

ECONOMIC ANALYSIS

Today's inflation data release in Brazil should come out above the upper limit of the target range

Chile Unit / Colombia Unit / Latin America Unit / Mexico Unit / Peru Unit

The minutes of the latest monetary policy meeting in Mexico will also be released, where it will be important to know the opinion of the board regarding the future path of inflation, whose convergence has been delayed to the first half of 2015.

No relevant economic indicators were released yesterday.

What to watch today

Brazil – IPCA-15 (September, 8:00hrs NYT)

We expect September's IPCA-15, which measures inflation from mid-August until mid-September, to reach 0.30% MoM compared to 0.14% MoM in August and 0.17% MoM in July. This expected rebound is due to less positive seasonal effects. In annual terms, the inflation indicator should rise above the upper-limit of the target range, to 6.52% YoY from 6.49% YoY in August.

Mexico – Banxico's monetary policy minutes (9:00hrs NYT).

The latest monetary policy announcement adopted a more neutral tone because of the increased short-term inflation risks. In the minutes it will be important to learn about the Board members' views on the outlook for inflation, particularly considering the announcement of the decision included a revision to the upside of the forecast to the end of 2014 and that convergence to 3.0% was delayed from January to some point in the first half of next year. Furthermore, attention should focus on comments on economic activity, in the light of a better than expected GDP growth figure for the second quarter, which is helping to improve the activity risk balance.

México – GDP breakdown (2Q14, 9:00hrs NYT)

INEGI will publish the 2Q14 Goods and Services Supply and Demand figures. This gives a detailed breakdown of GDP components in the second quarter on the supply side (GDP and imports) and on the demand side (total consumption, gross capital formation and exports). In 2Q14, the annual growth rate of the original series of GDP was 1.6%, and our estimated annual growth rate for its components is as follows: total consumption, 1.4%; gross fixed capital formation, -0.4%; exports, 5.5%; and imports, 3.8%. Based on this information, we believe that total consumption will have accounted for 1.1pp of the 1.6pp growth of GDP in the second quarter. Secondly, there is the net contribution of the external sector of 0.6pp (1.8pp from exports, less 1.2pp from imports): finally, the contribution of gross investment will be negative, at -0.1pp. Although we estimate that the contribution of investment will have been negative in the second quarter, this already indicates that there has been an improvement compared with the contribution to growth in the first quarter of the year, of -0.2 pp.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV CPI IPC-S	16 Sep	Sep	0.32%	--	0.39%	0.21%
CNI Industrial Confidence	16 Sep	Sep	--	--	46.5	46.5
FGV Inflation IGP-10 MoM	17 Sep	Sep	0.28%	--	0.31%	-0.55%
FIPE CPI - Weekly	18 Sep	Sep	0.18%	--	0.17%	0.24%
IGP-M Inflation 2nd Preview	19 Sep	Sep	0.32%	--	--	-0.35%
IBGE Inflation IPCA-15 MoM	19 Sep	Sep	0.34%	0.30%	--	0.14%
Colombia						
Retail Sales YoY	15 Sep	Jul	7.0%	--	5.2%	2.2%
Industrial Production YoY	15 Sep	Jul	3.5%	--	1.6%	-0.6%
GDP QoQ	16 Sep	2Q	0.8%	--	-0.1%	2.3%
Trade Balance	17 Sep	Jul	-\$90.0M	--	-\$779.4M	-\$64.0M
Outstanding Loans YoY	19 Sep	Jul	--	--	--	14.2%
Mexico						
Aggregate Supply and Demand	19 Sep	2Q	1.6%	2.1%	--	2.4%
Central Bank Monetary Policy Minutes	19 Sep	--	--	--	--	--
Peru						
Economic Activity YoY	15 Sep	Jul	1.4%	1.9%	1.16%	0.3%
Unemployment Rate	15 Sep	Aug	5.8%	--	5.9%	5.7%

Most recent Latam reports

Date	Description
09.16.2014	Uruguay Flash: Positive surprise in growth in 2Q14 (in Spanish)
09.16.2014	Colombia Flash: Activity moderation in 2Q14 was in line with expectations (in Spanish)
09.15.2014	Peru Flash: Output remains weak (in Spanish)
09.12.2014	Chile Flash: As expected CB cut rates by 25bp (in Spanish)
09.11.2014	Mexico Flash: In August formal employment continued to rise in the IMSS and the total number of registered workers was greater than 17 million (in Spanish)
09.11.2014	Mexico Banking Flash: Banking deposits: performance improves after a brief pause
09.11.2014	Peru Flash: Central Bank cuts policy rate in September by 25bp (in Spanish)
09.11.2014	Chile Flash: The reasons for the fall in local long yields in 2014: the tipping point is close
09.11.2014	Brazil Flash: COPOM sees lower inflationary pressures in the short-term
09.09.2014	Chile Flash: 2014-15 baseline scenario

Important Disclosures

The BBVA Group companies that have participated in preparing or contributed information, opinions, estimates, forecasts or recommendations to this report are identified by the location(s) of the author(s) listed on the first page as follows: 1) Madrid, London or Europe - Banco Bilbao Vizcaya Argentaria, S.A., including its E.U. branches (hereinafter called 'BBVA'), 2) Mexico City - BBVA Bancomer, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer (hereinafter called 'BBVA Bancomer'); 3) New York - BBVA Securities, Inc. (hereinafter called "BBVA Securities"); 4.) Lima – BBVA Continental S.A.; 5.) Bogata – BBVA Colombia S.A.; 6.) Santiago – BBVA Chile S.A. For recipients in the European Union, this document is distributed by BBVA, a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), and registered with the Bank of Spain with number 0182. For recipients in Mexico, this document is distributed by BBVA Bancomer, a bank supervised by the Comisión Nacional Bancaria y de Valores de México.

For recipients in USA, this document is being distributed by BBVA Securities, a subsidiary of BBVA registered with and supervised by the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation. U.S. persons wishing to execute any transactions should do so only by contacting a representative of BBVA Securities in the U.S. Unless local regulations provide otherwise, non-U.S. persons should contact and execute transactions through a BBVA branch or affiliate in their home jurisdiction.

BBVA and BBVA Group companies or affiliates (art. 42 of the Royal Decree of 22 August 1885 Code of Commerce), are subject to the BBVA Group Policy on Conduct for Security Market Operations which establishes common standards for activity in these entities' markets, but also specifically for analysis and analysts. This BBVA policy is available for reference at the following web site: www.bbva.com.

Analysts residing outside the U.S. who have contributed to this report are not registered with or qualified as research analysts by FINRA or the New York Stock Exchange and may not be considered "associated persons" of BBVA Securities (as such term is construed by the rules of FINRA). As such, they are not subject to NASD Rule 2711 restrictions on communications with subject companies, public appearances and trading of securities held in research analysts' accounts.

BBVA is subject to a Code of Conduct for Security Market Operations, which details the standards of the above-mentioned overall policy for the EU. Among other regulations, it includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. This Code of Conduct for Security Market Operations is available for reference in the 'Corporate Governance' section of the following web site: www.bbva.com.

BBVA Bancomer is subject to a Code of Conduct and to Internal Standards of Conduct for Security Market Operations, which details the standards of the above-mentioned overall policy for Mexico. Among other regulations, it includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. This Code and the Internal Standards are available for reference in the 'Grupo BBVA Bancomer' subsection of the 'Conócenos' menu of the following web site: www.bancomer.com.

BBVA Securities is subject to a Capital Markets Code of Conduct, which details the standards of the above-mentioned overall policy for USA. Among other regulations, it includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers.

Exclusively for Recipients Resident in Mexico

BBVA Bancomer S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer acts as a market maker/specialist in: MexDer Future Contracts (US dollar [DEUA], 28-day TIEs [TE28], TIE Swaps, 91-day CETES [CE91]), Bonos M, Bonos M3, Bonos M10, BMV Price and Quotations Index (IPC), Options Contracts (IPC, shares in América Móvil, Cemex, CPO, Femsu UBD, Gcarso A1, Telmex L) and Udibonos.

BBVA Bancomer, and, as applicable, its affiliates within BBVA Bancomer Financial Group, may hold from time to time investments in the securities or derivative financial instruments with underlying securities covered in this report, which represent 10% or more of its securities or investment portfolio, or 10% or more of the issue or underlying of the securities covered.

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 and are current as of the date of issue and 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.