

Latam Daily Flash

20 August 2013 Economic Analysis

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Yesterday S&P raised Peru Long-Term FC rating to 'BBB+', and its long-term LC rating to 'A'. The evolution of GDP in Chile confirmed our view of a deceleration in economic activity, and in Mexico we also expect confirmation of the moderate profile that high-frequency data have indicated to date. In both cases, we expect the pace of growth to recover in the second half of the year.

Peru - S&P Raised LT - FC rating to 'BBB+' and its LT - LC to 'A'

S&P Raised Peru Long-Term foreign currency rating to 'BBB+' from 'BBB' and its long-term local currency rating to 'A' from 'BBB+'. In its communiqué S&P highlights strong GDP growth and a positive outlook for the portfolio of energy and mining projects until 2016. Fiscal accounts has benefited from revenues linked to mining sector and from the implementation of the new fiscal rule, both elements will tend to reduce debt burden. It mentions the improvement in sovereign's capacity to undertake countercyclical fiscal and monetary policy, implying better capacity to deal in the event of fall in export prices or external shocks.

Chile - GDP growth reached 4.1% YoY in 2Q13

GDP grew 4.1% YoY in 2Q13 (+0.5% QoQ sa), slightly above both our and market estimates (at 4.0% YoY). Domestic demand moderated at 4.5% YoY in the period (-0.5% QoQ sa). The latter was mainly driven by a decrease of inventories, while private consumption expanded 7.0% YoY and GFCF increased 9.3% YoY (+1.6% and +3.2% QoQ sa, respectively). Meanwhile, exports and imports showed a recovery, growing at 7.2% and 8.4% YoY, respectively. Finally, the current account deteriorated less than estimated to -2.3% of GDP (but remains at -4.0% of annual GDP). All in all, recent data validate our assessment of a deceleration in economic activity (see our [Chile Flash](#) for details).

What to watch today

Mexico - GDP (2Q13, 9:00hrs NYT)

High-frequency data suggest that economic activity weakened further in 2Q13. The deceleration in domestic demand, consumption and investment was probably partially offset by a mild recovery in exports. We expect 0.2% QoQ sa growth, consistent with a 1.7% YoY sa expansion.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Tax Collections	19 Aug	Jul	94715M	--	94293M	85683M
Current Account Balance	23 Aug	Jul	-\$8400M	--	--	-\$3953M
IBGE Inflation IPCA-15 YoY	21 Aug	Aug	6.14%	--	--	--
FGV CPI IPC-S	23 Aug	Aug 22	0.13%	--	--	--
Formal Job Creation Total	20-23 Aug	Jul	100000	--	--	123836
FGV Consumer Confidence	23 Aug	Aug	--	--	--	108.3
Unemployment Rate	22 Aug	Jul	5.80%	--	--	6.00%
IBGE Inflation IPCA-15 MoM	21 Aug	Aug	0.15%	--	--	0.07%
Chile						
GDP YoY	19 Aug	2Q	4.00%	4.00%	4.10%	4.10%
GDP QoQ	19 Aug	2Q	0.60%	0.64%	0.50%	0.50%
Current Account Balance	19 Aug	2Q	-3900	-4.50%	-1631	-1690
Colombia						
Outstanding Loans	20-23 Aug	Jun	--	--	--	\$260.1T
Outstanding Loans YoY	20-23 Aug	Jun	--	--	--	15.07%
Retail Sales YoY	22 Aug	Jun	4.50%	6.8%	--	6.50%
Industrial Production YoY	22 Aug	Jun	-4.00%	-5%	--	-3.10%
Mexico						
Current Account Balance	23 Aug	2Q	-\$3387M	--	--	-\$5532M
Unemployment Rate	23 Aug	Jul	5.22%	--	--	4.99%
Economic Activity IGAE YoY	20 Aug	Jun	0.95%	--	--	1.70%
GDP YoY	20 Aug	2Q	2.30%	--	--	0.80%
GDP QoQ	20 Aug	2Q	0.20%	--	--	0.50%
Bi-Weekly CPI	22 Aug	Aug 15	0.16%	--	--	-0.02%
Peru						
GDP YoY	23 Aug	2Q	5.60%	5.1%	--	4.80%

Most recent Latam reports

Date	Description
19-08-2013	➤ Brazil Economic Outlook 3Q13 (In Spanish)
19-08-2013	➤ Flash Chile: GDP growth reached 4.1% YoY in 2Q13
15-08-2013	➤ Flash Peru: GDP slowed in June
13-08-2013	➤ Colombia Economic Outlook 3Q13 (In Spanish)
13-08-2013	➤ Flash Chile: Central Bank kept policy rate at 5%, but easing should be materialize in September
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

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