

LatAm Daily | In Chile CB maintained MPR unchanged while in Peru it rose by 25 bps

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In Chile, the CB maintained its MPR unchanged at 3.5% and highlighted that the pace of future adjustments will be data-dependent, in a context of slow expansion of activity and inflation above 4%. In Peru, the CB raised its MPR by 25 bps to 4.25% in an attempt to realign inflation expectations with the CB target. Colombian MPR minutes are expected to be released today.

Chile - The Central Bank indicated less haste to normalise interest rates

The Central Bank kept the policy rate unchanged at 3.50% at yesterday's meeting, as widely expected. Once again, the communiqué stressed that the pace of future adjustment will be gradual and data-dependent, and although it maintained the tone for monetary normalisation, the Central Bank indicated less haste to increase interest rates. Domestically the Board stressed that economic activity is expanding slowly while annual inflation remains above 4% YoY. It also acknowledged the lower dynamism in the labour market (reflected in a slowdown of both annual wage growth and job creation), despite the record low unemployment rate. Finally, on the external front, the communiqué expressed deeper concerns over the recent volatility in global markets, highlighting lower growth perspectives, increases in risk premiums, and a decline in commodity prices, equity markets, and long-term rates (see our [Chile Flash](#) in Spanish for details).

Peru - Central Bank raises its policy rate

In a widely-expected decision, the Central Bank raised its monetary policy rate for a third month in a row by 25 bps, to 4.25%. The gradual tightening is an attempt to realign inflation expectations with the target range because they are currently above the ceiling, at 3.5% (one year forward). What surprised us was the tone of the communiqué in terms of its clarity and sincerity about what is happening to prices, at least compared to what the CB usually says, and the firmer commitment to stop increasing inflation expectations from spilling over into the price-formation process. (See our [Peru Flash](#) in Spanish for details.)

What to watch for today

Colombia - BanRep's minutes (1 p.m. EST)

The Central Bank will be publishing the minutes from its January meeting. In its last meeting, BanRep's Board increased the monetary policy rate by 25 bps, taking the repo rate up to 6.0%. The minutes will provide valuable information regarding the Board's assessment of the outlook for inflation and GDP growth, and its internal discussion about the pace at which the tightening of monetary policy should be conducted.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	11-Feb	Feb	1.70%		1.80%	1.78%
FIPE CPI - Weekly	12-Feb	Feb	--			1.21%
Chile						
Vehicle Sales Total	8-Feb	Jan	--		25484	29835
CPI MoM	8-Feb	Jan	0.30%	0.30%	0.50%	0.00%
CPI YoY	8-Feb	Jan	4.60%	4.70%	4.80%	4.40%
Trade Balance	8-Feb	Jan	\$690.0		685.2	-\$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%	3.50%	3.50%
Colombia						
Colombia Monetary Policy Minutes	12-Feb		0.00%			
Vehicle Sales	12-Feb	Dec	--			
Mexico						
ANTAD Same-Store Sales YoY	8-Feb	Jan	--		8.60%	8.10%
Vehicle Production AMIA	8-Feb	Jan	--		267498	222941
CPI MoM	9-Feb	Jan	0.26%	0.34%	0.38%	0.41%
CPI Core MoM	9-Feb	Jan	0.20%	0.20%	0.19%	0.31%
CPI YoY	9-Feb	Jan	2.49%	2.57%	2.61%	2.13%
Bi-Weekly CPI	9-Feb	Jan	0.12%	0.27%	0.35%	0.03%
Bi-Weekly Core CPI	9-Feb	Jan	0.12%	0.16%	0.14%	0.08%
Bi-Weekly CPI YoY	9-Feb	Jan	2.52%	2.66%	2.75%	2.48%
Nominal Wages	10-Feb	Jan	--		4.10%	4.50%
Industrial Production NSA YoY	11-Feb	Dec	-0.20%		-0.04%	0.10%
Industrial Production SA MoM	11-Feb	Dec	--	0.20%	-0.14%	-0.50%
Manuf. Production NSA YoY	11-Feb	Dec	1.40%		2.52%	1.80%
Formal Job Creation Total	12-Feb	Jan	--	18.3 k		-303.7k
Peru						
Trade Balance	10-Feb	Dec	--		193.0	-\$314m
Reference Rate	11-Feb	Feb	--	4.25%	4.25%	4.00%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
02.11.2016	Peru: CB adjust MPR again and is more energetic with expectations (In Spanish)
02.11.2016	Chile: CB maintains MPR unchanged and recognize deterioration in labour market (In Spanish)
02.10.2016	Chile: Outlook 1Q16 (In Spanish)
02.09.2016	Colombia: Trends and Long-term Outlook for Energy Supply and Demand
02.08.2016	Chile: January's CPI grows 0.5% mom influenced by public fees and cigarettes
02.05.2016	Colombia: El Niño drives up inflation
02.05.2016	Chile: GDP grows 2% in 2015 with an Imacec above expectations (In Spanish)
02.05.2016	Brazil: Inflation surprises strongly to the upside
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

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