

LatAm Daily | In Chile, economic activity in April increased below expectations

Enestor Dos Santos / Lorena Lechuga / Hugo Perea / Cecilia Posadas / Jorge Selaive / Carlos Serrano / Juana Téllez

Imacec grew by 0.7% YoY in April, below both our and market expectations. We expect Imacec to grow between 2.5% and 3.5% YoY in May. The Chilean CB published its MP report; GDP expected for 2016 has been adjusted downwards in a range of 1.25%/2.25% to 1.25%/2.0%, while inflation is expected to increase by 3.6% in May. We think that the MPR will not change in 2016-17.

Chile - Imacec grew a meagre 0.7% YoY in April, missing expectations

Economic activity increased 0.7% YoY in April (-1.3% MoM sa), below both our and market expectations (BBVAe: 1.5% YoY; consensus: 1.9% YoY). The figure was driven by negative contributions from the mining sector and a less than expected positive contribution from the services and retail sectors. For May, we expect preliminary figures to show Imacec growth in a range of between 2.5% and 3.5% YoY (see our [Chile Flash](#) in Spanish for details).

Chile | Central bank expects GDP growth no greater than 2.0% this year, while monetary policy will remain supportive

The Central Bank adjusts the GDP growth range expected for 2016 from 1.25%/2.25% to 1.25%/2.0%. This is the first time that the range for the year was limited to 0.75bp. We interpret this as a downward adjustment, driven mainly by a contraction in investment. The GDP growth expectation for 2017 is still in the range of 2.0%/3.0% with a neutral bias. The Central bank also maintained CPI inflation estimates for both 2016 and 2017. Finally, they work with the assumption of two hikes during the forecast horizon, but more paused than in the previous report. We consider the activity estimation for 2017 to be optimistic, and do not rule out the probability of negative surprises in inflation figures. Thus, we do not see hikes in the MPR during 2016 and 2017 (see our [Chile Flash](#) in Spanish for details).

What to watch today

Chile - Nominal wage index (June, 09:00 NYT)

We expect an increase of 5.2% YoY (-0.4% MoM) in nominal wages in April, while real wages should show a +0.9% YoY figure. In this context, we forecast that real wages will grow on average around 1% in 2016, with a nominal figure at +4.2% YoY for the year end.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Vehicle Sales Anfavea	06-jun	May			167489	162939
Trade Balance Weekly	06-jun	jun-05			813	
FGV Inflation IGP-DI MoM	07-jun	May	0.89			0.36%
FGV CPI IPC-S	08-jun	jun-07	0.61			0.64%
IBGE Inflation IPCA MoM	08-jun	May	0.75	0.68		0.61%
Selic Rate	08-jun	jun-08	14.25	14.25		14.25%
IGP-M Inflation 1st Preview	09-jun	Jun	0.64			0.59%
Chile						
Economic Activity YoY	06-jun	Apr		1.50%	0.74	2.10%
Economic Activity MoM	06-jun	Apr		1	-1.26	-0.10%
Trade Balance	07-jun	May	450	\$412		\$556
Exports Total	07-jun	May	4600	\$4725		\$5068
Imports Total	07-jun	May	4150	\$4313		\$4513
Copper Exports	07-jun	May				\$2166.2
Nominal Wage YoY	07-jun	Apr	5.2	5.2		5.40%
Vehicle Sales Total	07-10-jun	May				22401
CPI YoY	08-jun	May	4.3	4.3		4.20%
CPI MoM	08-jun	May	0.3	0.3		0.30%
CPI Ex Food and Energy MoM	08-jun	May	0.2	0.1		0.30%
Central Bank's Traders Survey	08-jun	Jun				
Central Bank's Economist Survey	10-jun	Jun				
Colombia						
Colombia Monetary Policy Minutes	10-jun					
Mexico						
Consumer Confidence Index	06-jun	May			90.9	88.9
Vehicle Exports AMIA	06-jun	May			226240	197020
Vehicle Production AMIA	06-jun	May			279508	269604
CPI MoM	09-jun	May	-0.46	-0.43		-0.32%
CPI Core MoM	09-jun	May	0.22	0.20		0.22%
CPI YoY	09-jun	May	2.6	2.61		2.54%
Bi-Weekly CPI	09-jun	may-31	0.13	0.20		-0.48%
Bi-Weekly Core CPI	09-jun	may-31	0.11	0.08		0.08%
Bi-Weekly CPI YoY	09-jun	may-31	2.64	2.69		2.53%
Industrial Production NSA YoY	10-jun	Apr	1			-2.00%
Industrial Production SA MoM	10-jun	Apr	-0.05			-0.20%
Manuf. Production NSA YoY	10-jun	Apr	1.7			-1.50%
Peru						
Trade Balance	09-13-jun	Apr	-100			-\$69m
Reference Rate	10-jun	jun-09	4.25	4.25		4.25%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
06.07.2016	Colombia: Inflation accelerates in May in line with expectations
06.06.2016	Chile: MP report: cut in economic activity growth with greater, but still insufficient, monetary stimulus (In Spanish)
06.06.2016	Chile: Imacec increased 0.7% YoY in April, missing expectations (In Spanish)
06.06.2016	Brazil: Brazil's potential GDP falls to around 1%
06.03.2016	Chile: The unemployment rate increased slightly to 6.4% in April (In Spanish)
06.03.2016	Mexico Weekly: Fed hike less likely due to weak U.S jobs data (In Spanish)
06.03.2016	Colombia: Slowdown of the Colombian economy remains very gradual
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)

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance. This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.