

## Latam Daily | Private Consumption in Brazil is likely to contract in 2Q15

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*Consumption data resumed its declining trend in April. The figures imply that private consumption may also contract in 2Q15. In Colombia, industrial production fell more than expected in April, led by an 11% decline in the oil refining sector. Meanwhile, retail sales contracted in April 1% YoY.*

### Brazil - Retail sales contracted again in April

Core retail sales dropped 0.4% MoM in April, frustrating the expectations that it would grow somewhat and erase part of the losses observed in the previous two months (-1.0% MoM in March and -0.4% MoM in February). In spite of the recovery in vehicle sales (4.4% MoM), broad retail sales declined 0.3% MoM in April, following contractions of 1.8% MoM and 1.4% MoM in the two previous months. Yesterday's figures show that private consumption continues to be hit by the slowdown in household income, the moderation in credit markets, declining confidence and rising inflation. The reading suggests that private consumption may contract again in 2Q15 after having shrunk 1.5% QoQ in 1Q15.

### Colombia - Retail sales and industrial production declined in April

According to the National Statistics Department, industrial production declined 3.6% YoY, a print lower than both the market's and our own in-house expectations (consensus: -0.4%; BBVAe: 1%). According to the report, 23 out of 39 industrial activities displayed year-on-year declines. In April, the main driver of the decline was the oil refining sector, with a 11% YoY drop. In addition, retail sales also performed weakly, dropping 1% YoY (consensus: +3% YoY; BBVAe: +4.3%), mainly due to vehicle and motorcycle sales with a 16.6% YoY fall.

## What to watch today

### Brazil - Economic activity index (April, 7:30hrs NYT)

We expect the IBC-Br to show that economic activity contracted again at the beginning of the second quarter. Yesterday's retail sales actually suggest that the contraction could be higher than we are estimating (-0.1% MoM).

### Colombia - Consumer Confidence (No set time)

The Colombian think-tank Fedesarrollo will present its consumer confidence data for May. We expect the consumer confidence index to stand at 7%, a print slightly lower than April's 8.2% reading.

## Calendar indicators

|                                         | Date                 | Period | Consensus | BBVAe  | Actual | Prior   |
|-----------------------------------------|----------------------|--------|-----------|--------|--------|---------|
| <b>Brazil</b>                           |                      |        |           |        |        |         |
| Trade Balance Weekly                    | 15-June              | 1-Jun  | --        |        | \$678M | \$1976M |
| Formal Job Creation Total               | 15 June -<br>22 June | May    | --        |        | --     | -97828  |
| Tax Collections                         | 16 June -<br>22 June | May    | --        |        | --     | 109241M |
| FGV Inflation IGP-10 MoM                | 16-June              | Jun    | --        |        | 0.57%  | 0.52%   |
| Retail Sales MoM                        | 16-June              | Apr    | 0.7%      | 0.50%  | -0.4%  | -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<br>June |        |           |        | --     |         |
| <b>Colombia</b>                         |                      |        |           |        |        |         |
| Retail Sales YoY                        | 16-June              | Apr    | 3.0%      | 4.30%  | -1%    | 3.4%    |
| Industrial Production YoY               | 16-June              | Apr    | -0.0%     | 1.00%  | -3.6%  | -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    | --        |        | 7%     | 6.8%    |
| Economic Activity YoY                   | 15-June              | Apr    | 3.9%      | 4.50%  | 4.3%   | 2.7%    |

Source: Bloomberg and BBVA Research

## Most recent Latam reports

| Date       | Description                                                                                                          |
|------------|----------------------------------------------------------------------------------------------------------------------|
| 06.16.2015 | <a href="#">Chile: Labour market reform, still work to do</a>                                                        |
| 06.15.2015 | <a href="#">Peru: GDP accelerates in April reaching 4.3% YoY</a>                                                     |
| 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>                                     |

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