

## Latam Daily | Chile's CB minutes were in line with a stable policy rate for the year

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*The Chilean central bank seems to be less concerned about CPI and wage inflation according to the minutes from the last meeting that outlined a stable policy rate for the rest of the year at 3%. Meanwhile, inflation in Peru in May rose due to an increase in electricity, fuel and food prices, reducing the room for a policy rate cut.*

### Chile - The central bank's minutes of May moderates the recent rate hike speculation

The minutes reflected less concern about the outlook for both CPI and wage inflation, even though YoY inflation remains above the tolerance range and recent monthly figures were higher than expected. Also, discussions about a faster convergence of YoY inflation figures took place, following the recent appreciation of the exchange-rate and the sharp current-account balance adjustment, an assessment that BBVA has been highlighting for some quarters. In this regard, the Board's macro view is converging, to a certain degree, towards our own. In terms of economic activity, the minutes acknowledge a low rate of recovery that depends on improvements in overall confidence, but also a particular uncertainty over the actual size of the output-gap. All in all, the minutes support our view of a stable policy rate for the year (at 3%) and a monetary normalisation towards 2Q16.

### Peru - Inflation increases, reducing even further the room for a policy rate cut

The consumer price index rose 0.56% in May, reflecting higher electricity, fuel, and food prices. As a result, YoY inflation went up to 3.4%. We expect it to remain above the target range ceiling in June and be close to it thereafter, ending the year at 2.9%. Depreciation pressures on the local currency, higher oil prices, and the inertia that inflation expectations close to 3% bring to price-formation at the corporate level support our forecasts. Both the current pace at which prices are increasing and the inflation outlook tighten the room the CB has to eventually cut the policy rate (economic activity remains weak).

## What to watch today

No relevant news are expected today

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
FGV CPI IPC-S	01-June	31-May	--		0.72%	0.68%
Trade Balance Monthly	01-June	May	--	\$2,500M	2761	\$491M
Industrial Production MoM	02-June	Apr	-1.4%	-1.00%	--	-0.8%
Selic Rate	03-June	03-Jun	13.75%	13.75%	--	13.25%
<b>Chile</b>						
Central Bank Meeting Minutes	01-June	--	--		--	--
Economic Activity YoY	05-June	Apr	--	2.80%	--	1.6%
Economic Activity MoM	05-June	Apr	--	0.80%	--	-0.3%
<b>Colombia</b>						
Exports FOB	04-June	Apr	--	\$3,328M		\$3,402M
Colombia Monetary Policy Minute	05-June	--	--		--	--
CPI YoY	06-June	May	4.48%	4.44%	--	4.64%
CPI MoM	06-June	May	0.33%	0.29%	--	0.54%
CPI Core YoY	06-June	May	--	0.19%	--	3.44%
CPI Core MoM	06-June	May	--	4.41%	--	0.34%
<b>Mexico</b>						
Remittances Total	01-June	Apr	--	\$2156M	2012.2	\$2257.9M
Consumer Confidence Index	05-June	May	--	92.8	--	91.3
Gross Fixed Investment	03-June	Mar	--	6.10%	0	1.3%
Overnight Rate	04-June	04-Jun	3.00%	3.00%	0	3.00%
Vehicle Production AMIA	05-June to 10-June	May	--		--	283,392
<b>Peru</b>						
CPI YoY	01-June	May	3.00%		3.37%	3.02%
CPI MoM	01-June	May	0.27%		0.56%	0.39%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
06.01.2015	<a href="#">Peru: Inflation increase reduces room for policy rate cut</a>
06.01.2015	<a href="#">Peru: GDP acceleration at the beginning of the Q2 due to primary activities</a>
05.29.2015	<a href="#">Chile: Public investment continues growing in April</a>
05.28.2015	<a href="#">Chile: to reduce public investment to reach structural balancing in 2018</a>
05.27.2015	<a href="#">Chile: IPC inflation will rise at 0,2% MoM in May, below consensus</a>
05.27.2015	<a href="#">Chile: Investment in non-mining tradable goods</a>
05.26.2015	<a href="#">Chile: Exchange rate competitiveness (in Spanish)</a>
05.22.2015	<a href="#">Colombia: BanRep keeps its monetary policy rate on hold</a>
05.21.2015	<a href="#">Mexico: Annual GDP growth for 2015 was revised downwards from 3.5% to 2.5%</a>
05.19.2015	<a href="#">Mexico: In February, the number of mortgages exceeds the rate of 15%</a>

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