

Weekly Market Snapshot

A wind of Change in Latin America

Weekly Recap

- The Supreme Court of the United States invalidated the reciprocal tariffs imposed by President Trump in April 2025. However, the President decided to execute a plan to reimpose tariffs, increasing global tariffs by 10% under Section 122.
- A new round of discussions between Iran and the USA will take place this week.
- Oil prices are hitting highs not seen for the past few months on the base of the threat of a new conflict between the USA and Iran

Snapshot

Argentina's President Javier Milei has delivered a landslide electoral victory, cementing his radical free-market reforms—a transformation strongly backed by the US as part of its broader strategy to reassert influence in the Western Hemisphere. If successful, Argentina's model could ripple across the continent, inspiring similar shifts in Chile, Peru, and even Brazil.

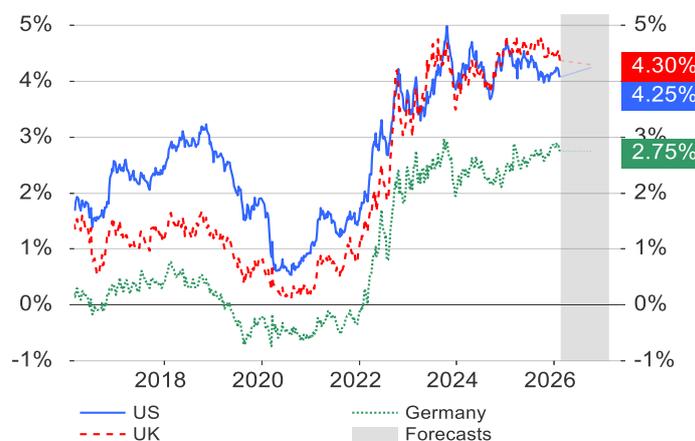
Chile's decisive turn to the right and Peru's centre-right frontrunner suggest a regional pivot toward business-friendly policies, while Brazil—though still led by Lula—faces growing pressure for change. A pro-market shift in these economies would be a game-changer for equity markets, amplifying gains beyond commodity exposure and easing real interest rates.

Meanwhile, Mexico stands out as the region's brightest star, benefiting from falling inflation, rate cuts, and accelerating GDP growth. Its undervalued equities—trading at a discount to both the S&P 500 and Asian peers—offer a compelling play on US growth without AI volatility.

With political tailwinds, strong US ties, and attractive valuations, Latin America is emerging as a high-potential alternative to tech-heavy Asian markets.

Market	24/02/2026 Level	% Chg 1 Wk	Return Trend	
			1 Month	1 Year
Stocks				
S&P 500	6890	+0,7%	↘	↗
Euro STOXX 50	6117	+1,6%	↗	↗
FTSE 100	10681	+1,2%	↗	↗
Nikkei 225	58583	+3,6%	↗	↗
MSCI EM	1592	+2,0%	↗	↗
Bonds				
	Yield			
US 10Y	4,0	-0,9%	↗	↗
Gm 10Y	2,7	-1,0%	↗	↗
UK 10Y	4,3	-1,6%	↗	↗
Jp 10Y	2,1	-0,4%	↗	↘
IG Credit				
	Yield			
US	4,9	+0,2%	↗	↗
EU	3,1	-0,1%	↗	↗
UK	5,0	-0,8%	↗	↗
Alternatives				
Gold	5186	+4,2%	↗	↗
Copper	6,0	+2,5%	↗	↗
S&P Global Infra	3949	+1,0%	↗	↗
EU REITs	1774	+0,7%	↗	↗
BBG Hedge Fds	1860	-0,1%	↗	↗

BOND YIELD OUTLOOK



Source: LSEG Datastream, 23/02/2026

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“Congratulations to President Javier Milei on his landslide victory in Argentina. He is doing a wonderful job!..... Today begins the construction of a great Argentina.” (D. Trump)

Argentina’s President Javier Milei has led his party to a landslide victory October’s midterm elections, after defining the first two years of his presidency with radical spending cuts and free-market reforms. This outcome has been heavily endorsed by the USA which provided substantial fiscal support and committed to deepen economic ties with the South American country.

We think this move should be understood in the context of the US’s new National Security Strategy, which claims “to restore American pre-eminence in the Western Hemisphere”. As such, if Argentina is successful under Milei, a set of pro-market best practices will likely follow across Latin America.

In Chile, José Antonio Kast, a right-leaning candidate, scored a decisive victory over Communist contender Jeannette Jara last December, marking the end of Chile’s four-year left-wing experiment. Meanwhile in Peru, the frontrunner for the April 2026 election is Rafael López Aliaga, the centre-right Mayor of Lima. These developments suggest that a shift towards, centre-right policies is underway in key regions of Latin America

If Argentina’s and Chile’s turnarounds motivate Peru to pursue pro-market policies, Brazil could also see a shift toward a more market friendly leadership. Although the election is still eleven months away and Socialist President Lula da Silva currently leads in the polls, we notice growing momentum for reformist candidate Flavio Bolsonaro. Developments in Chile and Peru might provide some tailwinds for change in Brazil, especially if they mirror Argentina’s trajectory. This would represent a positive surprise for equity markets within the region and could provide

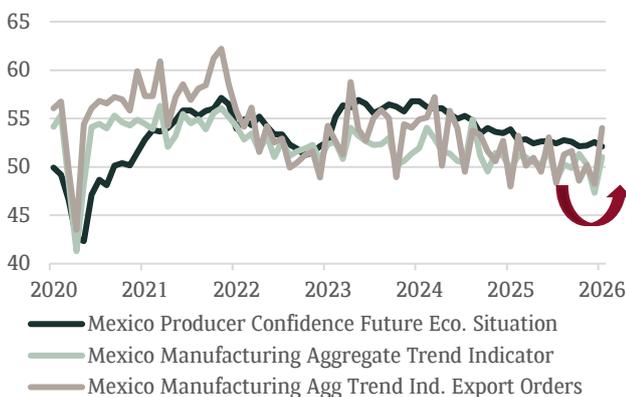
further tailwinds beyond the exposure to commodities and falling (real) yields. This is especially true for Brazil, which still suffers from very high real rates. A weaker dollar should provide much needed room for the Brazilian central bank to cut rates. We expect the main policy rate to fall from 15% to 11% in 2027.

Viva la Mexico

Mexico enjoys a special situation among Latin American economies, benefitting from a unique set of tailwinds. The Central Bank of Mexico will continue to cut rates over the next 12 to 18 months as inflationary pressures are largely dispelled. We expect inflation to cool to 3.6% by 2027 (vs 3.8% in 2025) allowing for 2 more rate cuts. Meanwhile, GDP growth is expected to accelerate from 0.6% in 2025 to 1.8% in 2027. The combination of easier monetary and slightly tight fiscal policies will lead to marginally improving domestic demand growth over the next 12 months. The business climate might eventually respond positively, following a decline since 2023. Mexico is a way to play a solid US economic growth without taking AI risk. Moreover, in a recessionary backdrop, inflation will fall faster, allowing for more rates cuts than expected, potentially supporting equities which already today offer significant value as valuations screen inexpensive, both against the S&P 500 and EM peers.

Taken together, we like Latin America as it provides a value tilt to the generally more tech-focused Asian EM countries. The region benefits from strong US growth, political tailwinds and attractive valuations.

MEXICAN BUSINESS CLIMATE MIGHT EVENTUALLY IMPROVE



Source: BNP Paribas, Bloomberg

LATIN AMERICA STILL LOOKS ATTRACTIVELY VALUED VS THE S&P 500



Source: BNP Paribas, Bloomberg

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