

## LatAm Daily | Chilean central bank maintains MPR unchanged and changes to a hawkish tone

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The Chilean central bank changed from a neutral to a hawkish tone due to inflation figures, domestic demand and higher risk in the external outlook. In Colombia, industrial production grew 0.3·YoY below our expectations, while retail sales rose 4.5% YoY. Consumer confidence was -0.4. In July, GDP rose 3.3% in Peru, as we expected.

### Chile - Central bank changed from neutral to a hawkish stance

Although policy rates were kept unchanged at 3%, the stance of monetary policy changed to a strong hawkish bias at yesterday's meeting, as we expected. The communiqué highlighted the recent higher than estimated monthly and annual inflation figures, but nonetheless recognised a temporary phenomenon behind it. In terms of activity, the assessment was one of weakness in domestic demand, while it recognised both the deterioration and higher risk implicit in the external outlook, particularly, China-related events, the Fed's lift-off and negative spillover effects from Brazil. All in all, the Board declared the commitment of an imminent interest rate hike (probably 25bp, which could be applied as soon as the October meeting), but our view on rates is more data-dependent on short-term monthly inflation figures (BBVAe CPI: +0.7%/+0.8% MoM in September). In this context, the risk of further downside risk to GDP growth expectations towards 2016 and 2017 are increasing (see or [Chile Flash](#) in Spanish for details).

### Colombia - A heterogeneous result between industrial production and retail sales

In July, industrial production grew 0.3% YoY (BBVAe: 1.2%), driven by oil refining, chemicals and publishing sub-sectors. In contrast, automobiles, bodyworks and metallurgy contributed negatively. On the other hand, retail sales rose 4.5% YoY (6.1% YoY excluding vehicles). Pharmaceutical products and cars were the only groups (out of 15) posting negative figures. All in all, retail sales seem more resilient to the slowdown than we expected, while the manufacturing growth reflects a lack of traction across most of the industrial sub-sectors.

### Colombia - Consumer confidence in negative terrain

In August, consumer confidence stood at -0.4 (in a range between -100 and 100), the first negative figure since 2009. The main concern for households continues to be the country's economic performance (current and expected), although this time their willingness to buy durable goods, cars and houses decreased, signalling that the economic slowdown might start affecting household conditions. This result could anticipate a further deterioration in private consumption in the second half of the year.

### Peru - GDP in July in line with market expectations

Real GDP grew 3.3% YoY in July, in line with market expectations. July's growth was driven by a strong performance of primary industries (particularly mining) and an acceleration of the non-primary manufacturing. However, the unwanted accumulation of inventories has continued, which could have an impact on growth in the remainder of the year.

## What to watch today

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

We expect retail sales to drop again in July, reinforcing our view that private consumption and overall economic activity will contract again in 3Q15 after very significant downward corrections in the first half of the year.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
Tax Collections	15-sep	Aug	99000.0			104868M
FGV CPI IPC-S	16-sep	1-sep	0.2			0.21%
Retail Sales MoM	16-sep	Jul	-1	-0.50%		-0.40%
IGP-M Inflation 2nd Preview	17-sep	Sep	0.7			0.17%
Economic Activity MoM	17-sep	Jul	-0.3	-0.30%		-0.58%
CNI Industrial Confidence	18-sep	Sep				37.10%
<b>Chile</b>						
Overnight Rate Target	15-sep	Sep	3.0	3%	3	3%
Bloomberg Sept. Chile Economic Survey	17-sep	Jan		--		
<b>Colombia</b>						
Retail Sales YoY	15-sep	Jul	3.0	3.50%	4.48	5.12%
Industrial Production YoY	15-sep	Jul	-0.4	1.20%	0.33	1.51%
Consumer Confidence Index	15-sep	Aug		5.1	-0.4	2.60%
Trade Balance	18-sep	Jul	-916.0	-1.425		-814.4
Retail Confidence	18-sep	Aug		16.2		18.20%
Industrial Confidence	18-sep	Aug		2.5		0.10%
<b>Mexico</b>						
Formal Job Creation Total	14-sep	Aug		50.8	72.36	44.7K
Aggregate Supply and Demand	18-sep	2Q	3.1			3.50%
<b>Peru</b>						
Unemployment Rate	15-sep	Aug	6.4		6.1	6.80%
Economic Activity YoY	15-sep	Jul	3.3	3.30%	3.26	3.87%
Central Bank 3Q Inflation Report	18-sep	Jan				

Fuente: BBVA Research

## Most recent Latam reports

Date	Description
09.16.2015	<a href="#">Peru: Growth in July showed a better sector balance (In Spanish)</a>
09.16.2015	<a href="#">Chile: Central Bank maintains the MPR at 3% and introduces contractionary bias (In Spanish)</a>
09.12.2015	<a href="#">Mexico: Financial markets are pending the decision of the Federal Reserve (In Spanish)</a>
09.11.2015	<a href="#">Peru: Central Bank surprises in September by delivering a 25bp policy rate hike</a>
09.10.2015	<a href="#">Colombia: The slowdown of the Colombian economy remains orderly (In Spanish)</a>
09.10.2015	<a href="#">Brazil: Copom sees 2016 inflation converging to the target, but also important risks</a>
09.10.2015	<a href="#">Brazil: Inflation eased in August</a>
09.10.2015	<a href="#">Mexico: The 2016 budget package reduces spending and promotes savings (In Spanish)</a>
09.08.2015	<a href="#">Chile: CPI inflation surprisingly increased 0.7% MoM in August</a>
09.07.2015	<a href="#">Chile: July IMACEC (2.5% YoY) in line with stabilization of growth (In Spanish)</a>
09.07.2015	<a href="#">Colombia: An upward surprise in food prices removes inflation from its target (In Spanish)</a>
09.02.2015	<a href="#">Mexico: Private sector credit increased 10.7% in July</a>
09.01.2015	<a href="#">Peru: Inflation continued to accelerate in August</a>

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