

ECONOMIC ANALYSIS

As we expected, the central bank of Colombia held the MPR at 4.5%; we expect the next hike in May 2015

Chile Unit / Colombia Unit / Latin America Unit / Mexico Unit / Peru Unit

In Chile the unemployment rate decreased slightly to 6.6% in September (from 6.7% in August), self-employment continued to increase, but at a pace more in line with salaried jobs.

Colombia – Central bank decided to hold interest rates at 4.5%

The central bank decided unanimously to hold interest rates at 4.5% for the third consecutive month, as we anticipated. The decision was mainly driven by a slowdown in developed economies (with the exception of the US), an increasing risk-aversion in emerging economies, a deterioration in the terms of trade which is affecting national income growth, and a core inflation that remains below the 3% target. It also estimates that GDP growth will probably reach 5.0% in 2014. Finally, we continue to expect that the next rate hike will be in May and that the intervention rate will reach 5.0% by the end of 2015.

Chile – Unemployment rate decreased to 6.6% in September

Better than expected job-creation (+1.2% YoY) led to a decrease in the unemployment rate to 6.6% in September (vs. 6.7% in August). The change in the composition of employment in favour of self-employment continues (+1.3% YoY), but at a pace more in line with salaried job-creation (+1.0% YoY). Meanwhile, the labor force expanded 2.2% YoY. All in all, and despite this slight positive surprise, we still expect an upward path in the unemployment rate towards 2015.

What to watch today

Colombia – Urban unemployment rate (September, 12:00hrs NYT)

We expect an urban unemployment rate of 9.2% in September (in line with consensus). In seasonally adjusted terms, the urban unemployment rate is still at a similar level to last month's 10%.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Federal Debt Total	27 Oct	Sep	--	--	2183B	2169B
Tax Collections	29 Oct	Sep	91000M	--	90722M	94378M
FIPE CPI - Weekly	28 Oct	Oct	0.37%	--	0.37%	0.34%
Selic Rate	29 Oct	Oct	11.00%	11.00%	11.25%	11.00%
FGV Inflation IGFM MoM	30 Oct	Oct	0.20%	--	0.28%	0.20%
Outstanding Loans MoM	30 Oct	Sep	--	--	1.3%	1.0%
Central Govt Budget Balance	31 Oct	Sep	-10.5B	--	--	-10.4B
CNI Consumer Confidence	30 Oct	Oct	--	--	112.0	109.7
PPI Manufacturing MoM	31 Oct	Sep	--	--	--	0.48%
Net Debt % GDP	31 Oct	Sep	35.4%	--	--	35.9%
Chile						
Manufacturing Index YoY	29 Oct	Sep	0.9%	1.0%	5.0%	-4.9%
Copper Production Total	29 Oct	Sep	--	--	464572	483170
Retail Sales YoY	29 Oct	Sep	1.8%	1.5%	-0.9%	1.8%
Unemployment Rate	30 Oct	Sep	6.7%	6.7%	6.6%	6.7%
Colombia						
Vehicle Sales	31 Oct	Sep	--	--	--	27658
National Unemployment Rate	31 Oct	Sep	--	--	--	8.9%
Urban Unemployment Rate	31 Oct	Sep	9.3%	9.2%	--	9.5%
Overnight Lending Rate	30 Oct	Oct	4.50%	4.50%	4.50%	4.50%
Mexico						
Trade Balance	27 Oct	Sep	-368.9B	97	590.1M	-1123.1M
Overnight Rate	31 Oct	Oct	3.00%	3.00%	--	3.00%
Peru						
CPI MoM	1 Nov	Oct	0.16%	--	--	0.16%
CPI YoY	1 Nov	Oct	2.86%	--	--	2.74%
Wholesale Price Index MoM	1 Nov	Oct	--	--	--	0.34%

Most recent Latam reports

Date	Description
10.30.2014	Colombia Flash: Banrep holds rates and waits for new information on international markets (in Spanish)
10.29.2014	Mexico Banxico Flash: Mixed economic activity data and an inflation rate above 4.0% support the monetary pause (in Spanish)
10.29.2014	Chile Flash: Activity data by sector surprised to the downside in September (in Spanish)
10.23.2014	Chile Economic Watch: Determinants of non-tradable inflation (in Spanish)
10.23.2014	Mexico Inflation Flash: Annual inflation has peaked. We expect it to reach 3.8% by year-end

- 10.21.2014 [Brazil Economic Watch: Tell me who you export to and what you make, and I'll tell you how competitive you are](#)
- 10.20.2014 [Mexico Banking Flash: Banking deposits: growth slows, but stays in double figures](#)
- 10.17.2014 [Colombia Economic Watch: The NAIRU falls in Colombia and gets closer to a single-digit rate \(in Spanish\)](#)
- 10.16.2014 [Chile Flash: Central bank cut the policy rate by 25bp introducing a neutral tone \(in Spanish\)](#)
- 10.15.2014 [Peru Flash: Output growth remains weak \(in Spanish\)](#)
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