

LatAm Daily | Banxico holds MPR at 3.25%, changing its tone to restrictive in Mexico

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Banxico maintained the MPR unchanged as expected, but the tone turned restrictive given the short-term inflation risks and others derived from a worsening economic outlook. Colombian exports dropped, due to the fall in oil prices and lower external demand. Today we will see inflation figures for Brazil and Colombia, economic activity in Colombia and confidence in Mexico.

Mexico - No change in fondeo rate. The tone turned restrictive.

As expected, Banxico maintained the benchmark rate at 3.25%. However, the tone turned restrictive as the balance of risks for inflation was impaired in the short term and the central bank stressed that current developments have heightened risks. Regarding economic activity, the balance of risks was impaired slightly, as investment and exports lagged behind private consumption, that remained as the main support for growth. (See our [Mexico Flash](#) in Spanish for more details).

Colombia - Oil prices determine a sharp decrease in exports

In 2015, exports stood at USD35,691mn (-34.9% YoY). Oil shipments decreased 47.1%, due to low prices. Other groups, such as manufacturing (-11.0%) and agriculture, food and beverages (-5.6%) showed setbacks, although less intense and driven by the deterioration in external demand, mainly among its Latin American partners. Finally, during 2016, we anticipate a further decline in oil exports, due to capex cuts and the outlook of low prices.

What to watch today

Brazil - Inflation (January, 06:00hrs NYT)

We expect monthly inflation to remain under pressure from administered and, mainly, food prices and to come in practically unchanged in comparison to the previous reading (0.96% MoM in December). That would imply a moderation in annual inflation, from 10.7% YoY in December to 10.4% YoY in January, a trend that we expect to continue.

Mexico - Consumer confidence index (January, 9:00hrs NYT)

We expect that January's 2016 consumer confidence index will be 90.8 points. This level implies a reduction from the 93 points that this index registered in December 2015. The main reason for this behaviour lies in the larger-than-expected seasonal reduction in formal employment in December 2015.

Colombia - Economic monitoring index — ISE — (November, 14:00hrs NYT)

The ISE for November is likely to reflect a further slowdown in the Colombian economy by comparison with previous months, in line with our expectations. In fact, we expect the ISE to have grown 2.5% YoY (vs. 3.3% in October and 3.0% YoY in 3Q15).

Colombia - Inflation (January, 19:00hrs NYT)

We expect inflation to have grown 7.1% YoY (1.0% MoM), driven by high food prices (due to El Niño) and the 8% exchange rate depreciation in December.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	1-Feb	Jan	1.70%		1.78%	1.55%
Trade Balance Monthly	1-Feb	Jan	500		923	\$6240m
Industrial Production MoM	2-Feb	Dec	0.00%	0.00%	-0.70%	-2.40%
FIPE CPI - Monthly	3-Feb	Jan	1.36%		1.37%	0.82%
FGV Inflation IGP-DI MoM	5-Feb	Jan	1.24%			0.44%
IBGE Inflation IPCA MoM	5-Feb	Jan	1.09%	0.95%		0.96%
CNI Consumer Confidence	5-Feb	Jan				96.3
Chile						
Economic Activity MoM	5-Feb	Dec	0.05%	0.10%		-0.50%
Economic Activity YoY	5-Feb	Dec	0.85%	0.90%		1.80%
Nominal Wage MoM	5-Feb	Dec		0.80%		0.40%
Vehicle Sales Total	5-Feb	Jan				29835
Colombia						
Exports FOB	4-Feb	Dec	2400	2355	2543	\$2362.3
Economic Activity Index SA YoY	5-Feb	Nov	2.60%	2.50%		3.30%
Quarterly Inflation Report	5-Feb					
CPI MoM	5-Feb	Jan	0.90%	0.89%		0.62%
Mexico						
Central Bank Economist Survey	2-Feb					
Vehicle Domestic Sales AMIA	2-Feb	Jan			160663	160663
Overnight Rate	4-Feb	Feb	3.25%		3.25%	3.25%
Consumer Confidence Index	5-Feb	Jan	90.6	90.8		93
ANTAD Same-Store Sales YoY	5-Feb	Jan				8.10%
Peru						
CPI MoM	1-Feb	Jan		0.33%	0.37%	0.45%
CPI YoY	1-Feb	Jan		4.60%	4.61%	4.40%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
02.04.2016	Mexico: No change in fondeo rate. The tone turned restrictive (In Spanish)
02.03.2016	Mexico: Fondeo rate unchanged at 3.25% (In Spanish)
02.02.2016	Peru: Inflation keeps rising, as expected
02.01.2016	Chile: We forecast CPI in January 2016 at 0.3% MoM (In Spanish)
02.01.2016	Chile: Although the fiscal deficit closed at 2.2% of GDP in 2015, the room for fiscal manoeuvre will narrow
01.29.2016	Mexico: The peso appreciated nearly 2.0% over the week due to rising oil prices
01.29.2016	Colombia: BanRep increased its monetary policy rate to 6% in line with expectations
01.29.2016	Chile: Sectoral figures disappoint, supporting maintenance of monetary stimulus
01.28.2016	Brazil: A more dovish Copom redirects its focus to the global environment
01.26.2016	Peru: Trade deficit was enlarged in 2015, but we anticipate an improvement in 2016

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