

Latam Daily Flash

9 July 2013 Economic Analysis

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The June trade surplus in Chile disappointed due to weaker exports than we anticipated while, the June figure for energy demand growth in Colombia supports our call for (an albeit slow) recovery in industrial production in 2Q13e. Today all eyes will be on inflation in Mexico (which we expect to drop sharply) and exports in Colombia, expected to recover from supply shocks earlier in the year.

Chile - Trade surplus reached USD608mn in June

The balance of trade was a positive USD608mn in June, below both our expectations and those of the market. The figure was driven by exports that amounted to USD6.5bn (-3.7% YoY, BBVAe: USD6.8bn) while imports reached USD5.9bn (+2.3% YoY, BBVAe: USD5.8bn). Copper exports disappointed and came out at USD3.4bn (-8.0% YoY). Although durable and capital goods imports remained dynamic (+16.6% YoY and +6.1% YoY, respectively), total imports were relatively stable, another indicator that the monthly economic activity index will increase by less than 4% YoY in June.

Colombia - Energy consumption anticipates a better manufacturing performance in June

Energy demand grew 1.3% YoY in June, despite there being one working day less than in the same month last year. This result coincides with our outlook which anticipates a recovery in industrial production starting 2Q13e, although we expect this recovery to be slow due to the excess capacity in the sector.

What to watch today

Mexico - Inflation (June, 09:00hrs NYT)

We expect June inflation to confirm a sharp downward trend. We forecast a fall in headline inflation to 4.1% YoY in June (-0.05% MoM) from 4.6% in May, driven by a monthly drop in non-core prices as supply shocks in recent months continued to ease, and anchored by low and stable core inflation which we expect to decrease to 2.81% YoY in June (0.15% MoM) from 2.88% in May.

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

Exports in May should show the first positive annual growth in 2013e, at 1.8% (USD5.5 bn). The main drivers of the expected recovery are coal exports and an upturn in industrial export shipments.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV CPI IPC-S	08 Jul	2-Jul	0.33%	--	0.23%	0.35%
CNI Capacity Utilization (SA)	08 Jul	May	83.00%	--	82.20%	83.30%
SELIC Target - Central Bank	10 Jul	2-Jul	8.50%	8.50%	--	8.00%
Retail Sales (MoM)	11 Jul	May	0.00%	0.00%	--	0.50%
Economic Activity Indx MoM SA	12 Jul	May	--	--	--	0.84%
Chile						
Trade Balance in US\$ Million	08 Jul	Jun	\$900	\$1044	\$608.0	\$639.0
Central Bank's Traders Survey	10 Jul	Jul	--	--	--	--
Central Bank's Economist Survey	10 Jul	Aug	--	--	--	--
Nominal Overnight Rate Target	12 Jul	2-Jul	5.00%	5.00%	--	5.00%
Colombia						
Vehicle Sales	05-10 JUL	Jun	--	--	--	24488
Exports FOB - US\$ million	9 Jul	May	\$5416.6	\$5500	--	\$4949.5
Consumer Confidence Index	10-16 JUL	Jun	22.0	21.8	--	20.1
Colombia Monetary Policy Minutes	12 Jul	1-Jan	--	--	--	--
Mexico						
Vehicle Production (AMIA)	08 Jul	Jun	--	--	266351	255474
CPI MoM	9 Jul	Jun	-0.02%	-0.05%	--	-0.33%
Bi-Weekly CPI	9 Jul	2-Jun	0.03%	-0.03%	--	-0.05%
Gross Fixed Investment	10 Jul	Apr	5.60%	--	--	-5.50%
Trade Balance	10 Jul	May	-308.8M	--	--	-469.9M
Industrial Production (YoY)	12 Jul	May	0.50%	-1.20%	--	3.30%
Overnight Rate	12 Jul	2-Jul	4.00%	4.00%	--	4.00%
Peru						
Trade Balance (INEI)	10 Jul	May	-\$250M	--	--	-\$378M
Reference Rate	12 Jul	Jul	4.25%	4.25%	--	4.25%

Most recent Latam reports

Date	Description
08-07-2013	➤ Inflation jumped to 2.16% YoY in June, consolidating within the inflation target range
08-07-2013	➤ CPI inflation for June 0,6% m/m, in line with our forecast, and impacted by transitory elements
05-07-2013	➤ Brazil Flash: Inflation peaks in June
1-07-2013	➤ Mexico Migration Flash: Remittances to Mexico recorded 11 consecutive months with declines
1-07-2013	➤ Flash Peru: Annual inflation kept upward trend in June
28-06-2013	➤ Mexico Real Estate Flash: The rules arrive at last
28-06-2013	➤ Mexico Regional Sectorial Outlook
28-06-2013	➤ Colombia Flash: Central Bank kept policy rate at 3.25% and moderates concerns about local volatility
28-06-2013	➤ Flash Uruguay: Central Bank established a new monetary policy instrument which will have a slight tightening bias
28-06-2013	➤ Mexico Migration Flash: Do remittances recovered last May?

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