

LatAm Daily | We expect Colombian CB to increase its MPR by 25bp in today's meeting

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We expect the Colombian repo rate to increase by 25bp to 6.75% today, and an additional 25bp increase in May's meeting (up to 7%), maintaining that level for the rest of the year. In Chile, March's economic activity figures will be released; figures should point to weak aggregate activity. We expect GDP in Mexico in 1Q16 at 0.4% QoQ.

Brazil - Credit stock contracted for the third consecutive month in March

Total credit stock decreased 0.7% MoM in March, accumulating a 1.8% contraction in the first quarter of the year. In annual terms, credit stock expanded 3.3% YoY, well below the inflation rate (9.4% YoY in March). Even though the slowdown in private bank credit is more pronounced (-1.1% YoY / -0.7% MoM), credit from public banks is also weakening (6.9% YoY/-0.6% MoM). On top of that, credit conditions continued to worsen in March. In particular, lending interest rates increased again and reached 32.0% (vs. 31.8% in February and 25.9% one year ago), although the reference interest rate of the economy -the Selic rate- has been unchanged for a while. Finally, non-performing loans (NPL) remained under control, stable at 3.5%, despite the unfavourable economic environment. In any case, we expect NPL to increase going forward.

What to watch today

Chile - Activity data by sector (March, 8:00hrs NYT)

We expect manufacturing output to have increased around 1.5% YoY in March, while retail sales showing a +4.0% YoY increase over the month. Overall, figures should still point to weak aggregate economic activity.

Chile - Unemployment rate (March, 8:00hrs NYT)

We expect the jobless rate to have increased to 6.1% in March (from a previous 5.9%), showing a slowdown in job-creation, both in terms of salaried employment as well as self-employment.

Mexico - Advance 1Q GDP growth (March, 9:00hrs NYT)

We expect a quarterly growth rate of 0.4% during the first quarter of the year. This figure is supported by the monthly IGAE figures in January and February (0.6% and 0.2% q/q respectively) that point to a recovery of the services sector (approximately 60% of the economic activity) in February and a one-off increase of construction in January.

Brazil - Fiscal report (March, 9:30hrs NYT)

The BCB's fiscal report will likely show that the public sector posted another primary deficit in March, reinforcing the signs of fiscal deterioration. The situation is not likely to improve significantly going forward, as the contraction in economic activity should continue to hit public revenues, and there are no positive prospects regarding the adoption of the needed reforms to address fiscal problems (mainly the upward trend of public expenditure).

Colombia - Unemployment rate (March, 11:00hrs NYT)

We expect an urban unemployment rate of 10.3% for March (0.2 percentage points higher than last years), in line with our activity perspectives.

Colombia - Monetary policy meeting (No set time)

We anticipate that the Central Bank will increase its monetary policy rate 25bp, taking the repo rate up to 6.75%, in line with consensus. It is important to note that we expect an additional 25bp increase in May's meeting, taking the monetary policy rate up to 7% and keeping that level for the rest of the year.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	25-abr	Apr 22	0.42		0.38	0.45%
Federal Debt Total	25-abr	Mar			2887	2819b
FGV Consumer Confidence	26-abr	Apr			64.4	67.1
FIPE CPI - Weekly	27-abr	Apr 22	0.64		0.6	0.75%
Selic Rate	27-abr	Apr 27	14.25	14.25	14.25	14.25%
FGV Inflation IGPM MoM	28-abr	Apr	0.36		0.33	0.51%
Outstanding Loans MoM	28-abr	Mar			-0.7	-0.5%
Primary Budget Balance	29-abr	Mar	-10.9			-23.0b
CNI Consumer Confidence	29-abr	Apr				97.6
Chile						
Central Bank Meeting Minutes	27-abr	0				0.0%
Manufacturing Production YoY	29-abr	Mar	1.1	1.5%		1.3%
Retail Sales YoY	29-abr	Mar	3.9	5.5%		7.4%
Industrial Production YoY	29-abr	Mar	1.5			1.8%
Unemployment Rate	29-abr	Mar	6	6.1%		5.9%
Colombia						
Retail Confidence	25-abr	Mar		18.0	25.5	25.4
Industrial Confidence	25-abr	Mar		13.0	4.1	10.4
National Unemployment Rate	29-abr	Mar				10%
Urban Unemployment Rate	29-abr	Mar	10.3	10.3		10.3%
Overnight Lending Rate	29-abr	Apr 29	6.75	6.75		6.5%
Mexico						
Retail Sales MoM	25-abr	Feb	0.1		0.2	2.7%
Retail Sales YoY	25-abr	Feb	5.1		9.6	5.2%
Trade Balance	26-abr	Mar	-100	-650 m	155	-724.7m
Economic Activity IGAE YoY	26-abr	Feb	3	2.9%	4.11	2.33%
Unemployment Rate SA	27-abr	Mar	4.3		4.19	4.28%
GDP NSA YoY	29-abr	1Q P	2.2			2.5%
GDP SA QoQ	29-abr	1Q P	0.45	0.40%		0.5%
Net Outstanding Loans	29-abr	Mar				3154b

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
04.26.2016	Peru: Value of total exports continues to shrink (In Spanish)
04.23.2016	Mexico: Bank deposits: loss of momentum driven by term deposits (In Spanish)
04.22.2016	Mexico Weekly: The sluggishness of investment and exports will limit GDP growth (In Spanish)
04.15.2016	Mexico Weekly: Government measures alleviate the liquidity problems of PEMEX (In Spanish)
04.15.2016	Peru: GDP growth accelerated in February (In Spanish)
04.15.2016	Peru: Central Bank: MPR unchanged (In Spanish)
04.13.2016	Mexico: Federal Government support allows Pemex to improve its financial situation in 2016 (In Spanish)
04.12.2016	Chile: Policy rate keeps at 3.5%, but the restrictive tone is moderated (In Spanish)
04.08.2016	Mexico Weekly: An unfavorable industrial performance corroborates moderate growth outlook (In Spanish)
04.08.2016	Brasil: Times of two-digit inflation are over

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