

## ECONOMIC ANALYSIS

## Inflation in Brazil ended the year within the CB's target range, although we expect a new upturn

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

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*Industrial production in Mexico grew slightly in monthly terms in November, driven by manufacturing and construction. The confidence of consumers and producers in Mexico declined towards the end of the year.*

### Brazil – Inflation closes 2014 slightly below the target ceiling

After having remained at, or above, the 6.5% YoY target ceiling since June, inflation slowed down in December and closed the year at 6.41% YoY, slightly below the upper bound of the target range. After this deceleration at the end of the year, which was favoured by a positive base effect, we expect annual inflation to move up again at the beginning of 2015, largely due to an upward adjustment in some administered prices, mainly electricity and public transport (for more details, see our [Brazil Flash](#)).

### Mexico – Industrial production increased 2.4%, YoY, sa, in November

According to INEGI, Mexico's November industrial production increased 2.4% YoY sa (BBVAe: 2.2 % YoY, sa). In the original series industrial production grew 1.8 % annually. The annual growth of industrial production in November was due to the increase in manufacturing (5.3% YoY, sa); construction (5.0% YoY, sa), and electricity, gas and water (0.6% YoY, sa); although mining fell -5.7% YoY, sa. In monthly terms, industrial production increased 0.2%, sa, slightly below both our forecast and the consensus (BBVAe: 0.3 % MoM, sa; consensus: 0.4 MoM, sa). Importantly production in the sub-sectors of manufacturing (0.7% MoM, sa) and construction (0.8 MoM, sa) both registered increases. Meanwhile, electricity, gas and water fell 1.1% MoM, sa and mining decreased 0.4% MoM, sa.

### Mexico – For the first time since January 2014, confidence of consumers and producers both registered declines in December.

The consumer confidence index (CCI) fell from 95.0 points in November to 93.0 points in December, and it recorded a monthly drop (MoM) of 2.1%, in seasonally adjusted terms (sa). In the original series, the CCI reached 93.6 points (BBVAe: 94.2 points; consensus: 94.0 points). Meanwhile, the confidence of producers, although it remained in the area of optimism (above the threshold of 50 points), showed a sharp decline in expectations of economic activity in the country (-3.0% MoM, sa). The index went from 52.0 points in November to 50.4 points in December.

## What to watch today

No relevant news is expected for today.

## Calendar Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
BZ IGP-M Inflation 1st Preview	12-dic	Jan	0.30%			0.63%
BZ FIPE CPI - Weekly	13-dic	Jan 7	0.43%			0.42%
BZ Retail Sales MoM	14-dic	Nov	0.20%	0.20		1.00%
BZ Formal Job Creation Total	14-dic	Dec	-492212			8381
BZ FGV Inflation IGP-10 MoM	15-dic	Jan	0.45%			0.98%
BZ Economic Activity MoM	15-dic	Nov	0.20%	0.00		-0.26%
BZ Tax Collections	15-dic	Dec	120582M			104470M
BZ FGV CPI IPC-S	16-dic	Jan 15	1.13%			0.96%
BZ CNI Capacity Utilization (SA)	16-dic	Nov	80.50%			80.60%
Chile						
CL Overnight Rate Target	15-dic	Jan 15	3%	3%		3%
Colombia						
CO Consumer Confidence Index	13-dic	Dec	21.75	22.00		24.7
CO Trade Balance	13-dic	Nov	-\$909	-\$909		-\$1356.7
CO Industrial Production YoY	16-dic	Nov	0.58%	0.5%		3%
CO Retail Sales YoY	16-dic	Nov	9.10%	3.3%		11.30%
Mexico						
MX Formal Job Creation Total	12-dic	Dec	-250K	-185.0K		122.9K
MX ANTAD Same-Store Sales YoY	12-dic	Dec	--	--		2.40%
MX Gross Fixed Investment	14-dic	Oct	5.20%	--		5.70%
MX Leading Indicators (MoM)	16-dic	Nov	--	--		0.1
MX Unemployment Rate NSA	16-dic	Dec	4.22%	4.3%		4.53%
Peru						
PE Unemployment Rate	15-dic	Dec	5.40%			5.40%
PE Economic Activity YoY	15-dic	Nov	2.01%			2.40%
PE Reference Rate	16-dic	Jan	3.50%	3.50%		3.50%

## Most recent Latam reports

Date	Description
09.01.2015	<a href="#">Brazil Flash: Inflation closes 2014 slightly below the target ceiling</a>
08.01.2015	<a href="#">Chile Flash: December's CPI inflation declined 0.4% MoM, closing 2014 with +4.6% YoY</a>
08.01.2015	<a href="#">Mexico Flash: Annual inflation fell for the second month in a row and will show a sharp slowdown in January</a>
08.01.2015	<a href="#">Mexico: The Central Bank Report on the Financial System</a>
06.01.2015	<a href="#">Chile Flash: Central bank announces emissions of USD2,200mn (in Spanish)</a>
06.01.2015	<a href="#">Colombia Flash: Inflation accelerates to 3.66% in 2014</a>
12.22.2014	<a href="#">Colombia: BanRep holds monetary policy rate at 4.5% and awaits the impact of lower oil prices</a>

- 12.20.2014 [Mexico Real Estate Outlook Second Half 2014](#)
- 12.18.2014 [Brazil Economic Watch:2003 and 2015: similar adjustments, different times](#)
- 12.16.2014 [Peru. Output growth recovery is still incipient, as expected](#)
- 12.15.2014 [Colombia Flash: Not only construction grows, but it continues to be the fastest growing sector](#)
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