

## LatAm Daily | More dovish stance for rates is expected in Chile

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*The economic expectation survey suggested a pause in rates at 3.5% at May's meeting, and a 25 bps increase during this year. In Brazil, we expect retail sales to show some stabilisation in monthly terms in March, while the Senate is expected to decide whether to accept to analyse the impeachment case. A favourable decision would force President Rousseff to step down.*

### Chile - A more dovish view for rates on the back of lower GDP growth prospects for 2017

The economic expectation survey showed an inflation forecast at +0.2% MoM for May, while long-term inflation expectations remain anchored to the Central Bank's target of 3% YoY. Inflation forecasts for the end of 2016 are for +3.2% YoY. Meanwhile, GDP growth forecasts for 2016 stabilised at 1.7%, while expectations for 2017 declined to 2.4%. April's Imacec is expected to increase 1.8% YoY. Finally, in terms of monetary policy, the survey's results indicated a pause in rates at 3.50% at May's meeting, and only a 25 bps increase to 3.75% during this year.

## What to watch today

### Brazil - Retail sales (March, 8:00hrs NYT)

We expect retail sales data to show some stabilisation in monthly terms in March after the moderate growth exhibited in February. That would reinforce our view that private consumption will continue to contribute negatively to GDP in 1Q16, although not as much as in previous quarters.

### Brazil - Senate decision on the impeachment of President Rousseff

Today the Brazilian Senate will likely decide whether to accept for analysis the impeachment case. If, as expected, the members of the Upper House vote in favour of judging President Dilma Rousseff (a simple majority is needed), then she will have to step down and, beginning probably tomorrow, the Vice-President Michel Temer will assume presidential duties. If this is the case, we would see, among other things, the appointment of new economic authorities and the first announcements on the new administration's economic policy. Nevertheless, we expect the political environment to remain turbulent, preventing a sharp turnaround in confidence.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
FGV CPI IPC-S	09-may	May 07	0.66		0.64	0.49%
Retail Sales MoM	11-may	Mar	-0.6	0.0		1.20%
Economic Activity MoM	13-may	Mar	-0.1	0.0		-0.29%
CNI Industrial Confidence	13-may	May				36.2
<b>Chile</b>						
Trade Balance	09-may	Apr	623		556	\$610
Copper Exports	09-may	Apr			2166.21	\$2418.6
Central Bank's Economist Survey	10-may					
<b>Colombia</b>						
Colombia Monetary Policy Minutes	13-may					
<b>Mexico</b>						
CPI MoM	09-may	Apr	-0.25	-0.23	-0.32	0.15%
CPI Core MoM	09-may	Apr	0.19	0.17	0.22	0.36%
CPI YoY	09-may	Apr	2.6	2.63	2.54	2.60%
Bi-Weekly CPI	09-may	Apr 30	0.03	0.07	-0.09	-0.34%
Bi-Weekly Core CPI	09-may	Apr 30	0.08	0.06	0.16	0.15%
Bi-Weekly CPI YoY	09-may	Apr 30	2.59	2.65	2.48	2.60%
Vehicle Exports AMIA	09-may	Apr			197020	224184
Vehicle Production AMIA	09-may	Apr			269604	266960
ANTAD Same-Store Sales YoY	10-may	Apr	7.5		10.1	5.80%
Nominal Wages	10-may	Apr			4.87	4.50%
Industrial Production NSA YoY	12-may	Mar	-0.85			2.60%
Industrial Production SA MoM	12-may	Mar	0.1			-0.10%
Formal Job Creation Total	12-11 may	Apr				59.4k
<b>Peru</b>						
Trade Balance	09-11 may	Mar	-400		-69	-\$249m
Reference Rate	13-may	May 12	4.25	4.25		4.25%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
05.06.2016	<a href="#">Mexico: Mexico Weekly: Concerns about the global cycle influence the peso depreciation</a> (In Spanish)
05.06.2016	<a href="#">Brazil: Inflation eased less than expected in April</a>
05.06.2016	<a href="#">Chile: April's CPI increased by 0.3% MoM in line with consensus</a> (In Spanish)
05.06.2016	<a href="#">Chile: Chile economic outlook. Second quarter 2016</a> (In Spanish)
05.06.2016	<a href="#">Colombia: Inflation recedes slightly in April on lower utilities rates</a>
05.05.2016	<a href="#">Mexico: Monetary policy rate stays at 3.75%. Cautious tone as global outlook impairs</a> (In Spanish)
05.05.2016	<a href="#">Bazil: Changes in the BCB board, rather than interest rate cuts, are on sight</a>
05.05.2016	<a href="#">Chile: Economic activity increases in 1Q16 rises 1.8% YoY</a> (In Spanish)
05.04.2016	<a href="#">Mexico: Fondeo rate unchanged at 3.75%</a> (In Spanish)
05.03.2016	<a href="#">Colombia: BanRep's Board continue increasing the monetary policy rate</a>

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