

Latam Week Ahead: Chile, Brazil, Colombia Rate Decisions, Mexico Q1 GDP

In Chile, the BCCh is likely to remain on hold at 4.50% on Tuesday as it remains in a data dependent mode and takes its time to assess the impact of the Iran war on the economy. Meanwhile, the BCB is expected to continue with its cautious easing cycle and deliver a second consecutive 25bp Selic rate cut to 14.50% on Wednesday, despite the recent increase in inflation expectations, as monetary policy remains well inside restrictive territory. In contrast, BanRep looks set to deliver a further 50bp rate hike to 11.75% in another split decision on Thursday, as a majority of the Board remains concerned about rising inflation pressures following the aggressive minimum wage increase. On the data front, the Mexican economy is expected to have contracted over the first quarter of the year, keeping the door open to a possible Banxico rate cut next month.

Monday 27th Apr

-  **BCB Focus Survey**

Ahead of Wednesday's Copom meeting, attention will remain on the BCB's Focus survey of economists amid an increase in inflation expectations in recent weeks. In the latest survey, the end-2026 CPI estimate increased to 4.80%, from 4.71%, while the end-2027 estimate rose by another 8bp to 3.99%, well above the central bank's 3% target.

-  **Brazil March Outstanding Loans (Prior: +0.4% M/M)**
-  **Mexico March Trade Balance (Prior: -\$462.8mn)**

Tuesday 28th Apr






-  **Brazil H1 April IPCA-15 Inflation (Est: 4.45% Y/Y; Prior: +3.90% Y/Y)**

Brazil IPCA inflation looks set to rise further in the first half of April, driven by higher food and fuel prices, which could lift the headline rate to around 4.5% y/y. Core inflation is also likely to come in close to the 4.5% ceiling of the BCB's target range, reinforcing expectations that the central bank will remain cautious in the early stages of its easing cycle.

-  **BCCh Interest Rate Decision (Est: 4.50%; Prior: 4.50%)**

The BCCh is expected to keep its reference rate unchanged at 4.50% as it remains in a data dependent mode and takes its time to assess the impact of the Iran war on the economy. Inflation has edged higher and is expected to rise significantly in the near-term due to the surge in global energy prices. For now, however, the board expects inflation pressures to fade in the medium-term, while it remains particularly watchful for any second-round effects or persistence of inflation from the shock. Latest central bank survey data suggest that both economists and market participants expect the BCCh to remain on hold throughout the rest of the year.





Wednesday 29th Apr

-  **BCCh March Unemployment Rate (Prior: 8.3%)**
-  **Colombia March Industrial Confidence (Prior: +0.9)**
-  **Colombia March Retail Confidence (Prior: +22.6)**
-  **Brazil March Central Gov't Budget Balance (Prior: -BRL30.0bn)**
-  **BCB Interest Rate Decision (Est: 14.50%; Prior: 14.75%)**




The Copom looks set to continue with a gradual easing cycle and deliver a second consecutive 25bp Selic rate cut to 14.50%. While monetary policy remains highly restrictive, inflation expectations are still unanchored and have risen again recently amid the surge in global energy prices, warranting a cautious stance at this juncture. BCB officials continue to say that monetary policy is working, but after recent upside inflation surprises and against an uncertain external backdrop, they

have not provided any guidance on the size of the next rate cut and note that the final size of the monetary policy calibration is open.






Thursday 30th Apr

-  **Brazil March Primary Budget Balance (Prior: -BRL16.4bn)**
-  **Brazil March Unemployment Rate (Est: 6.1%; Prior: 5.8%)**
-  **Mexico Q1 GDP (Est: -0.6% Q/Q; Prior: +0.9% Q/Q)**
-  **Mexico Q1 GDP (Est: +0.7% Y/Y; Prior: +1.8% Y/Y)**

Weak Mexico economic activity data at the start of the year suggest that the economy contracted in the first quarter amid persistent trade and tariff uncertainties. Analysts expect real GDP to have fallen by 0.6% q/q, bringing the annual rate of growth down to just +0.7% y/y. The data are likely to bolster the views of the dovish majority on the board, raising the probability of another interest rate cut on May 07.

-  **Chile March Retail Sales (Prior: +5.4% Y/Y)**
-  **Chile March Industrial Production (Prior: -1.3% Y/Y)**
-  **Chile March Copper Production (Prior: 378,554 tonnes)**

Chile retail sales are expected to have edged up on the month, keeping the annual rate of growth close to 5% y/y. Meanwhile, industrial production looks to have rebounded on the month in March, supported by a recovery in manufacturing. However, unhelpful base effects mean that the annual rate of growth is likely to stay in negative territory.

-  **Mexico March Net Outstanding Loans (Prior: MXN 7,250bn)**
-  **Mexico March Public Balance (Prior: -MXN 96.5bn)**
-  **Brazil March Formal Job Creation (Est: +187,500; Prior: +255,321)**
-  **Colombia March Urban Unemployment Rate (Est: 9.1%; Prior: 9.2%)**
-  **BanRep Interest Rate Decision (Est: 11.75%; Prior: 11.25%)**

BanRep is expected to continue its hiking cycle with another 50bp increase in the policy rate to 11.75%. Although the Board remains very divided, a majority is likely to vote for a further hike given ongoing concerns about rising inflation and inflation expectations following the aggressive minimum wage increase. Although there has been some uncertainty over whether the meeting will go ahead, following Finance Minister Avila's withdrawal from the Board last month, he has since indicated he will rejoin the Board to continue the debate on interest rates.

Friday 1st May

-  **Peru April CPI Inflation (Prior: +2.38% M/M)**
-  **Peru April CPI Inflation (Prior: +3.80% Y/Y)**

Following the sharp spike last month amid various supply shocks, Peru CPI inflation is likely to remain relatively stable in April, keeping it above the ceiling of the central bank's 1-3% target range. However, BCRP Governor Velarde has said that it would be premature to hike interest rates at this juncture, and he still believes that the spike will be temporary. As such, the central bank looks set to remain on hold at its next monetary policy meeting on May 14.

N.B. All estimates via the Bloomberg analyst survey as of 24/04/26

Key Technical Levels:

USDMXN: Peso Dips Continue to be Supported

- RES 2: 17.5530 50-day EMA
- RES 1: 17.4607 20-day EMA and initial resistance
- PRICE: 17.4036 @ 16:30BST 24/04/26
- SUP 1: 17.0866 Feb 18 low and key support
- SUP 2: 17.0000 Psychological support

USDBRL: Medium-Term Bearish Theme Intact

- RES 2: 5.1466 50-day EMA
- RES 1: 5.0607 20-day EMA and initial firm resistance
- PRICE: 5.0052 @ 16:30BST 24/04/26
- SUP 1: 4.9401 April 23 Low
- SUP 2: 4.8032 Medium-term support at December 2023 low

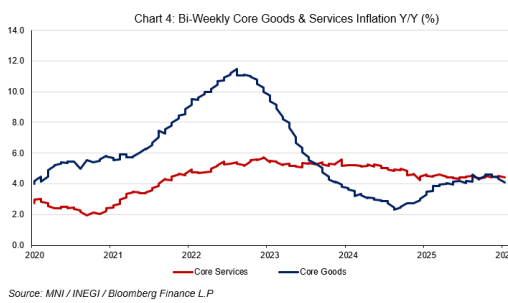
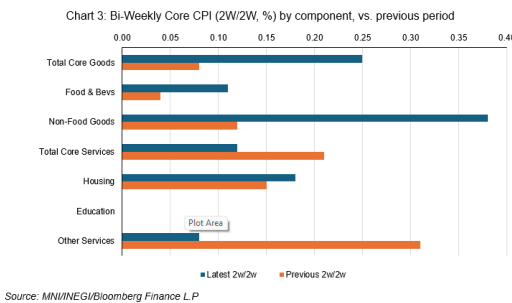
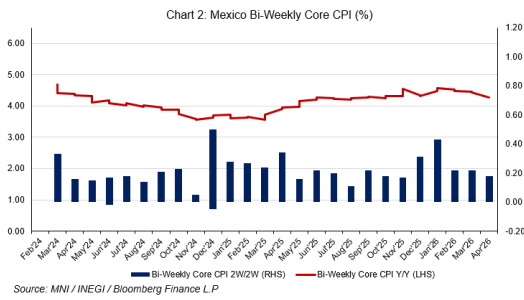
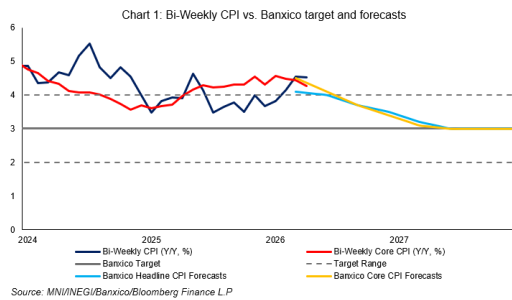
USDCLP: Recent Weakness Undermines Bull Theme

- RES 2: 939.70 Mar 20 high and key resistance
- RES 1: 898.14 50-day EMA and initial firm resistance
- PRICE: 895.16 @ 16:30BST 24/04/26
- SUP 1: 872.20 76.4% retracement of the bull leg between Feb 9 - Mar 20
- SUP 2: 851.35 Feb 9 low and key support

MNI Macro Insights

Mexico: Easing Core CPI Pressures Keep Door Open to May Banxico Rate Cut

- The decline of core inflation in H1 April to its lowest level since October, and weak Feb retail sales data, will reinforce expectations that Banxico will deliver another rate cut this quarter, potentially as soon as the next meeting on May 7. While elevated non-core inflation kept the headline rate above 4.5% y/y, a moderation in both core goods and services inflation helped to drive the core rate lower.
- Headline inflation continues to track above the central bank's forecasts (see Chart 1 below) due to a jump in fruit and veg prices (+23% y/y) amid adverse weather conditions. This lifted non-core inflation to 5.41% y/y in H1 April, from 4.92% previously. However, the majority of the central bank board is still likely to see this shock as temporary, which in their view will not derail the expected convergence of inflation to target.
- Importantly, core inflation is moderating in line with expectations, driven by FX strength and subdued domestic demand. The continued resilience of the peso should help to bring core goods inflation (4.10% y/y in H1 April vs. 4.33% prev.) down further ahead, while weak activity should help to curtail services inflation. For now, however, core services inflation remains elevated (4.44% y/y vs. 4.53% prev.), warranting some caution ahead.
- While Banxico Deputy Governor Heath still thinks that the central bank should not cut, he told MNI recently that the majority of the board is considering a rate cut next month if April inflation improves. If it does not, he said that they are still likely to vote for a cut in June. Economists currently lean towards a final cut in June, according to this week's Citi survey. Full April CPI data are due just ahead of the rate decision on May 7.



🇲🇽 Mexico: Economic Activity Data to Bolster Banxico Doves, Q1 GDP Next Week

- While USDMXN has been primarily driven by broader dollar sentiment, the weaker-than-expected economic activity has assisted the modest bounce from 17.38 lows. February data showed the economy contracted by 0.26% Y/y, below the expected expansion of 0.7%, which underscores the central bank's concern over the growth trajectory.
- As a reminder, Banxico stated in March that “economic activity showed significant weakness at the beginning of 2026” and despite the uncertainty surrounding the outcome of the Middle Eastern conflict “the environment of uncertainty continues posing downward risks.”
- With mid-April inflation data doing little to move the needle, the activity figures will likely bolster the views of the dovish majority on the board, raising the probability of another rate cut on May 07. Preliminary Q1 GDP figures will be released next Thursday.
- Despite a modest recovery this week, the recent sharp sell-off in USDMXN highlights a clear reversal of the bull cycle between Feb 18 - Mar 31. Furthermore, initial 20-day EMA resistance has held this week, signalling scope for an extension towards key support at 17.0866, the Feb 18 low.

🇧🇷 Brazil: Fresh Cycle Low for USDBRL as BCB Seen Staying Cautious Next Week

- Robust commodity prices and still very attractive carry dynamics continue to support the Brazilian real, which edged up to a fresh cycle high against the US dollar this week. Though off those highs now, BRL is still trading in a resilient manner as the market awaits clarity on developments in the Middle East.
- From a technical perspective, a medium-term bearish theme in USDBRL remains intact, with this week's fresh cycle low (4.9401) reinforcing the current technical downtrend. Below here, a key medium-term level is at 4.8032, the December 2023 low. Initial firm resistance is at 5.0605, the 20-day EMA.
- With inflation expectations still unanchored and continuing to rise amid the energy shock, according to this week's BCB Focus survey, the central bank is likely to proceed cautiously with its easing cycle next week. This would keep the policy rate deep inside restrictive territory, potentially supporting the attractiveness of BRL from a carry standpoint.
- Amid robust activity data and near-term inflation pressures, JP Morgan now expects 25bp Selic rate cuts in both April and June (vs. 50bp cut in April seen previously), although they maintain a 10% terminal rate in 2027. Similarly, Goldman Sachs now sees a 25bp cut next week (vs 50bp before) and a 13.00% year-end rate.
- Mid-month IPCA inflation data cross next Tuesday, just ahead of the April 29 rate decision.

Colombia: Swap Rates Underperform Amid Further Min Wage Hike Threat

- IBR swap rates came under pressure this week, partly reflecting concerns that inflation pressures could rise further if President Petro follows through on his warning to hike the minimum wage again before the end of his term. Yields rose by as much as 45bp in the long end of the curve over the week, following the news.
- As a reminder, the president said in a televised cabinet meeting that the government may take measures to offset the impact of higher borrowing costs if the central bank continues to hike interest rates. He said that this could include a further increase in the minimum wage before the end of his term and imposing further import tariffs.
- The existing 23% hike in the minimum wage for this year has already prompted the central bank to hike by 200bp over the last two meetings as it now expects inflation to exceed 6% in the coming months. Analysts currently expect another 50bp rate hike next week, followed by two 25bp moves to a 12.25% peak. However, a further increase in the minimum wage could see the hiking cycle extend beyond July.

Colombia: Finance Minister Avila to Return to BanRep Board

- Amid ongoing divisions within the BanRep board, Finance Minister Avila said this week that he is willing to return to the board to continue the debate over interest rates. His return comes just in time for next week's monetary policy meeting, which had been at risk of being cancelled if Avila did not attend. Recall that at the previous meeting in March, Avila voted once again for a 50bp rate cut, against the majority decision to deliver another 100bp hike. The latest BanRep analyst survey suggests that a further 50bp hike is expected on April 30.
- Indeed, BanRep board member Olga Lucia Acosta said at a pension event that investors can be confident that the central bank remains committed to achieving its inflation target. Despite Avila's denial, she said that there's evidence the 23% min wage hike has impacted inflation, particularly core, and that rate hikes have been painful but necessary.

Peru: Election Run-Off Race Still Neck-and-Neck

- With the presidential election count remaining in a slow final stage now, the race for the second run-off spot remains extremely tight, with leftist candidate Roberto Sanchez marginally increasing his slender lead over right-wing candidate Rafael Lopez Aliaga. With 93.9% of ballots counted, Sanchez is on 12.010% and Lopez Aliaga on 11.917%, a lead of just 14,785 votes. As noted, the final outcome, and which candidate joins front-runner Keiko Fujimiro in the June run-off, may not be known until early/mid-May.
- Away from the on-going election count, the next tier-one data will be April CPI inflation on May 1. Despite the sharp jump of inflation (to 3.8% y/y) last month, BCRP Governor Velarde has said that it would be premature to hike interest rates at this juncture. He still believes that the spike in inflation will be temporary and that inflation will converge to target on the projected horizon.
- Meanwhile, BCRP board member Diego Macera told MNI recently that he hopes that inflation will be within the 1-3% target range by year-end and closer to the 2% target by 2027. With the policy rate near neutral, and with inflation picking up and the economy running hot, he indicated that there is no room to cut interest rates. As such, the policy rate looks set to remain on hold for the immediate future. The next BCRP interest rate decision is due on May 14.

Chile: Government's Key Economic Bill Seen Weighing on Revenue

- The government sent its key National Reconstruction Plan to Congress this week, which seeks to boost economic growth through a series of measures, including cuts in corporate tax and incentives to stimulate investment and boost employment.
- The bill will also be marginally expansive fiscally near-term, according to Finance Minister Quiroz, and the budget office said that it expects the net impact on government revenue to be negative for at least the next five years.
- It forecasts a CLP 838bn reduction in revenue this year, potentially rising to CLP 1.6tn in 2028. However, Quiroz said that the impact on revenue will be more than offset by efforts to reduce spending. He expects both chambers of Congress to approve the bill by June.

Argentina: Reserves rise \$1.5bn in Q1, on Course to Increase \$8bn this Year: BCRA

- The BCRA said this week that net international reserves rose by \$1.5bn in the first quarter of the year. The central bank also said that cumulative net FDI inflows from the RIGI investment programme had reached \$762mn in the first quarter. Looking ahead, the BCRA expects net reserves to have risen by \$3.5bn by the end of the second

quarter and \$8bn by the end of the year. This would match forecasts from the IMF, with Western Hemisphere Deputy Director Luis Cubeddu saying recently that he sees reserves rising at least \$8bn this year.

- As noted previously, the IMF's Cubeddu praised the government's progress under the \$20bn EFF programme last week, which he said should give the country more sustainable access to international capital markets over time. The IMF remains on track to give final approval on the second review of the loan programme around mid-May, after reaching a staff level agreement this month.
- This would release the next \$1bn tranche of the loan, while the government has also reached agreements with the World Bank and IDB recently, which have almost completed the government's financing needs for the year.

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