

# Latam Daily Flash

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Economic Analysis

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*In Peru GDP form September surprised to the upside, due to an impulse of non-primary sectors. Available indicators for 4Q13 suggest a rebound in activity in line with our forecast.*

## Chile - No outright majority in the first round

With 99.9% of votes counted, Michelle Bachelet (Center Left, Nueva Mayoría) took 46.7% of the vote while 25% was for candidate Evelyn Matthei (Center Right, Alianza por Chile). In third place was Marco Enriquez-Ominami (Progressive Left) with 11% of votes. As a result there will be a second round of presidential elections between the first two candidates, Michelle Bachelet and Evelyn Matthei, that will take place on 15 December.

## Colombia - Consumer confidence recovery confirms an expected good performance by private consumption

In October, consumer confidence stood at 22.3 (in a range between -100 and 100), above the September figure (14.6). Confidence was boosted by 12 months' expectations about the country. As a result the consumer expectations index rose to 21.1 from 12.6. It is probable that peace process advances and the ending of the social protests were the main explanation for the better assessment. We highlighted the greater willingness to buy durable goods (27.3 in September and 33.7 in October), anticipating a continuing acceleration of consumption in 4Q13, in line with our outlook. All in all, the data confirm our growth scenario, where we expect a greater contribution from consumption than investment in the recovery of economic activity in late 2013 and early 2014.

## Peru - Deceleration of GDP bottomed out in September

Output grew 4.4% YoY in September, above market expectations (BBVA: 3.7% Consensus: 4.0%), due to a greater contribution by non-primary sectors (manufacturing, services and trade). It is remarkable that this result is similar to previous months' (4.4% between July and August), in spite of the stagnation in primary sectors and the decline in construction. Going forward, available indicators suggest that in the last quarter of the year there could be a rebound in activity. Thus, we maintain our forecast that growth will be above 5% at the end of the year.

## What to watch today

### Chile - Quarterly national accounts (3Q13, 7:30hrs NYT)

We expect GDP growth to reach 4.4% YoY in 3Q13e, slightly higher than the previous print (4.1% YoY in 2Q13), supported by some recovery of inventories after a sharp drop in 2Q13. This is in a context of lower expansion in fixed capital formation and consumption. Finally, the current account deficit should increase to reach USD3.5bn in the quarter (around 5% of 3Q13e nominal GDP), higher than the previous deficit print.

### Colombia - Imports, trade balance and building permits (September, 16:00hrs NYT)

We expect a 4.9% YoY growth in imports from a better performance in consumption of durable goods and capital goods for the construction industry. As a result, the trade balance would stay at USD169m., below the August figures (USD 241 m.), when social protests restricted internal demand. Finally, building permits will be above historic averages, anticipating a good dynamic for the construction sector in 2014. These results will show that consumption and residential investment are likely to be the leaders of GDP growth in 2013 and first half of 2014.

## Calendar: Indicators

<b>Brazil</b>	<b>Date</b>	<b>Period</b>	<b>Consensus</b>	<b>BBVAe</b>	<b>Actual</b>	<b>Prior</b>
FGV CPI IPC-S	18 Nov	Nov	0,65%	--	--	0,63%
Tax Collections	18 Nov	Oct	98200M	--	--	84212M
Formal Job Creation Total	18 Nov	Oct	97514	--	--	211068
FIPE CPI - Weekly	19 Nov	Nov	0,59%	--	--	0,55%
IGP-M Inflation 2nd Preview	19 Nov	Nov	0,34%	--	--	0,91%
IBGE Inflation IPCA-15 MoM	19 Nov	Nov	0,65%	0,60%	--	0,48%
Unemployment Rate	21 Nov	Oct	5,30%	5,40%	--	5,40%
Current Account Balance	22 Nov	Oct	-\$6780M	-\$6000M	--	-\$2629M
<b>Chile</b>						
GDP QoQ	18 Nov	3Q	1,05%	1,00%	--	0,50%
GDP YoY	18 Nov	3Q	4,40%	4,40%	--	4,10%
Current Account Balance	18 Nov	3Q	-3500	-3500	--	-1631
Overnight Rate Target	19 Nov	Nov	4,50%	4,75%	--	4,75%
<b>Colombia</b>						
Trade Balance	18 Nov	Sep	\$250	\$169	--	\$241.5
Vehicle Sales	18 Nov	Oct	--	--	--	--
Retail Sales YoY	20 Nov	Sep	5,00%	4,90%	--	6,90%
Industrial Production YoY	20 Nov	Sep	-1,00%	-0,30%	--	-3,90%
<b>Mexico</b>						
Retail Sales YoY	20 Nov	Sep	-2,50%	--	--	-2,20%
GDP SA QoQ	21 Nov	3Q	0,70%	--	--	-0,70%
Economic Activity IGAE YoY	21 Nov	Sep	0,30%	--	--	0,84%
Bi-Weekly CPI	22 Nov	Nov	0,74%	--	--	0,14%
<b>Peru</b>						
GDP YoY	22 Nov	3Q	4,30%	--	--	5,60%

## Most recent Latam reports

<b>Date</b>	<b>Description</b>
15-11-2013	<a href="#">➤ Peru Flash: Deceleration of GDP bottomed out in September</a>
14-11-2013	<a href="#">➤ Working paper: Determinants of financial inclusion in Peru (in Spanish)</a>
13-11-2013	<a href="#">➤ Latin America Economic Outlook: Fourth Quarter 2013 (in Spanish)</a>
13-11-2013	<a href="#">➤ Uruguay Economic Outlook: Second Half 2013</a>
12-11-2013	<a href="#">➤ Flash Chile: The incipient unanchoring of inflation gains momentum in Chile (in Spanish)</a>
12-11-2013	<a href="#">➤ Colombia Economic Outlook: Fourth Quarter 2013 (in Spanish)</a>
11-11-2013	<a href="#">➤ Economic Watch Pacific Alliance: Financial integration in the PA: High potential and major challenges to successful integration</a>
8-11-2013	<a href="#">➤ Flash Chile: CPI in October at +0.1% MoM pushed by food prices</a>
7-11-2013	<a href="#">➤ Flash Peru: Central Bank surprised by cutting its policy rate</a>
7-11-2013	<a href="#">➤ Mexico Inflation Flash: Core inflation remains subdued while non-core inflation was driven higher by electricity tariffs</a>
7-11-2013	<a href="#">➤ Peru Economic Outlook: Fourth Quarter 2013 (in Spanish)</a>

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