Flash Brasil

La inflación aumenta a pesar de la moderación en el precio de los alimentos

La inflación aumentó por quinto mes consecutivo y alcanzó 5.53% a/a en noviembre, sorprendiendo los mercados al alza (BBVA Research: 5.43%; consenso: 5.40%). Ajustamos nuestra previsión para el año al alza a 5.5% desde 5.4% y esperamos que la inflación permanezca en el rango 5.0%-6.0% en los próximos dos años. El dato divulgado hoy reduce el espacio para un recorte del SELIC y añade apoyo a la visión que los tipos de interés seguirán estables a 7,25% por un largo periodo de tiempo.

Inflation increases in spite of food price moderation

Inflation increased for the fifth month in a row and reached 5.53% YoY in November, surprising markets on the upside (BBVA Research: 5.43%; consensus: 5.40%). We adjust our forecast for the end of the year up to 5.5% from 5.4% and expect inflation to remain within the 5.0% - 6.0% range in 2013 and 2014. Today's figures reduce the room for a SELIC cut and adds support to the view that the BCB will keep the SELIC unchanged at 7.25% for a prolonged period of time.

- **In monthly terms, inflation reached 0.60% MoM in November**

  Monthly inflation reached 0.60% MoM in November, beating market expectations (BBVA Research: 0.50%; consensus: 0.47%) and the previous outturn (inflation was 0.59% in October). Food inflation declined to 0.79% MoM from 1.36% MoM in October and accounted for "only" 32% of overall inflation in comparison to more than 50% in previous readings. Nonetheless, higher inflation in some other categories, such as in transport, housing and personal expenses, offset the impact of lower food inflation. In yearly terms, inflation continued to trend upwards and reached 5.53% YoY in November, the highest value since February.

- **Inflation within the 5.0%-6.0% range and SELIC at 7.25% for a prolonged period of time**

  We now expect inflation to close the year at 5.5% YoY. In 2013 and 2014 inflation pressures will be fuelled by tone of fiscal and monetary policies, the unwillingness to accept a sharper appreciation of the currency and by a more robust domestic demand (even if activity recovery ends up being at a lower-than-expected pace). Inflation will, at a large extent, be controlled by the government's management of non-demand factors such as electricity tariffs, tax cuts and fuel prices. Overall, we expect inflation not to converge to the 4.5% target anytime soon and to remain within the 5.0%-6.0% range in both 2013 and 2014. This inflation environment reduces, in our view, the chance of another round of monetary easing and is another source of support for our call for a SELIC unchanged at 7.25% for a long time.

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