

Latam Daily Flash

20 May 2013 Economic Analysis

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GDP growth in Mexico in the first quarter came out above our expectations, but still registered a 2.2% YoY growth rate, the lowest since 2009. Meanwhile, in Colombia, March manufacturing and retail numbers produced a mixed picture, although we expect a decisive recovery in April. Today all eyes will be on 1Q13 growth in Chile, expected to show a slowdown in domestic demand.

Mexico - 1Q 13 real GDP growth beat expectations but the YoY print was the weakest since 4Q 09

1Q13 GDP growth came in even better than our above-consensus forecast. The economy expanded 0.5% QoQ compared with our 0.3% QoQ forecast and the 0.1% QoQ of consensus expectations. A downward revision to 4Q12 growth was partly responsible for the better than expected result, but the trend towards moderation continues, particularly in the industrial sector (0.1% QoQ, 30% of GDP). Meanwhile, the service sector remains stable (1.5% QoQ, 60% of GDP). From a YoY perspective total output grew 2.2%, in line with our forecast, the weakest real GDP print since 4Q 09. Thus, we think that consensus forecasts of real GDP growth in 2013 could continue to be lowered from the current 3.4% closer to our forecast of 3.1%.

Colombia - Once again, mixed numbers in manufacturing and retail sales in March

Industrial production fell 11.5% YoY, mainly explained by three fewer business days than in March last year. Retail sales grew 0.9% YoY, limited by a contraction in car sales (-19.1%). Both numbers were in line with our expectations, anticipating a greater impulse from private consumption than from non-residential investment in 1Q13. Leading indicators as of April (mainly energy demand) anticipate an industrial recovery process starting in 2Q13, accompanied by more dynamic retail sales.

What to watch today

Chile - Quarterly national accounts (1Q13, 8:30hrs NYT)

We expect GDP growth to reach 4.4% YoY in 1Q13e, revealing more moderate growth in domestic demand, mainly driven by lower expansion in fixed capital formation. In addition, the current account deficit should ease and reach USD2,150mn in the quarter (-2.7% of 1Q13e nominal GDP), slightly lower than the previous deficit print.

Colombia - Imports and trade balance (March, 17:00hrs NYT)

Imports should grow 2.1% YoY in March, accelerating from -0.7% in February, boosted by consumer goods rather than raw materials imports. We expect the trade balance to stand at USD -115mn. (taking 1Q13e to USD 122mn.), representing a severe deterioration vs. 1Q12 (USD 2,236m) after the temporary mining shock.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
CAGED Formal Job Creation	14-21 May	Apr	215000	--	--	112450
Tax Collections	15-22 May	Apr	95000M	--	--	79613M
IGP-M Inflation 2nd Preview	20-May	May	--	--	--	0.28%
IBGE CPI IPCA-15 (MoM)	22-May	May	0.49%	0.42%	--	0.51%
Current Account - Monthly	22-May	Apr	-7268,5	--	--	-\$6873M
FGV CPI IPC-S	23-May	2-may	0,33%	--	--	--
Unemployment Rate	23-May	Apr	5,55%	5.90%	--	5.7%
FGV Consumer Confidence	24-May	May	--	--	--	113.9
Total Outstanding Loans	24-May	Apr	--	--	--	2427B
Chile						
GDP (YoY)	20-May	1Q	4,5%	4.40%	--	5.70%
Current Account	20-May	1Q	-1800	-2150	--	-2880.0
Central Bank's Traders Survey	22-May	1-ene	-100,5	--	--	--
Colombia						
Outstanding Loans (YoY)	14-21 May	Mar	--	--	--	--
Trade Balance	20-May	Mar	-100,5	-\$115	--	\$386.4
Mexico						
Retail Sales (INEGI)	22-May	Mar	-0,2%	--	--	-2.6%
GDP Current \$ YoY	23-May	1Q	4,2%	--	--	3.9%
Bi-Weekly CPI	23-May	2-may	-0,35%	--	--	0.01%
Unemployment Rate	24-May	Apr	4.67%	--	--	4.51%
Current Account Balance	24-May	1Q	-4500	--	--	-\$6490M
Peru						
GDP YoY	23-May	1Q	4.8%	4.80%	--	5.9%

Most recent Latam reports

Date	Description
17-05-2013	➤ Peru Economic Outlook Second Quarter 2013
17-05-2013	➤ Mexico GDP Flash: Slightly higher than estimated, GDP grew 0.5% q/q in 1Q13. This is, however, the lowest annual growth since 2009
16-05-2013	➤ Chile Flash: Central Bank kept interest rate at 5% overshadowing dovish market positions
15-05-2013	➤ Peru Flash: Output surprises on the downside in March
15-05-2013	➤ Mexico Real Estate Flash: Activity in the construction sector declined in the first quarter
9-05-2103	➤ Mexico Flash: April's inflation: Headline Inflation Peaks as Core Inflation Falls Again Below 3%
9-05-2103	➤ Peru Flash: The Central Bank keeps a neutral bias for the policy rate
9-05-2103	➤ Chile Economic Outlook (in Spanish) - Second quarter, 2013
9-05-2103	➤ Peru Economic Outlook (in Spanish) - Second quarter, 2013
9-05-2103	➤ Colombia Economic Outlook (in Spanish) - Second quarter, 2013

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