

Latam Daily Flash

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Economic Analysis

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Yesterday was a quiet day in Latam, except for the announcement in Colombia of a proposal to change the private pension funds' required minimum return that should have only a mild impact on the FX market and the release of remittances' data in Mexico, which slowed in line with our below consensus forecast. Today, in Brazil we expect the release of official statistics to confirm a rebound in industrial output in March while we expect consumer confidence data in Mexico to show a slight decline in April.

Colombia - Regulatory proposal to change the pension funds' minimum guaranteed return

The government presented a regulatory proposal changing private pension funds' required minimum return. The minimum return proposed is measured as the lowest achieved by a set of reference portfolios in a 12-month timeframe. The portfolios have a bias toward external assets, with respect to the current composition. The measure is under discussion with the pension industry, and would come into force in 3Q14. The government expects the pension funds to purchase around USD 4bn (vs. a total of USD -69bn under management) to replicate the portfolios and thus avoid coming in below the minimum return. We expect the reallocation of portfolio assets to be gradual, with a limited impact on the FX market.

Mexico - Easter holiday, exchange rate and Mexican immigrants' employment hit remittances in March

Remittance flows to Mexico decelerated in March to USD 1784 mn, in line with our below consensus forecast. Remittances declined 14.7% YoY in USD terms, but increased compared to January and February of this year. Thus, as we anticipated, the annual rate declined for the ninth consecutive month since July 2012.

What to watch today

Brazil - Industrial production (March, 08:00hrs NYT)

Following a sharp decline in February (-2.5% MoM), we expect industrial output to rebound in March (+1.5% MoM), to some extent due to an expansion in the auto sector, and reinforce our perspectives that GDP will grow by 1.1% QoQ in 1Q13e.

Mexico - Consumer confidence (April, 10:00hrs NYT)

We expect consumer confidence to decrease slightly in April (to 94.7), as one of the key indicators, job creation in the formal private sector, slowed in March from an average monthly growth of 0.4% in the last quarter of 2012 to 0.1% in March.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Inflation IGP-M (YoY)	29-Apr	Apr	7.35%	--	7.3%	8.06%
Central Govt Budget	29-Apr	Mar	2,65B	--	0,285B	-6.4B
Nominal Budget Balance	30-Apr	Mar	--	--	-15,9B	-23.3B
Commodity Price Index (MoM)	02-May	Apr	--	--	-1.93%	-1.82%
FGV CPI IPC-5	02-May	Apr	0.46%	--	0.52%	0.54%
Trade Balance (Mln) - Monthly	02-May	Apr	\$-950M	\$-800M	\$-994M	\$164M
Vehicle Sales (Fenabrave)	02-May	Apr	--	--	333750	283934
FIPE CPI - Monthly	03-May	Apr	0.24%	--	0.28%	-0.17%
Industrial Production sa (MoM)	03-May	Mar	1.3%	1.5%	--	-2.5%
PMI Services	03-May	Apr	--	--	--	50.3
Chile						
Manufacturing Index	30-Apr	Mar	0.2%	-0,08%	3%	0.9%
Retail Sales (YoY)	30-Apr	Mar	8.45%	7,8%	10,2%	7.4%
Copper Production Total	30-Apr	Mar	--	408927	483780	420207
Unemployment Rate	30-Apr	Mar	6.3%	6.4%	6.2%	6.2%
Colombia						
Central Govt Budget	29-Apr	Mar	--	--	-\$2220,3B	-\$2821B
Urban Unemployment Rate	30-Apr	Mar	11.4%	11,4%	11,6%	12.3%
Producer Price Index (MoM)	03-May	Apr	--	--	--	0.37%
Consumer Price Index (MoM)	04-May	Apr	0.18%	0,15%	--	0.21%
Mexico						
Budget Balance (Year to date)	30-Apr	Mar	--	--	40,2B	53.80B
Remittances (USD)	02-May	Mar	1940M	--	1783,6M	1590.0M
IMEF Manufacturing Index NSA	02-May	Apr	52.00	51.8	51.8	51.3
Peru						
Consumer Price Index (MoM)	01-May	Apr	0,35%	0,35%	0.25%	0.91%
Wholesale Prices (MoM)	01-May	Apr	--	--	0.05%	0.28%

Most recent Latam reports

Date	Description
2-05-2013	➤ Flash Peru: Annual inflation declined to 2.3% in April
2-05-2013	➤ Mexico Migration Flash: Holy week, exchange rate and Mexican inmigrants` employment hit remittances in March
30-04-2013	➤ Mexico Migration Flash: In March, another sharp drop in remittances to Mexico
26-04-2013	➤ Mexico Flash: Results of the National Financial Inclusion Survey
26-04-2013	➤ Flash Colombia: BanRep kept policy rate unchanged at 3.25% in line with consensus, and revised upwards FY13 GDP growth to 4.3%
26-04-2013	➤ Flash Chile: Central Bank kept its neutral stance before preliminary slowdown
26-04-2013	➤ Banxico Flash: Banxico: Getting ready to pull the trigger if necessary
25-04-2013	➤ Brazil Flash: COPOM: "vigilant" and focused on 2014
22-04-2013	➤ Mexico Inflation Flash: April`s biweekly CPI: Headline inflation soars driven by persistent supply shocks, while core remains near 3%
22-04-2013	➤ Mexico Flash: Banco de México: Inflation hike anchors the monetary policy rate

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