

LatAm Daily | In Brazil industrial production drops far more than expected in November

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Industrial output fell for the sixth consecutive month in November, reflecting the weakness of the industrial sector and supporting the view of a decline in GDP in 4Q15. The Chilean trade balance closed 2015 with an overall surplus. Today, December inflation will be released in Brazil and Chile, we expect it to be around 10.8% YoY and 4.5% YoY respectively.

Brazil - Industrial output declines sharply in November

Industrial production dropped 2.4% MoM in November, much more than expected (consensus: -1.1% MoM; BBVAe: -0.7%). This was the sixth consecutive monthly decline in industrial production. In comparison to the same month last year, industrial production declined 12.4%. By economic categories, the main contractions were in intermediate and capital goods (-3.8% MoM and -1.6% MoM, respectively), while the correction in consumer goods was smaller (-0.5% MoM). Moreover, 12 out of the 24 segments surveyed exhibited a decline in output in November, highlighting the very weak results of both the extractive industry (-10.9% MoM) and biofuels and oil-derived goods (-7.8% MoM). All in all, yesterday's figures show that the industrial segment remains very weak and support the view that 4Q15 GDP will contract again (by around -1.0% QoQ).

Chile - Trade balance closes 2015 with a surplus of USD4.14bn, but the figures remain weak

The trade figures posted a deficit of USD150mn in December 2015, closing last year with an overall surplus of USD4.14bn. The monthly print was driven by exports at USD5.20bn (-26.4% YoY, mainly copper) and imports at USD5.35bn (-13.0% YoY). Imports are still reflecting the weakness in domestic demand with yearly declines in all the goods categories. Overall, external sector figures remain sluggish and point towards a downward bias for the current account balance forecast in 2015.

What to watch today

Brazil - Inflation (December, 06:00hrs NYT)

Still pressured by the adjustments in both administered and food prices, inflation is likely to come in at 1.1% MoM in December, and therefore for the fifth time in the year above the 1.0% MoM mark. If this forecast is correct, annual inflation would close the year at 10.83% YoY, the highest level since November 2003 mainly due to the alignment of regulated prices and the impact of the exchange rate depreciation.

Chile - Consumer price index (December 2015, 07:00hrs NYT)

We expect an increase of 0.1% MoM in December 2015 (+4.5 % YoY), driven by increases in transportation and services that should be partially offset by declines in foodstuffs.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	4-Jan	Dec			0.88%	0.93%
Trade Balance Monthly	4-Jan	Dec	\$4237m	\$4000m	6240	\$1197m
Vehicle Sales Fenabrave	5-Jan	Dec			227789	195212
FIPE CPI - Weekly	7-Jan	Dec	0.90%		0.91%	0.97%
FIPE CPI - Monthly	7-Jan	Dec			0.82%	1.06%
FGV Inflation IGP-DI MoM	7-Jan	Dec	0.43%		0.44%	1.19%
Industrial Production MoM	7-Jan	Nov	-1.10%	-0.70%	-2.40%	-0.70%
Vehicle Sales Anfavea	7-Jan	Dec			227760	195176
FGV CPI IPC-S	8-Jan	Jan			0.88%	--
PPI Manufacturing MoM	8-Jan	Nov				1.77%
IBGE Inflation IPCA MoM	8-Jan	Dec	1.01%	1.10%		1.01%
Chile						
Trade Balance	7-Jan	Dec	\$593.8		-149.79	\$400.6
CPI MoM	8-Jan	Dec	0.10%			0.00%
Economic Activity YoY	6-Jan	Nov	2.10%	2.50%	1.78%	1.50%
Vehicle Sales Total	8-Jan	Dec			29835	23727
Colombia						
PPI Domestic MoM	4-Jan	Dec			1.84%	0.62%
CPI MoM	5-Jan	Dec	0.65%	0.57%	0.01%	0.60%
Exports FOB	6-Jan	Nov	\$2820.0	\$2571	2362.32	\$2713.1
Mexico						
IMEF Manufacturing Index SA	4-Jan	Dec			50.70	52.1
CPI MoM	7-Jan	Dec		0.31%	0.41%	0.55%
Consumer Confidence Index	8-Jan	Dec				92.5
Peru						
Trade Balance	8-Jan	Nov				-\$182m

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
07.01.2015	Chile: Emissions by a total of 11,000md are announced (In Spanish)
06.01.2015	Colombia: Inflation closed 2015 at 6.8% (In Spanish)
05.01.2015	Chile: IMACEC growth in November disappoint again (In Spanish)
04.01.2016	Peru: Inflation surprising on the upside in December
04.01.2016	Chile: We forecast CPI for December at 0.1% MoM (4.5% YoY) (In Spanish)
04.01.2016	Mexico: Remittances grow 6.3% in November with a flow of 1887.9md (In Spanish)
12.30.2015	Chile: November IMACEC would be between 2.25% and 2.75% YoY (0.2% MoM) (In Spanish)
12.23.2015	Brazil: BCB is concerned with the impact of fiscal uncertainty and "non-economic events"
12.22.2015	Chile: An optimistic central bank baseline scenario for 2016
12.21.2015	Chile: Monetary Policy Report: the optimism persists (In Spanish)
12.18.2015	Mexico: Monetary hike that helps the peso in the range
12.18.2015	Colombia: BanRep increased its monetary policy rate in 25bp to 5.75%
12.18.2015	Chile: Central bank increases the policy rate to 3.50%, surprising part of the market
12.17.2015	Chile: 25bp hike in the MPR that we consider preventive rather than aggressive (In Spanish)
12.17.2015	Mexico: 0.25% rise in the monetary policy rate
12.16.2015	Mexico: We expect a 25 basis point increase in the monetary policy rate
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)

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