

# Latam Daily Flash

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Economic Analysis

Madrid

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*In Chile, the Ministry of Finance proposed a new reduction in stamp duty. In Peru, credit to the private sector rebounded in February, after a temporary slowdown in the previous month. Meanwhile, credit conditions in Brazil worsened in the first two months of 2013, erasing part of the improvement seen throughout 2012. Tomorrow all eyes will focus on the unemployment rate in Colombia, expected to remain stable.*

*This will be the last Latam Daily Flash before the Easter Holiday. We will return on Monday, 1 April.*

## Chile - Ministry of Finance will propose cutting stamp duty from 0.4% to 0.2%

The finance minister announced that a new project to cut the stamp tax from 0.4% to 0.2% will be sent next week to congress. In the Tax Reform passed last year, this item was reduced from 0.6 to 0.4%. The measure would have a one-off impact in monthly inflation close to 0.2pp and would imply lower fiscal income by around USD200 million in a yearly basis.

## Peru - Credit to the private sector recovered slightly in February

According to central bank figures (which include both loans and holdings of non-financial corporate bonds), credit to the private sector grew 15.0% YoY after a temporary moderation in January (+14.6% YoY). However, the trend shows a decline (4Q12 average was 16.1% YoY) as the increases in reserve requirements are gradually making an impact.

## Brazil - Credit conditions worsened at the beginning of the year

The BCB revealed that credit conditions worsened in the first two months of the year. Average lending rates reached 18.7% (vs. 18% in December), banking spreads widened to 12.1% (vs. 11.5% in December) and the average term of new credits dropped to 86.8 months (from 87.9 in December and 93.6 in January) in February. The recent deterioration in credit conditions erases part of the improvements accumulated over 2012. Even though seasonal issues explain part of the deterioration, the end of the monetary easing cycle and the prospect of monetary tightening ahead also play a role. In this environment, the credit stock expanded only 0.7% in the first two months of the year and dropped to 53.4% of GDP from 53.8% in December.

## What to watch today

### Mexico - Trade balance (February, 10:00 hrs NYT)

We are expecting to see a trade deficit of USD700mn given the moderation of exports observed in January and the recent deceleration in auto production.

### Colombia - Urban unemployment (February, 12:00 hrs NYT)

We expect the urban unemployment rate to reach 12.0% (vs. 11.5% in February last year). Seasonally-adjusted, the rate should remain stable at the same level as it has been since December 2012.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
FGV CPI IPC-S	25-Mar	2-mar	0.68%	--	0.78%	0.63%
FGV Consumer Confidence	25-Mar	Mar	--	--	113.9	116.2
Trade Balance (FOB) - Weekly	25-Mar	2-mar	--	--	\$211M	-\$448M
FIPE CPI - Weekly	26-Mar	2-mar	-0.18%	--	-0.18%	-0.11%
FGV Inflation IGP-M (YoY)	27-Mar	Mar	8.10%	--	--	8.29%
Central Bank 1Q Inflation Report	28-Mar	1-ene	--	--	--	--
Unemployment Rate	28-Mar	Feb	5.70%	5.70%	--	5.40%
Primary Budget Balance	28-Mar	Feb	4.20B	--	--	30.3B
<b>Chile</b>						
Manufacturing Index	28-Mar	Feb	2.50%	0.80%	--	4.30%
Retail Sales (YoY)	28-Mar	Feb	8.20%	6.20%	--	9.50%
Copper Production Total	28-Mar	Feb	--	379474	--	474496
Unemployment Rate	28-Mar	Feb	6.00%	6.10%	--	6.00%
<b>Colombia</b>						
Current Account	26-Mar	4Q	--	-\$2931M	--	-\$3630M
Urban Unemployment Rate	27-Mar	Feb	12.30%	12%	--	13.10%
<b>Mexico</b>						
Global Economic Indicator IGAE	25-Mar	Jan	2.60%	2.50%	3.24%	1.42%
Trade Balance	27-Mar	Feb P	-1200M	-707M	--	-2866.4M
Bloomberg Mar. Mexico Economic Survey	27-Mar	1-ene	--	--	--	--
Budget Balance (Year to date)	27-Mar	Feb	--	--	--	21.10B

## Most recent Latam reports

<b>Date</b>	<b>Description</b>
23-3-2013	<a href="#">➤ Mexico Banking Flash: Financial System Stability Council: the Mexican financial system maintains an adequate level of resistance to turbulence</a>
22-3-2013	<a href="#">➤ Flash Colombia: BanRep cut policy rate by 50 bps to 3.25%</a>
22-3-2013	<a href="#">➤ Mexico Inflation Flash: March's bi-weekly inflation: Food-driven upside surprise; temporary increase and low and stable core inflation keep monetary policy expectations unchanged</a>
21-3-2013	<a href="#">➤ Mexico Banking Flash: ICAP: banks pass the first Basel III test</a>
21-3-2013	<a href="#">➤ Mexico Real Estate Flash: Bank lending for housing construction is contracting: True or False?</a>
21-3-2013	<a href="#">➤ Flash Colombia: Colombian economy remains on a path of high growth</a>
21-3-2013	<a href="#">➤ Mexico Banking Flash: Private-sector credit continues to grow at double-digit rates</a>
20-3-2013	<a href="#">➤ Mexico Real Estate Flash: Strong mortgage activity in early 2013</a>
20-3-2013	<a href="#">➤ Mexico GDP Flash: 4Q12 GDP: growth based on the good performance of the private consumer expenditures, as opposed to investment</a>
18-3-2013	<a href="#">➤ Chile Flash: Domestic demand remains dynamic in line with current account worsening</a>

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