

## LatAm Daily | November's retail sales surprisingly increased 1.5% in Brazil

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*Furniture, household appliances and articles of personal and domestic use drove the increase in retail sales. Today we will see the economic activity index in Brazil and MP meetings will take place in Chile (where the MPR is expected to remain on hold) and Peru (MPR expected to be raised 25bp).*

### Brazil - Retail sales surprisingly increased 1.5% MoM in November

Retail sales increased in November against expectations (BBVAe: -0.50%; consensus: -0.90%), The narrow indicator increased 1.5% MoM, and the broad one, which also includes vehicles and construction materials, increased 0.5% MoM after three months of negative rates, a period in which it accumulated a total loss of 4.0%. The 1.5% increase in retail activity's sales was driven by the predominantly positive results in five out of the eight sectors surveyed, including furniture and household appliances (6.9%) and other articles of personal and domestic use (4.1%).

### Chile - The trader's survey anticipates a pause at today's monetary policy meeting

The results showed inflation expectations at +0.4% MoM for January. 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 3.75%. Finally, although higher, the results showed expectations of a stable exchange rate at levels around USDCLP730.

## What to watch today

### Brazil - Economic activity index (November, 05:30hrs NYT)

We expect the IBC-Br, the BCB's economic activity index which works as a monthly proxy for GDP, to contract around 0.3% MoM, in line with the 2.4% contraction in industrial production and despite the 1.5% increase in retail sales in November, as well as other readings available for the period. The contraction would follow a previous decline, of 0.6% MoM in October, and support the view that GDP will contract around 1.0% QoQ in 4Q15 after having declined 2.1% MoM in 2Q15 and 1.7% MoM in 3Q15.

### Chile - Monetary policy meeting (January, 16:00hrs, NYT)

Aggregate activity remained sluggish. Meanwhile inflation, although high, should continue 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 another 25bp increase in rates.

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

We expect the policy rate to be raised by 25bp, to 4.0%. December's CPI surprised to the upside and consequently inflation accelerated in YoY terms to 4.4%. Furthermore, one-year-ahead inflation expectations once again increased, to 3.4%. Going forward, the impact of El Niño weather phenomenon on food prices and the local currency depreciation should keep driving inflation up as well as inflation expectations. The CB needs to contain them, however it has some room to tighten the monetary policy stance because output growth prints should be more positive going forward on the back of increased mining production.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
IGP-M Inflation 1st Preview	11-Jan	Jan	0.48%		0.41%	0.44%
CNI Capacity Utilization (SA)	12-Jan	Nov				77.70%
FIPE CPI - Weekly	12-Jan	Jan	0.86%		0.88%	0.91%
Retail Sales MoM	13-Jan	Nov	-0.90%	-0.50%	1.50%	0.60%
Economic Activity MoM	14-Jan	Nov	-0.90%	-0.30%		-0.63%
Formal Job Creation Total	15-Jan	Dec	-650000			-130629
FGV Inflation IGP-10 MoM	15-Jan	Jan	0.56%			0.81%
National Unemployment Rate	15-Jan	Oct	9.00%			8.90%
Tax Collections	15-Jan	Dec	115100			95461m
CNI Industrial Confidence	15-Jan	Jan				36
<b>Chile</b>						
Central Bank's Economist Survey	12-Jan					
Central Bank's Traders Survey	13-Jan					
Overnight Rate Target	14-Jan	Jan	3.50%	3.50%		3.50%
<b>Colombia</b>						
Consumer Confidence Index	13-Jan	Dec		2.0		6.7
<b>Mexico</b>						
Industrial Production NSA YoY	11-Jan	Nov	1.30%		0.88%	0.50%
Vehicle Production AMIA	11-Jan	Dec			222941	296338
Formal Job Creation Total	12-Jan	Dec			-303.7	132.3k
Gross Fixed Investment	14-Jan	Oct	2.70%			5.70%
<b>Peru</b>						
Trade Balance	11-Jan	Nov			-314.5	-\$182m
Reference Rate	15-Jan	Jan	3.75%	4.00%		3.75%
Economic Activity YoY	15-Jan	Nov	3.75%	3.70%		3.00%
Unemployment Rate	15-Jan	Dec	6.00%			5.80%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
01.08.2016	<a href="#">Mexico: Oil in lowest level since 2004 and dollar in record high</a>
01.08.2016	<a href="#">Brazil: Inflation peaked at 10.7% YoY in December</a>
01.08.2016	<a href="#">Peru: Exports continue to improve in November (In Spanish)</a>
01.08.2016	<a href="#">Chile: CPI closes 2015 with an increase of 4.4% YoY (In Spanish)</a>
01.07.2016	<a href="#">Chile: Emissions by a total of 11,000md are announced (In Spanish)</a>
01.06.2016	<a href="#">Colombia: Inflation closed 2015 at 6.8% (In Spanish)</a>
01.05.2016	<a href="#">Chile: IMACEC growth in November disappoint again (In Spanish)</a>
01.04.2016	<a href="#">Peru: Inflation surprising on the upside in December</a>
01.04.2016	<a href="#">Chile: We forecast CPI for December at 0.1% MoM (4.5% YoY) (In Spanish)</a>
01.04.2016	<a href="#">Mexico: Remittances grow 6.3% in November with a flow of 1887.9md (In Spanish)</a>
12.30.2015	<a href="#">Chile: November IMACEC would be between 2.25% and 2.75% YoY (0.2% MoM) (In Spanish)</a>
12.23.2015	<a href="#">Brazil: BCB is concerned with the impact of fiscal uncertainty and "non-economic events"</a>
12.22.2015	<a href="#">Chile: An optimistic central bank baseline scenario for 2016</a>
12.21.2015	<a href="#">Chile: Monetary Policy Report: the optimism persists (In Spanish)</a>
12.18.2015	<a href="#">Mexico: Monetary hike that helps the peso in the range</a>
12.18.2015	<a href="#">Colombia: BanRep increased its monetary policy rate in 25bp to 5.75%</a>
12.18.2015	<a href="#">Chile: Central bank increases the policy rate to 3.50%, surprising part of the market</a>
12.17.2015	<a href="#">Chile: 25bp hike in the MPR that we consider preventive rather than aggressive (In Spanish)</a>
12.17.2015	<a href="#">Mexico: 0.25% rise in the monetary policy rate</a>

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