

LatAm Daily | Fiscal expenditure contributes to the labour market resilience in Chile

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Chilean fiscal expenditure is the main reason behind the job-creation and low unemployment rate, but capital expenditures are slightly under-executed. In Colombia, monthly activity grew above expectations due to retail sales and the manufacturing sector. Today, data for industrial production in Brazil and exports in Colombia will be released, both are expected to decrease.

Chile - Fiscal expenditure is the main reason behind the labour market resilience

Fiscal expenditures grew 6.8% YoY in September, nonetheless showing a deceleration in public investment (+6.0% YoY). With this figure, the fiscal deficit amounts to 0.8% of GDP and still supports our view of a slight under-execution of capital expenditures, consistent with annual fiscal deficit of 2.9% of GDP and a real expenditures growth of 7.3% in 2015. In this context, fiscal support is still leaking towards the labour market, and we think it is the main reason behind the job-creation figures and the low unemployment rate (see our [Chile Flash](#) in Spanish for details).

Colombia - ISE confirms the positive surprise of GDP growth in 3Q15

ISE, a monthly activity indicator, grew 4.0 YoY s.a. (BBVAe 3.5%, Consensus: 3.2%). Since July, the ISE has accelerated, led by retail sales and a gradual improvement of the manufacturing sector. All in all, the 3Q15 GDP growth will be above our expectations.

What to watch today

Brazil - Industrial production (September, 7:00hrs NYT)

We expect industrial production to decline sharply again in September, reinforcing our view that GDP will drop again in 3Q15 following the contractions in the previous two quarters.

Colombia - Exports (September, 16:00hrs NYT)

We expect exports to have fallen 41% YoY settling at USD3,000 mn. We believe oil shipments could register the highest decrease while industrial exports should not show a recovery.

Calendar indicators

	Date	Period	Consensus	BBVAe	Actual	Prior
Brazil						
FGV CPI IPC-S	3-Nov	Oct	0.68%		0.76%	0.67%
Trade Balance Monthly	3-Nov	Oct	1232.5		\$1996m	\$2944m
Industrial Production MoM	4-Nov	Sep	-1.50%	-0.80%		-1.20%
FGV Inflation IGP-DI MoM	6-Nov	Oct	1.61%			1.42%
IBGE Inflation IPCA MoM	6-Nov	Oct	0.79%	0.70%		0.54%
Vehicle Production Anfavea	6-Nov	Oct				174240
Chile						
Economic Activity YoY	5-Nov	Sep	2.20%	2.20%		1.10%
Economic Activity MoM	5-Nov	Sep	0.50%	0.60%		-1.00%
Nominal Wage MoM	5-Nov	Sep				0.00%
CPI MoM	6-Nov	Oct	0.30%	0.20%		0.50%
CPI YoY	6-Nov	Oct	3.90%	3.80%		4.60%
CPI Ex Food and Energy MoM	6-Nov	Oct	0.30%	0.30%		0.50%
Colombia						
Economic Activity Index SA YoY	3-Nov	Aug	3.48%	3.50%	4%	3.70%
Exports FOB	4-Nov	Sep	\$2994	\$3.000		\$2809.1
CPI YoY	6-Nov	Oct	5.60%	5.60%		5.35%
CPI MoM	6-Nov	Oct	0.40%	0.40%		0.72%
CPI Core YoY	6-Nov	Oct				4.58%
CPI Core MoM	6-Nov	Oct				0.49%
Mexico						
IMEF Manufacturing Index SA	2-Nov	Oct	50.15		51.6	50.1
IMEF Non-Manufacturing Index SA	2-Nov	Oct	50.2		50.43	49.3
Vehicle Domestic Sales AMIA	2-Nov	Oct				111330
Remittances Total	3-Nov	Sep	\$2150		\$2060m	\$2266.4m
Gross Fixed Investment	4-Nov	Aug	3.80%			4.60%
Mexican Central Bank Releases Inflation Report	4-Nov					
Consumer Confidence Index	6-Nov	Oct	90.1			90.6
Vehicle Production AMIA	6-Nov	Oct				278781

Source: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
11.03.2015	Mexico: Credit to the private sector: grew 13.3% in September
11.03.2015	Mexico: Remittances grow 4.8% in September, with a flow of USD2,060mn (In Spanish)
11.03.2015	Peru: Inflation goes down in October but we expect this to be only transitory
11.03.2015	Colombia: BanRep increased the repo rate 50bp up to 5.25%
10.29.2015	Brazil: COPOM: the plan is still to leave interest rates unchanged
10.29.2015	Peru: In the third quarter, exports would have recorded its worst drop since 2009
10.29.2015	Mexico: Monetary pause continues. More relaxed tone result of lower economic activity
10.29.2015	Chile: September IMACEC would be 2% YoY (In Spanish)
10.28.2015	Mexico: The chances of a monetary rate hike in December increases
10.27.2015	Mexico: The banking mortgage financing grows 16% for the third consecutive month
10.26.2015	Mexico: In August the annual growth rate of the IGAE was 2.8%, higher than July (2.2%)
10.26.2015	Mexico: We estimate that the economy will have grown around 2.4% annually in Aug.
10.26.2015	Chile: October CPI projected to be 0.24% MoM (3.8% YoY) (In Spanish)

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