

inflation report

2016-III



Contents

1.	OVERVIEW	1
1.1.	Monetary Policy and Financial Conditions	2
1.2.	Macroeconomic Developments and Main Assumptions	4
1.3.	Inflation and the Monetary Policy Outlook	7
1.4.	Risks and the Monetary Policy	8
2.	INTERNATIONAL ECONOMIC DEVELOPMENTS	11
2.1.	Global Growth	11
2.2.	Commodity Prices and Global Inflation	14
2.3.	Financial Conditions, Risk Indicators and Portfolio Flows	15
2.4.	Global Monetary Policy	17
3.	INFLATION DEVELOPMENTS	19
3.1.	Core Inflation Outlook	20
3.2.	Food, Energy and Alcohol-Tobacco Prices	24
3.3.	Domestic Producer Prices	26
3.4.	Producer Prices of Agricultural Products	27
3.5.	Expectations	28
4.	SUPPLY AND DEMAND DEVELOPMENTS	33
4.1.	Supply Developments	33
4.2.	Demand Developments	35
4.3.	Labor Market	39
5.	FINANCIAL MARKETS AND FINANCIAL INTERMEDIATION	59
5.1.	Financial Markets	60
5.2.	Credit Volume and Monetary Indicators	70
6.	PUBLIC FINANCE	79
6.1.	Budget Developments	79
6.2.	Developments in the Public Debt Stock	82
7.	MEDIUM-TERM FORECASTS	85
7.1.	Current State, Short-Term Outlook and Assumptions	85
7.2.	Medium-Term Forecasts	87
7.3.	Risks and Monetary Policy	89
BOXES		
Box 3.1.	The Importance of Food Prices in Controlling Inflation	29
Box 4.1.	Effects of the Tourism Slowdown on the Current Account Balance, Growth and Employment	42
Box 4.2.	Effects of Minimum Wage Hikes on the Labor Market: A Preliminary Evaluation	47
Box 4.3.	The Welfare Effect of Shortened Completion Times of Public Investments	51
Box 4.4.	Firm Size, Imported Intermediate Goods and Export Behavior	54
Box 5.1.	Recent Developments in Monetary Policy, Credit Rates and Deposit Interest Rates	75