

LatAm Daily | Monetary policy meetings in Chile and Peru to be held today

Enestor Dos Santos / Lorena Lechuga / Hugo Perea / Cecilia Posadas / Jorge Selaive / Carlos Serrano / Juana Téllez

In Chile, we expect today another pause in MPR at 3.5% due to weak aggregate activity. We expect two 25bp cuts in the rate over the next 18 months. In Peru, we expect the CB to keep the policy rate at 4.25%, while inflation expectations are slowly moderating. In Brazil, we expect the BCB's economic activity index to remain unchanged in May.

No relevant news was released yesterday.

What to watch today

Brazil - Economic activity indicator (May, 7:30hrs NYT)

We expect the BCB's economic activity index (IBC-Br) to remain unchanged (0.0% MoM) in May, as it did in April. However, [the recent surprise dip in retail sales](#) adds a downward bias to our forecast.

Chile - Monetary policy meeting (July, 18:00hrs NYT)

We expect another pause in policy rates at 3.5% because of weak aggregate activity figures. Annual inflation figures above 4% in June will continue holding more weight than the commitment to monetary normalisation, even though the market expects the timing of further hikes to be postponed to 2018. In this context, our baseline scenario assumes two 25bp cuts in the rate over the next 18 months, with the Central Bank suppressing the hawkish tone and moving towards a neutral tone during 2H16.

Peru - Monetary policy meeting (July, 18:30hrs NYT)

We expect the CB to keep the policy rate at its current 4.25% level. It is true that the YoY inflation rate remains above the target range, but it has been falling over the last few months, the inflation outlook is more benign going forward, and inflation expectations are slowly moderating. On the other hand, private domestic demand remains sluggish.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FIPE CPI - Weekly	12-jul	jul-07	0.75		0.78	0.42%
Retail Sales MoM	12-jul	May	0.40	0.0	-1	0.50%
Economic Activity MoM	13-jul	May	-0.20	0.0%		0.03%
FGV Inflation IGP-10 MoM	15-jul	Jul	1.20			1.42%
CNI Industrial Confidence	15-jul	Jul				45.7
Tax Collections	15 jul-22 jul	Jun	98350			95219m
Chile						
Central Bank's Economist Survey	12-jul					
Central Bank's Traders Survey	13-jul					
Overnight Rate Target	15-jul	jul-14	3.5	3.5		3.50%
Colombia						
Retail Sales YoY	15-jul	May	4.00	4		5.40%
Industrial Production YoY	15-jul	May	7.10	5.5		8.40%
Mexico						
ANTAD Same-Store Sales YoY	11-jul	Jun	5.9		5.3	2.90%
Industrial Production NSA YoY	12-jul	May	1.60		0.43	1.90%
Industrial Production SA MoM	12-jul	May	0.25		0.26	-0.70%
Manuf. Production NSA YoY	12-jul	May	2.45		0.8	3.00%
Central Bank Monetary Policy Minutes	14-jul					
Peru						
Trade Balance	8 jul-11 jul	May			35	-\$40m
Reference Rate	15-jul	jul-14	4.25	4.25		4.25%
Economic Activity YoY	15-jul	May	4.6	4.8		2.50%
Unemployment Rate	15-jul	Jun	7.0			7.10%

Fuente: BBVA Research

Most recent Latam reports

Date	Description
07.12.2016	Chile: What does the update of fiscal forecasts of the finance authorities say? (In Spanish)
07.11.2016	Peru: Public investment falls in June (In Spanish)
07.08.2016	Mexico Weekly: Employment data better than expected in the U.S. supports the peso (In Spanish)
07.08.2016	Chile: June's CPI rose 0.4% MoM above market expectations, caused by specific products (In Spanish)
07.06.2016	Colombia: Inflation surprises on the upside in June (In Spanish)
07.05.2016	Chile: Economic activity slows down in May losing what was gained earlier this year (In Spanish)
07.01.2016	Peru: Inflation remains downtrend (In Spanish)
07.01.2016	Mexico: Private sector credit, better growth in its three segments (In Spanish)
07.01.2016	Mexico: Remittances reach 2,477.8md (+13.1%), the best record for May since 2006 (In Spanish)
07.01.2016	Chile: Imacec with a ceiling of 2% YoY in May - Labor market depreciation surges (In Spanish)

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance. This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.