

Flash Brasil

Madrid, 28 noviembre 2013
Análisis Económico

Brasil

Enestor Dos Santos
enestor.dossantos@bbva.com
+34 639 82 72 11

Contracción del PIB en el tercer trimestre

Impulsado por una contracción de la inversión, el PIB se redujo en un 0,5% t/t en 3T13, más de lo esperado (BBVA: -0.1% t/t; consenso: -0,3% t/t). Se espera que la actividad económica gane algo de impulso de aquí en adelante. Sin embargo, las cifras dadas a conocer hoy se suman a la reciente ola de pesimismo sobre Brasil. Además, deberían ayudar al [BCB a allanar el camino para el final del ciclo de ajuste monetario en enero](#).

Para ver más acerca de Brasil, [haga clic aquí](#)

GDP contraction in 3Q13

Driven by a contraction in investment, GDP declined by 0.5% QoQ in 3Q13, more than expected (BBVA: -0.1% QoQ; consensus: -0.3% QoQ). Economy activity is expected to gain some momentum ahead. However, the figures released today add to recent wave of pessimism regarding Brazil. In addition, they should help the [BCB to pave the way to an end to the monetary tightening cycle in January](#).

- **Investment and exports declined; consumption gained momentum**

In quarterly terms, the 0.5% QoQ drop in 3Q13 is to some extent explained by the contraction in investment (-2.2% QoQ vs. 4.2% QoQ and 3.6% in 1Q13 and 2Q13). The partial exhaustion of previously introduced incentives, the volatility in financial markets and the exchange rate depreciation helped to drive confidence down, increase interest rates and drive production costs up, therefore determining a deceleration in investment. External demand contributed negatively to growth in 3Q13 as the moderation in imports (-0.1% QoQ) was offset by a sharp drop in exports (-1.4% QoQ). Inflation moderation and labor market resilience helped to drive private consumption up (1.0% QoQ vs. -0.1% QoQ and 0.3% QoQ in 1Q13 and 2Q13, respectively), preventing an even larger decline in growth. Similarly, public growth expanded 1.2% QoQ in the quarter. By supply components, both services and industry remained practically stable (0.1% QoQ and 0.1% QoQ, respectively) while agriculture contracted by 3.5% QoQ. All in all, 3Q13 GDP figures are another clear sign of fragility of the economy.

- **In yearly terms, growth decelerated to 2.2% YoY in 3Q13**

After peaking at 3.3% YoY in 2Q13, yearly GDP growth reached 2.2% YoY in 3Q13. By demand components, the deceleration was observed in private consumption (2.3% YoY vs. 2.6% YoY in 2Q13), investment (7.3% YoY vs. 9.1% YoY in 2Q13) and exports (3.1% YoY vs. 6.3% YoY in 2Q13). The only components that accelerated in yearly terms in the quarter were public consumption (2.3% YoY vs. 0.8% YoY in 2Q13), which has a relatively small weight on GDP, and imports (7.7% YoY vs. 13.7% YoY in the previous reading), which impacts growth negatively. By supply components, there was a very sharp deceleration in agriculture (-1.0% YoY vs. 11.6% YoY in 2Q13) and some slowdown in services (2.2% YoY vs. 2.4% YoY) and industry (1.9% YoY vs. 2.7% YoY).

- **Growth revision: slightly higher expansion in 2012 and less supportive statistical effects in 3Q13**

The incorporation of the Monthly Service Survey into national accounts, among other things, determined a revision of GDP series. 2012 GDP growth was revised upwards to 1.0% from 0.9%. 1Q13 and 2Q13 GDP growth rates were revised to 0.0% QoQ and 1.8% QoQ, respectively, from 0.6% QoQ and 1.5% QoQ. These revisions make statistical carryover effects less favorable for growth in 2013, which together with the negative surprise in 3Q13, add a clear downward bias to our current growth forecasts (see below for more on this issue).

- **Looking ahead: modest activity recovery and end of the monetary tightening cycle**

While the prospects for domestic growth are far from being bright, we expect GDP to rebound somewhat and to grow around 0.4% QoQ in 4Q13 due to the relative resilience of private consumption and some improvement in both investment and export. Nonetheless, 3Q13 GDP figures introduce a clear downward bias to [our current growth forecasts \(2.6% in 2013 and 2.8% in 2014\)](#). Even though things should not get as bad ahead as they got in terms of growth in 3Q13, data released today should reinforce the (justified) concerns about the country. Finally, although inflation remains high, we expect “growth problems” to contribute for the [BCB to put an end to the ongoing tightening cycle in January, with a +25bp adjustment](#) (although the probability of maintaining the SELIC rate stable at 10.0% increases after today’s growth data).

For more on Brazil, [click here](#)

DISCLAIMER

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of initial investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: www.bbva.com / Corporate Governance".

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.