

## LatAm Daily | Inflation in Chile above expectations however we see pause in MPR this week

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*CPI in Chile increased 0.5% mom above expectations, not driven in the headline figure by CLP depreciation; persistent economic activity will influence a lull in rates at 3.5% in this week's monetary policy meeting. Trade balance figures points to weakness in the private consumption with declines in both durable and non-durable imports.*

### Chile - CPI increased +0.5% MoM in January, above expectations

CPI registered a +0.5% MoM figure in January 2016 (+4.8% YoY), above our expectations and those of the market (both at +0.3% MoM). The monthly rate was mainly driven by a higher than expected positive contribution from services -due to a one-off increase in stamp taxes-, cigarettes and electricity rates were partially offset by declines in foodstuffs and fuels. The measure that excludes foods and energy increased +0.9% MoM (+4.8% YoY) however, the good's CPI showed a null monthly variation, revealing that the headline figure was not driven by a CLP depreciation. Finally, despite this surprise inflation rate, we expect rates to remain at 3.50% in this week's monetary policy meeting, a decision that will be supported by persistently weak economic activity (see our [Chile Flash](#) in Spanish for details).

### Chile - Trade balance showed a surplus in January but figures still points to weak demand

Trade figures posted a surplus of USD685mn in January. This was driven by exports at USD5.12bn (-14.1% YoY, again due to declines in mining and manufacturing) and imports at USD4.44bn (-12.0% YoY). Despite the 19.6% YoY increase in capital goods, the measure that exclude transportation remain sluggish, and overall imports are still showing weakness in private consumption with yearly declines in both durable and non-durable goods. Overall, January's aggregate activity figures will remain weak.

## What to watch today

### Mexico - Inflation (January 09:00hrs NYT)

We expect headline inflation to come in at 0.34% MoM in January. That would imply a rebound in annual inflation from 2.13% in December to 2.57% in January. We expect core inflation to increase 0.20% MoM. Annual core inflation would only rise to 2.66%, from 2.41% in December. We expect inflation to remain below 3.0% throughout 2016 as FX pass-through remains limited to core durable goods and continues to be offset by weak demand, lower telecomm prices and a milder increase in energy prices.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
FGV CPI IPC-S	11-Feb	Feb	1.70%			1.78%
FIPE CPI - Weekly	12-Feb	Feb	--			1.21%
<b>Chile</b>						
Vehicle Sales Total	8-Feb	Jan	--		29835	29835
CPI MoM	8-Feb	Jan	0.30%		0.50%	0.00%
CPI YoY	8-Feb	Jan	4.60%		4.80%	4.40%
Trade Balance	8-Feb	Jan	\$690.0		\$68521	-\$149.8
Central Bank's Economist Survey	10-Feb		0.00%			
Central Bank's Traders Survey	10-Feb		0.00%			
Overnight Rate Target	11-Feb	Feb	3.50%			3.50%
<b>Colombia</b>						
Colombia Monetary Policy Minutes	12-Feb		0.00%			
Vehicle Sales	12-Feb	Dec	--			
<b>Mexico</b>						
ANTAD Same-Store Sales YoY	8-Feb	Jan	--		8.10%	8.10%
Vehicle Production AMIA	8-Feb	Jan	--		267498	222941
CPI MoM	9-Feb	Jan	0.26%	0.34%		0.41%
CPI Core MoM	9-Feb	Jan	0.20%	0.20%		0.31%
CPI YoY	9-Feb	Jan	2.49%	257.00%		2.13%
Bi-Weekly CPI	9-Feb	Jan	0.12%	0.27%		0.03%
Bi-Weekly Core CPI	9-Feb	Jan	0.12%	16.00%		0.08%
Bi-Weekly CPI YoY	9-Feb	Jan	2.52%	266.00%		2.48%
Nominal Wages	10-Feb	Jan	--			4.50%
Industrial Production NSA YoY	11-Feb	Dec	-0.20%			0.10%
Industrial Production SA MoM	11-Feb	Dec	--	0.20%		-0.50%
Manuf. Production NSA YoY	11-Feb	Dec	1.40%			1.80%
Formal Job Creation Total	12-Feb	Jan	--	18.3 k		-303.7k
<b>Peru</b>						
Trade Balance	10-Feb	Dec	--			-\$314m
Reference Rate	12-Feb	Feb	--	4.25%		4.00%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
02.08.2016	<a href="#">Chile: January's CPI grows 0.5% mom influenced by public fees and cigarettes</a>
02.05.2016	<a href="#">Colombia: El Niño drives up inflation</a>
02.05.2016	<a href="#">Chile: GDP grows 2% in 2015 with an Imacec above expectations (In Spanish)</a>
02.05.2016	<a href="#">Brazil: Inflation surprises strongly to the upside</a>
02.04.2016	<a href="#">Mexico: No change in fondeo rate. The tone turned restrictive (In Spanish)</a>
02.03.2016	<a href="#">Mexico: Fondeo rate unchanged at 3.25% (In Spanish)</a>
02.02.2016	<a href="#">Peru: Inflation keeps rising, as expected</a>
02.01.2016	<a href="#">Chile: We forecast CPI in January 2016 at 0.3% MoM (In Spanish)</a>
02.01.2016	<a href="#">Chile: Although the fiscal deficit closed at 2.2% of GDP in 2015, the room for fiscal manoeuvre will narrow</a>
01.29.2016	<a href="#">Mexico: The peso appreciated nearly 2.0% over the week due to rising oil prices</a>
01.29.2016	<a href="#">Colombia: BanRep increased its monetary policy rate to 6% in line with expectations</a>

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