

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

Principal 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.serrano@bbva.com
+ 5255 5621 4354

Javier Amador

Principal Economist
javier.amador@bbva.com
+ 5255 5621 3095

Data released yesterday revealed that labour markets continued to support private consumption in Chile but to a lesser extent in Colombia. Markets have a long list of macro indicators to digest today: remittance data and the IMEF in Mexico, with the latter expected to point to a recovery ahead, industrial production in Brazil, which should support our view of stable but relatively slow growth in 2Q13e, and consumer prices in Peru, which are likely to temporarily breach the target ceiling.

Chile - Unemployment rate decreased to 6.2% in June

The unemployment rate reached 6.2% in June (from 6.4% in May and 6.6% in June 2012), below both our and market expectations (6.5%). The print should remain supportive of private consumption in the coming months. Nonetheless, employment decreased by -0.1% MoM (+2.2% YoY), mainly driven by seasonal job-destruction in agriculture and real estate that were partially offset by job-creation in education, retail and wholesale commerce. Meanwhile, the labour force shrank further at the margin (-0.4% MoM, +1.8% YoY). All in all, we expect mild increases in the unemployment rate during the coming months due to seasonal factors.

Colombia - Urban unemployment rate reached 11.2% in June

The urban unemployment rate in June stood at 11.2%, down by -0.2 pp (YoY), although above expectations (consensus: 10.6%, BBVAe: 10.9%). With respect to May, the unemployment rate remained stable on a seasonally-adjusted basis. The small YoY reduction was due to a slightly greater contraction in labour participation (-0.7pp YoY) than in occupation (-0.6pp YoY). The unemployment figures revealed a moderating pace of job-creation compared to that of recent months.

What to watch today

Brazil - Industrial production (June, 08:00hrs NYT)

We expect industrial production to expand 0.8% MoM, erasing some of the losses recorded in May (-2.0% MoM) and supporting our GDP forecast of 0.6% QoQ in 2Q13.

Mexico - IMEF indicator (July, 11:00hrs NYT)

The IMEF manufacturing producers indicator came in at 47.5 points in June, below the expansion threshold for the second month in a row. We expect to see some recovery in July (to 50 points) based on the better US industrial output figures, although we remain cautious regarding manufacturing performance since automotive production fell back slightly in June.

Mexico - Remittances (June, 11:00hrs NYT)

In our view, the important +5.6% variation in the peso/dollar exchange rate between May and June could lead to remittance revenues strengthening. In addition, there has been a slight recovery in jobs for Mexican migrants to the US between April and June this year, although lower than could be expected given the total job figures. In this sense, estimates for June point to Mexico having received around USD1.976bn dollars in remittances.

Peru - Consumer prices (July, 11:00hrs NYT)

We expect monthly CPI inflation of 0.42% MoM, mainly due to seasonal increases in food and transport prices, as well as increments in fuel and electric tariffs. With this, annual inflation would stand at 3.1%, just above the target range (2% +/- 1pp). We expect inflation to return to the target range in the coming months, in a context of subdued pressures from internal demand.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Inflation IGPM MoM	30 Jul	Jul	0.28%	--	0.26%	0.75%
FGV Inflation IGPM YoY	30 Jul	Jul	5.18%	--	5.18%	6.31%
Primary Budget Balance	30 Jul	Jun	2.95B	--	5.4B	5.7B
PPI Manufacturing YoY	31 Jul	Jun	--	--	4.25%	4.07%
FGV CPI IPC-5	01 Aug	2-Jul	-0.15%	--	--	-0.11%
Industrial Production MoM	01 Aug	Jun	1.30%	0.80%	--	-2.00%
PMI Manufacturing	01 Aug	Jul	--	--	--	50.4
Trade Balance Monthly	01 Aug	Jul	\$450M	\$600	--	\$2394M
FIPE CPI - Monthly	02 Aug	Jul	-0.18%	--	--	0.32%
Vehicle Sales Fenabrave	02 Aug	Jul	--	--	--	318606
Chile						
Manufacturing Index YoY	30 Jul	Jun	-1.20%	-1.00%	-2.70%	-4.20%
Retail Sales YoY	30 Jul	Jun	8.00%	7.40%	7.70%	13.20%
Copper Production Total	30 Jul	Jun	--	470798	482252	475140
Central Bank Meeting Minutes	30 Jul	1-Jan	--	--	--	--
Unemployment Rate	31 Jul	Jun	6.50%	6.50%	6.20%	6.40%
Colombia						
Vehicle Sales	31 Jul	Jun	--	--	--	24488
Budget Balance	30 Jul	Jun	--	--	-\$194.7B	-\$195B
Urban Unemployment Rate	31 Jul	Jun	10.50%	10.9%	11.20%	10.40%
PPI MoM	02 Aug	Jul	--	--	--	0.24%
Mexico						
Budget Balance YTD	30 Jul	Jun	--	--	-75.6B	56.00B
Net Outstanding Loans	31 Jul	Jun	--	--	2370B	2351B
Remittances Total	01 Aug	Jun	2065.6	--	--	2033.9M
IMEF Manufacturing Index NSA	01 Aug	Jul	49.6	--	--	47.5
Peru						
CPI MoM	01 Aug	Jul	0.25%	0.42%	--	0.26%
Wholesale Prices (MoM)	01 Aug	Jul	--	--	--	0.82%

Most recent Latam reports

Date	Description
30-07-2013	➤ Flash Chile: Activity data by sector anticipates Imacec increase of 3.3% YoY in June. Monetary policy minutes revealed signals about timing of easing
29-07-2013	➤ Mexico Migration Outlook July 2013
26-07-2013	➤ Central Bank in Colombia kept policy rate at 3.25% and revises downwards 2013FY GDP growth forecast from 4.3% to 4.0%
24-07-2013	➤ Mexico Inflation Flash: July's biweekly inflation: Inflation Surprises to the Downside. Thanks to a Very Low Core Print
22-07-2013	➤ Mexico Banking Flash: Bank deposits: slowdown has been gradual
18-07-2013	➤ Brazil Flash: For the COPOM, the exchange rate depreciation is a "natural and expected" transition to normality, but entails risks
15-07-2013	➤ Mexico Real Estate Flash: Construction returns to negative terrain
15-07-2013	➤ Flash Peru: GDP slowed in May
15-07-2013	➤ Mexico Flash: Industrial production rebounded in May, partially offsetting the sharp decline in April. The trend remains of moderation.
12-07-2013	➤ Mexico Flash: In spite of a greater concern on domestic activity and a better inflation outlook, a rate cut seems to depend on a greater impairment of economic activity

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