

## Latam Daily | Industrial production in Brazil in line with a contraction of GDP in 1Q15

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*Today we will be watching for monetary policy minutes from Brazil that could reinforce our forecast for another hike in the Selic rate in June.*

### Brazil – Industrial production declined again in March

Industrial output dropped 0.8% MoM in March, broadly in line with forecasts (BBVAe: -1.0% MoM; consensus: 0.7% MoM). This contraction follows a 1.3% MoM drop recorded in February and a 0.3% MoM marginal improvement in January. Taken together, these figures reveal that production in the industrial sector declined 2.3% QoQ in 1Q15 (vs. a 1.4% decline in 4Q14). Thus, the situation in the industrial sector continued to deteriorate at the beginning of this year. This is not surprising given the uncertainty related to energy supply, the impact of the Petrobras crisis, the surge in production costs due to skyrocketing inflation and sharp exchange-rate depreciation, as well as the tightening of both fiscal and monetary policies. All in all, recent industrial production data suggest that 1Q15 GDP will contract around 0.6% QoQ.

## What to watch today

### Brazil – Monetary policy minutes (07:30hrs NYT)

After maintaining the accompanying statement unchanged last week, we expect monetary policy minutes to refrain from signalling that the current tightening cycle is over, reinforcing the perspectives of another hike in the Selic rate in June.

### Chile – Trade balance (April, 07:30hrs NYT)

We expect a surplus on the balance of trade at around USD1.30bn, explained by exports at USD6.08bn (-8.4% YoY) and imports at USD4.78bn (-17.7% YoY). Figures for copper export should still reveal the effects of supply disruptions due to floods in the Atacama region, but also to weak external demand.

## 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		\$491M	\$458M
Vehicle Sales Fenabrave	4-May	Apr			219350	234681
CNI Capacity Utilization (SA)	5-May	Mar			80.80%	79.7%
PPI Manufacturing MoM	5-May	Mar			1.93%	0.26%
Industrial Production MoM	6-May	Mar	-0.7	-1.0	-0.80%	-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	-0.30%	-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	1	\$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
05.06.2014	<a href="#">Colombia: Soaring food prices drive inflation to six-year high</a>
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>

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