

LatAm Daily | Chilean traders expect MPR pause at today's meeting

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Traders also expect a 25bp increase in three months' time. Long-term inflation expectations remain anchored at the CB's target. Today, data for Brazilian retail sales - predicted to decline - will be released. Also, monetary policy meetings will take place in Chile and Peru and we expect both to keep their MPR unchanged.

Chile - The trader's survey indicates a pause in rates at today's monetary policy meeting

The results showed inflation expectations at +0.1% MoM for November (in line with our view). The long-term view (24 months ahead) remained at +3.0% YoY, anchored to the central bank's target. In terms of policy rates, traders' expectations are for a pause in normalisation at today's meeting and another 25bp increase in three months' time to 3.50%. Finally, results showed expectations of a stable exchange rate at levels around USDCLP700.

What to watch today

Brazil - Retail sales (September, 07:00hrs NYT)

We expect retail sales to contract again in September by around 0.6% MoM. This decline would follow two previous drops, in July and August (-1.6% MoM and -0.9% MoM, respectively) and reinforce the prospects of another contraction in private consumption in 3Q15.

Chile - Monetary policy meeting (November, 17:30hrs, NYT)

Aggregate activity continues to indicate slack in private demand, despite positive surprises in recent figures. Meanwhile inflation, although high, continues to decelerate at a slow pace. In this context, we expect a pause in the monetary normalisation process even though the Board will also evaluate a 25bp increase in order to fulfill communicational consistency.

Peru - Monetary policy meeting (November, 18:30hrs NYT)

We expect the policy rate to remain on hold in November, at 3.50%, because inflation has gone down transitorily and this gives the CB some room to support economic activity. In addition, one-year-ahead and two-year-ahead inflation expectations, although still exceeding the inflation target, stopped trending upwards in October, at least transitorily. The Chairman of the Board at BCRP said recently that he feels "happy" with the last couple of inflation prints, which we understand as a hint that there will be no policy rate move in November. This would also confirm his end-of-September comments, after the last policy rate hike, when he said that in the next couple of months (i.e. October and November) there would probably be no rate increases.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	9-Nov	Nov			0.78%	0.76%
Retail Sales MoM	12-Dec	Sep	-0.90%	-0.60%		-0.90%
Economic Activity MoM	13-Dec	Sep		-0.20%		-0.76%
Chile						
Trade Balance	9-Nov	Oct	-150	-200		-\$85.0
Central Bank's Traders Survey	11-Nov			--		
Overnight Rate Target	12-Dec	Nov	3.25%	3.25%		3.25%
Colombia						
Colombia Monetary Policy Minutes	13-Dec					
Mexico						
CPI MoM	9-Nov	Oct	0.52%	0.50%	0.51%	0.37%
CPI Core MoM	9-Nov	Oct	0.26%	0.25%	0.25%	0.37%
CPI YoY	9-Nov	Oct	2.48%	2.47%	2.48%	2.52%
Vehicle Production AMIA	9-Nov	Oct			326876	278781
Industrial Production NSA YoY	11-Nov	Sep	1.33%	1.23%	1.72%	1.00%
Industrial Production SA MoM	11-Nov	Sep	0.40%	0.30%	0.38%	0.20%
ANTAD Same-Store Sales YoY	11-Nov	Oct			9.80%	8.00%
Central Bank Monetary Policy Minutes	12-Dec					
Formal Job Creation Total	12-Dec	Oct		134.7k		117.6k
Peru						
Trade Balance	10-Nov	Sep			-549	-\$231m
Reference Rate	13-Dec	Nov	3.50%	3.50%		3.50%

Fuente: BBVA Research

Most recent Latam reports

Date	Description
11.11.2015	Mexico: Regional Sectorial Outlook Second Half 2015
11.10.2015	Colombia: Outlook 4Q15 (In Spanish)
11.10.2015	Chile: Outlook 4Q15 (In Spanish)
11.06.2015	Colombia: Automotive sector, recent developments and outlook
11.06.2015	Chile: Inflation in October surprised to the upside
11.06.2015	Colombia: Foodstuff inflation unstoppable
11.06.2015	Brazil: Inflation at 10%? Almost there
11.05.2015	Chile: Imacec surprised to the upside and eases the fears of a technical recession (In Spanish)
11.03.2015	Mexico: Credit to the private sector: grew 13.3% in September
11.03.2015	Mexico: Remittances grow 4.8% in September, with a flow of USD2,060mn (In Spanish)
11.03.2015	Peru: Inflation goes down in October but we expect this to be only transitory
11.03.2015	Colombia: BanRep increased the repo rate 50bp up to 5.25%
10.29.2015	Brazil: COPOM: the plan is still to leave interest rates unchanged
10.29.2015	Peru: In the third quarter, exports would have recorded its worst drop since 2009
10.29.2015	Mexico: Monetary pause continues. More relaxed tone result of lower economic activity

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