

## Latam Daily | Economic activity in Chile expanded in 1Q15 driven by the service sector

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*In Colombia there are signs that the pass-through of exchange rate pressure on prices is easing. April's inflation was higher than expected, and annual inflation stands above the central bank's tolerance range. A scenario of MPR cuts is less likely. Also in Colombia the poor growth materialises in 1Q15 with little recovery in manufacturing.*

### Chile – Imacec grew 1.6% YoY in March above estimates due to a strong service sector

Aggregate activity grew 1.6% YoY (-0.3% MoM sa) in March, closing 1Q15 with a preliminary expansion of 2.2% YoY. Principally, this figure was explained by the greater value-added of services, which in turn was partially offset by a decline in manufacturing and mining output. All in all, for the current year we maintain our estimate for GDP growth at around 3% (see our Chile Flash in Spanish for details).

### Colombia – Soaring food prices drive inflation to six-year high

In April, inflation stood at 0.54% MoM (4.64% YoY), beating market expectations (Bloomberg: 0.34%, BBVAe 0.18%). The cost of food continued to rise faster than inflation overall, at 1.0% MoM (7.7% YoY), driven mainly by the cost of food eaten outside the home, cereals and meat. Housing, meanwhile, rose 0.51% MoM (3.6% YoY), mainly explained by the growth of the water and sewerage services (1.6% MoM). In total, food and housing contributed 45 of the 54 basis points of the monthly growth respectively. On the other hand, the pace of growth in non-food inflation moderated slightly (3.44% YoY), compared to the March figure (3.46%). Additionally, inflation in tradable items continued to accelerate, but at a much slower pace than earlier this year. This result seems to show that the exchange rate pass-through to prices is easing. All in all, the April figure is higher than we expected, maintaining annual inflation above the central bank's tolerance ceiling. Thus, a scenario of rate cuts, given the evident economic slowdown, it is now less likely.

### Colombia – Exports showed no recovery in industrial shipments

Exports fell 22.8% YoY in March, less than we anticipated (-28.2%). However, the better than expected performance was explained by higher oil exports rather than by a recovery in the manufacturing sector's external sales. In fact, the industrial exports fell 5.1% YoY. On the other hand, agricultural exports showed a rise of 12.0%, and was the only sector posting positive numbers in the year to date. The results support our outlook: we will not see any recovery in the manufacturing sector before 2H15.

### Colombia – Slow growth in the first quarter materialises

The economic monitoring indicator rose 2.1% YoY in February. On average, the growth in the first two months of 2015 was 2.4% YoY. This performance is in line with our new forecast for 2015, which will be released tomorrow in the Spanish version of our quarterly report Colombia Outlook. The new forecast is for growth of 2.1% YoY in 1Q15.

## What to watch today

## Brazil – Industrial production (March, 08:00hrs)

We expect industrial production to drop around 1.0% MoM in March, reinforcing our view that GDP will contract around 0.5% QoQ in 1Q15.

## Calendar indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV CPI IPC-S	4-May	Apr 30	0.6		0,61	0.71%
Trade Balance Monthly	4-May	Apr	150		491	\$458M
Vehicle Sales Fenabrave	4-May	Apr			219350	234681
CNI Capacity Utilization (SA)	5-May	Mar			80,8	79.7%
PPI Manufacturing MoM	5-May	Mar			1,93	0.26%
Industrial Production MoM	6-May	Mar	-0.7	-1.0		-0.9%
FGV Inflation IGP-DI MoM	7-May	Apr	0.88			1.21%
COPOM Monetary Policy Meeting Minutes	7-May					
National Unemployment Rate	7-May	Mar	7.8			7.4%
Vehicle Production Anfavea	7-May	Apr				253622
FGV CPI IPC-S	8-May		0.6			
IBGE Inflation IPCA MoM	8-May	Apr	0.76	0.65		1.32%
<b>Chile</b>						
Economic Activity YoY	5-May	Mar	1	0.9	1,61	2.0%
Economic Activity MoM	5-May	Mar	-0.7	-0.7	-0,3	-0.6%
Trade Balance	7-May	Apr	1225.45			\$999.0
Copper Exports	7-May	Apr				\$2862.0
CPI MoM	8-May	Apr	0.3	0.4		0.6%
CPI YoY	8-May	Apr	3.9	3.9		4.2%
<b>Colombia</b>						
PPI Total MoM	4-May	Apr			-1,35	3.79%
Economic Activity Index SA YoY	5-May	Feb	2.8	2.5	2,1	3.0%
Exports (USD million)	5-May	Mar		3164		\$3128
CPI MoM	6-May	Apr	0.35	0.18	0,54	0.59%
CPI YoY	6-May	Apr	4.44	4.27	4,64	4.56%
CPI Core MoM	6-May	Apr		0.22	0,34	0.35%
CPI Core YoY	6-May	Apr		3.31	3,44	3.46%
Colombia Monetary Policy Minutes	8-May					
<b>Mexico</b>						
Leading Indicators (MoM)	4-May	Mar			-0,09	-0.09
Gross Fixed Investment	4-May	Feb	2.5	1.2	1,3	7.3%
Remittances Total	4-May	Mar	2200	2251	2257,9	\$1839.2M
IMEF Manufacturing Index SA	4-May	Apr	51.6	51.6	51,36	51.4
Vehicle Production AMIA	6-May	Apr				299809
CPI MoM	7-May	Apr	-0.25	-0.22		0.41%
CPI YoY	7-May	Apr	3.08	3.11		3.14%
Consumer Confidence Index	8-May	Apr	93.6	93.7		93.1
<b>Peru</b>						
Trade Balance	8-May	Mar	-344			-\$280M

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
05.06.2015	<a href="#">Chile: IMACEC located on consensus driven by services (in Spanish)</a>
05.06.2015	<a href="#">Colombia: High food prices press inflation to maximum of six years (In Spanish)</a>
04.30.2015	<a href="#">Chile: Imacec grew around 1.0% YoY in March</a>
04.30.2015	<a href="#">Mexico: We expect no change of MPR. Economic slowdown in the spotlight</a>
04.29.2015	<a href="#">Brazil: Another 50bp hike in the SELIC to rein in 2016 inflation expectations</a>
04.27.2015	<a href="#">Chile: We forecast CPI in April by 0.4% MoM (In Spanish)</a>
04.24.2015	<a href="#">Colombia: BanRep kept its monetary policy rate on hold at 4.50% (In Spanish)</a>
04.23.2015	<a href="#">Mexico: Inflation remains subdued</a>
04.23.2015	<a href="#">Mexico :In February the IGAE shows a negative monthly performance (-0.03% MoM, sa)</a>
04.16.2015	<a href="#">Chile: Central bank kept policy rate at 3%, as widely expected</a>

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