

Latam Week Ahead: Banxico Rate Decision, Copom Minutes, Chile/Colombia CPI Inflation

Monetary policy remains in focus in Latam next week, with a key rate decision due in Mexico, and latest monetary policy meeting minutes released in Brazil, Chile and Colombia. On the data front, Chile and Colombia CPI inflation are the highlights. In Mexico, Banxico is widely expected to pause its easing cycle on Thursday amid concerns over persistent core inflation pressures. Meanwhile, the Copom minutes in Brazil will be in focus for clues on the pace of the easing cycle, after the committee gave a clear signal this week that it would cut rates at the next meeting in March. Elsewhere, CPI inflation is expected to return to target in Chile in January, opening the door to a potential March rate cut. In contrast, inflation pressures will rise further in Colombia, bolstering rate hike prospects there.

Sunday 1st

-  **Peru January CPI Data (Est: +1.69% Y/Y; Prior +1.51% Y/Y)**

Peru headline inflation is expected to edge up to 1.69% y/y in January, according to the median estimate of surveyed economists. Although this would mark a six-month high, it would keep inflation in the lower half of the BCRP's 1-3% target range for a 14th consecutive month. Looking ahead, the BCRP expects headline inflation to approach the midpoint of the 1-3% target range in the coming months, while core inflation (1.83% in Dec) remains around 2%. With economic activity still around its potential level and the policy rate already close to neutral, there is little urgency for the central bank to deliver a further rate cut. However, the benign inflation backdrop does keep the door open to another move, if necessary.

Monday 2nd

-  **Chile December Economic Activity (Est: +0.8% Y/Y; Prior +1.2% Y/Y)**

Chile economic activity is expected to have edged up on the month in December, supported by an uptick in manufacturing and mining production. Ex-mining, activity also likely edged higher. On an annual basis, economic growth is seen moderating to 0.8% y/y, suggesting a modest rebound of the economy in Q4, after a 0.1% q/q contraction in Q3.

-  **Brazil January Manufacturing PMI (Prior: 47.6)**
-  **Colombia January Manufacturing PMI (Prior: 52.6)**

Tuesday 3rd

-  **Copom Minutes**

After leaving the Selic rate unchanged at 15.00% for a fifth consecutive meeting at its Jan 28 meeting, the Copom struck a more dovish tone and signalled a likely start to the easing cycle at the next meeting in March. Analysts are currently split on expecting a 25bp or 50bp cut at that meeting, meaning the minutes will be watched closely for any further clues on the potential pace of rate cuts over the coming meetings. Analysts see the Selic rate reaching 12.25% by year-end, according to the BCB Focus survey, consistent with market pricing for a little over 275bp of cuts over the next year.

-  **Brazil December Industrial Production (Prior: -1.2% Y/Y)**
-  **Mexico December Remittances (Prior: +\$5,125mn)**
-  **Mexico January Manufacturing PMI (Prior: 46.1)**
-  **Colombia January Exports (Prior: \$4,017mn)**

Wednesday 4th

-  **BCCh Minutes**





The BCCh left its monetary policy interest rate unchanged at 4.50%, as expected, in a unanimous decision at its Jan 27 meeting. However, the Board continued to strike a slightly dovish tone, noting that inflation will be below its projections in the short-term after recent softer-than-expected data. It said that it will assess the implications of the latest developments

for monetary policy in the March monetary policy report. The minutes will therefore be watched for any clues that the committee will consider a further rate cut in the first half of this year, earlier than indicated in the December IPoM.

-  **Brazil January Services PMI (Prior: 53.7)**
-  **Brazil January Composite PMI (Prior: 51.1)**
-  **BanRep Minutes**

With BanRep widely expected to start a tightening cycle at its January 30 meeting, Wednesday's minutes to the meeting will be scrutinised for what it is likely to have been another split decision, with the dovish minority group of the Board potentially still voting for a rate cut. The unity of the more hawkish members of the Board will be crucial for the delivery of what's expected to be an aggressive, front-loaded hiking cycle of 200bp or more.

Thursday 5th

-  **Mexico November Gross Fixed Investment (Prior: -5.5% Y/Y)**
-  **Mexico November Private Consumption (Prior: +4.2% Y/Y)**
-  **Brazil January Trade Balance (Prior: +\$9,633mn)**
-  **Banxico Interest Rate Decision (Est: 7.00%; Prior: 7.00%)**

Banxico is widely expected to remain on hold at 7.00% on Thursday, as it takes its time to assess incoming data amid concerns about persistent core CPI inflation pressures. The recent shift in the committee's guidance, plus confirmation from an MNI interview with Deputy Governor Cuadra, has all but cemented a pause in the easing cycle. Further ahead, however, the weak growth backdrop keeps the door open to renewed rate cuts later this year, and in its recent 2026 monetary programme, the central bank said that it will evaluate the moment for further easing after assessing price adjustments. Economists see the next cut coming in May, according to latest survey data.

-  **BanRep Quarterly Monetary Policy Report**

BanRep's MPR will include updated growth and inflation forecasts, with the central bank currently expecting the economy to grow by a slightly above potential 2.9% this year, unchanged from its 2025 GDP growth estimate. Inflation forecasts are likely to be revised up sharply though, following the 23% minimum wage hike announcement late last month. BanRep co-director Mauricio Villamizar said recently that he now sees inflation nearer 6% this year than 4%, as a result.

-  **BCRA Analyst Survey**

Friday 6th

-  **Chile January CPI Inflation (Prior: 3.5% Y/Y)**

Chile headline CPI inflation is likely to fall back to the BCCh's 3% target, or a bit below, in January thanks to favourable base effects relating to last year's electricity hike. The central bank's preferred core ex-volatiles measure probably also edged towards the 3% target, from 3.3% y/y in December. Both measures came in slightly below the central bank's projections last month, which may prompt a downward revision to CPI forecasts in the March monetary policy report, opening the door to a potentially final March rate cut.

-  **Colombia January CPI Inflation (Est: 5.43% Y/Y; Prior: 5.10% Y/Y)**

Colombia headline CPI inflation is expected to rebound to 5.43% y/y in January, partly on the back of higher food prices following tax hikes, as well as increases in regulated prices. However, core inflation is also seen rebounding to 5.57% y/y, from 5.11%, reinforcing concerns about mounting inflation pressures. Looking ahead, the 23% increase in the minimum wage this year will add significantly to price pressures over the coming months, perhaps adding 2pp to headline inflation.

N.B. All estimates via the Bloomberg analyst survey as of 30/01/26

Key Technical Levels:

USDMXN: Trend Structure Remains Bearish

- RES 2: 17.8402 50-day EMA
- RES 1: 17.5494 20-day EMA
- PRICE: 17.3596 @ 17:00GMT 30/01/26
- SUP 1: 16.9806 3.000 projection of the Nov 5 - 13 - 21 price swing

USDBRL: Bear Theme Intact

- RES 2: 5.3648 50-day EMA and key resistance
- RES 1: 5.2638 Nov 11 2025 low
- PRICE: 5.2453 @ 17:00GMT 30/01/26
- SUP 1: 5.0787 76.4% retracement of the 2023 - 2024 bull leg

USDCLP: Trend Needle Points South

- RES 2: 899.04 50-day EMA
- RES 1: 879.30 20-day EMA
- PRICE: 871.04 @ 17:00GMT 30/01/26
- SUP 1: 845.72 1.618 projection of the Apr 9 - Jul 2 - Jul 30 2025 price swing
- SUP 2: 833.73 76.4% retracement of the 2023 - 2025 bull phase

MNI Macro Insights

MNI Colombia Central Bank Preview: January 2026

MNI POV: Hiking Cycle To Start (See the MNI preview [here](#))

- BanRep looks set to start a front-loaded hiking cycle at its January meeting, as concerns over the inflation outlook have risen significantly following the much larger-than-expected 2026 minimum wage hike. This may add as much as 2pp to inflation over the coming months, keeping it far above target.
- In addition, the strength of domestic demand and loose fiscal stance are also adding to inflation pressures. BanRep is expected to hike its policy rate by at least 50bp to 9.75% at the start of what may be a 200bp hiking cycle, according to latest survey data.
- The vote is likely to be split once again, however, with the more dovish Board members potentially still voting for a rate cut.

The scale of last month's 2026 minimum wage hike announcement seems to have caught policymakers by surprise, reinforcing the need for interest rate hikes to rein in mounting inflation pressures. Speaking after the announcement, BanRep co-director Mauricio Villamizar said that the case for tighter monetary policy was strong even before the 23% minimum wage increase, which he said is likely to add two percentage points to CPI inflation this year.

Villamizar is one of the most hawkish members of the BanRep Board and late last year was already amongst the first to flag rate hike risks when he said that inflation has been above target for far too long. Following the minimum wage announcement, he now sees inflation ending this year nearer 6% than 4%. As a result, he said that it is "very clear" there is a need to reinforce the contractionary stance further and believes that front-loading rate hikes would be preferable. A delay, he said, would force rates to remain high for longer, which could ultimately do more damage to the economy.

Brazil: MNI BCB Review – January 2026

MNI POV: Copom Signals March Rate Cut (See the MNI review [here](#))

- The Copom decided unanimously to keep the Selic rate unchanged at 15.00% for a fifth consecutive meeting, as expected.
- Although the committee remained cautious amid unanchored inflation expectations and resilient activity, the accompanying statement struck a more dovish tone. Notably, the committee removed the tightening reference from its forward guidance and signalled a likely start to the easing cycle at the next meeting in March.
- Analysts are split on expecting a 25bp or 50bp cut at that meeting, dependent on the incoming data, with most seeing the Selic rate reaching 12.25%-12.50% by year-end.

The decision to remain on hold came as the current scenario “continues to be marked by deanchored inflation expectations, high inflation projections, resilience on economic activity and labor market pressures”, which still warrants a cautious stance on monetary policy. However, the committee no longer refers to the need to keep interest rates at the current level for a very prolonged period to ensure the convergence of inflation to target. Instead, it says that the present strategy “has been proving appropriate to ensure the convergence of inflation to the target.”

Importantly, the committee has also removed the tightening reference within the forward guidance, saying instead that “in a context of more evident lower inflation and monetary policy transmission, the strategy entails interest rate calibration”. Looking ahead, if the expected scenario is confirmed, it foresees “to initiate the flexibilization of its monetary policy stance in its next meeting”. However, it emphasises that it “will keep monetary policy at a contractionary level to ensure convergence to the inflation target”.

Brazil: BRL Leading FX Gains This Year

- The Brazilian real has rallied an impressive 7.75% from the December lows, with USDBRL printing a fresh cycle low of 5.1656 this week. The constructive price action for both equities/commodities continue to provide a very supportive backdrop for higher beta currencies, while the carry dynamics have also been a key tailwind for the real.
- Price action this week has seen the pair breach a key support at 5.2638, the Nov 11 2025 low, strengthening the bear cycle and signalling scope for an extension towards 5.0787, the 76.4% retracement of the 2023 - 2024 bull leg.
- While CIBC acknowledge the possibility of the BCB implementing rate cuts totalling up to 250bps this year (easing to begin in March), the Selic rate would still stand at a robust 12.50%. Hence, with USD/BRL breaking below 5.20 support, they see potential for a retest of the 5.00–5.05 range, particularly if centre-right or right-leaning presidential candidates gain momentum in upcoming polls against President Lula.
- Luis Stuhlberger, CEO and CIO of Verde Asset Management, said that even after recent gains, the FX rate in Brazil is still “extremely” out of place and far from its fair value of 4.40/USD, speaking at an event yesterday.

MEXICO: Banxico Sees More Gradual Approach To Easing Cycle Ahead

- Following the publication of its 2026 monetary programme, Banxico has confirmed broad expectations for a pause in the easing cycle next month. Banxico says that it sees a more gradual approach to its easing cycle and will evaluate the moment for further rate cuts.
- It adds that it will resume rate cuts after assessing price adjustments, and if prices avoid extra increases. In Banxico's view, the tariffs on some Asian goods imports will have a short-lived impact on inflation.
- Meanwhile, Banxico says that the macro data remain 'solid' and that it sees faster growth this year than last. It is optimistic on the export outlook, but sees weak investment until at least the second half of this year.

Chile: MNI BCCh Review – January 2026

POV: On Hold, Door Open To Further Cut (See the MNI review [here](#))

- The Board of the Central Bank of Chile decided to keep the monetary policy interest rate unchanged at 4.50%, as expected, in a unanimous decision.
- The statement continued to strike a slightly dovish tone, with the committee noting that inflation will be below its projections in the short-term after recent softer-than-expected data. The Board remains data dependent and will assess the implications of the latest developments for monetary policy in the March monetary policy report.
- Analysts still see scope for a further rate cut, potentially in March, which would bring the policy rate to the middle of the estimated neutral range.

Unauthorized disclosure, publication, redistribution or further dissemination of this information may result in criminal prosecution or other severe penalties. Any such authorization requires the prior written consent of Market News International. Redistribution of this information, even at the instruction of your employer, may result in personal liability or criminal action unless such redistribution is expressly authorized in writing by Market News International. Violators will be prosecuted. This information has been obtained or derived from sources believed to be reliable, but we make no representation or warranty as to its accuracy or completeness. This is not an offer or solicitation of an offer to buy/sell. Copyright © 2026 Market News International, Inc. All rights reserved.