Macro scenario - Global

April 30, 2026

Central banks remain cautious, awaiting greater clarity on the war

- **Geopolitics:** Opponents show little willingness to escalate the conflict, but also little will to end it. The current equilibrium is unstable and the path toward normalizing the flow of ships in the Middle East is tortuous, implying higher oil prices.
- **United States:** Solid activity, lower downside risk to employment, and upside risks to inflation keep the Fed on hold this year.
- **Europe:** Rates on hold at 2.0%, for now, but the scenario is conditional on the duration of the conflict.
- **China:** No need for stimulus, for now, amid resilient exports.
- **Latin America:** Uneven growth, higher inflation, and tougher policy choices.

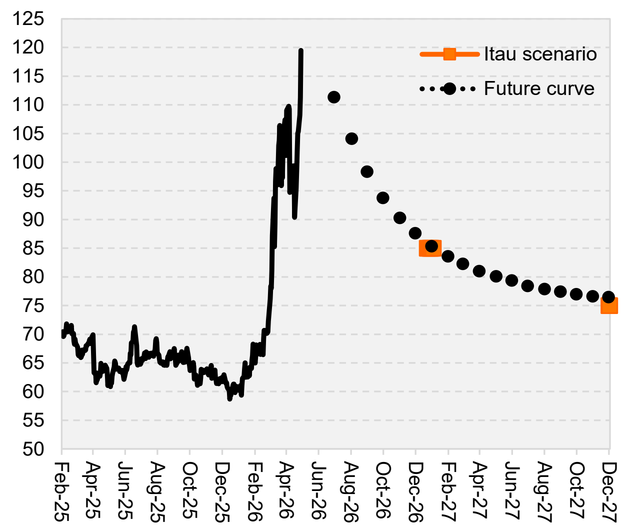
Elevated energy prices keep central banks cautious

We have updated our oil scenario, now assuming a resolution of the conflict in Iran by the end of May (vs. end of April, previously). The path to normalization in the region remains tortuous, but we see less willingness for a re-escalation of the war.

The conflict between the U.S., Israel, and Iran remains without a clear resolution for normalizing the flow of oil in the Middle East. On one hand, the parties have agreed to a ceasefire, signaling little appetite for further military escalation. On the other, the U.S. has moved to enforce a blockade of the Strait of Hormuz to apply economic pressure on the Iranian regime, which had previously been benefiting from controlling shipping traffic in the region.

We expect an agreement announcement toward a resolution in the Strait of Hormuz in May, and incorporating recent events, we revised our oil scenario to an average price of USD 85 per barrel by end-2026 (vs. USD 75 per barrel previously). The higher price in 2026 relative to the prior scenario reflects a larger geopolitical risk premium, only partial normalization of flows in the region, and a potential increase in demand for global inventory rebuilding.

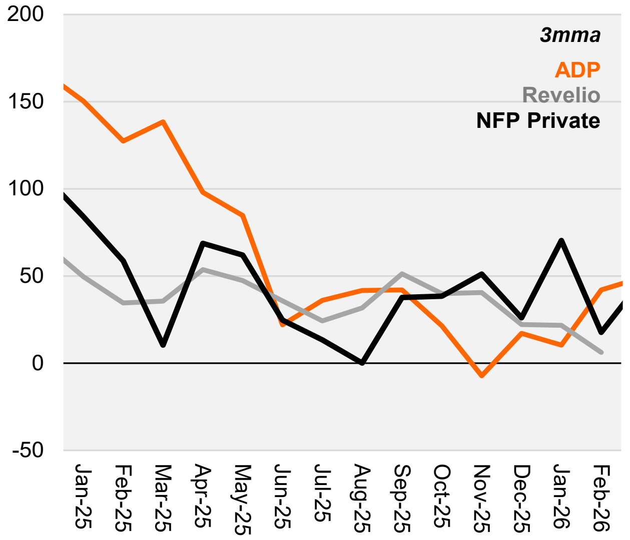
Oil scenarios (US$/bbl) in the next months



Source: Bloomberg, Itaú

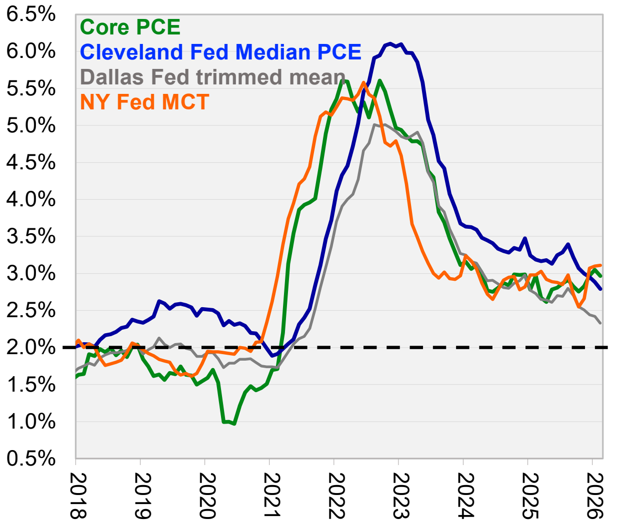
In the U.S. economy, activity remains solid, with lower downside risks in the labor market. We estimate GDP growth of 2.5% in 1Q26 on a quarter-over-quarter annualized basis. In addition, employment metrics suggest some rebound (see chart) and unemployment has resumed declining (from 4.4% in February to 4.3% in March), as consensus consolidates that the pace of job growth consistent with a stable unemployment rate is now close to zero.

Private payroll growth (thous.)



Source: Bloomberg, Itaú

Core PCE inflation – 12 months



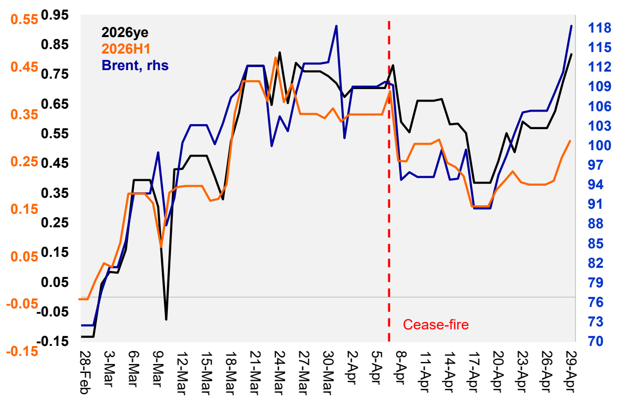
Source: Bloomberg, Itaú

Against this backdrop, and given upside risks to inflation, the Fed is unlikely to cut rates this year. We estimate that core PCE reached 3.2% yoy in March (up from 3.0% in February) and 4.1% on a quarter-over-quarter annualized basis (up from 3.7%), significantly above target. The energy shock has so far produced only incipient signs in the current readings, but should contribute to keeping inflation elevated and far from target. Second-round effects, such as rising inflation expectations, are risks that could alter the scenario more broadly and should be monitored by the Fed.

With the end of the Justice Department investigation, Kevin Warsh should soon be confirmed as the new Fed Chair and participate in the central bank's June meeting. We do not expect a significant change in the reaction function with the leadership transition. In his confirmation hearing, Warsh noted a preference for underlying trend metrics — specifically trimmed means — for analyzing inflation, but only some of them show any deceleration (see chart below). It also remains uncertain whether Powell will continue on the Committee, as his term as Chair expires in May, while his term as an FOMC member runs until 2028.

In Europe, monetary policy remains conditional on oil price developments. For now, we maintain our view that interest rates will remain unchanged at 2.0%, given our expectation that the conflict will be resolved in May. Should oil prices remain around US$120 per barrel, at least two rate hikes would be required. Although there are already signs of the direct impact of the energy shock, central bank members have signaled that there is no urgency to raise rates, given the uncertainty surrounding the persistence of the conflict. With the ECB's reaction closely tied to oil price scenarios, rate pricing has become highly correlated with the movement of the commodity at the margin. As we expect a resolution of the conflict over May and a decline in oil prices to around US$85 per barrel, we believe the European Central Bank will keep interest rates unchanged at the current 2.0% level.

ECB: rates change priced in vs Brent in 2026



Source: Bloomberg, Itaú

In China, growth continues to be supported by exports and, as a result, we do not see the need for additional stimulus at this point. GDP grew 5.0% yoy in the first quarter, with manufacturing and exports remaining the main engines of activity. Looking ahead, it is important to monitor a possible slowdown in the global economy on the back of the oil shock, which could raise the need for stimulus to support domestic demand. We maintain our growth forecasts at 4.7% in 2026 and 4.5% in 2027.

LatAm: uneven growth, higher inflation, tougher policy choices.

Activity: bridge over troubled water

Growth prospects across Latin America in 2026 remain uneven, reflecting divergent domestic fundamentals and external exposures. Mexico and Chile sit at the softer end of the spectrum, while parts of the Andean and Southern Cone provide selective support.

Mexico remains the regional laggard with GDP growth revised down to 1.1% (from 1.5%), following a weak start to the year and contracting activity in early 2026. While a modest recovery is expected in the second half of the year (supported by improving domestic demand and transitory World Cup-related effects), risks remain skewed to the downside if confidence and investment fail to rebound.

Chile's growth momentum has also weakened significantly. GDP is expected to expand 2.1% in 2026, with downside risks stemming from weak domestic demand, tight credit conditions, softer labor markets, and higher energy costs. Mining-related investment and still-supportive metal prices provide some offset, but near-term activity remains fragile ahead of a gradual recovery expected in 2027.

Elsewhere, Argentina stands out on the upside, with GDP expected to grow 3.5%, supported by a strong agricultural harvest, easing financial conditions, and resilient investment. That said, growth remains uneven, as private consumption is constrained by falling real wages.

Peru continues to display solid macro resilience, with GDP growth projected at 3.1%. Favorable terms of trade, strong mining investment, and healthy carryover into 2026 provide a key buffer against political uncertainty and temporary supply disruptions. While consumption remains relatively supported by labor market dynamics, momentum may soften marginally in the near term.

Colombia's 2026 GDP growth forecast was trimmed to 2.1% (from 2.3%), following weak early-year data. Despite some stabilization in consumer sentiment, fiscal pressures, policy uncertainty, and tight financial conditions continue to weigh on investment and overall momentum.

Inflation: forecasts revised up on higher oil prices and rising El Niño risks

Inflation dynamics have deteriorated across most countries, largely reflecting higher global energy prices and renewed supply-side shocks.

Chile is entering a period of front-loaded inflation pressure. Energy passthrough has lifted headline inflation, with year-end inflation now expected at 4.3%. Core inflation remains better behaved, but near-term dynamics complicate the policy outlook amid weakening growth.

In Mexico, even though headline inflation at the margin has been above the historical average, core dynamics remain favorable, reinforcing the view that underlying price pressures are easing and that recent shocks do not yet exhibit major effects. Our yearend inflation forecast remains unchanged at 4.1% in 2026 and 3.8% in 2027.

In Argentina, renewed upside inflation surprises prompted a revision of the 2026 inflation forecast to 30%. While monthly inflation is expected to decelerate as fuel prices stabilize, underlying pressures remain elevated and inflation expectations have increased.

Peru's inflation temporarily breached the target range following energy price shocks and gas supply disruptions. As a result, the 2026 inflation forecast was revised up to 2.8%, although inflation is expected to re-enter the target band by year-end as transitory shocks fade.

Colombia faces the most persistent inflationary pressures. Higher energy prices, indexation effects from the minimum wage hike, and rising climate risks pushed the 2026 inflation forecast to 7.0%, with core inflation remaining elevated.

Monetary policy: tradeoffs intensify

Monetary policy tradeoffs have sharpened across the region.

Mexico remains the outlier, with Banxico expected to deliver one final 25bp cut to 6.5%, likely marking the end of the easing cycle before a prolonged hold.

In Chile, policy risks are asymmetrically skewed toward a prolonged hold at 4.5%, or even a mild tightening, as the central bank prioritizes anchoring inflation expectations despite weakening growth.

Argentina's central bank has reduced short-term rate volatility through operational fine-tuning, supporting a more accommodative financial backdrop without abandoning disinflation goals.

Peru's central bank remains on hold at 4.25%, viewing recent inflation pressures as transitory.

Colombia has turned more firmly hawkish, with the expected terminal rate lifted to 12.5%, mainly reflecting persistently above target inflation expectations.

The rising probability of an "El Niño" weather shock to the region this year adds a layer of uncertainty to our forecasts. For context, the phenomenon is associated with unusually warmer ocean temperatures in the Pacific Ocean that leads to changes in rain patterns throughout the region, generally stretching from excess rainfall, floods, landslides on the Pacific coast, to droughts and heatwaves in Mexico and northern South America.

We interpret the weather phenomenon as yet another negative supply shock, disrupting agricultural production and supply chains, adding to inflationary pressures, especially in Colombia and Mexico. Regarding risks to economic activity, an intense El Niño phenomenon would likely have a greater transitory impact on Perus agro-fishing sector. In contrast, greater rainfall in Chile tends to drive a marginal increase in hydroelectricity generation, and hence a slight bump in GDP.

Key Electoral Dates through 2027		
Argentina	August 8, 2027	Primary Elections (PASO)
	October 24, 2027	Presidential and Congressional Elections
	November 21, 2027	Presidential runoff (if needed)
	December 10, 2027	New presidential and congressional terms begin
Brazil	October 4, 2026	General Elections - 1st round
	October 25, 2026	General Elections - 2nd round
	January 4, 2027	New presidential and congressional terms begin
Colombia	March 8, 2026	Congressional Elections & Interparty Presidential Primary
	March 13, 2026	Deadline to determine presidential candidates
	May 31, 2026	Presidential first-round
	June 21, 2026	Presidential runoff (if needed)
	July 20, 2026	New Congress begins its term
	August 7, 2026	New President takes office
Mexico	June 6, 2027	Midterm Elections in 17 Gubernatorial seats
Peru	April 12, 2026	General Elections
	June 7, 2026	Presidential runoff (if needed)
	July 28, 2026	New presidential and congressional terms begin
	October 4, 2026	Regional and Municipal Elections

Source: Itaú based on official sources.

Global | Forecasts and Data

	2023	2024	2025	2026F		2027F	
				Current	Previous	Current	Previous
GDP Growth							
World GDP growth - %	3.2	3.2	3.3	**3.3**	3.4	**3.4**	3.4
USA - %	2.9	2.8	2.1	**2.6**	2.6	**2.2**	2.2
Euro Area - %	0.5	0.9	1.5	**0.9**	0.9	**1.2**	1.2
China - %	5.4	5.0	5.0	**4.7**	4.7	**4.5**	4.5
Inflation							
U.S. Core CPI - %, eop	3.9	3.2	2.6	**3.2**	3.2	**3.3**	3.5
Interest rates and currencies							
Fed Funds - %, eop	5.38	4.52	3.63	**3.63**	3.63	**3.13**	3.13
U.S. 10 Year Treasury - %, eop	3.88	4.58	4.18	**4.25**	4.25	**4.00**	4.00
USD/EUR - eop	1.10	1.04	1.17	**1.18**	1.16	**1.18**	1.16
CNY/USD - eop	7.13	7.30	6.99	**6.90**	6.90	**6.90**	6.90
DXY Index* - eop	101.3	108.5	98.3	**98.2**	99.4	**97.8**	99.0

Source: IMF, Bloomberg and Itaú

* The DXY is a leading benchmark for the international value of the U.S. dollar, measuring its performance against a basket of currencies that includes the euro, yen, pound, Canadian dollar, Swiss franc and Swedish krona.

Compared scenario

World

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	3.3	**3.3**	3.4	**3.4**	3.4

Latin America and Caribbean

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	2.6	**2.5**	2.5	**2.5**	2.5

Brazil

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	2.3	**1.9**	1.9	**1.7**	1.7
BRL / USD (eop)	5.47	**5.15**	5.40	**5.35**	5.60
Monetary Policy Rate (eop,%)	15.00	**13.25**	13.00	**12.25**	12.00
IPCA (%)	4.3	**5.2**	4.5	**4.3**	4.1

Mexico

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	0.6	**1.1**	1.5	**1.8**	2.0
MXN / USD (eop)	18.0	**18.4**	18.8	**18.9**	19.3
Monetary Policy Rate (eop,%)	7.00	**6.50**	6.50	**6.50**	6.50
CPI (%)	3.7	**4.1**	4.1	**3.8**	3.8

Argentina

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	4.4	**3.5**	3.5	**3.0**	3.0
ARS / USD (eop)	1459	**1700**	1700	**2100**	2000
Reference rate (eop,%)	27.0	**26.0**	30.0	**25.0**	25.0
CPI (%)	31.5	**30.0**	27.5	**25.0**	21.0

Chile

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	2.5	**2.1**	2.1	**2.8**	2.8
CLP / USD (eop)	900.6	**880.0**	880.0	**860.0**	860.0
Monetary Policy Rate (eop,%)	4.50	**4.50**	4.50	**4.50**	4.50
CPI (%)	3.5	**4.3**	4.1	**3.0**	2.9

Colombia

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	2.6	**2.1**	2.3	**2.3**	2.3
COP / USD (eop)	3757	**3600**	3700	**3600**	3700
Monetary Policy Rate (eop,%)	9.25	**12.50**	12.00	**11.00**	10.75
CPI (%)	5.1	**7.0**	6.7	**5.7**	5.7

Peru

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	3.4	**3.1**	3.1	**3.0**	3.0
PEN / USD (eop)	3.36	**3.40**	3.40	**3.40**	3.40
Monetary Policy Rate (eop,%)	4.25	**4.25**	4.25	**4.25**	4.25
CPI (%)	1.5	**2.8**	2.5	**2.2**	2.3

Paraguay

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	6.6	**4.0**	4.0	**4.0**	4.0
PYG / USD (eop)	6598	**6450**	6650	**6500**	6650
Monetary Policy Rate (eop,%)	6.00	**5.50**	5.50	**5.50**	5.50
CPI (%)	3.1	**3.5**	3.5	**3.5**	3.5

Uruguay

	2025	2026		2027	
		Current	Previous	Current	Previous
GDP (%)	1.8	**1.2**	1.2	**1.5**	1.5
UYU / USD (eop)	39.0	**39.5**	39.5	**40.0**	40.0
Monetary Policy Rate (eop,%)	7.50	**5.75**	5.75	**6.50**	6.50
CPI (%)	3.6	**4.9**	4.5	**4.5**	4.5

Source: Itau

Commodities

	2020	2021	2022	2023	2024	2025	2026F		2027F	
							Current	Previous	Current	Previous
Brent Oil (USD/bbl)	50	75	82	77	73	61	**85**	75	**75**	75
Iron Ore (USD/tonne)	153	116	110	135	103	104	**95**	95	**75**	75
Copper (USD/tonne)	7788	9525	8402	8489	9030	11763	**11050**	11050	**11050**	11050
Corn (Usd/bu)	437	592	656	480	444	444	**450**	450	**420**	420
Soy (Usd/bu)	1207	1290	1474	1311	984	1077	**1100**	1100	**1000**	1000
Wheat (Usd/bu)	604	790	749	619	548	532	**600**	600	**610**	610
Sugar (Usd/lb)	15	19	20	22	20	15	**15**	15	**16**	16
Coffee (Usd/lb)	123	235	166	188	321	360	**300**	300	**250**	250

Source: BBG, Itaú

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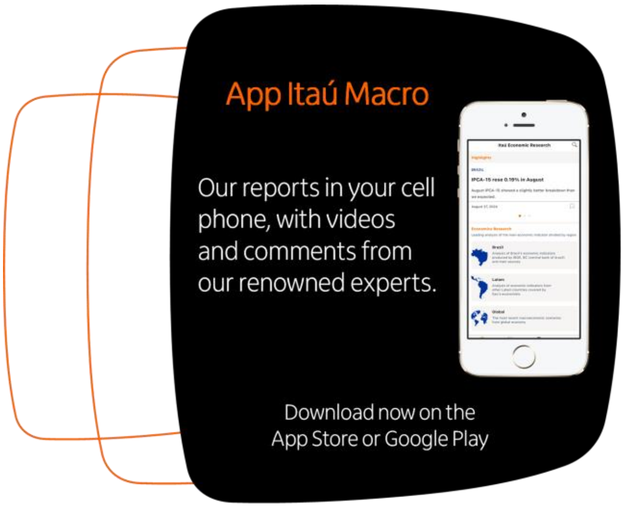

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