

Latam Week Ahead: Brazil/Peru Rates, Brazil/Mexico CPI

On the monetary policy front, interest rate decisions in Brazil and Peru take the focus in Latam next week, alongside latest Brazil and Mexico inflation data. In Brazil, the Copom is widely expected to remain on hold at 15.0%, with attention on the forward guidance for any signals on prospects for a start to the easing cycle early next year. Peru's interest rate decision looks like being a close call, with the benign inflation backdrop keeping the door open to a possible 25bp cut. Elsewhere, Mexico CPI inflation data look set to confirm the persistence of core price pressures, which may prompt Banxico to pause the easing cycle early next year, after a cut this month.

Monday 8th

- **BCB Focus Survey of Economists**
- **Chile November Copper Exports (Prior: \$4,990mn)**

Tuesday 9th

- **Chile November Trade Balance (Prior: \$1,449mn)**

Rising copper prices amid global supply concern are likely to have supported Chile's trade position in November, with the trade surplus set to rise a little further from the previous month, despite ongoing uncertainty over the US tariff threat.

- **Mexico November Headline CPI Data (Est: 3.72% Y/Y; Prior: 3.57% Y/Y)**
- **Mexico November Core CPI Data (Prior: 4.28% Y/Y)**

Mexico headline inflation is expected to have edged higher in November, while remaining within Banxico's 2-4% target range, amid an increase in food prices. This will be partly offset by a moderation in energy costs. Focus, however, will remain on the core component which is likely to remain stuck above the target range ceiling, around 4.3% y/y. Although Banxico is widely expected to deliver another interest rate cut at its meeting on December 18, concerns over the persistence of core inflation may prompt the central bank to pause its easing cycle early next year.

- **Argentina October Industrial Production (Prior: -0.7% Y/Y)**

Wednesday 10th

- **BCCh Economist Survey**

Benign November CPI inflation data in Chile look to have bolstered prospects for the BCCh to deliver a fresh 25bp rate cut at its December 16 MPC meeting. Importantly, core inflation held around 3.4% y/y, below the central bank's forecasts, which should assuage its concerns about persistent core CPI pressures. The latest BCCh economist and traders' surveys next week are therefore likely to reveal continued expectations for a 25bp cut this month, followed by a final 25bp move next year to a terminal 4.25%, which would be around neutral.

- **Brazil November IPCA Inflation Data (Prior: 4.68% Y/Y)**

Ahead of the BCB interest rate decision, a further moderation of Brazil CPI inflation in November would be another step towards a start to the easing cycle early next year. After benign IPCA-15 data, inflation is on course to end the month within the BCB's 3% +/-1.5% target range for the first time since September 2024. The improvement looks set to be supported by a further moderation in food inflation as it continues to normalise following last year's drought, while pressure in the housing component may have eased amid a drop residential electricity costs. Within core, goods inflation has been contained by previous FX strength, although elevated core services inflation may keep the BCB cautious for now.

- **BCB Selic Rate Decision (Est: 15.00%; Prior: 15.00%)**

The Copom is widely expected to leave its Selic rate unchanged at 15.00% for a fourth successive meeting on Wednesday, as it remains cautious amid unanchored inflation expectations. However, the very restrictive stance appears to be having the desired effect, with Brazilian inflation and inflation expectations now declining and economic activity softening. As such, focus will be on the forward guidance and any signals that the Copom is opening the door to a rate cut early next year. That said, renewed pressure on the Brazilian real on Friday amid 2026 election concerns and uncertainty over the near-term Copom membership structure, could prompt the committee to maintain its cautious stance for a little longer.

Thursday 11th

- **BCCh Traders Survey**
- **Brazil October Retail Sales (Est: ; Prior: 0.8% Y/Y)**
- **Argentina November CPI Inflation Data (Prior: +2.3% M/M, +31.3% Y/Y)**

Argentina monthly CPI inflation is expected to moderate in November, after edging up to 2.3% m/m the month before amid pressure on the exchange rate in the run-up to the mid-term elections. The subsequent stabilisation of the political backdrop will help the disinflation process ahead, although the moderation in monthly inflation will be gradual from here, with analysts still expecting a 1.5% m/m rate around the middle of next year.

- **BCRP Interest Rate Decision (Prior: 4.25%)**

The BCRP interest rate decision looks like being a close call, with a slight majority of analysts so far leaning towards a 25bp cut to 4.00%. Peru economic activity is continuing to grow around its potential rate, and the policy rate is already very close to neutral, limiting the urgency for a further cut at this juncture. However, continued FX strength presents a downside risk to the inflation outlook, even as the headline inflation rate remains near the bottom of the BCRP's 1-3% target range. As such, risks remain skewed to a further 25bp policy rate cut in the coming meetings.

Friday 12th

- **Brazil October Services Volume (Prior: 4.1% Y/Y)**
- **Mexico October Industrial Production (Prior: -2.4% Y/Y)**

N.B. All estimates via the Bloomberg analyst survey as of 05/12/25

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