

LatAm Daily | Expectations point to lower GDP growth and a pause in the MPR in Chile

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The CB economist survey in Chile reveals expectations for higher inflation for the end of the year (due to further currency depreciation), lower GDP growth in 2016, and a pause in the MPR at this week's meeting. Today, November retail sales will be released in Brazil (expected to decline) and the financial traders' survey in Chile.

Chile - Lower GDP growth expectations for 2016

The results showed inflation expectations at +0.4% MoM for January, while long-term inflation expectations remain anchored to the central bank's target of 3% YoY. Inflation forecasts for the end of 2016 are for +3.5% YoY, higher than last month (at +3.4% YoY) driven by further currency depreciation. Meanwhile, GDP growth forecasts for 2016 declined to 2.1% (from 2.2%). Finally, in terms of monetary policy, the survey's results indicated a pause in rates at 3.50% at this week's meeting (as we also expect), but a 25bp increase during the next five months.

What to watch today

Brazil - Retail sales (November, 06:00hrs NYT)

After growing 0.6% MoM in the first month of 4Q15, we expect retail sales to decline 0.5% MoM in November in an environment where consumption decisions are being affected especially by high uncertainty, abnormally high inflation and deterioration in both credit and labour markets. A contraction in retail sales in November would reinforce our view that private consumption and GDP will contract again in quarterly terms in the last quarter of 2015.

Chile - Financial traders' survey (1st fortnight in January, 06:30hrs NYT)

We expect the survey to show inflation expectations at around +0.5% MoM for January and anchored long-term inflation expectations. Short-term inflation and activity data support expectations of a pause in the monetary policy normalisation process, while the survey's results should also anticipate further currency weakness in the short-term.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
IGP-M Inflation 1st Preview	11-Jan	Jan	0.48%		0.41%	0.44%
CNI Capacity Utilization (SA)	12-Jan	Nov				77.70%
FIPE CPI - Weekly	12-Jan	Jan	0.86%		0.88%	0.91%
Retail Sales MoM	13-Jan	Nov	-0.90%	-0.50%		0.60%
Economic Activity MoM	14-Jan	Nov	-0.90%	-0.30%		-0.63%
Formal Job Creation Total	15-Jan	Dec	-650000			-130629
FGV Inflation IGP-10 MoM	15-Jan	Jan	0.56%			0.81%
National Unemployment Rate	15-Jan	Oct	9.00%			8.90%
Tax Collections	15-Jan	Dec	115100			95461m
CNI Industrial Confidence	15-Jan	Jan				36
Chile						
Central Bank's Economist Survey	12-Jan					
Central Bank's Traders Survey	13-Jan					
Overnight Rate Target	14-Jan	Jan	3.50%	3.50%		3.50%
Colombia						
Consumer Confidence Index	13-Jan	Dec		2.0		6.7
Mexico						
Industrial Production NSA YoY	11-Jan	Nov	1.30%		0.88%	0.50%
Vehicle Production AMIA	11-Jan	Dec			222941	296338
Formal Job Creation Total	12-Jan	Dec			-303.7	132.3k
Gross Fixed Investment	14-Jan	Oct	2.70%			5.70%
Peru						
Trade Balance	11-Jan	Nov			-314.5	-\$182m
Reference Rate	15-Jan	Jan	3.75%	4.00%		3.75%
Economic Activity YoY	15-Jan	Nov	3.75%	3.70%		3.00%
Unemployment Rate	15-Jan	Dec	6.00%			5.80%

Fuente: BBVA Research

Most recent Latam reports

Date	Description
01.08.2016	Mexico: Oil in lowest level since 2004 and dollar in record high
01.08.2016	Brazil: Inflation peaked at 10.7% YoY in December
01.08.2016	Peru: Exports continue to improve in November (In Spanish)
01.08.2016	Chile: CPI closes 2015 with an increase of 4.4% YoY (In Spanish)
01.07.2016	Chile: Emissions by a total of 11,000md are announced (In Spanish)
01.06.2016	Colombia: Inflation closed 2015 at 6.8% (In Spanish)
01.05.2016	Chile: IMACEC growth in November disappoint again (In Spanish)
01.04.2016	Peru: Inflation surprising on the upside in December
01.04.2016	Chile: We forecast CPI for December at 0.1% MoM (4.5% YoY) (In Spanish)
01.04.2016	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

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