

## LatAm Daily | GDP growth in Chile supported by fiscal expenditures in 2014

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*Growth accelerated in the latter part of 2014, with a significant boost in the public expenditure component, in contrast to private demand. Also in Chile today we are awaiting the monetary policy decision, where we estimate that the monetary authority will keep the benchmark rate unchanged in a scenario of persistent inflation.*

### Chile – GDP grew 1.9% in 2014, gaining momentum due to countercyclical fiscal policy

GDP growth reached 1.9% in 2014 (BBVAe and consensus: 1.8%), with upward revisions in some quarters of last year. Acceleration of aggregate economic activity started during the 2H14 and was also reflected in a stronger momentum at the beginning of 2015. During this period, figures were very well supported by fiscal expenditures, and also characterised by sluggish growth in private demand components (mainly investment). In this context, the adjustment of the current account was considerable, reaching a deficit at 1.2% of GDP in 2014 (BBVAe: -0.9%), significantly less than the 3.7% of GDP observed in 2013 (see our Chile Flash in Spanish for details).

### What to watch today

#### Chile – Monetary policy meeting (March, 16:00hrs NYT)

We expect a pause at 3.00% in the monetary policy rate due, mainly to the persistently high annual inflation - mainly in the core measures - that remain above the central bank's tolerance range.

## Calendar indicators

| Brazil                     | Date   | Period | Consensus | BBVAe | Actual  | Prior   |
|----------------------------|--------|--------|-----------|-------|---------|---------|
| FGV CPI IPC-S              | 16-Mar | Mar-19 | 1.42%     | --    | 1.49%   | 1.3%    |
| Economic Activity MoM      | 16-Mar | Jan    | 0.02%     | 0.20% | -0.11%  | -0.6%   |
| Formal Job Creation Total  | 16-Mar | Feb    | 26500     | --    | -81774  | -81774  |
| Tax Collections            | 16-Mar | Feb    | 85800M    | --    | 125281M | 125282M |
| FGV Inflation IGP-10 MoM   | 17-Mar | Mar    | 0.81%     | --    | 0.83%   | 0.4%    |
| CNI Industrial Confidence  | 17-Mar | Mar    |           | --    | 37.5    | 40.2    |
| FIPE CPI - Weekly          | 19-Mar | Mar-19 | 0.91%     | --    | --      | 1.0%    |
| IBGE Inflation IPCA-15 MoM | 20-Mar | Mar    | 1.24%     | 1.18  | --      | 1.3%    |
| <b>Chile</b>               |        |        |           |       |         |         |
| GDP QoQ                    | 18-Mar | 4Q     | 0.92%     | 0.93% | --      | 0.4%    |
| Overnight Rate Target      | 19-Mar | Mar-23 | 3.0%      | 3.0%  | --      | 3.0%    |
| <b>Colombia</b>            |        |        |           |       |         |         |
| GDP YoY                    | 17-Mar | 4Q     | 4%        | --    | 3.50%   | 4.2%    |
| Trade Balance              | 20-Mar | Jan    | -1660     | --    | --      | -1452.7 |
| Retail Confidence          | 20-Mar | Feb    |           | --    | --      | 22.7    |
| Industrial Confidence      | 20-Mar | Feb    |           | --    | --      | 80.0%   |
| Overnight Lending Rate     | 20-Mar | Mar-24 | 4.50%     | --    | --      | 4.5%    |
| <b>México</b>              |        |        |           |       |         |         |
| Retail Sales YoY           | 20-Mar | Jan    | 3%        | 2.91% | --      | 2.4%    |
| <b>Perú</b>                |        |        |           |       |         |         |
| Unemployment Rate          | 16-Mar | Feb    | 7%        | --    | 6.90%   | 6.4%    |
| Economic Activity YoY      | 16-Mar | Jan    | 1.80%     | 2.10% | 1.68%   | 0.5%    |

Fuente: BBVA Research

## Most recent Latam reports

| Date       | Description  |
|------------|--|
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| 03.13.2015 | <a href="#">Mexico: Industrial production fell in January 0.4% MoM, sa</a>   |
| 03.09.2015 | <a href="#">Mexico: Still little evidence of pass-through</a>  |
| 03.06.2015 | <a href="#">Chile: Once again CPI inflation above expectations in February</a>   |
| 03.06.2015 | <a href="#">Colombia: Monthly inflation in February stood at 1.15%, taking the annual print up to 4.36%.</a>                 |
| 03.05.2015 | <a href="#">Chile: Imacec at 2.7% YoY support additional upwards revision in GDP growth expectations of market consensus</a> |
| 03.05.2015 | <a href="#">Mexico: Remittances fell in January (-0.7% YoY) after 17 consecutive months of growth</a>                        |
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