

LatAm Daily | Economic activity slows down in Chile and inflation increases in Colombia

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In Chile, the Imacec grew below expectations in August with declines in manufacturing and mining that compensated the positive contribution from services. This prints a downward bias to our GDP forecasts. In Colombia, an upwards surprise in inflation due to food prices anticipates a further hike in the MPR. Exports figures will be released today in Colombia.

Chile - Imacec weakened to 1.1% YoY in August, missing expectations

Economic activity in August increased 1.1% YoY (-1.0% MoM), below our expectations and those of consensus (both at 2.0% YoY). The figure was driven by positive contributions from services but compensated by relevant declines in manufacturing and mining output -due to supply disruptions in some mining facilities and despite having one additional working-day. For September we estimate a preliminary figure in a range between 1.0% and 2.0% YoY. All in all, activity figures remain weak and print a downward bias to our GDP growth expectations -now at 2.2%- for 2015 (see our [Chile Flash](#) in Spanish for details).

Colombia - Sharply rise in food prices pushes inflation up to a six-year high

Prices rose to 5.4% YoY (0.72% MoM) in September, beating all forecasts (BBVAe 5%, Bloomberg: 5%). Food prices again surprised to the upside, posting a monthly rise of 1.3%, driven by the higher prices of fruit, vegetables and legumes. On the other hand, the 11% depreciation of the exchange rate registered between July and August revived again the exchange rate pass-through on inflation, leading tradable inflation to tick up 0.73% MoM, the second highest monthly rate in the year to date. The September result leads to a positive bias in our inflation forecast of 5.2% by the year end and anticipates a further increase in the monetary policy rate.

What to watch today

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

We expect exports to have fallen 42.0% YoY, settling at USD2,934mn, as during August, oil prices remained at low levels. Meanwhile, the manufacturing sector will still take time to reflect the impact of the further devaluation of the exchange rate.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
Vehicle Production Anfavea	7-Oct	Sep				216465
FGV Inflation IGP-DI MoM	7-Oct	Sep	1.23%			0.40%
IBGE Inflation IPCA MoM	7-Oct	Sep	0.52%	0.45%		0.22%
FGV CPI IPC-S	8-Oct	Oct	0.50%			0.42%
IGP-M Inflation 1st Preview	9-Oct	Oct	0.98%			0.56%
Chile						
Economic Activity YoY	5-Oct	Aug	2.00%	2.00%	1.13	2.50%
Trade Balance	7-Oct	Sep	-50.00	\$75.0		-\$61.5
Copper Exports	7-Oct	Sep				\$2416.3
International Reserves	7-Oct	Sep				\$38396
Nominal Wage MoM	7-Oct	Aug		0.20%		1.00%
Vehicle Sales Total	8-Oct	Sep				24374
CPI MoM	8-Oct	Sep	0.70%	0.60%		0.70%
Colombia						
CPI YoY	5-oct	Sep	5.00%	5.00%		4.74%
CPI Core YoY	5-oct	Sep		4.43%		4.20%
Colombia Monetary Policy Minutes	9-Oct					
Exports FOB	6-Oct	Aug	\$2934	\$2934		\$3001.9
Mexico						
Vehicle Domestic Sales AMIA	5-Oct	Sep			111330	110928
Central Bank Monetary Policy Minutes	5-Oct					
Consumer Confidence Index	6-Oct	Sep	91.50	91.9		90.4
Vehicle Production AMIA	6-Oct	Sep				292271
CPI MoM	8-Oct	Sep	0.42%	0.40%		0.21%
CPI Core MoM	8-Oct	Sep	0.36%	0.35%		0.20%
CPI YoY	8-Oct	Sep	2.55%	2.55%		2.59%
Nominal Wages	9-Oct	Sep				4.60%
Peru						
Trade Balance	9-Oct	Aug				-\$424m

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
10.05.2015	Chile: Imacec weakened to 1.1% YoY in August, missing expectations
10.02.2015	Mexico: Weak employment data in the US reduces the chance of a rate hike soon (In Spanish)
10.02.2015	Colombia: In three decades the country's GDP per capita doubled (In Spanish)
10.02.2015	Colombia: The automotive sector, more than a decade of acceleration (In Spanish)
10.02.2015	Peru: Inflation surprised on the upside in September
10.02.2015	Mexico: Remittances reach maximum growth & record of year, +13.1% & 2,266.4 million USD
10.02.2015	Mexico: Positive results in Phase 2 of Round 1 from better tendering process & contracts
10.01.2015	Chile: Minutes reveal that the CB Board aims to moderate expectations of rate hikes (In Spanish)
10.01.2015	Colombia: The unemployment in August is starting to reflect the economic slowdown (In Spanish)
09.30.2015	Chile: Indicators by sector point to a low Imacec in August at 2% YoY (In Spanish)
09.30.2015	Peru: Exports remained weak in August (In Spanish)
09.29.2015	Mexico: In July, mortgage lending grew 17%

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