

## LatAm Daily | Stable interest rates in Brazil, as expected

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*The Selic rate was left unchanged at 14.25% and the press release of the decision was in line with expectations that it shall remain at such levels for the near future. Also in Brazil, GDP data should show today that the recession continued in the last quarter of 2015.*

### Brazil - No changes in sight for interest rates

In line with expectations, the Monetary Policy Committee (Copom) decided to leave the Selic rate unchanged at 14.25%, the level at which it has been since July 2015. This is already the longest spell with stable interest rates since 2009, and therefore the longest since president Alexandre Tombini assumed command of monetary authority at the beginning of 2011. We expect the stability of the Selic interest rate to last until the beginning of 2017, when lower inflation should allow it to be cut. The view that interest rates will be left unchanged for the near future was reinforced by the accompanying statement released with the monetary policy decision yesterday. The document was left practically unchanged in comparison to the previous press release (“Considering the macroeconomic outlook and the perspectives for inflation and the actual balance of risks, and considering the domestic and primarily, external uncertainties, the Copom decided to hold the Selic rate at 14.25%”). Hence, it refrained from signaling any changes in monetary policy moving forward. Moreover, as in the previous decision, two of the eight Copom members voted for a 50 bp hike, which in our view also suggests that an eventual easing of monetary conditions is not imminent. We expect the monetary policy minutes to be released next Thursday to reinforce this view.

## What to watch for today

### Brazil - GDP (4Q15, 7:00hrs NYT)

GDP likely declined again in the last quarter of 2015. We forecast it to have contracted 1.1% QoQ in the period, somewhat less than in the previous two quarters, taking 2015 GDP growth to -3.8%.

### Colombia - Exports (January, 14:00hrs NYT)

We expect exports to have fallen 30.1% YoY, to stand at USD 2,015 m. The slight recovery in the non-mining exports would fail to offset the oil prices, at its lowest level during last January. Also, oil production stood at below one million barrels in the first month of the year.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
FGV CPI IPC-S	1-mar	Feb	0.85			1.1%
Trade Balance Monthly	1-mar	Feb	2500.00			\$923m
Selic Rate	2-mar	Mar	14.25	14.25		14.25%
GDP QoQ	3-mar	4Q	-1.60	-1.1		-1.7%
GDP YoY	3-mar	4Q	-5.90			-4.5%
Industrial Production MoM	4-mar	Jan	-0.49	-0.3		-0.7%
Vehicle Production Anfavea	4-mar	Feb				145064.0
<b>Chile</b>						
Copper Production Total	29-feb	Jan			453638.00	495953.0
Retail Sales YoY	29-feb	Jan	3.25	3.5	3.35	1.9%
Manufacturing Production YoY	29-feb	Jan	-3.25	-3.5	-4.64	-2.8%
Unemployment Rate	29-feb	Jan	6.00	6.1	5.80	5.8%
Industrial Production YoY	29-feb	Jan	-3.50		-8.28	-3.3%
<b>Colombia</b>						
National Unemployment Rate	29-feb	Jan			11.91	8.6%
Urban Unemployment Rate	29-feb	Jan	12.50		14.07	9.8%
Exports FOB	3-mar	Jan	\$2223.0	\$2.015m		\$2543.0
PPI Domestic MoM	4-mar	Feb		7.77%		1.1%
PPI Total MoM	4-mar	Feb		1.50%		-0.2%
<b>Mexico</b>						
Remittances Total	1-mar	Jan	1785.50	1748		\$2188.0m
IMEF Manufacturing Index SA	1-mar	Feb	51.10			51.5
IMEF Non-Manufacturing Index SA	1-mar	Feb	50.50			50.2
Central Bank Economist Survey	2-mar					
Vehicle Domestic Sales AMIA	2-mar al 4-mar	Feb				119693.0
Mexican Central Bank Releases Inflation Report	3-mar					
Gross Fixed Investment	4-mar	Dec	-1.40	-2.4		-0.4%
<b>Peru</b>						
CPI MoM	1-mar	Feb	0.20		0.17	0.4%
CPI YoY	1-mar	Feb	4.50		4.5	4.6%

Source: Bloomberg and BBVA Research

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