

LatAm Daily | Colombia announces spending cuts

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The Colombian government has announced spending cuts of 0.7% of GDP. Today we expect inflation figures in Brazil from the first fortnight of February, with a slight moderation with respect to January. Today we will also be confirming the slowdown in activity in Mexico at the end of 2015 that could be carry over to the first quarter of 2016.

Colombia - Government announces spending cuts of 0.7% of GDP for 2016

The government officially announced a spending cut of 0.7 % of GDP for the 2016 budget. According to the preliminary report, these cuts will guarantee a 3.6% of GDP deficit target in this year, in line with fiscal rule. At the time of writing, the government has not published the details of the cutbacks, although it seems that the least-affected areas will be the budgets for social programmes, infrastructure projects and housing programmes.

What to watch for today

Brazil - IPCA-15 (February, 7:00 am NYT)

We expect February IPCA-15, which measures inflation from mid-January to mid-February, to come in around 1.15% MoM, still very high (mainly due to food and transport prices), but just below the full-month IPCA in January (1.27% MoM). This slight moderation would favour our view that inflation peaked in December and January and will fall slowly from now onwards.

Brazil - Balance of payments (January, 8:30 am NYT)

A USD 0.9 billion trade surplus in January, compared to the USD 3.2 billion deficit in the same month last year, should favour a further fall in the annual current account deficit to around 3% of GDP.

Mexico - GDP (4Q15, 9:00 am NYT)

GDP and December IGAE may grow 0.6% QoQ SA and 0.1% MoM SA, respectively. Due to the fact that the estimated GDP data has a limited range of variation in relation to the observed data, the most important information will come from IGAE behaviour. Our estimated growth rate of 0.1% MoM indicates an important deceleration of economic activity at the end of the year that may extend to the first quarter of 2016.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Formal Job Creation Total	22-Feb al 24-Feb	Jan	-157126			-596208.00
FGV CPI IPC-S	23-feb					1.4%
IBGE Inflation IPCA-15 MoM	23-feb	Feb	1.26	1.15%		0.9%
Current Account Balance	23-feb	Jan				-\$2460m
FIPE CPI - Weekly	24-feb					1.2%
Total Outstanding Loans	24-feb	Jan				3217b
FGV Consumer Confidence	25-feb	Feb				67.90
Unemployment Rate	25-feb	Jan	7.5	7.9		6.9%
FGV Inflation IGPM MoM	26-feb	Feb	1.19			1.1%
Primary Budget Balance	26-feb	Jan				-71.7b
Chile						
Central Bank Meeting Minutes	26-feb					
Colombia						
Retail Confidence	25-feb	Jan		12.00		23.50
Industrial Confidence	25-feb	Jan		3.00		1.30
Mexico						
Retail Sales MoM	22-feb	Dec			-1.6	0.5%
Retail Sales YoY	22-feb	Dec			3.4	5.7%
GDP Full Year YoY	23-feb	2015				2.1%
Economic Activity IGAE YoY	23-feb	Dec				2.7%
GDP NSA YoY	23-feb	4Q		2.5%		2.5%
GDP SA QoQ	23-feb	4Q		0.6%		0.6%
Bi-Weekly CPI	24-feb	1-15 Feb		0.1%		0.4%
Bi-Weekly Core CPI	24-feb	1-15 Feb		0.3%		0.1%
Bi-Weekly CPI YoY	24-feb	1-15 Feb		2.8%		2.8%
Current Account Balance	25-feb	4Q				-\$8856m
Unemployment Rate SA	26-feb	Jan				4.4%
Trade Balance	26-feb	Jan		-1962.00		-926.5m

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
02.22.2016	Latam: Outlook 1Q16 (Presentation)
02.19.2016	Colombia: BanRep increased its monetary policy rate to 6.25% in line with expectations
02.19.2016	Latam: Outlook 1Q16 (In Spanish)
02.18.2016	Colombia: Outlook 1Q16 - Presentation
02.17.2016	Peru: Outlook 1Q16 (In Spanish)
02.17.2016	Mexico: Monetary fiscal and exchange rate measures (In Spanish)
02.16.2016	Colombia: Outlook 1Q16, infographic (In Spanish)
02.16.2016	Colombia: Outlook 1Q16 (In Spanish)
02.16.2016	Chile: January would mark the turning point in the annual growth (In Spanish)
02.15.2016	Peru: Strong GDP growth in December, its fastest in two years
02.11.2016	Peru: CB adjust MPR again and is more energetic with expectations (In Spanish)
02.11.2016	Chile: CB maintains MPR unchanged. (In Spanish)
02.10.2016	Chile: Outlook 1Q16 (In Spanish)
02.09.2016	Colombia: Trends and Long-term Outlook for Energy Supply and Demand
02.08.2016	Chile: January's CPI grows 0.5% mom influenced by public fees and cigarettes
02.05.2016	Colombia: El Niño drives up inflation
02.05.2016	Chile: GDP grows 2% in 2015 with an Imacec above expectations (In Spanish)
02.05.2016	Brazil: Inflation surprises strongly to the upside
02.04.2016	Mexico: No change in fondeo rate. The tone turned restrictive (In Spanish)

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