

## LatAm Daily | In Brazil despite the surprise in industry we expect 2Q15 GDP to contract

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*Following three months of declines, industrial output rose 0.6% MoM in May well above the market consensus. Despite this positive figure, we expect 2Q15 GDP to fall significantly. In Colombia we expect CPI to increase 0.08% MoM due to a slight fall in food prices and electric energy tariffs. As a result, inflation should ease to 4.4% YoY in May.*

### Brazil - Industrial output surprises to the upside in May

The IBGE, the national statistics agency, released the Brazilian industrial production in May. The industrial output unexpectedly grew 0.6% MoM after declining for three months in a row, mainly driven by consumer goods (+1.2%) and capital goods (+0.2%). On the other hand, intermediary goods and consumer durable goods fell the most, dropping 0.5% and 0.1% respectively. The figure was well above market expectations (BBVAe -0.6% and consensus -0.8%). However, industrial output has declined 6.9% in the year to date. All in all, in spite of this increase we still expect GDP 2Q15 to contract significantly.

## What to watch today

### Mexico - Fixed investment indicator (April, 9:00NYT)

We expect that the annual rate of growth of the fixed investment indicator of April will be 4.1%, due to an increase of 3.6% of its construction component and a growth of 4.6% of the machinery and equipment component. However, we believe April's growth rate (4.1%) will be lower than the one in March (6.6%) mainly due to a lower expected growth in the machinery and equipment component.

### Colombia - Economic monitoring indicator -ISE- (April, 12:00hrs NYT)

We expect ISE to have grown 1.5% YoY, probably the lowest figure of the year. April saw lows in both the confidence indexes and retail sales. However, the May data show better figures, indicating that the slowdown in April may be transitory. Hence, we maintain our GDP forecast for 2015 at 3.1%.

### Colombia - June Inflation (July 4, 12:00 NYT)

We believe food prices and electric energy tariffs should decline in June. As a result, we are expecting CPI to have registered a monthly variation of 0.08%, below the market expectations of 0.13%. As a result, we believe inflation should recede from 4.6% in May to 4.4% YoY in June.

## Calendar indicators

|                                 | Date             | Period | Consensus | BBVAe  | Actual     | Prior     |
|---------------------------------|------------------|--------|-----------|--------|------------|-----------|
| <b>Brazil</b>                   |                  |        |           |        |            |           |
| FGV Inflation IGPM MoM          | 29-June          | Jun    | 0.64%     |        | 0.67%      | 0.41%     |
| CNI Consumer Confidence         | 29-June          | Jun    | --        |        | 96.2       | 98.7      |
| Primary Budget Balance          | 30-June          | May    | --        |        | -6.9       | 13.4B     |
| FGV CPI IPC-S                   | 1-July           | 01-jun | --        |        | 0.82%      | 0.83%     |
| Trade Balance Monthly           | 1-July           | Jun    | --        |        | \$4527M    | \$2761M   |
| CNI Capacity Utilization (SA)   | 1-July           | May    | --        |        | 80.6%      | 80.6%     |
| Vehicle Sales Fenabrave         | 1-July to 3-July | Jun    | --        |        | 212,535    | 212,713   |
| Commodity Price Index MoM       | 1-July to 8-July | Jun    | --        |        | --         | 0.76%     |
| Industrial Production MoM       | 2-July           | May    | -0.8%     | -0.60% | 0.60%      | -1.2%     |
| <b>Chile</b>                    |                  |        |           |        |            |           |
| Unemployment Rate               | 30-June          | May    | 6.3%      | 6.30%  | 6.6%       | 6.1%      |
| Manufacturing Index YoY         | 30-June          | May    | -0.6%     | -2.00% | -3.25%     | 0.8%      |
| Retail Sales YoY                | 30-June          | May    | 2.1%      | 2.10%  | 3.1%       | 3.3%      |
| Copper Production Total         | 30-June          | May    | --        | --     | 508,245    | 471,361   |
| <b>Colombia</b>                 |                  |        |           |        |            |           |
| Urban Unemployment Rate         | 30-June          | May    | 10.3%     |        | 9.59%      | 10.5%     |
| Current Account Balance         | 30-June          | 1Q     | --        |        | -\$5135.5M | -\$6364M  |
| Economic Activity Index SA YoY  | 3-July           | Apr    | --        | 1.50%  | --         | 2.8%      |
| CPI YoY                         | 4-July           | Jun    | --        | 4.39%  | --         | 4.41%     |
| CPI MoM                         | 4-July           | Jun    | --        | 0.08%  | --         | 0.26%     |
| CPI Core YoY                    | 4-July           | Jun    | --        | 3.77%  | --         | 3.72%     |
| CPI Core MoM                    | 4-July           | Jun    | --        | 0.28%  | --         | 0.48%     |
| <b>Mexico</b>                   |                  |        |           |        |            |           |
| Remittances Total               | 1-July           | May    | --        |        | \$2198.4M  | \$2012.2M |
| IMEF Manufacturing Index SA     | 1-July           | Jun    | --        | 52.91  | 53.1       | 52.4      |
| IMEF Non-Manufacturing Index SA | 1-July           | Jun    | --        | 51     | 51.3       | 51.1      |
| Vehicle Domestic Sales AMIA     | 1-July to 3-July | Jun    | --        | 99,438 | 106,890    | 101,982   |
| Leading Indicators (MoM)        | 2-July           | May    | --        |        | -0.05      | -0.08     |
| Gross Fixed Investment          | 3-July           | Apr    | --        |        | --         | 6.6%      |
| Central Bank Economist Survey   | 3-July           | 0      | --        |        | --         | --        |
| <b>Peru</b>                     |                  |        |           |        |            |           |
| CPI YoY                         | 1-July           | Jun    | --        | 3.36%  | 3.54%      | 3.37%     |
| CPI MoM                         | 1-July           | Jun    | --        | 0.15%  | 0.33%      | 0.56%     |
| Wholesale Price Index MoM       | 1-July           | Jun    | --        |        | 0.26%      | 0.38%     |

Fuente: BBVA Research

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