

## Latam Daily | Chilean trade balance revealed weakness in both domestic and external demand

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

---

*Consumer Inflation in Chile rose to 0.2% MoM in May, matching expectations. Meanwhile, the Central Bank of Chile released the figure for the trade balance which reached a surplus of USD982mn last month. This was a much bigger drop than expected and missed consensus, mainly driven by a drop in copper exports (-16.4% YoY) and the recent Custom Office strikes.*

### Chile - CPI inflation increased 0.2% MoM in May, in line with expectations

Consumer inflation increased 0.2% MoM in May (+4.0% YoY), in line with both our expectations and those of the market (at +0.2% MoM), mainly driven by positive contributions from health, housing and foodstuffs. Core measures increased at a slower pace of 0.1% MoM, but in annual terms remained above 4%. Also, with this figure the accumulated rate of inflation reached 1.8% YtD. Finally, we maintain unchanged our forecast for annual inflation at 2.9% by the end of 2015 (see our Chile Flash in Spanish for details).

### Chile - Trade balance reached a surplus of USD982mn in May

The surplus on the balance of trade reached USD982mn in May, driven by exports at USD5.37bn (-22.0% YoY) and imports at USD4.39bn (-19.3% YoY), revealing weakness in both domestic and external demand. Also, copper exports declined 16.4% YoY to USD 2.85bn. We do not rule out that recent Custom Office strikes exacerbated May's poor balance of trade figures, so part of the inter-annual decline could be attributable to a transitory shock. All in all, our preliminary estimate weak economic activity in May.

## What to watch today

### Mexico - Inflation (May, 09:00hrs NYT)

We estimate that annual inflation will be 2.96% for May and are predicting a decline for the month of -0.42% for headline inflation and a rise of 0.14% for its core counterpart. Should our forecasts be confirmed, in annual terms headline inflation would have dropped back to 2.96% in May from 3.06% in April, whereas core inflation would rise slightly to 2.36%, vs. 2.31% in April. With regard to non-core inflation, we expect a less positive performance from fruit and vegetable prices in the second half of the month. We forecast that annual inflation will hold relatively stable until October, at between 2.9% and 3.0%, before retreating in the final two months due to base effects, thence closing 2015 just under 2.8%.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
Vehicle Production Anvea	08-June	May	–		210,086	217,089
FGV Inflation IGP-DI MoM	09-June	May	0.34%		–	0.92%
IBGE Inflation IPCA MoM	10-June	May	0.57%		–	0.71%
COPOM Monetary Policy Meeting Minutes	11-June				–	–
<b>Chile</b>						
CPI YoY	08-June	May	4.0%	4.0%	4%	4.1%
CPI MoM	08-June	May	0.2%	0.2%	0.20%	0.6%
Copper Exports	08-June	May	–		2853.25	\$2881.9
Trade Balance	08-June	May	\$1250.0		981.66	\$1150.5
	05-June to	May	–		–	23084
Vehicle Sales Total	10-June				–	
Central Bank's Economist Survey	10-June		–		–	
Central Bank's Traders Survey	10-June		–		–	
Overnight Rate Target	11-June	1-June	3.00%		–	3.00%
<b>Colombia</b>						
Civil Works Payments (YoY)	11-June	1Q	–	-5.2%	–	4.90%
GDP YoY	12-June	1Q	2.7%	2.1%	–	3.5%
GDP QoQ	12-June	1Q	0.3%	-0.1%	–	0.7%
<b>Mexico</b>						
Vehicle Production AMIA	08-June	May	–		288,382	283,392
Bi-Weekly CPI	09-June	1-May	0.08%	0.2%	–	-0.53%
Bi-Weekly Core CPI	09-June	1-May	0.09%	0.13%	–	0.03%
Bi-Weekly CPI YoY	09-June	1-May	2.86%	2.98%	–	2.93%
ANTAD Same-Store Sales YoY	09-June	May	–	4.7%	–	4.9%
CPI MoM	09-June	May	-0.47%	-0.42%	–	-0.26%
CPI Core MoM	09-June	May	0.12%	0.14%	–	0.16%
CPI YoY	09-June	May	2.91%	2.96%	–	3.06%
Nominal Wages	10-June	May	–		–	4.1%
Industrial Production MoM	11-June	Apr	–		–	0.0%
Industrial Production YoY	11-June	Apr	1.2%	1.9%	–	1.7%
Formal Job Creation Total	12-June	May	–	55.7K	–	65.1K
<b>Peru</b>						
Trade Balance	09-June	Apr	–		–	-\$573M
Reference Rate	12-June	1-jun	3.25%		–	3.25%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
06.08.2015	<a href="#">Chile: Confidence would have dragged down Chilean GDP by between 0.3%-0.6%</a>
06.08.2015	<a href="#">Chile: Inflation rises to 0.2% in May, in line with expectations</a>
06.05.2015	<a href="#">Chile: Imacec falling short of expectations and wages slowing down</a>
06.05.2015	<a href="#">Mexico: Industrial production to improve at the beginning of 2Q15</a>
06.04.2015	<a href="#">Mexico: Central Bank keeps its monetary policy unchanged at 3%</a>
06.03.2015	<a href="#">Brazil Outlook 2015</a>
06.03.2015	<a href="#">Latam Outlook 2Q15</a>
06.03.2015	<a href="#">Mexico: Yearbook of migration and remittances 2015</a>
06.03.2015	<a href="#">Chile: A dovish message consolidates in June's monetary policy report (in Spanish)</a>
06.03.2015	<a href="#">Chile: Inflation in Chile and the rest of the world, what makes us different? (in Spanish)</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.