

Latam Daily Flash

13 November 2013 Economic Analysis

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In Chile, the central bank economic expectations survey revealed a sharp cut in the GDP forecasts for 2014 which is an unusual correction but more in line with our view. Today retail sales in Brazil should confirm that private consumption will provide some support to 3Q GDP, although we still expect it to be negative.

Chile - The central bank economic expectation survey anticipates that the policy rate will remain on hold in November

The survey revealed a growth forecast for the monthly economic activity index of around 4.0% YoY in October and inflation at +0.1% MoM in November. We would highlight the sharp cut in the 2014 GDP growth forecast from 4.4% to 4.1%, which is an unusual correction, even though it is more in line with our 4% growth outlook for next year. Also, annual inflation expectations for December 2014 have been revised downwards from a median of 3% in the previous survey to 2.7% in latest release. In terms of monetary policy, analysts do not expect any changes in the reference rate at next week's meeting (in line with our view), but they still anticipate a cut of 25bp in December.

Peru - The trade balance continues trending downwards but we expect it to stabilise

In September, the annualised result for the trade balance was 0.0%, down from the previous result (0.3% in August), mainly due to a fall in exports. The latter was linked to a contraction in mining production due to supply restrictions. In the following months, we expect the trade balance to stabilise as exports should pick up thanks to an improvement in mining activity.

What to watch today

Brazil - Retail sales (September, 06:00hrs NYT)

Even though the moderation in auto sales should have a negative impact on the broad retail sales indicator in September, the core indicator (which does not include auto sales) should increase once more (as it did in July and August), supporting our view that private consumption will provide some support to 3Q13 GDP, although it we still expected to decline by 0.1% QoQ.

Chile - Central bank Financial Traders Survey (1st half November, 07:30hrs NYT)

We expect the survey to show inflation estimates at around 0.1% MoM for November and expectations of a stable monetary policy rate at next week's meeting. We also anticipate an exchange-rate forecast in the order of USDCLP 520 on a three-month horizon.

Calendar: Indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FIPE CPI - Weekly	11 Nov	Nov	0.54%	--	0.55%	0.39%
Central Bank Weekly Economists Survey	11 Nov	--	--	--	--	--
Retail Sales MoM	13 Nov	Sep	0.70%	0.80%	--	0.90%
FGV Inflation IGP-10 MoM	14 Nov	Nov	0.45%	--	--	1.11%
Economic Activity MoM	14 Nov	Sep	0.20%	0.30%	--	0.08%
Formal Job Creation Total	14 Nov	Oct	113900	--	--	211068
Tax Collections	15 Nov	Oct	--	--	--	84212M
Chile						
Central Bank's Economist Survey	12 Nov	--	--	--	--	--
Central Bank's Traders Survey	13 Nov	--	--	--	--	--
Colombia						
Central Bank's Economists Survey	12 Nov	--	--	--	--	--
Consumer Confidence Index	13 Nov	Oct	--	20	--	14.6
Mexico						
Industrial Production YoY	11 Nov	Sep	-0.45%	--	-1.60%	-0.70%
ANTAD Same-Store Sales YoY	12 Nov	Oct	-0.60%	--	-2.10%	-3.20%
Peru						
Trade Balance	12 Nov	Sep	-\$27M	--	\$32M	\$92M
Unemployment Rate	15 Nov	Oct	5.80%	--	--	5.90%
Economic Activity YoY	15 Nov	Sep	4.20%	--	--	4.30%

Most recent Latam reports

Date	Description
12-11-2013	➤ Flash Chile: The incipient unanchoring of inflation gains momentum in Chile (in Spanish)
12-11-2013	➤ Colombia Economic Outlook: Fourth Quarter 2013 (in Spanish)
11-11-2013	➤ Economic Watch Pacific Alliance: Financial integration in the PA: High potential and major challenges to successful integration
8-11-2013	➤ Flash Chile: CPI in October at +0.1% MoM pushed by food prices
7-11-2013	➤ Flash Peru: Central Bank surprised by cutting its policy rate
7-11-2013	➤ Uruguay Economic Outlook: Second Half 2013 (in Spanish)
7-11-2013	➤ Mexico Inflation Flash: Core inflation remains subdued while non-core inflation was driven higher by electricity tariffs
7-11-2013	➤ Peru Economic Outlook: Fourth Quarter 2013 (in Spanish)
6-11-2013	➤ Chile Economic Outlook: Fourth Quarter 2013 (in Spanish)
6-11-2013	➤ Colombia Flash: October inflation surprised on the downside by falling 0,26% MoM and reducing annual inflation (1,84%) below the target range

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