

LatAm Daily | Imacec surprised to the upside in Chile but activity figures remained weak

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September's Imacec increased slightly above expectations driven by services and manufacturing, easing the fears of technical recession. In Peru, the CB set new requirements for banks that have large proportion of their stock of loans in USD in order to gradually reduce the vulnerability of households and firms to currency mismatches.

Chile - Imacec surprised to the upside and eases the fears of a technical recession

Economic activity in September increased 2.6% YoY (+1.1% MoM SA), above both our estimates and the consensus expectations (both at +2.2% YoY). The figure was driven by positive contributions from services and manufacturing. With this print, preliminary GDP growth of 3Q15 should come in at around +2.1% YoY (+1.3% QoQ SA annualised). For October we estimate a preliminary figure in a range between 1.3% and 2.3% YoY. All in all and despite this positive surprise, activity figures remain weak but nevertheless ease the fears of a technical recession (see our [Chile Flash](#) in Spanish for details).

Chile - Nominal salaries increased 0.7% MoM in September

Wages increased 0.7% MoM in September (+5.9% YoY). The monthly figure was driven by almost all the sectors, highlighting the strong increases in financial intermediation, commerce, manufacturing and construction. In real terms, wages increased 0.2% MoM (+1.2% YoY) while in the YtD they have accumulated a negative rate of 0.4%. All in all, the figures still support our view of decelerating inflation and weak prospects for private consumption (see our [Chile Flash](#) in Spanish for details).

Peru - The central bank sets new limits for credit de-dollarisation

Banks will face higher reserve requirements if by December 2016 their stock of USD-denominated loans goes beyond 80% of the amount they had back in September 2013. There are harsher sub-limits for USD-denominated mortgage and vehicle loans (70% of February 2013's stock). The goal of this measure is to gradually reduce the financial vulnerability of households and firms to currency mismatches. Foreign trade loans and loans with a maturity of more than three years are excluded from these limits. Banks have already accomplished the previous target set at the end of last year to reduce their USD credits to 90% of September 2013's stock by the end of 2015.

Colombia - Food inflation soars to 8.8% YoY in October

October inflation again surprised to the upside, with a monthly variation of 0.68% (vs. BBVAe and consensus of 0.40%). In annual terms, headline inflation inched up to 5.9% from 5.4% in September. Food inflation, driven by the rise in the price of perishable goods, stood at 1.38% MoM, contributing 40 of the 68 basis points of the monthly variation. Tradable inflation grew 0.64% MoM, below the figure of 0.73% registered a month earlier, and was again affected by the increase in the price of vehicles and appliances. On the other hand, core inflation remained roughly unchanged at 4.7% YoY. Despite this surprise, we maintain our year-end inflation forecast at 5.9% due to the exchange rate appreciation of 4.4% between September and October, which should help to reduce the pressure on tradable goods.

What to watch today

Brazil - Inflation (October, 7:00hrs NYT)

We expect inflation to jump again in October, more specifically to at least 0.70% MoM / 9.8% YoY from 0.54% MoM / 9.5% YoY in September. Higher food and administered prices, as well as the negative impact of the recent exchange rate depreciation, are likely to be the main determinants of the new increase in inflation, which in annual terms could reach the highest value in many years.

Chile - Consumer price index (October, 07:00hrs NYT)

We expect the CPI to have risen 0.2% MoM in October (+3.8 % YoY), mainly driven by increases in food stuffs, housing and health-care. Meanwhile, we anticipate that the core measures that exclude foods and energy will rise around 0.3% MoM (+4.7% YoY).

Mexico - Consumer confidence (October, 09:00hrs NYT)

We expect consumer confidence to increase 1.8% MoM in October (91.3 points). This expectation of improvement in consumer confidence is based on the recent increase in economic activity and the gains in real salaries as inflation has reached historical lows.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	3-Nov	Oct	0.68%		0.76%	0.67%
Trade Balance Monthly	3-Nov	Oct	1232.5		1996	\$2944m
Industrial Production MoM	4-Nov	Sep	-1.50%	-0.80%	-1.30%	-1.20%
FGV Inflation IGP-DI MoM	6-Nov	Oct	1.61%			1.42%
IBGE Inflation IPCA MoM	6-Nov	Oct	0.79%	0.70%		0.54%
Vehicle Production Anfavea	6-Nov	Oct				174240
Chile						
Economic Activity YoY	5-Nov	Sep	2.20%	2.20%	2.57%	1.10%
Economic Activity MoM	5-Nov	Sep	0.50%	0.60%	1.13%	-1.00%
Nominal Wage MoM	5-Nov	Sep			0.70%	0.00%
CPI MoM	6-Nov	Oct	0.30%	0.20%		0.50%
CPI YoY	6-Nov	Oct	3.90%	3.80%		4.60%
CPI Ex Food and Energy MoM	6-Nov	Oct	0.30%	0.30%		0.50%
Colombia						
Economic Activity Index SA YoY	3-Nov	Aug	3.48%	3.50%	4%	3.70%
Exports FOB	4-Nov	Sep	\$2994	\$3.000	2867.09	\$2809.1
CPI YoY	6-Nov	Oct	5.60%	5.60%		5.35%
CPI MoM	6-Nov	Oct	0.40%	0.40%		0.72%
CPI Core YoY	6-Nov	Oct				4.58%
CPI Core MoM	6-Nov	Oct				0.49%
Mexico						
IMEF Manufacturing Index SA	2-Nov	Oct	50.15		51.6	50.1
IMEF Non-Manufacturing Index SA	2-Nov	Oct	50.2		50.43	49.3
Vehicle Domestic Sales AMIA	2-Nov	Oct			119867	111330
Remittances Total	3-Nov	Sep	\$2150		2060	\$2266.4m
Gross Fixed Investment	4-Nov	Aug	3.80%		2.90%	4.60%
Mexican Central Bank Releases Inflation Report	4-Nov					
Consumer Confidence Index	6-Nov	Oct	90.1			90.6
Vehicle Production AMIA	6-Nov	Oct				278781

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
11.05.2015	Chile: Imacec surprised to the upside and eases the fears of a technical recession (In Spanish)
11.03.2015	Mexico: Credit to the private sector: grew 13.3% in September
11.03.2015	Mexico: Remittances grow 4.8% in September, with a flow of USD2,060mn (In Spanish)
11.03.2015	Peru: Inflation goes down in October but we expect this to be only transitory
11.03.2015	Colombia: BanRep increased the repo rate 50bp up to 5.25%
10.29.2015	Brazil: COPOM: the plan is still to leave interest rates unchanged
10.29.2015	Peru: In the third quarter, exports would have recorded its worst drop since 2009
10.29.2015	Mexico: Monetary pause continues. More relaxed tone result of lower economic activity
10.29.2015	Chile: September IMACEC would be 2% YoY (In Spanish)
10.28.2015	Mexico: The chances of a monetary rate hike in December increases
10.27.2015	Mexico: The banking mortgage financing grows 16% for the third consecutive month
10.26.2015	Mexico: In August the annual growth rate of the IGAE was 2.8%, higher than July (2.2%)
10.26.2015	Mexico: We estimate that the economy will have grown around 2.4% annually in Aug.

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