

Latam Daily | COPOM in Brazil adjusts the Selic rate by 50bp

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The decision was unanimous, and based on the statement the monetary authority has not ruled out another tightening in July. In Chile, the CB's MP report was in line with a stable policy rate for the rest of the year. The CB lowered its GDP growth forecast for 2015. Today we expect Banxico's monetary policy decision where we do not expect any changes in the MPR.

Brazil - COPOM adjusted the Selic rate by another 50bp to 13.75%

In line with expectations, the Monetary Policy Committee (COPOM) unanimously decided to adjust the Selic rate by 50bp, as in the four previous meetings. The policy rate now stands at 13.75%, the highest rate since 2008 as the monetary authority tries to anchor expectations for inflation at the end of 2016 around 4.5% (they currently stand around 5.5%). The accompanying statement was as follows: "Taking into account the macroeconomic scenario and the inflation outlook, the COPOM decided unanimously to increase the Selic rate by 0.50pp to 13.75% a year, without a bias." By maintaining the communiqué practically unchanged in comparison to those used in previous meetings the monetary authority refrained from ruling out another tightening in July. At this point, and whilst awaiting the minutes of yesterday's meeting (to be announced next Thursday) we maintain our view that the policy rate will remain unchanged at 13.75% for some time.

Chile - A dovish message in June's monetary policy report

The range expected for 2015 GDP growth was adjusted downwards by 25bp from 2.5%-3.5% to 2.25%-3.25%, mainly due to both lower investment and export expectations (+0.7% and +1.3%, respectively). In terms of prices, a less inflationary view for the year consolidates with a downward adjustment to 3.4% for the end of 2015 (from 3.6% expected in March), with core inflation measures retreating faster. In this context, the hawkish tone in the March report has been softened, consolidating our view of a stable policy rate for the rest of the year at 3% (see our [Chile Flash](#) in Spanish for details).

What to watch today

Mexico - Monetary policy rate decision (10:00 NYT)

The latest communication from the central bank has not changed, as the FED normalisation process poses an upward risk to inflation, the monetary policy rate could rise to secure the consolidation of the convergence in inflation towards the 3.0% target, however there could be some short-term costs in terms of economic activity. Therefore, we expect Banxico to remain on hold this Thursday.

Colombia - Exports (April, 17:00hrs NYT)

We expect exports to fall 23.0% YoY, settling at USD 3,326mn. As in previous months, oil exports will be the main reason for this performance (-47% YoY). The sum of the other groups of products should remain stable or post small increases.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	01-June	31-May	--		0.72%	0.68%
Trade Balance Monthly	01-June	May	--	\$2,500M	\$2761M	\$491M
Industrial Production MoM	02-June	Apr	-1.4%	-1%	-1.20%	-0.8%
Selic Rate	03-June	03-Jun	13.75%	13.75%	--	13.25%
Chile						
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%
Colombia						
Exports FOB	04-June	Apr	--	\$3,326M		\$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%
Mexico						
Remittances Total	01-June	Apr	--	\$2156M	\$2012.2M	\$2257.9M
Consumer Confidence Index	05-June	May	--	92.6	--	91.3
Gross Fixed Investment	03-June	Mar	--	6.10%	--	1.3%
Overnight Rate	04-June	04-Jun	3.00%	3%	--	3.00%
Vehicle Production AMIA	05-June to 10-June	May	--		--	283,392
Peru						
CPI YoY	01-June	May	3.00%	3.21%	3.37%	3.02%
CPI MoM	01-June	May	0.27%	0.41%	0.56%	0.39%

Source: BBVA Research

Most recent Latam reports

Date	Description
06.03.2015	Brazil Outlook 2015
06.03.2015	Latam Outlook 2Q15
06.03.2015	Mexico: Yearbook of migration and remittances 2015
06.03.2015	Chile: A dovish message consolidates in June's monetary policy report (in Spanish)
06.03.2015	Chile: Inflation in Chile and the rest of the world, what makes us different? (in Spanish)
06.02.2015	Mexico: Banxico won't change its monetary policy
06.02.2015	Mexico: Remittances rise moderately at 1.8% YoY in April
06.01.2015	Peru: Inflation increase reduces room for policy rate cut
06.01.2015	Peru: GDP acceleration at the beginning of the Q2 due to primary activities
05.29.2015	Chile: Public investment continues growing in April

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