

LatAm Daily | Credit markets continue to slow down in Brazil

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Credit stock grew only 1.0% YoY, a negative rate in real terms as inflation in the period stood at 8.8% YoY. The further moderation of credit markets in the period supports our view that economic activity remains weak and that a further GDP contraction in 2Q16 is the most likely outcome.

Brazil - Credit stock grew just 1.0% YoY in June

As expected, credit markets continued to lose steam in June. More precisely, credit stock expanded by only 1.0% YoY, as a result of a 4.6% increase in credit to households and a 2.2% YoY decline in credit to corporations. From a different perspective, the 1.0% YoY growth in total credit stock is the result of a combination of a 4.0% YoY growth in credit from public institutions and a 2.7% YoY drop in credit from private bodies. The annual expansion of credit markets compares poorly with past results (9.8% YoY in June 2015 and more than 30% YoY during 2008, for example). On the positive side, the lending interest rate leveled out and remained broadly unchanged at around 32.6%, while non-performing loans declined somewhat (a further increase was expected) to 3.5% from 3.7% in May.

What to watch today

No relevant news is expected for today.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
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		-2478.57	\$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
Chile						
Central Bank's Traders Survey	27-jul					
Manufacturing Production YoY	29-jul	Jun	-0.5			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%
Colombia						
Urban Unemployment Rate	29-jul	Jun	9.46	9.5		9.00%
Overnight Lending Rate	29-jul	jul-29	7.75	7.75		7.50%
Mexico						
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		-523.64	-527.4m
Economic Activity IGAE YoY	26-jul	May	2.12		2.19	2.99%
Unemployment Rate NSA	27-jul	Jun	4			4.03%
GDP NSA YoY	29-jul	2Q P	2.4			2.60%
GDP SA QoQ	29-jul	2Q P	-0.15			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	Brazil: The COPOM is still concerned about inflation
07.26.2016	Weekly Mexico: Annual growth rate moderation of GDP in the second quarter (In Spanish)
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 moderated 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)

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