

LatAm Daily | Retail sales in Brazil in surprise downturn

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Retail sales decreased by 1.0% MoM in May, supporting the view that economic activity (and in particular private consumption) remain very weak. In spite of that, we continue to think that the worst in terms of growth is already over. In Chile, in the expectations survey, GDP growth was revised downwards for 2017.

Brazil - Retail sales contracted 1.0% MoM in May

Retail sales decreased by 1.0% MoM in May, much worse than expected (BBVAe: 0.0% MoM; consensus: 0.4% MoM). The broad retail sales indicator, which also includes vehicles and construction material, declined by 0.4% MoM in the same period. The figures support the view that private consumption -in particular- and economic activity -in general- remain very weak. Even though better performance was expected for May, we continue to think that the worst in terms of growth is already over. More precisely, we forecast private consumption and GDP to contract again in 2Q16, although not as much as observed over 2015.

Chile - Expectation survey showed a downward revision of 2017 GDP growth prospects

The economic expectation survey showed an inflation forecast of +0.2% MoM for July, while long-term inflation expectations remain anchored to the Central Bank's target of 3% YoY. Inflation forecasts for the end of 2016 are for +3.5% YoY (BBVAe: +3.2% YoY). Meanwhile, GDP growth forecasts for 2016 stabilised at 1.7%, while expectations for 2017 declined to 2.1%. June's Imacec is expected to increase by 1.5% YoY. Finally, in terms of monetary policy, the survey's results indicated a pause in rates at 3.50% for the rest of 2016.

What to watch today

No relevant data is expected for today.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FIPE CPI - Weekly	12-jul	jul-07	0.75		0.78	0.42%
Retail Sales MoM	12-jul	May	0.40	0.0	-1.0	0.50%
Economic Activity MoM	13-jul	May	0.00	0.0%		0.03%
FGV Inflation IGP-10 MoM	15-jul	Jul	1.25			1.42%
CNI Industrial Confidence	15-jul	Jul				45.7
Tax Collections	15 jul-22 jul	Jun	98300			95219m
Chile						
Central Bank's Economist Survey	12-jul					
Central Bank's Traders Survey	13-jul					
Overnight Rate Target	15-jul	jul-14	3.5	3.5		3.50%
Colombia						
Retail Sales YoY	15-jul	May	4.00	4		5.40%
Industrial Production YoY	15-jul	May	7.10	5.5		8.40%
Mexico						
ANTAD Same-Store Sales YoY	11-jul	Jun	5.9		5.3	2.90%
Industrial Production NSA YoY	12-jul	May	1.60		0.43	1.90%
Industrial Production SA MoM	12-jul	May	0.25		0.26	-0.70%
Manuf. Production NSA YoY	12-jul	May	2.45		0.8	3.00%
Central Bank Monetary Policy Minutes	14-jul					
Peru						
Trade Balance	8 jul-11 jul	May			35	-\$40m
Reference Rate	15-jul	jul-14	4.25	4.25		4.25%
Economic Activity YoY	15-jul	May	4.6	4.8		2.50%
Unemployment Rate	15-jul	Jun	7.0			7.10%

Fuente: BBVA Research

Most recent Latam reports

Date	Description
07.12.2016	Chile: What does the update of fiscal forecasts of the finance authorities say? (In Spanish)
07.11.2016	Peru: Public investment falls in June (In Spanish)
07.08.2016	Mexico Weekly: Employment data better than expected in the U.S. supports the peso (In Spanish)
07.08.2016	Chile: June's CPI rose 0.4% MoM above market expectations, caused by specific products (In Spanish)
07.06.2016	Colombia: Inflation surprises on the upside in June (In Spanish)
07.05.2016	Chile: Economic activity slows down in May losing what was gained earlier this year (In Spanish)
07.01.2016	Peru: Inflation remains downtrend (In Spanish)
07.01.2016	Mexico: Private sector credit, better growth in its three segments (In Spanish)
07.01.2016	Mexico: Remittances reach 2,477.8md (+13.1%), the best record for May since 2006 (In Spanish)
07.01.2016	Chile: Imacec with a ceiling of 2% YoY in May - Labor market depreciation surges (In Spanish)

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