

LatAm Daily | Downside risks to Mexican GDP in 2015

Cecilia Posadas / Enestor Dos Santos / Jorge Redondo / Jorge Selaive Carrasco / Juana Téllez Corredor / Carlos Serrano Herrera / Hugo Perea Flores

Industrial production in Mexico increased slightly in February, driven by mining, manufacturing and electricity. This suggests a weak start to 2015.

Mexico – Industrial production increases slightly in February

According to INEGI, Mexico's February industrial production increased 0.2% MoM sa, equivalent to 1.6% YoY sa. The weak monthly growth of industrial production, below the market's forecast (BBVA Research: 0.36% MoM, sa, consensus: 0.40% MoM, sa), was mainly due to the decline in construction (-2.2% MoM, sa). Meanwhile, there were increases in mining (1.5% MoM, sa); manufacturing (1.0% MoM, sa), and electricity, gas and water, albeit the gains were marginal in this sector (0.1% MoM, sa). These results confirm a modest start to 2015. The performance of industrial production in Mexico is related to the evolution of US industrial production, which only increased in February 0.1% MoM, sa. This has caused us to lower our growth expectations for 2015. On the basis of the latest industrial production; falls in construction; external demand coming out lower than expected; cuts in public spending, and negative producer confidence, we see strong downside risks, especially with regard to growth in the first-quarter, although we expect a better performance in the second quarter, linked to an increase in US demand, after the hurdle related to the adverse weather conditions has been overcome (see MexicoFlash_IndustrialProduction).

What to watch today

No relevant news is expected for today

Calendar indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Central Bank Weekly Economists Survey	13-Apr					
Formal Job Creation Total	13-Apr	Mar	-20400			-2415
Retail Sales MoM	14-Apr	Feb	0.30%	0.00%		0.80%
Retail Sales Broad MoM	14-Apr	Feb	-1.20%			0.60%
FGV Inflation IGP-10 MoM	15-Apr	Apr	1.16%			0.83%
Economic Activity MoM	15-Apr	Feb	-0.26%	-0.30%		-0.11%
Tax Collections	15-Apr	Mar				89982M
FGV CPI IPC-S	16-Apr	Apr 15	0.99%			1.22%
FIPE CPI - Weekly	16-Apr	Apr 15	0.78%			0.68%
IBGE Inflation IPCA-15 MoM	16-Apr	Apr	1%	1.00%		1.24%
Chile						
Overnight Rate Target	16-Apr	Apr 16	3%			3.0%
Colombia						
Vehicle Sales	13-Apr	Mar				22518
Retail Sales YoY	14-Apr	Feb	5.25%	5.40%		6.1%
Industrial Production YoY	14-Apr	Feb	-1.50%	-2.50%		-2.5%
Central Bank's Economists Survey	14-Apr					
Consumer Confidence Index	16-Apr	Mar		12		14
Mexico						
Formal Job Creation Total	13-Apr	Mar		105.9K		133.7K
ANTAD Same-Store Sales YoY	13-Apr	Mar	5%			5.10%
Peru						
Unemployment Rate	15-Apr	Mar	7%			6.90%
Economic Activity YoY	15-Apr	Feb	1.15%	1.20%		1.70%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
04.13.2015	Mexico: Industrial production pushes down our growth expectations
04.10.2015	Peru: New monetary pause and the window of opportunity for rate cut is reduced (In Spanish)
04.09.2015	Mexico: Inflation was higher than expected: blame the tomato
04.08.2015	Brazil: Inflation jumps above 8%; pressure from administered prices to ease ahead
04.08.2015	Chile: March's CPI increased 0.6% MoM, below market expectations
04.06.2015	Chile: Imacec expanded 2.0% YoY in February, slightly above expectations
04.06.2015	Colombia: Inflation in March reaches maximum in 6 years driven by food costs (In Spanish)
04.01.2015	Peru: Inflation goes up in March, reducing the room for an eventual policy rate cut
30.03.2015	Mexico: IGAE and exports point to moderate economic performance in the first quarter
30.03.2015	Chile: Activity by sector anticipates an Imacec at around 2% YoY in February

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