

INTERNATIONAL MACROECONOMIC PERSPECTIVES

Weekly Market Strategy Report

September 3, 2019

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HIGHLIGHTS

- **US:** GDP growth was driven by consumption during 2Q as investment fell for the first time in three years
- **BRAZIL:** Second quarter growth figures revive hopes of a rebound in the second half

USA

GDP growth was driven by consumption during 2Q as investment fell for the first time in three years

United States: Economic Indicators From August 26th to August 30th

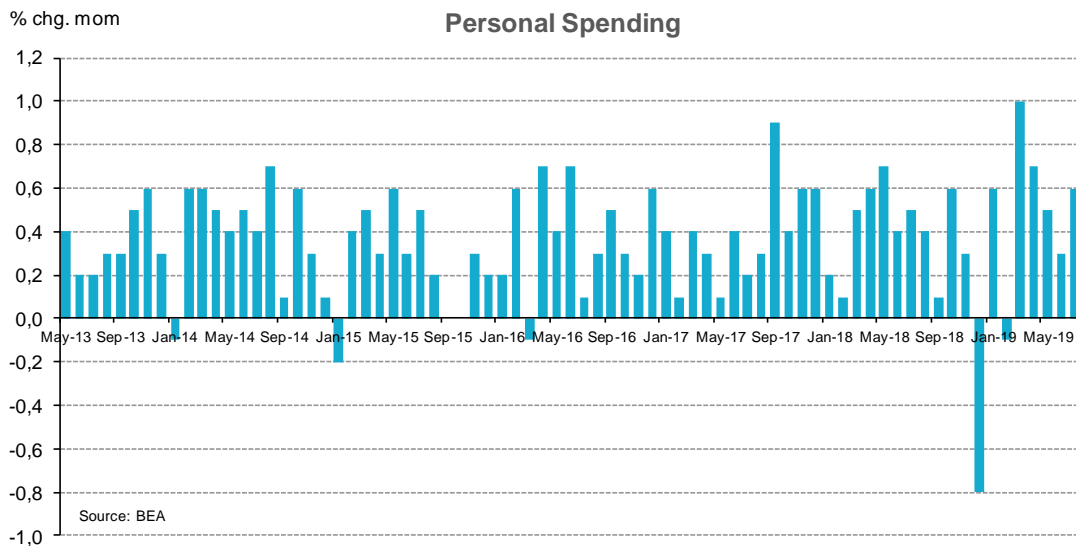
Date	Indicators	Period	Cons.	Prior	Actual
Mon 26	Durable Goods Orders	Jul P	1.2%	1.9%	2.1%
	Durables Ex Transportation	Jul P	0.0%	1.0%	-0.4%
	Cap Goods Orders Nondef Ex Air	Jul P	0.0%	1.5%	0.4%
Tue 27	Cap Goods Ship Nondef Ex Air	Jul P	0.1%	0.3%	-0.7%
	FHFA House Price Index MoM	Jun	0.2%	0.1%	0.2%
	Conf. Board Consumer Confidence	Aug	129.0	135.7	135.1
Wed 28	MBA Mortgage Applications	Aug 23	--	-0.9%	-6.2%
Thu 29	GDP Annualized QoQ	2Q S	2.0%	2.1%	2.0%
	Personal Consumption	2Q S	4.3%	4.3%	4.7%
	GDP Price Index	2Q S	2.4%	2.4%	2.4%
	Advance Goods Trade Balance	Jul	-\$74.6b	-\$74.2b	-\$72.3b
	Retail Inventories MoM	Jul	0.3%	-0.1%	0.8%
	Wholesale Inventories MoM	Jul P	0.2%	0.0%	0.2%
	Initial Jobless Claims	Aug 24	215k	209k	215k
	Continuing Claims	Aug 17	--	1674k	1698k
	Pending Home Sales MoM	Jul	0.0%	2.8%	-2.5%
	Pending Home Sales NSA YoY	Jul	1.8%	-0.6%	1.7%
	Fri 30	Personal Income	Jul	0.3%	0.4%
Personal Spending		Jul	0.5%	0.3%	0.6%
Real Personal Spending		Jul	0.3%	0.2%	0.4%
PCE Deflator MoM		Jul	0.2%	0.1%	0.2%
PCE Deflator YoY		Jul	1.4%	1.4%	1.4%
PCE Core Deflator MoM		Jul	0.2%	0.2%	0.2%
PCE Core Deflator YoY		Jul	1.6%	1.6%	1.6%
U. of Mich. Sentiment	Aug F	92.3	92.1	89.8	

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- Revised growth figures for 2Q still point to slowing activity despite solid growth. GDP grew at a 2.0% annualized rate, slowing from the previous 2.1% release and well below 1Q's 3.1% rate. Growth was driven by consumption, which rose 4.7% qoq, the strongest pace in over five years. Nonetheless, Gross Fixed Investment fell 0.6% qoq, due to rising uncertainty from the trade war
- Furthermore, Personal Spending rose 0.6% mom seasonally adjusted in July, however unlikely to remain the economy's main driving force during 3Q. Consumer sentiment fell in August due to rising concerns around tariffs, amid new tariffs on USD158b Chinese consumer goods imports, while China retaliated targeting soybean, petroleum and pharmaceuticals.



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United States: Economic Indicators This week

Date	Indicators	Period	Cons.	Prior	
Tue 03	Markit US Manufacturing PMI	Aug F	50.0	49.9	
	ISM Manufacturing	Aug	51.2	51.2	
Wed 04	Construction Spending MoM	Jul	0.3%	-1.3%	
	MBA Mortgage Applications	Aug 30	--	-6.2%	
	Trade Balance	Jul	-\$53.5b	-\$55.2b	
Thu 05	U.S. Federal Reserve Releases Beige Book				
	Wards Total Vehicle Sales	Aug	16.80m	16.82m	
	Initial Jobless Claims	Aug 31	215k	215k	
	Continuing Claims	Aug 24	1688k	1698k	
	Markit US Services PMI	Aug F	51.0	50.9	
	Factory Orders	Jul	1.0%	0.6%	
	Factory Orders Ex Trans	Jul	--	0.1%	
	Durable Goods Orders	Jul F	2.1%	2.1%	
	Durables Ex Transportation	Jul F	-0.4%	-0.4%	
	Cap Goods Orders Nondef Ex Air	Jul F	--	0.4%	
	Cap Goods Ship Nondef Ex Air	Jul F	--	-0.7%	
	ISM Non-Manufacturing Index	Aug	54.0	53.7	
	Fri 06	Change in Nonfarm Payrolls	Aug	158k	164k
		Unemployment Rate	Aug	3.7%	3.7%
Average Hourly Earnings MoM		Aug	0.3%	0.3%	
Average Hourly Earnings YoY		Aug	3.0%	3.2%	

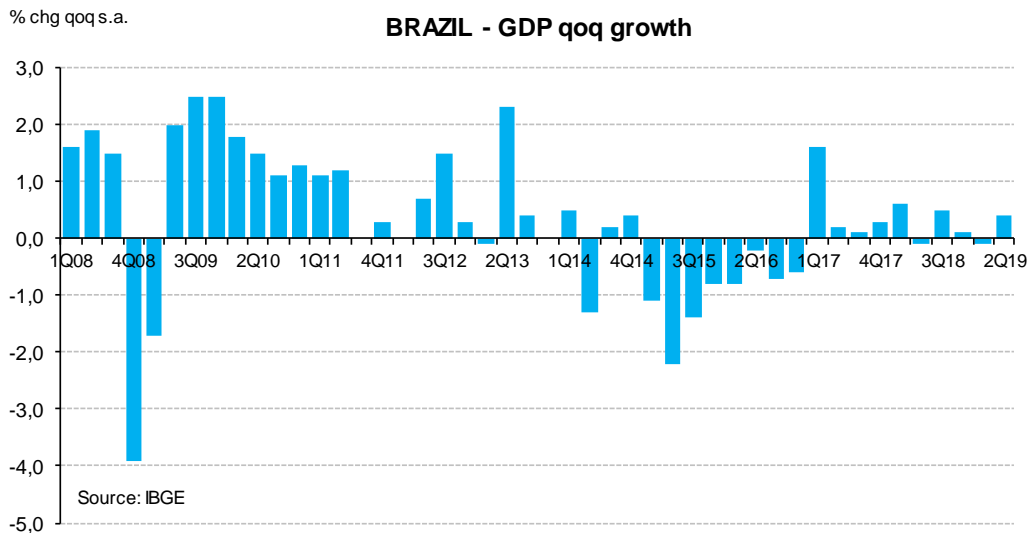
United States			
Long Run Economic Indicators			
Indicator	2018	2019E	2020E
Real GDP (% ch saar)	2,86%	2,33%	1,87%
Investment (% GDP)	21,12%	21,56%	21,55%
Exports (% ch saar)	3,94%	2,71%	2,63%
Imports (% ch saar)	4,59%	3,90%	2,96%
CPI annual chg	1,97%	2,67%	2,40%
Gross national savings rate (% GDP)	19,00%	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

BRAZIL

Second quarter growth figures revive hopes of a rebound in the second half

- GDP rose 0.4% qoq seasonally adjusted during 2Q, above forecasts and recovering from first quarter's negative growth. Growth was driven by a strong rebound in fixed investment, which expanded 3.2% qoq, helped by monetary policy easing and recovery of industrial output. However, consumption remained subdued, attaining a modest 0.3% growth, as the labor market remains weak. Compared to last year, GDP increased 1%, and is likely to stay close to that level as the external sector will suffer from slowing global demand
- Furthermore, the manufacturing sector improved in August. The Markit manufacturing PMI rose to 52.5, its highest level in five months, signaling activity expansion. The index was driven by higher output, rising new orders and economic sentiment, while job losses stopped, following three months of job cuts.
- Despite, second quarter current account deficit more than doubled to USD9.0b, as the primary income deficit climbed driven by capital flight from companies sending profits and dividends abroad, foreign direct investment remained solid rising from USD 4.6b in 2Q 2018, to USD 7.7b



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Brazil: Economic Indicators From August 26th to August 30th

Date	Indicators	Period	Cons.	Prior	Actual
Mon 26	Current Account	Jul	-\$6000m	-\$2914m	-\$9035m
	FDI	Jul	\$7000m	\$2190m	\$7658m
Thu 29	GDP qoq	2Q	0.2%	-0.2%	0.4%
	GDP yoy	2Q	0.8%	0.5%	1.0%
	GDP ltm	2Q	0.9%	0.9%	1.0%
	Central government budget balance	Jul	-5.5b	-11.5b	-6.0b
Fri 30	Unemployment	Jul	11.9%	12.0%	11.8%
	Primary budget balance	Jul	-3.5b	-12.7b	-2.8b
	Net debt % GDP	Jul	55.4%	55.2%	55.8%

Brazil: Economic Indicators This week

Date	Indicators	Period	Cons.	Prior
Mon 02	Markit Manufacturing PMI	Aug	--	49.9
	Trade Balance	Aug	\$3300m	\$2293m
Tue 03	Industrial production mom	Jul	0.6%	-0.6%
	Industrial production yoy	Jul	-1.1%	-5.9%
Wed 04	Markit Services PMI	Aug	--	52.2
Fri 06	IBGE inflation IPCA yoy	Aug	3.42%	3.22%
	IBGE inflation IPCA mom	Aug	0.11%	0.19%

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

INTERNATIONAL MACROECONOMIC PERSPECTIVES

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MEXICO

Mexico: Economic Indicators
From August 26th to August 30th

Date	Indicators	Period	Cons.	Prior	Actual
Tue 27	Trade Balance	Jul	-\$420.0m	\$2561.0m	-\$1116.8m
	Unemployment sa	Jul	3.59%	3.54%	3.58%
Fri 30	Budget Balance ytd	Jul	--	-\$119.9b	-\$153.1b

Mexico: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Mon 02	Markit PMI Manufacturing	Aug	--	49.8
	IMEF Non-manufacturing index sa	Aug	47.7	47.1
	IMEF Manufacturing index sa	Aug	49.2	49.6
Tue 03	Leading indicators mom	Jul	--	0.01
Thu 05	Consumer confidence index	Aug	103.6	105.1
Fri 06	Gross fixed investment	Jun	-9.2%	-7.4%

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 August 26th to August 30th

Date	Indicators	Period	Cons.	Prior	Actual
Fri 30	Manufacturing Production yoy	Jul	4.8%	-5.4%	5.7%
	Unemployment	Jul	7.1%	7.1%	7.2%
	Industrial Production yoy	Jul	2.3%	-2.9%	2.6%
	Copper production total	Jul	--	474740	490400

Chile: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Mon 02	IMCE business confidence	Aug	--	50.36
Tue 03	Retail sales yoy	Jul	3.0%	-0.9%
	Overnight target rate	30 sep	2.00%	2.50%
Thu 05	Economic activity yoy	Jul	3.3%	1.3%
	Economic activity mom	Jul	0.4%	0.0%
Fri 06	CPI mom	Aug	0.2%	0.2%
	CPI yoy	Aug	2.3%	2.2%
	International reserves	Aug	--	\$39045m
	Trade balance	Aug	\$88m	-\$29m

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 August 26th to August 30th

Date	Indicators	Period	Cons.	Prior	Actual
Fri 30	Unemployment	Jul	--	9.4%	10.7%

Colombia: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Thu 05	CPI yoy	Aug	3.83%	3.79%
	CPI mom	Aug	0.17%	0.22%
	Core CPI yoy	Aug	--	3.31%
	Core CPI mom	Aug	--	0.14%

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 August 26th to August 30th

Date	Indicators	Period	Cons.	Prior	Actual
	NA				

Peru: Economic Indicators
This week

Date	Indicators	Period	Cons.	Prior
Mon 02	Lima CPI mom	Aug	0.10%	0.20%
	Lima CPI yoy	Aug	2.09%	2.11%

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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