

LatAm Daily | Brazil's COPOM considered a rate hike, but finally maintained the Selic rate

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Yesterday's communique suggested that the monetary authority will consider hiking the Selic rate again at its next monetary meeting in January, an alternative which is reinforced by abnormally high inflation and the turbulence related to political tensions and fiscal deterioration.

Brazil - Non-unanimous decision to leave the Selic rate unchanged at 14.25%

The BCB's Monetary Policy Committee (COPOM) decided to leave the Selic rate unchanged at 14.25% as widely expected. The decision, however, was not anonymous as 2 out of the 9 board members supported a tightening of monetary policy. The accompanying statement also showed that another dose of monetary tightening should not be ruled out at the next COPOM meeting in January. This time it was briefer than usual ("Assessing the macroeconomic environment and inflation prospects, the Copom decided to maintain the Selic rate at 14.25%, without bias, on six votes for unchanged rates and two votes for a 0.50pp rate hike"), meaning that the previous guidance ("The Committee understands that maintaining the benchmark interest rate at that level [14.25%], for a sufficiently prolonged period, is needed to ensure that inflation converges to the target in the relevant horizon for monetary policy") was eliminated from the communique. The minutes of yesterday's meeting will be released next Thursday and should shed some light on the COPOM's strategy, but meanwhile we continue to see the Selic rate remaining stable at least until the middle of 2016 as the most likely scenario.

What to watch today

No relevant news is expected for today.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	23-Nov	Nov	0.92%		0.94%	0.86%
Formal Job Creation Total	23-Nov	Oct			-169131	-95602
National Unemployment Rate	24-Nov	Sep	8.90%		8.90%	8.70%
Federal Debt Total	24-Nov	Oct			2646b	2735b
FGV Consumer Confidence	25-Nov	Nov			76.7	75.7
Selic Rate	25-Nov	Nov	14.25%	14.25%	14.25%	14.25%
Current Account Balance	26-Nov	Oct	-3950	-4100		-\$3076m
CNI Consumer Confidence	26-Nov	Nov				97.3
FGV Inflation IGPM MoM	27-Nov	Nov	1.50%			1.89%
Outstanding Loans MoM	27-Nov	Oct				0.80%
Central Govt Budget Balance	27-Nov	Oct	-7.5			-6.9b
Chile						
Central Bank's Traders Survey	25-Nov					
Central Bank Meeting Minutes	27-Nov					
Colombia						
Retail Confidence	24-Nov	Oct		18	20.5	20.9
Industrial Confidence	24-Nov	Oct		7.5	2.1	6.3
Overnight Lending Rate	27-Nov	Nov	5.75%	5.50%		5.25%
Mexico						
Retail Sales YoY	23-Nov	Sep	7.00%		4.90%	6.40%
Current Account Balance	25-Nov	3Q	-8120		-8855.59	-\$7980m
Trade Balance	27-Nov	Oct	-1735	-1680		-1419.9m
Unemployment Rate NSA	27-Nov	Oct	4.30%			4.50%
Unemployment Rate SA	27-Nov	Oct	4.18%			4.23%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
11.24.2015	Mexico: Bank deposits: continues catching up driven by its two components
11.21.2015	Mexico: Positive surprise in the GDP for the better-than-expected growth in the 3Q
11.20.2015	Mexico: Upside surprise in the GDP due to a better than expected growth in the 3Q15
11.18.2015	Mexico: Mortgage financing accelerates and grows 17% in September
11.14.2015	Peru: Mining led growth, but non-primary sectors decelerated (In Spanish)
11.13.2015	Mexico: We estimate that GDP growth in 3Q15 will have been similar to the 2Q15
11.13.2015	Chile: Central Bank maintains MPR at 3.25% and contractionary bias (In Spanish)
11.13.2015	Peru: Unsurprisingly, the central bank keeps once again the policy rate on hold
11.11.2015	Mexico: Regional Sectorial Outlook Second Half 2015
11.10.2015	Colombia: Outlook 4Q15 (In Spanish)
11.10.2015	Chile: Outlook 4Q15 (In Spanish)
11.06.2015	Colombia: Automotive sector, recent developments and outlook
11.06.2015	Chile: Inflation in October surprised to the upside
11.06.2015	Colombia: Foodstuff inflation unstoppable
11.06.2015	Brazil: Inflation at 10%? Almost there
11.05.2015	Chile: Imacec surprised to the upside and eases the fears of a technical recession (In Spanish)

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