

Latam Daily Flash

25 June 2013 Economic Analysis

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Inflation came in lower than markets expected in Mexico, declining in annual terms and reinforcing prospects of deceleration in the months ahead. Today the focus will be on Mexico again, where we expect to see moderate growth in the Global Index of Economic Activity (1.8% YoY) at the beginning of the second quarter.

Mexico - Inflation surprised to the downside

June's biweekly inflation fell -0.05% fortnightly, below market expectations (0.08% FoF) and dropping in annual terms from 4.6% YoY in May to 4.2% YoY. This was the result of an unexpected fall in livestock prices and lower than expected fruit and vegetable prices. Core inflation remains well below 3%, and non-core inflation is decreasing more consistently, as a result we expect inflation to fall below 4% before September.

What to watch today

Brazil - Credit report (May, 09:30 hrs NYT)

We expect the report to continue to show credit markets moving sideways, with public credit outpacing private credit, and lending rates moving up, in line with higher SELIC rates.

Mexico - Global Index of Economic Activity (April, 10:00 hrs NYT)

Economic activity is expected to grow moderately (1.8% YoY) in April given the contraction in industrial production (-2.1% YoY) and the moderate expansion in services (1.9% YoY) and retail sales.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Consumer Confidence	24 Jun	Jun	--	--	112.9	113.4
FGV CPI IPC-S	24 Jun	2-Jun	0.39%	--	0.37%	0.43%
FIPE CPI - Weekly	25 Jun	2-Jun	0.24%	--	--	0.18%
FGV Construction Costs (MoM)	25 Jun	Jun	2%	--	--	1.24%
Outstanding Loans MoM%	25 Jun	May	--	--	--	1.1%
FGV Inflation IGP-M (MoM)	27 Jun	Jun	0.74%	--	--	0.00%
Manufacturing PPI (YoY)	27 Jun	May	--	--	--	5.48%
Central Govt Budget	27 Jun	May	3.20%	--	--	7.2B
Primary Budget Balance	28 Jun	May	3.80%	--	--	10.3B
Central Bank publishes quarterly inflation report	28-24 Jun	Jun	--	--	--	--
Chile						
Central Bank's Traders Survey	26 Jun	Jun	--	--	--	--
Central Bank Meeting Minutes	28 Jun	Jun	--	--	--	--
Manufacturing Index	28 Jun	May	1.50%	0.3%	--	3.4%
Retail Sales (YoY)	28 Jun	May	10.50%	10.3%	--	11.2%
Copper Production Total	28 Jun	May	--	477903	--	441668
Unemployment Rate	28 Jun	May	6.50%	6.6%	--	6.4%
Colombia						
Industrial Confidence	24-28 Jun	May	--	0%	--	-1.3%
Retail Confidence	24-28 Jun	May	--	17%	--	15.5%
Current Account	26 Jun	1Q	--	-\$4000M	--	-\$3577M
Central Govt Budget	27 Jun	May	--	--	--	\$3107B
Urban Unemployment Rate	28 Jun	May	11%	11%	--	10.7%
Overnight Lending Rate	28 Jun	2-jun	3.25%	3.25%	--	3.25%
Mexico						
Unemployment Rate	24 Jun	May	4.90%	--	4.93%	5.04%
Bi-Weekly CPI	24 Jun	2-jun	0.08%	0.08%	-0.05%	0.02%
Global Economic Indicator IGAE	25 Jun	Apr	3.70%	1.8%	--	-1.80%
Trade Balance	26 Jun	May P	177.24M	1654M	--	-1226.9M
Net Outstanding Loans	28 Jun	May	--	--	--	2323B
Budget Balance (Year to date)	28 Jun	May	--	--	--	39.82B

Most recent Latam reports

Date	Description
24-06-2013	➤ Mexico Inflation Flash: June's biweekly inflation: Inflation Surprised Downwards Thanks to Lower Than Expected Non Core Inflation
20-06-2013	➤ Mexico Banking Flash: The Financial System Stability Council (CESF): the Mexican financial markets are adjusting in an orderly fashion to an environment of greater international volatility originated by a possible reduction in financial assets by the US Federal Reserve
20-06-2013	➤ Flash Colombia: GDP growth of 2.8% YoY for 1Q13 was driven by construction and public spending, in line with outlook of 4.1% for 2013
17-06-2013	➤ Brazil Flash: Government takes steps toward the normalization of economic policies
14-06-2013	➤ Flash Peru: April GDP and available indicators anticipate strong performance in the second quarter
13-06-2013	➤ Flash Peru: Unsurprisingly, the policy rate remains at 4,25%
11-06-2013	➤ Mexico Real Estate Flash: Some oxygen for the construction sector
11-06-2013	➤ Flash Colombia: It was confirmed the leadership of infrastructure in GDP growth in 2013
10-06-2013	➤ Mexico Real Estate Flash: Construction in energy, ahead on its own
10-06-2013	➤ Mexico Flash: Industrial production, with sharp drop in April. Confirms and amplifies the negative trend

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