

LatAm Daily | An extraordinary rate hike in Mexico is less likely

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Banxico's governor stressed that the recent Peso depreciation has taken place in an orderly manner and with adequate liquidity conditions, and that the FED remains as a relevant factor for policy stance. We maintain our expectation of synchronisation with the MP of the US. In Colombia, we expect today retail confidence and industrial confidence figures for April.

Mexico - An extraordinary rate hike is less likely

Banxico released its 1Q inflation report amid expectations of an extraordinary rate hike stemming from the recent exchange rate depreciation. However, the governor made clear during the presentation and throughout the Q&A session that the recent Peso depreciation was not related to a lack of liquidity in the market or due to speculative attacks. In fact, he stressed the relevance of US monetary policy and pointed out that he expects that upcoming MPR movements will be made during scheduled meetings. In view of the recent communication, we maintain our expectation of synchronisation between the monetary policy of Mexico and the US ([see Banxico flash](#)).

What to watch today

Colombia - Business confidence (April, not scheduled)

Today, Fedesarrollo will release retailers and industrial confidence figures. We expect commercial confidence to come in at 15 (in a range between -100 and 100), below March's figure (25.5). This print is a consequence of a deceleration in private consumption, partially observed during the first quarter of 2016. On the other hand, industrial confidence should come in at 6.2, slightly above March's value (4.1). The latter result is consistent with the gradual recovery of the manufacturing sector, boosted by the imports substitution process.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	23-may	may-22	0.7		0.68	0.67%
Trade Balance Weekly	23-may	may-22			1010	\$1747m
FGV Consumer Confidence	24-may	May			67.9	64.4
Current Account Balance	24-may	Apr	-900		412	-\$855m
FIPE CPI - Weekly	25-may	may-23	0.48		0.5	0.41%
Chile						
Central Bank's Traders Survey	25-may	May				
Colombia						
Retail Confidence	26-may	Apr		15.00		25.5
Industrial Confidence	26-may	Apr		6.20		4.1
Overnight Lending Rate	27-may	may-27	7.25	7.5		7.00%
Mexico						
Retail Sales MoM	23-may	Mar	0.1		3	0.20%
Retail Sales YoY	23-may	Mar	4.8		6.4	9.60%
Bi-Weekly CPI	24-may	may-15	-0.31	-0.15	-0.48	-0.09%
Bi-Weekly Core CPI	24-may	may-15	0.11	0.07	0.08	0.16%
Bi-Weekly CPI YoY	24-may	may-15	2.68	2.87	2.53	2.48%
Trade Balance	25-may	Apr	-570	-366	-2079.56	155.0m
Current Account Balance	25-may	1Q	-8300		-6991.42	-\$7698m
Mexican Central Bank Releases Inflation Report	25-may					
Unemployment Rate SA	27-may	Apr	4.15			4.19%
Unemployment Rate NSA	27-may	Apr	4.1			3.74%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
05.25.2016	Mexico: Less possibilities of a rate hike in an unscheduled meeting (In Spanish)
05.25.2016	Peru: The dynamism of exports continues to increase (In Spanish)
05.23.2016	Chile Economic Outlook. Second Quarter 2016
05.20.2016	Mexico: Bank deposits: improved performance driven by its two components (In Spanish)
05.20.2016	Mexico Weekly: Increased likelihood of a Fed hike in June influences the peso de preciation (In Spanish)
05.19.2016	Argentina: Argentina Economic Outlook. Second Quarter 2016 (In Spanish)
05.19.2016	Mexico: Possible MPR hike & FX intervention only if MXN underperforms EM cur rencies again (In Spanish)
05.18.2016	Chile: GDP grows by 5.3% QoQ in 1Q16 annualized by factors that can be non- permanent (In Spanish)
05.18.2016	Chile: Central Bank kept policy rate at 3.5% as widely expected (In Spanish)
05.16.2016	Peru: Mining and public investment continued to support economic growth in Mar ch (In Spanish)

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