

## LatAm Daily | In Mexico, the unemployment rate increases in line with the slow GDP growth

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*The unemployment rate in Mexico was 4.5% in February, while the participation rate fell marginally. This performance is in line with a lower than originally expected growth for the coming months.*

### Mexico – The unemployment rate increased to 4.51% in February

The unemployment rate rose to 4.51% in February 2015, seasonally adjusted figures. This increase, in line with our forecast (BBVAe: 4.46%; consensus: 4.41%), was accompanied by a marginal decline in the population aged 15 and over who are economically active (participation rate) from 59.5% in February 2014 to 59.4% in February 2015. In the original series, the unemployment rate stood at 4.33%. Additionally, the rate of employment in the informal sector (TOSI1), which considers those who work for non-agricultural economic units operated without accounting records and those operating from household resources, increased 0.6 percentage points (from 26.6% in January to 27.2% in February 2015). All this suggests that a modest increase in new jobs and economic activity in the country will be a slow process. This confirms our forecast for a year-end unemployment rate of around 4.58%, even more so if it is confirmed that the economy will grow more slowly than expected in the coming months.

### Brazil - GDP increased 0.1% in 2014.

GDP for 4Q14 increased 0.3% as we expected. The data confirms that the performance of the economy remains weak, and is under the effect of negative shocks. Brazil is suffering from the impact of lower commodity prices and the slowdown in economic activity of some of its major trading partners. It is also worth remembering that this year the country will feel the effect of adjusting its economic policy, which included spending cuts and tax increases, amongst other measures. We estimate that 2015 GDP growth will be around zero, and we do not rule a major recession. We would also bear in mind that the inflation context is also difficult: inflation figures will remain high (estimated CB: 7.9% for 2015) as a result of the recent depreciation of the real and increases in commodity prices and government-run services.

## What to watch today

### Chile – Activity data by sector (February, 07:00hrs NYT)

We expect manufacturing output to have increased 1.9% YoY, while retail sales should rise by around 2.5% YoY in February. In this context aggregate activity should still show signs of a mild recovery during the year.

### Chile – Unemployment rate (February, 07:00hrs NYT)

The jobless rate should show a slight rise from 6.2% to 6.3%. Job creation will not offset the labour force expansion, in a context where seasonal increases in employment should start to retreat.

### Chile – Monetary policy report (1Q15, 09:00hrs NYT)

We do not expect substantial changes in the central bank's baseline scenario for this year. Growth range expectations should remain at 2.5% to 3.5%, suppressing the downward bias in the prospects for aggregate economic activity. Nonetheless, the composition of this GDP growth expectation should still reveal the slack of private expenditures (investment and consumption). Inflation prospects will account for a higher persistence, probably with a slight upward revision. All in all, we believe monetary policy should remain in a wait and see stance, while further innovations should be highly dependent on annual inflation figures.

## Calendar indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Inflation IGPM MoM	30-Mar	Mar	0.93%		-	0.27%
Central Bank Weekly Economists Survey	30-Mar	Jan-04			-	
CNI Consumer Confidence	31-Mar	Mar			-	100
PPI Manufacturing MoM	31-Mar	Feb			-	-0.13%
FGV CPI IPC-S	1-Apr	Mar-35	1.44%		-	1.47%
Industrial Production MoM	1-Apr	Feb	-1.60%		-	2.00%
Trade Balance Monthly	1-Apr	Mar	-\$350M		-	-\$2842M
<b>Chile</b>						
Retail Sales YoY	30-Mar	Feb	2%	2.50%	-	1.80%
Copper Production Total	30-Mar	Feb			-	524296
Manufacturing Index YoY	30-Mar	Feb	1.70%	1.90%	-	1.00%
Central Bank 1Q monetary policy report (IPOM)	30-Mar	Jan-04			-	
Unemployment Rate	31-Mar	Feb	6.30%	6.30%	-	6.20%
<b>Colombia</b>						
Urban Unemployment Rate	31-Mar	Feb	11%		-	11.80%
National Unemployment Rate	31-Mar	Feb			-	10.80%
Colombia Monetary Policy Minutes	3-Apr	Jan-04			-	
PPI Total MoM	3-Apr	Mar			-	
CPI YoY	4-Apr	Mar	4.58%	4.48%	-	
CPI MoM	4-Apr	Mar	0.61%	0.51%	-	-1.98%
<b>Mexico</b>						
Gross Fixed Investment	1-Apr	Jan	6%	5.10%	-	5.50%
Remittances Total	1-Apr	Feb	1817	\$1892M	-	\$1630.7M
IMEF Manufacturing Index SA	1-Apr	Mar	50.95	50.9	-	50.7
IMEF Non-Manufacturing Index SA	1-Apr	Mar	50	50	-	49.6
<b>Peru</b>						
CPI YoY	1-Apr	Mar	2.84%	2.92%	-	2.77%
CPI MoM	1-Apr	Mar	0.58%	0.67%	-	0.30%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
03.27.2015	<a href="#">Mexico: Monetary rate unchanged at 3.0%. FED on the spotlight (In Spanish)</a>
03.26.2015	<a href="#">Mexico: In January the IGAE shows a weak monthly performance (0.2% MoM, sa)</a>
03.26.2015	<a href="#">Mexico: Banking deposits: outstanding performance in January</a>
03.26.2015	<a href="#">Mexico: Monetary rate unchanged at 3.0%. The relative monetary stance is the key variable</a>
03.24.2015	<a href="#">Chile: We expect March PCI to be 0.78% MoM (4.4% YoY) (In Spanish)</a>
03.24.2015	<a href="#">Colombia: La equidad en el Plan (In Spanish)</a>
03.24.2015	<a href="#">Mexico: Core inflation leads the downside surprise</a>
03.20.2015	<a href="#">Colombia: BanRep kept its monetary policy rate on hold at 4.5%</a>
03.19.2015	<a href="#">Chile: Central bank kept policy rate at 3.00% in March's meeting</a>

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