

Latam Daily Flash

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In Chile, no changes are expected in the monetary policy rate in the next meeting, however, the Board's communiqué should continue to reflect a dovish stance, discussing as a policy option a 25bp cut by September. Greater openness to private investment in the Mexican energy sector is expected.

Chile - Central bank survey anticipates a stable policy rate at today's meeting

The CB's economic expectations survey revealed a growth forecast for the monthly economic activity index of 4.3% YoY in July (BBVAe: 4.8% YoY) and inflation at +0.3% MoM in August (BBVAe: +0.2% MoM). In terms of monetary policy, analysts do not expect any changes in the reference rate at today's meeting but for September's meeting participants anticipate an easing of 25bp to 4.75% (in line with our view).

Mexico - The government's energy reform initiative has been presented to Congress yesterday

The initiative presented by President Enrique Peña Nieto is expected to increase investment in the oil sector by allowing the private sector to operate in more sectors of the oil production chain.

Colombia - Energy consumption increased in July, suggesting a better manufacturing performance in 2H13

In July energy demand grew 3.4% YoY, above the first semester average (2.7% YoY). In the YtD the demand for non-regulated energy (4.2%), which is required by different industrial sectors, was greater than for residential use (3.9%), with a higher rate of growth since March. Energy demand from the manufacturing sector posted its highest growth of the year in July. All in all, the data confirm our outlook that the economy will recover in 2Q13 and accelerate during the second half of the year.

Peru - The trade balance maintained its downward trend in June

Exports fell 18.8% YoY in June; affected by both lower prices and a fall in shipped volumes. As a result, the trade balance decreased to 0.3% of GDP (vs. 0.7% in May) in annualised terms. Although we expect lower mineral prices to continue to have an impact on the external accounts, we believe the recent increase in mining production will support a recovery in export volumes in the months ahead.

What to watch today:

Chile - Monetary policy meeting (18:00 hrs NYT)

We expect the CB to keep its monetary policy rate unchanged at 5%. Nonetheless, the Board's communiqué should continue to show a dovish stance, discussing as policy option a 25bp cut and the maintenance of the reference rate. All in all, our analysis suggests that the conditions needed for monetary easing are present, but communicational and strategic factors may be considered in today's decision and in the end the 25bp cut could be put off until September's meeting.

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	14 Aug	Jul	--	--	--	--
Consumer Confidence Index	13-15 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 Aug	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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