

LatAm Daily | Inflation in Brazil surprises to the upside, Chile in line with consensus

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The July print in Brazil came in higher as food and administered prices grew faster than expected. We expect the trend to continue in August and then to ease for the rest of 2015. Chile's Trade Balance remained weak in July with exports and imports falling by 17% and 12% respectively. Despite a rise in capital goods imports, external and domestic demand remain weak while inflation was in line with consensus

Brazil - Inflation surprises to the upside and reaches 9.56% YoY in July

Monthly inflation came in at 0.62% MoM, somewhat higher than expected (BBVA: 0.50% MoM; consensus: 0.58% MoM). As in the previous months, the main pressures came from food and administered-prices (mainly electricity tariffs), which increased , 0.65% MoM and 1.17% MoM respectively (electricity tariffs varied 4.17% MoM). In annual terms, inflation jumped from 8.89% YoY in June to 9.56% YoY and we expect it to continue to trend up in August and then to lose some steam in the remainder of the year. Even though July inflation figures were higher than expected, and in spite of the risks to inflation implied by the recent rocketing of the exchange rate, we continue to think the BCB will leave the Selic rate unchanged at 14.25% for some time.

Chile - CPI inflation increased 0.4% MoM in July

CPI increased +0.4% MoM in July (+4.6% YoY), in line with the market consensus expectations and slightly above our estimates (at +0.3% MoM). The print was mainly driven by increases in foodstuffs, fuels and transportation fares. In this context, the measure that excludes foods and energy increased +0.1% MoM (+4.9% YoY). Initially, for August's CPI we forecast an increase in a range between +0.3% and +0.4% MoM (see or [Chile Flash](#) in Spanish for details).

Chile - Trade balance figures remained weak during July

The balance of trade reached a small surplus of USD11mn in July and a positive USD5.65bn YtD. The print was driven by exports at USD5.24bn (-17% YoY, basically due to mining) and imports at USD5.22bn (-12% YoY, mainly due to consumption goods). Despite the fact we observed a slight increase in the imports of capital goods, the figures still reflect the slack in both domestic and external demand.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	10 August	Aug 9	0.55%		--	0.53%
Retail Sales MbM	12 August	Jun	-0.60%		-0.40%	-0.90%
Economic Activity MbM	13 August	Jun	--		-0.20%	0.03%
FGV Inflation IGP-10 MoM	14 August	Aug	--		--	0.75%
Formal Job Creation Total	14 August	Jul	--		--	-111,199
Chile						
Central Bank's Economist Survey	11 August	--	--		--	0.00%
Central Bank's Traders Survey	12 August	--	--		--	0.00%
Overnight Rate Target	13 August	Aug 13	3.00%		3.00%	3.00%
Colombia						
Vehicle Sales	13 August	Jul	--		--	22,192
Colombia Monetary Policy Minutes	14 August	--	--		--	0.00%
Retail Sales YoY	14 August	Jun	3.40%		--	2.70%
Industrial Production YoY	14 August	Jun	-0.90%		--	-3.90%
Mexico						
Industrial Production NSA YoY	11 August	Jun	1.10%		--	-0.90%
Industrial Production SA MoM	11 August	Jun	0.40%		0.20%	-0.40%
ANTAD Same-Store Sales YoY	11 August	Jul	5.50%		--	5.00%
Formal Job Creation Total	12 August	Jul	--		47K	78.4K
Mexican Central Bank Releases Inflation Report	12 August	--	--		--	0.00%
Central Bank Monetary Policy Minutes	13 August	--	--		--	0.00%
Peru						
Trade Balance	10 August	Jun	\$50M		--	-\$342M
Reference Rate	13 August	Aug 13	3.25%		3.25%	3.25%
Economic Activity YoY	14 August	Jun	--		--	1.20%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
08.09.2015	LatAm Economic Outlook (Presentation)
08.09.2015	LatAm Economic Outlook
08.09.2015	Mexico: Inflation reaches historical low and Peso nears 16.1
08.06.2015	Colombia Economic Outlook (Presentation)
08.06.2015	Chile Economic Outlook (Presentation)
08.06.2015	Chile Economic Outlook
08.06.2015	Chile: Nominal wages increased by 0.2% MoM in June
08.06.2015	Colombia: Inflation in July surprises to the upside
08.05.2015	Colombia Economic Outlook
08.05.2015	Peru Economic Outlook
08.05.2015	Uruguay: Inflation in July
08.05.2015	Chile: Imacec grew 2.7% in June
08.03.2015	Mexico: Remittances grew 6.1% YoY in June
08.03.2015	Peru: Inflation to stand above target range for the rest of the year
08.03.2015	Chile: CLP must fall further to force agents to intervene
08.01.2015	Mexico: Peso back to 16 influenced by worse-than-expected data in the US
07.30.2015	Chile: IMACEC to grow between 2.2% and 2.7% YoY in June
07.30.2015	Mexico: Monetary policy rate on hold
07.30.2015	Mexico: Monetary policy rate on hold in July. Rate hike in September is still in the cards

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