

## LatAm Daily | GDP growth in Peru comes out below expectations: a weak recovery is expected

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

---

*The activity indicator Brazil came out above expectations driven by the primary sector and some services. Nevertheless we maintain our forecast for GDP contraction in 1Q15.*

### Peru – Weak GDP in February and the outlook is complicated

The Peruvian economy registered a growth of 0.9% in February, below expectations (BBVA: 1.2%; Consensus: 1.3%). The GDP growth continues to reflect a weak economy. Going forward, a discreet performance in the trend of GDP components (linked to domestic demand) and difficulties in stimulating demand suggest that the expected rebound in the economy will be gradual and limited throughout the rest of the year.

### Brazil – Economic activity index surprised to the upside in February

The IBC-Br, the BCB's economic activity index which works as a monthly proxy for GDP, expanded 0.4% MoM. The figure, which follows the -0.1% MoM reading in January, was significantly higher than expected (BBVA: -0.3% MoM; consensus: -0.2% MoM). However, it is in sharp contrast to other relevant indicators for the period, such as industrial production (-0.9% MoM) and retail sales (broad indicator: -1.1% MoM; core indicator: -0.1% MoM) In spite of the IBC-Br's upward surprise, the overall perception of economic weakness persists (the 3.1% YoY decline in annual terms of the IBC-Br reinforces this view). Moreover, we continue to expect 1Q15 GDP to contract following the slight expansion of the last two quarters of 2014.

## What to watch today

### Brazil – IPCA-15 (April, 8:00hrs NYT)

April's IPCA-15, measuring inflation from mid-March until mid-April, should show that inflation has started to lose some steam in April after it was put under significant upward pressure during 1Q15, mostly due to the realignment process of administered prices, which we expect to be close to completion. We forecast April's IPCA-15 to reach 1.0% MoM (8.1% YoY).

### Chile – Monetary policy meeting (April, 16:00hrs NYT)

We expect a pause in policy rates at today's meeting. In general terms, a neutral bias is expected in the communique although concerns over both inter-annual wage inflation and CPI inflation above 4% should persist, even though the latter continues to ease.

## 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%		1.27%	0.83%
Economic Activity MoM	15-Apr	Feb	-0.26%	-0.30%	0.36%	-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%		7%	6.90%
Economic Activity YoY	15-Apr	Feb	1.15%	1.20%	0.94%	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>

---

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.