

Latam Daily | Brazil and Chile's inflation in June figures top our forecasts

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In Brazil, inflation increased 0.79% MoM, beating our estimate by a little, but lower than consensus, driven by foods and beverage and administered prices. Meanwhile, Chile's CPI came in above consensus, increasing 0.5% MoM due to transportation, housing and foodstuffs. We expect CPI in July to rise in a range of 0.1%-0.2% MoM. Mexico's inflation figure will be released today.

Brazil - The new increase in inflation in June reinforces our view that COPOM will raise the Selic in July

Inflation rose 0.79% MoM in June and the cumulative 12-month inflation now stands at 8.89% YoY, the highest reading since December 2003, according to the national statistics agency (IBGE). The figures were slightly above our estimates (BBVAe: 0.77% MoM / 8.87% YoY) but below the market consensus (0.85% MoM; 8.96% YoY). The expansion of inflation in June (in May inflation stood at 0.74% MoM / 8.77% YoY) was mainly driven by food and beverages (0.63% MoM / 9.60% YoY) and administered prices (1.12% MoM / 15.07% YoY). Looking ahead, we expect inflation to continue to move up in the next few months. All in all, this print does not change our view: we still expect the COPOM to raise the Selic by 50bp at its next meeting in July.

Chile - CPI inflation above expectations in June

CPI increased +0.5% MoM in June (+4.4% YoY), above both our expectations and those of the market (+0.4% and +0.3% MoM respectively). Meanwhile, the measure that exclude foods and energy increased +0.4% MoM (+4.7% YoY). As we expected, the print was driven by positive contributions from transportation, housing and foodstuffs. Preliminarily, for July's CPI we forecast an increase in a range between +0.1% and +0.2% MoM (see or [Chile Flash](#) in Spanish for details).

What to watch today

Mexico - Inflation (June, 09:00hrs NYT)

We forecast a monthly increase of 0.17% for headline inflation and a rise of 0.20% for core inflation. If our predictions prove right, in YoY terms core inflation should recede a touch, to 2.31% compared to 2.33% in May. With respect to non-core inflation, we anticipate a positive performance from fruit and vegetable prices in the second fortnight of the month. Given the slack in the economy, we estimate that annual inflation will remain relatively stable until October at levels of 2.8-2.9%, before falling back in the final two months of the year, thanks to a helpful basis for comparison, and then close 2015 at slightly under 2.7%.

Peru - Monetary policy meeting (July, 18:30hrs NYT)

We believe the central bank will keep the policy rate on hold at 3.25%. Even though private spending remains weak, depreciation pressures on the local currency persist (in a context of still high credit dollarisation), and inflation is above the ceiling of the target range, both of which suggest there is little room for a rate cut.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Vehicle Production Anfevea	6-July	Jun	--		184,015	210,086
FGV Inflation IGP-DI YoY	7-July	Jun	6.22%		6.22%	4.83%
IBGE Inflation IPCA MoM	8-July	Jun	0.85%	0,77%	0.79%	0.74%
National Unemployment Rate	9-July	May	--		--	8.0%
Chile						
Economic Activity YoY	6-July	May	1.50%	1.60%	0.8%	1.70%
Economic Activity MoM	6-July	May	0.20%	0.40%	0%	0.00%
Trade Balance	7-July	Jun	\$750.0M	\$1126.0M	\$783M	\$981.7M
Nominal Wage YoY	7-July	May	--	--	6.20%	6.40%
Nominal Wage MoM	7-July	May	--	--	0.10%	-0.20%
Vehicle Sales Total	7-July - 10 July	Jun	--	--	--	21184
CPI MoM	8-July	Jun	0.30%	0.40%	0.50%	0.20%
CPI YoY	8-July	Jun	4.20%	4.30%	4.40%	4.00%
Central Bank's Economist Survey	10 July				--	
Colombia						
Exports FOB	7-July	May	\$3300M	\$3,120.00	\$3359.3M	\$3212.3M
Colombia Monetary Policy Minutes	9-July				--	
Mexico						
Vehicle Production AMIA	6-July	Jun	--		306,694	288,382
CPI MoM	9-July	Jun	0.20%	0.17%	--	-0.50%
CPI Core MoM	9-July	Jun	0.22%	0.20%	--	0.12%
CPI YoY	9-July	Jun	2.90%	2.87%	--	2.88%
Bi-Weekly CPI	9-July	Jun	0.10%	0.04%	--	0.13%
Bi-Weekly Core CPI	9-July	Jun	0.10%	0.06%	--	0.13%
Bi-Weekly CPI YoY	9-July	Jun	2.84%	2.88%	--	2.87%
ANTAD Same-Store Sales YoY	9-July	Jun	--		--	7.40%
Industrial Production YoY	10 July	May	0.50%	0.40%	--	1.10%
Industrial Production MoM	10 July	May	-0.10%	-0.30%	--	-0.10%
Peru						
Trade Balance	9-July - 10 July	May	-\$650M		--	-\$746M
Reference Rate			3.25%	3.25%	--	3.25%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
07.08.2015	Chile: "One timers" drive inflation above expectations
07.05.2015	Sectors that will benefit the most from the Pacific Alliance
07.04.2015	Chile: IMACEC grows 0.8% YoY in May: slowdown speeds up
07.04.2015	Colombia: Inflation in June stood at 4.4% YoY
07.03.2015	Mexico: Industrial production could decrease 0.3
07.01.2015	Chile: New challenge for fiscal authority, implementing USD 8 Bln through public investment
07.01.2015	Peru: Inflation will make harder the CB's commitment
07.01.2015	Mexico: private sector credit rose 10.4% in May
07.01.2015	Mexico: Real estate outlook
07.01.2015	Mexico: Remittances keep growing slightly to 2.4% YoY in May
06.30.2015	Chile: weak sectorial data and rising unemployment in May

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