

LatAm Daily | Food prices pressure inflation in Brazil

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Mostly due to supply shocks, food inflation climbed to 1.45% MoM in the first weeks of July, accounting for almost 70% of the monthly inflation for the period. As highlighted in this week's monetary policy meeting, pressure from food prices is one of the main risks to inflation in Brazil.

Brazil - Inflation increased to 0.54% MoM at the beginning of July

July's IPCA-15, which measures inflation from mid-June to mid-July, reached 0.54% MoM in comparison to 0.35% MoM in the full-month of June and 0.40% MoM between mid-May and mid-June. Almost 70% of the price variation recorded by July's IPCA-15 was due to upward adjustments in food prices, mostly due to supply issues. More precisely, food inflation reached 1.45% MoM in comparison to 0.71% MoM in June and 0.35% MoM according to June's IPCA-15 (which measured inflation from mid-May to mid-June). On the positive side, non-food prices continued to moderate in the first weeks of July, in line with lower adjustments in regulated prices and the deceleration in demand. Taking IPCA-15's figures for July into account, we expect the IPCA for the full-month of July to reach 0.40% MoM in monthly terms and to ease somewhat in July, to 8.6% YoY from 8.8% YoY in June.

What to watch today

No relevant news is expected for today.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Formal Job Creation Total	18jul - 22 jul	Jun	-57250		-72615	-72615
FIPE CPI - Weekly	19-jul	jul-15	0.82		0.85	0.78%
Selic Rate	20-jul	jul-20	14.25	14.25	14.25	14.25%
IBGE Inflation IPCA-15 MoM	21-jul	Jul	0.45	0.55	0.54	0.40%
Colombia						
Trade Balance	18-jul	May	-800	-708	-743.9	-\$1117.5
Imports CIF Total	18-jul	May	3539.07	3.543	3584.36	\$3701.2
Consumer Confidence Index	18-jul	Jun	-7	-7	-11.3	-12.5
Retail Confidence	21-jul	Jun		20	22.9	28.5
Industrial Confidence	21-jul	Jun		10	3.7	5.2
Mexico						
Bi-Weekly CPI	22-jul	jul-15	0.24			0.01%
Bi-Weekly Core CPI	22-jul	jul-15	0.15			0.08%
Bi-Weekly CPI YoY	22-jul	jul-15	2.7			2.53%

Fuente: BBVA Research

Most recent Latam reports

Date	Description
07.15.2016	Weekly Mexico: Stock indexes reached new highs (In Spanish)
07.15.2016	Peru: GDP rebounded in May, but its pace of growth will probably be more moderate in June (In Spanish)
07.15.2016	Peru: No surprises regarding the decision of the Board of the Central Bank in July (In Spanish)
07.15.2016	Chile: Central Bank stays alert: keeps interest rate and bias (In Spanish)
07.12.2016	Chile: What does the update of fiscal forecasts of the finance authorities say? (In Spanish)
07.11.2016	Peru: Public investment falls in June (In Spanish)
07.08.2016	Mexico Weekly: Employment data better than expected in the U.S. supports the peso (In Spanish)
07.08.2016	Chile: June's CPI rose 0.4% MoM above market expectations, caused by specific products (In Spanish)
07.06.2016	Colombia: Inflation surprises on the upside in June (In Spanish)
07.05.2016	Chile: Economic activity slows down in May losing what was gained earlier this year (In Spanish)

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