

# Latam Daily Flash

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Economic Analysis

Madrid  
**Juan Ruiz**  
Chief Economist, South America  
juan.ruiz@bbva.com  
+34 913745887

**Enestor dos Santos**  
Senior Economist, Latam  
enestor.dossantos@bbva.com  
+34 639827211

With contributions from the BBVA  
Research Latam Team:

Lima  
**Hugo Perea**  
Chief Economist, Peru  
hugo.perea@bbva.com  
+51 1 2112042

Bogota  
**Juana Tellez**  
Chief Economist, Colombia  
juana.tellez@bbva.com  
+571 3471600

Santiago  
**Jorge Selaive**  
Chief Economist, Chile  
jselaive@bbva.com  
+56 2 2939 10 92

Mexico City  
**Carlos Serrano**  
Chief Economist, Mexico  
carlos.serranoh@bbva.com  
+ 5255 5621 4354

*GDP growth in March in Peru surprised to the downside, but we expect the slowdown to be temporary and growth to increase in April. In Brazil, retail sales declined slightly in March, but less than expected, which supports our call for 1.1% QoQ growth in 1Q13e, which should be confirmed today with the release of the March economic activity index. Meanwhile, in Colombia, consumer confidence improved more than expected in April, in line with our outlook for a better performance of consumption in 2Q13e. Today, markets will focus on the above mentioned activity index for Brazil and the monetary policy meeting in Chile, where we expect no changes in policy rates.*

## Peru - Output surprises to the downside in March

Output rose 3.0% YoY in March, below expectations (BBVAe: 4.2% consensus: 4.5%). We were already forecasting a transitory YoY slowdown because of the negative statistical effect of fewer working days. However, its impact on the final print was more pronounced than we expected. This effect will reverse in April, as the available economic activity indicators already suggest. With April's GDP figure, the assessment of Peru's underlying output trend will be clearer. In our view, this trend is still strong, supported by a robust domestic demand, while the weakness of exports will gradually correct (see our [Peru Flash](#) for more details).

## Brazil - Retail sales show moderation in private consumption in March

Retail sales declined slightly in March in comparison to February (-0.1% MoM). The result was better than markets were expecting (consensus, -0.5% MoM) and than in the previous month (-0.4% MoM). The broad retail index, which also includes vehicles and construction inputs, improved 0.2% MoM. Retail sales figures for the first quarter reveal some moderation in private consumption (to some extent due to higher inflation), which is expected to be offset by the strength of industrial production and investment. We expect 1Q13 GDP to grow 1.1% QoQ, the highest rate since the beginning of 2010.

## Colombia - Consumer confidence improved in April

Consumer confidence stood at 23.7 (between -100 and 100) well above the 14.8 in March. The recovery was mainly explained by growth of the 12-month expectations, both in national and household perceptions. The result showed that the decline in confidence in February and March was the result of supply shocks in mining and agriculture. Furthermore, a higher confidence indicator is in line with our outlook of a better performance of private consumption since the beginning of 2Q13e.

## What to watch today

### Brazil - IBC-Br (March, 07:30hrs NYT)

We expect the IBC-Br, the central bank's activity index which works as a monthly proxy for the GDP, to expand 0.8% MoM in March and, therefore, 1.1% QoQ in the first quarter, the same growth as we forecast for GDP in the period.

### Chile - Monetary Policy Meeting (May, 18:00hrs NYT)

We expect the central bank to keep its monetary policy rate unchanged at 5% supported by a balance between domestic and external risks. The communiqué should maintain its neutral stance, even though recent developments in activity have eased domestic risks.

### Colombia - Building permits (March, 17:00hrs NYT)

We expect strong growth in building permits (more than 20% YoY) due to improved momentum in the Bogotá residential sector and a low statistical base in March 2012. Licensing in 1Q13 anticipates a strong performance for construction at the end of the year, in line with our outlook.

## Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Economic Activity Indx MoM SA	16-May	Mar	0,65%	0.80%	--	-0.52%
CAGED Formal Job Creation	16-21 May	Apr	215000	--	--	112450
Retail Sales (MoM)	15-May	Mar	-0,5%	--	-0,1%	-0.4%
FGV Inflation IGP-10 (MoM)	16-May	May	-0,05%	--	--	0.18%
FGV CPI IPC-S	16-May	2-may	0,39%	--	--	0.45%
FIPE CPI - Weekly	17-May	2-may	0,32%	--	--	0.31%
<b>Chile</b>						
Nominal Overnight Rate Target	17-May	2-may	5.00%	5.00%	--	5.00%
<b>Colombia</b>						
Consumer Confidence	14-May	Apr	14.5	18	23.7	--
Outstanding Loans (YoY)	14-21 May	Mar	--	--	--	--
Retail Sales (YoY)	17-May	Mar	-0.01%	0.90%	--	0.6%
Industrial Production (YoY)	17-May	Mar	-3.5%	-5.90%	--	-4.5%
<b>Mexico</b>						
ANTAD Same-Store Sales (YoY%)	15-May	Apr	3%	--	-3,2%	5.9%
GDP (YoY)	17-May	1Q	1,1%	2.20%	--	3.2%
Global Economic Indicator IGAE	17-May	Mar	-0.7	2.30%	--	0.39%
<b>Peru</b>						
Unemployment	15-May	Apr	6,1%	--	5,6%	6.4%
Economic Activity Indx YoY NSA	15-May	Mar	4,55%	4.20%	3.01%	5.0%

## Most recent Latam reports

Date	Description
15-05-2013	<a href="#">➤ Falsh Peru: Output surprises on the downside in March</a>
15-05-2013	<a href="#">➤ Mexico Real Estate Flash: Activity in the construction sector declined in the first quarter</a>
9-05-2103	<a href="#">➤ Mexico Flash: April's inflation: Headline Inflation Peaks as Core Inflation Falls Again Below 3%</a>
9-05-2103	<a href="#">➤ Peru Flash: The Central Bank keeps a neutral bias for the policy rate</a>
9-05-2103	<a href="#">➤ Chile Economic Outlook (in Spanish) - Second quarter, 2013</a>
9-05-2103	<a href="#">➤ Peru Economic Outlook (in Spanish) - Second quarter, 2013</a>
9-05-2103	<a href="#">➤ Colombia Economic Outlook (in Spanish) - Second quarter, 2013</a>
8-05-2103	<a href="#">➤ Brazil Flash: In spite of an upward surprise in April, inflation is (temporarily) back to within the target range</a>
8-05-2103	<a href="#">➤ Flash Chile: Monthly inflation reached -0.5% in April, well below both our and market expectations</a>
8-05-2103	<a href="#">➤ Banxico Flash: Despite supply shocks and recent moderation of economic activity, Banxico keeps unchanged its inflation and economic growth forecasts</a>

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