

LatAm Daily | In Colombia, confidence remains low and trade balance correction continues

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

Consumer confidence in June stood at -11.3, a bit more optimistic than the previous month. Trade balance pressure on the current account deficit is diminishing. The Constitutional Court approves the plebiscite to seal the FARC peace deal. The Government expects to have signed the final accord by mid-August and hold the plebiscite on 25 September.

Colombia - Exchange rate devaluation and the country's economic performance keeps consumer confidence subdued

In June, consumer confidence stood at -11.3 (in a range between -100 and 100), slightly above May's figure (-12.5). The assessment of households' situation was positive and more optimistic with respect to May's figure, albeit still low. However, the assessment of the country's economic performance and the willingness to buy durable goods (closely related with exchange rate devaluation) remain in negative territory, limiting the advance in consumer confidence. This divergence in the country's assessment and the willingness to buy durable goods, on the one hand, and household confidence, on the other, has resulted in a partial disconnection between soft data (confidence) and hard data (retail sales), limiting the predictive strength of consumer confidence to anticipate consumption. All in all, negative levels of confidence still allow us to predict a slowdown in private consumption, but at a more moderate pace.

Colombia - Trade balance continues the adjustment

In May, imports stood at USD CIF 3,584 mn. (-19.3% YoY), explained by a decrease in fuels (-28.9%) and manufactured products (-18.2%). This, in conjunction with higher oil prices, resulted in the lowest trade balance figure of 2016, producing the lowest figure for the year (USD FOB 744 mn). Hence, trade balance pressure on the current account deficit is gradually diminishing, in line with our outlook.

Colombia - The Constitutional Court approves the plebiscite to seal the FARC peace deal

Colombians will respond with either 'yes' or 'no' to endorse the final accord. Although negotiators have reached an agreement on all points of the agenda, there are still minor details that both parties are hammering out before the signing of the final agreement. The Government expects to have signed the final accord by mid-August and hold the plebiscite on 25 September. Polls suggest that in the plebiscite the agreement will probably be ratified by a margin of around two to one.

What to watch today

No relevant news is expected for today.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Formal Job Creation Total	18jul - 22 jul	Jun	-56000		-72615	-72615
FIPE CPI - Weekly	19-jul	jul-15	0.82		0.85	0.78%
Selic Rate	20-jul	jul-20	14.25	14.25		14.25%
IBGE Inflation IPCA-15 MoM	21-jul	Jul	0.46	0.55		0.40%
Colombia						
Trade Balance	18-jul	May	-800	-708	-743.9	-\$1117.5
Imports CIF Total	18-jul	May	3539.07	3.543	3584.36	\$3701.2
Consumer Confidence Index	18-jul	Jun	-7	-7	-11.3	-12.5
Retail Confidence	21-jul	Jun		20		28.5
Industrial Confidence	21-jul	Jun		10		5.2
Mexico						
Bi-Weekly CPI	22-jul	jul-15	0.22			0.01%
Bi-Weekly Core CPI	22-jul	jul-15	0.15			0.08%
Bi-Weekly CPI YoY	22-jul	jul-15	2.7			2.53%

Fuente: BBVA Research

Most recent Latam reports

Date	Description
07.15.2016	Weekly Mexico: Stock indexes reached new highs (In Spanish)
07.15.2016	Peru: GDP rebounded in May, but its pace of growth will probably be more moderate in June (In Spanish)
07.15.2016	Peru: No surprises regarding the decision of the Board of the Central Bank in July (In Spanish)
07.15.2016	Chile: Central Bank stays alert: keeps interest rate and bias (In Spanish)
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)

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.