

LatAm Daily | MPR was left unchanged in Chile, and the neutral tone was maintained

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Here at BBVA Research we consider that the conditions are appropriate for maintaining the MPR in Chile for an extended period. In Colombia industrial confidence came out below expectations in March, and could translate into weaker private consumption and creates a downward bias to our 2015 GDP forecast.

Chile – Central bank keeps the policy rate on hold at 3%, as widely expected

The central bank kept the policy rate on hold at 3% and maintained the neutral bias. Nonetheless, the communiqué highlighted the surprises in recent activity and inflation figures, both below expectations. In this context, the baseline scenario recently published by the central bank seems to lose credibility, mainly over the persistent inflationary view of the Board for this year. In this regard, we maintain our expectation that annual inflation will retreat faster (to levels below 3% YoY) than the view for FY15 of both the market consensus and the central bank. Additionally, our expectations for inflation dynamics seem to be more consistent with a prolonged pause in policy rates rather than a more restrictive stance in terms of monetary policy (see our Chile Flash in Spanish for details).

Colombia – Industrial confidence came out below expectations in March

According to the local think-tank Fedesarrollo, the consumer confidence index stood at 2.3 in March, a print lower than both the market's expectations and our own in-house forecasts (BBVA: 12.0; consensus: 13.6). This result represents a monthly decline of 11.7 percentage points. According to the report, both the current situation and consumer expectations indices displayed significant deteriorations, standing at 0.3 and 5.2, respectively, versus 14.0 and 13.9 during the previous month. In our view, these lower than expected results could translate into weaker household consumption prints going forward, creating a downward bias to our current GDP forecast for 2015. In addition, it is important to note that a careful monitoring of the leading indicators for domestic demand will be crucial to assess the dynamics of the ongoing deceleration process of Colombia's GDP growth.

What to watch today

Brazil – IPCA-15 (April, 8:00hrs NYT)

April's IPCA-15, measuring inflation from mid-March until mid-April, should show that inflation has started to lose some steam in April after it was put under significant upward pressure during 1Q15, mostly due to the realignment process of administered prices, which we expect to be close to completion. We forecast April's IPCA-15 to reach 1.0% MoM (8.1% YoY).

Calendar indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Central Bank Weekly Economists Survey	13-Apr					
Fomral Job Creation Total	13-Apr	Mar	-20400		-2415	-2415
Retail Sales MoM	14-Apr	Feb	0.30%	0.00%	-0.10%	0.80%
Retail Sales Broad MoM	14-Apr	Feb	-1.20%		-1.11%	0.60%
FGV Inflation IGP-10 MoM	15-Apr	Apr	1.16%		1.27%	0.83%
Economic Activity MoM	15-Apr	Feb	-0.26%	-0.30%	0.36%	-0.11%
Tax Collections	15-Apr	Mar				89982M
FGV CPI IPC-S	16-Apr	Apr 15	0.99%			1.22%
FIPE CPI - Weekly	16-Apr	Apr 15	0.78%			0.68%
IBGE Inflation IPCA-15 MoM	16-Apr	Apr	1%	1.00%		1.24%
Chile						
Overnight Rate Target	16-Apr	Apr 16	3%		3%	3.0%
Colombia						
Vehicle Sales	13-Apr	Mar			22518	22518
Retail Sales YoY	14-Apr	Feb	5.25%	5.40%	4.30%	6.1%
Industrial Production YoY	14-Apr	Feb	-1.50%	-2.50%	-1.35%	-2.5%
Central Bank's Economists Survey	14-Apr					
Consumer Confidence Index	16-Apr	Mar	13.6	12	2.3	14
Mexico						
Fomral Job Creation Total	13-Apr	Mar		105.9K	105,14K	133.7K
ANTAD Same-Store Sales YoY	13-Apr	Mar	5%		5.20%	5.10%
Peru						
Unemployment Rate	15-Apr	Mar	7%		7%	6.90%
Economic Activity YoY	15-Apr	Feb	1.15%	1.20%	0.94%	1.70%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
04.16.2015	Chile: Central bank kept policy rate at 3%, as widely expected
04.13.2015	Mexico: Industrial production pushes down our growth expectations
04.10.2015	Peru: New monetary pause and the window of opportunity for rate cut is reduced (In Spanish)
04.08.2015	Brazil: Inflation jumps above 8%; pressure from administered prices to ease ahead
04.08.2015	Chile: March's CPI increased 0.6% MoM, below market expectations
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)
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

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