

# INTERNATIONAL MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report  
July 22, 2019

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## HIGHLIGHTS

- **US:** The Fed is expected to lower rates this week, although economic figures don't signal an imminent downturn
- **MEXICO:** Industrial production contracted in May, further affecting the year's economic outlook

## USA

The Fed is expected to lower rates this week, although economic figures don't signal an imminent downturn.

United States: Economic Indicators  
From July 15<sup>th</sup> to July 19<sup>th</sup>

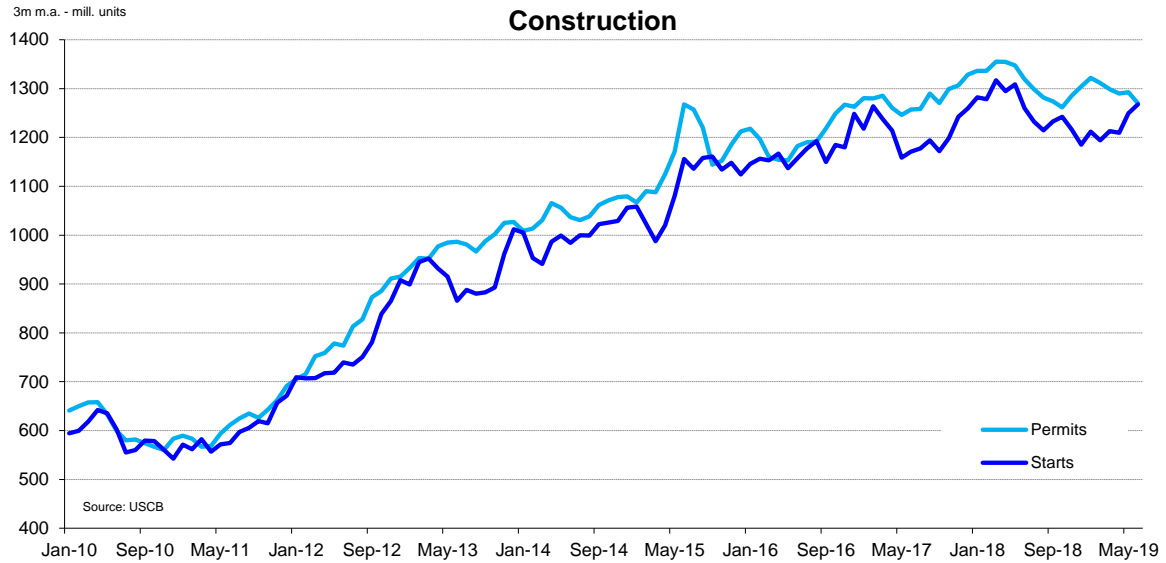
Date	Indicators	Period	Cons.	Prior	Actual
Mon 15	Empire Manufacturing	Jul	--	-8.6	4.3
Tue 16	Retail Sales Advance MoM	Jun	0.1%	0.5%	0.4%
	Retail Sales Ex Auto MoM	Jun	0.1%	0.5%	0.4%
	Retail Sales Ex Auto and Gas	Jun	--	0.5%	0.7%
	Retail Sales Control Group	Jun	--	0.5%	0.7%
	Industrial Production MoM	Jun	0.2%	0.4%	0.0%
	Manufacturing (SIC) Production	Jun	--	0.2%	0.4%
	NAHB Housing Market Index	Jul	--	64	65
Wed 17	MBA Mortgage Applications	jul-12	--	--	-1.1%
	Housing Starts MoM	Jun	-0.7%	-0.9%	-0.9%
	Building Permits MoM	Jun	0.1%	0.3%	-6.1%
	U.S. Federal Reserve Releases BB	--	--	--	--
Thu 18	Initial Jobless Claims	jul-13	--	--	216k
	Continuing Claims	jul-06	--	--	1686k
	Leading Index	Jun	--	0.0%	-0.3%
Fri 19	U. of Mich. Sentiment	Jul P	--	98.2	98.4

- While the market already discounts a 25bps rate cut during this week's FOMC Meeting, the path for the rest of the year is still unknown. While a few sectors like manufacturing have decelerated and confidence is on hold, consumptions is still solid and the labor market tight, showing a mixed scenario so far
- Nonetheless, the housing market remained weak despite lower mortgage rates. Housing starts fell 0.9% m/m in June, while Residential building permits dropped 6.1% m/m, the largest monthly drop since March 2016. Labor shortage, high material costs and land scarcity continue to be main sector drags

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## United States: Economic Indicators This week

Date	Indicators	Period	Cons.	Prior
Tue 23	FHFA House Price Index MoM	May	--	0.4%
	Existing Home Sales MoM	Jun	--	2.5%
Wed 24	MBA Mortgage Applications	jul-19	--	--
	Markit US Manufacturing PMI	Jul P	--	50.6
	Markit US Services PMI	Jul P	--	51.5
Thu 25	New Home Sales MoM	Jun	--	-7.8%
	Durable Goods Orders	Jun P	--	-1.3%
	Durables Ex Transportation	Jun P	--	0.4%
	Cap Goods Ship Nondef Ex Air	Jun P	--	0.6%
	Advance Goods Trade Balance	Jun	--	-\$74.5b
	Initial Jobless Claims	jul-20	--	--
	Cap Goods Orders Nondef Ex Air	Jun P	--	0.5%
	Continuing Claims	jul-13	--	--
	Retail Inventories MoM	Jun	--	0.5%
	Wholesale Inventories MoM	Jun P	--	--
Fri 26	GDP Annualized QoQ	2Q A	--	3.1%
	Personal Consumption	2Q A	--	0.9%

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United States			
Long Run Economic Indicators			
Indicator	2018	2019E	2020E
Real GDP (% ch saar)	2,86%	2,33%	1,87%
Investment (% GDP)	21,12%	21,56%	21,55%
Exports (% ch saar)	3,94%	2,71%	2,63%
Imports (% ch saar)	4,59%	3,90%	2,96%
CPI annual chg	1,97%	2,67%	2,40%
Gross national savings rate (% GDP)	19,00%	19,16%	18,92%
Unemployment rate	3,89%	3,89%	3,71%
Primary Budget Balance (% GDP)	-2,64%	-2,87%	-2,38%
Government Net Debt (% GDP)	80,88%	83,35%	86,22%
Current Account (% GDP)	-2,29%	-2,41%	-2,63%

Source: IMF

## MEXICO

Industrial production contracted in May, further affecting the year's economic outlook

Mexico: Economic Indicators  
From July 15<sup>th</sup> to July 19<sup>th</sup>

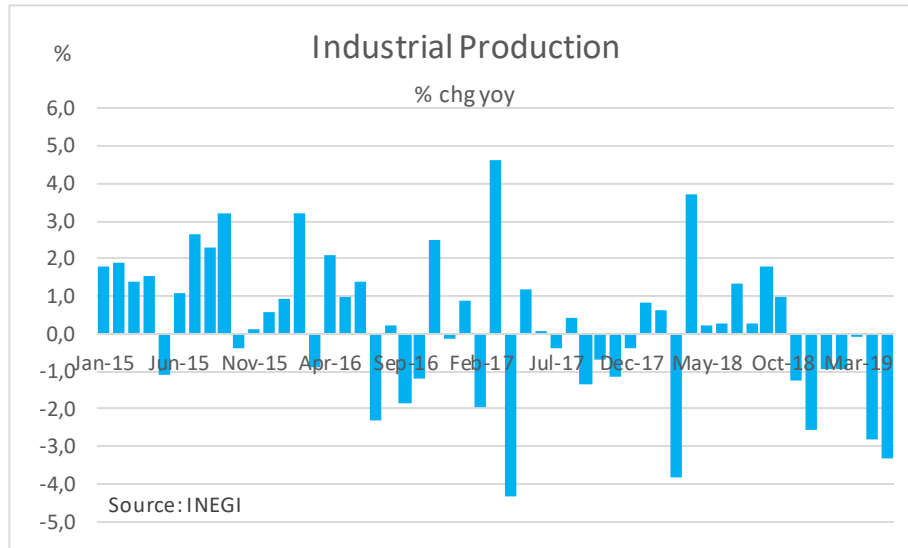
Date	Indicators	Period	Cons.	Prior	Actual
NA					

- The decelerating trend in activity continued in the second quarter. Industrial production fell 3.3% yoy, following a 2.8% drop in April, the biggest annual decrease in 14 months. Furthermore, activity fell 2.1% mom seasonally adjusted, dragged by Construction (-9.8%) and Mining (-8.9%)
- Despite trade tensions with the US have diminished, second quarter figures signal deteriorated confidence and high uncertainty, as the new government has been unable to diminish rising concerns regarding its policies and oil state company Pemex

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## Mexico: Economic Indicators This week

Date	Indicators	Period	Cons.	Prior
Thu 25	Retail sales y/y	May	--	1.6%
	Retail sales m/m	May	--	0.7%
Fri 26	Trade balance	Jun	--	1030.7m
	Economic activity IGAE y/y	May	--	-1.41%
	Economic activity IGAE m/m	May	--	0.12%

## Mexico

### Long Run Economic Indicators

Indicator	2018	2019E	2020E
Real GDP (% ch)	1,99%	1,63%	1,94%
Investment (% GDP)	23,01%	22,96%	22,57%
Exports (% ch)	5,75%	3,31%	3,34%
Imports (% ch)	6,20%	2,97%	3,50%
CPI annual chg	4,83%	3,08%	3,00%
Gross national savings rate (% GDP)	21,19%	21,26%	20,67%
Unemployment rate	3,33%	3,49%	3,56%
Primary Budget Balance (% GDP)	1,79%	1,46%	1,36%
Government Net Debt (% GDP)	45,02%	45,57%	45,93%
Current Account (% GDP)	-1,81%	-1,70%	-1,90%
Exchange Rate MXN/USD	19,70	20,00	19,80

Source: IMF

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## BRAZIL

Brazil: Economic Indicators From July 15 <sup>th</sup> to July 19 <sup>th</sup>					
Date	Indicators	Period	Cons.	Prior	Actual
Mon 15	Economic activity m/m	Jun	--	-0.47%	0.54%
	Economic activity y/y	Jun	--	-0.62%	4.40%
Thu 18	CNI industrial confidence	Jul	--	56.9	57.4

Brazil: Economic Indicators This week				
Date	Indicators	Period	Cons.	Prior
Wed 24	FGV consumer confidence	Jul	--	88.5
Thu 25	Current account balance	Jun	--	\$662m
	Foreign direct investment	Jun	--	\$7070m
	Federal debt total	Jun	--	3891b

Brazil			
Long Run Economic Indicators			
Indicator	2018	2019E	2020E
Real GDP (% ch)	1,11%	2,06%	2,53%
Investment (% GDP)	15,40%	15,92%	16,47%
Exports (% ch)	7,09%	4,21%	3,89%
Imports (% ch)	6,79%	12,73%	3,93%
CPI annual chg	3,75%	3,93%	4,03%
Gross national savings rate (% GDP)	14,62%	14,22%	14,86%
Unemployment rate	12,26%	11,40%	10,20%
Primary Budget Balance (% GDP)	-1,68%	-1,81%	-1,03%
Government Net Debt (% GDP)	54,14%	56,18%	58,74%
Current Account (% GDP)	-0,78%	-1,69%	-1,61%
Exchange Rate BRL/USD	3,88	3,90	3,90

Source: IMF

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## CHILE

Chile: Economic Indicators From July 15 <sup>th</sup> to July 19 <sup>th</sup>					
Date	Indicators	Period	Cons.	Prior	Actual
Thu 18	Overnight target rate	31 jul	--	2.50%	2.50%

Chile: Economic Indicators This week				
Date	Indicators	Period	Cons.	Prior
	NA			

Chile			
Long Run Economic Indicators			
Indicator	2018	2019E	2020E
Real GDP (% ch)	4,02%	3,40%	3,24%
Investment (% GDP)	22,66%	23,16%	22,97%
Exports (% ch)	4,94%	1,67%	3,28%
Imports (% ch)	7,62%	1,61%	2,41%
CPI annual chg	2,14%	2,65%	3,00%
Gross national savings rate (% GDP)	19,50%	19,94%	20,20%
Unemployment rate	6,90%	6,49%	6,24%
Primary Budget Balance (% GDP)	-1,16%	-1,39%	-1,02%
Government Net Debt (% GDP)	6,06%	8,29%	10,03%
Current Account (% GDP)	-3,08%	-3,22%	-2,77%
Exchange Rate CLP/USD	660,00	650,00	650,00

Source: IMF

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## COLOMBIA

Colombia: Economic Indicators  
From July 15<sup>th</sup> to July 19<sup>th</sup>

Date	Indicators	Period	Cons.	Prior	Actual
Mon 15	Manufacturing Production y/y	May	--	-1.3%	3.2%
	Retail sales y/y	May	--	4.0%	8.2%
Wed 17	Industrial Production y/y	May	--	0.2%	3.2%
	Consumer confidence index	Jun	--	-5.0%	-6.3%
Fri 19	Trade balance	May	--	-\$460.1m	-\$1.020m

Colombia: Economic Indicators  
This week

Date	Indicators	Period	Cons.	Prior
Mon 22	Economic activity y/y	May	--	2.1%
Wed 24	Industrial confidence	Jun	--	7.1%
	Retail confidence	Jun	--	26.3%
Fri 26	Overnight lending rate	26 jul	--	4.25%

Colombia			
Long Run Economic Indicators			
Indicator	2018	2019E	2020E
Real GDP (% ch)	2,66%	3,54%	3,65%
Investment (% GDP)	21,00%	22,05%	21,56%
Exports (% ch)	-2,69%	4,15%	6,90%
Imports (% ch)	6,77%	4,51%	5,85%
CPI annual chg	3,18%	3,19%	3,04%
Gross national savings rate (% GDP)	17,20%	18,12%	17,80%
Unemployment rate	9,70%	9,70%	9,50%
Primary Budget Balance (% GDP)	0,55%	0,08%	1,56%
Government Net Debt (% GDP)	40,61%	40,78%	39,62%
Current Account (% GDP)	-3,80%	-3,93%	3,76%
Exchange Rate COP/USD	3,05	3,12	3,14

Source: IMF

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## PERU

Peru: Economic Indicators From July 15 <sup>th</sup> to July 19 <sup>th</sup>					
Date	Indicators	Period	Cons.	Prior	Actual
Mon 15	Economic activity y/y	May	--	0.0%	0.6%
	Unemployment rate	Jun	--	6.7%	6.3%

Peru: Economic Indicators This week				
Date	Indicators	Period	Cons.	Prior
	NA			

Peru			
Long Run Economic Indicators			
Indicator	2018	2019E	2020E
Real GDP (% ch)	3,99%	3,93%	3,98%
Investment (% GDP)	21,83%	22,73%	23,34%
Exports (% ch)	1,49%	3,69%	3,30%
Imports (% ch)	1,57%	4,28%	5,27%
CPI annual chg	2,19%	2,17%	2,01%
Gross national savings rate (% GDP)	20,34%	21,32%	21,80%
Unemployment rate	6,70%	6,58%	6,49%
Primary Budget Balance (% GDP)	-0,99%	-0,59%	0,05%
Government Net Debt (% GDP)	10,36%	11,63%	12,28%
Current Account (% GDP)	-1,49%	-1,41%	-1,54%
Exchange Rate PEN/USD	3,30	3,35	3,30

Source: IMF

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