

LatAm Daily | In Brazil industrial output falls again in December

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

Industrial production fell more than expected, driven mainly by the decline in capital goods. The December industrial production figures reinforce our view that GDP will contract again in the last quarter of 2015. More specifically, we expect activity to decline 1.1% QoQ in 4Q15 following a 1.7% contraction in 3Q15.

Brazil - Industrial production declined for the seventh consecutive month in December

Industrial output came out worse than expected, dropping 0.7% MoM in December, (BBVA: 0.0% MoM; consensus: 0.0% MoM). This was the seventh consecutive month of contraction in industrial production, which declined 8.3% in 2015 in comparison to 2014. By categories, the main decline in output in 2015 came from capital goods (-31.9%), which is in line with the sharp contraction of investment in the period. In any case, the other categories also suffered a significant contraction last year (intermediate goods: -5.2%; durable consumer goods: -18.7%; non-durable consumer goods: -6.7%). The impact of a weaker currency will benefit some segments going forward, probably preventing a contraction of industrial production as significant as the one recorded in 2015. However, the industrial segment will continue to be hit by a series of negative factors, amongst which we would highlight the abnormally-high levels of uncertainty, especially up to the middle of 2016 when the decision regarding the impeachment of President Dilma Rousseff will probably be taken.

What to watch today

No relevant news is expected for today.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	1-Feb	Jan	1.70%		1.78%	1.55%
Trade Balance Monthly	1-Feb	Jan	500		923	\$6240m
Industrial Production MoM	2-Feb	Dec	0.00%	0.00%	-0.70%	-2.40%
FIPE CPI - Monthly	3-Feb	Jan	1.36%			0.82%
FGV Inflation IGP-DI MoM	5-Feb	Jan	1.24%			0.44%
IBGE Inflation IPCA MoM	5-Feb	Jan	1.09%	0.95%		0.96%
CNI Consumer Confidence	5-Feb	Jan				96.3
Chile						
Economic Activity MoM	5-Feb	Dec	0.05%	0.10%		-0.50%
Economic Activity YoY	5-Feb	Dec	0.85%	0.90%		1.80%
Nominal Wage MoM	5-Feb	Dec		0.80%		0.40%
Vehicle Sales Total	5-Feb	Jan				29835
Colombia						
Economic Activity Index SA YoY	5-Feb	Nov	2.60%	2.50%		3.30%
Quarterly Inflation Report	5-Feb					
Exports FOB	5-Feb	Dec	2400	2355		\$2362.3
CPI MoM	5-Feb	Jan	0.90%	0.89%		0.62%
Mexico						
Central Bank Economist Survey	2-Feb					
Vehicle Domestic Sales AMIA	2-Feb	Jan			160663	160663
Overnight Rate	4-Feb	Feb	3.25%			3.25%
Consumer Confidence Index	5-Feb	Jan	90.6	90.8		93
ANTAD Same-Store Sales YoY	5-Feb	Jan				8.10%
Peru						
CPI MoM	1-Feb	Jan		0.33%	0.37%	0.45%
CPI YoY	1-Feb	Jan		4.60%	4.61%	4.40%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
02.02.2016	Peru: Inflation keeps rising, as expected
02.01.2016	Chile: We forecast CPI in January 2016 at 0.3% MoM (In Spanish)
02.01.2016	Chile: Although the fiscal deficit closed at 2.2% of GDP in 2015, the room for fiscal manoeuvre will narrow
01.29.2016	Mexico: The peso appreciated nearly 2.0% over the week due to rising oil prices
01.29.2016	Colombia: BanRep increased its monetary policy rate to 6% in line with expectations
01.29.2016	Chile: Sectoral figures disappoint, supporting maintenance of monetary stimulus
01.28.2016	Brazil: A more dovish Copom redirects its focus to the global environment
01.26.2016	Peru: Trade deficit was enlarged in 2015, but we anticipate an improvement in 2016
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)

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.