

## Latam Daily | Colombian GDP growth surprises to the upside

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*GDP growth was above expectations at 2.8% YoY in 1Q15 led by non-tradable sectors such as construction. Meanwhile, tradable sectors didn't perform particularly well and posted bad results. Moreover, the government deficit will stand at 3% for 2015 and 3.6% for 2016 while the oil price is expected to stand at \$60/bb in 2015 with production at 1mbpd for the next eight years.*

### Colombia - GDP growth a nice surprise

Colombian GDP growth reached 2.8% YoY in 1Q15, topping our expectations (2.1% YoY). Construction, especially civil works (7.0 % YoY, 10.7% QoQ), delivered a positive surprise when most analysts expected there to be a slight increase. The non-tradable sectors, such as construction and retail, led the growth in 1Q15, thanks to the strength of the labour market. In contrast, some tradable sectors, including mining and industry, posted negative results. All in all, the first quarter results confirm a gradual slowdown (excluding construction), in line with our expectations (See our Flash).

### Colombia - Medium-term? Financial Plan: deficit for 2015 as expected

The government expects the central government deficit to stand at 3% of GDP in 2015, in line with our estimate (BBVAe:2.9%, the previous government estimate was 2.8%). For 2016 the government expects the deficit to reach 3.6% of GDP, which is more than in 2015 but that is in line with the fiscal rule. Another assumption of the Financial Plan, is that potential GDP growth could range between 4.3% and 4.4% and that the effective GDP growth for 2015 will reach 3.6% (BBVAe: 3.1%). The expected Brent oil price for 2015 is USD60/bbl and oil production is expected to remain constant at one million barrels per day for 2015 and over the next eight years.

## What to watch today

### Peru - Gross domestic product (April, 11:30hrs NYT)

We estimate output grew by 4.5%YoY. The stronger pace of growth (March: 2.7% YoY) thanks to primary activities such as fishing and mining. In turn, this would have had a positive impact on those industries that transform these natural resources. However, we expect non-primary activities (those which are more related to aggregate demand) to have remained weak and this appears to be confirmed by the available indicators for household, company and government spending.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
Trade Balance Weekly	15-June	1-Jun	--		--	\$1976M
Formal Job Creation Total	15 June - 22 June	May	--		--	-97828
Tax Collections	16 June - 22 June	May	--		--	109241M
FGV Inflation IGP-10 MoM	16-June	Jun	--		--	0.52%
Retail Sales MoM	16-June	Apr	0.7%	0.50%	--	-0.9%
Economic Activity MoM	17-June	Apr	-0.45%	-0.10%	--	-1.07%
IGP-M Inflation 2nd Preview	18-June	Jun	--		--	0.41%
IBGE Inflation IPCA-15 MoM	19-June	Jun	0.69%	0.60%	--	0.60%
Central Bank Quarterly Inflation Report	22 June - 30 June				--	
<b>Colombia</b>						
Retail Sales YoY	16-June	Apr	3.0%	4.30%	--	3.4%
Industrial Production YoY	16-June	Apr	-0.0%	1.00%	--	-0.1%
Consumer Confidence Index	17-June	May	--	7	--	8.2
<b>Mexico</b>						
Central Bank Monetary Policy Minutes	18-June		--		--	
Aggregate Supply and Demand	19-June	1Q	--		--	4.0%
Retail Sales MoM	22-June	Apr	--		--	0.2%
<b>Peru</b>						
Unemployment Rate	15-June	May	--		--	6.8%
Economic Activity YoY	15-June	Apr	3.9%	4.50%	--	2.7%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
06.12.2015	<a href="#">Mexico: Inflation touches historical low and industrial activity begins slow in the 2 Q15</a>
06.12.2015	<a href="#">Colombia: GDP growth surprises on the upside</a>
06.11.2015	<a href="#">Peru: We expect the Central Bank to keep its monetary policy unchanged for the remaining of the year</a>
06.11.2015	<a href="#">Mexico: Industrial production contracts slightly</a>
06.11.2015	<a href="#">Chile: Central Bank keeps its monetary policy unchanged at 3%, as expected</a>
06.10.2015	<a href="#">Colombia: Inflation slows down in May due to a drop in food prices</a>
06.10.2015	<a href="#">Colombia: PIPE 2.0 to boost production and employment</a>
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>

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