

## LatAm Daily | Stable growth rates in Colombia

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*Economic activity improved somewhat in October, rather than further decelerating as we expected. In spite of this positive surprise, the most likely is that a private consumption moderation drives growth down at the end of the year. In Brazil, a weaker currency and a contraction in domestic demand were behind the sharp improvement in the trade balance in 2015.*

### Brazil - Strong recovery in the trade balance in 2015

Brazil's trade balance reached USD19.7bn in 2015, somewhat higher than expected due to better prints recorded at the end of the year. Exports totaled USD191.1bn while imports reached USD171.4bn in the year, respectively 15% and 25% less than in 2014. The larger contraction in imports, mainly due to the exchange rate depreciation and the contraction in domestic demand, was therefore the main driver of the sharp improvement in the trade balance, which had recorded a USD4.0bn deficit in 2014. Regarding exports, its 15% decline in 2015 is explained mainly by the reduction in the prices of primary products, which caused a 19% drop in the exports of this class of goods, as well as by the moderation in the demand of manufacturing goods by some important trade partners. Looking forward, we expect the weakening of the currency and the ongoing recession to continue to affect the trade balance positively in 2016. More precisely, we expect the trade surplus to increase in 2016 and to be somewhat higher than USD30bn.

### Colombia - Economic activity growth remains stable

In October, the economic monitoring index grew 3.1% YoY (consensus: 2.7%, BBVAe: 2.0%), above the September figure of 2.7%. The growth rates stabilised around 3% from the third quarter, contrary to our expectations of a further slowdown. However, as the private consumption is decelerating, a similar growth rate will be difficult to achieve in the last two months of 2015.

## What to watch today

### Chile - Monthly economic activity index (November 2015, 07:30hrs NYT)

We expect the Imacec to have grown around 2.5% YoY in November 2015. The figure is likely to be driven by positive contributions from retail sales and mining but partially offset by the declines in manufacturing output.

### Colombia - December inflation (19:00 NYT)

We expect inflation to rise further to 6.7% YoY (0.57% MoM) on high food prices and exchange rate pass-through.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
FGV CPI IPC-S	4-Jan	Dec 31			0.88%	0.93%
Trade Balance Monthly	4-Jan	Dec	\$4237m	\$4000m	6240	\$1197m
Vehicle Sales Fenabrave	5-Jan	Dec				195212
FIPE CPI - Weekly	7-Jan	Dec 23	0.90%			0.97%
FIPE CPI - Monthly	7-Jan	Dec				1.06%
FGV Inflation IGP-DI MoM	7-Jan	Dec	0.43%			1.19%
Industrial Production MoM	7-Jan	Nov	-1.10%	-0.70%		-0.70%
Vehicle Sales Anfavea	7-Jan	Dec				195176
FGV CPI IPC-S	8-Jan	Jan 7				--
PPI Manufacturing MoM	8-Jan	Nov				1.77%
IBGE Inflation IPCA MoM	8-Jan	Dec	0.0101	1.10%		1.01%
<b>Chile</b>						
Trade Balance	6-Jan	Dec	\$593.8			\$400.6
CPI MoM	6-Jan	Dec	0.001			0.00%
Economic Activity YoY	6-Jan	Nov	0.021	2.50%		1.50%
Vehicle Sales Total	8-Jan	Dec				23727
<b>Colombia</b>						
PPI Domestic MoM	4-Jan	Dec			1.84%	0.62%
CPI MoM	5-Jan	Dec	0.0065	0.57%		0.60%
Exports FOB	6-Jan	Nov	\$2820.0	\$2571		\$2713.1
<b>Mexico</b>						
IMEF Manufacturing Index SA	4-Jan	Dec			50.70	52.1
CPI MoM	7-Jan	Dec		0.31%		0.55%
Consumer Confidence Index	8-Jan	Dec				92.5
<b>Peru</b>						
Trade Balance	8-Jan	Nov				-\$182m

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
04.01.2016	<a href="#">Peru: Inflation surprising on the upside in December</a>
04.01.2016	<a href="#">Chile: We forecast CPI for December at 0.1% MoM (4.5% YoY) (In Spanish)</a>
04.01.2016	<a href="#">Mexico: Remittances grow 6.3% in November with a flow of 1887.9md (In Spanish)</a>
12.30.2015	<a href="#">Chile: November IMACEC would be between 2.25% and 2.75% YoY (0.2% MoM) (In Spanish)</a>
12.23.2015	<a href="#">Brazil: BCB is concerned with the impact of fiscal uncertainty and "non-economic events"</a>
12.22.2015	<a href="#">Chile: An optimistic central bank baseline scenario for 2016</a>
12.21.2015	<a href="#">Chile: Monetary Policy Report: the optimism persists (In Spanish)</a>
12.18.2015	<a href="#">Mexico: Monetary hike that helps the peso in the range</a>
12.18.2015	<a href="#">Colombia: BanRep increased its monetary policy rate in 25bp to 5.75%</a>
12.18.2015	<a href="#">Chile: Central bank increases the policy rate to 3.50%, surprising part of the market</a>
12.17.2015	<a href="#">Chile: 25bp hike in the MPR that we consider preventive rather than aggressive (In Spanish)</a>
12.17.2015	<a href="#">Mexico: 0.25% rise in the monetary policy rate</a>
12.16.2015	<a href="#">Mexico: We expect a 25 basis point increase in the monetary policy rate</a>
12.15.2015	<a href="#">Mexico: A successful Phase 3 of Round 1 despite low oil prices</a>
12.15.2015	<a href="#">Peru: Mining continues to support growth, but non-primary sectors decelerated (In Spanish)</a>
12.15.2015	<a href="#">Chile: We expect the MPR to hold at 3.25% at this meeting (In Spanish)</a>
12.14.2015	<a href="#">Mexico: The exchange rate reached new highs due to the collapse in oil prices (In Spanish)</a>
12.11.2015	<a href="#">Peru: High inflation expectations lead the Central Bank to taper the monetary stimulus</a>
12.10.2015	<a href="#">Colombia: The good GDP result in the third quarter will be temporary (In Spanish)</a>

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