

LatAm Daily | Labour figures in Brazil in line with a recession in 1Q16

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Unemployment in Brazil increased to 7.6% in and average wages dropped 7.4% YoY in real terms. In Colombia confidence indicators from January are consistent with a recovery in the manufacturing sector and a slowdown in commerce.

Brazil - Unemployment reached 7.6% in January

The unemployment rate increased to 7.6% in the first month of 2016, from 6.9% in December and 5.3% one year ago. The increase was smaller than we expected (BBVAe: 7.9%). On the other hand, real average wages dropped 1.3% in comparison to the previous month and 7.4% in comparison to the same month in 2015. The further slowdown of credit markets suggest that private consumption continues to contract at the beginning of the year, which is in line with our view that the recession will continue during the first quarter of 2016 (in fact we expect it to extend till the end of the year).

Colombia - A heterogeneous performance between commercial and industrial confidence

In January, industrial confidence stood at 5.3 (on a scale between -100 and 100), slightly above December's figure (1.3). It highlights the sharp rebound in the expectations to 3-months ahead (from 10.8 in December to 2015 to 38.5 in January 2016) and the disposal of inventories. However, the assessment of the volume of orders remained in negative territory. On the other hand, commercial confidence fell to 19.5 from 23.5 in December. We expect an additional downward adjustment in retail sales expectations, in line with the deterioration of consumer confidence. All in all, these figures are consistent with an expected recovery in the manufacturing sector and a slowdown in commerce.

What to watch for today

Mexico - Trade balance (January, 8:00hrs NYT)

In January we expect a trade balance deficit of 1,962 USD million, which is lower than the consensual estimate of 3,370 USD million. The most important point of today's information is that the data on manufacturing exports will be released. This data is relevant because these types of exports are an important part of the Mexican economy.

Brazil - Fiscal report (January, 8:30hrs NYT)

The BCB's fiscal report will show how public sector's accounts are performing at the beginning of the year. Preliminary figures for January suggest that a primary surplus was generated in the period mainly due to one-off revenues. This will not change our estimates of a primary deficit of almost 1% of GDP in 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				1.1	1.4%
IBGE Inflation IPCA-15 MoM	23-feb	Feb	1.26	1.15%	1.42	0.9%
Current Account Balance	23-feb	Jan			-4817	-\$2460m
FIPE CPI - Weekly	24-feb				1.0	1.2%
Total Outstanding Loans	24-feb	Jan			3199.191	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			2.5	2.1%
Economic Activity IGAE YoY	23-feb	Dec			2.56	2.7%
GDP NSA YoY	23-feb	4Q		2.5%	2.5	2.5%
GDP SA QoQ	23-feb	4Q		0.6%	0.54	0.6%
Bi-Weekly CPI	24-feb	1-15 Feb		0.1%	0.29	0.4%
Bi-Weekly Core CPI	24-feb	1-15 Feb		0.3%	0.23	0.1%
Bi-Weekly CPI YoY	24-feb	1-15 Feb		2.8%	2.94	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
02.24.2016	Latam: The business model of Spanish banks in Latin America (In Spanish)
02.23.2016	Colombia: Economic Outlook 1Q16
02.22.2016	Latam: Economic Outlook 1Q16 (Presentation)
02.19.2016	Colombia: BanRep increased its monetary policy rate to 6.25% in line with expectations
02.19.2016	Latam: Economic Outlook 1Q16 (In Spanish)
02.18.2016	Colombia: Economic Outlook 1Q16 - Presentation
02.17.2016	Peru: Economic Outlook 1Q16 (In Spanish)
02.17.2016	Mexico: Monetary fiscal and exchange rate measures (In Spanish)
02.16.2016	Colombia: Economic Outlook 1Q16, infographic (In Spanish)
02.16.2016	Colombia: Economic 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)

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