

LatAm Daily | Industrial output in Brazil grew in April but will remain weak going forward

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In Brazil, industrial output grew by 0.1% MoM in April, adding to the better-than-expected 1Q16 GDP figures released this week. In Colombia, civil engineering works grew in 1Q16 by 0.2% YoY, boosted by roads and ports; we expect low levels of growth in the coming quarters. Today inflation and GDP growth data for the country will be released.

Brazil - Industrial production surprised on the upside in April

Industrial output grew by 0.1% MoM in April, in contrast with forecasts which anticipated a decline after the 1.4% MoM expansion in March (BBVA: -0.5%; consensus: -0.9% MoM). The slight expansion in industrial production in April was the result of the growth in capital and intermediate goods (1.2% MoM and 0.5% MoM), and occurred despite the 0.9% contraction in consumption goods. The upward surprise of industrial production in April adds to the [better-than-expected 1Q16 GDP figures released this week](#), and reinforces the view that the worst in terms of economic activity is already behind us. However, taking into account political turbulences and the problems in addressing the fiscal crisis, the most likely is that activity will remain weak moving forward. Among other things, that means that further contractions of both industrial output and GDP in the next months should not be seen with surprise.

Colombia - Civil works growth in 1Q16 topped our expectations, implying an upward bias for GDP growth

In 1Q16, the civil engineering works indicator grew 0.2% YoY (BBVAe: -5.6%). This result implies an upward bias of 0.4 percentage points on our forecast for GDP growth for the first quarter (to be released this morning). Roads and ports boosted the indicator. Meanwhile, mining investment and works financed with royalties showed the sharpest drop. In coming quarters, we expect civil works to grow at low rates, due to the poor investment execution that characterises the first year following elections of regional governments. From the fourth quarter of 2016, the indicator might show a better dynamic with the commencement of the 4G infrastructure plan.

What to watch today

Colombia - Inflation (May, Saturday 12:00hrs NYT)

Inflation data, which will be published on Saturday, will show a 0.5% month-on-month CPI (8.2% YoY). The main driver behind this increase will be food inflation (0.70% MoM), which still is affected by El Niño.

Colombia - GDP growth (1Q16, 12:00hrs NYT)

We expect GDP to have grown 1.8% YoY. However, the better-than-expected result in civil works implies an upward bias on the forecast.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV Inflation IGPM MoM	30-may	May	0.74		0.82	0.33%
FGV Inflation IGPM YoY	30-may	May	11.01		11.09	10.63%
CNI Consumer Confidence	30-may	May			105.2	97.5
National Unemployment Rate	31-may	Apr	11.10		11.2	10.90%
PPI Manufacturing MoM	31-may	Apr			-0.71	-1.40%
BCB Fiscal Report	31-may	Apr				
FGV CPI IPC-S	01-jun	may-31	0.68		0.64	0.68%
GDP QoQ	01-jun	1Q	-0.70	-0.6	-0.28	-1.40%
Trade Balance Monthly	01-jun	May	5600.00		6437	\$4861m
Industrial Production MoM	02-jun	Apr	-0.90	-0.5	0.1	1.40%
FIPE CPI - Monthly	03-jun	May	0.55			0.46%
Chile						
Manufacturing Production YoY	30-may	Apr	-0.8	-1.5	-1.23	2.70%
Retail Sales YoY	30-may	Apr	4.5	4.5	7.94	1.40%
Copper Production Total	30-may	Apr			432277	488759
Industrial Production YoY	30-may	Apr	0		-3.41	3.90%
Unemployment Rate	31-may	Apr	6.5	6.3	6.4	6.30%
Central Bank Meeting Minutes	01-jun					
Colombia						
National Unemployment Rate	31-may	Apr			9.02	10.10%
Urban Unemployment Rate	31-may	Apr	10.23	10.4	9.1	10.20%
GDP YoY	03-jun	1Q	2.7	1.8		3.30%
GDP QoQ	03-jun	1Q	0.3	-0.6		0.60%
Economic Activity Index SA YoY	03-jun	Mar	2.44	0		3.00%
Exports FOB	03-jun	Apr	2388	\$2393		\$2301.3
CPI MoM	04-jun	May		0.5		0.5
CPI YoY	04-jun	May		8.19		7.93
Mexico						
IMEF Manufacturing Index SA	01-jun	May	51.8		51.924	51.8
IMEF Non-Manufacturing Index SA	01-jun	May	50.75		51.274	50.5
Central Bank Economist Survey	01-jun					
Vehicle Domestic Sales AMIA	02 -06 jun	May			121587	118407
Gross Fixed Investment	03-jun	Mar	-3	-3.0%		5.20%
Peru						
CPI MoM	01-jun	May	0.2	0.25	0.21	0.01%
CPI YoY	01-jun	May	3.51	3.58	3.54	3.91%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
06.02.2016	Mexico: Banking and financial system monthly report. June 2016 (In Spanish)
06.02.2016	Mexico: Credit to private sector: moderated dynamism due to slower corporate credit pace (In Spanish)
06.01.2016	Chile: Tax revenues fell despite higher tax rates and spending accelerates (In Spanish)
06.01.2016	Peru: Inflation keeps falling... (In Spanish)
06.01.2016	Mexico: Remittances grow 8.3% in April with a 2.173.4 md (In Spanish)
06.01.2016	Chile: Minutes of May's monetary policy meeting: keep rates on hold was the only option (In Spanish)
06.01.2016	Brazil: A milder GDP contraction in 1Q16
05.31.2016	Chile: Unemployment rate rises to 6.4%, less than expected by the consensus (In Spanish)
05.30.2016	Chile: CPI should come up at 0.3% MoM (4.3% YoY) (In Spanish)
05.30.2016	Mexico: Renewal and increase of the flexible credit line by the IMF: a positive measure (In Spanish)

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