

LatAm Daily | Brazil's current account continued to improve in May

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In Brazil, the 12-month current account deficit decreased from 2.0% of GDP in April to 1.7% in May. FDI remained relatively high (4.6% of GDP YoY). Thanks to the better-than-expected figures of recent months, we should soon undertake a downward revision of our forecast for the current account deficit in 2016 (currently at 2.0% of GDP).

Brazil - Current account deficit declined to 1.7% of GDP in May

The current account recorded a USD1.2bn surplus in May in comparison to a USD3.4bn deficit one year ago. Therefore, the 12-month current account deficit decreased from USD34.1bn (2.0% of GDP) in April to USD29.5bn (1.7% of GDP) in May. FDI remained relatively high in May, precisely at USD6.1bn, broadly unchanged in comparison to the same month last year. It now accumulates USD79.4bn (4.6% of GDP) in the last twelve months, well-above the current account deficit, which reduces the external vulnerability of the country. Taking recent external data into account, in particular the better-than-expected performance of the trade balance (USD18.7bn in the year up to May), we should soon undertake a downward revision of our forecast for the current account deficit in 2016, which currently stands at 2.1% of GDP.

What to watch today

No relevant news expected today.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV Consumer Confidence	27-jun	Jun				67.9
Central Bank Quarterly Inflation Report	28-jun					
Fiscal report	29-jun	May				
Outstanding Loans MoM	28-jun	May				-0.60%
FGV Inflation IGPM MoM	29-jun	Jun	1.48			0.82%
National Unemployment Rate	29-jun	May	11.4			11.20%
FGV CPI IPC-S	01-jul	jun-30	0.29			0.33%
Industrial Production MoM	01-jul	May				0.10%
Markit Brazil PMI Manufacturing	01-jul	Jun				41.6
Trade Balance Monthly	01-jul	Jun	4000			\$6437m
Chile						
Manufacturing Production YoY	30-jun	May	2.5	3.0		-1.20%
Retail Sales YoY	30-jun	May	3.35	5.0		7.90%
Copper Production Total	30-jun	May				432277
Industrial Production YoY	30-jun	May	1.25			-3.40%
Unemployment Rate	30-jun	May	6.7	6.7		6.40%
Colombia						
Urban Unemployment Rate	30-jun	May	9.2			9.10%
Economic Activity Index SA YoY	01-jul	Apr	3.2			3.50%
Exports FOB	01-jul	May	2633			\$2418.6
Mexico						
Trade Balance	27-jun	May	-2155.3			-2079.6m
Unemployment Rate SA	28-jun	May	3.96			3.93%
Unemployment Rate NSA	28-jun	May	3.94			3.80%
Overnight Rate	30-jun	jun-30	4			3.75%
Central Bank Economist Survey	01-jul					
Peru						
CPI MoM	01-jul	Jun	0.19	0.16%		0.21%
CPI YoY	01-jul	Jun	3.35	3.37%		3.54%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
06.24.2016	Mexico: Brexit leads the dollar above 19ppd (In Spanish)
06.24.2016	Mexico: New cuts to public spending to support fundamentals before volatility from Brexit (In Spanish)
06.23.2016	Mexico: ENIF 2015: Advances in the scope of information but with comparability problems (In Spanish)
06.22.2016	Colombia: BanRep increased its monetary policy rate 25bps up to 7.5%
06.17.2016	Chile: Central bank kept policy rate at 3.5% and modifies the restrictive tone (In Spanish)
06.16.2016	Brazil: Still no room for a monetary easing
06.15.2016	Peru: April's growth the lowest result so far this year and surprised to the downside (In Spanish)
06.14.2016	Inflation persistence in Latin America
06.10.2016	Mexico Weekly: New episode of peso adjustment resulting from proximity of the Fed meeting (In Spanish)
06.10.2016	Peru: The Central Bank maintains rates in 4.25% in a context of decrease of inflation (In Spanish)

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