

## LatAm Daily | In Brazil, gross public debt continues to trend upwards

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

---

*In May it reached 68.6% of GDP and we expect it to increase to 73% by the end of 2016 and to 78% in 2017. There is still a lot of uncertainty on the new government's ability to adopt measures to put an end to the upward trend of gross debt. Today in Chile, activity data by sector will be published. We expect figures to continue to point to weak aggregate economic activity.*

### Brazil - Gross public debt increased to 68.6% of GDP in May

The public sector generated a BRL18.1bn primary deficit in May, in comparison to a BRL6.9bn deficit in the same month last year. Taking that into account, the primary result accumulates a BRL13.7bn deficit for the year, which compares poorly to the BRL25.5bn surplus recorded for the same period last year. These negative primary fiscal results reflect the impact on public revenues of the contraction in domestic demand and the lack of structural measures to cut public expenditure. With respect to the latter, it is worth noting that a political agreement to approve the project presented by the government to prevent expenditure from growing in real terms from 2017 onwards is still far away. In this environment, the growth of gross public debt is not surprising. In May, for instance, it increased to 68.6% of GDP from 67.6% in April and 66.5% in December 2015. We expect it to continue to trend upwards and reach around 73% and 78% by the end of 2016 and 2017, respectively.

## What to watch today

### Chile - Activity data by sector (May, 9:00hrs NYT)

We expect manufacturing output to have increased around 2.7% YoY in May, while retail sales are expected to show a +1.9% YoY increase over the month. Overall, figures should continue to point to weak aggregate economic activity.

### Chile - Unemployment rate (May, 9:00hrs NYT)

We expect the jobless rate to have increased to 6.7% in May, showing a slowdown in job-creation, both in terms of salaried employment as well as self-employment.

### Colombia - Urban Unemployment rate (May, 11:00hrs NYT)

We expect May's urban unemployment rate to stand at 9.3%. That rate is higher than the one observed last month (seasonally adjusted). Annual job-creation will decelerate in May YoY with respect to last month (job creation in April: 1.4% YoY was higher than the average of the year: 0.7% YoY).

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
FGV Consumer Confidence	27-jun	Jun			71.30	67.9
Central Bank Quarterly Inflation Report	28-jun					
Outstanding Loans MoM	28-jun	May			0.10	-0.60%
Fiscal report	29-jun	May				
FGV Inflation IGPM MoM	29-jun	Jun	1.48		1.69	0.82%
National Unemployment Rate	29-jun	May	11.40		11.2	11.20%
FGV CPI IPC-S	01-jul	jun-30	0.29			0.33%
Industrial Production MoM	01-jul	May	-0.08	0.0		0.10%
Markit Brazil PMI Manufacturing	01-jul	Jun				41.6
Trade Balance Monthly	01-jul	Jun	4000			\$6437m
<b>Chile</b>						
Manufacturing Production YoY	30-jun	May	2.50	3,0		-1.20%
Retail Sales YoY	30-jun	May	3.50	5,0		7.90%
Copper Production Total	30-jun	May				432277
Industrial Production YoY	30-jun	May	0.50			-3.40%
Unemployment Rate	30-jun	May	6.70	6.7		6.40%
<b>Colombia</b>						
Urban Unemployment Rate	30-jun	May	9.30	9.3%		9.10%
Economic Activity Index SA YoY	01-jul	Apr	3.40	3.3%		3.50%
Exports FOB	01-jul	May	2580	\$2450		\$2418.6
<b>Mexico</b>						
Trade Balance	27-jun	May			-527.44	-2079.6m
Unemployment Rate SA	28-jun	May	3.96		4.00	3.93%
Unemployment Rate NSA	28-jun	May	3.9		4.03	3.80%
Overnight Rate	30-jun	jun-30	4			3.75%
Central Bank Economist Survey	01-jul					
<b>Peru</b>						
CPI MoM	01-jul	Jun	0.15	0.16%		0.21%
CPI YoY	01-jul	Jun	3.36	3.37%		3.54%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
06.29.2016	<a href="#">Mexico: Monetary policy rate unchanged at 3.75%</a> (In Spanish)
06.27.2016	<a href="#">Mexico: Bank deposits: mixed performance in its components</a> (In Spanish)
06.24.2016	<a href="#">Mexico: Brexit leads the dollar above 19ppd</a> (In Spanish)
06.24.2016	<a href="#">Mexico: New cuts to public spending to support fundamentals before volatility from Brexit</a> (In Spanish)
06.23.2016	<a href="#">Mexico: ENIF 2015: Advances in the scope of information but with comparability problems</a> (In Spanish)
06.22.2016	<a href="#">Colombia: BanRep increased its monetary policy rate 25bps up to 7.5%</a>
06.17.2016	<a href="#">Chile: Central bank kept policy rate at 3.5% and modifies the restrictive tone</a> (In Spanish)
06.16.2016	<a href="#">Brazil: Still no room for a monetary easing</a>
06.15.2016	<a href="#">Peru: April's growth the lowest result so far this year and surprised to the downside</a> (In Spanish)
06.14.2016	<a href="#">Inflation persistence in Latin America</a>

---

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.