

LatAm Daily | In Colombia CB leaves MPR unchanged and will act in a data-dependent mode

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Inflation in Brazil continued to trend up at the beginning of March, mainly due to adjustments in electricity and public transport tariffs. In Mexico retail sales signal a slight improvement in consumption at the start of 2015.

Brazil – Inflation continued to trend up at the beginning of March

March's IPCA-15, which measures inflation from mid-February till mid-March, reached 1.24% MoM, broadly in line with expectations (BBVA: 1.18% MoM; consensus: 1.25% MoM). The main pressures came from the housing and transport groups (2.78% MoM and 1.91% MoM respectively) mainly due to the respective adjustments in electricity and public transport tariffs. For the last 12 months, the index is at 7.90%, the highest level since May 2005 (8.19%). We expect the full-month IPCA to display the same upward trend as the IPCA-15 and to move up to 7.9% YoY in March.

Colombia – Positive business confidence in February

Industrial confidence stood at 7.3 (in a range between -100 and 100), above both January 2015 and February 2014's figures. Stocks posted a reduction and expectations about the production 6-months ahead ticked higher. However, the trend in utilisation of installed capacity came to a halt after having registered increases in the previous quarters, staying flat with respect to February 2014. This could possibly explain the lower manufacturing investment willingness. Meanwhile, retailers' confidence showed a slight reduction compared to January 2015 and February 2014's figures. Both the current situation assessment and the six-months-ahead expectations diminished; although they were offset by a lower level of stocks. All in all, these results reflect a slight slowdown in domestic demand albeit at a moderate pace, as we anticipated.

Colombia – BanRep keeps its monetary policy rate on hold at 4.5%

Colombia's central bank kept its monetary policy rate unchanged, in line with both the market's and our own in-house expectations. During the press conference, the CB's Director, José Darío Uribe, said that the decision was taken unanimously by the seven-member board. According to the communiqué, the economy cooled more than expected in the fourth quarter. Nevertheless, the central bank ratified its GDP growth expectation for 2015, keeping 3.6% as the most likely outcome. On the inflation front, the Board highlighted that the recent behavior of CPI was driven by food prices, and that these pressures should recede during the second half of the year. In our view, the central bank will act in a data-dependent mode going forward. That said, a careful monitoring of inflation expectations, inflation-target credibility, household consumption and investment will be required to assess future policy rate movements. (See [Colombia Flash](#) in Spanish for more details)

Mexico – Retail sales in January rose 4.9% (YoY), seasonally adjusted (sa)

This increase, above our forecast (BBVAe: 2.9% YoY, sa), was equivalent to a monthly rise of 2.1%. This indicates a slight improvement in consumption for the start 2015. In the original figures, the annual increase was 4.7%, equivalent to a monthly variation of -18.9%, similar to January 2014 (-20.7% MoM).

What to watch today

No relevant news is expected for today

Calendar indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV CPI IPC-S	23-Mar	Mar-26	1.58%		-	1.49%
FGV Consumer Confidence	25-Mar	Mar	--		-	85.4
Foreign Direct Investment	25-Mar	Feb	\$3200M		-	\$3968M
Current Account Balance	25-Mar	Feb	-\$7300M		-	-\$10654M
Unemployment Rate	26-Mar	Feb	5.70%		-	5.30%
GDP QoQ	27-Mar	4Q	-0.10%		-	0.10%
GDP YoY	27-Mar	4Q	-0.70%		-	-0.20%
Total Outstanding Loans	27-Mar	Feb	--		-	3013B
Outstanding Loans MoM	27-Mar	Feb	--		-	-0.20%
CNI Consumer Confidence	27-Mar	Mar	--		-	100
Chile						
PPI MoM	24-Mar	Feb	--		-	-3.80%
Central Bank's Traders Survey	25-Mar	Jan-04	--		-	0
Mexico						
Aggregate Supply and Demand	23-Mar	4Q	3.80%		-	3.00%
Bi-Weekly CPI	24-Mar	Mar-19	0.25%	0.32%	-	0.08%
Bi-Weekly CPI YoY	24-Mar	Mar-19	3.06%	3.12%	-	2.97%
Economic Activity IGAE YoY	25-Mar	Jan	1.90%	2.40%	-	3.15%
Overnight Rate	26-Mar	Mar-30	3%	3%	-	3.00%
Unemployment Rate SA	27-Mar	Feb	4.46%	4.46%	-	4.43%
Unemployment Rate NSA	27-Mar	Feb	4.46%	4.55%	-	4.51%
Trade Balance	27-Mar	Feb	442.5M		-	-3247.5M

Fuente: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
03.20.2015	Colombia: BanRep kept its monetary policy rate on hold at 4.5%
03.19.2015	Chile: Central bank kept policy rate at 3.00% in March's meeting
03.18.2015	Chile: GDP grew 1.9% in 2014, gaining momentum due to countercyclical fiscal policy
03.17.2015	Peru: The cyclical slowdown is not over yet...
03.13.2015	Mexico: Industrial production fell in January 0.4% MoM, sa
03.09.2015	Mexico: Still little evidence of pass-through
03.06.2015	Chile: Once again CPI inflation above expectations in February
03.06.2015	Colombia: Monthly inflation in February stood at 1.15%, taking the annual print up to 4.36%.
03.05.2015	Chile: Imacec at 2.7% YoY support additional upwards revision in GDP growth expectations of market consensus

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