

LatAm Daily | Brazilian industrial output supports our negative view of 2Q15 GDP

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Brazilian Industrial activity in June came out higher than expected although it contracted 0.3% MoM. Today, economic activity for June in Chile and inflation and exports for June in Colombia will be released. We expect the Chilean Imacec to have increased 2.5% YoY and Colombian inflation to have increased around 0.14% MoM.

Brazil - Industrial output in June declines less than expected

Industrial production declined 0.3% MoM sa (-3.2% YoY) in June, above estimates (BBVAe and consensus: -0.7% MoM). The figure was mainly dragged down by capital goods (-3.3% MoM) and durable consumer goods (-10.7% MoM). By sectors, machinery and equipment and electronic and optical products were the main drivers, falling 7.2% and 12.7% MoM respectively. The ongoing deceleration in industrial production is in line with the current local economic environment, characterised by declining domestic demand, worsening confidence, larger cost-related pressures due to exchange rate depreciation and higher inflation, etc. It supports our view that 2Q15 GDP will contract significantly (around 1.4% QoQ) in 2Q15.

What to watch today

Chile - Monthly economic activity index (June, 07:30hrs NYT)

We expect the Imacec to have grown around 2.5% YoY in June. The figure should be driven by positive contributions from retail sales and mining output.

Colombia - Exports (June, 17:00hrs NYT)

We expect exports to have fallen a 30.4%, settling at USD3,272mn. We believe, the non-traditional exports should not yet show a clear recovery, and according to our outlook, a better performance of trade balance will not be reached before 2016.

Colombia - Inflation (June, 20:00hrs NYT)

We forecast a monthly increase of 0.14% (Bloomberg: 0.10% MoM). Higher electricity tariffs and price hikes for some tradable goods, such as cars and appliances, are expected. On the other hand, food prices, especially for some perishable goods, should drop. Core inflation, in annual terms, is expected to rise as a consequence of the tradable inflation.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	3 August	1-Jul	0.54%		0.53%	0.61%
Markit Brazil PMI Manufacturing	3 August	Jul	--		47.2	46.50
Trade Balance Monthly	3 August	Jul	\$2,300M	\$2,300M	\$2,379M	\$4,527M
Vehicle Sales Fenabrave	3 August - 5 August	Jul	--		227,621	212,535
FIPE CPI - Monthly	4 August	Jul	--		0.85%	0.47%
Industrial Production MoM	4 August	Jun	-0.70%	-0.70%	-0.30%	0.60%
CNI Capacity Utilization (SA)	4 August	Jun	--		80.10%	80.10%
COPOM Monetary Policy Meeting Minutes	6 August				--	
National Unemployment Rate	6 August	Jun	--		--	8.10%
Vehicle Production Anfavea	6 August	Jul	--		--	184,015
FGV Inflation IGP-DI MoM	7 August	Jul	--		--	0.68%
IBGE Inflation IPCAMoM	7 August	Jul	--	0.5%	--	0.79%
Chile						
Economic Activity YoY	5 August	Jun	2.30%		--	0.80%
CPI MoM	7 August	Jul	0.30%		--	0.50%
Trade Balance	7 August	Jul	--		--	\$783M
Colombia						
Colombian Central Bank Presents Quarterly Inflation Report	3 August				--	
Economic Activity Index SA YoY	3 August	May	--	3.5%	3.30%	3.60%
FPI Domestic MoM	4 August	Jul	--		114.00%	0.89%
Exports FOB	5 August	Jun	\$3,297.8M	\$3,272M	--	\$3359.3M
CPI MoM	6 August	Jul	0.07%	0.14%	--	0.10%
Mexico						
Markit Mexico PM Mfg	3 August	Jul	--		52.90	52.00
Vehicle Domestic Sales AMA	3 August - 5 August	Jul	--		111,714	106,890
Gross Fixed Investment	4 August	May	2.50%	2.50%	2.30%	5.30%
Consumer Confidence Index	6 August	Jul	--		--	94.70
Vehicle Production AMIA	6 August - 10 August	Jul	--		--	306,694
CPI MoM	7 August	Jul	0.16%	0.16%	--	0.17%

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
08.03.2015	Mexico: Remittances grew 6.1% YoY in June
08.03.2015	Peru: Inflation to stand above target range for the rest of the year
08.03.2015	Chile: CLP must fall further to force agents to intervene
08.01.2015	Mexico: Peso back to 16 influenced by worse-than-expected data in the US
07.30.2015	Chile: IMACEC to grow between 2.2% and 2.7% YoY in June
07.30.2015	Mexico: Monetary policy rate on hold
07.30.2015	Mexico: Monetary policy rate on hold in July. Rate hike in September is still in the cards
07.24.2015	Chile: We expect inflation to reach 0.3% MoM (4.5% YoY) in July
07.24.2015	Mexico: Activity grows slightly; inflation and peso bottom out
07.23.2015	Colombia: Portfolio quality and economic cycle
07.20.2015	Mexico: Home loan advances 20% in May
07.17.2015	Mexico: We expect services to have spurred the growth in activity in May
07.15.2015	Peru: Economic activity slows down in May

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