

Daily LatAm | Weak activity data in Brazil, Colombia and Peru

Cecilia Posadas / Enestor Dos Santos / Jorge Redondo / Jorge Selaive Carrasco / Juana Téllez Corredor / Carlos Serrano Herrera / Hugo Perea Flores

January dynamics imply that the contraction in activity in Brazil may extend not only to the first quarter, but to the year as a whole. In Peru, the low GDP growth in January related to the poor performance of activities related to the trend component of GDP implies a downward bias to GDP in 2015.

Brazil – Economic activity contracted 0.1% MoM in January

The IBC-Br, the BCB's economic activity indicator which works as a monthly proxy for GDP, declined 0.1% MoM in January. This contraction follows a 0.6% MoM contraction observed in December. The figure, which contrasts with our expectation of a 0.2% MoM expansion, adds to the recent evidence of weakness of economic activity. Taking this figure into account, a GDP contraction not only in 1Q15 but also in 2015 is becoming increasingly likely.

Colombia – Civil engineering works disappointed in 4Q14

Civil works payments grew 4.9% YoY (below BBVAe: 16.0%). Railways and other construction (sports buildings, for example) performed well. In contrast, ports made a negative contribution. This figure implies a downward bias for 2014 GDP growth expectations (currently at 4.5% YoY for 4Q14) of almost 0.5pp.

Peru – The cyclical slowdown does not seem to be over yet

Output growth reached 1.7 % YoY in January. On the bright side, mining shows signs of recovery. However, activities more related to the trend component of GDP are failing to take off and they are even slowing down. This can negatively affect entrepreneur and consumer optimism in a context in which it has already deteriorated, in a negative feedback loop with cyclical weakness in output. (See [Peru Flash](#) for more details)

What to watch today

Colombia – GDP (4Q14, 11:00 hrs NYT)

In 4Q14 we expect GDP to have grown 4.5% YoY (1.4% QoQ), leaving 2014 growth at 4.9% YoY, the best performance since 2011. However, the anticipated result is very dependent on 4Q14 public spending, as the government announced spending cuts for several ministries. In fact, civil works disappointed in the last quarter, implying a downward bias to our outlook.

Calendar indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV CPI IPC-S	16-Mar	Mar-19	1.42%	--	1.49%	1.3%
Economic Activity MoM	16-Mar	Jan	0.02%	0.20%	-0.11%	-0.6%
Formal Job Creation Total	16-Mar	Feb	26500	--	-81774	-81774
Tax Collections	16-Mar	Feb	85800M	--	125281M	125282M
FGV Inflation IGP-10 MoM	17-Mar	Mar	0.81%	--	--	0.4%
CNI Industrial Confidence	17-Mar	Mar		--	--	40.2
FIPE CPI - Weekly	19-Mar	Mar-19	0.91%	--	--	1.0%
IBGE Inflation IPCA-15 MoM	20-Mar	Mar	1.24%	1.18	--	1.3%
Chile						
GDP QoQ	18-Mar	4Q	0.92%	0.93%	--	0.4%
Overnight Rate Target	19-Mar	Mar-23	3.0%	3.0%	--	3.0%
Colombia						
GDP YoY	17-Mar	4Q	4%	--	--	4.2%
Trade Balance	20-Mar	Jan	-1660	--	--	-1452.7
Retail Confidence	20-Mar	Feb		--	--	22.7
Industrial Confidence	20-Mar	Feb		--	--	80.0%
Overnight Lending Rate	20-Mar	Mar-24	4.50%	--	--	4.5%
México						
Retail Sales YoY	20-Mar	Jan	3%	2.91%	--	2.4%
Perú						
Unemployment Rate	16-Mar	Feb	7%	--	6.90%	6.4%
Economic Activity YoY	16-Mar	Jan	1.80%	2.10%	1.68%	0.5%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
03.17.2015	Peru: The cyclical slowdown is not over yet...
03.13.2015	Mexico: Industrial production fell in January 0.4% MoM, sa
03.09.2015	Mexico: Still little evidence of pass-through
03.06.2015	Chile: Once again CPI inflation above expectations in February
03.06.2015	Colombia: Monthly inflation in February stood at 1.15%, taking the annual print up to 4.36%.
03.05.2015	Chile: Imacec at 2.7% YoY support additional upwards revision in GDP growth expectations of market consensus
03.05.2015	Mexico: Remittances fell in January (-0.7% YoY) after 17 consecutive months of growth
03.05.2015	Brazil Flash: Another 50bp adjustment of the SELIC rate
02.27.2015	Mexico Weekly: All eyes on consumer and producer confidence as indicators of economic performance in the first quarter

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.