

LatAm Daily | Vice-president Michel Temer to assume presidential duties today in Brazil

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At the beginning of the day in Brazil, the Senate will very likely admit for analysis the impeachment case, implying that President Rousseff will have to step aside. Meanwhile, retail sales contracted in March, adding a downward bias to our GDP forecasts. In Peru, we expect the CB to keep the MPR at its current 4.25% level in the monetary policy meeting to be held today.

Brazil - Retail sales contracted in March

Core retail sales decreased 0.9% MoM, while broad retail sales, which also consider vehicles and construction material, declined 1.1% MoM in March. These losses erased most of the gains observed in February (1.1% MoM in the core indicator and 1.4% MoM in the broad indicator). Moreover, they are in contrast with our expectations of stability for the period. Even though they are in line with our view that private consumption and overall activity will contract again in 1Q16, and somewhat less than in the previous quarters, they add a downward bias to our forecasts for the quarter (GDP: -0.6% QoQ; private consumption: -0.7% QoQ) .

What to watch today

Brazil - Senate decision on the impeachment of President Rousseff

The Senate session to discuss and decide whether to admit the impeachment case, which started yesterday, will likely end this morning in Brazil. The most likely scenario is that the Senate will support the temporary dismissal of President Rousseff and that Vice-President Temer will assume presidential duties today. If this is confirmed, we could also see today the appointment of a new economic team.

Peru - Monetary policy meeting (May, 6.30p.m. NYT)

We expect the CB to keep the policy rate at its current 4.25% level. On the one hand, whilst it is true that YoY inflation rate remains above the target range, it has however been going down over the last few months, the inflation outlook is more benign going forward, and inflation expectations have also started to moderate. On the other hand, private domestic demand remains sluggish.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	09-may	May 07	0.66		0.64	0.49%
Retail Sales MoM	11-may	Mar	-0.6	0.0	-0.9	1.20%
Economic Activity MoM	13-may	Mar	-0.1	0.0		-0.29%
CNI Industrial Confidence	13-may	May				36.2
Chile						
Trade Balance	09-may	Apr	623		556	\$610
Copper Exports	09-may	Apr			2166.21	\$2418.6
Central Bank's Economist Survey	10-may					
Colombia						
Colombia Monetary Policy Minutes	13-may					
Mexico						
CPI MoM	09-may	Apr	-0.25	-0.23	-0.32	0.15%
CPI Core MoM	09-may	Apr	0.19	0.17	0.22	0.36%
CPI YoY	09-may	Apr	2.6	2.63	2.54	2.60%
Bi-Weekly CPI	09-may	Apr 30	0.03	0.07	-0.09	-0.34%
Bi-Weekly Core CPI	09-may	Apr 30	0.08	0.06	0.16	0.15%
Bi-Weekly CPI YoY	09-may	Apr 30	2.59	2.65	2.48	2.60%
Vehicle Exports AMIA	09-may	Apr			197020	224184
Vehicle Production AMIA	09-may	Apr			269604	266960
ANTAD Same-Store Sales YoY	10-may	Apr	7.5		10.1	5.80%
Nominal Wages	10-may	Apr			4.87	4.50%
Industrial Production NSA YoY	12-may	Mar	-0.85			2.60%
Industrial Production SA MoM	12-may	Mar	0.1			-0.10%
Formal Job Creation Total	11-12 may	Apr				59.4k
Peru						
Trade Balance	09-11 may	Mar	-400		-69	-\$249m
Reference Rate	13-may	May 12	4.25	4.25		4.25%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
05.06.2016	Mexico: Mexico Weekly: Concerns about the global cycle influence the peso depreciation (In Spanish)
05.06.2016	Brazil: Inflation eased less than expected in April
05.06.2016	Chile: April's CPI increased by 0.3% MoM in line with consensus (In Spanish)
05.06.2016	Chile: Chile economic outlook. Second quarter 2016 (In Spanish)
05.06.2016	Colombia: Inflation recedes slightly in April on lower utilities rates
05.05.2016	Mexico: Monetary policy rate stays at 3.75%. Cautious tone as global outlook impairs (In Spanish)
05.05.2016	Bazil: Changes in the BCB board, rather than interest rate cuts, are on sight
05.05.2016	Chile: Economic activity increases in 1Q16 rises 1.8% YoY (In Spanish)
05.04.2016	Mexico: Fondeo rate unchanged at 3.75% (In Spanish)
05.03.2016	Colombia: BanRep's Board continue increasing the monetary policy rate

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