

LatAm Daily | BanRep maintained MPR in Colombia, in line with expectations

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In Mexico, retail sales increased 5.6% YoY indicating a slight improvement in consumption, although we maintain our forecast of domestic demand remaining weak

Colombia - BanRep kept its monetary policy rate on hold at 4.50%

At its April meeting, BanRep's Board kept its monetary policy rate unchanged, in line with both market and our own-in house expectations. The decision was taken unanimously by the seven-member board, as on the previous occasion. It is important to note that the current outlook creates a difficult context for monetary policy decisions. In our view, there are several elements that restrict the possibility of an expansionary monetary policy. Among the variables that decrease the likelihood of interest-rate reductions, is important to mention the current account deficit, the dynamics of domestic lending, and the current levels of inflation. That said, in the short term, the most likely scenario is that BanRep will keep its monetary policy rate on hold. Nevertheless, 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 for details)

Mexico – Retail sales in February rose 5.5%YoY, seasonally adjusted (sa)

This increase was equivalent to a monthly variation of 0.5%, sa. In the originalseries, the annual increase was 5.6%, above market expectations (BBVAe: 4.5% YoY; consensus: 4.5% YoY). However, in monthly terms it fell 9.8%, similar to February 2014 (-10.5% YoY). This indicates a slight improvement in consumption, although we maintain our forecast is that domestic demand will remain weak. We maintain our forecast that retail sales will improve in the second quarter , before weakening again at the end of the year.

What to watch today

No relevant news is expected for today

Calendar indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Tax Collections	27-Apr	Mar	94650			89982M
CNI Consumer Confidence	27-Apr	Apr	-			100
Unemployment Rate	28-Apr	Mar	6.10%	6.10%		5.90%
FGV Inflation IGPM MoM	29-Apr	Apr	1.11%			0.98%
Selic Rate	29-Apr	Apr 29	13.25%	13%		12.75%
Central Govt Budget Balance	29-Apr	Mar	3			-7.4B
Chile						
Manufacturing Index YoY	29-Apr	Mar	0.80%			-0.10%
Retail Sales YoY	29-Apr	Mar	3.15%			2.90%
Copper Production Total	29-Apr	Mar	-			447810
Unemployment Rate	30-Apr	Mar	6.30%			6.10%
Colombia						
Urban Unemployment Rate	30-Apr	Mar	9.40%	9.50%		10.00%
National Unemployment Rate	30-Apr	Mar	-			9.90%
México						
Unemployment Rate SA	27-Apr	Mar	4.42%	4.41%		4.51%
Trade Balance	27-Apr	Mar	606,99M	810.0M		558.3M
Overnight Rate	30-Apr	Apr 30	3	3.00%		3.00%
Peru						
CPI YoY	30-Apr	Apr	3%			3.02%
CPI MoM	30-Apr	Apr	0.39%			0.76%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
04.24.2015	Colombia: BanRep kept its monetary policy rate on hold at 4.50% (In Spanish)
04.23.2015	Mexico: Inflation remains subdued
04.23.2015	Mexico :In February the IGAE shows a negative monthly performance (-0.03% MoM, sa)
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)

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