

## LatAm Daily | Brazil's retail sales support our tepid view on private consumption

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*June core retail sales fell 0.4% MoM as expected. The broad indicator dropped 0.8%. Chile's expectation survey depicted a gloomier outlook with GDP growth revised downwards and inflation revised upwards although LT inflation expectations remain anchored to the CB's target. Today, there will be the monetary policy meetings in both Chile and Peru; we don't expect any changes*

### Brazil - Retail sales dropped for the sixth consecutive month in June

The core retail sales indicator declined 0.4% MoM in June, in line with expectations (BBVA: -0.4% MoM; consensus: -0.6% MoM). The broad retail sales indicator, which also includes vehicles and construction materials, declined 0.8% MoM. Taking these figures into account, core and broad retail sales contracted 2.1% QoQ and 3.5% QoQ in 2Q15 respectively. This reinforces our view that private consumption will contribute very negatively to GDP growth in 2Q15. We expect private consumption to drop 2.3% QoQ and GDP to contract 1.4% QoQ in the period.

### Chile - Expectation surveys show both lower growth and higher inflation prospects for 2015 and 2016

Growth forecasts for 2015 and 2016 were revised downwards to 2.2% and 2.8% from 2.3% and 3.0%, respectively. Imacec is expected to increase at around 2.4% YoY in July. Also, inflation is expected to reach +4.2% YoY at the end of the year (from 3.8% YoY in the previous survey), and while long-term inflation expectations remain anchored to central bank's target of 3% YoY, inflation forecasts for August pointed to an increase of 0.3% MoM. In terms of monetary policy, the survey's results indicated a stable policy rate at 3% for the next five months with hikes during 2H16. Finally, the exchange rate forecast points to a slight depreciation towards USDCLP 665 in eleven months ahead.

## What to watch today

### Chile - Monetary policy meeting (August, 17:00hrs NYT)

We expect a pause in the policy rate at 3% at today's meeting and a neutral stance. Concerns over annual inflation above 4% should persist due to higher exchange-rate depreciation, while aggregate activity continues to indicate slack in some components of private demand.

### Peru - Monetary policy meeting (August, 18:30hrs NYT)

We believe the central bank will keep the policy rate on hold at 3.25%. Even though private spending remains weak, depreciation pressures on the local currency not only persist but have increased (in a context of still high credit dollarisation), while inflation is above the ceiling of the target range and inflation expectations are around it (and increasing), neither of which leave room for a rate cut.

## Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
<b>Brazil</b>						
FGV CPI IPC-S	10 August	Aug 9	0.55%	--	0.53%	0.53%
Retail Sales MoM	12 August	Jun	-0.40%	-0.40%	-0.40%	-0.90%
Economic Activity MoM	13 August	Jun	-0.50%	-0.50%		0.03%
FGV Inflation IGP-10 MoM	14 August	Aug	0.50%	--		0.75%
Formal Job Creation Total	14 August	Jul	-109,150	--		-111,199
<b>Chile</b>						
Central Bank's Economist Survey	11 August	--	--	--		--
Central Bank's Traders Survey	12 August	--	--	--		--
Overnight Rate Target	13 August	Aug 13	3.00%	3.00%		3.00%
<b>Colombia</b>						
Vehicle Sales	13 August	Jul	--	--		22,192
Colombia Monetary Policy Minutes	14 August	--	--	--		0.00%
Retail Sales YoY	14 August	Jun	3.20%	--		2.70%
Industrial Production YoY	14 August	Jun	-1.00%	--		-3.90%
<b>Mexico</b>						
Industrial Production NSA YoY	11 August	Jun	1.10%	--	1.35%	-0.90%
Industrial Production SAMoM	11 August	Jun	0.30%	0.20%	0.23%	-0.40%
ANTAD Same-Store Sales YoY	11 August	Jul	5.80%	--	6.80%	5.00%
Formal Job Creation Total	12 August	Jul	40K	47K	44.7K	78.4K
Mexican Central Bank Releases Inflation Report	12 August	--	--	--		--
Central Bank Monetary Policy Minutes	13 August	--	--	--		--
<b>Peru</b>						
Trade Balance	10 August	Jun	\$50M	--	\$23M	-\$342M
Reference Rate	13 August	Aug 13	3.25%	3.25%		3.25%
Economic Activity YoY	14 August	Jun	3.20%	--		1.20%

Source: Bloomberg and BBVA Research

## Most recent Latam reports

Date	Description
08.13.2015	<a href="#">Brazil Economic Outlook (Presentation)</a>
08.13.2015	<a href="#">Brazil Economic Outlook</a>
08.09.2015	<a href="#">LatAm Economic Outlook (Presentation)</a>
08.09.2015	<a href="#">LatAm Economic Outlook</a>
08.09.2015	<a href="#">Mexico: Inflation reaches historical low and Peso nears 16.1</a>
08.06.2015	<a href="#">Colombia Economic Outlook (Presentation)</a>
08.06.2015	<a href="#">Chile Economic Outlook (Presentation)</a>
08.06.2015	<a href="#">Chile Economic Outlook</a>
08.06.2015	<a href="#">Chile: Nominal wages increased by 0.2% MoM in June</a>
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>

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