

# Latam Daily Flash

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Economic Analysis

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*Brazil's industrial production fell more than expected in July. In Chile, we expect the Monetary Policy Report to narrow the estimated range for GDP growth in 2013 while in Mexico consumer and producer confidence indicators could add to signals that the economy is not yet in recovery.*

## Brazil - Drop in industrial production suggest moderation in 3Q13

Industrial production decrease in by more than expected in July: -2.0% MoM, 2.0% YoY (-1.3, market consensus). Bad dynamics in July offsets previous month expansion (2.1% MoM). In July 15 of 27 industrial categories diminished in monthly comparison. Particularly relevant was the fall in the production of durable goods (-7.2% MoM, -1.6% YoY), which this contraction may be indicative of a moderation in the third quarter.

## Colombia - High completions limit growth of work in progress, confirming the expected moderation in residential investment

The 2Q13 buildings census revealed a high rate of completions of works (48.3% YoY), anticipating positive growth in residential investment in 2Q13. The fast growth introduces an upward bias to our 2Q13 residential investment forecast (1.7% YoY) but is below that observed in 1Q13 (17.5% YoY). In line with our outlook, the residential sector should moderate gradually, judging by the low growth of work in progress (8.0% YoY) and in a context of new projects (24.9%) growing more slowly than completions. Nevertheless, we expect the annual figure to remain in positive territory helped by a low statistical base in 2H12.

## What to watch today

### Chile - Monetary Policy Report (September, 11:00hrs NYT)

We expect the estimated GDP growth range for this year to be narrowed to the 4.25%-4.75% range (the last estimate was 4%-5%). Also, we think the Central Bank is likely to maintain its forecast of inflation at 2.6% YoY for the end of 2013 and 3% for 2014. Finally, the bank will reveal its activity forecast for 2014, and we expect a GDP growth range between 4%-5% (BBVAe: 4.4%). Overall, we anticipate that the Board will maintain a dovish bias to interest rates in the monetary policy horizon, but whether cuts materialise or not should depend on further deceleration in private consumption and its determinants.

### Mexico - Consumer Confidence and Producer Confidence Indices (August, 09:00hrs NYT)

Given the decline in retail sales in July and its strong correlation with consumer confidence, we expect the index to come in slightly worse and hit 94.0pts (vs. 95.7pts in July). Meanwhile, due to the slowdown in manufacturing and in the economy in general, we expect the producer confidence index to hit 54.0pts (vs. 55.1pts in July).

## Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Trade Balance Monthly	02 Sep	Aug	\$1500M	--	\$1226M	-\$1897M
Exports Total	02 Sep	Aug	\$21500M	--	\$21425M	\$20807M
Imports Total	02 Sep	Aug	\$20000M	--	\$20199M	\$22704M
Vehicle Sales Fenabrave	02-04 Sep	Aug	--	--	880	342280
Industrial Production MoM	03 Sep	Jul	-1,30%	--	-2%	1,90%
Industrial Production YoY	03 Sep	Jul	2,55%	--	2%	3,10%
IBGE Inflation IPCA MoM	06 Sep	Aug	0,26%	--	--	0,03%
<b>Chile</b>						
Economic Activity YoY	05 Sep	Jul	5,80%	6.10%	--	4,20%
CPI MoM	06 Sep	Aug	0,30%	0.30%	--	0,30%
<b>Colombia</b>						
PPI MoM	04 Sep	Aug	--	--	--	0,00%
Vehicle Sales	05-10 Sep	Aug	--	--	--	25301
CPI MoM	06 Sep	Aug	0,14%	0.16%	--	0,04%
<b>Mexico</b>						
Remittances Total	02 Sep	Jul	1800M	--	1841M	1945.3M
IMEF Manufacturing Index NSA	02 Sep	Aug	49,15	--	49,2	48,5
IMEF Non-Manufacturing Index NSA	02 Sep	Aug	50,5	--	49,8	51,1
International Reserves Weekly	03 Sep	Aug 30	--	--	\$170709M	\$169870M
Consumer Confidence Index	04 Sep	Aug	97,4	--	--	98
Overnight Rate	06 Sep	2-sep	4,0%	--	--	4,00%

## Most recent Latam reports

Date	Description
03-09-2013	<a href="#">➤ Flash Chile: September's CPI inflation at a floor of 0.5% MoM, but may reach to 0.9% MoM</a>
02-09-2013	<a href="#">➤ Flash Peru: August inflation surprised to the upside</a>
02-09-2013	<a href="#">➤ Mexico Migration Flash: After 13 months, remittances to Mexico still not recovered</a>
30-08-2013	<a href="#">➤ Flash Colombia: BanRep kept by majority policy rate at 3.25% surprising after considering a rate cut</a>
29-08-2013	<a href="#">➤ Flash Chile: Imacec sobre 6,0% a/a en julio dejaría en jaque recorte de la TPM en el muy corto plazo</a>
26-08-2013	<a href="#">➤ Chile Economic Outlook 3Q13</a>
22-08-2013	<a href="#">➤ Mexico Inflation Flash: August's biweekly inflation: there are no signs of demand-side inflation pressures</a>
21-08-2013	<a href="#">➤ 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%</a>
20-08-2013	<a href="#">➤ 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</a>
20-08-2013	<a href="#">➤ Latam Economic Outlook 3Q13</a>

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