

LatAm Daily | In Mexico, April's economic activity surprisingly dropped by (-)1.2% MoM

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April's activity in Mexico dropped by (-)1.2% MoM due to a surprising result from the service sector, which came in at -1.4% MoM. In Colombia, business confidence remained in positive territory in May: industrial confidence stood at 5.2 and commercial confidence at 28.5. Data continues to show an upward bias concerning GDP growth for 2016.

Colombia - Business confidence remains in positive territory

In May, industrial confidence stood at 5.2 (in a range between -100 and 100), similar to April's figure (5.9). Industrialists were more optimistic about sectoral activity for the upcoming 3-month period. Moreover, installed capacity use stood at 73.3 (vs. 71.4 May 2015), the highest figure since May 2007, when the manufacturing sector was buoyant due to the good performance of exports to LatAm. However, industrialists are not willing to invest yet, because economical (-11.3) and social-political (-32.4) assessments remain in negative territory. On the other hand, commercial confidence scored the highest figure since March 2014 with 28.5, due to a significant reduction in inventories. All in all, data continues to show an upward bias concerning GDP growth for 2016.

Mexico - The monthly activity index (IGAE) decreased -1.2% (MoM, sa) in April

April's monthly growth rate of IGAE of -1.2% was the outcome of the positive monthly growth of 3.3% of the primary sector, as well as of the contraction of the industrial sector (-0.7%) and service sector (-1.4%). The service sector produced the surprise. We had expected its monthly growth rate to be positive at around 0.4%. The observed growth rate of the service sector of -1.4% not only surprised, but also raises questions regarding the dynamism in the short run of private consumption, which has been the main driver of Mexico's GDP growth since the beginning of 2015.

What to watch today

Brazil - Balance of payments report (May, 9:30hrs NYT)

We expect the BCB's report to show that external vulnerabilities were reduced further in May as the current account deficit continues to adjust downward, prompted by the contraction in domestic demand and exchange rate depreciation.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Trade Balance Weekly	20-jun	jun-19			974	\$561m
IBGE Inflation IPCA-15 MoM	21-jun	Jun	0.51	0.55	0.4	0.86%
FGV CPI IPC-S	23-jun	jun-22	0.38		0.33	0.45%
FIPE CPI - Weekly	24-jun	jun-22				--
Current Account Balance	24-jun	May	2000			\$412m
Chile						
Central Bank's Traders Survey	22-jun					
Colombia						
Trade Balance	20-jun	Apr	-1000		-1117.5	-\$1116.9
Overnight Lending Rate	22-jun	jun-22	7.5		7.5	7.25%
Retail Confidence	23-jun	May			28.5	26
Industrial Confidence	23-jun	May			5.2	5.9
Mexico						
Aggregate Supply and Demand	20-jun	1Q	2.5		2.5	2.40%
Economic Activity IGAE YoY	23-jun	Apr	3.4		2.99	1.18%
Bi-Weekly CPI	23-jun	jun-15	0.1	0.10%	0.02	0.17%
Bi-Weekly Core CPI	23-jun	jun-15	0.14	0.14%	0.16	0.11%
Bi-Weekly CPI YoY	23-jun	jun-15	2.63	2.63%	2.55	2.66%
Retail Sales MoM	24-jun	Apr	-0.6			3.00%
Retail Sales YoY	24-jun	Apr	8.5			6.40%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
06.23.2016	Mexico: ENIF 2015: Advances in the scope of information but with comparability problems (In Spanish)
06.22.2016	Colombia: BanRep increased its monetary policy rate 25bps up to 7.5%
06.17.2016	Chile: Central bank kept policy rate at 3.5% and modifies the restrictive tone (In Spanish)
06.16.2016	Brazil: Still no room for a monetary easing
06.15.2016	Peru: April's growth the lowest result so far this year and surprised to the downside (In Spanish)
06.14.2016	Inflation persistence in Latin America
06.10.2016	Mexico Weekly: New episode of peso adjustment resulting from proximity of the Fed meeting (In Spanish)
06.10.2016	Peru: The Central Bank maintains rates in 4.25% in a context of decrease of inflation (In Spanish)
06.09.2016	Colombia: Where are we in Financial Inclusion? (In Spanish)
06.08.2016	Brazil: Inflation stopped falling in May but will continue to trend down going forward

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