

## LatAm Daily | Colombian inflation in July surprises to the upside

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

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*Regulated items mainly drove this increase; however we expect core and tradable inflation to rise in the coming months due to the currency depreciation. Meanwhile, June exports fell in line with our estimates as oil continues to harm exports. The upside of the reading was the rise in manufacturing (11.1%), which anticipates a better performance in 2H15*

### Colombia - Exports anticipate a better performance of the manufacturing sector during second half of 2015

In June, exports fell 31.5% YoY, settling at USD3.218mn. This weak performance was due by external oil sales (-44% YoY), which is explained by lower market prices, amid stability in terms of volume. In contrast, manufacturing exports showed the highest inter-annual variation of 2015 (+11.1% YoY), although the levels of industrial exports remain at historical lows. We believe this result could be a turning point for manufacturing exports.

### Colombia - July inflation ticks higher on regulated prices

Inflation in July stood at 0.19% MoM or 4.46% YoY, beating market expectations (BBVA 0.14%, 0.10% Bloomberg). Food inflation, as anticipated, declined by 0.14% MoM. The cost of utilities, especially gas and energy, showed a significant increase, contributing 10 basis points to the monthly change. The rise in fuel prices (1.6% MoM) was the second most important factor in contributing to the monthly variation. Tradable inflation, meanwhile, continued to grow, registering an annual variation of 4.7%, although the monthly change in July (0.38%) was lower than the previous month. Finally, the average core inflation indicators rose 0.18% MoM, the lowest rate of the year. In conclusion, although the results of July's inflation were driven by changes in the price of regulated items; the results also showed evidence of a moderation in the growth of core and tradable inflation. We expect the latter variable to rebound in the coming months in response to the recent rise in the exchange rate. In this scenario, we expect inflation to end the year around 4.1%.

### Chile - Imacec in June beats the market consensus reaching 2.7% YoY

Economic activity in June increased 2.7% YoY (vs. BBVAe: 2.7% and Consensus: 2.5%), consequently the preliminary Imacec increased 1.7% YoY in 2Q15. As predicted, the reading benefited from the positive performance of the manufacturing and mining sectors. All in all, we confirm our view that GDP will grow 2.2% in 2015.

## What to watch today

### Brazil - Monetary policy minutes (7:30hrs NYT)

We expect **the minutes of last week's monetary policy meeting** to reinforce the view that the tightening cycle is over and that the Selic rate will remain at 14.25% for a prolonged period, at least until inflation expectations are anchored around 4.5%.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
FGV CPI IPC-S	3 August	1-Jul	0.54%		0.53%	0.81%
Merkit 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%	0.80%
CNI Capacity Utilization (SA)	4 August	Jun	--		80.10%	80.10%
COPOM Monetary Policy Meeting Minutes	6 August				--	
National Unemployment Rate	6 August	Jun	8.20%		--	8.10%
Vehicle Production Anfavea	6 August	Jul	--		--	184,015
FGV Inflation IGP-DI MoM	7 August	Jul	--		--	0.68%
IBGE Inflation IPCA MoM	7 August	Jul	--	0.5%	--	0.79%
<b>Chile</b>						
Economic Activity YoY	5 August	Jun	2.30%		2.69%	0.80%
CPI MoM	7 August	Jul	0.30%		--	0.50%
Trade Balance	7 August	Jul	--		--	\$783M
<b>Colombia</b>						
Colombian Central Bank Presents Quarterly Inflation Report	3 August				--	
Economic Activity Index SA YoY	3 August	May	--	3.5%	3.30%	3.80%
PPI Domestic MoM	4 August	Jul	--		1.14%	0.89%
Exports FOB	5 August	Jun	\$3,297.8M	\$3,272M	\$3,218M	\$3,359.3M
CPI MoM	5 August	Jul	0.07%	0.14%	0.19%	0.10%
<b>Mexico</b>						
Merkit Mexico PM Mfg	3 August	Jul	--		52.90	52.00
Vehicle Domestic Sales AMIA	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	94.80		--	94.70
Vehicle Production AMIA	6 August - 10 August	Jul	--		--	308,694
CPI MoM	7 August	Jul	0.16%	0.16%	--	0.17%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
08.06.2015	<a href="#">Colombia: Inflation in July surprises to the upside</a>
08.05.2015	<a href="#">Colombia Economic Outlook</a>
08.05.2015	<a href="#">Peru Economic Outlook</a>
08.05.2015	<a href="#">Uruguay: Inflation in July</a>
08.05.2015	<a href="#">Chile: Imacec grew 2.7% in June</a>
08.03.2015	<a href="#">Mexico: Remittances grew 6.1% YoY in June</a>
08.03.2015	<a href="#">Peru: Inflation to stand above target range for the rest of the year</a>
08.03.2015	<a href="#">Chile: CLP must fall further to force agents to intervene</a>
08.01.2015	<a href="#">Mexico: Peso back to 16 influenced by worse-than-expected data in the US</a>
07.30.2015	<a href="#">Chile: IMACEC to grow between 2.2% and 2.7% YoY in June</a>
07.30.2015	<a href="#">Mexico: Monetary policy rate on hold</a>
07.30.2015	<a href="#">Mexico: Monetary policy rate on hold in July. Rate hike in September is still in the cards</a>
07.24.2015	<a href="#">Chile: We expect inflation to reach 0.3% MoM (4.5% YoY) in July</a>
07.24.2015	<a href="#">Mexico: Activity grows slightly; inflation and peso bottom out</a>
07.23.2015	<a href="#">Colombia: Portfolio quality and economic cycle</a>



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