

LatAm Daily | No changes in the MPRs in Chile and Peru

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In line with our views, the Chilean and Peruvian CBs kept their policy rates unchanged. Retail sales dropped for the eighth consecutive month in Brazil pointing to a downward adjustment in private consumption that could contribute more negatively than we expected to GDP in 3Q15. Today, GDP data in Peru will be released and BanRep will publish its MP minutes in Colombia.

Chile - Central bank keeps policy rate unchanged

The CB kept the policy rate unchanged at 3.25% and maintained the hawkish tone at yesterday's meeting. The communiqué showed that the pace of normalisation will be data dependent and highlighted that aggregate activity and demand had evolved in line with the board's baseline scenario in a context of still low levels of confidence. All in all, we still believe that the policy normalisation will be no more than another 25bp increase in rates (see our [Chile Flash](#) in Spanish for details).

Peru - Unsurprisingly, the central bank once again keeps the policy rate on hold

The central bank kept the policy rate at 3.50% in November. Transitory subdued MoM inflationary pressures explained this decision, however we do not expect this will last for long. We will probably see a rate hike in the near future on the back of higher inflationary pressures in the coming months from El Niño weather phenomenon and domestic currency depreciation. [See our [Peru Flash](#) in Spanish for details.]

Brazil - Retail sales contracted again in September

Retail sales declined broadly in line with expectations in September (observed: -0.5% MoM; forecasts: BBVA: -0.6% MoM and consensus: -0.9% MoM). This was the third monthly drop within 3Q15. The broad retail sales indicator, which also includes vehicles and construction materials, declined 1.5% MoM in September, following a 2.2% contraction in August and a 0.4% MoM growth in July. Retail sales figures reinforce our view that private consumption will contribute negatively to GDP in 3Q15. In fact, they suggest that it could contract more than we expected, approximately at the same magnitude as it did in 2Q15 (-2.1% QoQ). If that is the case, 3Q15 GDP will probably contract more than we are forecasting (-0.5% QoQ). The deterioration in credit and mainly in labour markets and the impact on disposable income of higher inflation, and low confidence, are some of the factors behind the downward adjustment in retail sales / private consumption.

What to watch today

Colombia - Monetary policy minutes

BanRep will publish the minutes of its last monetary policy meeting. In October, BanRep's board surprisingly increased its monetary policy rate by 50bp to 5.25%. According to the communiqué and the press conference the main drivers behind this decision were the recent dynamics of inflation, inflation expectations, and a slower convergence of inflation to the inflation target range. The minutes will provide further information regarding the discussion within BanRep's board.

Peru - GDP (September, 11:30hrs NYT)

Our estimate is for a growth of 3.3% YoY (consensus: 3.2%), supported by the good performance of mining production (+20%), especially copper production (+45%). This would explain more than half of our estimated rate of growth for economic activity in September. Non-primary output (composed of those sectors which more closely reflect the behaviour of domestic demand), however, remains subdued according to several indicators.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	9-Nov	Nov			0.78%	0.76%
Retail Sales MoM	12-Dec	Sep	-0.90%	-0.60%	-0.50%	-0.90%
Economic Activity MoM	13-Dec	Sep		-0.20%		-0.76%
Chile						
Trade Balance	9-Nov	Oct	-150	-200		-\$85.0
Central Bank's Traders Survey	11-Nov					
Overnight Rate Target	12-Dec	Nov	3.25%	3.25%	3.25%	3.25%
Colombia						
Colombia Monetary Policy Minutes	13-Dec					
Mexico						
CPI MoM	9-Nov	Oct	0.52%	0.50%	0.51%	0.37%
CPI Core MoM	9-Nov	Oct	0.26%	0.25%	0.25%	0.37%
CPI YoY	9-Nov	Oct	2.48%	2.47%	2.48%	2.52%
Vehicle Production AMIA	9-Nov	Oct			326876	278781
Industrial Production NSA YoY	11-Nov	Sep	1.33%	1.23%	1.72%	1.00%
Industrial Production SA MoM	11-Nov	Sep	0.40%	0.30%	0.38%	0.20%
ANTAD Same-Store Sales YoY	11-Nov	Oct			9.80%	8.00%
Central Bank Monetary Policy Minutes	12-Dec					
Formal Job Creation Total	12-Dec	Oct		134.7k	146.5	117.6k
Peru						
Trade Balance	10-Nov	Sep			-549	-\$231m
Reference Rate	13-Dec	Nov	3.50%	3.50%		3.50%

Fuente: BBVA Research

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10.29.2015	Peru: In the third quarter, exports would have recorded its worst drop since 2009

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