LATAM Week Ahead: Banxico Minutes, Colombia GDP, Peru & Brazil Economic Activity

Brazil and Argentina local markets will be closed for the carnival holidays on Monday and Tuesday, alongside the US also being out for the Presidents' Day holiday on the Monday. Brazil will then have a late open on Ash Wednesday.

Next week's regional calendar will be highlighted by the latest publication of Banxico minutes, following the board's decision to pause the easing cycle on February 05. Markets will be looking for any signals surrounding how long the policy pause could last. In terms of data, Colombia will report fourth quarter GDP, December economic activity and trade balance figures, while Peru and Brazil economic activity data are also scheduled.

One of the key political developments to monitor in the region will be in Colombia, where the announcement of the minimum wage decree suspension (*see macro insights below*) has stoked volatility in financial markets. President Petro has already called for a meeting to coordinate a new decree. Elsewhere, Peru lawmakers have been gathering support to call for a debate on ousting President Jeri, providing an interesting backdrop ahead of the April election.

Sunday 15th

- **Peru December Economic Activity (Est: +2.8% Y/Y, Prior: +1.5% Y/Y)**
- **Peru January Unemployment Rate (Prior 5.0%)**

Peru economic activity fell for the first time since May in November, declining by 0.4% m/m amid weakness in the mining and fishing sectors. Manufacturing and construction activity was more resilient, while service sector activity also rose slightly m/m. Despite this, forward looking business indicators continue to point towards a robust growth outlook, and the labour market remains tight, with the unemployment rate falling to a new series low of 5.0% in December. Activity is expected to have picked up slightly in December, ensuring a modest expansion in the economy over the quarter, taking full-year GDP to over 3%, close to potential.

Monday 16th

- **Colombia Q4 GDP (Est: +3.0% Y/Y; Prior: +3.6% Y/Y)**
- **Colombia December Economic Activity (Prior: +3.1% Y/Y)**

Recent Colombian activity data suggest that the economy has lost some momentum in the face of the restrictive monetary policy stance. However, domestic demand remains robust, contributing to the central bank's concerns about the inflation outlook. In Q4, the economy is expected to have grown by around 1% q/q, bringing the annual rate down slightly to 3.0% y/y. Despite this, rising inflation pressures on the back of the large minimum wage hike are still expected to prompt another large BanRep rate hike next month, perhaps of 75bp.

Tuesday 17th

- **Colombia December Trade Balance (Prior: -$1,550mn)**

Wednesday 18th

- **BCB Focus Survey**

With the BCB having signalled a likely start to an easing cycle next month, incoming inflation and inflation expectations data will be important for determining the size of the first rate cut. While longer-term inflation expectations remain unanchored above target, end-2026 CPI estimates have been edging lower, dipping to 3.97% last week. For now, analysts remain split between prospects for a 25bp or 50bp cut on March 18.

- Argentina January Budget Balance (Prior: -ARS2,876.4tn)

Thursday 19th

- **Brazil December Economic Activity (Est: +2.3 Y/Y, Prior: +1.25% Y/Y)**
- **Banxico Minutes**

Banxico will publish the minutes to its Feb 5 MPC meeting, when it left its policy rate unchanged at 7.00%, as widely expected. The decision to pause the easing cycle came as inflation has remained above expectations, prompting the Board to push back the projected convergence to target until Q2 2027. However, the statement maintained a dovish bias, keeping the door open to a possible cut as soon as next month. Despite this, Deputy Governor Heath struck a cautious tone this week about prospects for a resumption of the easing cycle, saying that core inflation must show a clear downward trend before the central bank can begin to cut again. With Heath sceptical about the projected convergence of inflation to target, the minutes will be scrutinised for further details on the other members of the Board's thinking.

- **Argentina January Trade Balance (Prior: +$1,892mn)**

Friday 20th

- **Mexico December Retail Sales (Prior: +4.4% Y/Y)**
- **Mexico Citi Economist Survey**

N.B. All estimates via the Bloomberg analyst survey as of 13/02/26

Key Technical Levels:

USDMXN: Trend Structure Remains Bearish, Short-Term Gains Corrective

• RES 2: 17.6716 50-day EMA and key resistance

• RES 1: 17.3652 20-day EMA

• PRICE: 17.1806 @ 16:15GMT 13/02/26

• SUP 1: 17.1055 Jan 28 / Cycle Low

• SUP 2: 16.9806 3.000 projection of the Nov 5 - 13 - 21 price swing

USDBRL: Fresh Cycle Low In USDBRL

• RES 2: 5.3220 50-day EMA and key resistance

• RES 1: 5.2585 20-day EMA

• PRICE: 5.2315 @ 16:15GMT 13/02/26

• SUP 1: 5.0787 76.4% retracement of the 2023 - 2024 bull leg

USDCLP: Trend Needle Points South

• RES 2: 886.90 50-day EMA

• RES 1: 866.92 20-day EMA

• PRICE: 863.85 @ 16:15GMT 13/02/26

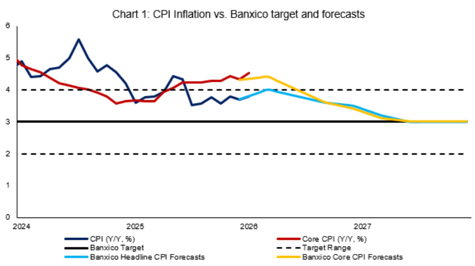
• SUP 1: 845.72 1.618 projection of the Apr 9 - Jul 2 - Jul 30 2025 price swing

• SUP 2: 833.73 76.4% retracement of the 2023 - 2025 bull phase

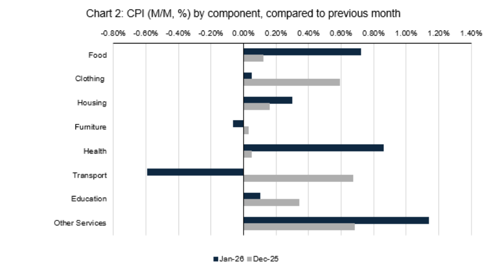
MNI LatAm Macro Insights

Mexico: Banxico Might Not Cut In H1 Amid Persistent Core CPI Pressures

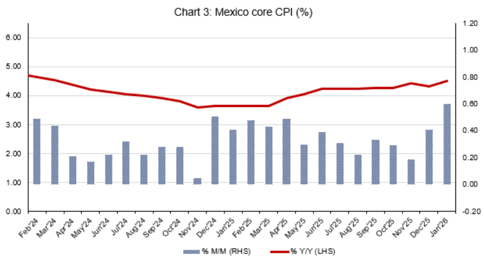
- Inflation pressures picked up broadly as expected in January, following the recent excise tax and tariff hikes, pushing the core rate further above the 4% target range ceiling. Having paused its easing cycle as expected last week, these data will reinforce the suggestion that the central bank will take its time to assess the incoming data before considering a resumption of the easing cycle.
- As noted previously, MNI understands that the central bank wants to see whether inflationary pressures dissipate before resuming its easing cycle, and might not cut in the first half of the year, with some board members seeing room for possibly only 1-2 further 25bp reductions if the outlook allows. In contrast, most analysts still expect the next rate cut at the May or June meetings. (See the MNI review **here**.)
- Headline inflation ticked up in January as processed food prices rose in the first half of the month following the excise tax hike. Core goods prices also picked up on the back of the increase in tariffs on some Asian imports. This is likely to feed through further in the near-term, potentially lifting inflation a little higher next month. After that however, weak domestic activity should gradually weigh on services inflation (+4.48% y/y in Jan), bringing overall inflation lower. Banxico now sees convergence to target in Q2 2027.



Source: MNI/INEGI/Banxico



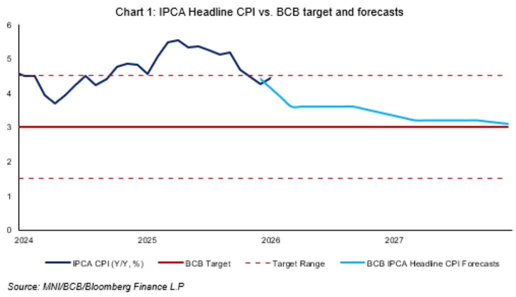
Source: MNI / INEGI / Bloomberg Finance L.P

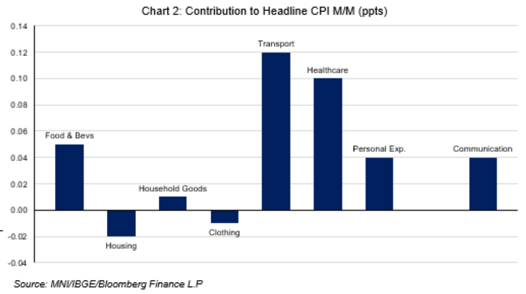


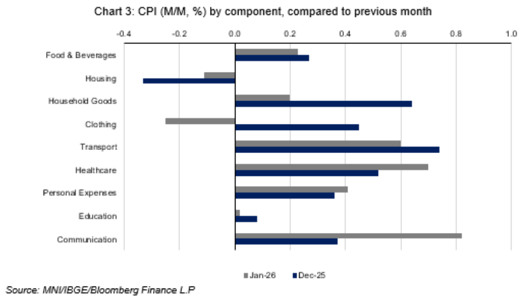
Source: MNI / INEGI / Bloomberg Finance L.P

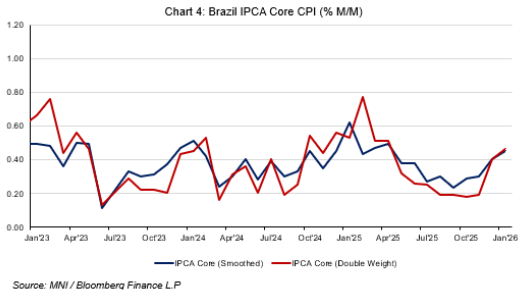
Brazil: Moderation of Core Inflation Creates Space for Start of Easing Cycle

- January IPCA inflation data keep the door open to a 50bp Selic rate cut next month, although they don't swing the case decisively either way between a possible 25bp or 50bp move. DI swap rates were little changed on the data, with yields edging slightly lower, in line with the move in core rates. Analysts continue to expect 275bp of rate cuts this year, slightly less than market pricing.
- Despite a marginally-larger-than-expected uptick in headline inflation in January, it remains below the BCB 4.5% target range ceiling. Higher transport prices over the month drove the increase amid higher fuel prices and an increase in public transport costs.
- Meanwhile, core inflation eased by 17bp to 4.44% y/y, helped by a moderation in services inflation. Despite this, services inflation remains elevated, particularly among the labour-intensive components, supporting the BCB's still cautious stance. BCB Governor Galipolo signalled caution this week ahead of the imminent easing cycle, noting the resilience of economic activity and still tight labour market.
- Following the data, Goldman Sachs says that inflationary pressures among services are still intense (core services at 5.56% y/y), although they note that goods inflation (2.4% y/y) continues to improve, helped by BRL appreciation. Overall, they believe that tight monetary policy is operating as expected, creating policy space to begin a rate normalisation cycle next month. The next Copom meeting is on March 18.









Peru: MNI BCRP Preview – February 2026

POV: Little Urgency To Cut Further (Full PDF publication: https://mni.marketnews.com/3Zw1rdK)

- The BCRP is widely expected to leave its benchmark reference rate unchanged at 4.25% for a fifth consecutive meeting in February, as inflation is converging to the 2% target and economic activity remains around its potential rate.
- The Board is likely to maintain a data dependent stance, keeping the door open to a further rate cut. However, with the policy rate already close to neutral there is little urgency to move at this juncture.
- Additionally, analysts believe that the policy rate will not be used as an instrument to lean against PEN appreciation pressures.

Peru: MNI BCRP Review – February 2026

POV: Central Bank on Hold at 4.25%, Statement Tweaks on ToT

- The BCRP left the reference rate unchanged at 4.25% at its February meeting, in line with survey expectations. The full statement is here: https://www.bcrp.gob.pe/eng-docs/Monetary-Policy/Informative-Notes/2026/informative-note-february-2026.pdf
- There were some notable tweaks to the fifth consideration within the statement, upgrading the outlook for global economic activity to “stronger-than-expected growth” and referencing the terms of trade for the Peruvian economy as “exceptionally favourable”. Both these factors are hawkish at the margin and point to the BCRP keeping the reference rate steady ahead. The guidance paragraph remained unchanged.
- In terms of inflation forecasts, the statement noted that one-year ahead expectations dipped to 2%, the mid-point of the target range.

Chile: Robust Growth Outlook Offers Further Tailwind for CLP

- Amid a pick-up in copper prices, USDCLP continues to hover in close proximity to recent cycle lows, with scope seen for an extension towards 845.72, the 1.618 projection of the Apr 9 - Jul 2 - Jul 30 2025 price swing, and 833.73, the 76.4% retracement of the 2023 - 2025 bull phase. As noted previously, very favourable terms of trade and optimism surrounding the pro-business policies of the incoming government continue to provide a tailwind for the peso, while the BCCh also nears the end of its easing cycle.

- According to the latest BCCh traders survey, market participants now expect the central bank to deliver the final 25bp rate cut at the March MPC meeting, earlier than April seen previously. As with the equivalent analyst survey earlier in the week, the policy rate is then expected to remain on hold through the remainder of this year.
- Despite expectations for a rate cut next month, BofA believes that it is not necessary for the BCCh to act. Further ahead, they see risks of potential hikes in early 2027, given prospects for strong economic growth amid high copper prices and pro-growth policies. Besides, low inflation in the short term is in part due to transitory shocks in their view, while real wage gains continue and services inflation is sticky.
- BofA believes break-evens could move higher if the central bank cuts in March, while growth continues to accelerate. Market pricing currently implies the first rate hike around mid-2027, but BofA thinks the market is underestimating how quickly the conversation could shift, suggesting paying 5y CLP swaps could be attractive.

Colombia: Inflation Pressures Mount After Min Wage Increase, 75bp March Rate Hike Seen (Feb 09)

- January CPI data released late last week came in slightly below expectations but still showed an increase of inflation as the impact recent aggressive minimum wage hike begins to feed through. Going forward, inflation looks set to rise further over the coming months, keeping pressure on BanRep to continue with its front-loaded hiking cycle.
- Headline CPI inflation rose to 5.35% y/y in January, up from 5.10% previously, but just below the 5.40% consensus. Core ex-food inflation also rose by 30bp to 5.41% y/y (vs. 5.59% expected), while BanRep's preferred core ex-food and regulated prices measure rose by 0.98% m/m and 5.39% y/y (vs. 5.02% previously). Within core, services prices rose by 1.18% m/m, lifting the annual rate there by 40bp to 6.33% y/y, offsetting a moderation in core goods inflation momentum.
- Going forward, inflation is likely to rise about 6% this year on the back of the 23% minimum wage hike, with the central bank now expecting it to end the year at 6.3% (vs. 3.6% forecasted previously). The recent BanRep minutes confirmed that the majority group of the Board are concerned about the threat to the central bank's inflation fighting credibility and will continue with front loaded-rate hikes, with analysts expecting as much as 200bp of additional tightening this year.
- Goldman Sachs view this reading as broadly consistent with Banrep's updated inflation forecast path and with their own expectation for a 75bp hike on March 31. Meanwhile, JP Morgan emphasises the concerning underlying inflation dynamics, particularly the increase in core services momentum, which is most closely linked to domestic demand. They too expect a further 75bp hike at the March meeting.

Colombia: Minimum Wage Decree Suspension Buoys Market Optimism (Feb 13)

- On Friday, it was announced that Colombia's Council of State has provisionally suspended the effects of the decree that established the 23% minimum wage increase in late December. It is a precautionary measure adopted by a presiding magistrate ordering the government to issue a new temporary decree within eight days, in accordance with current legal and constitutional parameters.
- Despite Interior Minister Armando Benedetti detailing that the Government had expected the suspension, and the fact it is listed as a precautionary measure, front end IBR swap rates have declined significantly – with the 1- and 2-year segment of the curve initially falling by around 30bps.
- The reactions seem driven by two factors; first of all, the fact that BanRep have already started their tightening cycle with an aggressive 100bp rate hike (using the minimum wage hike announcement as part of their assessment). If the central bank were aware of the decision potentially being altered or overturned, the size of the board's hike may have been very different. Secondly, analysts have been quick to point out that if the minimum wage decree can be stopped by court, it underpins that strong institutional framework exists in Colombia, potentially easing investor concerns and boosting local sentiment.
- Benedetti stated that the suspension goes against the constitution and has warned of a serious problem as some workers have already received higher wages. This was backed up by labour minister Sanguino who said the government will defend the initial plans for a 23% increase.
- What happens next?
- Well, the new decree to be issued within 8 days needs to have a full economic justification attached to it. Benedetti seems clear that the numbers were based on the need to strive for achieving a living wage of 2 million pesos, showcasing some initial figures that prompted the administration's decision. However, the suspension creates a complex regulatory vacuum, given that many companies have already made January payments at the new rate, and there is no certainty that the administration will be able to defend the original decision's legality based on international mandates. It is yet another blow to Petro's reform agenda, something that has plagued his term.

- In a pre-election context, Benedetti acknowledged that this court decision could energise the discourse of certain sectors. “Petro is going to argue that this is the wealthy stealing from the poor,” said Sergio Guzmán, director at Colombia Risk Analysis.
