

LatAm Daily | Zero growth of Brazilian industry in May

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In our view, and although activity remains weak, the worst in terms of growth is over. Economic activity slowed in Colombia during 2Q16, explained by a lower rate of residential investment and private consumption. In Peru, inflation continued its downward trend in June.

Brazil - Industrial output remained stable in May

Broadly in line with expectations, industrial production grew by 0.0% MoM in May, after having expanded by 0.2% MoM in April and 1.4% MoM in March. Data released on Friday showed that among the outperformers in May were capital and durable goods (1.5% MoM and 5.6% MoM, respectively), which are also the segments that suffered the most previously. All in all, recent industrial production figures reinforce our view that although economic activity remains weak, the worst is already over.

Colombia - Exports boosted by the recovery in oil prices

In May, exports fell 20.0% YoY, settling at USD FOB 2,683 mn. This value is the highest observed since October 2015. This comparison is also true in the case of oil exports. However, industrial shipments fell 9.6% YoY. Hence, for the rest of the year, the trade balance will exert less pressure on the current account deficit, determining a bias towards a lower external deficit in 2016. Furthermore, data points to a delay in the recovery of industrial exports, which will not occur until 2017, in line with our scenario.

Colombia - Economic activity will slow further in the second quarter

In April, the seasonally adjusted economic monitoring index grew 0.6% YoY (vs. 3.0% in 1Q16). This figure confirms an expected slowdown in economic activity, mainly explained by lower growth in residential investment and private consumption.

Peru - Inflation maintains a downward tendency

CPI rose 0.14% MoM in June, as a result the YoY rate kept going down and reached 3.3% (3.5% in May). Looking forward, we foresee that inflation will gradually moderate and return to the target range (2.0% +/- 1 percentage point) during the last quarter of the year, in a context of lower exchange rate pressures, but of upward adjustment of fuels prices. (See our [Peru Flash](#) in Spanish for more details).

What to watch today

Chile - Minutes of monetary policy meeting (June, 08:30hrs NYT)

A pause in rates at 3.5% probably prevailed in the Board's decision due to weak activity data, while CPI inflation figures were the negative surprise in May. Minutes should also reveal the elements behind the moderation in the restrictive tone.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FIPE CPI - Monthly	05-jul	Jun				0.57%
Vehicle Sales Anfavea	06-jul	Jun				167489
Commodity Price Index MoM	06 jul-13 jul	Jun				1.47%
FGV Inflation IGP-DI MoM	07-jul	Jun	1.55			1.13%
FGV CPI IPC-S	08-jul	Jul-07	0.29			
IBGE Inflation IPCA MoM	08-jul	Jun	0.35	0.35		0.78%
Chile						
Central Bank Meeting Minutes	04-jul					
Economic Activity YoY	05-jul	May	2.1	1.8		0.70%
Economic Activity MoM	05-jul	May				-1.30%
Trade Balance	07-jul	Jun	270			\$745
Exports Total	07-jul	Jun	4809			\$5050
Imports Total	07-jul	Jun	4689			\$4305
Copper Exports	07-jul	Jun				\$2274
Nominal Wage YoY	07-jul	May	5.1	5.3		5.30%
Vehicle Sales Total	07 jul-12 jul	Jun				24002
CPI YoY	08-jul	Jun	4.1	4.1		4.20%
CPI MoM	08-jul	Jun	0.3	0.4		0.20%
Colombia						
PPI Domestic MoM	05-jul	Jun				0.59%
CPI YoY	06-jul	Jun	8.39	8.30		8.20%
CPI MoM	06-jul	Jun	0.24	0.20		0.51%
CPI Core YoY	06-jul	Jun				6.07%
CPI Core MoM	06-jul	Jun				0.53%
Colombia Monetary Policy Minutes	08-jul					
Mexico						
Vehicle Domestic Sales AMIA	04 jul-06 jul	Jun				121587
Gross Fixed Investment	05-jul	Apr				-3.00%
Vehicle Exports AMIA	06 jul-8 jul	Jun				226240
Vehicle Production AMIA	06 jul-8 jul	Jun				279508
CPI MoM	07-jul	Jun	0.17			-0.45%
CPI Core MoM	07-jul	Jun				0.21%
CPI YoY	07-jul	Jun				2.60%
Bi-Weekly CPI	07-jul	Jun-30				0.02%
Bi-Weekly Core CPI	07-jul	Jun-30				0.16%
Bi-Weekly CPI YoY	07-jul	Jun-30				2.55%
Consumer Confidence Index	08-jul	Jun				90.9
Peru						
Trade Balance	08jul-11jul	May				-\$40m

Fuente: BBVA Research

Most recent Latam reports

Date	Description
07.01.2016	Peru: Inflation remains downtrend (In Spanish)
07.01.2016	Mexico: Private sector credit, better growth in its three segments (In Spanish)
07.01.2016	Mexico: Remittances reach 2,477.8md (+13.1%), the best record for May since 2006 (In Spanish)
07.01.2016	Chile: Imacec with a ceiling of 2% YoY in May - Labor market depreciation surge (In Spanish)
06.30.2016	Mexico: 50bps hike in the MPR amid fears that inflation expectations increase (In Spanish)
06.29.2016	Mexico: Monetary policy rate unchanged at 3.75% (In Spanish)
06.27.2016	Mexico: Bank deposits: mixed performance in its components (In Spanish)
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

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