

LatAm Daily | 3Q15 GDP growth in Chile slightly above expectations

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Investment surprised to the upside contributing to the higher than expected GDP growth in 3Q15, but there are figures indicating slack in other domestic demand components. In Brazil, the labour market deteriorated with higher unemployment and lower wages. Inflation also increased due to food and adjusted prices. Today, the quarterly GDP data for Mexico will be released.

Chile - GDP growth reached 2.2% YoY in 3Q15, slightly above expectations

GDP growth increased 2.2% YoY in 3Q15 (+0.4% QoQ), slightly above expectations (at around +2.0% YoY). Although the investment print was higher than expected at +7.1% YoY, the figures still indicate slack in other domestic demand components, such as private consumption (+1.8% YoY). Imports increased 3.1% YoY consistent with a recovery in investment in machinery and equipment (+12.2% YoY) influenced by the low comparison base. Nonetheless, external demand remains weak considering the 0.9% YoY decline in exports. In this context, the current account deficit reached 4.6% of GDP in 3Q15 -equivalent to USD 2,595mn; slightly higher than expected and in part due to seasonality- but showing narrow deficit at 1.2% of GDP on a yearly basis. All in all, we reiterate both our forecast of around 2.0% GDP growth and an external balance for this year.

Brazil - Unemployment rate reached 7.9% in October

The sharp deterioration in the Brazilian labour market continued in October. The unemployment rate climbed to 7.9% from 7.6% in September and 4.7% one year ago. Moreover, average wages declined 0.6% MoM and 7.0% YoY in real terms due to both a moderation in nominal wages and the increase in inflation. All in all, yesterday's data reinforces our view that private consumption will continue to weaken in 4Q15 following the very significant contraction in both 2Q15 and 3Q15.

Brazil - Inflation increased further at the beginning of November

November's IPCA-15, which measures inflation from mid-October to mid-November, jumped to 10.3% from 9.8% in the previous reading. In monthly terms, it also increased, from 0.66% MoM to 0.85% MoM. The main drivers of the increases were food inflation (which reached 1.05% MoM at the beginning of November) and the impact of the adjustment in fuel prices on transport inflation (fuel prices augmented 5.9% MoM and transport inflation reached 1.45% MoM). We expect the full-month IPCA to also break the 10% threshold in November. Indeed, yesterday's figures pose an upward bias to our 10.1% forecast for the period and, therefore, to our 9.9% forecast for the end of the year.

What to watch today

Mexico - GDP of 3Q2015 (9:00 hrs, NYT)

Today, the INEGI will release the Mexico's GDP growth for 3Q15. At the end of October INEGI's preliminary estimate of GDP growth was 0.6% on a Q/Q, sa, basis. We estimate that this quarterly rate of growth will be slightly lower at 0.5%, and believe it will remain on a similar level for the rest of the year.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Economic Activity MoM	18-Nov	Sep	-0.60%	-0.20%	-0.50%	-0.76%
FGV CPI IPC-S	16-Nov	Nov	0.83%		0.86%	0.78%
Central Bank Weekly Economists Survey	16-Nov					
Formal Job Creation Total	19-Nov	Oct	-178900			-95602
CNI Industrial Confidence	18-Nov	Nov			36.4	35
Unemployment Rate	19-Nov	Oct	7.60%	7.80%	7.90%	7.60%
IBGE Inflation IPCA-15 MoM	19-Nov	Nov	0.83%	0.75%	0.85%	0.66%
Chile						
GDP YoY	18-Nov	3Q15	2.10%	2.00%	2.20%	1.90%
GDP QoQ	18-Nov	3Q15	0.30%	0.30%	0.40%	0.00%
Current Account Balance	18-Nov	3Q15	-1650	-\$2,000	-2595	761
Colombia						
Industrial Production YoY	17-Nov	Sep	2.05%	3.50%	2.03%	2.60%
Retail Sales YoY	17-Nov	Sep	3.20%	3.70%	2.80%	5.40%
Consumer Confidence Index	18-Nov	Oct		8	6.8	4.3
Trade Balance	20-Nov	Sep	-1389.8	-\$1.259		-\$1433.6
Mexico						
Economic Activity IGAE YoY	20-Nov	Sep	2.60%			2.58%
GDP NSA YoY	20-Nov	3Q15	2.40%			2.20%
GDP SA QoQ	20-Nov	3Q15	0.60%	0.50%		0.50%
Peru						
GDP YoY	20-Nov	3Q15	2.90%	2.90%		3.00%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
11.19.2015	Mexico: Dollar auctions will focus on episodes of strong exchange rate volatility
11.18.2015	Mexico: Mortgage financing accelerates and grows 17% in September
11.14.2015	Peru: Mining led growth, but non-primary sectors decelerated (In Spanish)
11.13.2015	Mexico: We estimate that GDP growth in 3Q15 will have been similar to the 2Q15
11.13.2015	Chile: Central Bank maintains MPR at 3.25% and contractionary bias (In Spanish)
11.13.2015	Peru: Unsurprisingly, the central bank keeps once again the policy rate on hold
11.11.2015	Mexico: Regional Sectorial Outlook Second Half 2015
11.10.2015	Colombia: Outlook 4Q15 (In Spanish)
11.10.2015	Chile: Outlook 4Q15 (In Spanish)
11.06.2015	Colombia: Automotive sector, recent developments and outlook
11.06.2015	Chile: Inflation in October surprised to the upside
11.06.2015	Colombia: Foodstuff inflation unstoppable
11.06.2015	Brazil: Inflation at 10%? Almost there
11.05.2015	Chile: Imacec surprised to the upside and eases the fears of a technical recession (In Spanish)
11.03.2015	Mexico: Credit to the private sector: grew 13.3% in September
11.03.2015	Mexico: Remittances grow 4.8% in September, with a flow of USD2,060mn (In Spanish)

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