INTERNATIONAL MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

August 13, 2019

Index

HIGHLIGHTS

– **US**: Delay in applying tariffs to some Chinese imports increased hopes for a trade truce.

– **MEXICO**: Industrial production slowed in June following weak auto sales and softening domestic demand.

USA

United States: Economic Indicators
From August 5th to August 9th

Date	Indicators	Period	Cons.	Prior	Actual
Mon 05	ISM Non-Manufacturing Index	Jul	55.5	55.1	53.0
Wed 07	MBA Mortgage Applications	Aug 2	--	-1.4%	5.3%
	Consumer Credit	Jun	$17.000b	$17.086b	$14.596b
Thu 08	Initial Jobless Claims	Aug 3	--	215k	209k
	Continuing Claims	jul-27	--	1699k	1684k
	Wholesale Trade Sales MoM	Jun	--	0.1%	-0.3%
	Wholesale Inventories MoM	Jun F	0.2%	0.2%	0.0%

– After various weeks of escalating tension between the US and China, today´s decision to exclude many goods from September´s tariff increase was welcomed. This rose expectations negotiations soon resume and increased the agriculture sector´s mood, anticipating products are finally exported to China.

– Following slow inflation during the first half, July´s figures signaled already in place tariffs have come through to prices. The CPI rose 0.3% mom and 2% yoy, driven by energy prices. While core prices rose 0.3% for a second straight month, the strongest two-month gain in more than a decade. The rise in core prices exceeded forecasts by 0.1pp and was the result of large increases in prices of import-dependent categories like information-technology and household furnishings and supplies.

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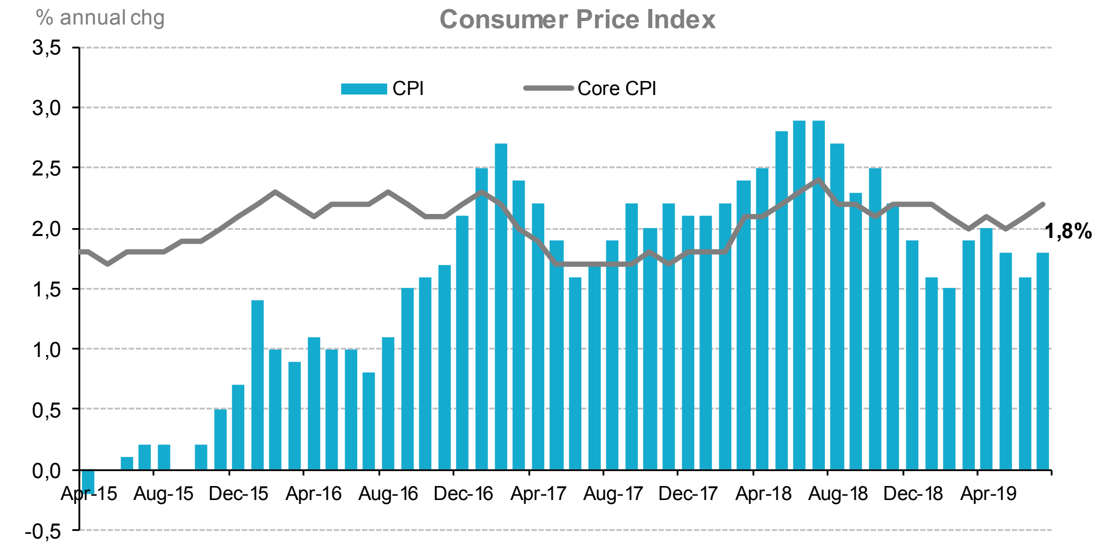


Source: Bloomberg

United States: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Mon 12	Monthly Budget Statement	Jul	-$120.0b	-$76.9b
Tue 13	NFIB Small Business Optimism	Jul	104.0	103.3
	CPI MoM	Jul	0.3%	0.1%
	CPI Ex Food and Energy MoM	Jul	0.2%	0.3%
	CPI YoY	Jul	1.7%	1.6%
	CPI Ex Food and Energy YoY	Jul	2.1%	2.1%
	CPI Core Index SA	Jul	263.302	262.803
	CPI Index NSA	Jul	256.441	256.143
Wed 14	MBA Mortgage Applications	Aug 9	--	5.3%
	Import Price Index MoM	Jul	-0.1%	-0.9%
	Import Price Index ex Petroleum MoM	Jul	-0.1%	-0.4%
	Import Price Index YoY	Jul	-2.0%	-2.0%
	Export Price Index MoM	Jul	-0.1%	-0.7%
	Export Price Index YoY	Jul	--	-1.6%
Thu 15	Empire Manufacturing	Aug	2.0	4.3
	Retail Sales Advance MoM	Jul	0.3%	0.4%
	Retail Sales Ex Auto and Gas	Jul	0.4%	0.7%
	Retail Sales Ex Auto MoM	Jul	0.4%	0.4%
	Initial Jobless Claims	Aug 10	213k	209k
	Continuing Claims	Aug 3	1685k	1684k
	Industrial Production MoM	Jul	0.1%	0.0%
	Manufacturing (SIC) Production	Jul	-0.3%	0.4%
	NAHB Housing Market Index	Aug	65	65
	Business Inventories	Jun	0.1%	0.3%
Fri 15	Housing Starts MoM	Jul	0.2%	-0.9%
	Building Permits MoM	Jul	3.1%	-6.1%
	U. of Mich. Sentiment	Aug P	97.0	98.4

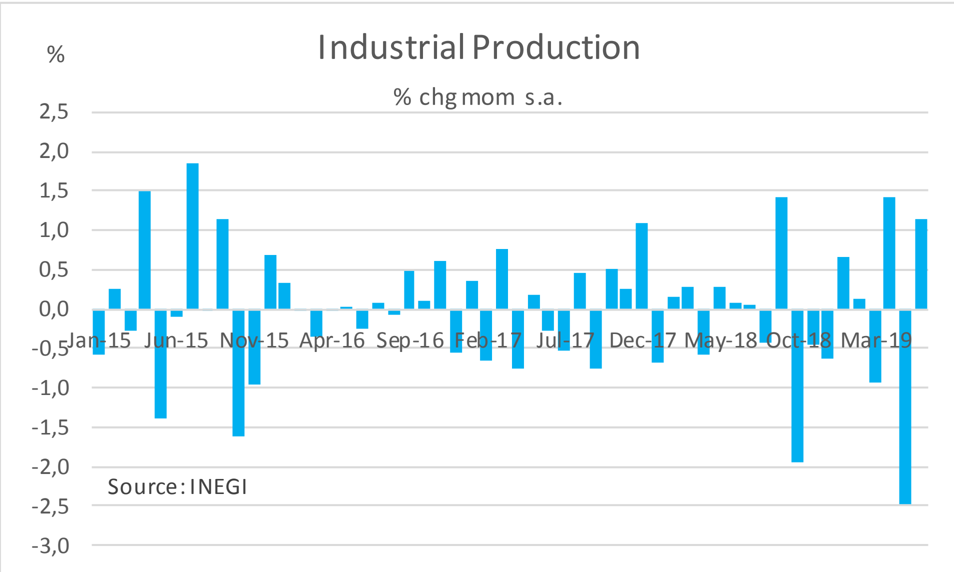
United States			
Long Run Economic Indicators			
Indicator	**2018**	**2019E**	**2020E**
Real GDP (% ch saar)	2,86%	2,33%	1,87%
Investment (% GDP)	21,12%	21,56%	21,55%
Exports (% ch saar)	3,94%	2,71%	2,63%
Imports (% ch saar)	4,59%	3,90%	2,96%
CPI annual chg	1,97%	2,67%	2,40%
Gross national savings rate (% 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

- Dragged by mining and construction, activity has faltered during the first half. Industrial production dropped 2.1% yoy. Moreover, the manufacturing sector continued to deteriorate in July, while the IMEF´s PMI rose to 49.6, it remained below the 50-point threshold, signaling contraction. The recent government´s business plan to revamp Pemex´s production is likely to help boost activity, although it is still too early to evaluate its impact, despite skepticism due to concerns over the impact on fiscal sustainability.

- Confidence has weakened in the past five months, the INEGI index dropped to 105.1, reflecting deterioration across all five components. The overall assessment of the economy for the next 12 months and of the current financial situation worsened from June.



Mexico: Economic Indicators From August 5th to August 9th					
Date	**Indicators**	**Period**	**Cons.**	**Prior**	**Actual**
Mon 05	Consumer confidence index	Jul	--	106.1	105.1
Tue 06	Vehicle production	Jul	--	337253	292641
	Vehicle exports	Jul	--	320470	270904
	Gross fixed investment	May	--	-5.7%	-7.4%
Thu 08	CPI y/y	Jul	--	3.95%	3.78%
	CPI m/m	Jul	--	0.06%	0.38%
	CPI core m/m	Jul	--	0.30%	0.26%
Fri 09	Industrial production NSA y/y	Jun	--	-3.3%	-2.9%
	Industrial production SA m/m	Jun	--	-2.1%	1.1%
	Nominal wages	Jul	--	6.1%	5.9%

Mexico: Economic Indicators This week				
Date	**Indicators**	**Period**	**Cons.**	**Prior**
Mon 12	Formal job creation total	Jul	--	-14.2k
Thu 15	Overnight rate	15 aug	8.25%	8.25%

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

Brazil: Economic Indicators From August 5th to August 9th					
Date	**Indicators**	**Period**	**Cons.**	**Prior**	**Actual**
Mon 05	Markit PMI services	Jul	--	48.2	52.2
Tue 06	Vehicle Sales Anfavea	Jul	--	223198	243614
	Vehicle Production Anfavea	Jul	--	233113	266371
	Vehicle Exports Anfavea	Jul	--	40304	42115
Wed 07	Retail sales m/m	Jun	--	-0.1%	0.1%
	Retail sales y/y	Jun	--	1.0%	-0.3%
Thu 08	IBGE Inflation IPCA m/m	Jul	0.18%	0.01%	0.19%
	IBGE Inflation IPCA y/y	Jul	3.19%	3.37%	3.22%
Fri 09	IBGE services sector volumen y/y	Jun	--	4.8%	-3.6%

Brazil: Economic Indicators This week				
Date	**Indicators**	**Period**	**Cons.**	**Prior**
Mon 12	Economic activity m/m	Jun	0.10%	0.54%
	Economic activity y/y	Jun	-2.33%	4.40%
Wed 14	Formal Job creation total	Jul	43335	48436
Fri 16	CNI industrial confidence	Aug	--	57.4

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

CHILE

Chile: Economic Indicators From August 5th to August 9th					
Date	**Indicators**	**Period**	**Cons.**	**Prior**	**Actual**
Mon 05	Economic activity m/m	Jun	--	0.2%	0.0%
	Economic activity y/y	Jun	--	2.3%	1.3%
Tue 06	IMCE nosiness confidence	Jul	--	50.16	50.36
Wed 07	Trade balance	Jul	--	$317m	-$29m
	Copper exports	Jul	--	$2628m	$2639m
	International reserves	Jul	--	$39457m	$39045m
	Nominal wage y/y	Jun	--	5.1%	4.9%
Thu 08	CPI m/m	Jul	--	0.0%	0.2%
	CPI y/y	Jul	--	2.3%	2.2%

Chile: Economic Indicators This week				
Date	**Indicators**	**Period**	**Cons.**	**Prior**
Mon 12	Vehicle sales total	Jul	--	28446

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

COLOMBIA

Colombia: Economic Indicators From August 5th to August 9th					
Date	**Indicators**	**Period**	**Cons.**	**Prior**	**Actual**
Mon 05	CPI y/y	Jul	3.76%	3.43%	3.79%
	CPI m/m	Jul	0.22%	0.27%	0.22%
	CPI Core y/y	Jul	--	3.23%	3.31%
	CPI core m/m	Jul	--	0.16%	0.14%

Colombia: Economic Indicators This week				
Date	**Indicators**	**Period**	**Cons.**	**Prior**
Wed 14	Manufacturing Production y/y	Jun	2.0%	3.2%
	Retail sales y/y	Jun	5.4%	8.2%
	Trade balance	Jun	-$760.0m	-$817.1m
	Industrial production y/y	Jun	--	2.1%
Thu 15	GDP q/q	2Q	1.3%	0.0%
	GDP y/y nsa	2Q	2.9%	2.8%
	Economic activity nsa y/y	Jun	3.0%	3.1%

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

Date	Indicators	Period	Cons.	Prior	Actual
Peru: Economic Indicators From August 5th to August 9th					
Fri 09	Reference Rate	8 aug	--	2.75%	2.50%
	Trade Balance	Jun	--	$29m	$745m

Date	Indicators	Period	Cons.	Prior
Peru: Economic Indicators This week				
Thu 15	Economic activity y/y	Jun	2.3%	0.6%
	Unemployment rate	Jul	6.5%	6.3%

Indicator	2018	2019E	2020E
Peru Long Run Economic Indicators			
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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