

## LatAm Daily | May's economic activity to have grown around 0.3% MoM in Mexico

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*In Mexico, we expect the IGAE to have grown positively in May, in line with an expansion in the primary, industrial and services sectors. In Colombia, Fitch revised Colombia's outlook to Negative from Stable while maintaining its rating as 'BBB'. Also today, the minutes of last week's MP meeting will be released in Brazil.*

### Colombia - Fitch Ratings revised the outlook on Colombia's ratings to Negative

Last Friday, Fitch Ratings revised the outlook on Colombia's ratings to Negative from Stable, while it confirmed its Long-Term Foreign Currency Issuer Default Rating (IDR) at 'BBB'. In addition, Fitch downgraded Colombia's Long-Term Local Currency IDR to 'BBB' from 'BBB+'. According to the report, the change in the outlook was driven by the dynamics of some external and fiscal figures. Nonetheless, the report mentioned the credible macroeconomic policy framework and important external buffers of the country. Regarding the long-term local currency IDR, the rating agency said that the decision to revise it to 'BBB' was driven by the updated Fitch's Sovereign Rating Criteria and a broader portfolio review. On the other hand, the Minister of Finance, Mauricio Cárdenas, mentioned on his Twitter account that this decision reaffirms the need for the structural tax reform that the Government will submit to Congress in 2H16.

### What to watch today

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

The minutes of last week's monetary policy meeting, which will be presented in a new format, in line with the adjustments being made by the new BCB board led by Ilan Goldfajn, should show that the monetary authority is planning to keep the Selic rate at 14.25% for some further time.

#### Mexico - Monthly activity index - IGAE (May, 9:00 hrs NYT)

We expect that May's IGAE will show a monthly rate of growth of 0.3% (m/m, seasonally adjusted, sa) as the consequence of a monthly rate of growth of 1% of the Primary Sector; 0.26% of the Industrial Sector; and 0.33% growth of the Services Sector. Note that in April the monthly rate of growth was negative (-1.2%), and that the rate of growth that we expect for May, although positive, is far from sufficient to compensate the contraction that IGAE registered the previous month. On the other hand, we estimate that the annual rate of growth of IGAE in May in its original series will be of 1.7%, while the market considers that the annual rate of growth in that month will be of 2.2%. Note that IGAE's monthly or annual rates of growth do not make any references that suggest important dynamism in economic activity.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
Tax Collections	22jul - 25jul	Jun	98327		95218.71	95219m
Formal Job Creation Total	22jul - 25jul	Jun	-58700		-72615	-72615
FGV CPI IPC-S	25-jul	jul-22			0.36	0.41%
FGV Consumer Confidence	25-jul	Jul			76.7	71.3
Federal Debt Total	25-jul	Jun			2959	2879b
COPOM Monetary Policy Meeting Minutes	26-jul					
Current Account Balance	26-jul	Jun	-1390			\$1200m
Outstanding Loans MoM	27-jul	Jun				0.10%
FGV Inflation IGPM MoM	28-jul	Jul	0.27			1.69%
Central Govt Budget Balance	28-jul	Jun	-14.8			-15.5b
National Unemployment Rate	29-jul	Jun	11.3			11.20%
PPI Manufacturing MoM	29-jul	Jun				0.58%
Primary Budget Balance	29-jul	Jun	-16.3			-18.1b
CNI Consumer Confidence	29-jul	Jul				101
<b>Chile</b>						
Central Bank's Traders Survey	27-jul					
Manufacturing Production YoY	29-jul	Jun	-0.1			2.10%
Retail Sales YoY	29-jul	Jun	2.8			0.60%
Copper Production Total	29-jul	Jun				473825
Unemployment Rate	29-jul	Jun	6.9			6.80%
<b>Colombia</b>						
Urban Unemployment Rate	29-jul	Jun	9.46	9.2		9.00%
Overnight Lending Rate	29-jul	jul-29	7.75	7.75		7.50%
<b>Mexico</b>						
Retail Sales MoM	25-jul	May			1.2	-1.40%
Retail Sales YoY	25-jul	May			8.6	10.60%
Trade Balance	26-jul	Jun	-688			-527.4m
Economic Activity IGAE YoY	26-jul	May	2.12			2.99%
Unemployment Rate NSA	27-jul	Jun	4			4.03%
GDP NSA YoY	29-jul	2Q P	2.3			2.60%
GDP SA QoQ	29-jul	2Q P	-0.2			0.80%
Net Outstanding Loans	29-jul	Jun				3218b
Budget Balance YTD	29-jul	Jun				72.8b

Fuente: BBVA Research

## Most recent Latam reports

Date	Description
07.26.2016	<a href="#">Weekly Mexico: Annual growth rate moderation of GDP in the second quarter</a> (In Spanish)
07.15.2016	<a href="#">Weekly Mexico: Stock indexes reached new highs</a> (In Spanish)
07.15.2016	<a href="#">Peru: GDP rebounded in May, but its pace of growth will probably be more moderated in June</a> (In Spanish)
07.15.2016	<a href="#">Peru: No surprises regarding the decision of the Board of the Central Bank in July</a> (In Spanish)
07.15.2016	<a href="#">Chile: Central Bank stays alert: keeps interest rate and bias</a> (In Spanish)
07.12.2016	<a href="#">Chile: What does the update of fiscal forecasts of the finance authorities say?</a> (In Spanish)
07.11.2016	<a href="#">Peru: Public investment falls in June</a> (In Spanish)
07.08.2016	<a href="#">Mexico Weekly: Employment data better than expected in the U.S. supports the peso</a> (In Spanish)
07.08.2016	<a href="#">Chile: June's CPI rose 0.4% MoM above market expectations, caused by specific products</a> (In Spanish)
07.06.2016	<a href="#">Colombia: Inflation surprises on the upside in June</a> (In Spanish)

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