

## LatAm Daily | Mixed signs from the retail sales indicator in Brazil

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*In Brazil, core retail sales grew by 0.5% MoM in April, while the broad retail sales indicator contracted 1.4% MoM. Taking these figures into account, we expect private consumption to contribute negatively to growth in 2Q16, preventing GDP from growing positively. In Peru, MSCI ratified Peru's stock exchange (BVL) classification as an emerging market for equities.*

### Brazil - Mixed signs from the retail sales indicator in April

Retail sales grew by 0.5% MoM in April, recovering part of the 0.9% MoM loss recorded in March. The figure was in line with market consensus and somewhat lower than what we had anticipated. The broad retail sales indicator, which also includes vehicles and construction material, contracted 1.4% MoM in the period due to the underperformance of both sectors. Taking these figures into account, we expect private consumption to contribute negatively to growth again in 2Q16, preventing GDP from growing at a positive rate in the period, something that would only occur in 2H16 according to our estimations.

### Peru - MSCI ratified Peru's stock exchange classification as an emerging market for equities

Morgan Stanley Capital International (MSCI) ratified Peru's stock exchange (BVL) classification as an emerging market for equities, but it also said there would be a downgrade if at any point in the future BVL has less than three securities that qualify as emerging market investments. MSCI had previously warned Peru about a possible reclassification to the higher-risk frontier group due to low liquidity. Even though the risk is still present, the MSCI decision will allow large investors to remain in Peru, thus avoiding capital outflows.

## What to watch today

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

We estimate output to have grown by 2.8% YoY (consensus: 3.7%), the lowest print so far this year. Unlike previous months, we expect primary sectors as a whole to have recorded a transitory contraction due to the fall in fishing activity (-77% YoY), which more than offset the increase in mining production. Non-primary sectors, on the other hand, benefitted from the positive statistical YoY comparison effect related to Easter's celebration (there were two additional working days in April 2016). However, despite this, in general these sectors still show sluggish behaviour.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
Tax Collections	13-20 jun	May	94850			110895m
Formal Job Creation Total	13-17 jun	May	-85000			-62844
Retail Sales MoM	14-jun	Apr	0.5	1%	0.5	-0.90%
CNI Industrial Confidence	14-jun	Jun				41.3
FGV Inflation IGP-10 MoM	15-jun	Jun	1.29			0.60%
IBGE Services Sector Volume YoY	15-jun	Apr	-4.2			-5.90%
Economic Activity MoM	15-jun	Apr	0.25	0%		-0.36%
FGV CPI IPC-S	16-jun	jun-15	0.53			0.59%
COPOM Monetary Policy Meeting Minutes	16-jun					
FIPE CPI - Weekly	17-jun	jun-15	0.37			
IGP-M Inflation 2nd Preview	17-jun	Jun	1.23			0.68%
<b>Chile</b>						
Overnight Rate Target	17-jun	jun-16	3.50	3.50		3.50%
<b>Colombia</b>						
Retail Sales YoY	16-jun	Apr	3.6	3.8%		-2.90%
Industrial Production YoY	16-jun	Apr	7.75	11.0%		1.40%
Consumer Confidence Index	17-jun	May	-9.9	-10		-13
<b>Peru</b>						
Economic Activity YoY	15-jun	Apr	3.65	2.80%		3.70%
Unemployment Rate	15-jun	May	7.1			7.00%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
06.10.2016	<a href="#">Mexico Weekly: New episode of peso adjustment resulting from proximity of the Fed meeting</a> (In Spanish)
06.10.2016	<a href="#">Peru: The Central Bank maintains rates in 4.25% in a context of decrease of inflation</a> (In Spanish)
06.09.2016	<a href="#">Colombia: Where are we in Financial Inclusion?</a> (In Spanish)
06.08.2016	<a href="#">Brazil: Inflation stopped falling in May but will continue to trend down going forward</a>
06.08.2016	<a href="#">Chile: May's CPI (0.2% MoM) shows a inflation slowdown higher than expected</a> (In Spanish)
06.07.2016	<a href="#">Colombia: Inflation accelerates in May in line with expectations</a>
06.06.2016	<a href="#">Chile: MP report: cut in economic activity growth with greater, but still insufficient, monetary stimulus</a> (In Spanish)
06.06.2016	<a href="#">Chile: Imacec increased 0.7% YoY in April, missing expectations</a> (In Spanish)
06.06.2016	<a href="#">Brazil: Brazil's potential GDP falls to around 1%</a>
06.03.2016	<a href="#">Chile: The unemployment rate increased slightly to 6.4% in April</a> (In Spanish)

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### Mexico - Industrial production index (April, 9:00hrs NYT)

We expect the industrial production index of April 2016 to have increased 0.2% and 0.4% on a monthly and annual basis, respectively, both seasonally adjusted. Note that in March the monthly and annual growth rates were -0.2% and 0.3%, respectively. The magnitude of these growth rates shows that the performance of industrial activity is weak and our forecast for April indicates that it will continue to be weak in the short run.

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