

## Latam | Little evidence to suggest FX pass-through in Mexico

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*February inflation was in line with expectations and reached the midpoint of the central bank's target range. There was even little evidence of pass-through to prices, probably due to weak domestic demand.*

### Mexico – Still little evidence to suggest that higher import costs (due to a weaker peso) have been passed on to consumer prices

Headline inflation increased 0.19% MoM in February, broadly in line with expectations (BBVAe: 0.20%, consensus: 0.21%). In annual terms, headline inflation edged down to 3.00% from 3.07% in January (BBVAe: 3.01%, consensus: 3.02%), reaching Banxico's 3.0% target for the first time since May 2006. Core inflation was 0.34% MoM, surprising slightly to the downside (BBVAe: 0.37%, consensus: 0.37%). In annual terms, core inflation edged up slightly to 2.40% from 2.34% in January. Today's print supports our view that annual inflation is likely to remain close to Banxico's target (3.0%) throughout 2015, before declining to 2.9% by year-end. Although continued peso weakness increases pass-through risks, up to now, the weaker peso has not created a build-up of inflationary pressures. Even though it is likely that some of the increase in import costs will be passed on to consumers in the coming months, the pass-through should remain contained in a context of weak domestic demand.

### What to watch today

#### Chile – Economic expectations survey (March, 6:30hrs NYT)

We believe the results of the survey should point to an increase of around 1.5% YoY in the economic activity index (Imacec) in February, with headline inflation estimates around 0.7% MoM for March. Finally, we expect estimates of a pause in the monetary policy rate at next week's meeting.

### Calendar indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
FGV CPI IPC-S	9-Mar	Mar-12	1.16	-	1.26%	0.97%
COPOM Monetary Policy Meeting Minutes	12-Mar	Jan-04	--	-	-	-
Retail Sales MoM	13-Mar	Jan	-0.5	-	-	-2.60%
<b>Chile</b>						
Vehicle Sales Total	9-Mar	Feb	--	-	23,891	23,891
Trade Balance	9-Mar	Feb	\$1,300.00	\$1,208.00	\$748.00	\$1,376.00
Copper Exports	9-Mar	Feb	--	\$2,975.00	\$2,480.00	\$2,870.00
<b>Colombia</b>						
Retail Sales YoY	13-Mar	Jan	7.9	-	-	9.60%
Industrial Production YoY	13-Mar	Jan	1.2	-	-	2.10%
Consumer Confidence Index	13-Mar	Feb	17.1	-	-	17.9
Vehicle Sales	13-Mar	Feb	--	-	-	-
<b>Mexico</b>						
CPI MoM	9-Mar	Feb	0.22	0.20%	0.19%	-0.1%
CPI Core MoM	9-Mar	Feb	0.37	0.37%	0.34%	0.0%
CPI YoY	9-Mar	Feb	3.03	3.01%	3%	3.1%
Vehicle Production AMIA	9-Mar	Feb	--	-	282,856	266,424
Vehicle Exports AMIA	9-Mar	Feb	--	-	222,351	204,907
ANTAD Same-Store Sales YoY	10-Mar	Feb	5.1	-	-	5.50%
Formal Job Creation Total	12-Mar	Feb	129.85	117.6K	-	59.8K
Industrial Production YoY	13-Mar	Jan	2.1	3.31	-	3.00%
Industrial Production MoM	13-Mar	Jan	0.35	0.53	-	-0.30%
<b>Peru</b>						
Trade Balance	10-Mar	Jan	-500	-	-	\$121M
Reference Rate	13-Mar	Mar	3.25	-	-	3.25%
Unemployment Rate	13-Mar	Feb	7	-	-	6.40%
Economic Activity YoY	13-Mar	Jan	1.7	-	-	0.50%

## Most recent Latam reports

Date	Description
03.09.2015	<a href="#">Mexico: Still little evidence of pass-through</a>
03.06.2015	<a href="#">Chile: Once again CPI inflation above expectations in February</a>
03.06.2015	<a href="#">Colombia: Monthly inflation in February stood at 1.15%, taking the annual print up to 4.36%.</a>
03.05.2015	<a href="#">Chile: Imacec at 2.7% YoY support additional upwards revision in GDP growth expectations of market consensus</a>
03.05.2015	<a href="#">Mexico: Remittances fell in January (-0.7% YoY) after 17 consecutive months of growth</a>
03.05.2015	<a href="#">Brazil Flash: Another 50bp adjustment of the SELIC rate</a>
02.27.2015	<a href="#">Mexico Weekly: All eyes on consumer and producer confidence as indicators of economic performance in the first quarter</a>
02.23.2015	<a href="#">Mexico Weekly Flash: The quarterly GDP growth in the fourth quarter of 2014 was 0.7% (In Spanish)</a>
02.16.2015	<a href="#">Peru Flash: There was no economic recovery at the end of last year...</a>
02.12.2015	<a href="#">Peru Flash: Key rate on hold in February, with no major news in the communiqué that accompanied the decision</a>

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