

INTERNATIONAL MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

September 16, 2019

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HIGHLIGHTS

- **US:** Ahead of planned trade talks with China and Fed rate decision, President Trump delayed for two weeks a scheduled increase in tariffs on USD 250b Chinese imports.
- **BRAZIL:** Improved consumer sentiment boosted retail sales in July.
- **MEXICO:** Weak industrial production and decelerating inflation increase expectations the Central Bank will continue to ease monetary policy.

USA

United States: Economic Indicators
From September 9th to September 13th

Date	Indicators	Period	Cons.	Prior	Actual
Tue 10	NFIB Small Business Optimism	Aug	103.5	104.7	103.1
Wed 11	MBA Mortgage Applications	sep-06	--	-3.1%	2.0%
	Wholesale Trade Sales MoM	Jul	--	-0.3%	0.3%
	Wholesale Inventories MoM	Jul F	0.2%	0.2%	0.2%
Thu 12	CPI MoM	Aug	0.1%	0.3%	0.1%
	CPI Ex Food and Energy MoM	Aug	0.2%	0.3%	0.3%
	CPI YoY	Aug	1.8%	1.8%	1.7%
	CPI Ex Food and Energy YoY	Aug	2.3%	2.2%	2.4%
	Initial Jobless Claims	sep-07	215k	217k	204k
	Continuing Claims	Aug 31	1678k	1662k	1670k
	Monthly Budget Statement	Aug	-\$195.0b	-\$119.7b	-\$200.3b
Fri 13	Retail Sales Advance MoM	Aug	0.2%	0.7%	0.4%
	Retail Sales Ex Auto MoM	Aug	0.1%	1.0%	0.0%
	Retail Sales Ex Auto and Gas	Aug	0.3%	0.9%	0.3%
	U. of Mich. Sentiment	Sep P	90.5	89.8	92.0

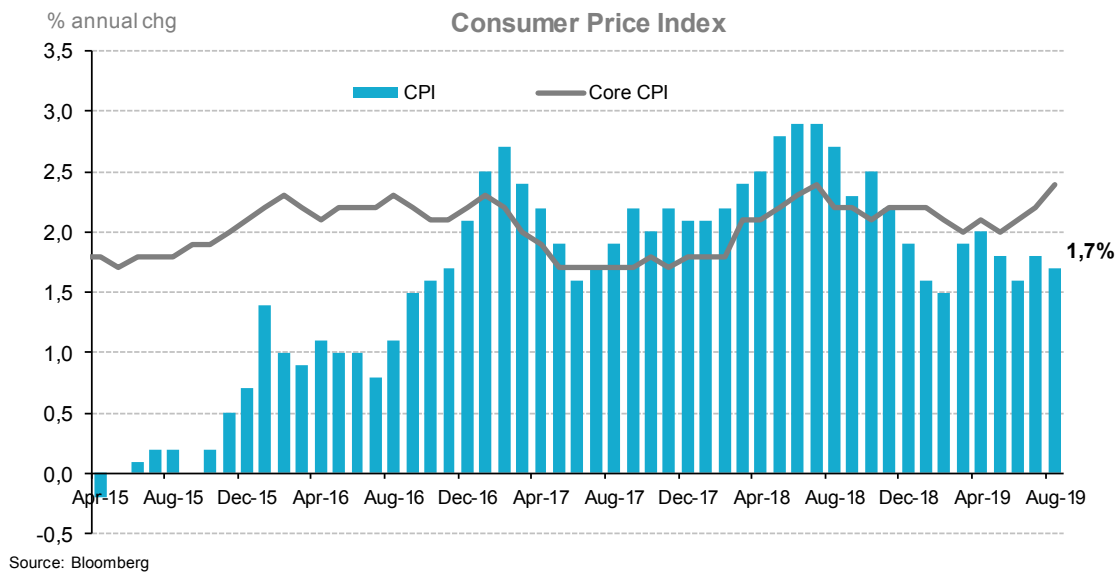
- The conciliatory measure followed the ECB's decision to further cut European interest rates and launch a stimulus package, adding pressure on the Fed to ease monetary policy this week. Consumption remains healthy but tariffs have negatively affected growth, fixed investment and production costs and are gradually driving inflation up.
- The CPI rose 0.1% mom in August, as a decline in energy prices disguised overall rising price pressure. Core prices, which exclude the volatile categories of food and energy, increased 0.3% mom for the third straight month. Rent and medical prices were among the drivers behind stronger inflation. Compared to last year, prices rose 1.7% while core prices surged 2.4%, the fastest pace in over a year.

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- Furthermore, consumer spending continued at a solid pace in August. Retail sales rose 0.4% mom, following an upwardly revised 0.8% rise in July and beating market expectations. Growth was driven by motor vehicle sales (1.8%) and by online and mail-order sales (1.6% mom following July's 1.7% rise). Core sales increased 0.1% mom, signaling slight deceleration overall. Nonetheless, consumers remain the main growth driver this year, supporting other parts of the economy badly hit by trade-related uncertainty. Compared to last year, retail sales rose 4.1%.



United States: Economic Indicators This week

Date	Indicators	Period	Cons.	Prior
Mon 16	Empire Manufacturing	Sep	4.0	4.8
Tue 17	Industrial Production MoM	Aug	0.2%	-0.2%
	Manufacturing (SIC) Production	Aug	0.2%	-0.4%
	NAHB Housing Market Index	Sep	66	66
Wed 18	MBA Mortgage Applications	sep-13	--	2.0%
	Building Permits MoM	Aug	-0.2%	8.4%
	Housing Starts MoM	Aug	5.0%	-4.0%
	FOMC Rate Decision (Upper Bound)	sep-18	2.00%	2.25%
	FOMC Rate Decision (Lower Bound)	sep-18	1.75%	2.00%
Thu 19	Current Account Balance	2Q	-\$125.7b	-\$130.4b
	Initial Jobless Claims	sep-14	--	204k
	Continuing Claims	sep-07	--	1670k
	Leading Index	Aug	0.1%	0.5%
	Existing Home Sales MoM	Aug	-0.6%	2.5%

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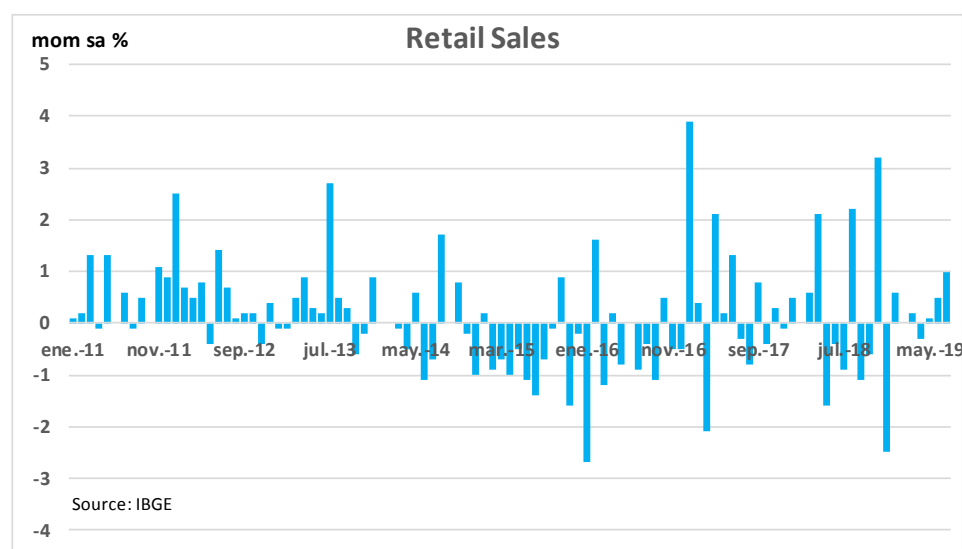
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United States			
Long Run Economic Indicators			
Indicator	2018	2019E	2020E
Real GDP (% ch saar)	2,86%	2,33%	1,87%
Investment (% GDP)	21,12%	21,56%	21,55%
Exports (% ch saar)	3,94%	2,71%	2,63%
Imports (% ch saar)	4,59%	3,90%	2,96%
CPI annual chg	1,97%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

BRAZIL

- Retail consumption continued to recover in July, extending the rebound to three straight months. Retail sales (excluding cars and construction) rose 1.0% mom seasonally adjusted and marked the highest gain since late 2018. On an annual basis, retail sales rose 4.4%, as higher sales were reported both for durable and non-durable goods.



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Brazil: Economic Indicators From September 9th to September 13th

Date	Indicators	Period	Cons.	Prior	Actual
Wed 11	Retail sales broad mom	Jul	-0.8%	0.0%	0.7%
	Retail sales yoy	Jul	1.6%	-0.3%	4.3%
	Retail sales broad yoy	Jul	4.0%	1.7%	7.6%
	Retail sales mom	Jul	0.1%	0.1%	1.0%
Fri 13	Economic activity yoy	Jul	0.8%	-1.75%	1.31%
	Economic activity mom	Jul	-0.2%	0.3%	-0.16%

Brazil: Economic Indicators This week

Date	Indicators	Period	Cons.	Prior
Mon 16	Formal job creation	Aug	--	43820
	Tax collections	Aug	--	137735m
Thu 18	Selic Rate	18 sep	--	6.00%
Fri 19	CNI Industrial Confidence	Sep	5.50%	59.4

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

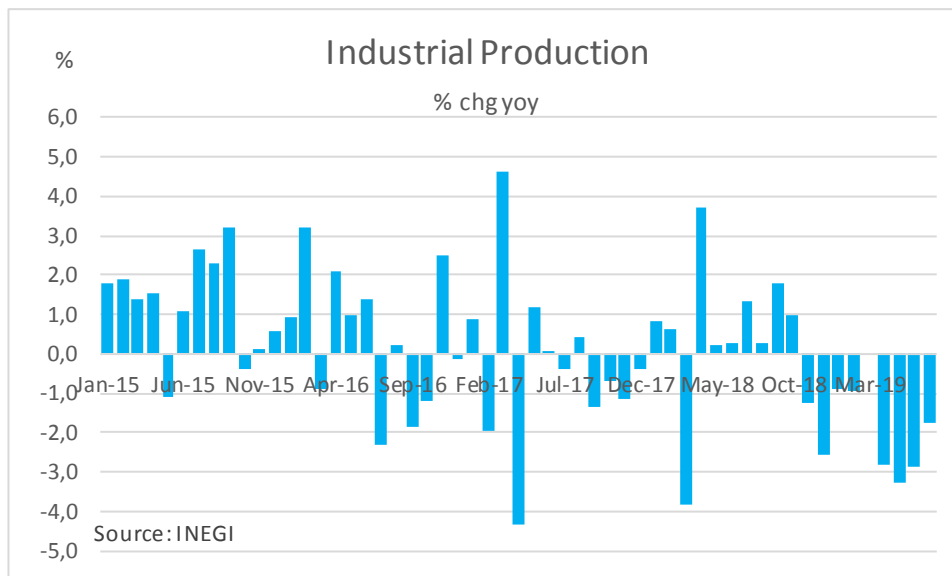
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MEXICO

- Industrial production fell 0.4% mom seasonally adjusted in July, unable to hold the previous month's improvement. Despite 3% yoy growth in the manufacturing sector, mining (-7.5% yoy) and construction (-8.4% yoy) remain the main reasons behind the downfall.
- Furthermore, annual inflation dropped to 3.16% in August, its lowest level in three years, driven by lower energy costs (-1.53% yoy) and weak economic activity. Consumer prices fell 0.02% mom, due to falling agriculture prices and lower service sector inflation.



Mexico: Economic Indicators
From September 9th to September 13th

Date	Indicators	Period	Cons.	Prior	Actual
Mon 09	Vehicle production	Aug	--	292641	337462
	Vehicle exports	Aug	--	270904	281811
	CPI mom	Aug	-0.2%	0.38%	-0.02%
	CPI core mom	Aug	0.19%	0.26%	0.20%
	CPI yoy	Aug	3.16%	3.78%	3.16%
Wed 11	Industrial production yoy	Jul	-1.8%	-2.9%	-1.7%
	Manufacturing production yoy	Jul	0.7%	-0.8%	3.0%
	Industrial production s.a. mom	Jul	-0.3%	1.1%	-0.4%

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Mexico: Economic Indicators This week

Date	Indicators	Period	Cons.	Prior
Fri 20	Aggregate Supply and Demand	2Q	--	1.4%

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

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CHILE

Chile: Economic Indicators
From September 9th to September 13th

Date	Indicators	Period	Cons.	Prior	Actual
Mon 09	Trade Balance	Aug	\$75m	-\$29m	\$143m
	International reserves	Aug	--	\$39045m	\$39525
	Copper exports	Aug	--	\$2639m	\$3068
Thu 11	Vehicle sales total	Aug	--	31474	33059

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 September 9th to September 13th

Date	Indicators	Period	Cons.	Prior	Actual
Fri 13	Manufacturing production yoy	Jul	3.5%	-1.1%	3.5%
	Retail sales yoy	Jul	6.5%	7.2%	8.5%

Colombia: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Tue 17	Industrial Production yoy	Jul	--	-0.2%
Wed 18	Trade balance	Jul	--	-\$760.9m
	Consumer confidence index	Aug	--	-5.1

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

Peru: Economic Indicators
From September 9th to September 13th

Date	Indicators	Period	Cons.	Prior	Actual
Wed 11	Trade balance	Jul	--	\$745m	\$446m
Thu 12	Reference rate	12 Sep	2.50%	2.50%	2.50%

Peru: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Mon 16	Economic activity yoy	Jul	--	2.6%
	Unemployment rate	Aug	--	6.0%

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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