

Latam Daily Flash

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Madrid

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President Santos declared that BanRep should either maintain the current monetary rate or cut it to stimulate activity in Colombia; this announcement is in line with our outlook for a first rate hike in April 2014. In Chile, no change in the monetary policy rate is expected in tomorrow's meeting, although we expect a first cut of 25bp in September's meeting.

Mexico - Industrial production in June came in below expectations

Industrial production in June decreased -0.03 MoM and -1.5% YoY (SA), below our forecast (0.02% YoY). The components that suffered the most were Construction (5.6% YoY) and Mining (3.0% YoY), while Manufacturing increased slightly (0.09% YoY). This print indicates that the economic deceleration continued in 2Q13.

Colombia - Monetary policy minutes and inflation report

BanRep presented its 2Q13 inflation report. The report stated that BanRep anticipates a recovery in private consumption in 2Q13, in line with recent consumer confidence levels and retail sales. BanRep's year-end CPI inflation forecast lies between 2.3% and 2.5%. The GDP outlook is in line with our expectations, although BanRep's inflation outlook is slightly above our estimates (BBVAe: 2.7%) and the market consensus.

Colombia - President Santos states that he would support a policy rate cut

Santos declared that there are no important reasons that would warrant an increase in the policy rate, stating that BanRep should either maintain the current rate or cut it to stimulate activity. Santos argued that he would support a cut, but he did not know if the Central Bank agreed with him. BanRep has insisted since March that the current stance is in line with achieving a greater economic dynamism; as a result, we believe Santos' statement suggests that a loose monetary stance will be maintained for a long time. Most market analysts anticipate a rate hike before the year-end, nevertheless today's announcement is in line with our outlook which anticipates the first rate hike in April 2014.

Peru - Business confidence is in the neutral zone and anticipates a slowdown in private investment

Business confidence stood at 50 points in July (vs. 51 points in June) and continued the downward trend seen since early this year, although the pace of decline has stabilised in recent months. This anticipates a slowdown in private investment in the coming quarters in line with our estimates.

What to watch today

Chile - CB Economic Expectation Survey (August, 8:30 hrs NYT)

We expect the survey to show forecasts for no changes in the monetary policy rate at tomorrow's meeting, in line with our view. Nonetheless, for September's meeting we anticipate the first cut of 25bp in the policy rate, something that the consensus could confirm today. Additionally, the results should reflect expectations of an increase of around 5.0% YoY for the economic activity index (Imacec) in July and monthly inflation at +0.2% MoM for August.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Retail Sales MoM	14 Aug	Jun	0.6%	0.4%	--	0.00%
Formal Job Creation Total	14-21 Aug	Jul	100000	--	--	123836
FGV Inflation IGP-10 MoM	15 Aug	Aug	0.15%	--	--	0.43%
Economic Activity MoM	15 Aug	Jun	1.2%	0.9%	--	-1.4%
Tax Collections	15-22 Aug	Jul	94500	--	--	85683M
FGV CPI IPC-S	16 Aug	Aug 15	0.07%	--	--	-0.02%
Chile						
Overnight Rate Target	14 Aug	Aug 13	4.88%	5.00%	--	5.00%
Central Bank's Traders Survey	14 Aug	--	--	--	--	--
Colombia						
Vehicle Sales	08-12 Aug	Jul	--	--	--	--
Consumer Confidence Index	09-15 Aug	Jul	25	25	--	27.4
Outstanding Loans	14-21 Aug	Jun	--	--	--	\$260.1T
Trade Balance	16 Aug	Jun	--	\$700	--	\$315.4
Mexico						
ANTAD Same-Store Sales (YoY%)	13-08-13	Jul	0.50%	--	--	1.6%
Peru						
Unemployment Rate	15 Aug	Jul	--	--	--	5.8%
Economic Activity YoY	15 Aug	Jun	5.05%	--	--	5.00%

Most recent Latam reports

Date	Description
9-08-2013	➤ Brazil Economic Outlook
8-08-2013	➤ 3Q13 Latin America Economic Outlook (in Spanish)
8-08-2013	➤ Peru Flash: Central Bank leaves open the possibility of further easing reserve requirements
8-08-2013	➤ Mexico Inflation Flash: Inflation continues falling in July, and the core inflation reaches its historical low
8-08-2013	➤ Chile Flash: CPI inflation increased 0.3% MoM in July
8-08-2013	➤ 3Q13 Mexico Economic Outlook (in Spanish)
7-08-2013	➤ Peru Economic Outlook 3Q13 (in Spanish)
7-08-2013	➤ Brazil Flash: Significant decline of inflation in July marks the beginning of a downward trend
5-08-2013	➤ Colombia Flash: CPI inflation stood at 2.22% YoY in July, continuing with increasing YoY variations
5-08-2013	➤ Chile Economic Outlook 3Q13 (in Spanish)

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