

## LatAm Daily | Chile kept its MPR unchanged at 3.5% while Peru raised it by 25bp to 4%

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*As expected, Chile left the MPR unchanged given the slow pace of growth in activity and concerns over the decline in commodity prices, while inflation is above 4% YoY. Peru hiked its MPR by 25bp to realign inflation expectations with the target range, we do not rule out another rise soon. November GDP will be released in Peru, expected to grow thanks to mining and fishing.*

### Chile - Central bank maintained policy rate at 3.50%, in line with expectations

The central bank kept the policy rate unchanged at 3.50% and maintained the tone for monetary normalisation at yesterday's meeting, in line with both our view and that of the market. Once again, the communiqué highlighted that the pace of future adjustment will be paused and data dependent. Domestically the Board highlighted that economic activity is expanding slowly while annual inflation remains above 4% YoY, in line with its baseline scenario. The latter is despite recently published negative surprises in both monthly inflation and aggregate activity. Finally, on the external front the communiqué showed some concerns over recent global market developments regarding the decline in commodity prices, in particular copper, and the global appreciation of the US dollar associated with China's financial market events (see our [Chile Flash](#) in Spanish for details).

### Peru - Central bank raises its policy rate

The Central Bank raised its monetary policy rate for a second month in a row by 25bp, to 4.0%. The gradual tightening is an attempt to realign inflation expectations with the target range because they are currently above its ceiling, at 3,4%. We cannot rule out another hike soon given that inflation, and hence probably inflation expectations, should continue trending upwards in the coming months. (See our [Peru Flash](#) in Spanish for details.)

## What to watch today

### Peru - GDP (November, 11:30hrs NYT)

We estimate output to have grown by 3.7% YoY (consensus: 3.8%) in November 2015, with expansion accelerating. Two elements support this estimate. First, the momentum of mining production (+18% YoY), which should add around 2pp to November's estimated print; second, a significant upsurge in fishing activity (+49% YoY) due to the fact that this year there was a second fishing season (for anchovy), which was not the case in 2014. Hence, supply-side factors support the increasing trend for Peru's output growth. On the other hand, activities more related to aggregate demand remain weak: Construction and Non-primary manufacturing, for example, continue to contract.

## 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%	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%		1.00%	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
01.15.2016	<a href="#">Peru: BCRP maintains its focus on containing inflation expectations (in Spanish)</a>
01.14.2016	<a href="#">Chile: Central Bank maintains the MPR at 3.5%, in line with expectations (in Spanish)</a>
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>

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