

## LatAm Daily | Inflation in Brazil rebounds, driven by administered prices

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*Inflation in Chile came out below our expectations and those of the consensus; and we expect annual inflation to be below 3% by the year end. Meanwhile, the survey of analysts anticipates a pause in the MPR for the next six months*

### Brazil -Inflation jumps above 8%

After being slightly above 1.2% MoM in both January and February, monthly inflation reached 1.32% MoM in March. The figure was slightly higher than we expected (1.25% MoM) and somewhat lower than the market consensus (1.40% MoM). As in the previous two months, the main determinants of the abnormally high inflation were administered prices. This month, the main driver of inflation in supervised prices was the 22.1% MoM adjustment in electricity tariffs. Looking forward, we expect annual inflation to remain around 8.0% YoY for the rest of 2015 as the pressure from administered prices should ease going forward (for more details see our Brazil Flash).

### Chile -March's CPI increased 0.6% MoM, below market expectations

CPI increased 0.6% MoM in March (+4.2% YoY), below both our expectations and those of the market (at +0.8% MoM). As expected, the print was driven by a positive contribution from Education (+0.41%). Also, the measure that excludes food and energy increased 0.7% MoM (+4.6% YoY). All in all, we still expect annual CPI inflation to be below 3% for the end of 2015 (see our Chile Flash in Spanish for details).

### Chile -Trader's survey still anticipates a pause in the policy rate for the next six months

No change in the policy rate is expected for the next six months (in line with our view), although the result revealed an expected 25bp increase to 3.25% in a 12-month horizon. Additionally, traders anticipate a monthly CPI inflation rate at 0.3% (BBVAe: between +0.3%/+0.4% MoM). Long-term inflation expectations remained anchored to the central bank's target of 3% YoY. Finally, the exchange rate is expected to depreciate slightly to levels around CLPUSD 620 in a three-month horizon.

### Mexico - In March, consumer confidence rises for second month consecutive

The consumer confidence index (CCI) increased slightly from 92.9 points in February to 93.0 points in March; a monthly growth of 0.1%, seasonally adjusted. In the original series, the ICC reached 93.1 points, slightly above the market's expectations (BBVAe: 92.0 pts.; consensus: 92.2 pts).

## What to watch today

### Mexico -Inflation (March, 09:00hrs NYT)

We forecast a monthly increase of 0.34% in headline inflation and one of 0.25% for core inflation in March. If our forecasts are accurate, in annual terms headline inflation could edge up to 3.07% (vs. 3.00% in February), while core inflation could come in at 2.43% (compared to 2.40% in February).

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

We believe the central bank will keep the policy rate at 3.25%. Once again, high FX volatility offers little room for a rate cut, in spite of the ongoing weak economic activity. Besides, YoY inflation has risen above the target range ceiling, and even though this deviation is supply-side driven we expect inflation to remain relatively high in the coming months.

## Calendar indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
Vehicle Production Anfaeva	7-Apr	Mar	-	-	253622	200111
FGV Inflation IGP-DI MoM	8-Apr	Mar	1	-	1.21%	0.53%
FGV CPI IPC-S	8-Apr	Apr 7	1.38	-	1.22%	-
IBGE Inflation IPCA MoM	8-Apr	Mar	1.4	1.25%	1.32%	1.22%
IGP-M Inflation 1st Preview	10-Apr	Apr	0.78	-	-	0.74%
<b>Chile</b>						
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	-	999	\$748.00
CPI MoM	8-Apr	Mar	0.8	-	0.60%	0.40%
CPI Core MoM	8-Apr	Mar	0.6	-	0.50%	0.60%
CPI YoY	8-Apr	Mar	4.4	-	4.20%	4.40%
Central Bank's Economist Survey	10-Apr	Jan-04	-	-	-	-
<b>Colombia</b>						
Economic Activity Index SA YoY	7-Apr	Jan	-	2.70%	3%	-
Exports FOB	7-Apr	Feb	2957	3,100	2875	2,875.00
<b>Mexico</b>						
Vehicle Production AMIA	6-Apr	Mar	-	-	299809	282856
Consumer Confidence Index	8-Apr	Mar	92.2	92	93.1	90.3
CPI MoM	9-Apr	Mar	0.32	0.34%	-	0.19%
CPI Core MoM	9-Apr	Mar	0.25	0.25%	-	0.34%
CPI YoY	9-Apr	Mar	3.04	3.07%	-	3.00%
Bi-Weekly CPI	9-Apr	Mar	0.18	0.23%	-	0.18%
Bi-Weekly Core CPI	9-Apr	Mar	0.13	0.15%	-	0.15%
Bi-Weekly CPI YoY	9-Apr	Mar	3.08	3.16%	-	2.97%
Central Bank Monetary Policy Minutes	9-Apr	Jan-04	-	-	-	0.00%
Manufacturing Production YoY	10-Apr	Feb	3.5	3.36%	-	1.20%
Industrial Production YoY	10-Apr	Feb	1.65	1.22%	-	0.30%
Industrial Production MoM	10-Apr	Feb	0.35	0.36%	-	-0.40%
<b>Peru</b>						
Trade Balance	10-Apr	Feb	-	-	-	-\$454M
Reference Rate	10-Apr	Apr	3.25	-	-	3.25%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
04.08.2015	<a href="#">Brazil: Inflation jumps above 8%; pressure from administered prices to ease ahead</a>
04.08.2015	<a href="#">Chile: March's CPI increased 0.6% MoM, below market expectations</a>
04.06.2015	<a href="#">Chile: Imacec expanded 2.0% YoY in February, slightly above expectations</a>
04.06.2015	<a href="#">Colombia: Inflation in March reaches maximum in 6 years driven by food costs (In Spanish)</a>
04.01.2015	<a href="#">Peru: Inflation goes up in March, reducing the room for an eventual policy rate cut</a>
30.03.2015	<a href="#">Mexico: IGAE and exports point to moderate economic performance in the first quarter</a>
30.03.2015	<a href="#">Chile: Activity by sector anticipates an Imacec at around 2% YoY in February</a>
03.27.2015	<a href="#">Mexico: Monetary rate unchanged at 3.0%. FED on the spotlight (In Spanish)</a>
03.26.2015	<a href="#">Mexico: In January the IGAE shows a weak monthly performance (0.2% MoM, sa)</a>
03.26.2015	<a href="#">Mexico: Banking deposits: outstanding performance in January</a>

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