

LatAm Daily | Brazil's Primary surplus to suggest a tough road lies ahead

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

Today, the data on public sector accounts in Brazil will be published. We forecast that the government won't be able to reach the surplus target of 1.1% this year despite a significant fiscal adjustment. In Colombia, the current account balance will be released which should disclose a deficit of 8% of GDP, the biggest figure since 1Q96, driven by oil prices and a robust internal demand.

What to watch today

Brazil - Fiscal accounts (May, 8:00hrs NYT)

The data on public sector accounts should reinforce the view that the government will find it hard meet the 1.1% of GDP primary surplus target this year. Even though the ongoing fiscal adjustment is significant, the impact of the deceleration in demand on revenues and the government's inability to cut expenditure more sharply should result in the primary surplus falling short of the target.

Colombia - Urban unemployment rate (May, 12:00 hrs NYT)

We expect urban unemployment for May to stand at 10%, the same level as last year. This stability in the unemployment is a sign of the slowdown in activity, as in the first three months of the year unemployment actually fell in annual terms. Last month unemployment was already showing signs of deterioration.

Colombia - Current account balance (1Q15, not scheduled)

We believe the current account balance in the first quarter should stay at 8% of GDP, the highest figure since the quarterly series was first published (1Q96). In the period, the fall in oil prices and robust internal demand should be the main determinants. We expect a correction in the next few months in the current account deficit because of the adjustment in imports, the recovery in oil prices and lower dividend payments from the oil companies.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV Inflation IGPM MoM	29-June	Jun	0.64%		0.67%	0.41%
CNI Consumer Confidence	29-June	Jun	--		96.2	98.7
Primary Budget Balance	30-June	May	--		--	13.4B
FGV CPI IPC-S	1-July	01-jun	--		--	0.83%
Trade Balance Monthly	1-July	Jun	--		--	\$2761M
CNI Capacity Utilization (SA)	1-July	May	--		--	80.6%
Vehicle Sales Fenabrave	1-July to 3-July	Jun	--		--	212,713
Commodity Price Index MoM	1-July to 8-July	Jun	--		--	0.76%
Industrial Production MoM	2-July	May	-0.8%	-0.60%	--	-1.2%
Chile						
Unemployment Rate	30-June	May	6.3%	6.30%	--	6.1%
Manufacturing Index YoY	30-June	May	-0.6%	-2.00%	--	0.8%
Retail Sales YoY	30-June	May	2.1%	2.10%	--	3.3%
Copper Production Total	30-June	May	--	--	--	471,361
Colombia						
Urban Unemployment Rate	30-June	May	10.3%		--	10.5%
Current Account Balance	30-June	1Q	--		--	-\$6364M
Economic Activity Index SA YoY	3-July	Apr	--	1.50%	--	2.8%
CPI YoY	4-July	Jun	--	4.39%	--	4.41%
CPI MoM	4-July	Jun	--	0.08%	--	0.26%
CPI Core YoY	4-July	Jun	--	3.77%	--	3.72%
CPI Core MoM	4-July	Jun	--	0.28%	--	0.48%
Mexico						
Remittances Total	1-July	May	--		--	\$2012.2M
IMEF Manufacturing Index SA	1-July	Jun	--	52.91	--	52.4
IMEF Non-Manufacturing Index SA	1-July	Jun	--	51	--	51.1
Vehicle Domestic Sales AMIA	1-July to 3-July	Jun	--	99,438	--	101,982
Leading Indicators (MoM)	2-July	May	--		--	-0.08
Gross Fixed Investment	3-July	Apr	--		--	6.6%
Central Bank Economist Survey	3-July	0	--		--	--
Peru						
CPI YoY	1-July	Jun	--	3.36%	--	3.37%
CPI MoM	1-July	Jun	--	0.15%	--	0.56%
Wholesale Price Index MoM	1-July	Jun	--		--	0.38%

Source: Bloomberg and BBVA Research

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06.24.2015	Mexico Outlook
06.24.2015	Chile: Inflation to come up at 0.3% MoM (4.3% YoY)
06.19.2015	Mexico: IGAE should improve in April due to service sector
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06.16.2015	Chile: Labour market reform, still work to do
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