

Latam Daily Flash

4 November 2013 Economic Analysis

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Lower than expected industrial figures in Brazil in September in line with a moderating activity profile for 3Q13. A reading below 50 points in Mexico's manufacturing confidence index in October was a negative surprise and reinforces our doubts about recovery. Today Mexico's consumer confidence print will provide clues on what to expect for private consumption in 4Q13.

Mexico - Manufacturing confidence remains low

The IMEF Manufacturing index surprised to the downside in October, decreasing 1.1 to 49.3 points (BBVAe: 50.3). Although the trend has moved upwards recently and seems to be at a turning point, the index is below the 50 threshold and thus points to continued weakness at the start of the fourth quarter. The IMEF services index also decreased to 49.6 and is below 50 for the first time since 2009.

Brazil - less of an industrial recovery than expected in September

In September, Brazil's industrial production rose 0.7% MoM sa (2.0% YoY), in line with the expected rebound but below expectations (consensus 1.2%, 1.5% BBVAe), and the three-month moving average implied a negative reading of -0.6% (-0.1% in August when the monthly expansion was nil). The better-performing areas in September were those producing capital goods and durable consumer goods, while the production of semi- and non-durable consumer and intermediate goods was lower than expected. The September data confirm the slowdown in industrial dynamics, which should be reflected in lower GDP growth than in the second quarter.

What to watch today

Mexico - Consumer and producer confidence (October, 09:00hrs NYT)

Taking into account the negative performance of retail sales in August (-0.6% MoM) and the only moderate formal job-creation in September (0.1% MoM sa), we expect consumer confidence to edge down slightly from 93.9 in September to 92.5 in October. Meanwhile, we expect the slight improvement in manufacturing output in August (0.4% MoM sa) to be offset by the retreat in the IMEF manufacturing index in October. Thus, we anticipate that the producer confidence index in October will decrease slightly from 53.2 in September to 52.6 in October.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FIPE CPI - Monthly	4 Nov	Oct	0.43%	--	0.48%	0.25%
PMI Services	5 Nov	Oct	--	--	--	50.7
FGV Inflation IGP-DI MoM	6 Nov	Oct	0.74%	--	--	1.36%
Commodity Price Index MoM	6 Nov	Oct	-2.81%	--	--	-2.82%
Vehicle Production Anfavea	6 Nov	Oct	--	--	--	332029
IBGE Inflation IPCA MoM	7 Nov	Oct	0.60%	0.55%	--	0.35%
CNI Capacity Utilization (SA)	7 Nov	Sep	82.15%	--	--	82.00%
IGP-M Inflation 1st Preview	8 Nov	Nov	0.60%	--	--	0.85%
FGV CPI IPC-S	8 Nov	Nov	0.60%	--	--	0.55%
Chile						
Economic Activity YoY	5 Nov	Sep	4.15%	--	--	4.10%
Central Bank Meeting Minutes	5 Nov	--	--	--	--	--
Trade Balance	7 Nov	Oct	-\$132	--	--	--
Exports Total	7 Nov	Oct	--	--	--	--
Imports Total	7 Nov	Oct	--	--	--	--
CPI YoY	8 Nov	Oct	1.44%	--	--	2.00%
Colombia						
CPI MoM	6 Nov	Oct	0.13%	0.11%	--	0.29%
CPI Core MoM	6 Nov	Oct	--	0.07%	--	0.26%
Exports FOB	8 Nov	Sep	--	\$4850	--	\$4978.3
Colombia Monetary Policy Minutes	8 Nov	--	--	--	--	--
Mexico						
Consumer Confidence Index	4 Nov	Oct	92.80	--	--	94.10
Central Bank 3Q Inflation Report	6 Nov	--	--	--	--	--
CPI MoM	7 Nov	Oct	0.46%	--	--	0.38%
CPI Core MoM	7 Nov	Oct	0.19%	--	--	0.32%
Gross Fixed Investment	8 Nov	Aug	-3.00%	--	--	-0.40%
Central Bank Monetary Policy Minutes	8 Nov	--	--	--	--	--
Vehicle Production AMIA	8 Nov	Oct	--	--	--	241740
Peru						
Reference Rate	8 Nov	Nov	4.25%	4.25%	--	4.25%

Most recent Latam reports

Date	Description
1-11-2013	➤ Mexico Economic Watch: Fiscal Reform Update: passed by both Houses with little change (in Spanish)
1-11-2013	➤ Mexico Migration Flash: Remittances in September beat expectations, growing 8.1% (in Spanish)
29-10-2013	➤ Mexico Real Estate Flash: Mortgage loans in the banking system continue to grow
29-10-2013	➤ Flash Chile: Imacec would expand at 3,9% YoY in September
28-10-2013	➤ Flash Chile: No cut of the MPR in November's meeting
28-10-2013	➤ Economic Watch: Financial integration in the Pacific Alliance (in Spanish)
28-10-2013	➤ Flash Chile: Fiscal implications of Bachelet's programme for Government (in Spanish)
25-10-2013	➤ Flash México: As BBVA Research anticipated, Banxico cut the monetary policy rate by 25 basis points and dismissed another rate cut
25-10-2013	➤ Flash Colombia: BanRep kept by unanimity its policy rate at 3.25% and narrowed its 2013 GDP growth forecast
24-10-2013	➤ Mexico Inflation Flash: Core inflation remains subdued while non-core inflation was lower than anticipated

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