

Latam Daily Flash

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Yesterday the macro agenda was fairly light in the region, with trade figures in Peru showing a drop in exports and a strong growth in imports, which is likely to continue when, as we expect, public spending rebounds following the slowdown observed in May. Today the markets will mostly focus on the industrial production data in Mexico, looking to confirm an expected slight upturn in April.

Peru - Trade balance continues to trend downwards in April

The annualized trade balance recorded a surplus equivalent to 0.8% of GDP in April, below the previous print (1.0% in March). The result is due to a 3.2% YoY fall in nominal exports and a growth in imports of 9.6% YoY. In the coming months, we expect some recovery in the trade balance, once the temporary factors that have been affecting exports begin to dissipate.

Peru - Public spending slows in May

The preliminary figure for May released by the Ministry of Finance shows that real public investment and consumption slowed to 6.4% YoY and 8.8% YoY respectively (54.9% and 23.1% in April). We believe that this slowdown could be transitory and in the coming months public spending will continue to register double-digit growth, partially offsetting the weakness in exports.

What to watch today

Chile - CB Economic expectation survey (June, 8:30 hrs NYT)

We expect the survey to show forecasts of no changes in the monetary policy rate at Thursday's meeting, in line with our view. However, we do not rule out the possibility of a migration of expectations from a neutral stance for the policy rate towards a more dovish view, reflecting the Board's concerns about the deceleration process in the economy. All in all, the survey should reveal forecasts of an increase of around 4.2% YoY for the economic activity index (Imacec) in May and estimates of monthly inflation at 0.5% MoM for June.

Mexico - Industrial production (April, 9:00hrs NYT)

We expect a slight upturn in industrial output as a result of the positive figures on automobile output and more moderate growth in other manufactured goods. Specifically, the automobile industry has had two months of significant growth, 14% higher than in the two months of April-May last year. However, other manufacturing branches have been weaker, and this could limit the growth of the industrial sector in the second quarter of the year. We estimate total industrial output to grow 1.0% MoM in seasonally adjusted terms.

Calendar: Indicators

| Brazil | Date | Period | Consensus | BBVAe | Actual | Prior |
|----------------------------------|-----------|--------|-----------|-------|----------|----------|
| IGP-M Inflation 1st Preview | 10 Jun | Jun | 0.25% | -- | 0.43% | 0.03% |
| FGV CPI IPC-S | 10 Jun | 2-Jun | 0.36% | -- | 0.48% | 0.32% |
| CNI Capacity Utilization (SA) | 10 Jun | Apr | 82.30 | -- | 82.2% | 82.2% |
| FIPE CPI - Weekly | 11 Jun | 2-Jun | 0.16% | -- | 0.13% | 0.18% |
| Retail Sales (MoM) | 13 Jun | Apr | 1.2% | 1.5% | -- | -0.1% |
| FGV Inflation IGP-10 (MoM) | 14 Jun | Jun | 0.45% | -- | -- | -0.09% |
| Economic Activity Indx MoM SA | 14 Jun | Apr | 0.85% | -- | -- | 0.72% |
| CAGED Formal Job Creation | 14-21 Jun | May | -- | -- | -- | 196913 |
| Tax Collections | 15-22 Jun | May | -- | -- | -- | 98713M |
| Chile | | | | | | |
| Central Bank's Economist Survey | 11 Jun | Jun | -- | -- | -- | -- |
| Central Bank's Traders Survey | 12 Jun | Jun | -- | -- | -- | -- |
| Nominal Overnight Rate Target | 14 Jun | 2-Jun | 5.00% | 5.00% | -- | 5.00% |
| Colombia | | | | | | |
| Colombia Monetary Policy Minutes | 14 Jun | Jun | -- | -- | -- | -- |
| Outstanding Loans | 14-21 Jun | Apr | -- | -- | -- | \$253.0B |
| Mexico | | | | | | |
| Trade Balance | 10 Jun | Apr F | -- | -- | -1226.9M | -1225.0M |
| Industrial Production (YoY) | 11 Jun | Apr | 5.3% | 0.8% | -- | -4.9% |
| Peru | | | | | | |
| Trade Balance (INEI) | 11 Jun | Apr | -\$382M | -- | -- | \$302M |
| Reference Rate | 14 Jun | Jun | 4.25% | 4.25% | -- | 4.25% |
| Economic Activity Indx YoY NSA | 14 Jun | Apr | 6.9% | -- | -- | 3.0% |
| Unemployment | 15 Jun | May | -- | -- | -- | 5.6% |

Most recent Latam reports

| Date | Description |
|-----------|---|
| 7-06-2013 | ➤ Brazil Flash: Inflation: stable around the target ceiling for now, but moving up soon |
| 7-06-2013 | ➤ Flash Chile: CPI had no variation in May but it may increase 0.5% MoM in June |
| 7-06-2013 | ➤ Mexico Inflation Flash: Inflation in May: Supply Shocks Within Non Core Inflation Prevents Headline Inflation from Falling |
| 7-06-2013 | ➤ Mexico Flash: A more dovish tone strengthens the rate cut perspectives, once inflation is below 4.0%. |
| 6-06-2013 | ➤ Brazil Flash: Monetary policy minutes highlight concerns on inflation |
| 5-06-2013 | ➤ Flash Colombia: Inflation stood at 2.0% YoY in May, with a slight deceleration against April |
| 5-06-2013 | ➤ Flash Chile: Monthly activity increase of 4.4% YoY in April is not a pleasant surprise, but still not enough to start a expansionary monetary cycle |
| 5-06-2013 | ➤ Mexico Economic Outlook Second Quarter 2013 |
| 5-06-2013 | ➤ Mexico Flash: Banco de México: No change in monetary rate.Dovish tone due to economic activity |
| 5-06-2013 | ➤ Mexico Real Estate Flash: Which forces dominate among those driving forward and dragging back the housing market? |

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