

Latam Daily | Investment performed better than consumption in Colombia in 1Q15

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Domestic demand increased in 1Q15, boosting imports (+8.1% YoY), albeit at a slower rate than in 4Q14. Investment performed better than consumption, despite investment declining from 10.1% to 6.0% YoY, hit by machinery and equipment and private construction. In any case, we maintain our GDP growth forecast of 3.1% in 2015.

Colombia - The slowdown in 1Q15 was stronger in consumption than in investment

The National Statistics Office, DANE, released demand-side GDP results for 1Q15. According to the report, domestic demand grew 4.2% YoY (vs. 5.8% in 4Q14), boosting the performance of imports (+8.1% YoY). Private consumption maintained an acceptable 3.9% YoY growth (vs. 5.3% in 4Q14), and public consumption grew only 2.3% YoY. On the other hand, fixed investment stood at 6.0% YoY in 1Q15, declining from the 10.1% YoY registered in 4Q14. The main driver of the decline in investment was machinery and equipment, and private construction. All in all, we maintain our call of a 3.1% GDP growth rate in 2015.

What to watch today

Brazil - Economic activity index (April, 7:30hrs NYT)

We expect the IBC-Br to show that economic activity contracted again at the beginning of the second quarter. Tuesday's retail sales actually suggest that the contraction could be higher than we are estimating (-0.1% MoM).

Brazil - IPCA-15 (June, 8:00hrs NYT)

We expect June's IPCA-15, measuring inflation from mid-May to mid-June, to come in at 0.60% MoM, the same as in the previous reading. Persistent pressures from administered prices and higher than previously expected food inflation should prevent monthly inflation from easing at the end of May/beginning of June. The annual figure could rise to 8.38% YoY from 8.24% YoY in May and 6.41% YoY one year ago.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Trade Balance Weekly	15-June	1-Jun	--		\$678M	\$1976M
Formal Job Creation Total	15 June - 22 June	May	--		--	-97828
Tax Collections	16 June - 22 June	May	--		--	109241M
FGV Inflation IGP-10 MoM	16-June	Jun	--		0.57%	0.52%
Retail Sales MoM	16-June	Apr	0.7%	0.50%	-0.4%	-0.9%
IGP-M Inflation 2nd Preview	18-June	Jun	--		0.59%	0.41%
Economic Activity MoM	19-June	Apr	-0.45%	-0.10%	--	-1.07%
IBGE Inflation IPCA-15 MoM	19-June	Jun	0.69%	0.60%	--	0.60%
Central Bank Quarterly Inflation Report	22 June - 30 June				--	
Colombia						
Retail Sales YoY	16-June	Apr	3.0%	4.30%	-1%	3.4%
Industrial Production YoY	16-June	Apr	-0.0%	1.00%	-3.6%	-0.1%
Consumer Confidence Index	17-June	May	--	7	13.7	8.2
Mexico						
Central Bank Monetary Policy Minutes	18-June		--		-	
Aggregate Supply and Demand	19-June	1Q	--		--	4.0%
Retail Sales MoM	22-June	Apr	--		--	0.2%
Peru						
Unemployment Rate	15-June	May	--		7%	6.8%
Economic Activity YoY	15-June	Apr	3.9%	4.50%	4.3%	2.7%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
06.16.2015	Chile: Labour market reform, still work to do
06.15.2015	Peru: GDP accelerates in April reaching 4.3% YoY
06.12.2015	Mexico: Inflation touches historical low and industrial activity begins slow in the 2 Q15
06.12.2015	Colombia: GDP growth surprises on the upside
06.11.2015	Peru: We expect the Central Bank to keep its monetary policy unchanged for the remaining of the year
06.11.2015	Mexico: Industrial production contracts slightly
06.11.2015	Chile: Central Bank keeps its monetary policy unchanged at 3%, as expected
06.10.2015	Colombia: Inflation slows down in May due to a drop in food prices
06.10.2015	Colombia: PIPE 2.0 to boost production and employment
06.08.2015	Chile: Confidence would have dragged down Chilean GDP by between 0.3%-0.6%
06.08.2015	Chile: Inflation rises to 0.2% in May, in line with expectations

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