

LatAm Daily | Inflation stable at 9.5% in Brazil and should reach 2.6% today in Mexico

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In Brazil, annual inflation remained stable but is expected to rise again in the next few months due to a less favourable seasonality, adjustment in administered prices and a weaker exchange rate. In contrast, Mexican inflation should register today an historical minimum for the fifth month in a row.

Brazil - Inflation: stable at high levels; ready to move further up

In monthly terms, inflation increased from 0.22% MoM in August to 0.54% MoM in September, due to higher pressures from the food, housing and transportation groups. From a different perspective, September inflation was driven by less favourable seasonality, further adjustments in administered prices and the impact of a weaker exchange rate. In annual terms, inflation remained around 9.50% YoY (9.49% YoY vs. 9.53% YoY in August and 9.56% YoY in July). In spite of the sharp slowdown of economic activity, inflation will increase again in the next few months as a consequence of a weaker exchange rate, inertial issues and, mainly, the impact of the recent adjustment in gasoline and diesel prices. We expect it to reach 9.80% YoY in October and 9.82% YoY in November. Then, in December, thanks to more favourable base-effects, it should ease somewhat and close the year at 9.6% YoY. We have raised our forecast for the end of 2015 from 9.5% YoY as today's figures were higher than we expected (0.45% MoM / 9.40% YoY). For more details, see our [Brazil Flash](#) report.

Chile - Once again the trade balance shows a slight deficit

The trade figures posted a deficit of USD85mn in September -for the second month in a row- but still showing a positive USD5.35bn YtD. The print was driven by exports at USD4.90bn (-15.6% YoY, basically due to mining and manufacturing) and imports at USD4.99bn (-8.0% YoY). Although capital goods imports showed some recovery, the figures still reflect the slack in both domestic and external demand.

Chile - Nominal salaries with no monthly variation in August

There were no monthly changes in wages in August (+5.8% YoY). The monthly figure was driven by increases in the utilities sector, social services and manufacturing that were fully offset by the declines in construction, real estate and financial services. In real terms, wages declined 0.7% MoM (+0.8% YoY) while YtD they consolidated -0.5%. All in all, the figures still support our view of weakness in private demand.

What to watch today

Chile - Consumer price index (September, 07:00hrs NYT)

We expect the CPI to have risen 0.6% MoM in September (+4.8 % YoY), mainly driven by increases in food stuffs, housing (mainly rental and basic services) and apparel.

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

We expect headline inflation to have risen 0.40% in September, mainly led by the seasonal increase in tuition fees: If our forecasts prove correct, annual inflation (2.55%) will reach an all-time low for the fifth month in a row. We expect core prices to have risen 0.35% MoM.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Vehicle Production Anfavea	6-Oct	Sep			174240	216465
FGV Inflation IGP-DI MoM	7-Oct	Sep	1.23%		1.42	0.40%
IBGE Inflation IPCA MoM	7-Oct	Sep	0.52%	0.45%	0.54	0.22%
FGV CPI IPC-S	8-Oct	Oct	0.50%			0.42%
IGP-M Inflation 1st Preview	9-Oct	Oct	0.98%			0.56%
Chile						
Economic Activity YoY	5-Oct	Aug	2.00%	2.00%	1.13%	2.50%
Trade Balance	7-Oct	Sep	-50.00	\$75.0	-84.98	-\$61.5
Copper Exports	7-Oct	Sep			\$2441.73	\$2416.3
International Reserves	7-Oct	Sep			\$38245.37	\$38396
Nominal Wage MoM	7-Oct	Aug		0.20%	0.00%	1.00%
Vehicle Sales Total	8-Oct	Sep				24374
CPI MoM	8-Oct	Sep	0.70%	0.60%		0.70%
Colombia						
CPI YoY	5-oct	Sep	5.00%	5.00%		4.74%
CPI Core YoY	5-oct	Sep		4.43%		4.20%
Colombia Monetary Policy Minutes	9-Oct					
Exports FOB	6-Oct	Aug	\$2934	\$2934		\$3001.9
Mexico						
Vehicle Domestic Sales AMIA	5-Oct	Sep			111330	110928
Central Bank Monetary Policy Minutes	5-Oct					
Consumer Confidence Index	6-Oct	Sep	91.50	91.9	90.6	90.4
Vehicle Production AMIA	6-Oct	Sep			278781	292271
CPI MoM	8-Oct	Sep	0.42%	0.40%		0.21%
CPI Core MoM	8-Oct	Sep	0.36%	0.35%		0.20%
CPI YoY	8-Oct	Sep	2.55%	2.55%		2.59%
Nominal Wages	9-Oct	Sep			4.55	4.60%
Peru						
Trade Balance	9-Oct	Aug			-230.8	-\$424m

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
10.07.2015	Brazil: Inflation: stable at high levels and ready to move further up
10.06.2015	Mexico: Credit to private sector grew 11.6% in August driven by consumer & firms credit
10.06.2015	Colombia: Sharply rise in food prices pushes inflation up
10.05.2015	Chile: Imacec weakened to 1.1% YoY in August, missing expectations
10.02.2015	Mexico: Weak employment data in the US reduces the chance of a rate hike soon (In Spanish)
10.02.2015	Colombia: In three decades the country's GDP per capita doubled (In Spanish)
10.02.2015	Colombia: The automotive sector, more than a decade of acceleration (In Spanish)
10.02.2015	Peru: Inflation surprised on the upside in September
10.02.2015	Mexico: Remittances reach maximum growth & record of year, +13.1% & 2,266.4 million USD
10.02.2015	Mexico: Positive results in Phase 2 of Round 1 from better tendering process & contracts
10.01.2015	Chile: Minutes reveal that the CB Board aims to moderate expectations of rate hikes (In Spanish)
10.01.2015	Colombia: The unemployment in August is starting to reflect the economic slowdown (In Spanish)
09.30.2015	Chile: Indicators by sector point to a low Imacec in August at 2% YoY (In Spanish)

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