

LatAm Daily | GDP forecasts for 2015 and 2016 revised downwards in Chile

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While markets expect Imacec to increase in September and long-term inflation expectations remain anchored to the CB's target of 3% YoY, their growth forecasts were revised downward and a 25bp hike in the MPR is likely in November. Brazilian retail sales will probably contract again in August due to the adverse economic situation.

Chile - Lower growth prospects continue

Once again, consensus growth forecasts for 2015 and 2016 have been revised downwards to 2.0% and 2.4% (from 2.2% and 2.7%, respectively). Meanwhile, markets now expect the Imacec to increase around 1.8% YoY in September. Inflation is expected to reach +4.6% YoY at the end of the year (down from the 4.7% YoY in the previous survey), and long-term inflation expectations remain anchored to the central bank's target of 3% YoY. Inflation forecasts for October pointed to an increase of 0.3% MoM. Finally, in terms of monetary policy, the survey's results indicated a stable policy rate at 3% in tomorrow's meeting but a 25bp increase at November's.

What to watch today

Brazil - Retail sales (August, 08:00hrs NYT)

Retail sales are likely to contract again in August (BBVAe: -0.7% MoM). High uncertainty, low confidence, rising domestic prices, fiscal and monetary tightening, labor and credit deceleration are still weighing on consumers decisions.

Chile - Financial trader's survey (1st fortnight in October, 07:30hrs NYT)

We expect the survey to show inflation expectations at around +0.2%/+0.3% MoM for October, while long-term expectations should come anchored to the central bank's 3% target. In this context, and due to recent developments in term of activity and inflation figures, forecasts could postpone the rate hikes to November's monetary policy meeting.

Calendar indicators

| | Date | Period | Consensus | BBVAe | Actual | Prior |
|---------------------------------|--------|--------|-----------|--------|--------|--------|
| Brazil | | | | | | |
| Retail Sales MoM | 14-Oct | Aug | -0.60% | -0.70% | | -1.00% |
| Formal Job Creation Total | 15-Oct | Sep | -59564 | | | -86543 |
| Tax Collections | 15-Oct | Sep | 94500 | | | 93738m |
| Economic Activity MoM | 16-Oct | Aug | -0.55% | -0.40% | | -0.02% |
| FGV Inflation IGP-10 MoM | 16-Oct | Oct | 1.75% | | | 0.61% |
| FGV CPI IPC-S | 16-Oct | Oct | 0.71% | | | |
| Chile | | | | | | |
| Central Bank's Economist Survey | 13-Oct | | | | | |
| Central Bank's Traders Survey | 14-Oct | | | | | |
| Overnight Rate Target | 15-Oct | Oct | 3.25% | 3.00% | | 3.00% |
| Colombia | | | | | | |
| Vehicle Sales | 13-Oct | Aug | | | | 23001 |
| Consumer Confidence Index | 15-Oct | Sep | | 2 | | -0.4 |
| Retail Sales YoY | 16-Oct | Aug | 3.00% | 2.50% | | 4.50% |
| Industrial Production YoY | 16-Oct | Aug | 1.00% | 3.00% | | 0.30% |
| Mexico | | | | | | |
| Industrial Production NSA YoY | 12-Oct | Aug | | | 1.02% | 0.70% |
| Formal Job Creation Total | 12-Oct | Sep | | | 117.64 | 72.4k |
| Peru | | | | | | |
| Unemployment Rate | 15-Oct | Sep | 6.40% | | | 6.10% |
| Economic Activity YoY | 15-Oct | Aug | 3.00% | 3.10% | | 3.30% |
| Reference Rate | 16-Oct | Oct | 3.50% | 3.50% | | 3.50% |

Source: Bloomberg and BBVA Research

Most recent Latam reports

| Date | Description |
|------------|--|
| 10.12.2015 | Peru: Transpacific agreement benefits still pose implementation challenges (In Spanish) |
| 10.08.2015 | Chile: CPI increased 0.5% MoM in September, below consensus expectations |
| 10.07.2015 | Brazil: Inflation: stable at high levels and ready to move further up |
| 10.06.2015 | Mexico: Credit to private sector grew 11.6% in August driven by consumer & firms credit |
| 10.06.2015 | Colombia: Sharply rise in food prices pushes inflation up |
| 10.05.2015 | Chile: Imacec weakened to 1.1% YoY in August, missing expectations |
| 10.02.2015 | Mexico: Weak employment data in the US reduces the chance of a rate hike soon (In Spanish) |
| 10.02.2015 | Colombia: In three decades the country's GDP per capita doubled (In Spanish) |
| 10.02.2015 | Colombia: The automotive sector, more than a decade of acceleration (In Spanish) |
| 10.02.2015 | Peru: Inflation surprised on the upside in September |
| 10.02.2015 | Mexico: Remittances reach maximum growth & record of year, +13.1% & 2,266.4 million USD |
| 10.02.2015 | Mexico: Positive results in Phase 2 of Round 1 from better tendering process & contracts |
| 10.01.2015 | Chile: Minutes reveal that the CB Board aims to moderate expectations of rate hikes (In Spanish) |

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