

Latam Daily Flash

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Brazil's current account deficit widened in July, still in line with our expectations for the year-end. Peru confirmed the expected moderation in private demand in 2H13. In Mexico, the unemployment rate confirmed that labour market has remained stagnant during the first seven months of 2013.

Brazil - current account widens in July

The current account deficit reached USD9bn in July (equivalent to 3.4% of GDP), with accumulated figures of USD52.5bn for the year to date and USD77.7bn in the 12 months to July. The services account for July posted a deficit of USD4.1bn, 19% higher than a year ago. The current account deficit was slightly bigger than we expected (USD8.4bn), but still in line with our projection of 3.3% of GDP for the year.

Mexico - Slight decline in the unemployment rate

The unemployment rate decreased to 4.9% in seasonally-adjusted terms in July from 5.0% in June. In annual terms, unemployment increased to 5.1% as we expected, a little below the consensus forecast (5.2%). The labour market has remained stagnant during 2013, averaging 5.0% in sa terms during the first seven months of the year, compared with 4.9% in 2H12.

Peru - July import growth was only just positive and continued to reflect the moderation in private investment

Imports grew just 0.8% YoY in July. The mild recovery after the negative result in June (-1.2% YoY) is in line with the moderation of private investment. In particular, imports of raw materials and intermediate goods fell again and imports of capital goods increased slightly. In contrast, the rate of growth in imports of consumer goods accelerated, indicating that private consumption made a strong start to the third quarter.

What to watch today

Mexico - Trade balance (July, 09:00hrs NYT)

We expect both exports and imports to exhibit a slow annual growth pace in July (2.4% and 2.7%, respectively), mainly due to the stagnation in US industrial production (0.0% MoM in July) and weak domestic demand. Therefore, we expect the trade balance to be slightly negative.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Selic Rate	28 Aug	Aug 28	9.00%	--	--	8.50%
Outstanding Loans MoM	29 Aug	Jul	--	--	--	1.80%
GDP QoQ	30 Aug	2Q	0.80%	--	--	0.60%
Net Debt % GDP	30 Aug	Jul	--	--	--	34.50%
Chile						
Central Bank's Traders Survey	28 Aug	1-ene	0.00%	--	--	0.00%
Manufacturing Index YoY	29 Aug	Jul	0.50%	1.70%	--	-2.70%
Retail Sales YoY	29 Aug	Jul	8.30%	10.10%	--	7.70%
Copper Production Total	29 Aug	Jul	--	435518	--	482252
Unemployment Rate	30 Aug	Jul	6.30%	6.40%	--	6.20%
Colombia						
Industrial Confidence	23-30 Aug	Jul	--	-4	--	-5.1
Urban Unemployment Rate	30 Aug	Jul	11.00%	0.11	--	11.20%
Overnight Lending Rate	30 Aug	Aug 30	3.25%	3.25%	--	3.25%
Mexico						
Trade Balance	26 Aug	Jul P	--	--	--	856.4M
Peru						
CPI MoM	01 Aug	Aug	--	--	--	0.55%
Wholesale Price Index MoM	01 Aug	Aug	--	--	--	0.97%

Most recent Latam reports

Date	Description
22-08-2013	➤ Mexico Inflation Flash: August's biweekly inflation: there are no signs of demand-side inflation pressures
21-08-2013	➤ Mexico GDP Flash: The GDP growth estimate for this year is revised to 1.4% and the scenario for 2014 remains without relevant changes in 3.1%
20-08-2013	➤ Mexico GDP Flash: GDP surprises to the downside with a reduction of -0.7% q/q. This mainly as a result of the strong decline in the industrial output
20-08-2013	➤ Latam Economic Outlook 3Q13
19-08-2013	➤ Mexico Real Estate Flash: Stark contrasts continue in mortgage activity
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

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