

LatAm Daily | The IMF increased the amount of the Flexible Credit Line for Colombia

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The IMF approved a successor two-year arrangement for Colombia under the FCL program for approximately US\$11.5 bn (previously US\$5.4 bn). In BanRep's inflation survey, analysts expect an additional 25 bps hike in MPR. We share this view and believe that this level will remain for the rest of the year. In Brazil today, we expect retail sales to have grown by 1% in April.

Colombia - The IMF approved the extension and increased the amount of the Flexible Credit Line for Colombia

The IMF approved a successor two-year arrangement for Colombia under the Flexible Credit Line (FCL) program for approximately US\$11.5 billion (the previous arrangement was for US\$5.4 billion). According to the report, "Colombia's macroeconomic policies have provided flexibility to deliver a coordinated and gradual response to the large decline in oil prices". In our view, this is positive news that supports the macroeconomic policy framework of the country.

Colombia - BanRep's monthly inflation survey

According to the latest BanRep's survey, analysts anticipate that June inflation will stand at 0.3% MoM (BBVAe: 0.2% MoM). Regarding year-end expectations, surveyed analysts expect inflation to stand at 6.2%, while going forward 12-month and 24-month inflation expectations sit at 4.4% and 3.7%, respectively. In addition, the survey showed that on average analysts anticipate an additional 25bp hike in the repo rate for the next CB's Board meeting. In our view, headline inflation is close to reaching its maximum. That being said, we also anticipate a 25bp hike in the monetary policy rate in June, taking the repo rate up to 7.5% and staying at that level for the rest of the year.

What to watch today

Brazil - Retail sales (April, 8:00hrs NYT)

We expect retail sales to grow 1.0% MoM after having lost 0.9% MoM in March, and therefore to contribute to the view that the worst in terms of economic activity has already past.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Tax Collections	13-20 jun	May	94850			110895m
Formal Job Creation Total	13-17 jun	May	-85000			-62844
Retail Sales MoM	14-jun	Apr	0.5	1%		-0.90%
CNI Industrial Confidence	14-jun	Jun				41.3
FGV Inflation IGP-10 MoM	15-jun	Jun	1.29			0.60%
IBGE Services Sector Volume YoY	15-jun	Apr	-4.2			-5.90%
Economic Activity MoM	15-jun	Apr	0.25	0%		-0.36%
FGV CPI IPC-S	16-jun	jun-15	0.53			0.59%
COPOM Monetary Policy Meeting Minutes	16-jun					
FIPE CPI - Weekly	17-jun	jun-15	0.37			
IGP-M Inflation 2nd Preview	17-jun	Jun	1.23			0.68%
Chile						
Overnight Rate Target	17-jun	jun-16	3.50	3.50		3.50%
Colombia						
Retail Sales YoY	16-jun	Apr	3.6	3.8%		-2.90%
Industrial Production YoY	16-jun	Apr	7.75	11.0%		1.40%
Consumer Confidence Index	17-jun	May	-9.9	-10		-13
Peru						
Economic Activity YoY	15-jun	Apr	3.65	2.80%		3.70%
Unemployment Rate	15-jun	May	7.1			7.00%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
06.10.2016	Mexico Weekly: New episode of peso adjustment resulting from proximity of the Fed meeting (In Spanish)
06.10.2016	Peru: The Central Bank maintains rates in 4.25% in a context of decrease of inflation (In Spanish)
06.09.2016	Colombia: Where are we in Financial Inclusion? (In Spanish)
06.08.2016	Brazil: Inflation stopped falling in May but will continue to trend down going forward
06.08.2016	Chile: May's CPI (0.2% MoM) shows a inflation slowdown higher than expected (In Spanish)
06.07.2016	Colombia: Inflation accelerates in May in line with expectations
06.06.2016	Chile: MP report: cut in economic activity growth with greater, but still insufficient, monetary stimulus (In Spanish)
06.06.2016	Chile: Imacec increased 0.7% YoY in April, missing expectations (In Spanish)
06.06.2016	Brazil: Brazil's potential GDP falls to around 1%
06.03.2016	Chile: The unemployment rate increased slightly to 6.4% in April (In Spanish)

Mexico - Industrial production index (April, 9:00hrs NYT)

We expect the industrial production index of April 2016 to have increased 0.2% and 0.4% on a monthly and annual basis, respectively, both seasonally adjusted. Note that in March the monthly and annual growth rates were -0.2% and 0.3%, respectively. The magnitude of these growth rates shows that the performance of industrial activity is weak and our forecast for April indicates that it will continue to be weak in the short run.

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