

Fixed Income & Economics Daily

Thursday, September 28, 2017

FX & RATES STRATEGY RESEARCH

Diana Ayala

212-407-0979

diana.ayala@santander.us

• **COLOMBIA: Business Confidence Indicators Improved in August**

COLOMBIA: Business Confidence Indicators Improved in August

- Fedesarrollo reported that retail and industrial confidence indicators improved in August in comparison to July, but remain below the levels observed during the same period last year.
- Industrial confidence increased to -1.9% from -5.9% in July. The index is 9.8ppts below last year's reading, however, the seasonally adjusted series indicates that the index improved 0.8ppts versus July, as Factory Orders and Production Expectations improved at the margin.
- Additionally, Fedesarrollo reported that entrepreneurs' perception of investment conditions have improved versus the previous quarter, albeit remaining negative.
- Retail confidence increased to 17.5 from 14.7 in July, but remains 12.6 pts below the level observed in August 2016. The results were supported by improvements observed in the production expectation and economic condition perceptions, while the inventories component fell in comparison to the previous month.
- These results contrast with the deterioration reported in the consumer confidence index. An improvement in sentiment among entrepreneurs and consumers would be key in achieving higher economic growth.

IMPORTANT DISCLOSURES/CERTIFICATIONS ARE ATTACHED.

U.S. INVESTORS' INQUIRIES SHOULD BE DIRECTED TO SANTANDER INVESTMENT SECURITIES INC. AT (212) 583-4629 / (212) 350-3918.

*Employed by a non-US affiliate of Santander Investment Securities Inc. and not registered/qualified as a research analyst under FINRA rules, and is not an associated person of the member firm, and, therefore, may not be subject to the FINRA Rule 2711 and Incorporated NYSE Rule 472 restrictions.



LATAM ECONOMICS

ARGENTINA

ECONOMICS

Monthly Economic Activity Estimator Expanded 4.9% Annually in July

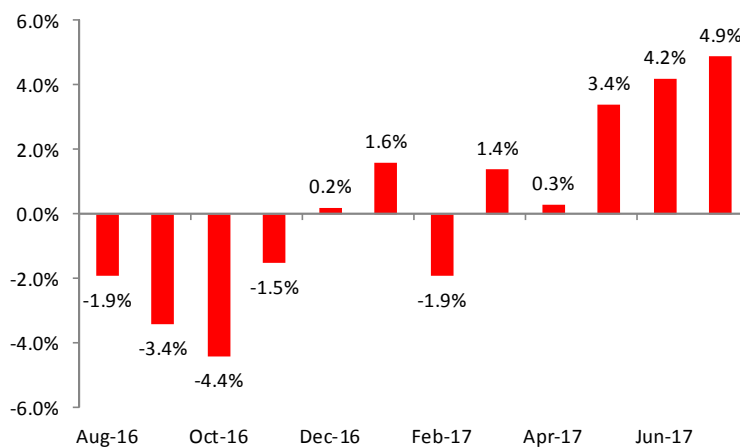
Sergio Galvan*, Rodrigo Park*, Martin Mansur*, Cristian Cancela*

+5411-4341-1728

sgalvan@santanderrio.com.ar

Yesterday, the INDEC published the Monthly Economic Activity Estimator (EMAE), which showed **4.9% annual growth in July, the highest record since June 2015**. With this number, GDP expanded 2% in the January-July period on average. In July, the sectors with the highest activity growth were construction (+15.7% y/y), finance (+6.9% y/y) and industry (+5.4% y/y). Additionally, taking into account the level of the EMAE, we estimate a carry-over of 3.5% y/y for the five months until December.

Activity growth continues gathering pace



Monthly Economic Activity Estimator annual growth.
Sources: INDEC and Santander.



CONTACTS / IMPORTANT DISCLOSURES

Macro Research

Maciej Reluga*	Head Macro, Rates & FX Strategy – CEE	maciej.reluga@bzwbk.pl	48-22-534-1888
Sergio Galván*	Economist – Argentina	sgalvan@santanderrio.com.ar	54-11-4341-1728
Maurício Molan*	Economist – Brazil	mmolan@santander.com.br	5511-3012-5724
Juan Pablo Cabrera*	Economist – Chile	jcabrera@santander.cl	562-2320-3778
Diana Ayala	Economist - Colombia	diana.ayala@santander.us	212-350-0979
David Franco*	Economist – Mexico	dafranco@santander.com.mx	5255 5269-1932
Tatiana Pinheiro*	Economist – Peru	tatiana.pinheiro@santander.com.br	5511-3012-5179
Piotr Bielski*	Economist – Poland	piotr.bielski@bzwbk.pl	48-22-534-1888
Marcela Bensión*	Economist – Uruguay	mbension@santander.com.uy	5982-1747-5537

Fixed Income Research

Diana Ayala	Macro, Rates & FX Strategy – Latin America	diana.ayala@santander.us	212-407-0979
Juan Pablo Cabrera*	Chief Rates & FX Strategist – Chile	jcabrera@santander.cl	562-2320-3778
Aaron Holsberg	Head of Credit Research	aholsberg@santander.us	212-407-0978

Equity Research

Christian Audi	Head LatAm Equity Research	caudi@santander.us	212-350-3991
Andres Soto	Head, Andean	asoto@santander.us	212-407-0976
Walter Chiarvesio*	Head, Argentina	wchiarvesio@santanderrio.com.ar	5411-4341-1564
Valder Nogueira*	Head, Brazil	jvalder@santander.com.br	5511-3012-5747
Pedro Balcao Reis*	Head, Mexico	pbalcao@santander.com.mx	5255-5269-2264

Electronic Media

Bloomberg
Reuters

SIEQ <GO>
Pages SISEMA through SISEMZ

This report has been prepared by Santander Investment Securities Inc. ("SIS"; SIS is a subsidiary of Santander Holdings USA, Inc. which is wholly owned by Banco Santander, S.A. "Santander"), on behalf of itself and its affiliates (collectively, Grupo Santander) and is provided for information purposes only. This document must not be considered as an offer to sell or a solicitation of an offer to buy any relevant securities (i.e., securities mentioned herein or of the same issuer and/or options, warrants, or rights with respect to or interests in any such securities). Any decision by the recipient to buy or to sell should be based on publicly available information on the related security and, where appropriate, should take into account the content of the related prospectus filed with and available from the entity governing the related market and the company issuing the security. This report is issued in Spain by Santander Investment Bolsa, Sociedad de Valores, S.A. ("Santander Investment Bolsa"), and in the United Kingdom by Banco Santander, S.A., London Branch. Santander London is authorized by the Bank of Spain. This report is not being issued to private customers. SIS, Santander London and Santander Investment Bolsa are members of Grupo Santander.

ANALYST CERTIFICATION: The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed, that their recommendations reflect solely and exclusively their personal opinions, and that such opinions were prepared in an independent and autonomous manner, including as regards the institution to which they are linked, and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report, since their compensation and the compensation system applying to Grupo Santander and any of its affiliates is not pegged to the pricing of any of the securities issued by the companies evaluated in the report, or to the income arising from the businesses and financial transactions carried out by Grupo Santander and any of its affiliates: Diana Ayala, Sergio Galvan*, Rodrigo Park*, Martin Mansur*, Cristian Cancela*.

*Employed by a non-US affiliate of Santander Investment Securities Inc. and not registered/qualified as a research analyst under FINRA rules, and is not an associated person of the member firm, and, therefore, may not be subject to the FINRA Rule 2242 and Incorporated NYSE Rule 472 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

The information contained herein has been compiled from sources believed to be reliable, but, although all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading, we make no representation that it is accurate or complete and it should not be relied upon as such. All opinions and estimates included herein constitute our judgment as at the date of this report and are subject to change without notice.

Any U.S. recipient of this report (other than a registered broker-dealer or a bank acting in a broker-dealer capacity) that would like to effect any transaction in any security discussed herein should contact and place orders in the United States with SIS, which, without in any way limiting the foregoing, accepts responsibility (solely for purposes of and within the meaning of Rule 15a-6 under the U.S. Securities Exchange Act of 1934) for this report and its dissemination in the United States.

© 2017 by Santander Investment Securities Inc. All Rights Reserved.

