

## LatAm Daily | In Colombia, trade data supports our view of gradual import substitution

Enestor Dos Santos / Lorena Lechuga / Hugo Perea / Cecilia Posadas / Jorge Selaive / Carlos Serrano / Juana Téllez

*Manufactured goods imports showed the sharpest decrease followed by fuel imports, consistent with our import substitution scenario. In Brazil, today we expect inflation figure from mid-April to mid-May to have increased somewhat. In Mexico we expect moderate GDP growth for 1Q16 of 0.8% QoQ.*

### Colombia - Adjustment in imports: faster and more certain

In March, imports stood at USD CIF 3,592 mn. (-22.6% YoY, BBVAe: 3,475; Consensus: 3,530).

Manufacturing goods showed the sharpest decrease (-25.2% YoY), followed by fuel imports (-21.7%).

Broadly speaking, these results are consistent with our scenario. We forecast a gradual process of imports substitution, especially in manufactured products. In fact, the industrial sector will be the activity with the greatest growth during 2016. On the other hand, the trade deficit stood at USD FOB 1,117 mn. (BBVAe: -1,009; Consensus: -1,084), slightly below February's figure (-1.002). With these results, the trade balance will continue to be the component with the greatest contribution to the current account deficit, as it was in 2015, but at lower levels compared with the monthly average of USD FOB 1,417 mn registered in 2015.

## What to watch today

### Brazil - IPCA-15 (May, 08:00hrs NYT)

We expect inflation from mid-April to mid-May to increase somewhat, pressured by food and administered prices. Despite this, inflation should continue to trend downwards going forward.

### Mexico - GDP 1Q2016 (9:00hrs NYT)

We expect that GDP's quarterly rate of growth for 1Q2016 will be 0.8% (Q/Q, sa), which will be the same that INEGI published at the end of April as preliminary. Note that the high quarterly rate of growth of GDP is due, to a great extent, to the extremely high monthly rate of growth of the construction industry in January IGAE (3.7% m/m, sa). It must be stressed however, that the construction industry is not expected to show a similar high rate of growth in the future, and that the rest of the economic sectors will keep on growing at moderate rates. This implies that GDP will grow for the remainder of 2016 at moderate rates.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
FGV CPI IPC-S	16-may	may-15			0.67	0.64%
FGV Inflation IGP-10 MoM	16-may	May			0.6	0.4%
Tax Collections	16-23 may	Apr	112800		95778.54	95779m
Formal Job Creation Total	16-20 may	Apr	-53950		-118776	-118776
FIPE CPI - Weekly	18-may	may-15	0.4		0.41	0.38%
IGP-M Inflation 2nd Preview	18-may	May	0.68		0.68	0.3%
IBGE Inflation IPCA-15 MoM	20-may	May	0.76	0.55		0.51%
<b>Chile</b>						
Overnight Rate Target	17-may	may-17	3.5	3.5%	3.5	3.5%
GDP QoQ	18-may	1Q	1.18	1.0%	1.3	0.1%
GDP YoY	18-may	1Q	1.8	1.8%	2	1.3%
Current Account Balance	18-may	1Q	-34.9	-\$200	514.6	-2080
<b>Colombia</b>						
Retail Sales YoY	16-may	Mar	3.4	3.4	-2.87	4.6%
Industrial Production YoY	16-may	Mar	6.6	4.2	1.35	8.2%
Consumer Confidence Index	17-may	Apr	-15	-12	-13	-20.1
Trade Balance	19-may	Mar	-1040.05	-\$1009	-1116.9	-\$1001.9
<b>Mexico</b>						
Central Bank Monetary Policy Minutes	19-may					
GDP NSA YoY	20-may	1Q F	2.6			2.7%
GDP SA QoQ	20-may	1Q F	0.7	0.8%		0.8%
Economic Activity IGAE YoY	20-may	Mar	1.2	2.5%		4.11%
GDP Nominal YoY	20-may	1Q	5			4.9%
<b>Peru</b>						
Economic Activity YoY	16-may	Mar	4.3	3.9	3.72	6.0%
Unemployment Rate	16-may	Apr			7	7.2%
Bloomberg May Peru Economic Survey	19-may					
GDP YoY	20-may	1Q	4.5	4.4		4.7%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
05.19.2016	<a href="#">Mexico: Possible MPR hike &amp; FX intervention only if MXN underperforms EM currencies again</a> (In Spanish)
05.18.2016	<a href="#">Chile: GDP grows by 5.3% QoQ in 1Q16 annualized by factors that can be non-permanent</a> (In Spanish)
05.18.2016	<a href="#">Chile: Central Bank kept policy rate at 3.5% as widely expected</a> (In Spanish)
05.16.2016	<a href="#">Peru: Mining and public investment continued to support economic growth in March</a> (In Spanish)
05.13.2016	<a href="#">Mexico Weekly: Dollar strengthened due to higher than expected economic data in the US</a> (In Spanish)
05.13.2016	<a href="#">Peru: More benign inflation outlook leads the Central Bank to keep its rate on hold</a> (In Spanish)
05.12.2016	<a href="#">Brazil: Brazil Economic Outlook. Second Quarter 2016</a>
05.06.2016	<a href="#">Mexico: Mexico Weekly: Concerns about the global cycle influence the peso depreciation</a> (In Spanish)
05.06.2016	<a href="#">Brazil: Inflation eased less than expected in April</a>
05.06.2016	<a href="#">Chile: April's CPI increased by 0.3% MoM in line with concensus</a> (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.