

LatAm Daily | Inflation closes 2015 well above the target ceiling in Colombia

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Inflation reached 6.8% YoY in December in Colombia, pressured mainly by food prices and the effect of a weaker exchange rate. It is only expected to slow down more significantly in 2H16. In Chile, economic activity surprised to the downside in November, supporting the view of GDP growth of around 2.0% in 2015.

Chile - Imacec rose 1.8% YoY in November 2015, missing expectations

Economic activity in November 2015 increased 1.8% YoY (-0.5% MoM), less than both our forecast and the market consensus (BBVAe: 2.7% YoY; consensus: 2.5% YoY). The figure was driven by positive contributions from services but offset by declines in mining output. For December 2015 we estimate a preliminary figure around 1.0% YoY. All in all, economic activity data remain weak, supporting expectations of GDP growth around 2% YoY in 2015 (see our [Chile Flash](#) in Spanish for details).

Colombia - 2015 inflation settles at 6.8% YoY

Headline inflation in December picked up to 6.8% YoY (Bloomberg and BBVAe 6.7%), boosted by electricity tariffs and, more particularly, food prices. We expect inflation to remain above 6.0% during the first half of this year due to the El Niño phenomenon, the price indexation of some goods to 2015 inflation, and exchange-rate depreciation. In the second half of 2016, however, inflation is likely to slow down, driven by a more supportive exchange rate, a correction in food prices and weaker domestic demand. All in all, inflation should end this year close to, but above, the 4% ceiling of the BanRep target (see our [Colombia Flash](#) for more details).

What to watch today

Chile - Minutes of monetary policy meeting (December 2015, 07:30hrs NYT)

A 25bp increase in rates probably prevailed in the Board's decision due to concerns about the persistence of high inflation figures -around 4% YoY- and despite weak activity data.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	4-Jan	Dec 31			0.88%	0.93%
Trade Balance Monthly	4-Jan	Dec	\$4237m	\$4000m	6240	\$1197m
Vehicle Sales Fenabrave	5-Jan	Dec				195212
FIPE CPI - Weekly	7-Jan	Dec 23	0.90%			0.97%
FIPE CPI - Monthly	7-Jan	Dec				1.06%
FGV Inflation IGP-DI MoM	7-Jan	Dec	0.43%			1.19%
Industrial Production MoM	7-Jan	Nov	-1.10%	-0.70%		-0.70%
Vehicle Sales Anfavea	7-Jan	Dec				195176
FGV CPI IPC-S	8-Jan	Jan 7				--
PPI Manufacturing MoM	8-Jan	Nov				1.77%
IBGE Inflation IPCA MoM	8-Jan	Dec	0.0101	1.10%		1.01%
Chile						
Trade Balance	6-Jan	Dec	\$593.8			\$400.6
CPI MoM	6-Jan	Dec	0.001			0.00%
Economic Activity YoY	6-Jan	Nov	0.021	2.50%		1.50%
Vehicle Sales Total	8-Jan	Dec				23727
Colombia						
PPI Domestic MoM	4-Jan	Dec			1.84%	0.62%
CPI MoM	5-Jan	Dec	0.0065	0.57%		0.60%
Exports FOB	6-Jan	Nov	\$2820.0	\$2571		\$2713.1
Mexico						
IMEF Manufacturing Index SA	4-Jan	Dec			50.70	52.1
CPI MoM	7-Jan	Dec		0.31%		0.55%
Consumer Confidence Index	8-Jan	Dec				92.5
Peru						
Trade Balance	8-Jan	Nov				-\$182m

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
06.01.2015	Colombia: Inflation closed 2015 at 6.8% (In Spanish)
05.01.2015	Chile: IMACEC growth in November disappoint again (In Spanish)
04.01.2016	Peru: Inflation surprising on the upside in December
04.01.2016	Chile: We forecast CPI for December at 0.1% MoM (4.5% YoY) (In Spanish)
04.01.2016	Mexico: Remittances grow 6.3% in November with a flow of 1887.9md (In Spanish)
12.30.2015	Chile: November IMACEC would be between 2.25% and 2.75% YoY (0.2% MoM) (In Spanish)
12.23.2015	Brazil: BCB is concerned with the impact of fiscal uncertainty and "non-economic events"
12.22.2015	Chile: An optimistic central bank baseline scenario for 2016
12.21.2015	Chile: Monetary Policy Report: the optimism persists (In Spanish)
12.18.2015	Mexico: Monetary hike that helps the peso in the range
12.18.2015	Colombia: BanRep increased its monetary policy rate in 25bp to 5.75%
12.18.2015	Chile: Central bank increases the policy rate to 3.50%, surprising part of the market
12.17.2015	Chile: 25bp hike in the MPR that we consider preventive rather than aggressive (In Spanish)
12.17.2015	Mexico: 0.25% rise in the monetary policy rate
12.16.2015	Mexico: We expect a 25 basis point increase in the monetary policy rate
12.15.2015	Mexico: A successful Phase 3 of Round 1 despite low oil prices
12.15.2015	Peru: Mining continues to support growth, but non-primary sectors decelerated (In Spanish)
12.15.2015	Chile: We expect the MPR to hold at 3.25% at this meeting (In Spanish)

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