

Latam Daily Flash

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Economic Analysis

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Yesterday was a relatively quiet day in Latin America; with trade figures in Chile still pointing to a strong domestic demand and energy consumption in Colombia suggesting a slow recovery of the industrial sector. Today all eyes will be on the inflation readings in Brazil and Chile, where both are expected to ease, and investment in Mexico, which is expected to rebound.

Chile - Trade balance registered a surplus of USD447mn in April

The trade surplus reached USD447mn in April, below both our expectations and those of the market. The figure was driven by exports that amounted USD6,906mn (+4.9% YoY) while imports rose to USD6,459mn (+12.5% YoY) and copper exports reached USD3,527mn (+8.1% YoY). This print points to a slight slowdown in economic activity on the non-copper supply-side of the economy, but also anticipates a still strong domestic demand, driven by soaring durable consumption and investment in machinery and equipment.

Colombia - Energy consumption accelerated in April

Energy consumption growth stood at 8.1% YoY in April (vs. 0% YoY in March). The variation is partly explained by more working days in the month compared to the same period in 2012, although it also suggests an improvement of industrial production in April (even after correcting for the number of working days). The growing energy demand is fully in line with our outlook for a slow recovery of the industrial sector throughout 2013.

What to watch today

Brazil - Inflation (April, 8:00 hrs NYT)

We expect monthly inflation to continue to ease and reach 0.45% MoM in April, to a certain extent due to lower pressures from food prices. In yearly terms, we expect inflation to drop from 6.59% YoY in March to 6.39% YoY and, therefore, come back to within the target range (2.5% - 6.5%).

Chile - Consumer Price Index (April, 8:00 hrs NYT)

We expect a negative monthly inflation figure of 0.2% in April's CPI (1.3% YoY). This print will be mainly influenced by decreases in gasoline and transportation prices, and a new decline in electricity tariffs. Finally, we expect these price movements to be partially compensated by increases in foodstuff prices.

Mexico - Gross fixed investment indicator (February, 10:00 hrs NYT)

Investment in February should confirm a slight rebound. Capital goods imports increased in February by around 7.2% (all figures are corrected for seasonal variations) in dollar terms which will be reflected by higher machinery and equipment investment equivalent to around 6% growth. We estimate total investment to see a 2.5% YoY increase in February (0.9% MoM).

Colombia - Exports (March, 17:00 hrs NYT)

The supply shock in the coal sector (strikes and regulatory sanctions) should limit export growth in March. We expect a 25% YoY drop in exports, mainly explained by the shock in the mining sector. In contrast, non-mining exports should register a moderate but positive performance. All in all, in 1Q13 exports should limit GDP growth, in line with our expectations, with a more sustained recovery starting in 2Q13.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Commodity Price Index (MoM)	01-08 May	Apr	--	--	-1.93%	-1.82%
Vehicle Sales (Anfavea)	06-09 May	Apr	--	--	333738	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	82,60%	--	--	82.6%
IGP-M Inflation 1st Preview	10-May	May	0,06%	--	--	0.42%
Chile						
Economic Activity Indx YoY NSA	06-May	Mar	4,65%	3.90%	3,1%	3.8%
Trade Balance in US\$ Million	07-May	Apr	\$550	\$1084	\$447	\$1134.0
Copper Exports	07-May	Apr	--	\$4345	\$3527	\$3381.0
CPI (MoM)	08-May	Apr	-0.1%	-0.20%	--	0.4%
Central Bank's Economist Survey	10-May	May	--	--	--	--
Colombia						
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	--	--
Mexico						
Consumer Confidence	06-May	Apr	95.84	--	95.7	95.4
Leading Indicators (MoM)	07-May	Mar	--	--	0.11	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	-1,25%	1.80%	--	-1.2%
Manufacturing Production (YoY)	10-May	Mar	--	--	--	-0.9%
Central Bank Monetary Policy Minutes	10-May	May	--	--	--	--
Peru						
Reference Rate	10-May	May	4.25%	4.25%	--	4.25%
Trade Balance (INEI)	10-May	Mar	-\$110M	--	--	-\$88M

Most recent Latam reports

Date	Description
6-05-2013	➤ Flash Chile: Economic activity increased 3,1% YoY in March, but we anticipate growth above 5% YoY in April
6-05-2013	➤ Flash Colombia: Inflation reached 2.02% YoY in April, back into the inflation target range
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 immigrants' 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

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