

LatAm Daily | Inflation eases temporarily in Peru

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Given the inflation figures and the optimistic outlook that the central bank has on economic activity for 2016, we do not rule out a policy rate hike in December in Peru. In the next few days we will be watching out for activity data for Brazil, Chile, Colombia and Mexico, as well as confidence indexes in Mexico.

Peru - Inflation goes down in October but we expect this to be only transitory

The consumer price index rose 0.14%MoM and with this print YoY inflation fell down to 3.7%. We foresee there is not much room for further declines. Inflation will probably move up in the coming months, driving inflationary expectations in the same direction. We estimate that inflation will be closer to 4% at the end of 2015 and believe the first quarter of 2016 could surpass 5%. Considering this situation and what the central bank did in September (increase the rate by 25bp), we cannot rule out the possibility of a policy rate hike in December, especially after the optimistic outlook that the monetary authority has on economic activity with a growth of 4.2% in 2016 (see our [Peru Flash](#) in Spanish for details).

What to watch today

No relevant data is expected for today.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	3-Nov	Oct	0.68%			0.67%
Trade Balance Monthly	3-Nov	Oct	\$1232.5m			\$2944m
Industrial Production MoM	4-Nov	Sep	-1.50%	-0.80%		-1.20%
FGV Inflation IGP-DI MoM	6-Nov	Oct	1.61%			1.42%
IBGE Inflation IPCA MoM	6-Nov	Oct	0.79%	0.70%		0.54%
Vehicle Production Anfavea	6-Nov	Oct				174240
Chile						
Economic Activity YoY	5-Nov	Sep	2.20%	2.20%		1.10%
Economic Activity MoM	5-Nov	Sep	0.50%	0.60%		-1.00%
Nominal Wage MoM	5-Nov	Sep				0.00%
CPI MoM	6-Nov	Oct	0.30%	0.20%		0.50%
CPI YoY	6-Nov	Oct	3.90%	3.80%		4.60%
CPI Ex Food and Energy MoM	6-Nov	Oct	0.30%	0.30%		0.50%
Colombia						
Economic Activity Index SA YoY	3-Nov	Aug	3.48%	3.50%		3.70%
Exports FOB	4-Nov	Sep	\$2994	\$3.000		\$2809.1
CPI YoY	6-Nov	Oct	5.60%	5.60%		5.35%
CPI MoM	6-Nov	Oct	0.40%	0.40%		0.72%
CPI Core YoY	6-Nov	Oct				4.58%
CPI Core MoM	6-Nov	Oct				0.49%
Mexico						
IMEF Manufacturing Index SA	2-Nov	Oct	50.15		51.6	50.1
IMEF Non-Manufacturing Index SA	2-Nov	Oct	50.2		50.43	49.3
Vehicle Domestic Sales AMIA	2-Nov	Oct				111330
Remittances Total	3-Nov	Sep	\$2150m			\$2266.4m
Gross Fixed Investment	4-Nov	Aug	3.80%			4.60%
Mexican Central Bank Releases Inflation Report	4-Nov					
Consumer Confidence Index	6-Nov	Oct	90.1			90.6
Vehicle Production AMIA	6-Nov	Oct				278781

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
11.03.2015	Peru: Inflation goes down in October but we expect this to be only transitory
11.03.2015	Colombia: BanRep increased the repo rate 50bp up to 5.25%
10.29.2015	Brazil: COPOM: the plan is still to leave interest rates unchanged
10.29.2015	Peru: In the third quarter, exports would have recorded its worst drop since 2009
10.29.2015	Mexico: Monetary pause continues. More relaxed tone result of lower economic activity
10.29.2015	Chile: September IMACEC would be 2% YoY (In Spanish)
10.28.2015	Mexico: The chances of a monetary rate hike in December increases
10.27.2015	Mexico: The banking mortgage financing grows 16% for the third consecutive month
10.26.2015	Mexico: In August the annual growth rate of the IGAE was 2.8%, higher than July (2.2%)
10.26.2015	Mexico: We estimate that the economy will have grown around 2.4% annually in Aug.
10.26.2015	Chile: October CPI projected to be 0.24% MoM (3.8% YoY) (In Spanish)
10.22.2015	LatAm: Has exchange rate pass-through to prices increased in Latin America?
10.22.2015	Mexico: Bank deposits, dynamism driven by its two components

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