

LatAm Daily | Consumer expenditure in Colombia is expected to continue to slow

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Economic indicators in Colombia reflect lower household confidence, fix investment and exports. Today, trade balance figures should support the view that current account will deteriorate further. Additionally, retail and manufacturing confidence will be released.

Colombia - GDP by demand: the slowdown of private consumption continues

Private consumption grew 3.3% YoY, below the 1Q15 figure of 4.0%. This result is in line with the recent deterioration in household confidence. The slowdown in consumer expenditure is expected to continue until mid-2016. On the other hand, fixed investment rose 1.9% YoY, despite of the good performance of investment in civil works (+8.1%), reflecting the decrease in investment in machinery (-5.0%) and transportation equipment (-8.9%). Finally, exports fell 2.0% YoY in line with the anaemic numbers of industrial shipments, which failed to offset the lower oil prices.

What to watch today

Colombia - Imports and trade balance (July, 17:00hrs NYT)

We expect imports to have fallen 24.0% YoY, settling at USD 4,625 mn, as the external purchases of fuel oil continue to decrease. The trade deficit should stay at USD 1,425 mn, explained by the bad performance of oil and manufacturing exports. As a result, the 3Q15 current account deficit would be higher than the previous quarter.

Colombia - Retail and manufacturing confidence (August, not scheduled)

We expect the confidence indicators to remain at similar levels to a month ago (see table of Calendar indicators). We believe retail confidence should anticipate a gradual slowdown in private consumption. On the other hand, manufacturing confidence should reflect a slow recovery in the industrial sector.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Tax Collections	15-sep	Aug	99000.0			104868M
FGV CPI IPC-S	16-sep	1-sep	0.2		0.28	0.21%
Retail Sales MoM	16-sep	Jul	-1	-0.50%	-1	-0.40%
IGP-M Inflation 2nd Preview	17-sep	Sep	0.7		0.65	0.17%
Economic Activity MoM	17-sep	Jul	-0.3	-0.30%		-0.58%
CNI Industrial Confidence	18-sep	Sep				37.10%
Chile						
Overnight Rate Target	15-sep	Sep	3.0	3%	3	3%
Bloomberg Sept. Chile Economic Survey	17-sep	Jan		--		
Colombia						
Retail Sales YoY	15-sep	Jul	3.0	3.50%	4.48	5.12%
Industrial Production YoY	15-sep	Jul	-0.4	1.20%	0.33	1.51%
Consumer Confidence Index	15-sep	Aug		5.1	-0.4	2.60%
Trade Balance	18-sep	Jul	-916.0	-1.425		-814.4
Retail Confidence	18-sep	Aug		16.2		18.20%
Industrial Confidence	18-sep	Aug		2.5		0.10%
Mexico						
Formal Job Creation Total	14-sep	Aug		50.8	72.36	44.7K
Aggregate Supply and Demand	18-sep	2Q	3.1			3.50%
Peru						
Unemployment Rate	15-sep	Aug	6.4		6.1	6.80%
Economic Activity YoY	15-sep	Jul	3.3	3.30%	3.26	3.87%
Central Bank 3Q Inflation Report	18-sep	Jan				

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
09.17.2015	Brazil: A more negative outlook
09.16.2015	Peru: Growth in July showed a better sector balance (In Spanish)
09.16.2015	Chile: Central Bank maintains the MPR at 3% and introduces contractionary bias (In Spanish)
09.12.2015	Mexico: Financial markets are pending the decision of the Federal Reserve (In Spanish)
09.11.2015	Peru: Central Bank surprises in September by delivering a 25bp policy rate hike
09.10.2015	Colombia: The slowdown of the Colombian economy remains orderly (In Spanish)
09.10.2015	Brazil: Copom sees 2016 inflation converging to the target, but also important risks
09.10.2015	Brazil: Inflation eased in August
09.10.2015	Mexico: The 2016 budget package reduces spending and promotes savings (In Spanish)
09.08.2015	Chile: CPI inflation surprisingly increased 0.7% MoM in August
09.07.2015	Chile: July IMACEC (2.5% YoY) in line with stabilization of growth (In Spanish)
09.07.2015	Colombia: An upward surprise in food prices removes inflation from its target (In Spanish)
09.02.2015	Mexico: Private sector credit increased 10.7% in July

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