

LatAm Daily | Unchanged interest rates in Brazil

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In line with our view, but in contrast with the market consensus, the Copom decided to keep interest rates unchanged in an environment marked by political pressure against any further monetary tightening, the worsening prospects for economic activity and "domestic and mainly external uncertainties". Looking ahead, the Selic is likely to remain stable for some time.

Brazil - Copom refrains from beginning a new tightening cycle

After signaling for some time that a monetary tightening was imminent, the Copom ended up focusing on the negative economic impact and also the likely political effects of a further dose of monetary tightening in the current context and left the Selic rate unchanged, as we expected. The decision was not unanimous: two out of the eight members of the Copom voted for a +50bp adjustment. We think it is very likely that the Selic rate will be left unchanged at 14.25% for some time. Anyway, the Copom highlighted "external uncertainties" in its communique, suggesting that the developments in China, commodity and financial markets will be more closely followed from now on, which implies that their evolution could shape future monetary policy decisions (for more details see our [Brazil Flash](#)).

What to watch today

No relevant news is expected for today.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
CNI Industrial Confidence	18-Jan	Jan			36.50	36
FGV CPI IPC-S	18-Jan	Jan	1.23%		1.30%	0.99%
FIPE CPI - Weekly	19-Jan	Jan	0.98%		1.02%	0.88%
IGP-M Inflation 2nd Preview	19-Jan	Jan	0.69%		0.83%	0.50%
Selic Rate	20-Jan	Jan	14.75%	14.25%	14.25%	14.25%
CNI Consumer Confidence	21-Jan	Jan				96.3
Federal Debt Total	21-Jan	Dec				2717b
IBGE Inflation IPCA-15 MoM	22-Jan	Jan	0.91%	0.93%		1.18%
Formal Job Creation Total	22-Jan	Dec	-650000			-130629
Colombia						
Retail Sales YoY	18-Jan	Nov	1.10%	0.50%	-0.30%	0.10%
Industrial Production YoY	18-Jan	Nov	2.15%	4.00%	4.83%	1.30%
Consumer Confidence Index	18-Jan	Dec	5.4	2	1.10	6.7
Trade Balance	19-Jan	Nov	-1638	-2358	-1689.1	-1595.1
Mexico						
Bi-Weekly CPI	22-Jan	Jan	0.10%	-0.07%		0.36%
Bi-Weekly Core CPI	22-Jan	Jan	0.19%	0.18%		0.09%
Bi-Weekly CPI YoY	22-Jan	Jan	2.55%	2.38%		2.26%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
01.21.2016	Brazil: Copom refrains from beginning a new tightening cycle
01.15.2016	Mexico: Continuing decline in oil prices leads to the exchange rate to new highs
01.15.2016	Peru: November growth surprised on the upside
01.15.2016	Chile: Central bank maintained policy rate at 3.50%, in line with expectations
01.15.2016	Peru: BCRP maintains its focus on containing inflation expectations (In Spanish)
01.14.2016	Chile: Central Bank maintains the MPR at 3.5%, in line with expectations (In Spanish)
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)

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