

LatAm Daily | In Peru, mining production drove the increase in GDP up to 3%

Marina Conesa / Enestor Dos Santos / Hugo Perea / Cecilia Posadas / Jorge Selaive / Carlos Serrano / Juana Téllez

In Colombia, BanRep's survey revealed an expected inflation of 6.7% for December -in line with our view- and 4.25% at the end of 2016. Analysts expect a 25bp hike in both December and in January, but we also expect an additional increase in February, reaching 6.25%.

Peru - GDP in October: Mining continues to support growth, but non-primary sectors decelerated

In October, the GDP increased 3.0% at a similar pace to previous months, largely supported by the surge in copper production however non-primary activities gradually lost momentum. Regarding the latter, in October we highlighted the sharp decline in non-primary manufacturing and declining far more limited compared with previous months of construction.

Colombia - Inflation expectation for December stand at 6.7%

According to BanRep's monthly survey, analysts expect inflation to stand at 6.7% in December, in line with our own in-house forecast. For 2016, analysts anticipate that year-end inflation will stand at 4.6% (BBVAe: 4.25%). Regarding the repo rate the survey shows that analysts expect two additional repo rate increases of 25bp in December and January. In our view, the central bank will increase its repo rate 25bp at December's meeting (up to 5.75%), and we anticipate two additional 25bp increases in both BanRep's meetings in January and February (up to 6.25%).

Colombia - Consumer confidence remains stable

In November, consumer confidence stood at 6.7 (in a range between -100 and 100); very close to October's figure (6.8). The willingness to buy durable goods and houses remained low, but mainly in the former. Similar to previous months, the assessment about the country's economic situation is lower than the confidence regarding the specific household situation. In our view, these results anticipate an additional deterioration in private consumption in 4Q15, as we have mentioned in the past. Consequently, we believe the good performance of retail sales in 3Q15 was temporary.

Colombia - Fitch Ratings affirms Colombia's long-term foreign and local currency Issuer Default Ratings at BBB and BBB+

According to the report, Colombia's flexible and credible policy framework, improved external buffers and favourable macroeconomic performance in relation to 'BBB' peers helps to mitigate the impact of the terms of trade shock. On the other hand, the report mentioned that the main risks are related to a deterioration of fiscal figures and external credit metrics.

Colombia - The Government and the Guerrilla Group FARC reach a significant agreement on the treatment of victims

This agreement was part of the official agenda of the negotiations. According to the announcement and press reports, the agreement includes, among other things, compensation for victims of the conflict.

What to watch today

Brazil - Retail sales (October, 6:00hrs NYT)

We expect retail sales to contract again in October, suggesting that the process of downward adjustment in private consumption continued in 4Q15. Among the main drivers of the weak performance of consumption are the sharp deceleration of the labour markets, the impact of high and still increasing inflation on disposable income, low confidence on the economy and stagnated credit markets.

Colombia - Retail sales and industrial production (October, 16:00hrs NYT)

We expect retail sales to stand at 2.0% YoY, below 3Q15's results (4.6% YoY). This expectation is in line with the deterioration in the labour market, the increasing interest rates and the additional adjustment in durable goods, especially in car sales. Meanwhile, industrial production is expected to grow 3.5% YoY (vs. 1.7% in 3Q15), mainly driven by a gradual process of substitution of imports. All in all, the GDP growth in 4Q15 should be the lowest annual print in 2015, given the slowdown in retail sales.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Formal Job Creation Total	14-Dec	Nov	-172550.00			-169131.00
CNI Consumer Confidence	14-Dec	Dec			96.30	97.60
CNI Industrial Confidence	15-Dec	Dec				36.40
FGV Inflation IGP-10 MoM	16-Dec	Dec	0.82%			1.64%
FGV CPI IPC-S	16-Dec	Dec	1.12%			1.21%
Retail Sales MoM	16-Dec	Oct	-1.40%	-0.70%		-0.50%
Unemployment Rate	17-Dec	Nov	8.00%	7.90%		7.90%
Economic Activity MoM	17-Dec	Oct	-0.45%	-0.10%		-0.50%
IBGE Inflation IPCA-15 MoM	18-Dec	Dec	1.11%	0.93%		0.85%
Chile						
Overnight Rate Target	17-Dec	Dec	3.25%			3.25%
Colombia						
Consumer Confidence Index	15-Dec	Nov	7.00	8.00	6.70	6.80
Retail Sales YoY	16-Dec	Oct	1.70%	2.00%		2.80%
Industrial Production YoY	16-Dec	Oct	1.55%	3.00%		2.00%
Retail Confidence	18-Dec	Nov		18.00		20.50
Industrial Confidence	18-Dec	Nov		4.00		2.10
Overnight Lending Rate	18-Dec	Dec	5.75%			5.50%
Mexico						
Overnight Rate	17-Dec	Dec	3.25%			3.00%
Central Bank Economist Survey	18-Dec					
Peru						
Unemployment Rate	15-Dec	Nov	5.80%			
Economic Activity YoY	15-Dec	Oct	3.10%	3.20%		3.00%
Central Bank 4Q Inflation Report	18-Dec					

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
12.15.2015	Mexico: A successful Phase 3 of Round 1 despite low oil prices
12.15.2015	Peru: Mining continues to support growth, but non-primary sectors decelerated (In Spanish)
12.15.2015	Chile: We expect the MPR to hold at 3.25% at this meeting (In Spanish)
12.14.2015	Mexico: The exchange rate reached new highs due to the collapse in oil prices (In Spanish)
12.11.2015	Peru: High inflation expectations lead the Central Bank to taper the monetary stimulus
12.10.2015	Colombia: The good GDP result in the third quarter will be temporary (In Spanish)
12.09.2015	Brazil: Double-digit inflation
12.07.2015	Chile: CPI with no monthly variation in November, while activity remain weak in October
12.07.2015	Colombia: November inflation climbs to 6.4%
12.04.2015	Peru: Exports fell nearly 14% yoy in October
12.04.2015	Mexico: The expectation for December interest rate hike is reinforced
12.03.2015	Chile: We expect null variation for November's CPI (4% YoY)
12.03.2015	Chile: Activity by sector data remained weak in October
12.03.2015	Brazil: The risk of further monetary tightening raises as the fiscal situation worsens
12.03.2015	Mexico: Credit to the private sector: maintained growth of 13.3%
12.02.2015	Peru: Inflation resumes upward trend in November
12.01.2015	Mexico: Remittances grow 1.7% in October with a flow of 2,075.9md (In Spanish)
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)

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance. This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.