

## Latam Daily | Gloomier outlook in Mexico and Chile

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*Mexican industrial output fell in May implying that the IGAE is likely to drop and growth to slow. Colombian CB minutes revealed concern about GDP growth, domestic demand and core inflation. We expect rates to remain unchanged. Chilean economists revised downwards their GDP growth forecast for 2015 and 2016 while anticipating that the MPR will remain unchanged until 2H16*

### Chile - Economists' survey revised downwards GDP growth expectations for 2015 and 2016

Growth forecast for 2015 and 2016 were revised downwards to 2.3% and 3.0% from 2.6% and 3.4%, respectively. Also, inflation is expected to reach +3.8% YoY at the end of the year (from 3.5% YoY in previous survey), while long-term inflation expectations remain anchored to central bank target of 3% YoY. In terms of monetary policy, results indicated a slightly more dovish view considering a stable policy rate at 3% for the next eleven months and postponing hikes into 2H16. Finally, the exchange rate forecast points to a stable currency at around CLP640 per dollar.

### Colombia - BanRep minutes

The central bank released the minutes of its June meeting. According to the report, BanRep's board mentioned that the new information available corroborates the gradual contraction in domestic demand and output growth. In addition, the members of the board emphasised that annual inflation has declined, but core inflation indicators increased. Nevertheless, the report highlighted that inflation expectations continued to be anchored. It is important to note, that on this occasion, the minutes signalled that the balance of payments deficit on current account "poses vulnerability to the Colombian economy". All in all, the minutes ratified our view that BanRep will keep its repo rate on hold for the rest of the year.

### Mexico - May's industrial production index decreased 0.4% MoM, sa

May's industrial production index fell 0.4% MoM, sa. The three components that decreased were Utilities, -0.8%; Manufacturing industry, -0.9%; and Construction, -1.5%. Mining was the only component that grew (0.7%). The performance of this index implies that the global monthly economic indicator (IGAE, in its Spanish acronym) for May is likely to decrease. This will have important effects on the rate of growth in 2Q15 GDP.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
Formal Job Creation Total	13 July to 20 July	Jun	--		--	-115,599
Retail Sales MoM	14 July	May	-0.2%	-0.50%	--	-0.4%
Economic Activity MoM	15 July	May	-0.60%	-0.80%	--	-0.84%
FGV CPI IPC-S	16 July	01-jul	--		--	0.82%
CNI Industrial Confidence	17 July	Jul	--		--	38.9
<b>Chile</b>						
Overnight Rate Target	14 July	--	3.00%	3.00%	--	3.00%
<b>Colombia</b>						
Vehicle Sales	13 July to 15 July	Jun	--		--	22,696
Retail Sales YoY	15 July	May	2.9%	3.10%	--	-1.0%
Industrial Production YoY	15 July	May	-2.2%	-4.0%	--	-3.6%
Consumer Confidence Index	15 July	Jun	--	10	--	13.7
<b>Peru</b>						
Economic Activity YoY	15 July	May	2.5%	1.80%	--	4.3%
Unemployment Rate	15 July	Jun	--		--	7.0%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
07.10.2015	<a href="#">Colombia: Client presentation on real estate in Santa Marta</a>
07.10.2015	<a href="#">Mexico: Inflation touches record low; industrial production shows weakness</a>
07.10.2015	<a href="#">Peru: Monetary dilemma remains; activity, exchange rate, inflation?</a>
07.09.2015	<a href="#">Chile: Analyzing the new fiscal scenario</a>
07.09.2015	<a href="#">Mexico: Inflation YoY reached its lowest level in June</a>
07.08.2015	<a href="#">Chile: "One timers" drive inflation above expectations</a>
07.05.2015	<a href="#">Sectors that will benefit the most from the Pacific Alliance</a>
07.04.2015	<a href="#">Chile: IMACEC grows 0.8% YoY in May: slowdown speeds up</a>
07.04.2015	<a href="#">Colombia: Inflation in June stood at 4.4% YoY</a>
07.03.2015	<a href="#">Mexico: Industrial production could decrease 0.3</a>
07.01.2015	<a href="#">Chile: New challenge for fiscal authority, implementing USD 8 Bln through public investment</a>
07.01.2015	<a href="#">Peru: Inflation will make harder the CB's commitment</a>
07.01.2015	<a href="#">Mexico: private sector credit rose 10.4% in May</a>

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