

LatAm Daily | In Mexico, November's IGAE indicates weakness in economic activity

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November's IGAE of 0.1% MoM reveals a weaker economic activity where only the services sector registered growth. In Colombia, industrial and commercial confidence increased due to the improvement of expectations, the willingness to increase employment in the sector and an improved assessment of current and expected sales. Today, BoP will be released in Brazil.

Colombia - A surprising increase in business confidence

In December, industrial confidence stood at 1.3 (in a range between -100 and 100), above November's figure (-3.3). Despite the deterioration of the orders and inventories, the improvement of the three-month expectations boosted the confidence indicator. Likewise, according to the survey results, industrialists are looking to increase the level of employment in the sector in the first quarter of 2016. On the other hand, commercial confidence stood at 23.5 (vs. 18.7 in November). The assessment of the current and expected sales improved, despite the slowdown in private consumption.

Mexico - The IGAE increased 0.1% MoM in November 2015

Surprisingly, the IGAE in its seasonally adjusted series increased 0.1% MoM, whereas we expected a monthly decline (-0.1% MoM). The growth of its components was as follows: Agricultural Sector (-0.66% MoM), Industrial Sector (-0.51% MoM), and Services Sector (0.27% MoM). In other words, the only component of the IGAE which recorded a positive monthly growth was the services sector. The IGAE monthly growth rate of 0.1% in November 2015 indicates weakness in economic activity and also implies that this indicator has reduced its momentum since September last year.

What to watch today

Brazil - Balance of payments (December, 07:30hrs)

Balance of payments data for December is likely to show that the current account deficit continued to trend downwards. After closing 2014 at USD104bn (4.3% of GDP), we forecast it to have ended 2015 at around USD62bn (3.7% of GDP) mainly due to a turnaround in the trade balance (a USD19.7bn surplus in 2015 vs. a USD6.5bn deficit in 2014) triggered by a contraction in domestic demand and a sharp depreciation of the currency.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Federal Debt Total	25-Jan	Dec			2793	2717b
FGV CPI IPC-S	25-Jan	Jan			1.55%	1.30%
FIPE CPI - Weekly	26-Jan	Jan				1.02%
Current Account Balance	26-Jan	Dec				-\$2931m
FGV Consumer Confidence	27-Jan	Jan				75.2
FGV Inflation IGPM MoM	28-Jan	Jan	0.80%			0.49%
COPOM Monetary Policy Meeting Minutes	28-Jan					
Unemployment Rate	28-Jan	Dec	7.40%	7.00%		7.50%
PPI Manufacturing YoY	29-Jan	Dec				10.44%
CNI Consumer Confidence	29-Jan	Jan				96.30
Outstanding Loans MoM	27-Jan	Dec				0.60%
Central Govt Budget Balance	28-Jan	Dec				-21.3b
Primary Budget Balance	29-Jan	Dec				-19.6b
Chile						
Retail Sales YoY	29-Jan	Dec	3.60%			5.50%
Manufacturing Production YoY	29-Jan	Dec	-1.00%			-0.20%
Unemployment Rate	29-Jan	Dec	6.00%			6.10%
Industrial Production YoY	29-Jan	Dec				0.60%
Colombia						
Retail Confidence	25-Jan	Dec		15	23.5	18.7
Industrial Confidence	25-Jan	Dec		-2	1.3	-3.3
Overnight Lending Rate	29-Jan	Jan	6.00%	6.00%		5.75%
Urban Unemployment Rate	29-Jan	Dec	8.60%	8.80%		8.10%
Mexico						
Unemployment Rate SA	25-Jan	Dec	4.12%		4.37%	4.09%
Economic Activity IGAE YoY	25-Jan	Nov	1.85%	2.10%	2.70%	2.28%
Retail Sales YoY	26-Jan	Nov	4.70%			4.80%
Retail Sales MoM	26-Jan	Nov	0.50%			0.30%
ANTAD Same-Store Sales YoY	26-Jan	Dec				6.00%
Trade Balance	27-Jan	Dec	-1092.0m			-1568.8m
GDP NSA YoY	29-Jan	4Q	2.30%	2.40%		2.60%
GDP SA QoQ	29-Jan	4Q	0.50%			0.80%
Budget Balance YTD	30-Jan	Dec				-515.8b

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
01.25.2016	Mexico: The IGAE grew 0.1% MoM in November 2015
01.22.2016	Mexico: Moderate recovery of the peso at end of the week after hitting record highs
01.21.2016	Brazil: Copom refrains from beginning a new tightening cycle
01.15.2016	Mexico: Continuing decline in oil prices leads to the exchange rate to new highs
01.15.2016	Peru: November growth surprised on the upside
01.15.2016	Chile: Central bank maintained policy rate at 3.50%, in line with expectations
01.15.2016	Peru: BCRP maintains its focus on containing inflation expectations (in Spanish)
01.14.2016	Chile: Central Bank maintains the MPR at 3.5%, in line with expectations (in Spanish)
01.08.2016	Mexico: Oil in lowest level since 2004 and dollar in record high
01.08.2016	Brazil: Inflation peaked at 10.7% YoY in December
01.08.2016	Peru: Exports continue to improve in November (In Spanish)
01.08.2016	Chile: CPI closes 2015 with an increase of 4.4% YoY (In Spanish)
01.07.2016	Chile: Emissions by a total of 11,000md are announced (In Spanish)
01.06.2016	Colombia: Inflation closed 2015 at 6.8% (In Spanish)
01.05.2016	Chile: IMACEC growth in November disappoint again (In Spanish)
01.04.2016	Peru: Inflation surprising on the upside in December
01.04.2016	Chile: We forecast CPI for December at 0.1% MoM (4.5% YoY) (In Spanish)
01.04.2016	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"

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