

## LatAm Daily | Activity surprises to the downside in Brazil and to the upside in Colombia

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*In Brazil, economic activity indicators contracted again in January, reinforcing the view that GDP will decrease in 1Q16. In Colombia, industrial production grew by 8.2% YoY and retail sales expanded only 2.2% YoY in January, which is in line with a positive contribution to growth by the manufacturing sector and a slowdown in private consumption in 1H16.*

### Brazil - Economic activity contracted again in January

The BCB's IBC-Br revealed that economic activity decreased 0.6% MoM in January, somewhat more than expected (BBVAe: -0.3% MoM). This was the eleventh consecutive decline in economic activity and the nineteenth in the last twenty four months. The further weakening of activity in January is in line with the slowdown in the credit and labor markets, the restrictive tone of monetary policy, the abnormally-high uncertainty level (due to external and mainly local factors and, from a different point of view, due to economic and mainly political factors), among other factors. Finally, the January IBC-Br reinforces the perspectives that GDP will contract again in 1Q16. Even though yesterday's figures do not endorse the view that the pace of activity deceleration will lose steam in 1Q16, we still expect GDP to contract less in the first reading in 2016 than in the previous quarters.

### Colombia - Industrial production soars

In January industrial production grew 8.2% YoY (BBVA and Consensus: 3.5%). Ecopetrol's Cartagena refinery contributed with 3.9 percentage points to the total variation. Excluding refinery, manufacturing output expanded 4.3% YoY. In addition, manufacturing sales grew 4.7% YoY, implying a reduction in stocks. Meanwhile, retail sales remained anemic (2.2% YoY), although better than expected (BBVA: -2.7, Consensus: -0.2). Food, beverages and textiles' sales offset the sharp slowdown in durable goods. In perspective, the data is consistent with the expected slowdown in private consumption during the first half of 2016 and confirms manufacturing as the leading sector for this year.

## What to watch for today

### Colombia - Consumer confidence (February, no specific time)

We expect consumer confidence to remain in negative territory, with a slight improvement (-16 vs. -21 in January in a range between -100 and 100). The increasing unemployment rate should drag down these and the coming figures.

### Peru - GDP (January 2016, 11:30hrs NYT)

We estimate output to have grown by 3.6%YoY (consensus: 4.5%). Primary sectors remain as the main driver, especially Mining and Fishing, and we expect them to have increased by around 7.5%. On the other hand, non-primary sectors should have grown between 2.5% and 3.0%, supported by Commerce and Services, while Manufacturing and Construction are expected to have contracted once again, the latter due to lower public investment.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
Formal Job Creation Total	14-mar al 21-mar	Feb	-140000			-99694
National Unemployment Rate	15-Mar	Dec				9.0%
CNI Industrial Confidence	15-Mar	Mar				37.1
Tax Collections	15-mar al 22-mar	Feb				129385m
FGV Inflation IGP-10 MoM	16-Mar	Mar	0.57			1.6%
FGV CPI IPC-S	16-Mar	1-mar				0.7%
FIPE CPI - Weekly	18-Mar	1-mar				0.8%
IGP-M Inflation 2nd Preview	18-Mar	Mar				1.2%
<b>Chile</b>						
Overnight Rate Target	17-Mar		3.5	3.5		3.5%
Current Account Balance	18-Mar	4Q				-2595
GDP QoQ	18-Mar	4Q	0.35	0.35		0.4%
GDP YoY	18-Mar	4Q	1.6	1.6		2.2%
<b>Colombia</b>						
Retail Sales YoY	14-Mar	Jan	0		2.23	0.3%
Industrial Production YoY	14-Mar	Jan	3.35		8.17	3.9%
Consumer Confidence Index	15-Mar	Feb				-21.3
Trade Balance	17-Mar	Jan	-1631.5			-\$1429.0
Overnight Lending Rate	18-Mar		6.5			6.3%
<b>Mexico</b>						
Aggregate Supply and Demand	18-Mar	4Q				3.6%
Overnight Rate	18-Mar		3.75			3.8%
<b>Peru</b>						
Economic Activity YoY	15-Mar	Jan	4.5	3.6		6.4%
Unemployment Rate	15-Mar	Feb				6.6%

Fuente: BBVA Research

## Most recent Latam reports

Date	Description
03.14.2016	<a href="#">Brazil: Crisis without expiration date</a>
03.10.2016	<a href="#">Peru: A difficult to decipher Central Bank</a> (In Spanish)
03.10.2016	<a href="#">Colombia: Positive performance of Colombian economy in 2015</a>
03.10.2016	<a href="#">Brazil: Copom in wait and see mode</a>
03.09.2016	<a href="#">Peru: Economic Outlook</a> (In Spanish)
03.09.2016	<a href="#">Brazil: Inflation (finally) starts to decline</a>
03.08.2016	<a href="#">Chile: Without surprises, inflation in February stands at 0.3% mom</a> (In Spanish)
03.07.2016	<a href="#">Colombia: February CPI rises below expectations</a> (In Spanish)
03.07.2016	<a href="#">Chile: The challenge of improving medium-term projections</a> (In Spanish)
03.07.2016	<a href="#">Chile: IMACEC recorded lower growth in activity since the earthquake of 27-F</a> (In Spanish)
03.07.2016	<a href="#">Colombia: February inflation is below expectations</a> (In Spanish)

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