

Latam Daily Flash

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Economic Analysis

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In Brazil, the positive surprise in retail sales for August points to growth in positive territory again. GDP in Peru grew 4.3% in August and we expect it to gradually accelerate ahead.

Peru – August's GDP growth in line with market expectations

Output grew 4.3% YoY in August (BBVAe: 4.3%; consensus: 4.5%), driven by the performance of mining, construction, trade and services. On the other hand, recent readings of several indicators suggest that, from now on, economic activity will gradually become more dynamic. In this case, output would complete a process of convergence towards its long-term trend and, in the following months, growth should remain close to potential (see Peru Flash for more details)

Brazil – Retail sales surprised to the upside again in August

As for July, August retail sales surprised to the upside, expanding 0.9% MoM, much more than expected (BBVAe: 0.2% MoM; consensus: 0.1% MoM), and also slowing much less than expected in comparison to July (when retail sales grew by 2.1% MoM). Broad retail sales, which also include sales of automobiles and construction materials, expanded 0.6% MoM. In short, retail sales released yesterday suggest that 3Q13 GDP will not contract as sharply as many expect and that even our above-consensus growth forecast for the period (-0.1% QoQ) may prove to be pessimistic.

What to watch today

Brazil – Economic activity index (August, 08:00hrs NYT)

We expect the IBC-Br, the BCB's monthly activity index, to be stable (0.0% MoM) after declining by 0.2% MoM in July. However, another positive surprise in retail sales (see above) indicates that growth could have returned to positive territory in August.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
Formal Job Creation Total	16 Oct	Sep	154.396	--	--	127.642
Retail Sales MoM	15-Oct	Sep	0.10%	0.20%	0.90%	1.90%
Tax Collections	16 Oct	Sep	--	--	--	83956M
FGV Inflation IGP-10 MoM	16 Oct	Oct	1.17%	--	--	1.05%
FGV CPI IPC-S	16 Oct	2-Oct	--	--	--	0.38%
Economic Activity MoM	16 Oct	Aug	-0.20%	0.00%	--	-0.33%
FIPE CPI - Weekly	17 Oct	2-Oct	0.29%	--	--	0.29%
COPOM Monetary Policy Meeting Minutes	17 Oct	--	--	--	--	--
IGP-M Inflation 2nd Preview	18 Oct	Oct	--	--	--	1.36%
IBGE Inflation IPCA-15 MoM	18 Oct	Oct	0.44%	0.4%	--	0.27%
Chile						
Overnight Rate Target	17 Oct	2-Oct	5.00%	5.00%	--	5.00%
Colombia						
Outstanding Loans	16 Oct	Aug	--	--	--	\$266.9T
Retail Sales YoY	18 Oct	Aug	5.50%	4.1%	--	5.40%
Industrial Production YoY	18 Oct	Aug	-0.30%	-1.8%	--	0.20%
Mexico						
Unemployment Rate	18 Oct	Sep	5.12%	--	--	5.17%
Peru						
Unemployment Rate	15 Oct	Sep	--	--	5.90%	5.60%
Economic Activity YoY	15 Oct	Aug	0.05	4.3%	4.30%	4.50%

Most recent Latam reports

Date	Description
15-10-2013	➤ Peru Flash: August's GDP in line with market expectations
14-10-2013	➤ Flash Chile: We forecast October's CPI yet at -0.1%, but towards 0%
11-10-2013	➤ Flash Chile: We forecast Retail Sales in 7.5% YoY in September
10-10-2013	➤ Flash Peru: Unchanged monetary policy stance
10-10-2013	➤ Brazil Flash: COPOM: no surprises; no hints
09-10-2013	➤ Mexico Inflation Flash: September's inflation: came in lower than our below-consensus expectation
09-10-2013	➤ Brazil Flash: Inflation drops below 6% for the first time this year
08-10-2013	➤ Chile Flash: CPI in September at 0.5% in line BBVA's forecast
07-10-2013	➤ Colombia Flash: September CPI inflation stood unchanged at 2.27% YoY above market expectations which anticipated an annual drop
07-10-2013	➤ Chile Flash: Monthly activity expanded 4,1% YoY in August

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