

## LatAm Daily | Another contraction in industrial production in Brazil

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*Brazilian industrial production decreased again in August -despite the positive competitiveness effect of the exchange rate depreciation on the industrial sector- due to the decline in capital and consumption goods. Today, the Imacec will be released in Chile, which is expected to have grown around 2% in August.*

### Brazil - Industrial production dropped again in August

After having declined 1.5% MoM in July, industrial output contracted 1.2% MoM in August leaving the statistical carryover effect at -2.7%. The latter means that if industrial production remains stable in monthly terms in September, it will have contracted 2.7% QoQ in 3Q15, in comparison to the 2.3% drop registered in 2Q15. The result was, to a certain extent, driven by the 9.4% MoM reduction in vehicle production and, from a different perspective, by the 7.6% MoM and 0.9% MoM decline in capital and consumption goods (production of intermediate good increased 0.2% MoM). The results show that the positive effect of the exchange rate depreciation on the industrial sector has not yet been enough to offset the series of other problems faced by the sector (higher production costs, weak demand, deterioration of credit markets, high uncertainty, low confidence, etc.).

## What to watch today

### Chile - Monthly economic activity index (August, 07:30hrs NYT)

We expect the Imacec to have grown around 2.0% YoY in August (near -0.5% MoM SA). The figure should be driven by positive contributions from retail sales and services but partially compensated by the declines in mining and manufacturing output.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
Vehicle Production Anfavea	7-Oct	Sep				216465
FGV Inflation IGP-DI MoM	7-Oct	Sep	1.23%			0.40%
IBGE Inflation IPCA MoM	7-Oct	Sep	0.52%	0.45%		0.22%
FGV CPI IPC-S	8-Oct	Oct	0.50%			0.42%
IGP-M Inflation 1st Preview	9-Oct	Oct	0.98%			0.56%
<b>Chile</b>						
Economic Activity YoY	5-Oct	Aug	2.00%	2.00%		2.50%
Trade Balance	7-Oct	Sep	-50.00	\$75.0		-\$61.5
Copper Exports	7-Oct	Sep				\$2416.3
International Reserves	7-Oct	Sep				\$38396
Nominal Wage MoM	7-Oct	Aug		0.20%		1.00%
Vehicle Sales Total	8-Oct	Sep				24374
CPI MoM	8-Oct	Sep	0.70%	0.60%		0.70%
<b>Colombia</b>						
CPI YoY	5-oct	Sep	5.00%	5.00%		4.74%
CPI Core YoY	5-oct	Sep		4.43%		4.20%
Colombia Monetary Policy Minutes	9-Oct					
Exports FOB	6-Oct	Aug	\$2934	\$2934		\$3001.9
<b>Mexico</b>						
Vehicle Domestic Sales AMIA	5-Oct	Sep				110928
Central Bank Monetary Policy Minutes	5-Oct					
Consumer Confidence Index	6-Oct	Sep	91.50	91.9		90.4
Vehicle Production AMIA	6-Oct	Sep				292271
CPI MoM	8-Oct	Sep	0.42%	0.40%		0.21%
CPI Core MoM	8-Oct	Sep	0.36%	0.35%		0.20%
CPI YoY	8-Oct	Sep	2.55%	2.55%		2.59%
Nominal Wages	9-Oct	Sep				4.60%
<b>Peru</b>						
Trade Balance	9-Oct	Aug				-\$424m

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
10.02.2015	<a href="#">Mexico: Weak employment data in the US reduces the chance of a rate hike soon (In Spanish)</a>
10.02.2015	<a href="#">Colombia: In three decades the country's GDP per capita doubled (In Spanish)</a>
10.02.2015	<a href="#">Colombia: The automotive sector, more than a decade of acceleration (In Spanish)</a>
10.02.2015	<a href="#">Peru: Inflation surprised on the upside in September</a>
10.02.2015	<a href="#">Mexico: Remittances reach maximum growth &amp; record of year. +13.1% &amp; 2,266.4 million USD</a>
10.02.2015	<a href="#">Mexico: Positive results in Phase 2 of Round 1 from better tendering process &amp; contracts</a>
10.01.2015	<a href="#">Chile: Minutes reveal that the CB Board aims to moderate expectations of rate hikes (In Spanish)</a>
10.01.2015	<a href="#">Colombia: The unemployment in August is starting to reflect the economic slowdown (In Spanish)</a>
09.30.2015	<a href="#">Chile: Indicators by sector point to a low Imacec in August at 2% YoY (In Spanish)</a>
09.30.2015	<a href="#">Peru: Exports remained weak in August (In Spanish)</a>
09.29.2015	<a href="#">Mexico: In July, mortgage lending grew 17%</a>
09.28.2015	<a href="#">Chile: September CPI would increase 0.6% MoM (4.8% YoY) (In Spanish)</a>
09.26.2015	<a href="#">Mexico: The IGAE shows weakness at the start of the third quarter</a>

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