INTERNATIONAL MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

August 6, 2019

Index

HIGHLIGHTS

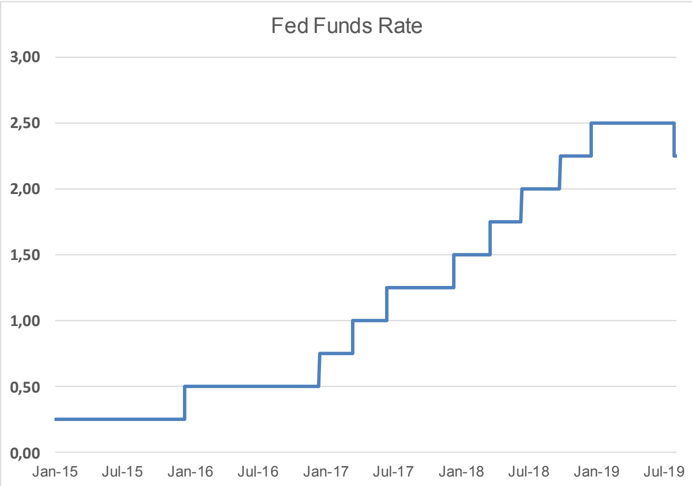
- **US**: The Fed cut rates by 25bps, but extension of the trade conflict with China is likely to pressure for further cuts this year.
- **MEXICO**: BRAZIL: The Central Bank cut the benchmark rate by 50bps to 6.00% in order to support economic recovery.

USA

United States: Economic Indicators
From July 29th to August 2nd

Date	Indicators	Period	Cons.	Prior	Actual
Tue 30	Personal Income	Jun	0.4%	0.5%	0.4%
	Personal Spending	Jun	0.3%	0.4%	0.3%
	PCE Deflator MoM	Jun	0.1%	0.2%	0.1%
	PCE Deflator YoY	Jun	1.5%	1.5%	1.4%
	PCE Core Deflator MoM	Jun	0.2%	0.2%	0.2%
	PCE Core Deflator YoY	Jun	1.7%	1.6%	1.6%
	Pending Home Sales MoM	Jun	0.5%	1.1%	2.8%
	Pending Home Sales NSA YoY	Jun	0.7%	-0.8%	-0.6%
	Conf. Board Consumer Confidence	Jul	125.0	121.5	135.7
Wed 31	MBA Mortgage Applications	jul-26	--	-1.9%	-1.4%
	FOMC Rate Decision (Upper Bound)	jul-31	2.25%	2.50%	2.25%
	FOMC Rate Decision (Lower Bound)	jul-31	2.00%	2.25%	2.00%
Thu 01	Initial Jobless Claims	jul-27	214k	206k	215k
	Continuing Claims	jul-20	1679k	1676k	1699k
	ISM Manufacturing	Jul	52.0	51.7	51.2
	Construction Spending MoM	Jun	0.3%	-0.8%	-1.3%
Fri 02	Change in Nonfarm Payrolls	Jul	165k	224k	164k
	Unemployment Rate	Jul	3.7%	3.7%	3.7%
	Average Hourly Earnings MoM	Jul	0.2%	0.2%	0.3%
	Average Hourly Earnings YoY	Jul	3.1%	3.1%	3.2%
	Trade Balance	Jun	-$54.6b	-$55.5b	-$55.2b
	Durable Goods Orders	Jun F	--	2.0%	1.9%
	Durables Ex Transportation	Jun F	--	1.2%	1.0%
	Cap Goods Orders Nondef Ex Air	Jun F	--	1.9%	1.5%
	Cap Goods Ship Nondef Ex Air	Jun F	--	0.6%	0.3%
	U. of Mich. Sentiment	Jul F	98.5	98.4	98.4

- As expected, the Fed cut rates by 25bps to a range between 2.00%-2.25%. However, it justified its decision more on risks from slowing global demand and extension of trade disputes with China, than on unfavorable US economic figures. Its timid response to clearly signal further rate cuts was not welcomed by markets.
- Moreover, Trump´s decision to increase tariffs on Chinese imports, and China´s yuan depreciation, further affected markets. As an end to the conflict looks unlikely in the near term, higher uncertainty and rising costs will weigh on growth, hence, increasing chances of further interest rate cuts along the year.



United States: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Mon 05	ISM Non-Manufacturing Index	Jul	55.5	55.1
Wed 07	MBA Mortgage Applications	Aug 2	--	-1.4%
	Consumer Credit	Jun	$17.000b	$17.086b
Thu 08	Initial Jobless Claims	Aug 3	--	215k
	Continuing Claims	jul-27	--	1699k
	Wholesale Trade Sales MoM	Jun	--	0.1%
	Wholesale Inventories MoM	Jun F	0.2%	0.2%

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

Mexico: Economic Indicators
From July 29th to August 2nd

Date	Indicators	Period	Cons.	Prior	Actual
Mon 29	Unemployment	Jun	3.52%	3.51%	3.57%
Wed 31	GDP y/y	2Q P	-0.3%	1.2%	-0.7%
	GDP q/q	2Q P	-0.1%	-0.2%	0.1%
Thu 01	Markit PMI Manufacturing	Jul	--	49.2	49.8
	IMEF non-manufacturing Index sa	Jul	47.8	47.7	47.1
	IMEF manufacturing index sa	Jul	46.8	49.0	49.6
Fri 02	Vehicle domestic sales	Jul	--	106398	105699
	Leading indicators m/m	Jun	--	0.00	0.01

Mexico: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Mon 05	Consumer confidence index	Jul	--	106.1
Tue 06	Vehicle production	Jul	--	337253
	Vehicle exports	Jul	--	320470
	Gross fixed investment	May	--	-5.7%
Thu 08	CPI y/y	Jul	--	3.95%
	CPI m/m	Jul	--	0.06%
	CPI core m/m	Jul	--	0.30%
Fri 09	Industrial production NSA y/y	Jun	--	-3.3%
	Industrial production SA m/m	Jun	--	-2.1%
	Nominal wages	Jul	--	6.1%

Mexico
Long Run Economic Indicators

Indicator	2018	2019E	2020E
Real GDP (% ch)	1,99%	0,90%	1,90%
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

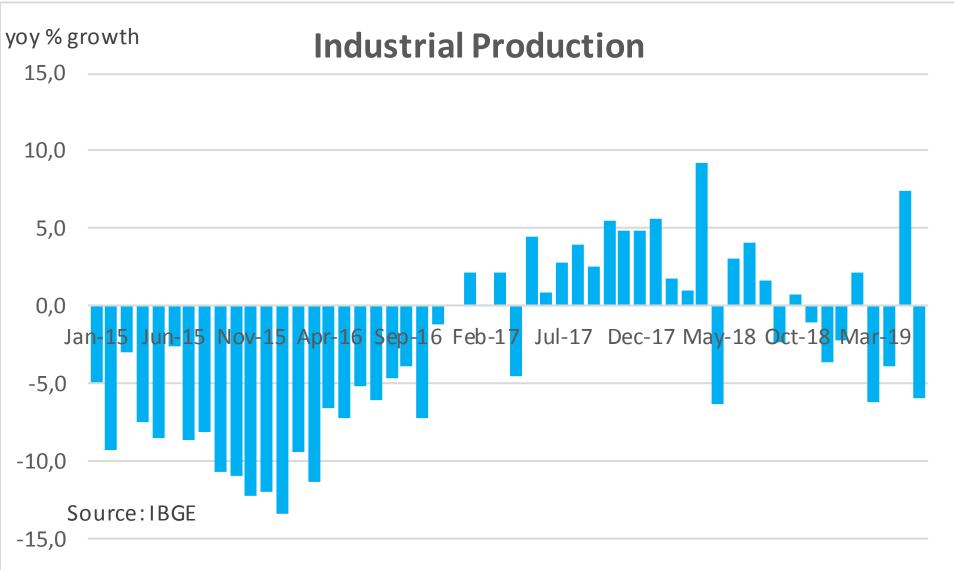
Source: IMF

BRAZIL

- The outlook changed gradually along the year as economic figures did not back high enthusiasm towards the incoming government. Slow progress in the reform agenda in the first half further affected the slowdown. The CB unanimously decided to cut the Selic rate to its lowest level in 20 years, based on moderate inflation and decelerating economy. This decision, together with recent positive developments on the pension reform should help boost activity.

- As expected, Industrial production fell 0.6% mom seasonally adjusted in June and 5.9% yoy, driven by a drop in capital and intermediate goods production, which fell in 17 out of 26 surveyed sectors.

- Moreover, the manufacturing sector further deteriorated in July, dragged by weak demand and falling business sentiment. The Markit PMI dropped to 49.9, below expansion threshold, signaling sector contraction.



Brazil: Economic Indicators
From July 29th to August 2nd

Date	Indicators	Period	Cons.	Prior	Actual
Mon 29	Net debt % GDP	Jun	55.2%	54.7%	55.2%
Wed 31	Unemployment	Jun	12.0%	12.3%	12.0%
	Selic Rate	31 jul	6.25%	6.50%	6.00%
Thu 01	Industrial Production m/m	Jun	-0.4%	-0.2%	-0.6%
	Industrial Production y/y	Jun	-6.1%	7.1%	-5.9%
	Markit PMI Manufacturing	Jul	--	51.0	49.9
	Trade Balance	Jul	$3416m	$5019m	$2293m

Brazil: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Mon 05	Markit PMI services	Jul	--	48.2
Tue 06	Vehicle Sales Anfavea	Jul	--	223198
	Vehicle Production Anfavea	Jul	--	233113
	Vehicle Exports Anfavea	Jul	--	40304
Wed 07	Retail sales m/m	Jun	--	-0.1%
	Retail sales y/y	Jun	--	1.0%
Thu 08	IBGE Inflation IPCA m/m	Jul	0.18%	0.01%
	IBGE Inflation IPCA y/y	Jul	3.19%	3.37%
Fri 09	IBGE services sector volumen y/y	Jun	--	4.8%

Brazil
Long Run Economic Indicators

Indicator	2018	2019E	2020E
Real GDP (% ch)	1,11%	0,80%	2,40%
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

Capital Markets Argentina S.A.
Esmeralda 130 Piso 5 (1035)
54 (11) 4320-1900
www.capitalmarkets.com.ar

CHILE

Chile: Economic Indicators
From July 29th to August 2nd

Date	Indicators	Period	Cons.	Prior	Actual
Wed 31	Unemployment rate	Jun	7.2%	7.1%	7.1%
	Industrial Production y/y	Jun	-1.5%	-0.2%	-2.9%
	Manufacturing production y/y	Jun	-2.0%	1.9%	-5.4%
	Copper production total	Jun	--	492322	474740
Fri 02	Retail sales	Jun	0.0%	3.3%	-0.9%

Chile: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Mon 05	Economic activity m/m	Jun	--	0.2%
	Economic activity y/y	Jun	--	2.3%
	Vehicle sales total	Jul	--	28446
Wed 07	Trade balance	Jul	--	$317m
	Copper exports	Jul	--	$2628m
	International reserves	Jul	--	$39457m
	Nominal wage y/y	Jun	--	5.1%
Thu 08	CPI m/m	Jul	--	0.0%
	CPI y/y	Jul	--	2.3%

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

Capital Markets Argentina S.A.
Esmeralda 130 Piso 5 (1035)
54 (11) 4320-1900
www.capitalmarkets.com.ar

COLOMBIA

Colombia: Economic Indicators
From July 29th to August 2nd

Date	Indicators	Period	Cons.	Prior	Actual
Wed 31	Unemployment	Jun	--	10.5%	9.4%
Fri 02	Exports FOB	Jun	$3100m	$3765.0m	$3043.5m

Colombia: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Mon 05	CPI y/y	Jul	3.76%	3.43%
	CPI m/m	Jul	0.22%	0.27%
	CPI Core y/y	Jul	--	3.23%
	CPI core m/m	Jul	--	0.16%

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

Capital Markets Argentina S.A.
Esmeralda 130 Piso 5 (1035)
54 (11) 4320-1900
www.capitalmarkets.com.ar

PERU

Peru: Economic Indicators From July 29th to August 2nd					
Date	**Indicators**	**Period**	**Cons.**	**Prior**	**Actual**
Thu 01	CPI m/m	Jul	0.25%	--	0.20%
	CPI y/y	Jul	2.17%	--	2.11%

Peru: Economic Indicators This week				
Date	**Indicators**	**Period**	**Cons.**	**Prior**
Fri 09	Reference Rate	8 aug	--	2.75%
	Trade Balance	Jun	--	$29m

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

Graciela Cairoli
Director

Alejandro Quelch
Head of Research Department
aquelch@capitalmarkets.com.ar

Jaime Krause
Head of Asset Management
Portfolio Manager

Noelia Lucini, CFA
Fixed Income Strategy.
Portfolio Manager

Nicolas Viveros
Senior Analyst (Fixed Income)
nviveros@capitalmarkets.com.ar

Agustin Giannattasio, CFA
Equity Senior Analyst
agiannattasio@capitalmarkets.com.ar

María Teresa Leiva
Macroeconomic Analyst
mleiva@capitalmarkets.com.ar

Juan José Guma
Analyst
jguma @capitalmarkets.com.ar

Valeria Flores
Virtual Library Administrator.
Assistant
vflores@capitalmarkets.com.ar

Dolores Jáuregui
Communication with external Analysts
Assistant
djauregui@capitalmarkets.com.ar

****** Capital Markets Argentina S.A. – Non-Research Disclosures ******

Legal and disclosure information

This material/information is not for retail clients or private individuals.

Notice to U.S. investors

This material is not to be distributed in the United States, except to Major US institutional Investors as defined in SEC Rule 15a-6 ("Rule 15a-6"). Capital Markets Argentina (CMA) has entered into arrangements with Epic Capital Securities Corp. ("ECSC") a FINRA member broker-dealer which enables this material to be furnished to eligible U.S. recipients in reliance on Rule 15a-6 under the U.S. Securities Exchange Act of 1934, as amended.

Each U.S. recipient of this material represents and agrees, by virtue of its acceptance thereof, that it is such a "major U.S. institutional investor" (as such term is defined in Rule 15a-6) and that it understands the risks involved in executing transactions in any securities referenced in these materials. Any U.S. recipient of this information that wishes to discuss or receive additional information regarding any topic, security or other items herein, or engage in any transaction to purchase or sell or solicit or offer the purchase or sale of any securities referenced in this material, should contact a registered representative of ECSC, which maintains a chaperoning arrangement with CMA. ECSC is a broker-dealer registered with the SEC, Member of FINRA and SIPC. You can reach ECSC at 2000 Glades Road, Suite 210 Boca Raton, FL 33431, phone (561) 829-2173. Further information is also available at www.epiccapitalfl.com. You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC directly at 202-371-8300; website: http://www.sipc.org.

ECSC and CMA are under common control and ownership and maintain certain dually associated persons. CMA is a registered Futures Broker-Dealer in Argentina and was formed in 1990. The company is a member of the Rosario Futures Market approved to act as an agent and compensation member. CMA is regulated by the Rofex market and the Comisión Nacional de Valores. CMA also acts as investment advisor for local equity and fixed income products for individuals, corporations and institutional investors. CMA is located at Esmeralda 130, 8th. Floor, zip code: C1035ABD, Buenos Aires, Argentina. Further information is also available at: www.capitalmarkets.com.ar

The information contained in this publication was obtained from various publicly available sources believed to be reliable, but has not been independently verified by CMA or ECSC. CMA and ECSC do not warrant the completeness or accuracy of such information and do not accept any liability with respect to the accuracy or completeness of such information, except to the extent required by applicable law. **This publication is a brief summary and does not purport to contain all available information on the subjects covered. Further information may be available on request. This material may not be reproduced for further publication unless the source is quoted. This publication is for information purposes only and shall not be construed as an offer or solicitation for the subscription or purchase or sale of any securities, or as an invitation, inducement or intermediation for the sale, subscription or purchase of any securities, or for engaging in any other transaction. This publication is not for private individuals.**

Any opinions, projections, forecasts or estimates in this material are those of the author and entity listed on the front page of this material only, who has acted with a high degree of expertise. They reflect only the current views of the author at the date of this publication and are subject to change without notice. CMA and ECSC have no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the event that any matter, opinion, projection, forecast or estimate contained herein, changes or subsequently becomes inaccurate. The analysis, opinions, projections, forecasts and estimates expressed in this material in no way affected or influenced by the issuer. The author of this material benefits financially from the overall success of CMA.

The investments referred to in this publication may not be suitable for all recipients. Recipients are urged to base their investment decisions upon their own appropriate investigations that they deem necessary. Any loss or other consequence arising from the use of the material contained in this publication shall be the sole and exclusive responsibility of the investor, CMA and ECSC do not accept any liability for any such loss or consequence. In the event of any doubt about any investment, recipients should contact their own investment, legal and/or tax advisers to seek advice regarding the appropriateness of investing. Some of the investments mentioned in this publication may not be readily liquid investments. Consequently it may be difficult to sell or realize such investments. The past is not necessarily a guide to future performance of an investment. The value of investments and the income derived from them may fall as well as rise and investors may not get back the amount invested. Some investments discussed in this publication may have a high level of volatility. High volatility investments may experience sudden and large falls in their value which may cause losses. International investing includes risks related to political and economic uncertainties of foreign countries, as well as currency risk.

To the extent permitted by applicable law, no liability whatsoever is accepted for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of this publication or its contents.