

## LatAm Daily | Signs of contraction in private consumption in Brazil

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*Retail sales in Brazil and, to a lesser extent, in Colombia were somewhat lower than expected; meanwhile, industrial production fell in Colombia due to, amongst other things, weak oil production, in line with the weakness in industrial activity we expect in the first part of the year.*

### Brazil – Retail sales declined 0.1% MoM in February

The core retail sales indicator revealed a 0.1% MoM contraction for the month of February. The figure was slightly worse than expected (BBVA: 0.0% MoM; consensus: 0.3% MoM). Sales dropped in five of the eight groups incorporated into the indicator, highlighting the 5.3% MoM decline in the fuels group mainly due to the upward adjustment in prices. As regards the broad indicator, it registered a 1.1% MoM drop in the period due to a 0.7% MoM reduction in the construction materials sector and a 3.5% MoM drop in vehicles sales. The latter is, among other factors, a consequence of the elimination of tax breaks at the beginning of the year. In annual terms, both the core and the broad indicators declined 3.1% YoY and 10.3% YoY, respectively, reinforcing the signs of weakness in retail sales and the prospect of a negative contribution of private consumption's to GDP in 1Q15.

### Colombia – Industrial production declined 1.3% YoY in February

According to the National Statistics Department, industrial production declined 1.3% in February (BBVA: -2.5%; consensus: -0.8%). In addition, January's print was revised to the downside, reflecting a 4.4% YoY decline. According to the report, 15 out of the 39 industrial activities registered negative prints. In February, the main drivers behind the negative results were oil refining (-17.6% YoY) and textiles (-11.5% YoY). On the other hand, beverages (7.9% YoY), food processing (14.7% YoY), and basic chemical products (11.1% YoY) displayed higher positive contributions to February's result. We continue to expect relatively weak industrial production prints during 1H15. Nonetheless, industrial production prints could register an improvement by the yearend as a result of the expected restart of operations at the Cartagena refinery.

### Colombia – Retail sales increased 4.3% in February

Retail sales increased 4.3% YoY in February, lower than both the market's and our own in-house expectations (BBVA: 5.0%; consensus: 5.4%). According to the report, retail sales excluding car sales stood at 7.3% YoY. In February, the main drivers of the retail sales were food sales (8.2% YoY) and electrical appliances (9.8% YoY).

## What to watch today

### Brazil – Economic activity index (February, 8:00hrs NYT)

High frequency indicators suggest that economic activity as measured by the IBC-Br declined again in February (we expect a 0.3% MoM drop) after a 0.1% MoM contraction in January. This would reinforce the view that 1Q15 GDP will decline following a 0.3% QoQ growth in 4Q14.

### Peru – Gross domestic product (February, 11:30hrs NYT)

We expect a GDP growth of 1.2% in February, a result that would be in line with our projection of 1.5% for the first quarter. This result could be explained by the negative growth in mining and fishing, as well as the slowdown in the non-primary sectors linked to domestic demand.

## Calendar indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Central Bank Weekly Economists Survey	13-Apr					
Formal Job Creation Total	13-Apr	Mar	-20400		-2415	-2415
Retail Sales MoM	14-Apr	Feb	0.30%	0.00%	-0.10%	0.80%
Retail Sales Broad MoM	14-Apr	Feb	-1.20%		-1.11%	0.60%
FGV Inflation IGP-10 MoM	15-Apr	Apr	1.16%			0.83%
Economic Activity MoM	15-Apr	Feb	-0.26%	-0.30%		-0.11%
Tax Collections	15-Apr	Mar				89982M
FGV CPI IPC-S	16-Apr	Apr 15	0.99%			1.22%
FIPE CPI - Weekly	16-Apr	Apr 15	0.78%			0.68%
IBGE Inflation IPCA-15 MoM	16-Apr	Apr	1%	1.00%		1.24%
<b>Chile</b>						
Overnight Rate Target	16-Apr	Apr 16	3%			3.0%
<b>Colombia</b>						
Vehicle Sales	13-Apr	Mar			22518	22518
Retail Sales YoY	14-Apr	Feb	5.25%	5.40%	4.30%	6.1%
Industrial Production YoY	14-Apr	Feb	-1.50%	-2.50%	-1.35%	-2.5%
Central Bank's Economists Survey	14-Apr					
Consumer Confidence Index	16-Apr	Mar		12		14
<b>Mexico</b>						
Formal Job Creation Total	13-Apr	Mar		105.9K	105,14K	133.7K
ANTAD Same-Store Sales YoY	13-Apr	Mar	5%		5.20%	5.10%
<b>Peru</b>						
Unemployment Rate	15-Apr	Mar	7%			6.90%
Economic Activity YoY	15-Apr	Feb	1.15%	1.20%		1.70%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
04.13.2015	<a href="#">Mexico: Industrial production pushes down our growth expectations</a>
04.10.2015	<a href="#">Peru: New monetary pause and the window of opportunity for rate cut is reduced (In Spanish)</a>
04.09.2015	Mexico: Inflation was higher than expected: blame the tomato
04.08.2015	<a href="#">Brazil: Inflation jumps above 8%; pressure from administered prices to ease ahead</a>
04.08.2015	<a href="#">Chile: March's CPI increased 0.6% MoM, below market expectations</a>
04.06.2015	<a href="#">Chile: Imacec expanded 2.0% YoY in February, slightly above expectations</a>
04.06.2015	<a href="#">Colombia: Inflation in March reaches maximum in 6 years driven by food costs (In Spanish)</a>
04.01.2015	<a href="#">Peru: Inflation goes up in March, reducing the room for an eventual policy rate cut</a>
30.03.2015	<a href="#">Mexico: IGAE and exports point to moderate economic performance in the first quarter</a>
30.03.2015	<a href="#">Chile: Activity by sector anticipates an Imacec at around 2% YoY in February</a>

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