

Latam Daily Flash

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Economic Analysis

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Lower industrial purchases and imports of consumer goods anticipate further weakness in the manufacturing sector and a significant reduction in trade inventories in the third quarter. Today we expect the Financial Traders Survey in Chile to anticipate no changes in the monetary policy rate at November's meeting.

Colombia - Imports anticipate further weakness in the manufacturing sector in September, in line with energy demand data

In August, imports fell 5.0% YoY, mainly explained by industrial raw materials (-9.6%), transportation equipment for companies (-11.7%) and non-durable consumer goods. The downward trend in industrial purchases confirms our expectation of a slow recovery in the manufacturing sector, which we think could weaken even further in September. Meanwhile, we think the lower imports of consumer goods, together with the high domestic retail sales, could be reflected in a significant reduction in trade inventories in the third quarter. Finally, the trade surplus stood at USD241.5mn, thanks to the strong performance of mining exports during the month.

Colombia - Business confidence recovered in September

Business confidence continues to anticipate a divergence between the manufacturing sector (0.4 in a -100 to 100 range, showing a low growth) and retail sales (16.7, consolidating recovery). In both cases there was an improvement in comparison to August, when social protests occurred. The data are in line with our outlook for end of 2013 and early 2014, when we expect consumption to contribute more to GDP performance, which contrasts with a lower contribution from manufacturing.

What to watch today

Chile - Central bank Financial Traders Survey (2nd half of October, 07:30hrs NYT)

We expect the survey to show CPI estimates at around 0.0% MoM for October and no changes in the monetary policy rate at November's meeting.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV Consumer Confidence	23 Oct	Oct	--	--	--	114.2
FGV CPI IPC-S	23 Oct	2-Oct	0.50%	--	--	0.45%
Unemployment Rate	24 Oct	Sep	5.40%	5.20%	--	5.30%
FIPE CPI - Weekly	25 Oct	2-Oct	0.44%	--	--	0.37%
Current Account Balance	25 Oct	Sep	-\$2300M	--	--	-\$5505M
Chile						
Central Bank's Traders Survey	23 Oct	--	--	--	--	--
Colombia						
Trade Balance	22 Oct	Aug	\$156.1	\$439.3	\$241.5	-\$221.0
Industrial Confidence	24 Oct	Sep	--	0	--	-1.8
Retail Confidence	24 Oct	Sep	--	16.2	--	12
Overnight Lending Rate	25 Oct	2-Oct	3.25%	3.25%	--	3.25%
Mexico						
Retail Sales YoY	21 Oct	Aug	1.20%	--	-2.20%	1.30%
Economic Activity IGAE YoY	24 Oct	Aug	1.10%	--	--	1.69%
Bi-Weekly CPI	24 Oct	2-Oct	0.34%	--	--	0.01%
Trade Balance	25 Oct	Sep P	-256.6M	--	--	-234.2M
Overnight Rate	25 Oct	2-Oct	3.50%	--	--	3.75%

Most recent Latam reports

Date	Description
17-10-2013	➤ Flash Chile: Central Bank cut the MPR by 25 bp contrary to consensus, but in line with our baseline
17-10-2013	➤ Brazil Flash: COPOM: still no sign of the end of the ongoing tightening cycle3
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 Retails 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

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