

# Latam Daily Flash

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Economic Analysis

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*Inflation in Colombia surprised to the upside and returned to the inflation target range. In Peru the government announced that it will not bid for Repsol assets and in Brazil industrial production expanded less than we expected but still in line with a robust 1Q13 GDP growth. Today, we expect the Chilean real activity indicator (Imacec) for March to increase 3,9% and in Mexico the Consumer Confidence Index for April to fall slightly.*

## Colombia - Inflation reached 2.02% YoY in April, back into the inflation target range

After three consecutive months standing below the inflation target range, inflation surprised to the upside and reached 0.25% MoM in April (consensus: 0.17% MoM). The largest increase was observed in food prices, while core prices decelerated slightly in monthly terms. We expect inflation to remain below the midpoint of the inflation target range (3.0% YoY) in the remainder of the year and to close 2013 at 2.56% YoY.

## Brazil - Industrial production expanded less than expected in March, still in line with a robust 1Q13 GDP growth

Industrial output expanded by 0.7% MoM in March, significantly less than expected (BBVA: 1.5% MoM; consensus: 1.3% MoM). Production increased in 13 out of 27 sectors. The auto sector production increased 5.1% MoM in March, partially recovering from a 8.1% MoM decline in February. In the quarter, industrial production grew 0.8% QoQ (-0.1% QoQ in 4Q12) which supports our view that 1Q13 GDP will grow 1.1% QoQ (0.6% QoQ in 4Q12).

## Peru - Government steps back and will not buy assets from Spain's Repsol in Peru

This ends, at least for now, the growing concern over what the business community and market participants understood as the Peruvian government's desire to play a more active role in the economy, an unpleasant flashback to the 1980s. The plan to buy Repsol assets initially had negative effects on the local currency, the stock exchange and sovereign bond yields. These have all begun to recover after the government's announcement.

## What to watch today

### Chile - Monthly economic activity index (March, 08:30hrs NYT)

We expect the monthly economic activity index (Imacec) to increase 3.9% YoY in March (0.4% MoM seasonally adjusted), driven by strong retail sales and a recovery in the mining sector, offset by a slowdown in manufacturing output. With this print we expect GDP growth to reach 4.7% YoY in 1Q13e, representing a moderation vs. previous quarters.

### 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 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
Commodity Price Index (MoM)	01-08 May	Apr	--	--	--	-1.82%
Vehicle Sales (Anfavea)	06-09 May	Apr	--	--	--	283912
FGV Inflation IGP-DI	08-May	Apr	0,05%	--	--	0.31%
IBGE Inflation IPCA (MoM)	08-May	Apr	0.49%	0.45%	--	0.47%
FIPE CPI - Weekly	09-May	2-may	0,33%	--	--	0.17%
CNI Capacity Utilization	09-May	Mar	82,80%	--	--	82.6%
IGP-M Inflation 1st Preview	10-May	May	0,09%	--	--	0.42%
<b>Chile</b>						
Economic Activity Indx YoY NSA	06-May	Mar	4,65%	3.90%	--	3.8%
Trade Balance in US\$ Million	07-May	Apr	\$500	\$1084	--	\$1134.0
Copper Exports	07-May	Apr	--	\$4345	--	\$3381.0
CPI (MoM)	08-May	Apr	-0.2%	-0.20%	--	0.4%
Central Bank's Economist Survey	10-May	May	--	--	--	--
<b>Colombia</b>						
Vehicle Sales	07-10 May	Apr	--	--	--	23551
Exports FOB - US\$ million	08-May	Mar	\$4958,64	\$4284	--	\$4667.8
Colombia Monetary Policy Minutes	10-May	May	--	--	--	--
Consumer Confidence	10-17 May	Apr	15,1	18	--	--
<b>Mexico</b>						
Consumer Confidence	06-May	Apr	95,7	--	--	95.4
Leading Indicators (MoM)	07-May	Mar	--	--	--	0.06
Gross Fixed Investment	08-May	Feb	-0,1%	2.50%	--	4.6%
Central Bank 1Q Inflation Report	08-May	May	--	--	--	--
Vehicle Production (AMIA)	08-15 May	Apr	--	--	--	238519
Consumer Prices (MoM)	09-May	Apr	0,1%	--	--	0.73%
Bi-Weekly CPI	09-May	Apr 30	0,05%	--	--	-0.09%
Trade Balance	09-May	Mar F	391.0M	--	--	1714.3M
Industrial Production (YoY)	10-May	Mar	-1,4%	1.80%	--	-1.2%
Manufacturing Production (YoY)	10-May	Mar	--	--	--	-0.9%
Central Bank Monetary Policy Minutes	10-May	May	--	--	--	--
<b>Peru</b>						
Reference Rate	10-May	May	4.25%	4.25%	--	4.25%
Trade Balance (INEI)	10-May	Mar	\$35M	--	--	-\$88M

## Most recent Latam reports

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

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