

LatAm Daily | Monetary policy rate in Colombia to increase by 25bps today

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

We expect the BanRep to increase its MPR to 7.75%. Also, we expect the unemployment rate to have increased by 9.2%. In Mexico, we expect a more deteriorated preliminary GDP growth for 2Q16: 2.1% YoY / -0.1% QoQ. In Chile, the minutes of the last MP meeting will be released, as will unemployment figures (we expect an increase of 6.9%) and activity data by sector for June.

No relevant news was released yesterday.

What to watch today

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

We expect the BCB's report to show that public accounts continued to worsen in June, as expenditure remains high (mostly due to structural reasons) while revenues are low (mostly due to cyclical reasons).

Chile - Minutes of the monetary policy meeting (July, 08:30hrs NYT)

We believe that the Board kept rates at 3.5% because of the positive surprise in CPI inflation during June, while economic activity figures confirm that the pace of growth is slow. The minutes should also reveal the elements behind the moderated restrictive tone.

Chile - Activity data by sector (June, 9:00hrs NYT)

We expect manufacturing output to have decreased by around 0.5% YoY in June, while retail sales are expected to show a +1.0% YoY increase. Overall, figures should continue to show weak aggregate economic activity.

Chile - Unemployment rate (June, 9:00hrs NYT)

We expect the unemployment rate to have increased to 6.9% in June, showing a slowdown in job creation, both in terms of salaried employment as well as self-employment.

Mexico - Preliminary GDP of 2Q16 (9:00hrs NYT)

The INEGI will announce Mexico's preliminary GDP data for 2Q16. We estimate that it will show a quarterly negative rate of growth of -0.1% (QoQ, sa), while the annual rate of growth will be 2.1% (YoY, sa). Note that in 1Q16 the observed quarterly and annual rates of growth of GDP were 0.8% (QoQ, sa) and 2.8% (YoY, sa), respectively. This shows that economic activity deteriorated during 2Q16. An important reason for this deterioration is the negative monthly rate of growth of -1.2% (MoM, sa) that the monthly economic activity indicator (IGAE, which is a monthly indicator of GDP) showed in April, which was not fully compensated by the positive performance of IGAE in the following two months of 2Q16.

Colombia - June Unemployment Rate (11:00 NYT)

We expect the urban unemployment rate to decrease to 9.2%, down from 9.7% in June 2015. As in the previous months, the slowdown in job creation will be accompanied by a lower participation rate, which will maintain the unemployment rate low.

Colombia - Monetary policy meeting (July, no set time)

We anticipate the Central Bank to increase its monetary policy rate by 25 bp, taking the repo rate to 7.75%, in line with consensus. In our view, the dynamics of core inflation and inflation expectations will be the main elements of debate during this meeting. It is important to note that our central scenario also includes 25bp increases for the repo rate in both the August and September meetings.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Tax Collections	22jul - 25jul	Jun	98327		95218.71	95219m
Formal Job Creation Total	22jul - 25jul	Jun	-58700		-91032	-72615
FGV CPI IPC-S	25-jul	jul-22			0.36	0.41%
FGV Consumer Confidence	25-jul	Jul			76.7	71.3
Federal Debt Total	25-jul	Jun			2959	2879b
COPOM Monetary Policy Meeting Minutes	26-jul					
Current Account Balance	26-jul	Jun	-1390		-2478.57	\$1200m
Outstanding Loans MoM	27-jul	Jun			-0.5	0.10%
FGV Inflation IGPM MoM	28-jul	Jul	0.27		0.18	1.69%
Central Govt Budget Balance	28-jul	Jun	-14.5		-8.802	-15.5b
National Unemployment Rate	29-jul	Jun	11.3			11.20%
PPI Manufacturing MoM	29-jul	Jun				0.58%
Primary Budget Balance	29-jul	Jun	-15.3			-18.1b
CNI Consumer Confidence	29-jul	Jul				101
Chile						
Central Bank's Traders Survey	27-jul					
Manufacturing Production YoY	29-jul	Jun	-0.55			2.10%
Retail Sales YoY	29-jul	Jun	2.7			0.60%
Copper Production Total	29-jul	Jun				473825
Unemployment Rate	29-jul	Jun	6.9			6.80%
Colombia						
Urban Unemployment Rate	29-jul	Jun	9.5	9.5		9.00%
Overnight Lending Rate	29-jul	jul-29	7.75	7.75		7.50%
Mexico						
Retail Sales MoM	25-jul	May			1.2	-1.40%
Retail Sales YoY	25-jul	May			8.6	10.60%
Trade Balance	26-jul	Jun	-688		-523.64	-527.4m
Economic Activity IGAE YoY	26-jul	May	2.12		2.19	2.99%
Unemployment Rate NSA	27-jul	Jun	4		3.93	4.03%
GDP NSA YoY	29-jul	2Q P	2.4			2.60%
GDP SA QoQ	29-jul	2Q P	-0.1			0.80%
Net Outstanding Loans	29-jul	Jun				3218b
Budget Balance YTD	29-jul	Jun				72.8b

Fuente: BBVA Research

Most recent Latam reports

Date	Description
07.26.2016	Brazil: The COPOM is still concerned about inflation
07.26.2016	Weekly Mexico: Annual growth rate moderation of GDP in the second quarter (In Spanish)
07.15.2016	Weekly Mexico: Stock indexes reached new highs (In Spanish)
07.15.2016	Peru: GDP rebounded in May, but its pace of growth will probably be more moderated in June (In Spanish)
07.15.2016	Peru: No surprises regarding the decision of the Board of the Central Bank in July (In Spanish)
07.15.2016	Chile: Central Bank stays alert: keeps interest rate and bias (In Spanish)
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)

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