

LatAm Daily | Manufacturing output weakens October's activity data in Chile

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Manufacturing output and retail sales were lower than we expected, while mining production increased. In Brazil, we expect further deterioration of fiscal accounts in the remainder of the year, mainly due to payment of delayed expenses. In October, unemployment somewhat declined in Chile and urban unemployment was only slightly higher than last year's rate in Colombia.

Chile - Activity by sector data remained weak in October

Manufacturing output decreased by 3.0% YoY (BBVAe: -1.0%; consensus: -1.4%), while mining production increased 1.0% YoY due to positive contributions from copper (+1.1 YoY) and molybdenum (+22.3% YoY). Meanwhile, retail sales decelerated to a positive 1.7% YoY (BBVAe: +2.0%; consensus: +2.4%) explained by contributions from non-durables consumption. All in all, the aggregate activity figures remained weak and anticipate that the Imacec will rise by around 2.0% YoY during October (see our [Chile Flash](#) in Spanish for details).

Chile - Unemployment rate declined to 6.3% in October

In line with our expectations, the jobless rate showed a slight decline to 6.3% in October (from 6.4% in September), driven by a 1.6% YoY rise in job-creation (both self-employment and salaried), vs. the 1.5% YoY growth of the labour force. Annual job-creation was driven by public-sector related jobs and also by construction, transportation and telecoms. Figures still show a reallocation of employment from the (mining-intensive) northern region towards central and southern regions (see our [Chile Flash](#) in Spanish for details).

Brazil - Primary budget deficit stood at USD11.5bn in October

The public sector posted a USD11.5bn deficit in October, a clear deterioration compared to the previous month (a USD7.3bn deficit) and to the same month in 2014 (a USD3.7bn surplus). The total deficit, including interest payment, reached USD29.4bn. Therefore, in the year to date the primary and the total deficits accumulate USD20.0bn (0.4% of GDP) and USD446.2bn (9.3% of GDP) respectively. Moreover, gross public debt reached 66.1% of GDP. We expect further deterioration of fiscal accounts in the remainder of the year, mainly due to the payment of delayed expenses. We forecast that the primary deficit will close 2015 around 1.5%, the total deficit to will remain above 9.0% and the gross public deficit will reach 67% of GDP.

Colombia - Urban unemployment rate stood at 8.8% in October

October's urban unemployment rate was only slightly higher than last year's rate (an increase of 0.1pp YoY) despite the poor dynamics of job-creation this year. The unemployment remained at similar levels to last year, due to the combination of a decrease in the occupation rate (-0.4pp YoY) and a reduction in the participation rate (-0.5pp YoY). Annual job-creation in October was lower than last quarter's average, in line with our expectations of a slowdown in activity in the fourth quarter of 2015 (in October employment grew at 0.7% YoY vs. 1.1% YoY in 3Q15). In October, the public sector led in terms of annual job-creation, followed by real estate. Industry continues to destroy jobs while retail turned negative YoY.

What to watch today

Brazil - GDP (3Q15, 06:00hrs NYT)

We expect GDP to contract 0.5% QoQ in 3Q15, largely due to a downward adjustment in domestic demand. Even though most recent data suggest that the contraction in 3Q15 could be worse than we forecast, they also indicate that it will likely not be as severe as in 2Q15 when GDP dropped 1.9% QoQ.

Peru - Consumer prices (November, 11:00hrs NYT)

We expect headline CPI to have increased by 0.20% MoM. This would take YoY inflation up to 4.0% (from 3.7% in October). November's print would take into account the upward correction in some food prices and in fuel prices. Going forward, we foresee inflation accelerating on the back of further domestic currency depreciation and the negative effects of El Niño, probably reaching 5% in the first quarter of 2016.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Primary Budget Balance	30-Nov	Oct	-12.85		-11.53	-7.3b
FGV CPI IPC-S	1-Dec	Nov	1.02%			0.94%
GDP QoQ	1-Dec	3Q	-1.20%	-0.50%		-1.90%
Trade Balance Monthly	1-Dec	Nov	1300.00			\$1996m
COPOM Monetary Policy Meeting Minutes	3-Dec					
Industrial Production MoM	3-Dec	Oct	-0.15%	-0.40%		-1.30%
Chile						
Unemployment Rate	30-Nov	Oct	6.40%	6.30%	6.30%	6.40%
Retail Sales YoY	30-Nov	Oct	2.40%	2.00%	1.71%	3.10%
Industrial Production YoY	30-Nov	Oct	-1.05%	-1.00%	-0.57%	0.40%
Nominal Wage YoY	4-Dec	Oct				5.90%
Colombia						
Urban Unemployment Rate	30-Nov	Oct	9.45%	9.40%	8.85%	9.70%
National Unemployment Rate	30-Nov	Oct			8.19%	9.00%
Exports FOB	4-Dec	Oct	2956.50	3150		\$2867.1
CPI MoM	5-Dec	Nov	0.47%	0.26%		0.68%
Mexico						
Remittances Total	1-Dec	Oct	\$2140.0m	\$2107.0m		\$2060.0m
Central Bank Economist Survey	1-Dec					
Gross Fixed Investment	3-Dec	Sep	5.10%	5.20%		2.90%
Consumer Confidence Index	4-Dec	Nov	92.10	91.7		91.3
Vehicle Production AMIA	4-Dec	Nov				326876
Peru						
CPI MoM	1-Dec	Nov	0.20%	0.20%		0.14%

Fuente: BBVA Research

Most recent Latam reports

Date	Description
11.30.2015	Chile: October's IMACEC would stand around 2% (In Spanish)
11.30.2015	Chile: Only a negative CPI in November would avoid further increase in the MPR this month (in Spanish)
11.28.2015	Colombia: BanRep increased the repo rate 25bp up to 5.50% as expected
11.27.2015	Mexico: Annual inflation below 2.3%. Next week watch for US jobs data
11.24.2015	Mexico: Bank deposits: continues catching up driven by its two components
11.21.2015	Mexico: Positive surprise in the GDP for the better-than-expected growth in the 3Q
11.20.2015	Mexico: Upside surprise in the GDP due to a better than expected growth in the 3Q15
11.18.2015	Mexico: Mortgage financing accelerates and grows 17% in September
11.14.2015	Peru: Mining led growth, but non-primary sectors decelerated (In Spanish)
11.13.2015	Mexico: We estimate that GDP growth in 3Q15 will have been similar to the 2Q15
11.13.2015	Chile: Central Bank maintains MPR at 3.25% and contractionary bias (In Spanish)
11.13.2015	Peru: Unsurprisingly, the central bank keeps once again the policy rate on hold
11.11.2015	Mexico: Regional Sectorial Outlook Second Half 2015
11.10.2015	Colombia: Outlook 4Q15 (In Spanish)
11.10.2015	Chile: Outlook 4Q15 (In Spanish)
11.06.2015	Colombia: Automotive sector, recent developments and outlook

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