

LatAm Daily | Minutes of latest CB meeting in Chile point to a prolonged pause in the MPR

Cecilia Posadas / Enestor Dos Santos / Jorge Redondo / Jorge Selaive Carrasco / Juana Téllez Corredor / Carlos Serrano Herrera / Hugo Perea Flores

Economic activity in Chile was driven by retail and services, although it was partially offset by mining production; consistent with our growth forecast for the year of 3.1%.

Chile – Imacec expanded 2.0% YoY in February, slightly above expectations

Aggregate activity increased 2.0% YoY (-0.6% MoM) in February, slightly above our estimates and the market consensus (BBVA: +1.7% YoY; consensus: +1.9% YoY). The figure accounted for positive contributions from retail sales and services that were partially offset by declines in mining production. Although transitory and contained, aggregate production will be negatively affected by the natural disasters in the Atacama region during March and April. This, added to reconstructions efforts, are still consistent with our GDP growth forecast at 3.1% for 2015 (see our Chile Flash in Spanish for details).

Chile – CB minutes delivered a hawkish message for rates

The central bank's minutes for March showed as the only policy option a pause in the policy rate at 3%. Although in this meeting's communiqué a neutral tone was also kept unchanged, in general terms the minutes revealed a more restrictive tone for rates. In this regard, in the Board's view, the possibility for additional monetary stimulus seems to be out of the question. Particularly, concerns were stated regarding the persistence of inflation and its impact, in a scenario where the Fed is expected to begin its rate hiking cycle during the second half of this year. The latter ratifies the main message of the Monetary Policy Report published last week. All in all, we still expect further pauses in policy rates for the coming months.

What to watch today

Chile – Trade balance (March 07:30 hrs NYT)

We estimate a surplus of around USD 762mn in March's trade balance, explained by exports at USD5.96bn (-18.5% YoY) and imports at USD5.19bn (-6.3 YoY). With these figures, aggregate activity should remain sluggish in March but consistent with a mild recovery during the year towards a growth of 3.0% YoY .

Colombia – Exports (February, 17:00hrs NYT)

We expect exports to fall 27% YoY, settling at USD3,100mn. Non-oil exports should not show a clear rebound, meanwhile we believe oil exports should be higher than January's figures.

Colombia – Economic Activity Index (January, 17:00hrs NYT)

The leading indicator of GDP growth could anticipate an additional slowdown in the first quarter, in line with our outlook. We believe a figure lower than 3.0% YoY could be possible.

Calendar indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Vehicle Production Anavea	7-Apr	Mar	-		0	200111
FGV Inflation IGP-DI MoM	8-Apr	Mar	1		0	0.53%
FGV CPI IPC-S	8-Apr	Apr 7	1.38		0	-
IBGE Inflation IPCA MoM	8-Apr	Mar	1.4	1.25%	0	1.22%
IGP-M Inflation 1st Preview	10-Apr	Apr	0.78		0	0.74%
Chile						
Central Bank Meeting Minutes	6-Apr	Jan-04	-			-
Economic Activity YoY	6-Apr	Feb	1.8		1.95%	-
Economic Activity MoM	6-Apr	Feb	-0.1		-0.62%	0.40%
Trade Balance	7-Apr	Mar	739		0	\$748.00
CPI MoM	8-Apr	Mar	0.8		0	0.40%
CPI Core MoM	8-Apr	Mar	0.6		0	0.60%
CPI YoY	8-Apr	Mar	4.4		0	4.40%
Central Bank's Economist Survey	10-Apr	Jan-04	-		0	-
Colombia						
Economic Activity Index SA YoY	7-Apr	Jan	-	2.70%	0	-
Exports FOB	7-Apr	Feb	2957	3,100	-	2,875.00
Mexico						
Vehicle Production AMIA	6-Apr	Mar	-		282856	282856
Consumer Confidence Index	8-Apr	Mar	92.2	92	0	90.3
CPI MoM	9-Apr	Mar	0.32	0.34%	0	0.19%
CPI Core MoM	9-Apr	Mar	0.25	0.25%	0	0.34%
CPI YoY	9-Apr	Mar	3.04	3.07%	0	3.00%
Bi-Weekly CPI	9-Apr	Mar	0.18	0.23%	0	0.18%
Bi-Weekly Core CPI	9-Apr	Mar	0.13	0.15%	0	0.15%
Bi-Weekly CPI YoY	9-Apr	Mar	3.08	3.16%	0	2.97%
Central Bank Monetary Policy Minutes	9-Apr	Jan-04	-		0	0.00%
Manufacturing Production YoY	10-Apr	Feb	3.5	3.36%	0	1.20%
Industrial Production YoY	10-Apr	Feb	1.65	1.22%	0	0.30%
Industrial Production MoM	10-Apr	Feb	0.35	0.36%	0	-0.40%
Peru						
Trade Balance	10-Apr	Feb	-			-\$454M
Reference Rate	10-Apr	Apr	3.25		0	3.25%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
04.06.2015	Chile: Imacec expanded 2.0% YoY in February, slightly above expectations
04.06.2015	Colombia: Inflation in March reaches maximum in 6 years driven by food costs (In Spanish)
04.01.2015	Peru: Inflation goes up in March, reducing the room for an eventual policy rate cut
30.03.2015	Mexico: IGAE and exports point to moderate economic performance in the first quarter
30.03.2015	Chile: Activity by sector anticipates an Imacec at around 2% YoY in February
03.27.2015	Mexico: Monetary rate unchanged at 3.0%. FED on the spotlight (In Spanish)
03.26.2015	Mexico: In January the IGAE shows a weak monthly performance (0.2% MoM, sa)
03.26.2015	Mexico: Banking deposits: outstanding performance in January
03.26.2015	Mexico: Monetary rate unchanged at 3.0%. The relative monetary stance is the key variable
03.24.2015	Chile: We expect March PCI to be 0.78% MoM (4.4% YoY) (In Spanish)

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