

Latam Daily Flash

27 August 2013 Economic Analysis

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In Mexico, a monthly drop in non-oil exports adds to evidence of a soft start to the third quarter. 2Q13 macroeconomic accounts in Peru revealed continuing good momentum in private spending, while the current account expanded. In Colombia, industrial confidence improved, but the break in trend was not sufficient to anticipate a significant sector rebound. Meanwhile Peru's Central Bank relaxed reserve requirements which should have a positive effect on credit growth.

Colombia - Industrial confidence improved, but not sufficiently to anticipate a significant sector rebound

Industrial confidence stood at -2.0 (between -100 and 100) in July, above the June figure (-5.1) but remaining in the pessimistic zone. The assessment of the current orders situation was the component with the strongest improvement. Inventories and three-months-ahead production expectations also improved, but at a more moderate pace than the recovery in orders. Retail confidence increased from 15.4% in June to 21.8 in July, with a significant decrease in stocks and a higher assessment of business perspectives. All in all, the data confirmed a better picture for private consumption than investment, which coincides with our outlook for a recovery in GDP in 2H13e.

Mexico - Non-oil export weakness at the start of 3Q13

July's trade balance registered a deficit of USD1,437mn and USD366mn in seasonally-adjusted terms. Total exports increased 0.9% MoM sa on the back of solid growth in oil exports (10.2% MoM sa) but a 0.3% MoM sa drop in non-oil exports. In annual terms, total exports increased 6.3%. Meanwhile, imports increased 0.8% MoM sa.

Peru - Central Bank releases quarterly macroeconomic accounts for 2Q13

The release confirms that GDP grew 5.6%, supported by higher public spending and a moderate rebound in exports of goods and services, while private spending maintained a good momentum. However, the current account widened to 5.6% of GDP (from 5.2%) due to lower commodity export prices.

Peru - Central Bank relaxes reserve requirements

Last weekend, the Central Bank reduced the average reserve requirement to 17% (from 19%) and the marginal reserve requirement to 20% (from 25%), both in local currency terms. These measures will release PEN500mn of funds available for banks, which should have a positive effect on credit growth.

What to watch today

No significant indicators are scheduled for publication today

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	--	--	--	--	--
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	26 Aug	Jul	--	-4	-2	-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	--	--	-1436.7M	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
26-08-2013	➤ Chile Economic Outlook 3Q13
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)

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