

LatAm Daily | We raise our end of year inflation forecast in Peru to 3.3%

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CPI increased to 0.33% MoM in June due to higher fuel and food prices, carrying inflation up to 3.54% YoY. This increase will delay the return to the CB's target range. Meanwhile, today industrial production in Brazil will be released where we expect a drop of 1.2% MoM, lower than in April, reinforcing our view that GDP in 2Q15 will retreat significantly.

Peru - Inflation will complicate the Central Bank

The consumer price index rose 0.33% in June, reflecting higher fuel and food prices. As a result, YoY inflation went up to 3.54%. Over the coming months, both exchange rate pressures and the current level of inflation expectations will delay the return of inflation to the target range. In this context, we have raised our end of year inflation forecast from 2.9% to 3.3%.

What to watch today

Brazil - Industrial production (May, 8:00hrs NYT)

We expect industrial production to fall again, although somewhat less than in April (-1.2% MoM), reinforcing our view that GDP will experience a very significant contraction in 2Q15.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV Inflation IGPM MoM	29-June	Jun	0.64%		0.67%	0.41%
CNI Consumer Confidence	29-June	Jun	--		96.2	98.7
Primary Budget Balance	30-June	May	--		-6.9	13.4B
FGV CPI IPC-S	1-July	01-jun	--		0.82%	0.83%
Trade Balance Monthly	1-July	Jun	--		\$4527M	\$2761M
CNI Capacity Utilization (SA)	1-July	May	--		80.6%	80.6%
Vehicle Sales Fenabrave	1-July to 3-July	Jun	--		--	212,713
Commodity Price Index MoM	1-July to 8-July	Jun	--		--	0.76%
Industrial Production MoM	2-July	May	-0.8%	-0.60%	--	-1.2%
Chile						
Unemployment Rate	30-June	May	6.3%	6.30%	6.6%	6.1%
Manufacturing Index YoY	30-June	May	-0.6%	-2.00%	-3.25%	0.8%
Retail Sales YoY	30-June	May	2.1%	2.10%	3.1%	3.3%
Copper Production Total	30-June	May	--	--	508,245	471,361
Colombia						
Urban Unemployment Rate	30-June	May	10.3%		9.59%	10.5%
Current Account Balance	30-June	1Q	--		-\$5135.5M	-\$6364M
Economic Activity Index SA YoY	3-July	Apr	--	1.50%	--	2.8%
CPI YoY	4-July	Jun	--	4.39%	--	4.41%
CPI MoM	4-July	Jun	--	0.08%	--	0.26%
CPI Core YoY	4-July	Jun	--	3.77%	--	3.72%
CPI Core MoM	4-July	Jun	--	0.28%	--	0.48%
Mexico						
Remittances Total	1-July	May	--		\$2198.4M	\$2012.2M
IMEF Manufacturing Index SA	1-July	Jun	--	52.91	53.06	52.4
IMEF Non-Manufacturing Index SA	1-July	Jun	--	51	51.289	51.1
Vehicle Domestic Sales AMIA	1-July to 3-July	Jun	--	99,438	--	101,982
Leading Indicators (MoM)	2-July	May	--		--	-0.08
Gross Fixed Investment	3-July	Apr	--		--	6.6%
Central Bank Economist Survey	3-July	0	--		--	--
Peru						
CPI YoY	1-July	Jun	--	3.36%	3.54%	3.37%
CPI MoM	1-July	Jun	--	0.15%	0.33%	0.56%
Wholesale Price Index MoM	1-July	Jun	--		0.26%	0.38%

Source: BBVA Research

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