

LatAm Daily | In Chile, traders expect a pause in MPR now but a 25bp hike in three months

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The traders' survey revealed expectations a policy rate pause for three months in Chile. Today we will see the minutes of monetary policy in Brazil, where the COPOM is expected to provide details of its new strategy. Activity data by sector will be released in Chile, and is expected to still point to weakness in aggregate economic activity.

Chile - Traders expect a pause in rates at 3.25% in November's monetary policy meeting

The results showed inflation expectations at 0.3% MoM for October (BBVAe: +0.2% MoM). The long-term view (24 months ahead) remained at 3.0% YoY, anchored to central bank's target. In terms of policy rates, traders' expectations consider a pause in policy rates at November's meeting but a 25bp increase in three months' time. Finally, results showed expectations of a stable exchange rate at levels around USDCLP690.

What to watch today

Brazil - Minutes of the monetary policy meeting (6:30 NYT)

In the [minutes of the last week's meeting](#), the COPOM is expected to provide more details of its new strategy. We expect a more dovish tone, in line with the monetary authority's intention to make inflation converge to the target only in 2017 rather than in 2016. However, it should keep the door open -a grain of hawkishness- for a new dose of monetary tightening in the event of additional fiscal deterioration and/or exchange rate depreciation.

Chile - Activity data by sector (September, 08:00hrs NYT)

We expect manufacturing output to have decreased 2.0% YoY in September, while retail sales should come in at around +4.4% YoY. Despite one additional working-day with respect to September 2014, we believe figures should still point to weakness in aggregate economic activity.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV Consumer Confidence	26-Oct	Oct			75.7	76.3
Outstanding Loans MoM	27-Oct	Sep			0.80%	0.70%
CNI Consumer Confidence	28-Oct	Oct				96.3
FGV Inflation IGPM MoM	29-Oct	Oct	1.91%			0.95%
COPOM Monetary Policy Meeting Minutes	29-Oct					0
National Unemployment Rate	29-Oct	Aug	8.70%			8.60%
Central Govt Budget Balance	29-Oct	Sep	-14			-5.1b
Net Debt % GDP	30-Oct	Sep	33.30%			33.70%
Chile						
Central Bank's Traders Survey	28-Oct					
Manufacturing Production YoY	29-Oct	Sep	-1%			-1.40%
Retail Sales YoY	29-Oct	Sep	3.35%			1.90%
Copper Production Total	29-Oct	Sep				443285
Industrial Production YoY	29-Oct	Sep	-0.79%			-5.20%
Central Bank Meeting Minutes	30-Oct					
Unemployment Rate	30-Oct	Sep	6.60%			6.50%
Colombia						
Urban Unemployment Rate	30-Oct	Sep	9.70%	9.70%		9.90%
National Unemployment Rate	30-Oct	Sep				9.10%
Overnight Lending Rate	30-Oct	Oct	5.00%	5.00%		4.75%
Mexico						
Economic Activity IGAE YoY	26-Oct	Aug	2.40%	2.40%	2.58%	1.95%
Trade Balance	27-Oct	Sep	-1404.16	-1500	-1419.94	-2800.5m
Overnight Rate	29-Oct	Oct	3.00%			3.00%

Fuente: BBVA Research

Most recent Latam reports

Date	Description
10.28.2015	Mexico: The chances of a monetary rate hike in December increases
10.27.2015	Mexico: The banking mortgage financing grows 16% for the third consecutive month
10.26.2015	Mexico: In August the annual growth rate of the IGAE was 2.8%, higher than July (2.2%)
10.26.2015	Mexico: We estimate that the economy will have grown around 2.4% annually in Aug.
10.26.2015	Chile: October CPI projected to be 0.24% MoM (3.8% YoY) (In Spanish)
10.22.2015	LatAm: Has exchange rate pass-through to prices increased in Latin America?
10.22.2015	Mexico: Bank deposits, dynamism driven by its two components
10.16.2015	Mexico: Weak US industrial prod. suggests that moderation in Mexico will continue
10.16.2015	Peru: Unsurprisingly, the central bank kept the policy rate at 3.50%
10.15.2015	Chile: Central bank increases the MPR to 3.25%, maintaining the contractionary bias (In Spanish)
10.15.2015	Peru: GDP growth in August was lower than expected (In Spanish)
10.14.2015	Chile: Complicated monetary policy decision (In Spanish)
10.12.2015	Peru: Transpacific agreement benefits still pose implementation challenges (In Spanish)

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