



Latam Focus

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Quarterly Call Q4



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Quarterly Call – Latam Outlook

Latin America continues to be a region full of ever changing situations, in which investors can find attractive investment alternatives if they are willing to endure their fair share of volatility and political developments. As we have mentioned on previous occasions, against a backdrop where politics continue to be the main factor, the region has exhibited an outperformance of most of its currencies and local-currency fixed income. Thus, let us review the latest developments of the countries we follow in the region to understand what occurred in the last quarter, and what lies ahead for the remainder of the year.

Argentina

The situation in Argentina remains murky, with the country having to balance several factors that change by the hour. Against a backdrop of constant economic

deterioration encapsulated by inflation hitting its highest point since 1991 and economic activity seeming to lose steam, the focus remains on the presidential elections that will take place on October 22. According to several electoral polls performed in August, the libertarian candidate Javier Milei was still the frontrunner; however, in a poll conducted by Proyección Consultores at the beginning of September, Sergio Massa emerged as the frontrunner, while Patricia Bullrich, the opposition's candidate, was proving unable to garner the support of the former voters of Horacio Rodríguez Larreta, her former contender. However, after Bullrich appointed Carlos Melconían as her economic advisor and tilted her discourse towards a more economic focus, it seems like her campaign gained some steam, setting these elections to be a three-way race.

The Milei dominance is relevant when taking into account his economic proposals, in which he plans to dollarize the Argentinian economy and eliminate the Central Bank. Moreover, another key proposal of Milei is based on reversing the interventionist policies implemented by the current administration while also dismantling the country's use of statist economic policies.

Nonetheless, considering that the current Congress is dominated by the opposition, Milei will probably face opposition to several of his proposals, especially the dollarization of the economy. This is a delicate matter for Milei; as such, he has stated his willingness to organize a non-binding plebiscite to demonstrate its popularity. This situation only adds to Argentina's challenging international reserves environment, with the country's net reserves in negative territory by at least USD 4bn as of August 31st. Moreover, the next IMF review is scheduled for November after the first round of the presidential elections. If Milei were to win the race to the Casa Rosada, the IMF program would likely undergo a significant change.

Another topic that lately has been at a crossroads is the

discussion around the 2024 budget. While Massa and the current administration advocate for the budget submission to fall into the established guidelines – namely before the October elections take place –they have encountered resistance from Milei, who vouches for the budget to be presented after the elections. The 2024 budget was presented on September 15; however, Massa agreed to postpone its discussion after the balloting.

Brazil

For Brazil, August's inflation reading surprised markets to the downside after posting a yearly variation of 4.61%, which further set the stage for the Central Bank's committee – COPOM – to continue with the implementation of a looser monetary policy. Taking a more granular approach, it is relevant to highlight the decrease observed in food and beverage prices, which had a negative contribution for the third consecutive month. In contrast, once the one-time discounts implemented in July faded, electricity bills increased in August. According to market analysts, this inflation reading should help offset the negative feelings towards inflation expectations that, for 2023, remain above the Central Bank's target.

Against this backdrop, in its latest monetary policy meeting, the COPOM effectively maintained its cutting stance by reducing the SELIC rate by 50bps to 12.75%. In this meeting, the COPOM stated that Brazil's economic activity had proven more resilient than expected, but the Committee continues to expect further deceleration. Moreover, the COPOM highlighted the observed increase in headline inflation that contrasts with a decrease of several underlying inflation measures, even if those remain above target. Furthermore, the committee stressed the need to persist in the implementation of a tighter monetary policy until the disinflationary process consolidates and inflation expectations finish their anchoring process; nonetheless, the COPOM

unanimously stated that further reductions of the same magnitude of the Selic rate may occur in upcoming meetings, as long as the scenario evolves within the committee's expectations, and after noting that the total magnitude of the easing cycle will depend on the inflation dynamics.

Going forward, it would be relevant to monitor any developments related to the fiscal front. The topic has become so crucial that the COPOM mentioned its concern about potential changes to fiscal targets during its latest meeting. The statement comes after Brazil approved a new fiscal framework proposed by President Lula, which was considered crucial for preventing a public debt crisis. Furthermore, the Lula administration presented its 2024 budget that was portrayed as a balanced alternative, in which the Ministry of Finance announced its intention to reach a 0% primary balance target by that year while compensating the planned increase in spending with tax hikes. The fact that the COPOM had reincluded a fiscal stance in its post-meeting press release was seen as a sign that changing the fiscal target would have direct consequences on monetary policy.

Chile

As the Boric administration wraps up its second year in office, it faces more challenges than imagined. After the rejection of the first constitutional draft presented last year and the establishment of the Constitutional Council, this entity started to vote on the contents of a new draft after the modifications presented by a group of experts. It is relevant to keep in mind that the voting process finished on October 4, and the new constitution will be revised before the new draft is due on November 7. According to market analysts, the new Constitution is expected to be more conservative than its predecessor, considering that the right-wing Republican Party holds 22 seats of the Council, followed by

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the center-right party Chile Safe with 11. These two parties account for the necessary three-fifths majority to approve norms on a stand-alone basis, but that does not mean they will vote on all the norms as a bloc.

Switching the attention from the political focus, the Chilean Central Bank was one of the first ones to start implementing an easier monetary policy on the back of dwindling inflation and an economy that is technically in recession if we consider that its GDP has been on the negative ground for three consecutive quarters. Thus, the Central Bank kicked off its easing cycle with a 75bps cut in September, leveraging the current behavior of inflation expectations that are now at the 3% target for their two-year reference. Moreover, the Committee stated that the upcoming rate decisions will remain dependent on the evolution of the macroeconomic backdrop and how this may affect inflation and inflation expectations.

On the inflationary front, August's print surprised the market to the downside by exhibiting a steeper decline on an annual basis, mainly due to decreases in food and energy prices. Meanwhile, core inflation maintained its downward trend after posting a negative monthly variation. Even if this was a positive surprise that will be taken into account by the Central Bank in its October meeting, the convergence process still faces upside risks stemming from higher oil prices and climate risks in the form of El Niño that could jeopardize the disinflationary trend observed until now.

Colombia

On the macroeconomic front, Colombia has seen a setback in its activity indicator for July, maintaining the downward trend observed since its peak in April 2021. Nonetheless, when reviewing the GDP data released in August for 2Q23, the same setback was observed on the back of dwindling consumption and an accelerated growth of government spending. Moreover, inflation aligned with market expectations in September, even if regulated prices and services inflation remained stickier. Against a backdrop of stickier inflation, BanRep will likely maintain its monetary policy rate on hold for longer than expected, considering that it may take longer for inflation to reach its target. This statement was reaffirmed by the latest BanRep meeting, in which most of the Committee voted to maintain the monetary policy rate stable, whereas two members favored a 25bps cut. BanRep also highlighted that economic activity remains above the trend it would have reached had the pandemic not occurred, and that it would not be prudent to begin an easing cycle whose sustainability would face future challenges.

For the remainder of the year, the focus will be split between the regional elections in October and the development of Petro's reforms in Congress. Regarding the regional elections, the government will likely see its political power diminished since the Pacto Histórico, Petro's party, does not have strong candidates competing in the main races for governor or mayor. Even in

Bogotá, a city that has been more left-leaning in the last election cycles, a more traditional candidate like Carlos Fernando Galán is leading the polls. Moreover, as Congresspeople tend to devote more of their attention to the regional elections than to congressional discussions, it would not be surprising to see a stalling in the reform debates – at least until the October 29 elections are a thing of the past.

Of the three main reforms that were part of Petro's government program, the one with the highest probability of being approved with the current stance is the pension reform, followed by the health reform. However, the approved version of the pension reform, which has already withstood one of its four votes in Congress, will probably be a watered-down version of the initial text presented in March. As for the labor reform, the government proposed a new – albeit very similar to the previous version – iteration of its text in August, which reduces its odds of being approved. Lastly, according to the Economist Intelligence Unit – EIU –, the government has had to engage in individual negotiations with centrist lawmakers to get the health reform project beyond the initial deliberation stage.

Mexico

Mexico is now ready for the presidential race to begin. AMLO's party, Morena, announced that former mayor of Mexico City Claudia Sheinbaum would be its candidate for the election. In contrast, the opposition parties, now gathered in the Frente Amplio por México coalition that includes traditional parties like the Institutional Revolutionary Party – PRI – and the National Action Party – PAN –, united behind Senator Xochitl Gálvez.

Even if the opposition has gained ground amongst voters because of the internal controversies surrounding Sheinbaum's appointment and AMLO's evident displeasure for Gálvez that led to him attacking her directly on national TV, Claudia Sheinbaum is still

favored to win the 2024 presidential elections. Nonetheless, as some analysts have pointed out, there are plenty of reasons for AMLO to be nervous if the support for Gálvez continues to grow. Still, the race is only nascent, and the road to the June 2 elections is in its early stages.

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On the macroeconomic front, Mexico reported a solid expansion for its 2Q23 GDP due to substantial construction numbers and a mild setback from the services sector. Moreover, consumption remained on positive ground, whereas government spending decreased slightly over the quarter. Nonetheless, economic activity for July portrayed a setback, which could eventually translate into a further deceleration of the GDP in upcoming quarters. Moreover, inflation continued its downward trend in August but did so at a slower pace. Even if energy prices posted a negative annual variation, they reversed course, and the existing base effect may lead to additional higher prints in the upcoming months. Considering the current backdrop, most analysts are penciling in rate stability from Banxico over the near term since inflationary pressures may still be latent, together with strong domestic demand that upholds a positive output gap. This stance was confirmed in Banxico's September meeting, in which the Committee unanimously favored rate stability, against a backdrop of a more gradual inflation descent

that, coupled with a challenging outlook with inflation risks skewed to the upside, led Banxico to consider that it will be necessary to maintain the policy rate at its current level for a prolonged period.

Peru

As seems to be the trend in the region, Peruvian inflation has eased since its peak in June 2022. Even if it remains above the Central Bank's target, the setback observed in its August reading, together with a decrease in inflation expectations, were enough arguments for the Committee to begin its easing cycle with a 25bps cut in September. Still, the Central Bank stressed that this initial move was not equivalent to future subsequent movements and that it will remain data-dependent while monitoring inflation and its related variables.

On the activity front, the Peruvian economy completed its second quarter of posting negative growth in 2Q23 against a backdrop of declining inventory investment that was more prominent than the expansion observed in consumption and exports. The economic contraction was later confirmed by the monthly activity indicator that posed a setback of -1.3% YoY, mainly due to the contraction observed in manufacturing, financial services, and construction.

As stated before, the deceleration in growth has come in tandem with a descent in inflation, both in its headline and core readings, which maintained their downward trend in August, even if the headline figure printed slightly higher than expected. Moreover, the fact that core inflation has maintained its gradual decrease is also consistent with the activity setback and what seems to be a negative output gap.

In political terms, and against all odds, president Boluarte has been able to remain in office, and most of the protests that the country was experiencing at the

beginning of the year have eased. Moreover, the market now expects Boluarte to complete her presidential term, ending in July 2026. According to the EIU, the Boluarte administration will uphold Peru's macroeconomic framework, but it will face weak governability that, in turn, will hinder policy implementation. Nonetheless, Boluarte is aware of the importance of keeping a good relationship with Congress, underscored by the recent cabinet changes where Boluarte replaced seven of her ministers. Against a backdrop of fragile governability that is also portrayed in the support polls, together with an administration that remains resolute in completing the presidential term, the Peruvian government could face renewed protests that could be fueled by the inability of the government to revive economic activity while dealing with potentially challenging weather conditions. ■



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Analyzing Latin America's Two Largest Equity Markets: The Impact of Interest Rate Cuts in Brazil and Government Intervention in Mexico

Growing up, I spent a lot of time near the ocean. Like most kids, I would run straight towards the sound of its crashing waves. However, my grandfather would always tell me “The ocean is bigger than you, do not fear it, but you have to respect it”. These words of wisdom ring true to this day. I tend to view the stock market in the same light as the ocean: it is bigger than any one of us, and although at times it can appear overwhelming, we do not fear it, but we must respect it. Respecting both the ocean and the market entails learning how they work and behaving accordingly. Both

have general patterns of ebbs and flows, currents and tides for the ocean and cycles for the market. Both even have qualities of “depth”.

An equity market's size and quality tend to be measured by the depth and liquidity of its components. Depth refers to the number of stocks that trade in a market, while liquidity refers to the ease with which these stocks can be bought or sold. Equity markets such as the S&P 500 are considered to be high quality markets, as they are comprised of a large number of stocks that can be easily traded. Many times, the size and quality of such markets leads to the creation of mutual funds and ETFs replicating their holdings. The case is the same for many equity markets in Emerging Market countries. In Latin America, for example, the depth and liquidity of the Brazilian and Mexican equity markets make these the two largest markets in the region. In fact, these two markets combined comprise approximately 90% of the holdings in the MSCI Emerging Markets Latin America Index. That is not to say that other countries in the region do not have meaningful equity markets. On the contrary, countries like Argentina, Uruguay, and Chile as well as Colombia and Peru, have some of the region's most promising companies trading in their markets. In this piece however, we are going to focus on current developments in the region's two largest equity markets: Brazil and Mexico.

Brazil: The tide is rising

In our view, Brazilian equity markets currently look very attractive. However, as with any other equity market, we have to be cognizant of where we are in that country's economic cycle. This will help us in determining which sectors to favor and which to avoid. If we choose the right sectors, we have a much better probability of consequently choosing the right stocks. Just as with the ocean, its tides move all boats. However, seasoned sailors know that it pays to be aware of which point in

the changing tides they find themselves in. A rising tide will lift all boats, but some parts of the ocean are more favorable than others.

Brazil was one of the first countries in the world to raise interest rates. Consequently, it was also ahead of its peers when it came time to cut them. Over a 15-month period, its central bank raised the Selic to a high of 13.75%. After holding this level for nearly a year, policy makers have now cut rates twice, by 50 basis points each time, bringing the Selic down to 12.75%. They have also announced that they will maintain this pace of cuts at the next meetings in November and December. Rate cuts tend to benefit most sectors in an economy, although some more than others. As Brazil's monetary easing cycle begins, stocks in the country are also trading at relatively low valuation levels compared to their regional peers. Brazil's IBOVSPA index is currently trading at a forward P/E ratio of 7.6x, a discount relative to both its global and regional counterparts. To put things in context, Mexican stocks, as measured by Mexbol, are trading at 12.4x, while the S&P 500 is trading at 19.6x. From a historical perspective, Brazilian equities are currently trading near their 10-year lows. Given a 10-year average valuation of 10.8x, the Brazilian equity market currently trades 40% below its 10-year average. This does not mean that stocks will rise 40% as interest rates in the country come down, but it does give a sense of the upside potential embedded in this market. Political uncertainty has created a headwind for Brazil, as investors remain uneasy regarding possible changes that the Lula administration might impose. However, there appears to be a balance between the ruling and opposition factions, possibly leading to a more benign stance from the government. A seemingly more stable political environment than expected, coupled with lower rates in an environment of historically low valuations lead us to have a positive view of the country's stock markets.

Given the trajectory of rates, we favor exposure to interest-rate sensitive sectors such as Financials,

Consumer Discretionary and Technology. Certain commodity industries in the country also tend to perform well in the face of lower rates.

— “...we favor exposure to interest-rate sensitive sectors such as Financials, Consumer Discretionary and Technology.”

Within the Financial sector, we would consider Banco Itaú (ITUB), XP Inc. (XP), and NU Holdings (NU) as possible investments. With a highly diversified revenue stream, Banco Itaú is one of the largest banks in the country. By offering banking services to both consumers and businesses, Itaú should benefit from higher spending as rates fall in the country. Moreover, trading at 8x earnings, the stock does not appear richly valued. XP operates as an investment management company, offering equity, fixed income and wealth management services throughout the region. Given the limited supply of these services in Latin America, XP enjoys a competitive advantage. At the same time, management's recent cost-cutting initiatives will likely expand the company's margins in the future. Trading at 12x earnings, XP does trade at a premium over its peers. Another interesting financial company is NU holdings (NU), as it straddles both the Financial and Technology sectors. Operating as NU Bank, the company offers digital banking and payment transfer services in the region. What gives NU a competitive edge is the fact that it is successfully using fintech to offer financial services to previously unbanked populations in the region. The stock's relatively high valuation, currently trading above 20x earnings, reflects its mix between a financial firm and a technology company.

Within Consumer Discretionary, we would consider

Natura & Co (NCO) for exposure to this sector. Natura is one of the largest health and beauty companies in the region, offering products through its Avon and The Body Shop lines. The recent spin-off of its Aesop product line simplifies the company’s business model. The company’s profitability could continue to rise, especially as interest rates in the region begin to fall, potentially leading to higher consumer spending.

It is important to keep in mind that nearly 40 % of the Brazilian equity market is comprised by the Energy and Materials sectors, mainly Petrobras (PBR) and Vale (VALE). As a result of their large relative weights, underperformance in these two sectors could potentially weigh down the entire market, even though other sectors could be performing better. However, some commodity industries in Brazil tend to perform well when interest rates go down. Favorable demand and supply dynamics in the oil markets should help push oil prices higher into next year. This dynamic should create a tailwind for Petrobras. However, uncertainty surrounding government intervention into the company’s operations creates an opposing headwind for the stock. However, Petrobras’ index heavy-weight partner, Vale, should benefit from an environment of rising iron ore prices. Additionally,

trading nearly 25% under its 5-year average valuation, the stock appears to already be discounting much of the pessimism surrounding weaker demand from China.

Mexico: Navigating the countercurrents of Nearshoring and government intervention

As the United States’ next-door neighbor, Mexico is proving to be the biggest beneficiary of nearshoring in Latin America, expecting to see almost five times more exports than Brazil, the second largest regional winner. The ensuing wave from the nearshoring phenomenon has been a strong driving force behind Mexico’s equity markets. As of the end of last month, this market, represented by the iShares MSCI Mexico ETF (EWW) was up 19% for the year, 11% higher than its Brazilian counterpart, the iShares MSCI Brazil ETF (EWZ) at 8%. Over the same period, it even rose 6% higher than the S&P 500, which stood at 13%. The chart below depicts the performance of the two largest equity markets in Latin America, Brazil and Mexico, represented by their corresponding ETFs - EWZ and

Performance of the Two Largest Latin American Equity Markets Over the Last 3 Years (as of 9/25/23, on a price change basis)



Source: Bloomberg

— “...the **nearshoring** phenomenon has helped **bolster the local economy**, evidenced by the strength of domestic demand, which is leading to current and future expected **earnings growth** for the country’s **equity market**.”

EWV, respectively, over the past three years. As we can see on this chart, based solely on a price change basis, Mexico vastly outperformed its larger regional peers. In fact, over this time period, the Mexican equity market ETF outperformed even the tech-heavy Nasdaq Composite index.

However, unlike Brazil and some of its other peers in the region, Mexico’s central bank has not yet begun to cut interest rates, leaving this figure at 11.25% for four consecutive meetings. In fact, Banxico, the country’s central bank, increased its inflation projections for next year and is not expected to cut rates until after the first quarter of 2024, at the earliest. The country appears to be on the same “higher for longer” interest rate trajectory as its neighbor to the north. However, the nearshoring phenomenon has helped bolster the local economy, evidenced by the strength of domestic demand, which is leading to current and future expected earnings growth for the country’s equity market. Despite the meaningful rise of this market, strong earnings expectations have kept its valuation at reasonable levels, compared to its own historical levels. The Mexican equity market currently trades near 12.4x earnings, higher than its regional peers trading between 7x and 8x, but lower than its own 10-year average of 15x.

What a difference a week can make. During the first week of October, the country’s markets were abruptly surprised by the government’s announcement that it

was planning to change the fee structure under which its airports operate. The Mexican Civil Aviation Agency, or AFAC for its Spanish acronym, sent a notice to airport authorities stating, in rather ambiguous terms, that it was going to unilaterally change the structure of the fees they could charge. These fees, ranging from passenger usage fees to landing fees, together generate a meaningful amount of revenue for the country’s airports. Adding fuel to the fire was the fact that President Andres Manuel Lopez Obrador, otherwise known as AMLO, had stated in the past that he was not going to interfere with this fee structure. As expected, this latest move by the government shocked the country’s equity market, sending airport management stocks such as Grupo Aeroportuario del Sureste, tumbling over 40% at the lows on October 5th. The country’s equity market has since partially recovered, after news came out that the extent of the reduction of the tariffs may have been initially overestimated. However, the iShares MSCI Mexico still lost 6% of its value during the first week of October.

Although last week’s issue appears contained to the airport industry, its ripples are being felt throughout the entire market, as it represents another blow to business confidence in the Mexican economy. This is not AMLO’s first attempt to chastise the country’s private sector. In previous years, he halted the construction of a new airport, gave operational control of Mexico City’s Benito Juarez International Airport to the Mexican Navy, and seized a portion of a railway owned by a Mexican

billionaire. Presidential elections are scheduled for June 2024, which will bring a new leader to the country's seat of government. As a result, some market strategists are of the opinion that AMLO's latest actions represent a move to further assert his power in his final year of government. Whatever his motivations might be, these actions add a high degree of uncertainty to Mexico's equity market, as they undermine the confidence in the country's business environment and erode its rule of law.

The Mexican equity market is currently stuck between opposing forces. On one side, the tailwinds of nearshoring are driving earnings growth and domestic consumption. On the other side, government intervention is creating headwinds by undermining otherwise stable business confidence. At the same time, this market is at a slightly different stage in its cycle than many of its regional peers, as interest rates remain relatively high. Considering these crosscurrents, we believe that the best way for investors to position themselves in the Mexican equity market is with a mix of offense and defense.

"Offense", or exposure to higher market beta, could be gained by investing in companies in the Financials sector. Mexican banks, such as Grupo Financiero Banorte, are poised to reap meaningful benefits stemming from nearshoring. The bank foresees a migration of workers from the south to the north of the country, as opportunities brought about by nearshoring create more employment. As a result, it is investing heavily in Mexico's northern region, creating nearly 1,000 new jobs, to have the capacity it needs to meet increased demand for mortgage, business loans, and general banking services. Banorte already commands a 15% share of the Mexican loan market, and further loan growth is expected to expand its market position even more in the foreseeable future.

Nearly two thirds of the country's exports to the United States are technology-oriented goods that require highly skilled labor. Highly skilled labor jobs lead to

higher labor income, leading to a higher standard of living, which means that the local population should be more incentivized to spend. The Consumer Discretionary and Consumer Staples sectors in particular should benefit the most from increased consumer spending. Companies such as Walmart de Mexico, Fomento Economico Mexicano, and Kimberly Clark de Mexico are likely to be big beneficiaries of this trend. This group constitutes the "defense" part of our strategy, as these companies are likely to see a jump in earnings stemming directly from nearshoring but are less likely to be negatively affected by increased government intervention.

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A question that may arise in investors' minds after the precipitous drop in airport related stocks would be "is now a good time to buy these stocks?". Before the announcement involving the change in fee structure, these stocks appeared to be just fine, from a fundamental perspective. They were arguably trading at stretched valuations but were otherwise ok. However, the actual extent of the fee change is yet to be determined, and as of the time of this writing, the impact on these companies' revenues remains unknown. Political

risk is highly unpredictable and can rarely be quantified. AMLO's most recent move came without prior notice, intervening in something that he had previously stated he would not. In our opinion, investing in the country's airport-related stocks at this time, with the currently limited information at hand, is like rolling the dice. The impact of the fee structure change might be much milder than anticipated, and an investor who buys these stocks might get lucky and hit it big. At the same time, the impact could be more meaningful than expected and the same investor might lose a large portion of his investment. As disciplined investors, we are in the business of relying on data, not luck.

Historically, there is a positive correlation between the beginning of an easing monetary cycle and equity market performance. This correlation is present in Brazil, so there is a high probability that Brazilian equities will rise as the central bank cuts interest rates. Coupled with valuations near 10-year lows, we believe that the Brazilian equity market could outperform in the foreseeable future. The same correlation is present in Mexico, so there is a high probability that Mexican equities will rise as Banxico cuts interest rates. However, given that the first-rate cut is not expected until next year, there is a possibility that the Mexican equity market will trade sideways in the short term. This possibility is exacerbated by reduced business confidence engendered by recent government intervention.

When it comes to investing, it is paramount that we maintain a long-term view, making tactical adjustments within a long-term strategy. To this point, despite the possibility of potential near-term headwinds, we believe that the future easing of monetary policy, coupled with the benefits of nearshoring, make Mexico's equity market an attractive long-term holding for investors with the appropriate risk tolerance. The same can be said for Brazil, as its equity markets will likely experience the benefits of rate cuts sooner than most of its global peers. Knowing where we are in the ebbs and flows of the equity market is important. Just as with the ocean,

a healthy amount of respect, not fear, is needed to properly navigate the markets. Respect stems from knowledge and discipline, fear stems from emotion. As investors, we want to base our decisions on facts, not emotions.

As always, it is also important to consider that the individual equities mentioned here can exhibit high degrees of volatility and are not suitable for every investor. These investments are best considered on a case-by-case basis, based on a particular investor's willingness and ability to tolerate risk. If you need more information or would like to discuss these or other potential ideas in more detail, please do not hesitate to contact the Insigneo Research Team. ■

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