

LatAm Daily | Colombia's business confidence in line with slowdown in 2H15 domestic demand

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July's confidence index fell as manufacturers worried about production three months ahead, although inventory and orders figures improved. Mexico's inflation resumed a downward trend in the first fortnight of August, indicating a limited pass-through from the exchange rate (in our view the year-end consensus forecast is too high and should gradually converge with our own estimate).

Colombia - Business confidence remains at low levels

In July, traders' confidence stood at 18.2 (in a range between -100 and 100), below the June 2015 and July 2014 figures (of 20.6 and 25.0, respectively). The deterioration occurred mainly due to a lower assessment of the six months ahead expectations. Meanwhile, industrial confidence remained at 0.1, the same level as June 2015 (and vs. 9.3 in July 2014). Manufacturers' expectations for production three months ahead were more pessimistic, despite an improvement in inventory and order figures. Overall, the results are in line with consumer confidence and the prospect of a further slowdown in domestic demand in the second half of this year.

Mexico - Inflation declined to a fresh record low in the first fortnight of August

Headline inflation increased 0.12% FoF in the first half of August (BBVAe: 0.15%; consensus: 0.16%) while core inflation was 0.12% FoF (BBVAe: 0.13%, consensus: 0.16%). Annual headline inflation declined to 2.64% from 2.72% in the second fortnight of July, while annual core inflation decreased to 2.29% from 2.32% in the previous fortnight. Today's print is consistent with our 2.5% year-end inflation forecast. The evidence still points to limited FX pass-through and suggests that demand-side weakness continues to weigh favourably on core inflation. In our view, the year-end consensus forecast (2.9%) is too high and thus, and should gradually converge with our year-end forecast as analysts continue to incorporate low inflation prints and the context of economic slack and limited FX pass-through.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	24 August	Aug 23	--		0.27%	0.36%
FGV Consumer Confidence	25 August	Aug	--		--	82
National Unemployment Rate	25 August	Jun	8.20%		--	8.10%
Current Account Balance	25 August	Jul	-\$6550M		--	-\$2547M
Foreign Direct Investment	25 August	Jul	\$5850M		--	\$5398M
Total Outstanding Loans	26 August	Jul	--		--	\$3102B
Central Govt Budget Balance	27 August	Jul	--		--	-\$8.2B
CNI Consumer Confidence	27 August	Aug	--		--	97.9
FGV Inflation IGPMMbM	28 August	Aug	--		--	0.69%
GDP QoQ	28 August	2Q	-1.80%		--	-0.20%
Primary Budget Balance	28 August	Jul	--		--	-\$9.3B
Nominal Budget Balance	28 August	Jul	--		--	-\$36.3B
Net Debt % GDP	28 August	Jul	--		--	34.5%
Chile						
Central Bank's Traders Survey	26 August	--	--		--	--
Central Bank Meeting Minutes	28 August	--	--		--	--
Colombia						
Retail Confidence	24 August	Jul	--	13	18.2	20.6
Industrial Confidence	24 August	Jul	--	3	0.1	0.1
Mexico						
Bi-Weekly CPI	24 August	Aug 15	0.17%	0.15%	0.12%	0.08%
Bi-Weekly Core CPI	24 August	Aug 15	0.13%	0.13%	0.12%	0.06%
Bi-Weekly CPI YoY	24 August	Aug 15	2.69%	2.67%	2.64%	2.72%
Current Account Balance	25 August	2Q	-\$8480M		--	-\$9446M
Trade Balance	27 August	Jul	--	-\$1590M	--	-\$749.0M
Unemployment Rate NSA	28 August	Jul	--		--	4.41%
Unemployment Rate SA	28 August	Jul	--		--	4.39%
Budget Balance YTD	28 August	Jul	--		--	-\$345.0B

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
08.24.2015	Chile: We expect inflation to grow 0.4% MoM in August
08.21.2015	Colombia: BanRep kept rates on hold on a majority vote
08.21.2015	Mexico: Exchange rate at all-time highs
08.20.2015	Mexico: GDP growth increased in 2Q15 slightly above than expected, 2.2% annual
08.19.2015	Mexico Economic Outlook
08.18.2015	Chile: Figures in national accounts in 2Q15 confirm slower activity
08.15.2015	Peru: GDP growth surprises positively
08.15.2015	Mexico: We expect the GDP to have grown 2% YoY in 2Q15
08.14.2015	Peru: CB raises concerns around inflation
08.13.2015	Chile: CB keeps MPR at 3% and expects inflation high
08.13.2015	Chile: With little room: public expenditure growth in 2016 around 4.6%
08.13.2015	Brazil Economic Outlook (Presentation)
08.13.2015	Brazil Economic Outlook
08.09.2015	LatAm Economic Outlook (Presentation)
08.09.2015	LatAm Economic Outlook
08.06.2015	Colombia Economic Outlook (Presentation)

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