

Latam Daily | Government in Colombia launches a plan to boost the economy

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Following the launch of PIPE (plan to boost production and employment) two years ago, Colombia government has announced a second plan dubbed PIPE2 to boost the economy through the construction sector. In Mexico, the unemployment rate seasonally adjusted rose to 4.32% in April, above our estimate.. Meanwhile, the participation rate declined to 59.2% from 59.8% a year ago.

Colombia -The government launches a plan to boost the economy

The plan is called PIPE2 after the PIPE (plan to boost production and employment) launched two years ago. The current plan focuses on the construction sector, both buildings and infrastructure. This stimulus package complies with fiscal legislation and to a large extent redirects resources in a more efficient way in terms of growth and job-creation. The effects of the measures will significantly depend on the ability to execute them.

Mexico - The unemployment rate rose to 4.32%, sa in April 2015

This increase, in line with our forecast and above the market consensus (BBVAe: 4.28%, sa; consensus: 4.17%, sa) was accompanied by a marginal decline in the population aged 15 and over who are economically active (participation rate) of 59.8% in April 2014 to 59.2% in April 2015. In the non-seasonally adjusted series, the unemployment rate stood at 4.31%. Additionally, the rate of employment in the informal sector (TOSI1), which considers all those who work for non-agricultural economic units operated without accounting records and operating from household resources, decreased 0.4pp, sa (from 27.3% in March to 26.9% in April 2015). All this suggests a modest increase in economic activity in the country.

What to watch today

Brazil - GDP (1Q15, 08:00hrs NYT)

We expect GDP to have contracted 0.6% QoQ in 1Q15, following a 0.3% QoQ expansion in 4Q14, driven by a decline in both consumption and investment. In our view this contraction will be followed by another one in 2Q15, which would mean that the country was technically in recession in the first half of the year.

Brazil - Fiscal accounts (April, 08:00hrs NYT)

We expect the fiscal report to show positive but limited progress towards the generation of a primary surplus of around 1.0% of GDP this year. Even though public expenditure is moderating, revenues are being hit by the deceleration in domestic demand.

Chile - Activity data by sectors (April, 08:00hrs NYT)

We expect manufacturing output to have increased 1% YoY in April, while retail sales should come out at a figure of around +2% YoY.

Colombia - Unemployment rate (April, 12:00hrs NYT)

The urban unemployment rate should reach at 9.5% in April, a similar level (seasonally adjusted) to the March rate and in line with the good performance of the labour market observed so far. This is slightly (0.3pp) higher than last year, but we recall that the unemployment rate in April 2014 printed at a historical low for April.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	24-May	1-may	0,61%		0,68	0.65%
FGV Consumer Confidence	25-May	May	--		85,10	85.6
Current Account Balance	25-May	Apr	-\$6750M		-6901,40	-\$5736M
Outstanding Loans MoM	26-May	Apr	--		0,10	1.2%
CNI Consumer Confidence	26-May	May	--		98,70	99.0
FGV Inflation IGPM MoM	27-May	May	0,4		0,41	1.17%
Central Govt Budget Balance	27-May	Apr	13		10,09	1.5B
GDP QoQ	28-May	1Q	-0,6	-0,6	0,30	0.3%
Chile						
Central Bank's Traders Survey	26-May	Apr	--	--	--	0
Unemployment Rate	28-May	Apr	6,2	--	6,10	6.1%
Manufacturing Index YoY	28-May	Apr	-2	--	-2,82	-2.8%
Retail Sales YoY	28-May	Apr	1,6	--	0,44	0.4%
Copper Production Total	28-May	Apr	--	--	474507,00	474507
Colombia						
Urban Unemployment Rate	28-May	Apr	9,7	9,50%	10,10	10.1%
National Unemployment Rate	28-May	Apr	--	--	8,86	8.9%
Mexico						
Trade Balance	24-May	Apr	-26	-140.0M	-85,30	479.8M
Current Account Balance	24-May	1Q	-\$7091 M	--	-9445,80	-\$5310M
Retail Sales YoY	25-May	Mar	4,5	5,60%	5,50	5.6%
Retail Sales MoM	25-May	Mar	-0,2	0,50%	0,20	0.5%
Unemployment Rate SA	27-May	Apr	4,17	4,28%	4,30	4.20%
Unemployment Rate NSA	27-May	Apr	4,1	4,23%	4,31	3.86%

Fuente: BBVA Research

Most recent Latam reports

Date	Description
05.28.2015	Chile: to reduce public investment to reach structural balancing in 2018
05.27.2015	Chile: IPC inflation will rise at 0,2% MoM in May, below consensus
05.27.2015	Chile: Investment in non-mining tradable goods
05.26.2015	Chile: Exchange rate competitiveness (in Spanish)
05.22.2015	Colombia: BanRep keeps its monetary policy rate on hold
05.21.2015	Mexico: Annual GDP growthfor 2015 was revised downwards from 3.5% to 2.5%
05.19.2015	Mexico: In February, the number of mortgages exceeds the rate of 15%
05.18.2015	Chile: GDP grew 2.4% y/y in 1Q15. We projected an IMACEC for April between 2.2% and 2.7% y/y
05.15.2015	Peru: GDP showed better performance in March due to extractive sectors
05.15.2015	Colombia: Colombian infrastructure: Where are we and where are we going?

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