

LatAm Daily | Risk of unanchored inflation behind the monetary tightening in Colombia

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The minutes of the last monetary policy meeting in Colombia revealed that the monetary authority is currently concerned about the impact on inflation of the exchange rate weakening and supply-side shocks.

Colombia - BanRep's monetary policy minutes

At its last meeting, the Central Bank Board decided to increase the policy rate by 25bp, in a unanimous decision. According to the BanRep's minutes, all the members of the Board agreed that the Colombian economy is currently adjusting to a shock in its terms of trade shock, derived from the fall in oil prices, which in turn has generated a substantial exchange rate depreciation. Still according to them, this situation, coupled with supply-side pressures, especially on foodstuffs prices, has been driving inflation up. Moreover, the minutes signaled that the main reason for the change in the monetary policy stance was the risk of inflation expectations becoming "unanchored".

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Retail Sales MoM	14-Oct	Aug		-0.70%		-1.00%
Formal Job Creation Total	15-Oct	Sep				-86543
Tax Collections	15-Oct	Sep				93738m
Economic Activity MoM	16-Oct	Aug		-0.40%		-0.02%
FGV Inflation IGP-10 MoM	16-Oct	Oct				0.61%
FGV CPI IPC-S	16-Oct	Oct				
Chile						
Central Bank's Economist Survey	13-Oct					
Central Bank's Traders Survey	14-Oct					
Overnight Rate Target	15-Oct	Oct	3.25%	3.00%		3.00%
Colombia						
Vehicle Sales	13-Oct	Aug				
Consumer Confidence Index	15-Oct	Sep		2		-0.4
Retail Sales YoY	16-Oct	Aug		2.50%		4.50%
Industrial Production YoY	16-Oct	Aug		3.00%		0.30%
Mexico						
Industrial Production NSA YoY	12-Oct	Aug				0.70%
Formal Job Creation Total	12-Oct	Sep				72.4k
Peru						
Unemployment Rate	15-Oct	Sep				6.10%
Economic Activity YoY	15-Oct	Aug				3.30%
Reference Rate	16-Oct	Oct	3.50%	3.50%		3.50%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
10.08.2015	Chile: CPI increased 0.5% MoM in September, below consensus expectations
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)

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