

LatAm Daily | In Brazil, annual inflation remained at 10.7% at the beginning of January

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Mainly due to food-related pressures, inflation in Brazil reached 0.92% MoM at the beginning of January, implying that annual inflation remained unchanged at 10.7% YoY. In spite of the non-supportive dynamics of food prices, we expect inflation to decelerate going forward. CPI for the first half of January is in line with inflation below 3% for the year-end in Mexico.

Brazil - Inflation moderated slightly, in line with expectations, at the beginning of January

January's IPCA-15, which measures inflation from mid-December to mid-January, reached 0.92% MoM, slightly less than December's full-month IPCA (0.96% MoM). Moderation in transport and clothing prices offset the acceleration in food prices, which increased 1.7% and contributed with 0.42pp to the headline IPCA-15 in January. Friday's inflation figures show that inflation remains very high, although a deceleration is likely to take place, mostly due to positive base effects, such as the adjustments in administered prices, mainly in some groups with an important weight on the IPCA index (such as electricity tariffs). We expect the full-month IPCA to reach 0.9% MoM in January, taking annual inflation to 10.3% YoY from 10.7% YoY, even though food prices add an upward bias to our forecast.

Mexico - CPI data are in line with inflation remaining below 3% throughout the year

A small rebound in CPI is in line with an inflation rate remaining below 3% YoY throughout the year. Headline inflation increased 0.03% in the first half of January; above our expectations but below the market consensus. Core inflation surprised to the downside to increase 0.08% fortnightly; less than expected. We continue to expect that the transfer of the exchange rate to prices will remain limited to goods (mainly durables) and the slack in the economy will continue to favour the evolution of prices. We expect a headline inflation of 2.85% for the year-end.

What to watch today

Colombia - Business confidence (December, Not specific time)

We expect a slight deterioration in commercial confidence. The slowdown in private consumption should push down the traders' assessment regarding the sales expectations. On the other hand, the anaemic recovery in non-oil industrial production anticipates a negative number in industrial confidence.

Mexico - IGAE (November, 9:00hrs NYT)

Today November's IGAE estimate will be published where we expect a monthly decline (-0.1% MoM), derived from the expected decline in the industrial sector (-0.5% MoM), a slight increase in services (0.2% MoM) and growth in primary activities (0.5% MoM). This indicator would be in line with a low GDP growth in the fourth quarter.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Federal Debt Total	25-Jan	Dec				2717b
FGV CPI IPC-S	25-Jan	Jan				1.30%
FIPE CPI - Weekly	26-Jan	Jan				1.02%
Current Account Balance	26-Jan	Dec				-\$2931m
FGV Consumer Confidence	27-Jan	Jan				75.2
FGV Inflation IGPM MoM	28-Jan	Jan	0.80%			0.49%
COPOM Monetary Policy Meeting Minutes	28-Jan					
Unemployment Rate	28-Jan	Dec	7.40%	7.00%		7.50%
PPI Manufacturing YoY	29-Jan	Dec				10.44%
CNI Consumer Confidence	29-Jan	Jan				96.30
Outstanding Loans MoM	27-Jan	Dec				0.60%
Central Govt Budget Balance	28-Jan	Dec				-21.3b
Primary Budget Balance	29-Jan	Dec				-19.6b
Chile						
Retail Sales YoY	29-Jan	Dec	3.60%			5.50%
Manufacturing Production YoY	29-Jan	Dec	-1.00%			-0.20%
Unemployment Rate	29-Jan	Dec	6.00%			6.10%
Industrial Production YoY	29-Jan	Dec				0.60%
Colombia						
Retail Confidence	25-Jan	Dec		15		18.7
Industrial Confidence	25-Jan	Dec		-2		-3.3
Overnight Lending Rate	29-Jan	Jan	6.00%	6.00%		5.75%
Urban Unemployment Rate	29-Jan	Dec	8.60%			8.10%
Mexico						
Unemployment Rate SA	25-Jan	Dec	4.12%			4.09%
Economic Activity IGAE YoY	25-Jan	Nov	1.85%	2.10%		2.28%
Retail Sales YoY	26-Jan	Nov	4.70%			4.80%
Retail Sales MoM	26-Jan	Nov	0.50%			0.30%
ANTAD Same-Store Sales YoY	26-Jan	Dec				6.00%
Trade Balance	27-Jan	Dec	-1092.0m			-1568.8m
GDP NSA YoY	29-Jan	4Q	2.30%	2.40%		2.60%
GDP SA QoQ	29-Jan	4Q	0.50%			0.80%
Budget Balance YTD	30-Jan	Dec				-515.8b

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
01.22.2016	Mexico: Moderate recovery of the peso at end of the week after hitting record highs
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

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