

LatAm Daily | In Peru, April's economic activity surprised to the downside

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In Peru, GDP grew 2.5% YoY in April, the lowest result so far this year as a consequence of a contraction in primary sectors. However, we estimate that in May output growth figures will come in at between 3.5% and 4.0%. Today in Brazil, the minutes of last week's MP meeting will be published. In Chile, today we expect in its MP meeting another pause in MPR at 3.5%.

Peru - April's growth the lowest result so far this year and surprised to the downside

In April, GDP grew 2.5% YoY (BBVA: 2.8%, consensus: 3.7%). This is the lowest result so far this year, despite the positive 'statistical effect' of the low YoY comparison effect related to Easter's celebration. Unlike previous months, primary sectors recorded a transitory contraction, the first fall in more than a year, due to the extension of the ban to catch anchovy. This more than offset the strong momentum that continues to be shown by the mining sector. Based on available indicators and some reasonable assumptions, we estimate preliminarily that in May output growth figures will come in at between 3.5% and 4.0% (see our [Peru Flash](#) in Spanish for details).

What to watch today

Brazil - Minutes of monetary policy meeting (7:30hrs NYT)

The minutes of last week's monetary policy meeting, the last before the replacement of Alexandre Tombini by Ilan Goldfajn as BCB governor, and in which the Selic rate was left unchanged at 14.25%, will be released today. We expect them to suggest that a monetary easing cycle is not imminent and will only start when observed inflation expectations ease further. Anyway, this guidance could be adjusted going forward following the recent change at the top of the BCB.

Chile - Monetary policy meeting (June, 18:00hrs NYT)

We expect another pause in policy rates at 3.5% on the back of weak aggregate activity figures. Annual inflation figures above 4% in May will still weigh over the commitment to monetary normalisation, even though the market expects the timing of further hikes to be postponed to 2017. In this context, our baseline scenario assumes a pause in the rate for this and next year, with the Central bank suppressing the hawkish tone and moving towards a neutral tone during 2H16.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
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			45.7	41.3
FGV Inflation IGP-10 MoM	15-jun	Jun	1.29		1.42	0.60%
IBGE Services Sector Volume YoY	15-jun	Apr	-4.2		-4.5	-5.90%
Economic Activity MoM	15-jun	Apr	0.25	0%	-0.36	-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%
Chile						
Overnight Rate Target	17-jun	jun-16	3.50	3.50		3.50%
Colombia						
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
Peru						
Economic Activity YoY	15-jun	Apr	3.65	2.80%	2.47	3.70%
Unemployment Rate	15-jun	May	7.1		7.1	7.00%

Source: Bloomberg and BBVA Research

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