INTERNATIONAL MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

August 21, 2019

Index

HIGHLIGHTS

- **US**: With over a month to go before the next monetary policy meeting, the Fed has the challenge to anticipate how the economy will perform as the trade war extends and global demand weakens
- **BRAZIL**: Advances in the government´s reform agenda boosted business confidence

USA

With over a month to go before the next monetary policy meeting, the Fed has the challenge to anticipate how the economy will perform as the trade war extends and global demand weakens

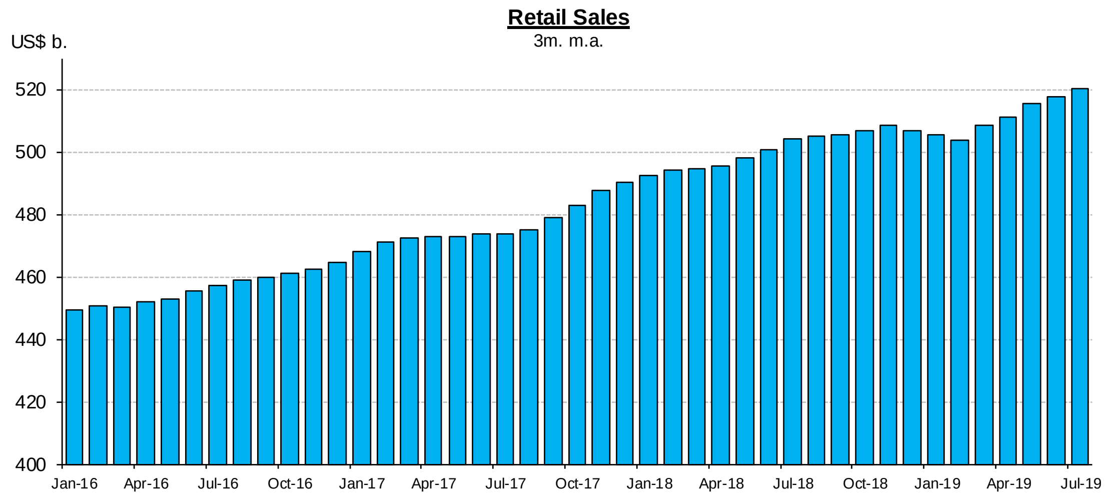
United States: Economic Indicators
From August 12th to August 16th

Date	Indicators	Period	Cons.	Prior	Actual
Mon 12	Monthly Budget Statement	Jul	-$120.0b	-$76.9b	-$119.7b
Tue 13	NFIB Small Business Optimism	Jul	104.0	103.3	104.7
	CPI MoM	Jul	0.3%	0.1%	0.3%
	CPI Ex Food and Energy MoM	Jul	0.2%	0.3%	0.3%
	CPI YoY	Jul	1.7%	1.6%	1.8%
	CPI Ex Food and Energy YoY	Jul	2.1%	2.1%	2.2%
	CPI Core Index SA	Jul	263.302	262.803	263.569
	CPI Index NSA	Jul	256.441	256.143	256.571
Wed 14	MBA Mortgage Applications	Aug 9	--	5.3%	21.7%
	Import Price Index MoM	Jul	-0.1%	-0.9%	0.2%
	Import Price Index ex Petroleum MoM	Jul	-0.1%	-0.4%	0.0%
	Import Price Index YoY	Jul	-2.0%	-2.0%	-1.8%
	Export Price Index MoM	Jul	-0.1%	-0.7%	0.2%
	Export Price Index YoY	Jul	--	-1.6%	-0.9%
Thu 15	Empire Manufacturing	Aug	2.0	4.3	4.8
	Retail Sales Advance MoM	Jul	0.3%	0.4%	0.7%
	Retail Sales Ex Auto and Gas	Jul	0.4%	0.7%	1.0%
	Retail Sales Ex Auto MoM	Jul	0.4%	0.4%	0.9%
	Initial Jobless Claims	Aug 10	213k	209k	220k
	Continuing Claims	Aug 3	1685k	1684k	1726k
	Industrial Production MoM	Jul	0.1%	0.0%	-0.2%
	Manufacturing (SIC) Production	Jul	-0.3%	0.4%	-0.4%
	NAHB Housing Market Index	Aug	65	65	66
	Business Inventories	Jun	0.1%	0.3%	0.0%
Fri 15	Housing Starts MoM	Jul	0.2%	-0.9%	-4.0%
	Building Permits MoM	Jul	3.1%	-6.1%	8.4%
	U. of Mich. Sentiment	Aug P	97.0	98.4	92.1

- July´s FOMC Minutes will shed some light on reasons backing the latest rate cut, as markets seek signals from the Fed as to how it will proceed in its next meeting. While economic figures still signal activity deceleration but solid job market and personal spending, Committee members are divided as to whether another rate cut is necessary this year. So far, the Fed´s arguments in favor of easing monetary policy point to recession risks due to high uncertainty from trade tensions with China, and slowing global demand

- Uncertainty has negatively affected investment since 1Q, and in particular the manufacturing sector, hence, Industrial Production has slowed along the year. Output fell 0.2% mom seasonally adjusted in July, rising 0.48% yoy, the slowest pace in over two years.

- In contrast, strong retail sales figures point to solid consumption figures at the start of the third quarter. The broad retail sales index rose 0.7% mom seasonally adjusted, with 10 out of 13 main sectors achieving positive growth. Moreover, the control group sales, proxy for consumer spending, rose 1% mom, extending the rally to five months



Source: USCB

United States: Economic Indicators This week				
Date	Indicators	Period	Cons.	Prior
Wed 21	MBA Mortgage Applications	Aug 16	--	21.7%
	Existing Home Sales MoM	Jul	2.2%	-1.7%
	FOMC Meeting Minutes	jul-31	--	--
Thu 22	Initial Jobless Claims	Aug 17	--	220k
	Continuing Claims	Aug 10	--	1726k
	Markit US Manufacturing PMI	Aug P	50.5	50.4
	Markit US Services PMI	Aug P	--	53.0
	Leading Index	Jul	0.2%	-0.3%
Fri 23	New Home Sales MoM	Jul	-0.9%	7.0%

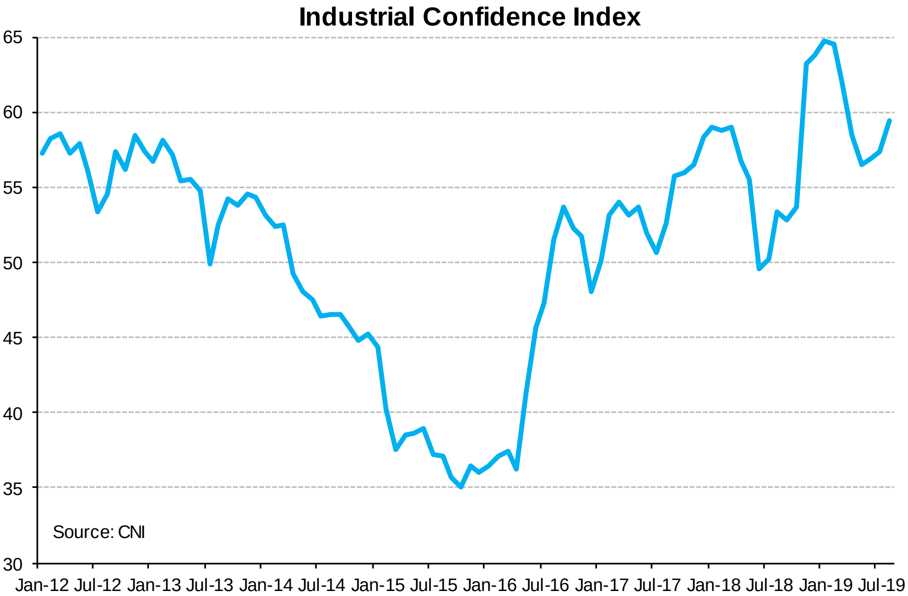
United States Long Run Economic Indicators			
Indicator	**2018**	**2019E**	**2020E**
Real GDP (% ch saar)	2,86%	2,33%	1,87%
Investment (% GDP)	21,12%	21,56%	21,55%
Exports (% ch saar)	3,94%	2,71%	2,63%
Imports (% ch saar)	4,59%	3,90%	2,96%
CPI annual chg	1,97%	2,67%	2,40%
Gross national savings rate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

BRAZIL

- As the Pension Reform bill is ready to be evaluated by the Senate in the coming weeks, the government proceeds with the Tax Reform. This has restored local confidence despite weak economic figures throughout the year. The CNI confidence index rose to 59.4 in August, its fourth straight monthly improvement. Confidence strengthened in Mining and Construction, but the main driver was higher expectations the economy will rebound within the next six months

- Rising confidence is in line with recent activity data releases. The economic activity index rose 0.3% mom seasonally adjusted, following a revised 1.1% increase in May. However, figures recall a 1.8% drop when compared to last year. Despite negative growth in the first quarter, activity is slowly improving, and GDP is expected to grow 0.2% qoq s.a. in 2Q.



Brazil: Economic Indicators From August 12th to August 16th					
Date	Indicators	Period	Cons.	Prior	Actual
Mon 12	Economic activity m/m	Jun	0.10%	1.1%	0.3%
	Economic activity y/y	Jun	-2.33%	4.40%	-1.75%
Fri 16	CNI industrial confidence	Aug	--	57.4	59.4

Brazil: Economic Indicators This week				
Date	Indicators	Period	Cons.	Prior
Mon 19	Formal job creation total	Jul	40970	48436
Thu 22	FGV consumer confidence	Aug	--	88.1
	Tax collections	Jul	--	119.946m

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

MEXICO

Mexico: Economic Indicators From August 12th to August 16th					
Date	Indicators	Period	Cons.	Prior	Actual
Mon 12	Formal job creation total	Jul	--	-14.2k	16.7k
Thu 15	Overnight rate	15 aug	8.25%	8.25%	8.00%

Mexico: Economic Indicators This week				
Date	Indicators	Period	Cons.	Prior
Wed 21	Retail sales y/y	Jun	--	2.8%
	Retail sales m/m	Jun	--	0.7%
Fri 23	GDP nominal y/y	2Q	--	6.3%
	GDP nsa y/y	2Q F	--	-0.7%
	GDP sa qoq	2Q F	--	0.1%
	Economic activity IGAE y/y	Jun	--	-0.43%
	Economic activity IGAE m/m	Jun	--	-0.03%
	Current account balance	2Q	--	-$5634m

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

CHILE

Chile: Economic Indicators From August 12th to August 16th					
Date	Indicators	Period	Cons.	Prior	Actual
Mon 12	Vehicle sales total	Jul	--	28446	31474

Chile: Economic Indicators This week				
Date	Indicators	Period	Cons.	Prior
Mon 19	GDP y/y GDP q/q Current account balance	2Q 2Q 2Q	1.9% 0.8% --	1.6% 0.0% -$1023m

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 12th to August 16th					
Date	Indicators	Period	Cons.	Prior	Actual
Wed 14	Manufacturing Production y/y	Jun	2.0%	3.2%	-1.1%
	Retail sales y/y	Jun	5.4%	8.2%	7.2%
	Trade balance	Jun	-$760.0m	-$817.1m	-$760.9m
	Industrial production y/y	Jun	--	2.1%	-0.2%
Thu 15	GDP q/q	2Q	1.3%	0.0%	1.4%
	GDP y/y nsa	2Q	2.9%	2.8%	3.0%
	Economic activity nsa y/y	Jun	3.0%	3.1%	2.7%

Colombia: Economic Indicators This week				
Date	Indicators	Period	Cons.	Prior
Tue 20	Consumer confidecne index	Jul	--	-6.3%
Thu 22	Industrial confidence	Jul	--	8.4
	Retail confidence	Jul	--	27.8

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

PERU

Peru: Economic Indicators From August 12th to August 16th					
Date	Indicators	Period	Cons.	Prior	Actual
Thu 15	Economic activity y/y	Jun	2.3%	0.6%	2.6%
	Unemployment rate	Jul	6.5%	6.3%	6.0%

Peru: Economic Indicators This week				
Date	Indicators	Period	Cons.	Prior
Thu 22	GDP y/y	2Q	--	2.3%

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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