

## LatAm Daily | Colombia increases MPR by 25 bp; Chilean GDP rose 2.1% in 2015 as expected

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*In Colombia we expect BanRep to continue increasing MPR up to 7% at its May meeting. Mexico keeps MPR unchanged; we consider that synchronization with the FED is the most probable scenario. Chilean growth reflects a weakness in domestic demand; data supports our view of a 1.8% growth in 2016 with a negative bias.*

### Chile - GDP increased 2.1% in 2015 but showing weakness in domestic demand

GDP growth reached 2.1% in 2015 (0.1% QoQ; +1.3% YoY in 4Q15), broadly in line with expectations. Figures still reflect the slack in domestic demand, with gross fixed capital formation declining 1.5% last year (-1.3% YoY in 4Q15), driven by machinery and equipment, while private consumption grew a meager 1.5% in 2015 (+1.1% YoY in 4Q15). The external sector remains weak, after a 2.8% and 1.9% decline in imports and exports respectively during the year. Finally, national accounts data still supports our view of +1.8% GDP growth for this year, nonetheless it also reinforces the negative bias in our projections (see our [Chile Flash](#) in Spanish for details).

### Colombia - BanRep continues tightening

In a split decision, the board voted to lift the key rate by a quarter point to 6.5%, in line with market and BBVA Research expectations. The board members do not see significant risks in terms of activity and maintain their concern over current inflation levels (including their expectations) and the current account deficit. BBVA estimates that inflation will continue at high levels in the coming months and will only recede in the second half of the year. Therefore, we believe BanRep will continue raising the repo rate up to 7% at its May meeting (see our [Colombia Flash](#) in Spanish for details).

### Mexico - Banxico keeps reference rate steady and remains cautious as risks linger

In spite of the recent improvement in the conditions of the financial markets, the central bank stressed that uncertainty about China, additional oil price drops and potential disruptions in government bond markets, as US normalization continues, remain as relevant sources of volatility. Regarding domestic conditions neither the balance of risks of inflation nor the balance of risks of economic activity were modified, however the tone on the latter was a little more pessimistic. In this context we consider that synchronization with the FED's monetary policy as the most probable scenario. (See [Mexico Flash](#) in Spanish for details).

## What to watch today

No relevant news is expected for today

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
Formal Job Creation Total	18-mar al 21 mar	Feb	-41235			-99694
FGV CPI IPC-S	23-Mar	1-mar	0.62			0.65%
Unemployment Rate	23-Mar	Feb	8.1	8.10		7.60%
IBGE Inflation IPCA-15 MoM	23-Mar	Mar	0.54	0.60		1.42%
Current Account Balance	23-Mar	Feb	-200			-\$4817m
National Unemployment Rate	24-Mar	Jan	9.3			9.0%
<b>Chile</b>						
Central Bank's Traders Survey	23-Mar					
<b>Mexico</b>						
Retail Sales MoM	23-Mar	Jan	1.5			-1.60%
Retail Sales YoY	23-Mar	Jan	4			3.40%
Bi-Weekly CPI	23-Mar	1-mar	0.17	0.20		-0.05%
Bi-Weekly Core CPI	23-Mar	1-mar	0.18	0.18		0.12%
Bi-Weekly CPI YoY	42452	1-mar	2.81	2.82		2.80%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
03.18.2016	<a href="#">Chile: GDP increased 2.1% in 2015 but showing weakness in 4Q15</a> (In Spanish)
03.18.2016	<a href="#">Mexico Weekly: The peso appreciates to levels close to those at the beginning of the year</a> (In Spanish)
03.18.2016	<a href="#">Mexico: Fondeo is maintained at 3.75%. Cautious tone despite an environment less volatile</a> (In Spanish)
03.18.2016	<a href="#">Colombia: BanRep continues tightening</a> (In Spanish)
03.17.2016	<a href="#">Chile: The CB maintains the MPR at 3.5%</a> (In Spanish)
03.17.2016	<a href="#">Mexico: Fondeo rate unchanged at 3.75%</a>
03.16.2016	<a href="#">Chile: Labour aggregates, job search efforts and Google trends</a>
03.16.2016	<a href="#">Peru: Economic activity moderated in January</a> (In Spanish)
03.14.2016	<a href="#">Chile: Unemployment rate will rise in the medium term</a> (In Spanish)
03.14.2016	<a href="#">Brazil: Crisis without expiration date</a>

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