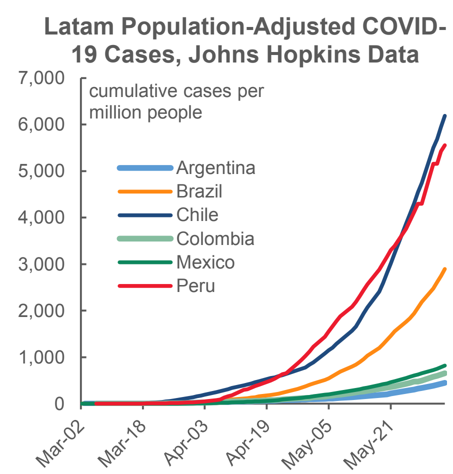
Sources: Scotiabank Economics, Johns Hopkins University.

Chart B2



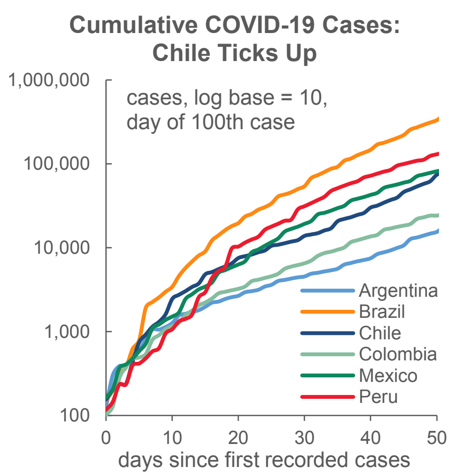
Sources: Scotiabank Economics, JHU.

Chart B3



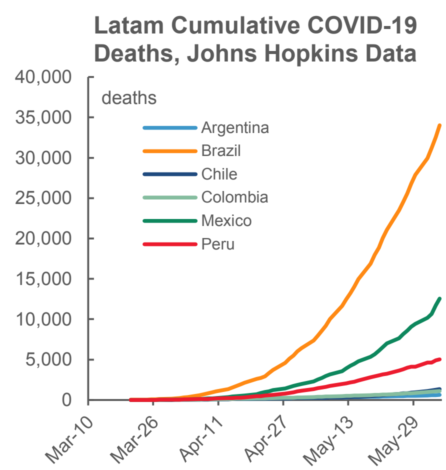
Sources: Scotiabank Economics, Johns Hopkins University, United Nations.

Chart B4



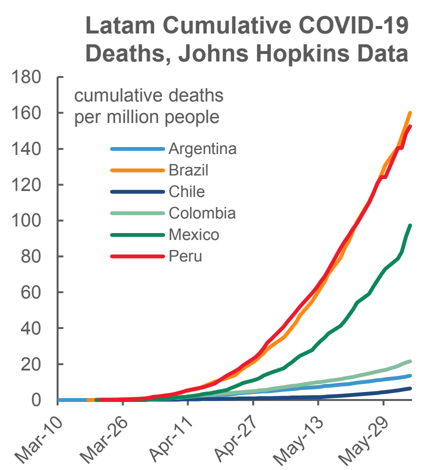
Sources: Scotiabank Economics, JHU.

Chart B5



Sources: Scotiabank Economics, Johns Hopkins University.

Chart B6



Sources: Scotiabank Economics, Johns Hopkins University.

Country Updates

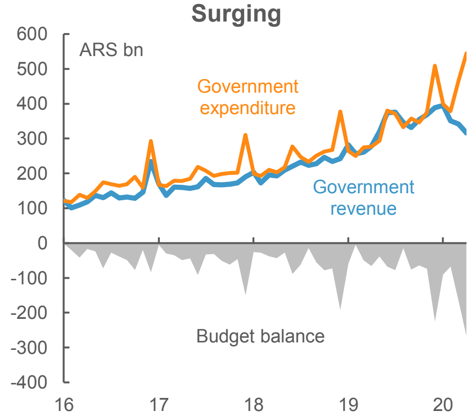
Argentina—Looking Beyond the Debt Exchange

Brett House, VP & Deputy Chief Economist
416.863.7463
brett.house@scotiabank.com

Argentina and its creditors appear to be converging gradually toward a deal on restructuring about USD 65 bn in defaulted external law bonds. Following a joint counter-offer by bondholders and a revised set of proposed terms from the government, the two sides are said to be debating details on a possible debt exchange that would produce between USD 24 bn and USD 26 bn in cash-flow relief between 2020 and 2023.

With the new deadline for consents set for Friday, June 12, the week ahead could see the broad brush strokes of an exchange pinned down, but Economy Minister Guzman has already cautioned that talks on details are likely to extend further. About USD 7 bn in additional defaulted external law bonds issued by the Province of Buenos Aires could be dragged along with terms similar to whatever is agreed to cure the national government's default.

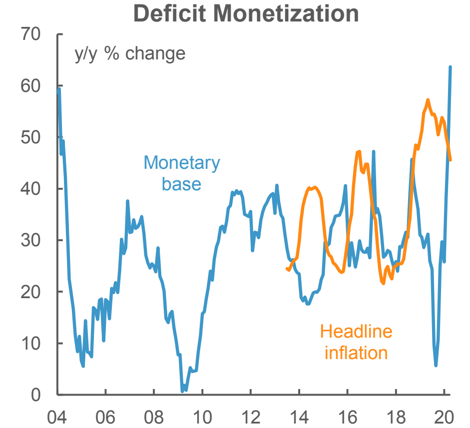
Argentina: Persistent Deficit Now Surging



Sources: Scotiabank Economics, Argentina Ministry of Finance.

A debt exchange won't be the beginning of the end of dealing with Argentina's economic challenges—it will be the end of the beginning. It's not even clear the terms under discussion will restore debt sustainability or market access at costs the government is likely to see as viable. The IMF's revised debt sustainability assessment (DSA), released on June 1, warned that there was "only limited scope" to increase payments to private creditors compared with the authorities' revised offer and still meet targets laid out in the Fund's March DSA.

Argentina: BCRA Accelerating Deficit Monetization



Sources: Scotiabank Economics, INDEC.

As Argentina plunges into its third year of recession, the authorities are following a policy mix that hasn't produced success in the past. Shut out of capital markets, the government is using the BCRA to an increasing extent to monetize its widening deficit as revenue has tanked and spending has surged (charts). Many countries have seen their central banks resort to purchases of government debt to keep credit markets functioning amidst the pandemic, but their annual inflation rates are on par with Argentina's *monthly* price increases.

The authorities are unlikely to follow through on their promise to relax their ever-tightening capital controls once the debt exchange is completed and the economy is stabilized. Stabilization would require fundamental fiscal reforms and an independent BCRA, neither of which are in the offing. BCRA reserves now stand just above USD 42 bn—the lowest level since Q1-2017 and well below their Q2-2019 peak of about USD 78 bn. So long as real interest rates remain strongly negative, capital controls will have to be maintained to prevent outflows, a further widening in the gap between the official and blue-chip exchange rates, and increased pass-through pressure on prices.

The current lockdown was set to run until at least June 7, but is extended to June 28 in the country's main cities. Any loosening in other centres is expected to be marginal as COVID-19 numbers are heading up.

May inflation data, to be released on Thursday, June 11, will dominate numbers coming in the week ahead. Inflation in April was artificially dampened by the authorities' imposition of a freeze on utility prices and government monitoring of another 2,300 items to discourage price hikes.

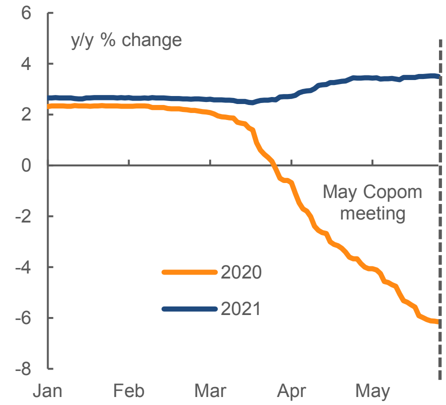
Underlying price pressures are mounting. We expect month-on-month inflation to pick up again over the coming months. If price controls, price monitoring, and external capital controls remain in place, headline inflation could track toward 45% y/y by end-Q2, below our forecast of 49%. But all of these policy measures would need to be at least maintained, or likely intensified, for inflation to come in below our 45% y/y forecast for year end.

Brazil—Thoughts on the BCB's Policy Adjustments Moving Forward

Eduardo Suárez, VP, Latin America Economics
52.55.9179.5174 (Mexico)
eduardo.suarez@scotiabank.com

At its May 5–6 meeting, the Brazil Central Bank's Monetary Policy Committee (Copom) cut the Selic rate to 3.00% (from 3.75%) and signaled there would be one final cut at the next meeting that would be no greater than 75bps. However, besides suggesting there would be a final cut, the BCB also stressed that there was an unusually large variance in the balance of risks, and we'd argue that since then the news has come out strongly to the downside on growth and that, at least in the short term, inflation risks are still limited compared to growth risks. The BCB's policy horizon stretches to end-2021, and by then we think inflation will have risen materially, but at this stage, we think growth is the more urgent of its risks. Hence, there are several reasons why we think that "last cut" will be followed by more easing, leading to 75 bps in cuts beyond the 50 bps reduction we expect at June's Copom meeting.

Brazil: BCB Focus Survey – Average GDP Forecast



Source: Scotiabank Economics.

- **Since the last monetary policy meeting, 2020 consensus growth for Brazil in the BCB's Focus Survey has deteriorated materially with just over 200 bps in downward revisions to consensus.** The 2021 outlook hasn't changed much, but our take is that this may be due to a more patient approach in analysts' adjustment of longer-term views given lack of visibility and a high degree of uncertainty. The Focus Survey is one of the inputs the Copom uses to lay the foundations for its decisions, and, hence, such a large change should be seen as relevant.

- **In the last Copom meeting, two members suggested a bias for front-loading stimulus, which could mean one larger cut as opposed to stimulus being delivered more gradually.** However, we think that the comments in the Copom statement regarding the large degree of uncertainty around the BCB's base case point toward a more gradual and prudent adjustment of policy settings.

- **The main risk to further rate cuts not materializing—based on the BCB's communications—seems to be concerns over the government's fiscal stance.** If fiscal dynamics continue to deteriorate during the crisis, while political developments remain unconducive to fiscal adjustment following the pandemic, Brazil's country risk premium could rise and inflation risks could be fuelled by loose policies and a weaker BRL. In particular, the Committee stated that the *"Copom considers that persevering in the process of reforms and necessary adjustments in the Brazilian economy is essential to allow the sustainable recovery of the economy. The Committee also stresses that questions about the continuity of reforms and permanent changes in the process of adjusting public accounts can raise the structural interest rate of the economy."* The importance of the fiscal stance to the Copom was again reiterated by Economic Policy Director Kanczuk on June 4.

Taking the Copom's stated bias into account—and our expectations for macro variables going forward—we see the Selic rate reaching a terminal level of 1.75% in Q3-2020. However, we also see a relatively short stay at this all-time low rate because we expect inflation will rise relatively quickly in 2021.

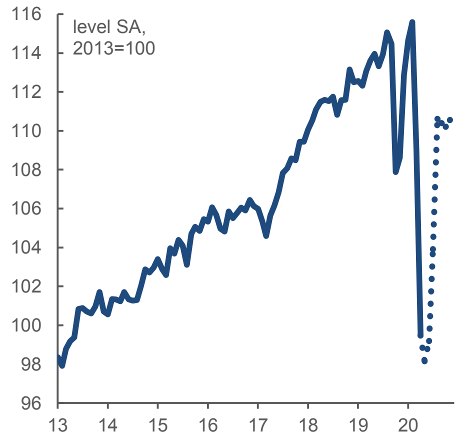
Chile—Economy Slumps -14.1% y/y in April; Total Lockdown is Extended One More Week

Jorge Selaive, Chief Economist
56.2.2939.1092 (Chile)
jorge.selaive@scotiabank.cl

Carlos Muñoz, Senior Economist
56.2.2619.6848 (Chile)
carlos.munoz@scotiabank.cl

Monthly GDP data for April, released on Monday, June 1 saw a historical decline in activity. Indeed, the economy plummeted -14.1% y/y in April, with a seasonally-adjusted drop of -8.7% m/m, double what was anticipated by the consensus median. For context, Chile has not seen a monthly economic contraction on this scale since the Asian crisis in the late-1990s. In April 1999, monthly GDP fell by -4.8% y/y, the most significant slowdown we have seen since the inception of the monthly series—until this year. April's contraction has brought real economic activity back to levels we last experienced in May 2013.

Chile: Monthly GDP



Sources: Scotiabank Economics, Central Bank.

It is worth noting that April's data will be extensively reviewed by the BCCh, the central bank, in the next national accounts release since the numbers were clearly constructed with only partial information given the restrictions on citizen mobility and isolation. This will marginally affect forecasts for 2020 GDP. In addition, on June 3, the BCCh announced that it has submitted a request to the Federal Reserve in New York to enable it to enroll in the overnight transaction service available to central banks. This program, called Temporary Foreign and International Monetary Authorities (FIMA) Repo Facility, announced by the Fed last March, will allow the Chilean central bank to enter into temporary repurchase agreements for its Treasury securities in exchange for US dollars. With this facility, the central bank will have greater flexibility to conduct swap operations in dollars at lower costs.

After the INE abruptly changed the imputation methodology for some important products, inflation for May—released on Friday, June 5—ended up in negative territory at -0.1% m/m, for 2.8% annually. Core CPI had a monthly variation of 0.1% (2.1% y/y). Specifically, the core CPI for goods registered an advance of 0.3% m/m (2.3% y/y), signaling inflationary pressures related to the exchange rate depreciation at the beginning of the month and greater demand for food. On the other hand, core CPI for services showed a monthly null variation (1.9% y/y), reflecting signs of the weakness in internal demand.

Finally, the authorities announced on Wednesday, June 3, the extension of the total lockdown in Gran Santiago until Friday June 12, which will make for at least four consecutive weeks in lockdown.

There are no tier-1 indicators coming out next week. However, we expect more details regarding quarantine measures imposed by the national government as we head into a fourth week in Santiago. In the same vein, the 90-day State of Catastrophe will be in effect until June 17, but everything suggests that it will be extended for an additional 90 days. For the coming months, we expect some recovery in the level of economic activity, as containment measures begin to relax, but this is unlikely to be reflected in activity before July. However, the year-on-year comparison should show negative growth rates throughout the rest of the year, except for October and November, where the comparison is more favourable due to the social unrest in those months in 2019.

Colombia—Automatic Stabilizers Activate

Sergio Olarte, Senior Economist
57.1.745.6300 (Colombia)
sergio.olarte@co.scotiabank.com

Jackeline Piraján, Economist
57.1.745.6300 (Colombia)
jackeline.pirajan@co.scotiabank.com

We are in the midst of the worst crisis in decades for Colombian economic activity, due to the lockdown strategy to contain COVID-19 that has resulted in a strong deterioration in private consumption, investment, and the government's fiscal accounts, among elements of the macro framework that have been discussed in some past

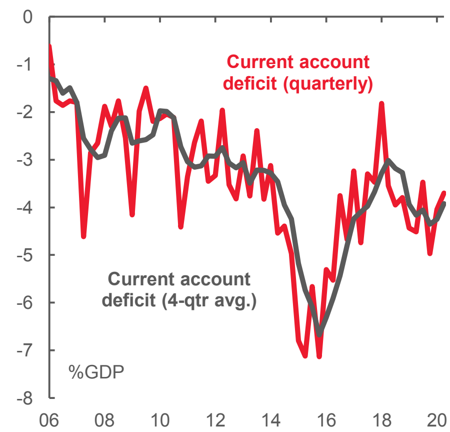
***Latam Weekly* reports. Downgrades have been triggered by two out of the three main international credit agencies that put Colombia's investment-grade status in danger.** During this crisis, one important question is how the external balance is sailing these troubled waters. In fact, the health of the Colombian balance of payments (BoP) plays an important role in the post-COVID-19 scenario.

Although the Q1-2020 BoP results reflect only partially the effects of the crisis in the external accounts, it does show that a flexible exchange rate and a domestic demand-driven economy help as partial "automatic stabilizers" for the external accounts. In fact, the Q1 trade balance maintained a fairly sustainable level despite the strong fall in oil and coal exports, since imports also fell significantly in line with the deterioration in domestic demand, led by investment. In fact, historically, strong decelerations in domestic demand are accompanied by a drop in imports; for instance, in 2009, domestic demand grew 0.3% y/y and imports fell by -13% y/y, which helped to bring down the current account deficit to fall by -28% y/y.

The strong relationship between the BoP's income account and exports forms another "automatic stabilizer" in the Colombian current account. Commodity exports in Colombia are around 60% of total exports, while a significant part of these exports belongs to foreign companies that send dividends to headquarters depending on the exports results. Therefore, if commodity exports deteriorate, so do outflows from the income account. For instance, in 2009 those outflows fell -13% y/y. In Q1-2020 outflows from the income account fell -32% y/y in line with the drop in commodity exports.

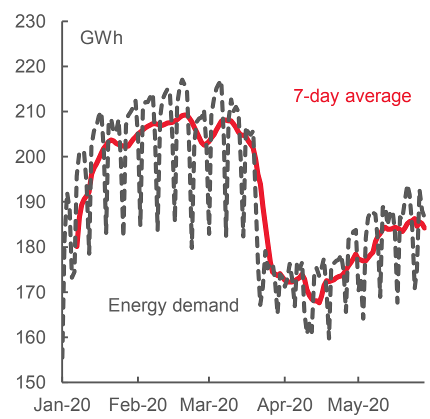
All in, for 2020 we expect a large fall in the remittances and export sides of the current account that will be partially compensated for by a substantial decline in imports and smaller outflows from the income account. Smaller import flows will be driven by a forecast -4.5% y/y pullback in domestic demand. Therefore, we expect a current account deficit of USD 11.5 bn in 2020, which is 16.8% lower than last year. However, in terms of GDP, we think the current account deficit will continue to hover around 4% since GDP in dollar terms is expected to fall by 14% this year.

Colombia: Current Account Deficit



Source: Scotiabank Economics, DANE.

Colombia: Daily Energy Demand



Sources: Scotiabank Economics, XM.

Finally, we do not expect Colombia to have trouble financing its current account deficit despite our expectation that FDI will fall significantly this year. The reason behind this, is that the majority of the additional fiscal deficit is being financed in dollars. The FOME (i.e., the emergency mitigation fund) program's money (about USD 3.5 bn) was from abroad and the government needed to monetize almost all of these resources to start its countercyclical expenditure. Additionally, multilateral entities have loaned Colombia approximately USD 3 bn that we expect the government to use locally during the year. Finally, on June 2, the government issued a dollar bond for USD 2.5 bn to continue social programs and some additional countercyclical expenditures. All together, we foresee that the 2020 current account deficit should be fully financed owing to higher government expenditure underpinned by external resources.

Additionally, May inflation, released on June 5, surprised downward; headline inflation came in at -0.32% m/m and 2.85% y/y. The surprise was mainly on the back of communications prices and housing services due to government subsidies, an effect that could be reversed as soon as public assistance expires. May inflation results support another cut in the policy rate to 2.5% at BanRep´s June meeting.

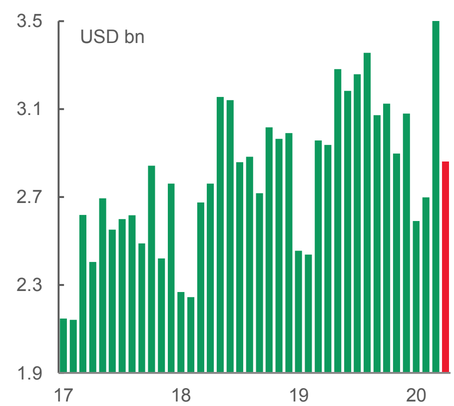
Next week, DANE will release April's coincident indicator and we expect a historical contraction of -51% y/y in retail sales and -33% y/y in manufacturing, since April was the month most affected by the quarantine.

Mexico—Banxico Set to Ease Further

Mario Correa, Economic Research Director
52.55.5123.2683 (Mexico)
mcorrea@scotiacb.com.mx

The month of June started with the gradual process of re-opening the economy in most of the country. However, with COVID-19 contagion cases still on the rise and the death toll surpassing the 10 thousand mark, many analysts are warning that this re-opening could produce an acceleration of the contagion. This could lead to the re-imposition of isolation measures with an additional negative impact on the economy. The evolution of COVID-19 cases in the coming couple of weeks will be key for the economic outlook.

Mexico: Remittances



Sources: Scotiabank Economics, Banco de Mexico.

The most recent survey conducted in May by the Banco de México among private sector economic forecasters showed a new deterioration in the forecast for 2020—with GDP expected to fall 8.16% y/y on average from 7.27% y/y in the previous survey—and formal employment contracting by 1.087 mn jobs vs 0.693 mn in April's survey. Another relevant change to note is the survey forecast for the year-end monetary policy interest rate, which is now at 4.49% vs 4.82% a month ago. Inflation for 2020 was revised upward to 3.04% y/y from 2.83% y/y. The rest of the variables showed relatively small changes. For 2021, there were small forecast improvements across the board, with GDP growth at 2.51% y/y, inflation at 3.46% y/y, job creation at +395k and the monetary policy rate at 4.54%.

After a very strong and unusual rebound in March, remittances from Mexican workers in foreign lands to their families in Mexico fell below trend in April, totalling USD 2.8 bn, which was 2.6% lower than a year ago. As jobs are lost in the US in the coming months, remittances are expected to stay on a downward trajectory for the rest of the year.

Domestic auto sales fell -58.8% y/y in May, after falling -64.5% y/y in April, showing the magnitude of the economic disruption produced by COVID-19 in this key sector of the Mexican economy. It is worth noting that May is a seasonally strong month for car sales, because Mother's Day on May 10 is a good occasion to buy a new car.

We are making some mild adjustments to our forecasts to incorporate recent information. In the most important change, following the -50 bps reduction expected in the reference interest rate in June, we are now also anticipating a -25 bps cut in August. We then expect Banxico to maintain the monetary policy rate at 4.75% for the rest of 2020 and 2021.

The week ahead will see the arrival of the inflation figures for the whole month of May and industrial production for April, which will be important to assess the magnitude of the economic disruption produced by COVID-19 and could trigger some additional revisions to the economic activity forecasts. Banco de México will release its Financial Stability Report, which has increased relevance under the current complex circumstances. It will provide some indication of Banxico's comfort with the situation of the financial system.

Peru—Phase 2 Re-opening Allows Over 80% of the Economy to Operate in June

Guillermo Arbe, Head of Economic Research
51.1.211.6052 (Peru)
guillermo.arbe@scotiabank.com.pe

On June 4, the government officially launched the start of Phase 2 of the process to unlock the economy. What is significant is that Phase 2 includes a lot more sectors than in the initial proposal announced in early-May, and is also much more flexible in terms of health and safety measures. The government is clearly interested in bringing the economy back sooner and more vigorously. Phase 2 will include many of the sectors previously scheduled for Phase 3 (July) and even Phase 4 (August). With this broadened Phase 2, the economy should be operating near 85% in June, rather than in July. The debate over which is the greater concern—COVID-19 or the economy—is clearly leaning towards the economy. So much so that one wonders if the government might not move most of Phase 4 to Phase 3 in July.

The newly designed Phase 2 also includes public investment works and activities, which give the government the opportunity to create badly needed jobs. Government officials have said they are studying a scheme that would include maintenance of roads, sidewalks, parks, canals, etc.—things that are short-term, can be organized quickly throughout the country, and are labour-intensive.

All mining operations will now be able to resume. In addition, companies will be able to begin operating as soon as they submit a health plan. This will allow companies to come on stream more quickly. Previously, companies needed to demonstrate compliance with industry-specific protocols and wait for government authorization before being able to go back to work. Now, government approval will no longer be necessary to begin operations and government supervision will take place after operations start. This decision is apparently in response to observations from the private sector that the health protocols and approval processes were cumbersome. It also reflects government difficulties in processing an overwhelming number of requests to operate. Early this past week, government officials had stated that only 13,200 of over 200,000 business requests to re-open had been processed.

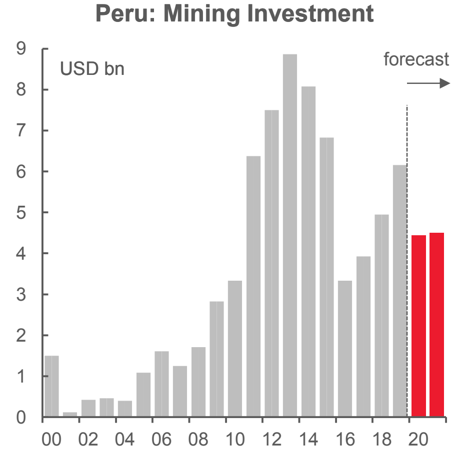
A list of the more significant activities that will be allowed in Phase 2 includes:

- Mining exploration;
- The entire gamut of mining operations, from small to large (previously, only large open-pit operations were allowed);
- Manufacturing and processing of animal feed, beer, wine and alcoholic beverages (yay!), shoes, medical supplies;
- Maintenance and repair of transportation equipment;
- All investment projects: private, public sector and public-private projects;
- Sale, maintenance, and repair of automobile and motorcycle vehicles and parts;
- Law, accounting, auditing, tax, architecture, engineering, scientific and veterinarian services, investigation and activities;
- Private security activities;
- Car rentals;
- Rental of machinery and equipment;
- Telecom, postal and messenger services;
- Maintenance, repair, and improvement of roads, train tracks, public services, water services; and
- Domestic passenger land transport throughout the country

These activities add to food and beverages production, sales and distribution, agriculture, financial services, medical services, e-commerce, and home maintenance, among others, that are already operating. Equally significant, much of the informal economy is back on stream, with less regard to compliance with the unlocking and health processes and protocols.

Following these developments, we have updated our forecasts for mining investment growth. We now expect mining investment to fall -28% y/y in 2020, whereas pre-COVID, we had forecast a 4.4% y/y increase. The difference is mainly due to the 70-day lockdown, as we have the same large projects as before, only with a delay. We are being a bit more conservative for projects that have not yet been initiated, which affects both 2020 and 2021. For 2021 we expect a 1.6% y/y increase, whereas before we expected a -10.9% y/y decline, but this is purely due to the large change in our 2020 base.

Peru: Mining Investment



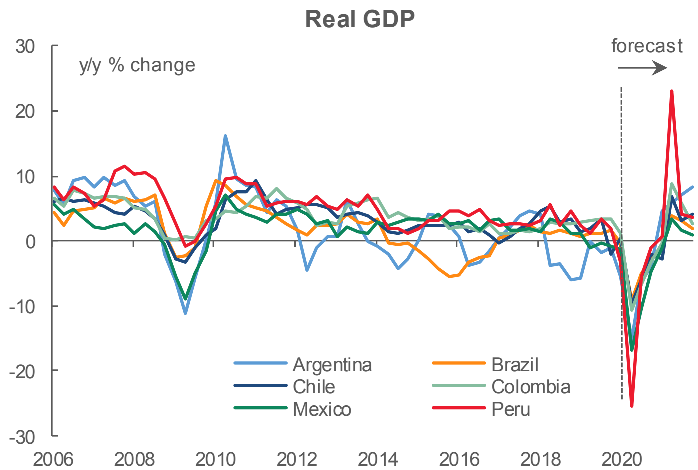
Sources: Scotiabank Economics, Minem.

Fitch Ratings downgraded Peru sovereign debt from A- to BBB+ on June 3. This aligns the rating of sovereign debt with that of global debt, which was kept at BBB+. Fitch stated that it no longer considered Peru's public finances to be the strong point that it use to be, as the public debt-to-GDP ratio is expected to rise from 26.8% to 31.9% (Fitch estimate) in 2020. Fitch had previously awarded Peru's sovereign debt a rating that was a notch higher than for its global debt, because it considered exchange rate risk to be greater than public debt risk. What has changed is Fitch's perception of public debt risk. The downgrade came as a bit of a surprise, as Fitch had not given advance notice of concern by lowering Peru's neutral outlook.

At its meeting on Thursday, June 11, we expect the BCRP to keep its monetary policy rate on hold at 0.25%.

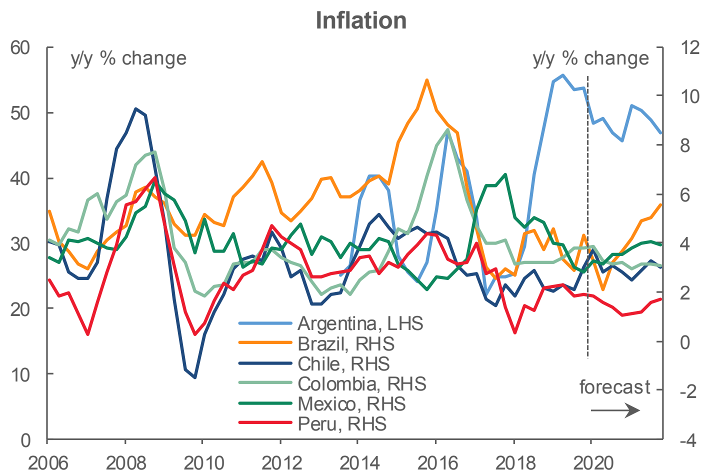
Key Economic Charts

Chart 1



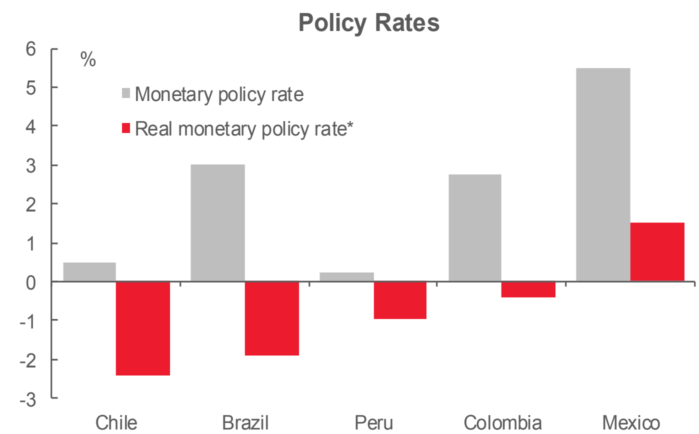
Sources: Scotiabank Economics, Haver Analytics.

Chart 2



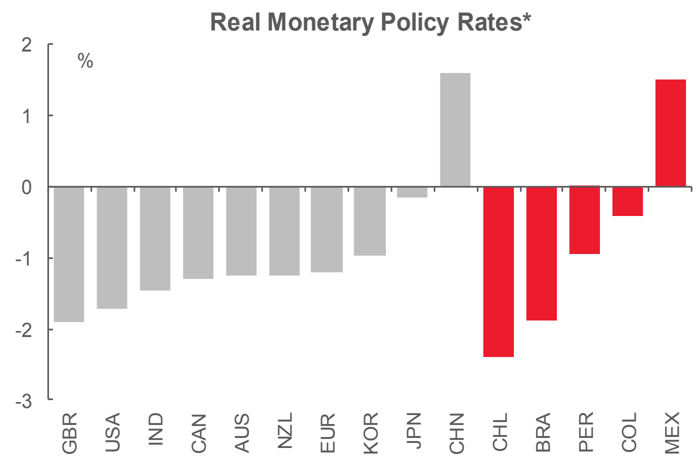
Sources: Scotiabank Economics, Haver Analytics.

Chart 3



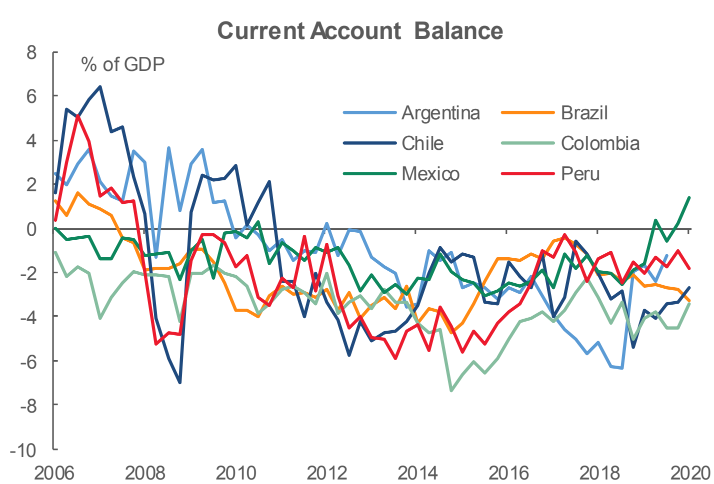
* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q2-2021, % y/y. Argentina: MPR = 38.0%; Real MPR = -12.4%.
Sources: Scotiabank Economics, Haver Analytics.

Chart 4



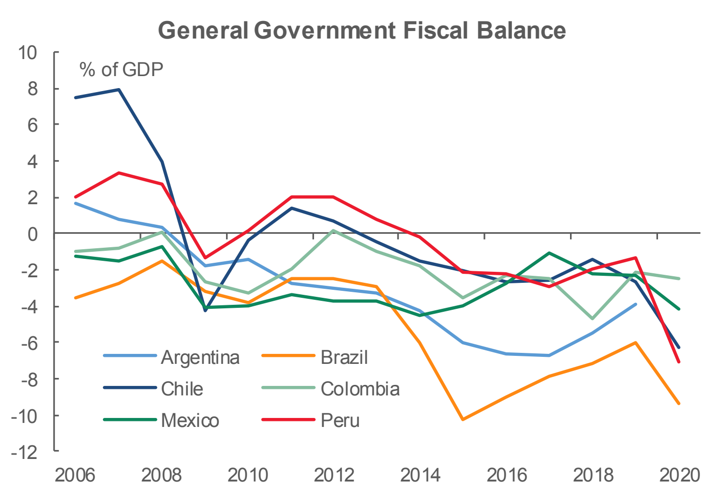
* Real monetary policy rate = current policy rate - BNS expected inflation, end-Q2-2021, % y/y. Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Haver Analytics.

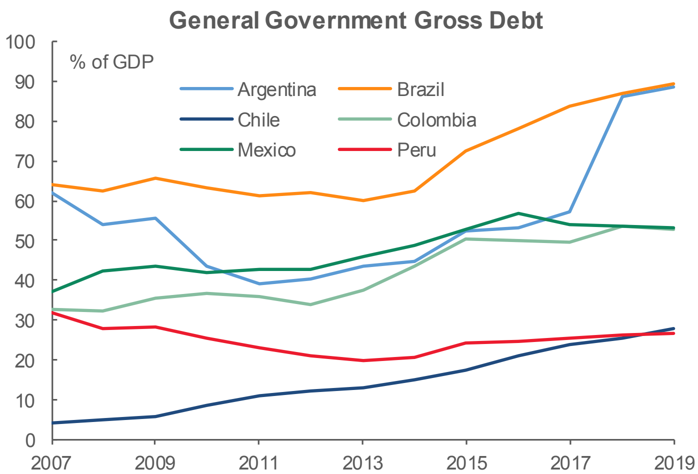
Chart 6



Sources: Scotiabank Economics, IMF.

Key Economic Charts

Chart 7

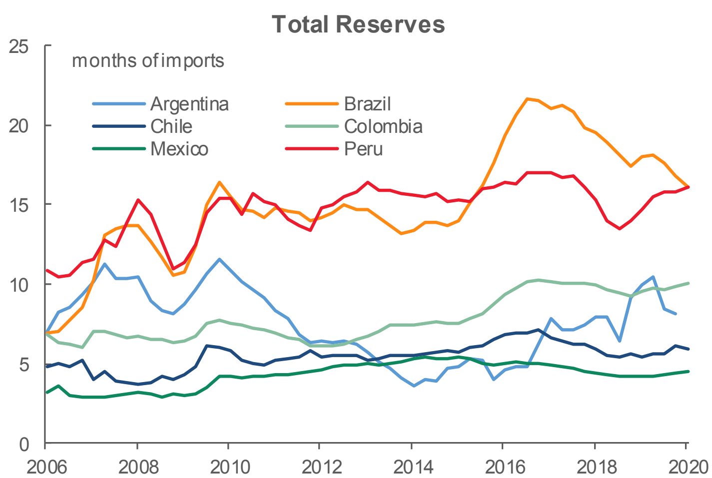


Sources: Scotiabank Economics, IMF.

Chart 8

Sources: Scotiabank Economics, Haver Analytics.

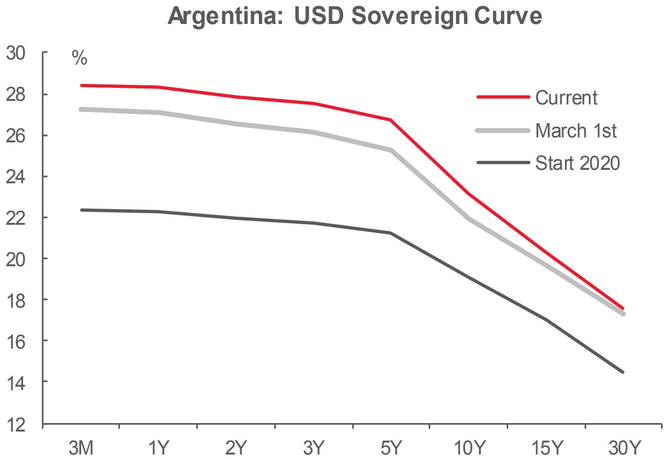
Chart 9



Sources: Scotiabank Economics, Haver Analytics.

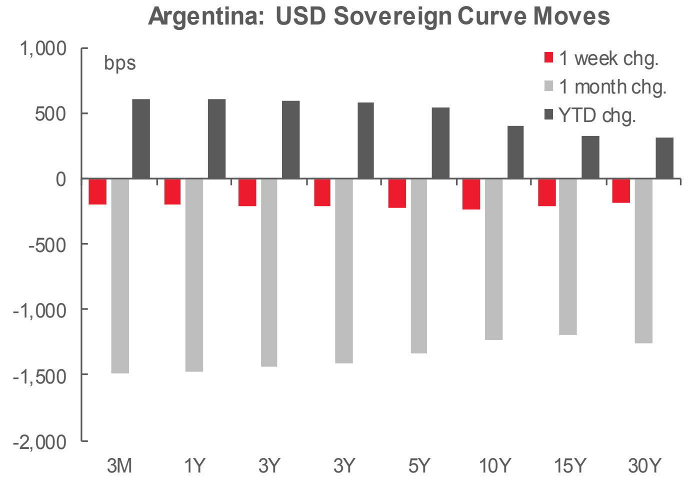
Key Market Charts

Chart 1



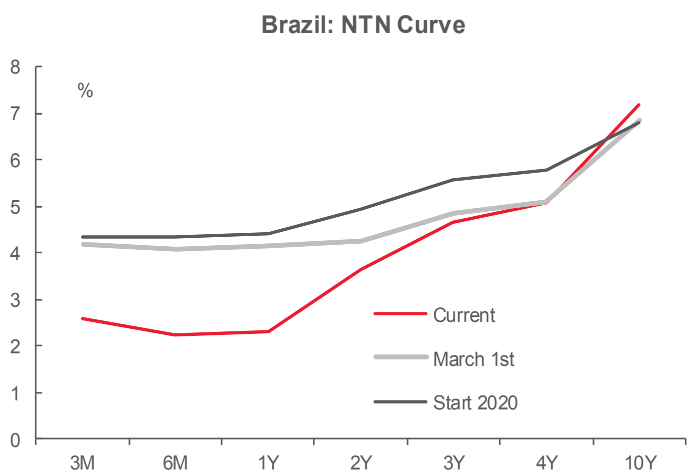
Sources: Scotiabank Economics, Bloomberg.

Chart 2



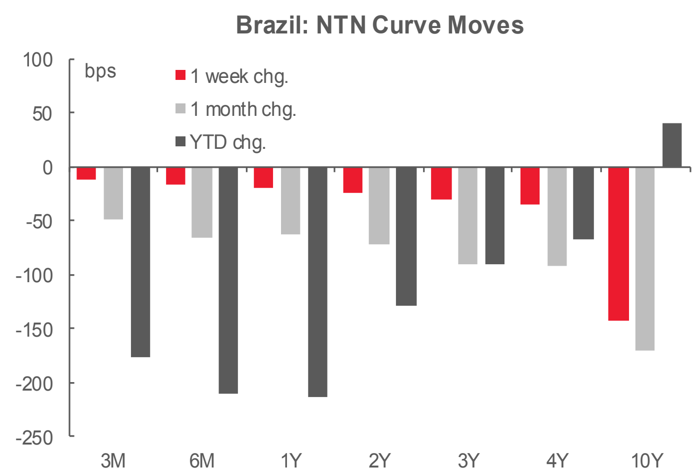
Sources: Scotiabank Economics, Bloomberg.

Chart 3



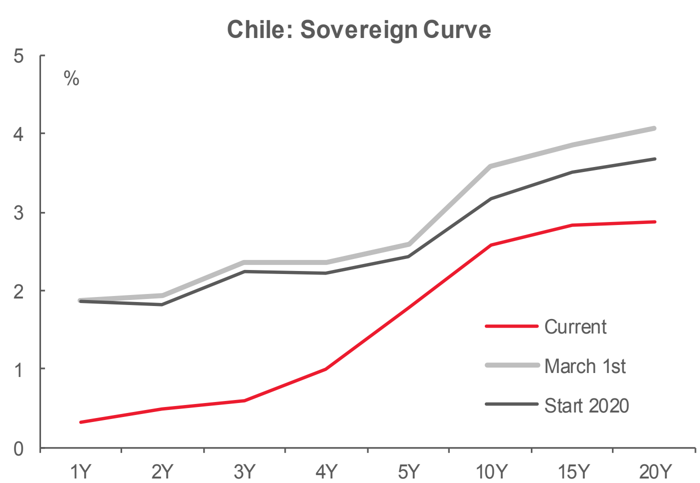
Sources: Scotiabank Economics, Bloomberg.

Chart 4



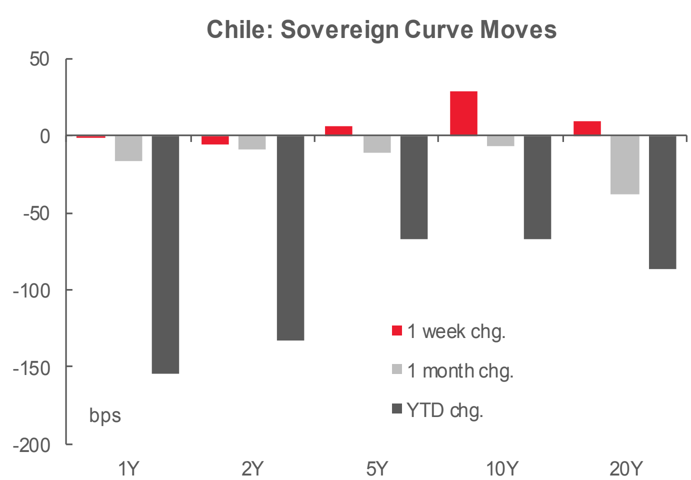
Sources: Scotiabank Economics, Bloomberg.

Chart 5



Sources: Scotiabank Economics, Bloomberg.

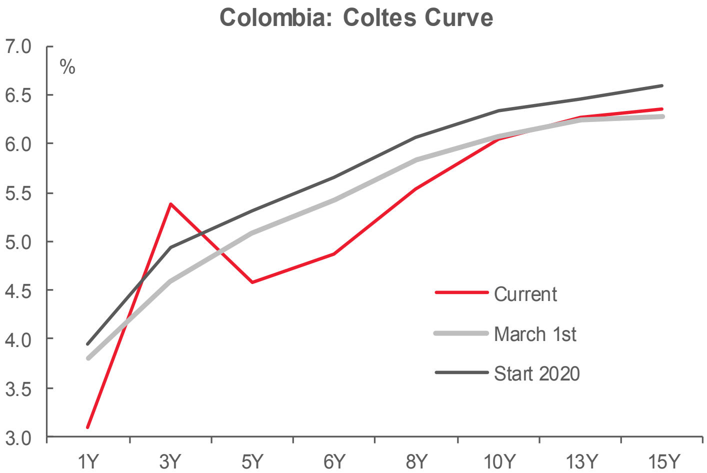
Chart 6



Sources: Scotiabank Economics, Bloomberg.

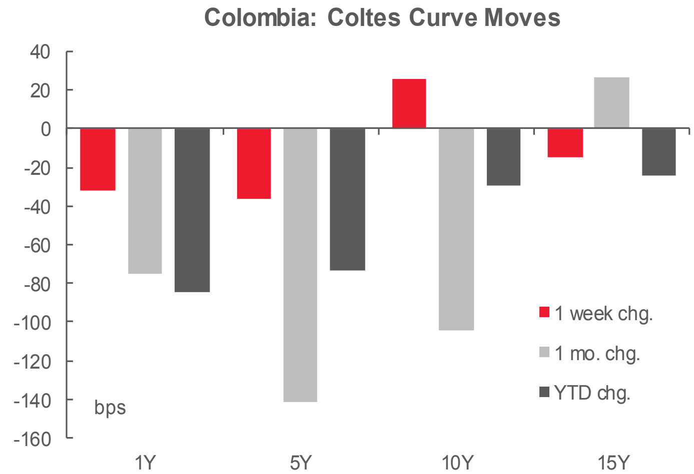
Key Market Charts

Chart 7



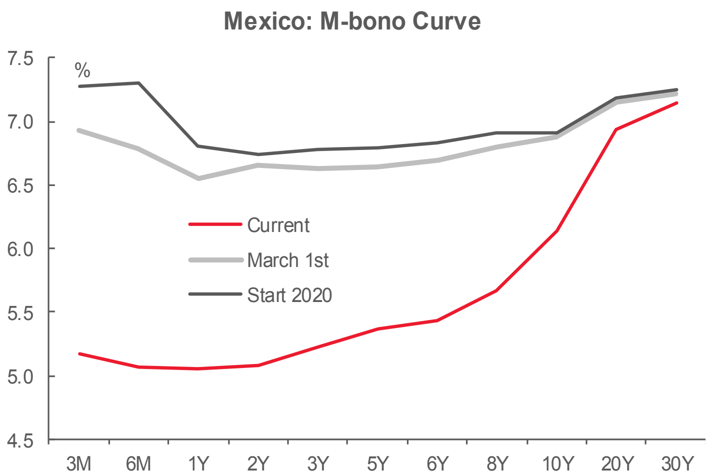
Sources: Scotiabank Economics, Bloomberg.

Chart 8



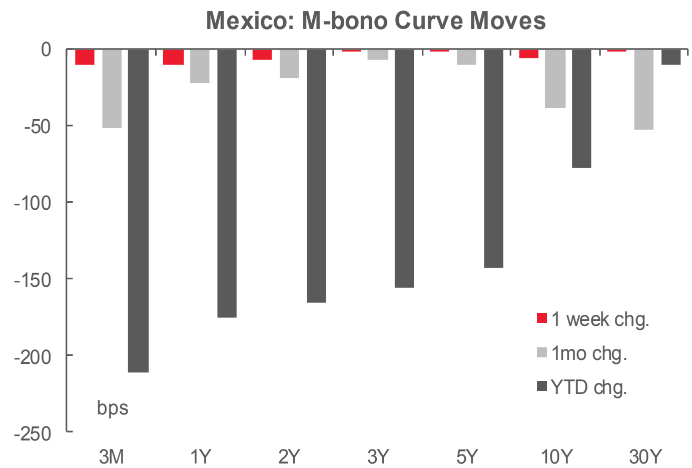
Sources: Scotiabank Economics, Bloomberg.

Chart 9



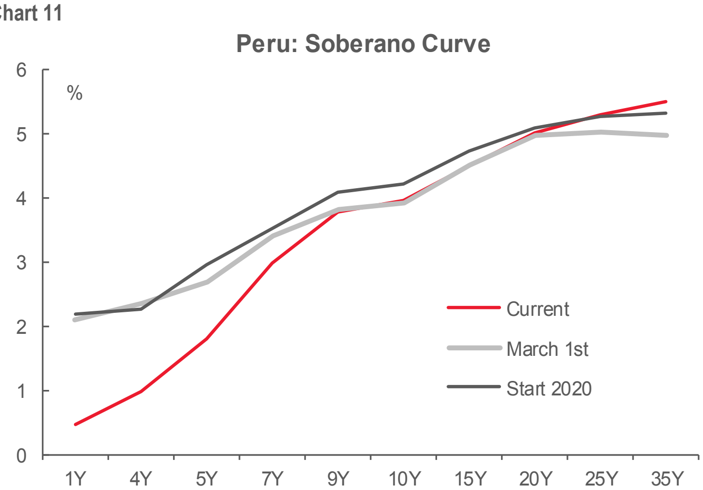
Sources: Scotiabank Economics, Bloomberg.

Chart 10



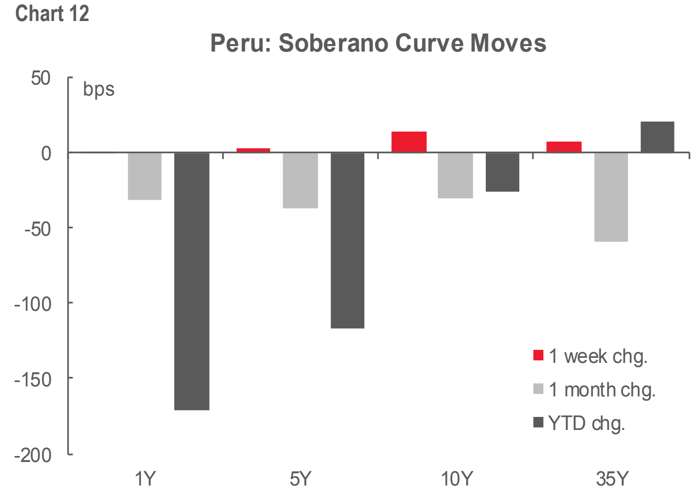
Sources: Scotiabank Economics, Bloomberg.

Chart 11



Sources: Scotiabank Economics, Bloomberg.

Chart 12



Sources: Scotiabank Economics, Bloomberg.

Key Market Charts

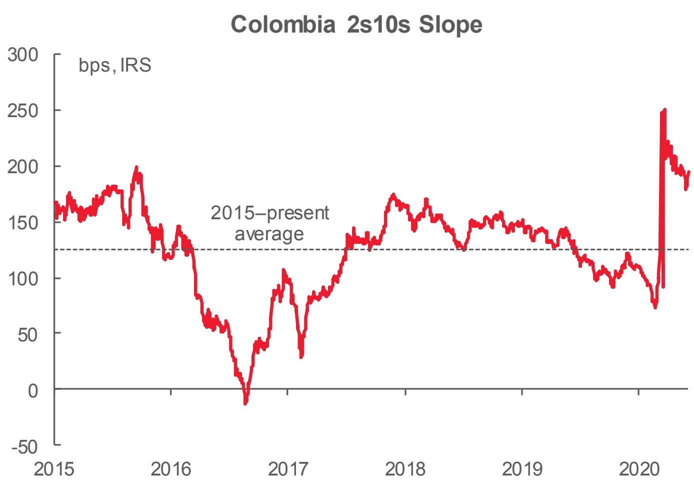
Chart 13

Sources: Scotiabank Economics., Bloomberg.

Chart 14

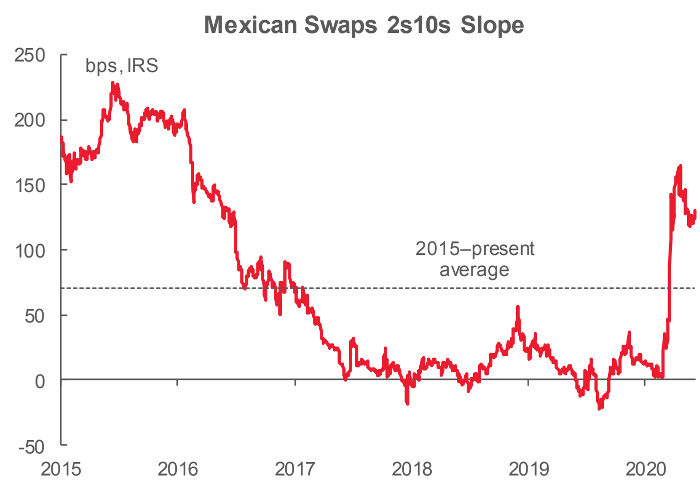
Sources: Scotiabank Economics., Bloomberg.

Chart 15



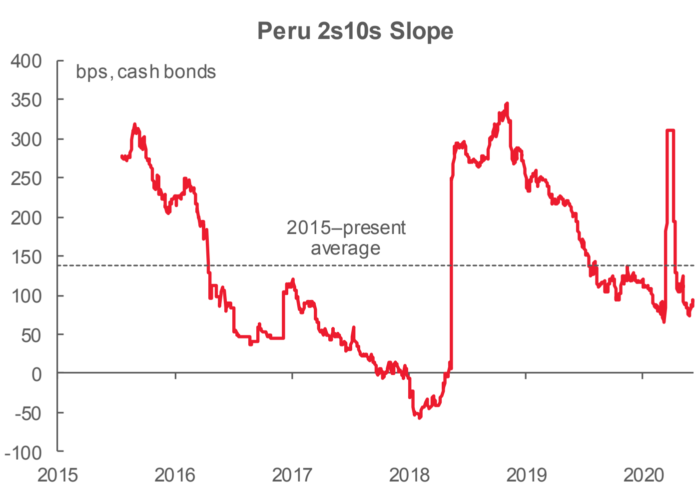
Sources: Scotiabank Economics., Bloomberg.

Chart 16



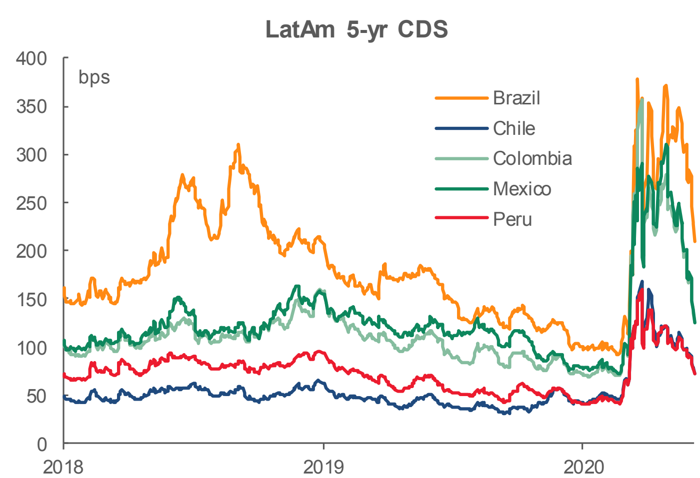
Sources: Scotiabank Economics., Bloomberg.

Chart 17



Sources: Scotiabank Economics., Bloomberg.

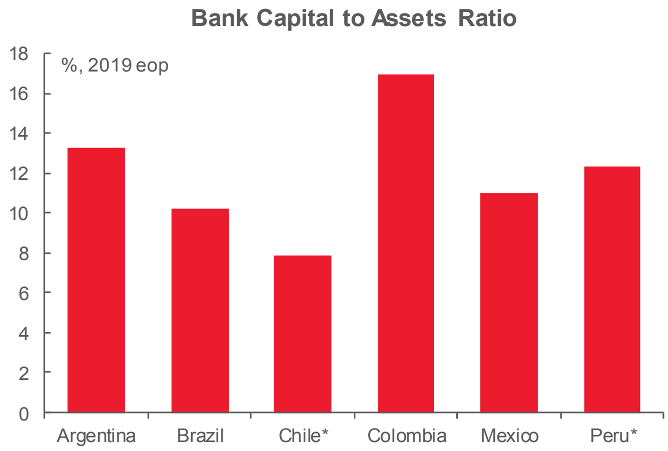
Chart 18



Sources: Scotiabank Economics., Bloomberg

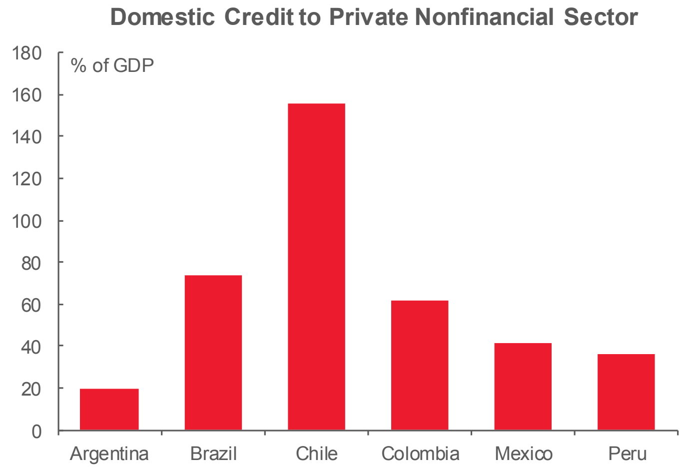
Key Market Charts

Chart 19



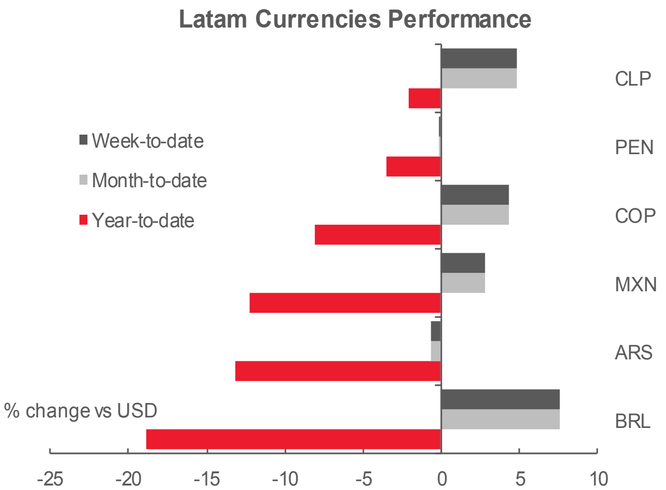
* Chile 19Q3; Peru 19Q2.
Sources: Scotiabank Economics, IMF.

Chart 20



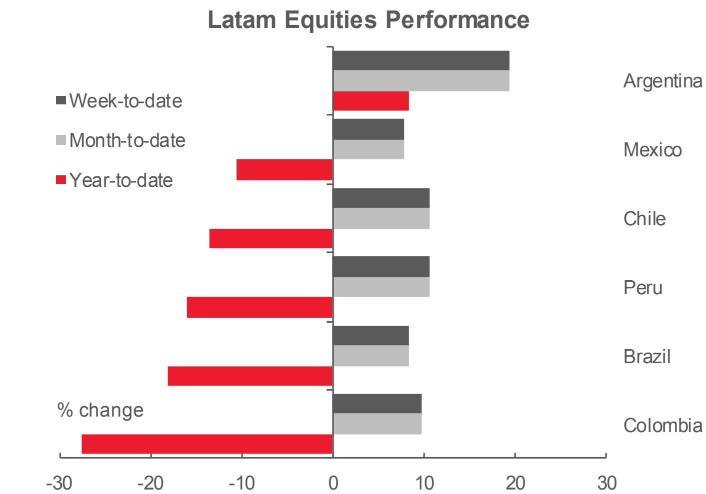
Sources: Scotiabank Economics, BIS, Haver Analytics.

Chart 21



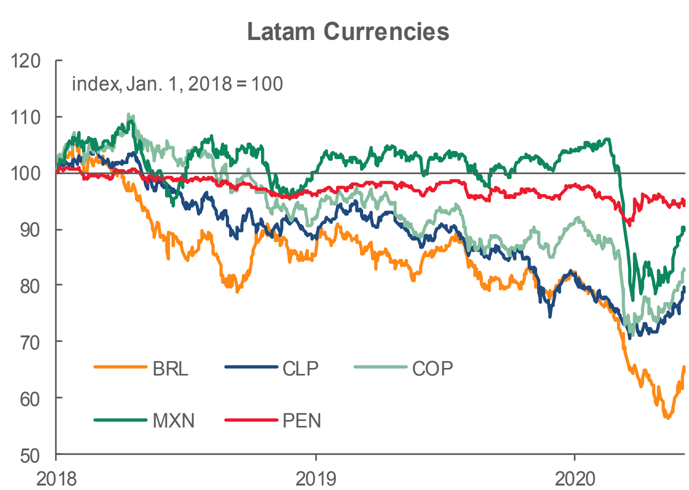
Sources: Scotiabank Economics, Bloomberg.

Chart 22



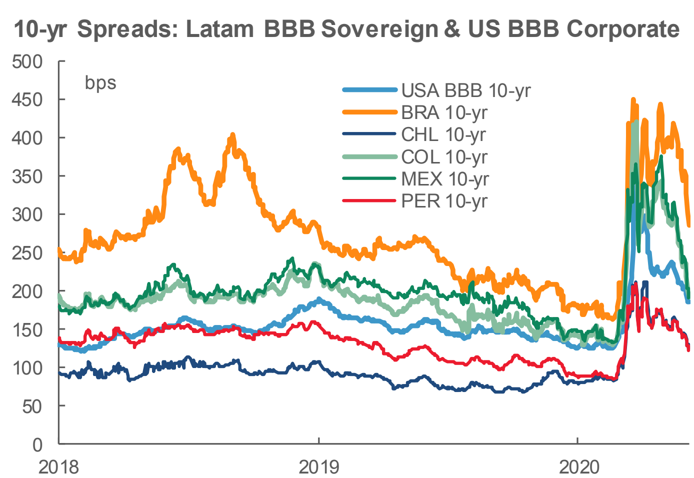
Sources: Scotiabank Economics, Bloomberg.

Chart 23



Sources: Scotiabank Economics, Bloomberg.

Chart 24



Sources: Scotiabank Economics, Bloomberg.

Market Events & Indicators for June 6–12

ARGENTINA

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
06-10	15:00	Capacity Utilization	Apr	--	--	51.6	April saw the only complete month of lockdown and should be the low for capacity utilization.
06-11	15:00	National CPI (y/y)	May	45.1	--	45.6	Inflation slowed in April on the back of frozen utility prices and gov't monitoring of 2,300 items, but underlying pressures are mounting.
06-11	15:00	National CPI (m/m)	May	2.75	--	1.5	
06-11	15:00	Greater Buenos Aires CPI (m/m)	May	--	--	1.4	
06-11	15:00	Greater Buenos Aires CPI (y/y)	May	--	--	44.3	
Jun 12-22		Budget Balance (ARS mn)	May	--	--	-228821	

BRAZIL

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
06-08	7:00	FGV CPI IPC-S	07-Jun	--	--	-0.5	
06-08	7:25	Central Bank Weekly Economists Survey					
06-08	14:00	Trade Balance Weekly (USD mn)	07-Jun	--	--	2008	
06-09	4:00	FIPE CPI - Weekly	07-Jun	--	--	-0.4	
06-09	7:00	IGP-M Inflation 1st Preview	Jun	--	--	-0.3	
06-10	8:00	IBGE Inflation IPCA (y/y)	May	2.22	--	2.4	
06-10	8:00	IBGE Inflation IPCA (m/m)	May	--	--	-0.3	

CHILE

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
06-08	8:30	Trade Balance (USD mn)	May	--	--	1219	
06-08	8:30	Exports Total (USD mn)	May	--	--	5354	
06-08	8:30	Imports Total (USD mn)	May	--	--	4135	
06-08	8:30	Copper Exports (USD mn)	May	--	--	2389	
06-08	8:30	International Reserves (USD mn)	May	--	--	36861	
06-09	8:30	Central Bank Economists Survey					
06-11	8:30	Central Bank Traders Survey					
Jun 5-10		Vehicle Sales Total	May	--	--	8906	

COLOMBIA

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
06-08		Consumer Confidence Index	May	--	--	-41.3	
06-12	11:00	Manufacturing Production (y/y)	Apr	-33.0	--	-8.9	April was the first full month of quarantine measures.
06-12	11:00	Retail Sales (y/y)	Apr	-51.0	--	-4.8	
06-12	15:00	Industrial Production (y/y)	Apr	--	--	-7.7	

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

Market Events & Indicators for June 6–12

MEXICO

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
06-09	7:00	CPI (y/y)	May	2.9	3.0	2.2	Inflation is being affected by opposing forces, which imply high uncertainty over its evolution. Special attention should be placed upon core y/y inflation, which has remained suttbornly elevated and, if it keeps climbing, it could prevent further reductions in the monetary policy reference rate.
06-09	7:00	CPI (m/m)	May	0.4	0.5	-1.0	
06-09	7:00	Bi-Weekly CPI	31-May	0.1	0.3	0.3	
06-09	7:00	Bi-Weekly Core CPI	31-May	0.0	0.1	0.2	
06-09	7:00	Bi-Weekly CPI (y/y)	31-May	3.6	3.1	2.8	
06-09	7:00	CPI Core (m/m)	May	0.4	0.4	0.4	
06-09	10:00	International Reserves Weekly	05-Jun	--	--	187172	
06-10		Nominal Wages	May	--	--	5.5	
06-10		ANTAD Same-Store Sales (y/y)	May	--	--	-22.9	
06-11	7:00	Industrial Production NSA (y/y)	Apr	--	--	-5.0	
06-11	7:00	Manuf. Production NSA (y/y)	Apr	--	--	-6.1	
06-11	7:00	Industrial Production SA (m/m)	Apr	--	--	-3.4	
06-12	13:00	Formal Job Creation Total	May	-437.0	--	-555.2	

PERU

Date	Time	Event	Period	BNS	Consensus	Latest	BNS Comments
06-11	**19:00**	**Reference Rate**	**11-Jun**	**0.25**	**--**	**0.25**	We expect no change.
Jun 9-11		Trade Balance (USD mn)	Apr	--	--	-298	BCRP published USD 663 mn deficit on June 4.

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

Scotiabank Economics Latam Coverage

Local Market Coverage

CHILE

Website:	Click here to be redirected
Subscribe:	carlos.munoz@scotiabank.cl
Coverage:	Spanish and English

MEXICO

Website:	Click here to be redirected
Subscribe:	estudeco@scotiacb.com.mx
Coverage:	Spanish

PERU

Website:	Click here to be redirected
Subscribe:	siee@scotiabank.com.pe
Coverage:	Spanish

COSTA RICA

Website:	Click here to be redirected
Subscribe:	estudios.economicos@scotiabank.com
Coverage:	Spanish

COLOMBIA

Website:	Forthcoming
Subscribe:	pirajaj@colptria.com
Coverage:	Spanish and English