

LatAm Daily | Colombia's BanRep unanimously raises MPR by 25bp

Marina Conesa Martínez / Enestor Dos Santos / Hugo Perea Flores / Cecilia Posadas / Jorge Selaive Carrasco / Carlos Serrano Herrera / Juana Téllez Corredor

BanRep's Board decided to increase its MPR by 25bp after some concerns regarding inflation and inflation expectation risks in Colombia. Another 25bp hike is forecasted for 4Q15 in view of the MP stance and inflation dynamics. In Mexico, the trade balance recorded a deficit far beyond our expectations driven by contraction of exports (oil and manufacturing).

Colombia - BanRep increased its monetary policy rate by 25bp to 4.75%

In September's meeting, BanRep's Board hiked its monetary policy rate 25bp to 4.75%, despite some public comments made by Board members reported in the local media that pointed in a different direction. This is the first movement in the monetary policy rate since the August 2014 meeting. During the press conference, the central bank's managing director, José Darío Uribe, mentioned that the decision was taken unanimously. According to the communiqué, some concerns regarding inflation and inflation expectation risks are the main drivers behind this decision. Given the change in the monetary policy stance along with the expected persistence in inflation dynamics for the rest of the year, we now anticipate an additional 25bp increase during 4Q15 (up to 5.0%).

Mexico - Trade deficit of USD2,800mn in August

The trade deficit for August was far beyond what both we and the market expected (USD1,800mn and USD1,927mn, respectively). The factors underlying this performance was the significant annual contraction of total exports (-6.8%) while imports contracted to a lesser extent (-1.9%). Note that the unfavorable performance of exports was driven by the substantial annual contraction of oil exports (-48.3%) and of total non-oil exports (-1.6%), especially manufacturing exports (-2.2%).

What to watch today

No relevant news is expected for today.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV Inflation IGPM MoM	29-sep	Sep	0.80			0.28
National Unemployment Rate	29-sep	Jul	8.50			8.3
Primary Budget Balance	30-sep	Aug	-12.40			-10.019
FGV CPI IPC-S	1-oct	Sep	0.45			0.35
Trade Balance Monthly	1-oct	Sep	2450			2689
CNI Capacity Utilization (SA)	1-oct	Aug				78.6
Industrial Production MoM	2-oct	Aug	-1.60	-0.5		-1.5
CNI Consumer Confidence	2-oct	Sep				98.9
Chile						
Unemployment Rate	30-sep	Aug	6.70	6.8		6.6
Manufacturing Production YoY	30-sep	Aug	0.50	1.2		0.72
Retail Sales YoY	30-sep	Aug	2.40	2		2.9
Copper Production Total	30-sep	Aug				455083
Industrial Production YoY	30-sep	Aug	-0.15			-1.68
Colombia						
Vehicle Sales	29-sep	Aug				22192
Urban Unemployment Rate	30-sep	Aug	8.98	8.9		9.01
National Unemployment Rate	30-sep	Aug				8.84
Economic Activity Index SA YoY	1-oct	Jul	2.75	2.9		3.1
Mexico						
Unemployment Rate SA	28-sep	Aug	4.30			4.31
Net Outstanding Loans	30-sep	Aug				2859.2
Leading Indicators (MoM)	1-oct	Aug				-0.09
Remittances Total	1-oct	Aug	2182	2185		2231.8
IMEF Manufacturing Index SA	1-oct	Sep	51.50			51.794
IMEF Non-Manufacturing Index SA	1-oct	Sep	50			49.489
Vehicle Domestic Sales AMIA	2-oct	Sep				112038
Gross Fixed Investment	2-oct	Jul	4.50	4.4		8.6
Peru						
CPI YoY	1-oct	Sep	4.13			4.04
CPI MoM	1-oct	Sep	0.25			0.38

Fuente: BBVA Research

Most recent Latam reports

Date	Description
09.26.2015	Mexico: The IGAE shows weakness at the start of the third quarter
09.26.2015	Colombia: BanRep increased its monetary policy rate by 25bp to 4.75% (In Spanish)
09.24.2015	Brazil: The BCB's plan is still to keep interest rates unchanged
09.24.2015	Mexico: Banking deposits moderate growth was maintained in July
09.23.2015	Peru: Output growth forecast for 2016 is revised downwards because of a stronger El Niño
09.22.2015	Chile: Probability of error of monetary policy increases (In Spanish)
09.22.2015	Mexico: Monetary pause continues. Banxico keeps an eye on the Fed movements
09.19.2015	Mexico: Banxico will maintain the monetary pause to await the decision of the Fed (In Spanish)
09.19.2015	Mexico: We estimate the monetary rate hike will be postponed until later this year
09.17.2015	Brazil: A more negative outlook
09.16.2015	Peru: Growth in July showed a better sector balance (In Spanish)
09.16.2015	Chile: Central Bank maintains the MPR at 3% and introduces contractionary bias (In Spanish)
09.12.2015	Mexico: Financial markets are pending the decision of the Federal Reserve (In Spanish)

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