

# Latam Daily Flash

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Economic Analysis

Madrid

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*Optimism from consumers in Peru has continued in July, although at a lower level. Today, all eyes will be on Brazil and Mexico. In the former we expect inflation to start to trend down, in the former Banxico's Inflation Report should reflect lower inflation and growth forecasts.*

## Peru - Consumer confidence remains in the optimistic range in July

The print for July came in at 54 points (vs. 56 points in June) and continues to reflect differences in composition, optimism increased among high-income families while it decreased in low-income families. The latter is due to the difficulty in finding employment, which would be linked to the moderation of private investment that we expect in the coming months.

## What to watch today

### Brazil - Inflation: IPCA (July, 08:00hrs NYT)

Inflation is expected to decline significantly in July to 0.05% MoM (6.3% YoY) from 0.26% MoM (6.7% YoY) in June due to a moderation in food prices, positive seasonal factors, and the reduction in public transport fares. We believe the expected decline could actually be the beginning of a downward trend which should take some pressure off the central bank.

### Chile - Trade balance (July, 8:30hrs NYT)

We expect a USD462mn deficit on the balance of trade in July, driven by our expectations of exports at USD6.2bn (+5.3% YoY), while imports should reach USD6.7bn (+6.1% YoY). We forecast copper exports in the order of USD3.2bn (+2.7% YoY).

### Mexico - Banxico Inflation Report (2Q13, 14:00hrs NYT)

In its second quarter inflation report, Banxico will release its GDP growth and inflation forecasts. Given the recent deceleration in economic activity and the reduction of core inflation to historical lows, we believe Banxico probably will cut both forecasts.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
PMI Services	05 Aug	Jul	--	--	50.3	51
FGV Inflation IGP-DI MoM	06 Aug	Jul	0.24%	--	0.14%	0.76%
Vehicle Sales Anfaeva	06 Aug	Jul	--	--	342306	318619
IBGE Inflation IPCA MoM	07 Aug	Jul	0.00%	0.05%	--	0.26%
Commodity Price Index MoM	07-14 Aug	Jul	2.20%	--	--	5.34%
IGP-M Inflation 1st Preview	08 Aug	Aug	0.20%	--	--	0.26%
FGV CPI IPC-S	08 Aug	Aug 7	-0.08%	--	--	-0.17%
CNI Capacity Utilization (SA)	08 Aug	Jun	--	--	--	82.2%
FIPE CPI - Weekly	09 Aug	Aug 7	-0.02%	--	--	-0.16%
<b>Chile</b>						
Economic Activity YoY	05 Aug	Jun	3.4%	3.30%	4.20%	3.5%
Trade Balance	07 Aug	Jul	-\$325	-\$462	--	\$608.0
CPI MoM	08 Aug	Jul	0.30%	0.20%	--	0.6%
<b>Colombia</b>						
Vehicle Sales	7-9 Aug	Jun	--	--	--	24488
CPI MoM	06 Aug	Jul	0.09%	0.08%	0.04%	0.23%
Exports FOB	08 Aug	Jun	--	\$4800	--	\$5266.8
Colombia Monetary Policy Minutes	09 Aug	--	--	--	--	--
Consumer Confidence Index	09-15 Aug	Jul	--	25	--	27.4
<b>Mexico</b>						
Consumer Confidence Index	05 Aug	Jul	94.8	93.8	98	93.3
Gross Fixed Investment	07 Aug	May	-0.50%	--	--	5.9%
Central Bank 2Q Inflation Report	07 Aug	--	--	--	--	--
CPI MoM	08 Aug	Jul	0.02%	-0.08	--	-0.06%
Trade Balance	09 Aug	Jun F	--	--	--	855.0M
Industrial Production YoY	09-20 Aug	Jun	0.06%	0.2%	--	0.5%
Manufacturing Production (YoY)	09-20 Aug	Jun	1.00%	1.5%	--	2.2%
<b>Peru</b>						
Reference Rate	09 Aug	Aug	4.25%	--	--	4.25%
Trade Balance	09 Aug	Jun	-\$100	--	--	-\$404M

## Most recent Latam reports

<b>Date</b>	<b>Description</b>
5-08-2013	<a href="#">➤ Colombia Flash: CPI inflation stood at 2.22% YoY in July, continuing with increasing YoY variations</a>
5-08-2013	<a href="#">➤ Chile Economic Outlook 3Q13 (in Spanish)</a>
5-08-2013	<a href="#">➤ Flash Chile: Economic activity increased 4.2% YoY in June and supports a maintenance in the policy rate in August</a>
1-08-2013	<a href="#">➤ Flash Peru: Inflation stood above the target range</a>
30-07-2013	<a href="#">➤ Flash Chile: Activity data by sector anticipates Imacec increase of 3.3% YoY in June. Monetary policy minutes revealed signals about timing of easing</a>
29-07-2013	<a href="#">➤ Mexico Migration Outlook July 2013</a>
26-07-2013	<a href="#">➤ Central Bank in Colombia kept policy rate at 3.25% and revises downwards 2013FY GDP growth forecast from 4.3% to 4.0%</a>
24-07-2013	<a href="#">➤ Mexico Inflation Flash: July's biweekly inflation: Inflation Surprises to the Downside. Thanks to a Very Low Core Print</a>
22-07-2013	<a href="#">➤ Mexico Banking Flash: Bank deposits: slowdown has been gradual</a>
18-07-2013	<a href="#">➤ Brazil Flash: For the COPOM, the exchange rate depreciation is a "natural and expected" transition to normality, but entails risks</a>

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