

Latam Week Ahead: Brazil Interest Rate Decision, Chile / Argentina Q4 GDP

The BCB monetary policy meeting is in focus next week, where the Copom is widely expected to begin an easing cycle following the decline of inflation and improvement in near-term inflation expectations. Uncertainty over the global outlook, however, is likely to keep the BCB cautious and the market remains split over whether it will start with a 25bp or 50bp cut. Elsewhere, Chile's economy is expected to have recovered in Q4, supported by a rebound in the mining sector, reinforcing expectations that the BCCh may push back its next rate cut until later in the year. The Argentinian economy also ended the year on a solid footing, although persistent inflation pressures remain a risk to domestic demand ahead.

Sunday 15th Mar

-  **Peru January Economic Activity (Est: +3.7% Y/Y; Prior +3.8% Y/Y)**
-  **Peru February Unemployment Rate (Prior 6.3%)**

Peru economic activity is expected to have risen by 3.7% y/y in January, keeping growth close to its potential rate. After leaving interest rates unchanged again this week, the central bank said that leading indicators are still showing good performance, while current indicators remain within "optimistic territory", despite some softening recently. Meanwhile, the BCRP still sees a positive outlook for global growth, despite the increase in global risks. With a temporary increase of inflation projected near-term, the central bank is widely expected to remain on hold for the foreseeable future.

Monday 16th Mar

-  **BCB Focus Survey**
-  **BCB January Economic Activity (Prior: +3.05% Y/Y)**

Brazil economic activity looks to have edged up on the month in January, following a 1.8% m/m jump in industrial production and gains in retail sales and service activity. However, the annual rate of growth is likely to have decelerated towards 1% y/y, from 3%, consistent with other signs that the very tight monetary policy stance is gradually weighing on the economy.

-  **Colombia January Retail Sales (Prior: +11.0% Y/Y)**
-  **Colombia January Industrial Production (Prior: -0.2% Y/Y)**




Colombia retail sales are likely to have continued growing near a double-digit pace in January, as consumer spending remains supported by a tight labour market and strong government spending. In contrast, industrial production is likely have remained weak, amid subdued manufacturing activity, although annual growth should have risen into positive territory on the back of firmer mining activity.

-  **Argentina February Budget Balance (Prior: ARS +3.126tn)**

Tuesday 17th Mar

- **No major data releases**

Wednesday 18th Mar

-  **Chile Q4 GDP (Prior: -0.1% Q/Q)**
-  **Chile Q4 GDP (Prior: +1.6% Y/Y)**
-  **Chile Q4 Current Account (Prior: -\$4,599mn)**

Chile's economy is likely to have recorded a modest rebound over the fourth quarter, after contracting by 0.1% q/q in Q3, driven by a recovery in mining activity from temporary disruption in August. On an annual basis, growth is expected to have

ticked up to 1.7% y/y, according to the monthly activity indicator, taking full-year growth to 2.3% (vs. 2.6% in 2024). Looking ahead, new President Jose Antonio Kast promised to revive the economy following his inauguration this week, pledging to cut corporate taxes and red tape, including measures to speed up approvals of mining permits. Analysts see the economy growing by around 2.5% this year, according to latest consensus forecasts.

-  **Colombia January Economic Activity (Prior: +1.7% Y/Y)**

Colombia's economy looks to have grown by around 2% y/y in January, supported by strong consumer spending and an improvement in mining activity. Robust domestic demand risks adding to already elevated inflation pressures, likely prompting the central bank to deliver another interest rate hike at its MPC meeting at the end of this month.



-  **Argentina Q4 Unemployment Rate (Prior: 6.6%)**
-  **Copom Selic Rate Decision (Est: 14.63%; Prior: 15.00%)**

The Copom is widely expected to begin an easing cycle on Wednesday, although the market remains split over whether it will start with a 25bp or 50bp move. Despite uncertainty over the outlook for the conflict in the middle east and the associated surge in crude oil prices, BCB director Nilton David said last week that the guidance for a calibration of monetary policy this month remains valid. The decline of CPI inflation and near-term inflation expectations indicate that the tight monetary policy stance is working. However, longer-term expectations remain unanchored and are still far from target, suggesting that the Copom will proceed cautiously with rate cuts and keep monetary policy well inside restrictive territory for some time.




Thursday 19th Mar

-  **BCCh Traders Survey**

Chile's central bank traders survey will include market participants forecasts for the interest rate outlook, ahead of the March 24 monetary policy meeting. Last week's equivalent economist survey revealed that analysts now expect the BCCh to remain on hold this month amid the uncertainty of the middle east conflict, with forecasts for the final 25bp rate cut to 4.25% being pushed back to the middle of the year.

-  **Colombia January Trade Balance (Prior: -\$1,178mn)**
-  **Argentina February Trade Balance (Prior: +\$1,987mn)**
-  **Argentina March Consumer Confidence (Prior: 44.4)**

Friday 20th Mar

-  **Mexico Q4 Aggregate Supply & Demand (Prior: +1.1% Y/Y)**
-  **Argentina Q4 GDP (Prior: +0.3% Q/Q)**
-  **Argentina Q4 GDP (Prior: +3.3% Y/Y)**

A much better-than-expected 1.8% m/m rebound in economic activity in December suggests that the economy grew by 0.8% q/q in Q4, following a 0.3% q/q expansion in Q3. In annual terms, GDP growth is likely to have slowed towards 2% y/y, from 3.3% in Q3, amid weakness in the manufacturing sector, where production fell by 4.8% y/y. Other sectors look to have recorded positive y/y growth, however. For the full year, real GDP is expected to have risen by 4.4%, after contracting over the two previous years. Looking ahead, analysts see GDP rising by 3.4% this year, according to the latest BCRA survey.

-  **Mexico Citi Economist Survey**

N.B. All estimates via the Bloomberg analyst survey as of 13/03/26

Key Technical Levels:

USDMXN: Recent Gains Highlight Bullish Corrective Cycle

- RES 2: 18.1273 61.8% retracement of the Nov 5 '25 - Feb 18 bear leg
- RES 1: 18.0409 Jan 09 high
- PRICE: 17.9291 @ 16:30GMT 13/03/26
- SUP 1: 17.5642 50-day EMA and initial support
- SUP 2: 17.0866 Feb 18 low and key support

USDBRL: Medium-Term Bearish Theme Still Intact

- RES 1: 5.4237 Jan 14 high
- PRICE: 5.2885 @ 16:30GMT 13/03/26
- SUP 1: 5.1157 Feb 27 low and key support
- SUP 2: 5.0787 76.4% retracement of the 2023 - 2024 bull cycle

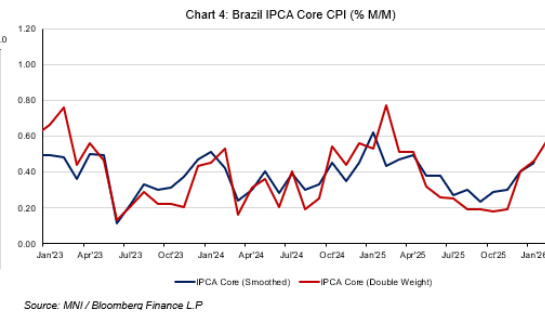
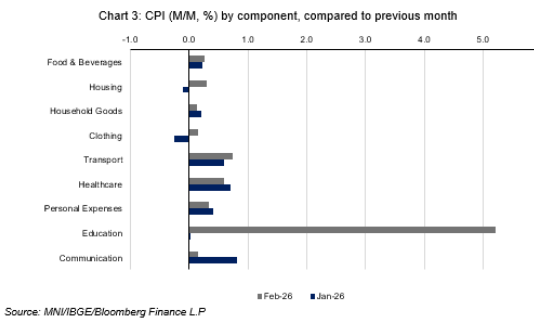
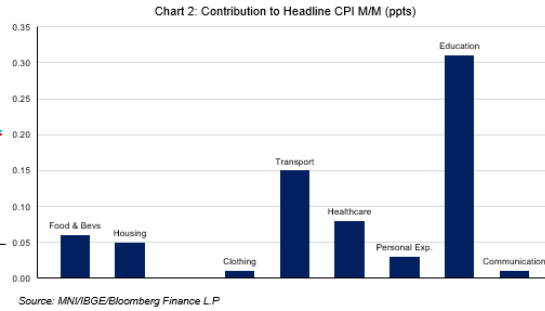
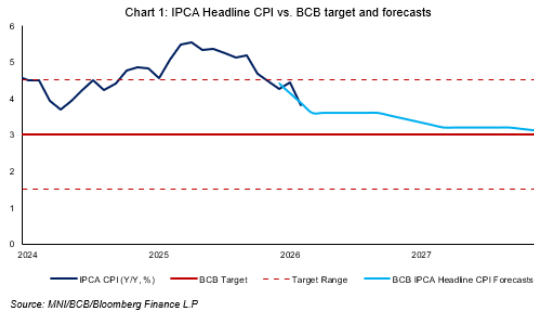
USDCLP: Bull Cycle Still in Play

- RES 2: 952.22 76.4% retracement of the Jul 30 '25 - Feb 9 bear leg
- RES 1: 932.94 61.8% retracement of the Jul 30 '25 - Feb 9 bear leg
- PRICE: 917.44 @ 16:30GMT 13/03/26
- SUP 1: 887.59 50-day EMA and initial firm support
- SUP 2: 851.35 Feb 9 low and key support

MNI Macro Insights

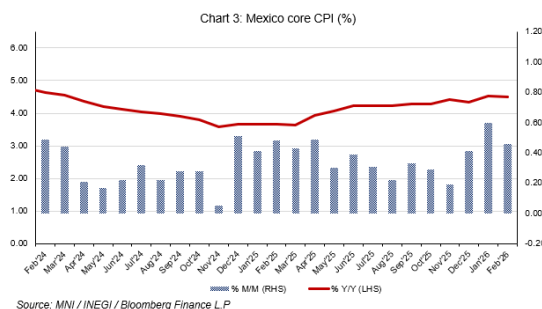
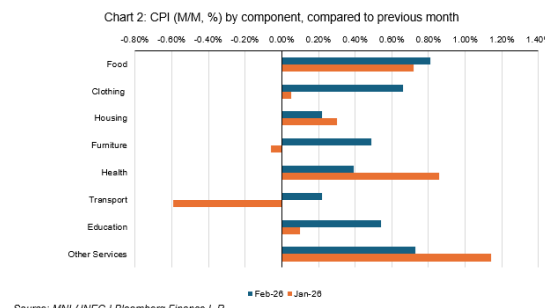
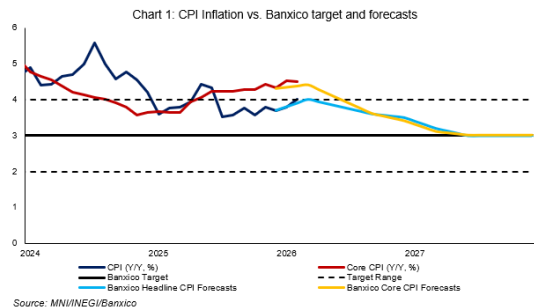
Brazil: Persistent Core CPI Pressures Suggest Cautious Start to BCB Easing Cycle

- Latest IPCA inflation data have been superseded by developments in the middle east, although the decline of headline inflation to a 22-month low in February does still support expectations for a start to the BCB's easing cycle next week. With DI swap rates under pressure following the slight upside surprise, however, the market is now leaning towards an initial 25bp cut next Wednesday, rather than 50bp. USDBRL has also rallied further, although this is a reflection of broader geopolitical concerns, rather than idiosyncratic domestic factors.
- As expected, monthly inflation rose on the back of a seasonal increase in education and higher fuel and transportation costs. Despite this, favourable base effects still brought the annual rate below 4% y/y for the first time since May 2024, in line with the BCB's projections (see Charts below). The surge in global energy prices present an upside risk to these projections, however, and the government announced a decision to zero out PIS and Cofins taxes on diesel prices today to counter this.
- Meanwhile, the average of the core inflation indices also ticked up to 0.6% m/m, lifting the annualised rate of core inflation to 4.3% y/y. Within core, an acceleration in services inflation will remain a concern for the BCB, given attention on the still tight labour market.
- As a result, the BCB is likely to proceed with its easing cycle in a cautious manner, keeping monetary policy in restrictive territory for some time. With global uncertainty elevated, BCB director Nilton David said recently that the BCB may change course if the scenario changes. For now, analysts see the Selic rate falling to 12-12.25% by the end of this year, according to the latest BCB's Focus survey.



Mexico: Sticky Services Inflation Pressures Support Rate Cut Caution

- The larger-than-expected increase of headline inflation to just above the top of Banxico 2-4% target range ceiling in February, and persistent core inflation pressures, add to risks that Banxico extends the pause in its easing cycle later this month. Market reaction to the data was limited, however, as focus remains on geopolitical developments in the middle east and the associated surge in oil prices and pressure on MXN.
- The data left headline and core inflation tracking close to Banxico's Q1 projections. However, core inflation has yet to show a clear downward trend, which hawkish board member Deputy Governor Heath has said is a requirement for a resumption of rate cuts. Within core, good inflation ticked down to 4.49% y/y in H2 Feb, but services inflation was steady around 4.46% y/y, keeping it within the recent 4.4-4.5% range.
- Although other Board members have been more dovish than Heath, the upside risks to inflation from higher energy prices and weaker peso, and uncertainty over the outlook, may prompt a cautious stance at the March 26 MPC meeting. Following the hawkish global rate repricing, TIEE-F swap rates no longer price a rate cut this month.
- Indeed, while CIBC does not anticipate Banxico signalling a departure from its dovish stance at this point (they still expect two 25bp cuts this year), they believe the timing of future cuts could be influenced by the duration of oil supply disruptions. They believe that Banxico may wait until Q2 to cut again if these disruptions persist.



🇵🇪 Peru: MNI BCRP Preview – Mar 2026: Hold Seen Amid Mounting Risks

- The BCRP is widely expected to leave its benchmark reference rate unchanged at 4.25% for a sixth consecutive meeting in March after CPI inflation surprised to the upside last month.
- With inflation now close to the BCRP's 2% target and the economy still growing around its potential rate, there is little urgency to cut rates further at this juncture.
- In addition, the outbreak of the conflict in the middle east and subsequent surge in oil prices warrants a cautious stance for now.
 - The full MNI preview with analyst views is [here](#).

🇵🇪 Peru: BCRP on Hold as Expected, Sees Temporary Upside Pressures on Inflation

- The BCRP left its reference rate unchanged at 4.25% for a sixth consecutive meeting last night, as was widely expected. The accompanying policy statement struck a slightly more cautious tone, noting the increase in global risks and temporary upside pressures to inflation from various supply shocks. Nonetheless, the Board maintained a data dependent stance, with unchanged forward guidance, and analysts continue to expect the BCRP to remain on hold for the foreseeable future
- On inflation, the Board said that the increase in February was mainly due to increases in water rates and supply-side factors impacting food prices. Going forward, it still expects inflation to “remain around 2 percent over the projection horizon”. However, it expects inflation to move temporarily to the upper end of the 1-3% target range in the near-term, due to various supply side shocks.
- Meanwhile, economic activity remains around its potential level, with leading indicators still showing “good performance”. However, the committee notes some softening of current indicators, although it says they remain within “optimistic territory”. Despite the increase in global risks, it says that the outlook for global growth remains positive.
- Overall, the Board reiterated that future rate adjustments will depend on new information about inflation, particularly core inflation, inflation expectations and economic activity. The next MPC meeting is scheduled for April 09.

🇨🇱 Chile: President Kast Promises to Fight Crime, Revive the Economy

- In his first speech following his inauguration, new President Jose Antonio Kast said that his government will be focused on fighting crime and irregular migration, while also reviving the economy. His speech came after he had already signed decrees to increase border security and cut red tape for businesses, including measures to speed up mining permit processing. Kast also said the government would conduct a total audit of its spending.
- Although Kast's pro-business policies should be supportive for the peso medium-term, further gains in crude weighed on the Chilean peso in the latter part of the week, with USDCLP rising back above the 900 level. The recent breach of the 50-day EMA signals the start of a stronger corrective phase, with scope for climb to 932.94 next, the 61.8% retracement of the Jul 30 '25 - Feb 9 bear leg. Initial firm support is 887.59, the 50-day EMA.
- Focus next week turns to Q4 GDP data on Wednesday, which will be the last key data ahead of the March 24 BCCh MPC meeting. Amid the ongoing geopolitical uncertainties, analysts now expect the central bank to remain on hold this month, with forecasts for the final 25bp rate cut have been pushed back to the middle of the year.

🇨🇴 Colombia: Sentiment Buoyed by Primary Election Results, But Fiscal Risks Remain

- Surging oil prices have continued to provide a tailwind for the Colombian peso this week, which has outperformed peers once again. In addition, the market-friendly outcome in the recent presidential primaries, which revealed a decisive victory for Senator Paloma Valencia in the right-wing vote, also provided support to local sentiment.
- Swap rates fell by 20bp, aided also by softer-than-expected Feb CPI inflation data last Friday, while USDCOP fell by ~2%, leaving the pair lower since the outbreak of the conflict in the middle east.
- As noted previously, however, fiscal and political uncertainties remain a risk to the local outlook, and left-wing candidate Ivan Cepeda is still favourite to win the May 31 presidential election.
- As such, CIBC says that they would avoid chasing USD/COP lower below 3700. Similarly, Barclays thinks the COP could underperform as the presidential election nears, noting that political polarisation and fiscal uncertainty are likely to keep risk premia elevated.

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