

Latam Week Ahead: Brazil Q4 GDP, Chile/Colombia/Peru CPI Inflation

Ahead of key monetary policy meetings in March, Brazil GDP and regional inflation data will be in focus next week. In Brazil, Q4 GDP growth is expected to slow further as the very restrictive monetary policy stance continues to weigh on the economy. Meanwhile, Chile CPI inflation looks set to dip further below the 3% target in February, keeping the door open to a potentially final BCCh rate cut later in March. In contrast, core inflation pressures are likely to rise further in Colombia as the impact of the minimum wage increase continues to feed through, keeping pressure on BanRep to hike rates further for now. Elsewhere, President Milei will open the ordinary sessions of Congress in Argentina on Sunday 1st March, when he will set out his policy agenda for the coming year.

Sunday 1st Mar

- 🇵🇪 Peru February CPI Inflation (Est: 1.74% Y/Y; Prior +1.70% Y/Y)

Peru CPI inflation is expected to remain close to 1.7% y/y in February, marking a 15th consecutive month below the BCRP's 2% target. At the same time, core inflation is likely to remain close to 2%. Looking ahead, the central bank expects headline inflation to rise gradually towards 2% over the coming months, while core inflation remains around target. With the economy continuing to grow at its potential rate, the central bank is likely to remain on hold for now.

Monday 2nd Mar

- 🇧🇷 BCB Focus Survey

Ahead of the March 18 Copom meeting, incoming Brazil inflation expectations data will be key for determining whether the BCB starts its easing cycle with a 25bp or 50bp cut. Last week's Focus survey of economists showed a further marginal decline in 2026 year-end CPI expectations to 3.91%, while analysts expect the Selic rate to reach 12.13% by year-end, broadly consistent with market pricing.

- 🇨🇱 Chile January Economic Activity (Est: +1.1% Y/Y; Prior +1.7% Y/Y)

Softer-than-expected Chile retail sales and production data in January suggest that the economy slowed at the start of the year, with analysts expecting GDP growth to have decelerated towards 1% y/y. Although the central bank has said that growth is evolving broadly as expected, any downside surprise in Monday's IMACEC activity print will reinforce market expectations for a 25bp rate cut from the BCCh on March 24.

- 🇧🇷 Brazil February Manufacturing PMI (Prior: 47.0)
- 🇨🇴 Colombia February PMI (Prior: 50.0)
- 🇲🇽 Mexico February Manufacturing PMI (Prior: 46.3)
- 🇲🇽 Mexico Remittances (Prior: \$5,322mn)
- 🇨🇴 Colombia Q4 Current Account Balance (Prior: -\$2,853mn)
- 🇦🇷 Argentina February Government Tax Revenue (Prior: ARS18.338tn)

Tuesday 3rd Mar

- 🇧🇷 Brazil Q4 GDP (Est: +0.2% Q/Q; Prior: +0.1% Q/Q)
- 🇧🇷 Brazil Q4 GDP (Est: +1.6% Y/Y; Prior: +1.8% Y/Y)
- 🇧🇷 Brazil January Formal Job Creation (Est: 95,000; Prior: -618,164)

Brazil's economy is expected to have grown by 0.2% q/q in Q4, bringing annual growth down slightly to 1.6% y/y, from 1.8%. This would take full-year real GDP growth to 2.3%, down from 3.4% in 2024, as the very restrictive monetary policy stance increasingly weighs on the economy. Weakness is likely to be concentrated in the industrial sector, where output

may have contracted in Q4, while service sector activity remains more resilient. With the tight monetary stance having the desired effect, the Copom is widely expected to start its easing cycle in March.

-  **Banxico Economist Survey**
-  **Colombia January Exports (Prior: \$4,541mn)**




Wednesday 4th Mar

-  **Brazil February Services PMI (Prior: 51.3)**
-  **Brazil February Composite PMI (Prior: 49.9)**

Thursday 5th Mar

-  **Chile January Nominal Wage (Prior +5.9% Y/Y)**
-  **Brazil January Unemployment Rate (Prior: 5.1%)**

Despite the slowdown in economic activity and inflation, Brazil's labour market remains more resilient than expected, which is still a concern for the Copom. Last month, the unemployment rate fell to a historic low, and although it is likely to edge up in January, the labour market will remain tight, keeping the BCB cautious as it starts its easing cycle.

-  **Mexico December Gross Fixed Investment (Prior: -6.4% Y/Y)**
-  **Mexico December Private Consumption (Prior: +1.4% Y/Y)**
-  **Mexico February Consumer Confidence (Prior: 44.0)**

Mexico gross fixed investment figures will be in focus on Thursday after Banxico Deputy Governor Borja highlighted the weak growth backdrop, in particular the decline in investment, as well as the strength of the Mexican peso, as factors supporting a renewed rate cut. That said, investment may have risen on a y/y basis in December for the first time since August 2024, aided by favourable base effects. This comes on the back of a gradual recovery in construction activity, although the uncertain trade/USMCA outlook remains a headwind to broader business investment.

-  **Brazil February Trade Balance (Prior: +\$4,343mn)**
-  **Mexico Citi Economist Survey**






Recent dovish remarks from several Banxico board members suggest that a resumption of the easing cycle is possible in March. For now, however, most analysts expect the next rate cut to come in May, according to the most recent Citi survey.

-  **BCRA Analyst Survey**

Friday 6th Mar

-  **Chile February CPI Inflation (Prior +2.8% Y/Y)**

February CPI inflation data will be a key input for the BCCh ahead of its March 24 MPC meeting. After falling below the 3% target for the first time since March 2021 in January, headline inflation may edge down again in February, supported by a lower electricity prices. However, the central bank's preferred core ex-volatiles measure is likely to remain above the 3% target (vs. 3.4% y/y in January), potentially delaying the expected final interest rate cut to a bit later in H1.

-  **Brazil January Industrial Production (Prior: +0.4% Y/Y)**
-  **Argentina January Industrial Production (Prior: -3.9% Y/Y)**
-  **Argentina January Construction Activity (Prior: +2.9% Y/Y)**
-  **Colombia February CPI Inflation (Est: +5.38% Y/Y; Prior +5.35% Y/Y)**
-  **Colombia February Core CPI Inflation (Prior +5.41% Y/Y)**

Colombia headline CPI inflation is expected to remain close to 5.4% y/y in February, aided by a moderation of food inflation. However, core inflation is likely to rise further as the impact of the 23% minimum wage hike continues to feed through. On the back of this, BanRep expects inflation to rise above 6% ahead, keeping pressure on it to continue with its aggressive

hiking cycle for now. However, the Council of State is still to make a final ruling on the legality of the min wage decree, and a decision to permanently block the wage hike could yet change the inflation and monetary policy outlook significantly.

N.B. All estimates via the Bloomberg analyst survey as of 27/02/26

Key Technical Levels:

USDMXN: Bearish Theme Remains Intact

- RES 2: 17.5010 50-day EMA and key resistance
- RES 1: 17.2573 20-day EMA
- PRICE: 17.2260 @ 16:40GMT 27/02/26
- SUP 1: 16.9806 3.000 projection of the Nov 5 - 13 - 21 price swing
- SUP 2: 16.5282 May 21 '24 Low

USDBRL: Fresh Cycle Low Reinforces Bear Trend

- RES 2: 5.2761 50-day EMA and key resistance
- RES 1: 5.2028 20-day EMA
- PRICE: 5.1346 @ 16:45GMT 27/02/26
- SUP 1: 5.0787 76.4% retracement of the 2023 - 2024 bull leg

USDCLP: Monitoring USDCLP Resistance

- RES 2: 894.00 Jan 20 high
- RES 1: 879.02 50-day EMA and key resistance
- PRICE: 873.84 @ 16:45GMT 27/02/26
- 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

Mexico: Dovish Banxico Board Members Increase Prospect of March Rate Cut

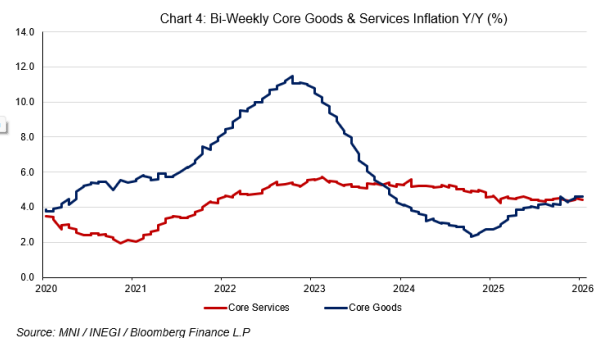
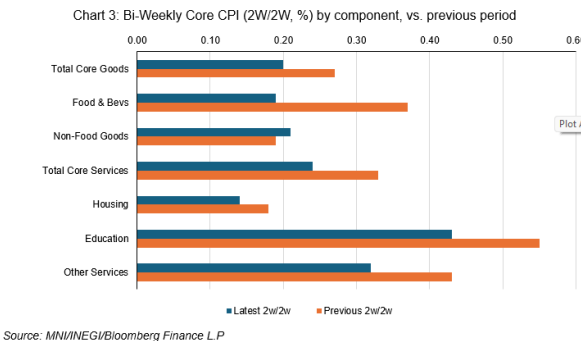
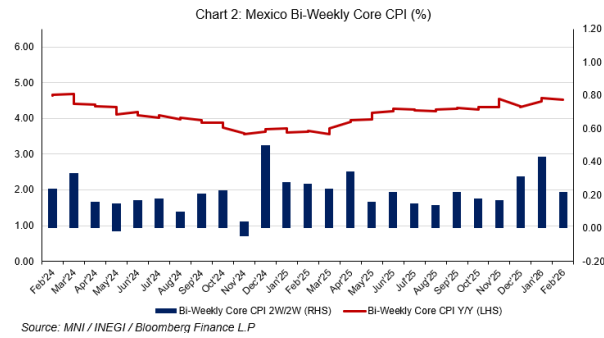
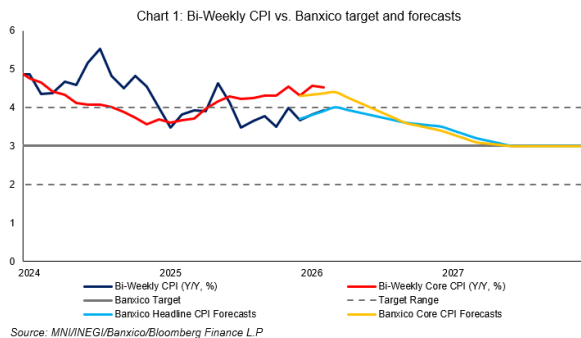
- Several Banxico Board members struck a dovish tone while discussing the Q4 quarterly inflation report last week, increasing the prospect that the central bank will resume the easing cycle at its MPC meeting in March. Governor Rodriguez said that she sees no secondary effects on prices from the recent tax hike and also noted that services inflation has shown a steady reduction.
- Meanwhile, Deputy Governor Mejia said that the weaker US dollar allows for the Board to assess further rate cuts. These comments come after Deputy Governor Borja's dovish remarks in an interview earlier in the week, where she highlighted the weak growth backdrop and said that she sees no significant price pressures on the near-term horizon.
- In contrast, Deputy Governor Heath continues to strike a hawkish tone, raising the possibility of another split vote when the Board opts to resume the easing cycle. Speaking to MNI recently, Heath said that it is too early to confirm a clear downward trajectory in core inflation, after H1 Feb data showed a slight dip to 4.52% y/y, from 4.56%. He

has consistently emphasised the need for core inflation to show a clear downward trend before rate cuts are resumed.

- Banxico still has time to assess full-month Feb (on March 09) and H1 March CPI (on March 24) data, before its March 26 meeting. For now, analysts still expect the next rate cut in May, according to the latest Citi survey. However, following the latest developments, BBVA now expects a 25bp rate cut in March, with scope for further easing even beyond 6.5% this year.

Mexico: Door Not Yet Clearly Open for Resumption of Easing Cycle

- Last week's bi-weekly CPI data are unlikely to shift consensus expectations for now that Banxico will remain on hold again next month, before delivering the next rate cut in May. Although core inflation came in marginally below consensus in H1 Feb, it remains well above the target range ceiling, and Banxico Deputy Governor Heath has emphasised that it needs to show a clear downward trend before the easing cycle can be resumed.
- The Banxico Board still has time to assess full-month Feb CPI (on Mar 09) and H1 March CPI data (on Mar 24) before the next MPC meeting on March 26.
- In H1 Feb, the uptick in headline inflation came on the back of an increase in raw food prices following the recent excise tax increase. However, core inflation was relatively stable, suggesting that overall, there are still limited second-round effects from the tax and tariff hikes. Within core, goods inflation held around 4.6% y/y, while services inflation eased 8bp to a still high 4.44% y/y
- Goldman Sachs says that the lagged effects from MXN appreciation are starting to show and should help to contain core goods inflation ahead. However, they note that inflation among freely-determined prices accelerated to 4.35% y/y, core inflation is still high and high labour costs are likely to keep services inflation elevated for a while.
- Despite this, JP Morgan still believes that the overall picture is consistent with their forecast for a Banxico rate cut in March and a 6.25% policy rate by June.



Chile: USDCLP Narrows Gap to 50-Day EMA

- Despite the Chilean peso opening on a marginally firmer footing amid a rebound in copper prices on Friday, moves aggressively reversed and USDCLP extended its advance on the session to around 1%. Topside momentum appears to have gathered pace on a break of 870, with price action narrowing the gap substantially to key resistance at the 50-day EMA, intersecting at 879.20.
- Economic data released on Friday has added headwinds for the peso, with retail sales and production data coming in below expectations, alongside a notable uptick for the unemployment rate to 8.3%, from 8.0% prior. This places

a lot of emphasis on next week's economic activity (Imacec) print, where any downside surprise will likely cement a 25bp rate cut from the BCCh in March.

- Analysts have also pointed out that the latest OECD data show 28% of Chile's salaried workers have job tenures under one year, far above the bloc average of 19.6%. Experts have warned that this excessive turnover hampers human capital accumulation and on-the-job experience, erodes firm-specific skills, increases labour costs, and can signal negatively in job searches.

Colombia: Local Assets Under Pressure Amid Election/Fiscal Concerns

- The pullback in oil prices, ongoing trade tensions with Ecuador and clear lead for left-wing Presidential candidate Cepeda in the latest election poll all weighed on local sentiment this week, with local assets notably underperforming regional peers.
- Cepeda has vowed to continue President Petro's social policies, which adds to concerns over the fiscal outlook amid an already-elevated fiscal deficit. Meanwhile, Ecuador's escalation of the trade war with a 50% punitive tariff on Colombian imports will probably weigh on Ecuador more than Colombia, although it further complicates efforts to find a diplomatic solution to the stand-off.
- Fiscal uncertainty was already in focus after the government published a draft decree that would require private pension funds to transfer up to COP25tn to the public pension system to free up resources for the government. Although pension reform remains suspended under a Court review for now, BBVA notes that the measure could imply forced TES selling, given the concentration of portfolios in local bonds.
- Meanwhile a final ruling on the government's 23% minimum wage hike decree is also still awaited, which could have significant implications for the monetary policy outlook. While the market is still pricing in over 250bp of further rate hikes over the next year, this could change quickly if the Court decides to permanently block the min wage hike, reducing the carry appeal of the COP.

Brazil: Fresh Cycle Highs for Brazilian Real

- On a trade-weighted basis, Brazil's tariff rate will plunge 13.6 points following the latest US tariff developments, which could further weigh on USDBRL ahead, having posted its lowest weekly close since May 2024 at 5.1754. Indeed, the pair has gravitated lower this week, printed a fresh cycle low below 5.12.
- With the ruling on IEEPA, and the US decision to raise the Section 122 tariff to 15%, JP Morgan currently estimate the effective tariff on Brazil to have come down by half to around 18%. JPM add that despite the high tariffs, Brazilian exporters managed to re-route trade and that the country's exports grew substantially in the second half of 2025.
- Despite the latest BCB Focus survey showing the median expectation for 2026 year-end Selic rate forecast being reduced to 12.13%, from 12.25%, the fact that under 300bp of easing remains a base case for most economists continues to be supportive of carry dynamics.

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.